

A photograph of three children on a set of stairs. In the foreground, a young girl with curly hair, wearing a maroon beanie and a blue and green camouflage-patterned sweater, is looking down and smiling. Behind her, a boy in a dark blue puffer jacket and grey trousers is looking towards the camera. To the right, another boy in a red patterned sweater is looking down. The stairs have a metal railing. The entire image has a warm, pinkish-orange tint.

# 20

ANNUAL INTEGRATED  
REPORT MAR 2015 - APR 2016

OUR NUMBERS

# 16



## 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, 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. In discharging their responsibilities, both for the integrity and fairness of these 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 appropriate judgements and estimates, have been applied; and*
- *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 there has been no instance that 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 2 April 2016 have been prepared under the supervision of the Chief Financial Officer, Mr MM Blair CA (SA). The Annual Financial Statements of the Company and the Group were approved by the Board on 31 May 2016 and are signed on its behalf by:



NG Payne  
CHAIRMAN



SI Bird  
CEO

### company secretary statement

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



HE Grosvenor  
COMPANY SECRETARY  
31 MAY 2016

# report of the directors

for the year ended 2 April 2016

## Nature of business

The main business of the Group is omni-channel retail distribution through 1 181 corporate-owned, 19 franchised stores in Africa and its online channels. The retail chains focus on clothing, footwear, sportswear, sporting goods, accessories and homewares.

## Corporate governance

The Directors subscribe to the values of good corporate governance as set out in the King Report for Corporate Governance in South Africa 2009 (King III). By supporting the code the Directors have recognised the need to conduct the business with integrity and to account to stakeholders in accordance with International Financial Reporting Standards.

## 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 2015 to 2 April 2016 (2015: 52 week period from 30 March 2014 to 28 March 2015).

## Financial results

The financial results of the Company and the Group are set out in the statements of comprehensive income on page 90.

## 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 248.0 cents per share (2015: 211.5 cents per share) was made payable on 14 December 2015 to shareholders registered on 11 December 2015.

Final: A cash dividend of 419.0 cents per share (2015: 367.5 cents per share) has been declared payable on 27 June 2016 to shareholders registered on 24 June 2016.

## Consolidated entities

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

R'm	2016	2015
Profits	91	110
Losses	(115)	(18)
	(24)	92

## Net shareholders' equity

Authorised and issued share capital

There were no changes to authorised share capital. During the year, 500 000 B ordinary shares were converted to ordinary shares.

## Subsequent events

No events, material to the understanding of this report, have occurred between the financial year end and the date of this report.

## Directorate

There have been no changes to the directorate in the current year. Particulars of the present directors and secretary are provided on pages 77 to 78 of the 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 on pages 61 to 76.

# report of the directors

for the year ended 2 April 2016 (continued)

## 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

	2016					2015				
	Direct Beneficial	Indirect Beneficial	Held By Associate	Total	%	Direct Beneficial	Indirect Beneficial	Held By Associate	Total	%
SI Bird	365 626	119 000	-	484 626	0.19%	345 280	94 000	-	439 280	0.17%
MM Blair	180 389	100 000	400	280 789	0.11%	168 455	26 324	400	195 179	0.08%
SB Cohen	490	500 000	44 588	545 078	0.21%	490	-	44 588	45 078	0.02%
SA Ellis	67 799	67 248	-	135 047	0.05%	64 953	67 248	-	132 201	0.05%
K Getz	-	-	20 000	20 000	0.01%	-	-	20 000	20 000	0.01%
MR Johnston	-	-	91 250	91 250	0.04%	-	-	91 250	91 250	0.04%
WJ Swain	-	611 670	-	611 670	0.24%	-	611 670	-	611 670	0.24%
<b>Total</b>				<b>2 168 460</b>	<b>0.85%</b>				<b>1 534 658</b>	<b>0.61%</b>
<b>Total ordinary issued share capital</b>				<b>253 683 867</b>					<b>253 183 867</b>	

### B Ordinary shares

	2016						2015					
	Direct Beneficial	Indirect Beneficial	Held By Associate	Other	Total	%	Direct Beneficial	Indirect Beneficial	Held By Associate	Other	Total	%
SB Cohen	-	4 500 000	-	-	4 500 000	41.11%	-	5 000 000	-	-	5 000 000	43.69%
MR Johnston	-	-	46 504	-	46 504	0.42%	-	-	46 504		46 504	0.41%
<b>Total</b>					<b>4 546 504</b>	<b>41.53%</b>					<b>5 046 504</b>	<b>44.10%</b>
<b>Total B ordinary issued share capital</b>					<b>10 945 081</b>						<b>11 445 081</b>	

	Ordinary	B Ordinary
Issued share capital 2016	253 683 867	10 945 081
Issued share capital 2015	253 183 867	11 445 081

#### Notes:

<sup>1</sup> The 6 398 577 B ordinary shares not detailed above belong to:

(a) trusts (1 397 618 shares) of which Mr MR Johnston's major children are beneficiaries. MR Johnston has no direct or indirect beneficial ownership in these shares and has relinquished all voting rights thereto;

(b) Mr LJ Chiappini (5 000 759 shares)

(c) Mr AE McArthur (200 shares)

<sup>2</sup> There have been no changes in the above interests between the year end and the date of approval of these annual financial statements.



# final cash dividend declaration

Notice is hereby given that a final gross cash dividend of 419.0 cents per share has been declared for the 53 weeks ended 2 April 2016, an increase of 13.7%. The increase in the final dividend is lower than headline earnings growth due to the increase in the dividend payout ratio at the interim stage and is based on the 53 week results. As the dividend has been declared from income reserves, shareholders, unless exempt or who qualify for a reduced withholding tax rate, will receive a net dividend of 356.15 cents per share.

The issued share capital at the declaration date is 255 995 880 listed ordinary and 10 945 081 unlisted B ordinary shares. The tax reference number is 9285/130/20/0.

The salient dates for the dividend will be as follows:

Last date to trade 'cum' the dividend	<b>Friday</b>	<b>17 June 2016</b>
Date trading commences 'ex' the dividend	<b>Monday</b>	<b>20 June 2016</b>
Record date	<b>Friday</b>	<b>24 June 2016</b>
Payment date	<b>Monday</b>	<b>27 June 2016</b>

Shareholders may not dematerialise or rematerialise their share certificates between Monday, 20 June 2016 and Friday, 24 June 2016, both dates inclusive.

On behalf of the board



**NG Payne**  
CHAIRMAN



**SI Bird**  
CEO

Durban  
23 May 2016

# independent auditor's report

*To the Shareholders of Mr Price Group Limited*

We have audited the consolidated and separate annual financial statements of Mr Price Group Limited, which comprise the remuneration report, the consolidated and separate statements of financial position as at 2 April 2016, and the consolidated and separate statements of comprehensive income, consolidated and separate statement of changes in equity and consolidated and separate cash flows for the 53 weeks then ended and a summary of significant accounting policies and other explanatory notes, as set out on pages 61 to 76 and pages 84 to 120.

## *Directors' Responsibility for the Financial Statements*

The company's directors are responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

## *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## *Opinion*

In our opinion, the annual financial statements present fairly, in all material respects, the consolidated and separate financial position of Mr Price Group Limited as at 2 April 2016, and its consolidated and separate financial performance and consolidated and separate cash flows for the 53 weeks then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa.

## *Other reports required by the Companies Act*

As part of our audit of the consolidated and separate financial statements for the year ended 2 April 2016, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

## *Report on Other Legal and Regulatory Requirements*

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, and subsequent guidance, we report that Ernst & Young Inc., and its predecessor firm, has been the auditor of Mr Price Group Limited for thirty four years. Ernst & Young Inc. was appointed as auditor of ORRCO Retail Limited in 1982. ORRCO Retail Limited was later renamed Speciality Stores in 1989, and in 2000 to Mr Price Group Limited. Vinodhan Pillay has joined the audit in the current year and is the individual registered auditor responsible. We confirm that we are independent in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors and other independence requirements applicable to the independent audit of Mr Price Group Limited.

## *Ernst & Young Inc.*

Ernst & Young Inc.  
Director – Vinodhan Pillay  
Registered Auditor  
Chartered Accountant (SA)

1 Pencarrow Crescent, La Lucia Ridge Office Estate, Durban, 4000  
31 May 2016

## shareholder information

for the year ended 2 April 2016

### Shareholder's diary

<b>May/June</b>	Announcement of annual results and final dividend to shareholders
<b>June</b>	Publication of 2016 Annual Integrated Report
	Settlement of final dividend to shareholders
<b>August</b>	Annual General Meeting of shareholders
<b>November</b>	Publication of interim report covering the 26 weeks ended 1 October 2016
	Announcement of interim dividend to shareholders
<b>December</b>	Settlement of interim dividend to shareholders

Holdings	Ordinary shares				B Ordinary shares			
	Number of share-holders	%	Number of shares	%	Number of share-holders	%	Number of shares	%
1 - 1000	17 379	75.04	5 569 397	2.2	1	16.67	200	0.00
1001 - 10 000	4 799	20.72	14 238 340	5.61				
10 001 - 100 000	783	3.38	22 701 725	8.95				
100 001 - 1 000 000	166	0.72	52 146 091	20.56	1	16.67	599 847	5.48
1 000 001 and over	32	0.14	159 028 314	62.68	4	66.66	10 345 034	94.52
	<b>23 158</b>	100.00	<b>253 683 867</b>	100.00	<b>6</b>	100.00	<b>10 945 081</b>	100.00

Category	Ordinary shares				B Ordinary shares			
	Number of share-holders	%	Number of shares	%	Number of share-holders	%	Number of shares	%
Pension funds	172	0.74	58 286 495	22.98				
Unit trusts/Mutual Funds	245	1.06	94 321 873	37.18				
Nominee companies and corporate bodies	22 618	97.66	72 869 800	28.72	3	50.00	3 999 974	42.00
Individuals and trusts	115	0.50	16 928 230	6.67	3	50.00	6 945 107	58.00
Staff share schemes	8	0.04	11 277 469	4.45				
	<b>23 158</b>	100.00	<b>253 683 867</b>	100.00	<b>6</b>	100.00	<b>10 945 081</b>	100.00

## public and non-public shareholders

At 2 April 2016 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 share-holders	%
Public shareholders	<b>23 123</b>	80.77
Non-public shareholders	<b>35</b>	19.23
Holders holding more than 10% (refer to major shareholders below)*	<b>10</b>	14.00
Directors of the Company or its subsidiaries	<b>17</b>	0.78
Trustees of employees' share schemes or retirement benefit schemes**	<b>8</b>	4.45

### 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 2 April 2016:

	Beneficial holding		Portfolio administration discretionary	
	%	Shares	%	Shares
Public Investment Corporation*	14.00	35 522 910	-	-
Capital Group Companies Inc.	9.70	24 610 468	0.06	138 954

Details of the beneficial interest in B ordinary shares are reflected in the Report of the Directors on page 81.

\* Ten underlying shareholders under Public Investment Corporation Limited.

\*\* Eight underlying shareholders constitute the overall shareholdings of Mr Price Share Trusts.

# statement of accounting policies

## for the year ended 2 April 2016

The annual financial statements have been prepared on the historic cost and going concern basis, except where indicated otherwise in a policy below and in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ('IFRS'), Interpretations issued by the International Accounting Standards Board, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial reporting Standards council, the JSE Listings Requirements and the requirements of the Companies Act, 71 of 2008 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 provide comparative information in respect of the previous period. In addition, the Group presents an additional statement of financial position at the beginning of the earliest period presented when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements.

The consolidated financial statements comprise the financial statements of the Group and its consolidated entities as at 2 April 2016. 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 2015 to 2 April 2016 (2015: 52 week period from 30 March 2014 to 28 March 2015).

Unless otherwise indicated, any references to the Group include the Company.

### 1. Consolidation

Consolidated entities (which include special purpose entities such as staff share trusts) are defined as entities in 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 or disposed of 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. When necessary, adjustments are

made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. 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.

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 value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. 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. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement is measured at fair value with changes in fair value recognised either in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

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.

In the Group financial statements the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the

subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Intercompany transactions, balances and unrealised gains/losses on transactions between Group companies are eliminated.

### 2. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the

# statement of accounting policies (continued)

## for the year ended 2 April 2016

fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. Fair values of financial instruments measured at amortised cost are disclosed in Note 27.

### 3. Property, plant and equipment

Capitalised leased office buildings are recognised at the fair value of the buildings at date of commencement of the lease agreement, or if lower, the present value of the minimum lease payments. The buildings are depreciated over the shorter of the period of the finance lease and the useful life of the buildings. 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 subject to a maximum of 10 years
Buildings	20 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.

### 4. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. 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.

#### *Trademarks*

Trademarks are initially recorded at historic cost. Trademarks acquired in a business combination are recognised at fair value at the acquisition date. Trademarks have a finite useful life and are carried at cost less accumulated amortisation and net of accumulated impairment. Amortisation is calculated on a straight-line basis to allocate the cost of trademarks over their estimated useful lives which do not exceed 20 years.

#### *Customer lists*

Acquired customer lists are initially recorded at historic cost and are carried at cost less accumulated amortisation. Amortisation is calculated on a straight-line basis to allocate the cost over the period from which it is expected to generate revenue (4 years).

Changes in the estimated useful life or expected pattern of consumption of future benefits embodied in intangible assets are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates.

### 5. Impairment and derecognition of non-financial assets

Assets, other than financial assets, goodwill and intangible assets not yet brought into use, are tested for indicators of impairment on an annual basis. Should such an indicator exist, the asset is then tested for impairment.

Separately recognised goodwill and intangible assets not yet brought into use are tested for impairment annually or more frequently if changes in circumstances indicate that the carrying amount may be impaired.

The amount of the impairment is determined by assessing the recoverable amount of the asset or cash generating unit to which the asset relates. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other fair value indicators. Where the recoverable amount of the asset or cash generating unit or group of cash generating

units is less than the carrying amount, an impairment loss is recognised in the income statement.

When an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognised previously. Impairments are reversed in the income statement in the period that the indicator of such reversal is in existence, unless the relevant asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase. Impairments to goodwill are never reversed.

The derecognition of a non-financial asset takes place upon disposal or when it is no longer expected to generate any further economic benefits. Any derecognition gain/loss is recorded in the income statement in the period of derecognition.

### 6. Inventories

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.

### 7. Taxation

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.

#### *Current taxation*

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.



# statement of accounting policies (continued)

## for the year ended 2 April 2016

### *Deferred taxation*

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 tax 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.

### *Value-Added Tax (VAT)*

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.

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.

### *Dividend Withholding Tax (DWT)*

DWT replaced STC effective 1 April 2012 and 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.

## 8. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a

past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Where the effect of discounting to present value is material, provisions raised are adjusted to reflect the time value of money. Provisions are reviewed at each reporting date and adjusted to reflect current best estimates.

## 9. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of revenue can be reliably measured. Revenue is shown net of estimated customer returns, discounts and VAT and after eliminating sales within the Group.

Revenue is recognised when there is evidence of an arrangement, collectability is probable, and the delivery of the product or service has occurred. In certain circumstances revenue is split into separately identifiable components and recognised when the related components are delivered in order to reflect the substance of the transaction. The consideration of each component is allocated on a relative fair value basis.

### *Retail sales*

Retail sales comprise net income from the sale of merchandise and are recognised when the significant risks and rewards of ownership pass 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.

### *Premium income*

Premiums are recognised when due in terms of the relevant contract and are shown before the deduction of commission and claims, which are recognised in administrative and other operating expenses.

### *Service fee revenue*

Revenue from a contract to provide services is recognised in the month in which the service charge accrues. Service fee revenue is derived from contracts entered into with new and existing customers.

### *Club fees*

Club fees are recognised in the month in which the customer charge accrues.

### *Interest*

Interest received is recognised on a time proportion basis at the effective interest rate as imputed in the contract.

### *Rental income*

Rental income in respect of operating leases is recognised on a straight-line basis over the lease period.

### *Dividend income*

Dividend income includes the value of cash dividends received and surpluses distributed by staff share trust and consolidated entities. 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*

Prepaid Airtime sales are recognised once the significant risks and rewards of ownership pass to the customer.

### *Contracts*

Contract products are defined as arrangements with multiple deliverables. Revenue from the handset is recognised when the handset is delivered. Monthly service revenue received from the customer is recognised in the period which the service is delivered. Airtime revenue is recognised on the usage basis commencing on activation date. Unused airtime is deferred in full and recognised in the month of usage or on expiry of the airtime.

### *Retail voice and data*

Service arrangements include subscription fees, typically monthly revenue, which are recognised over the subscription period. Revenue related to local, long distance, network-to-network, roaming and international call connection services is recognised when the call is placed or the connection provided.

### *Donation income*

Donations are recorded at fair value on the earlier of the receipt of cash or an unconditional promise to give, in the period they are received. All donations are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for future periods or are restricted by the donor for specific purposes are recognised as deferred revenue. Donations with no restrictions, or with restrictions that are met prior to fiscal year end are recognised in profit and loss as 'revenue'.

Unconditional promises to give are recognised as donations receivable only if there is a legally enforceable written agreement or promissory note and collection is reasonably assured.

# statement of accounting policies (continued)

## for the year ended 2 April 2016

### 10. Leases

Assets held in terms of finance leases, which transfer to the Group substantially all the risks and rewards of ownership, are capitalised at the inception of the lease at the fair value of the leased item or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is recognised as a finance lease obligation. Lease payments are apportioned between finance charges (recognised as finance costs) and a reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense on a straight-line basis over the term of the lease. Contingent rentals (including turnover clause rentals) arising under operating leases are recognised as an expense in the period in which liability is accrued. The resulting difference arising from the straight-line basis and contractual cash flows is recognised as an operating lease obligation or asset.

### 11. Borrowing costs

Borrowing costs are capitalised where they are directly attributable to the acquisition, construction or production of a qualifying asset. All other borrowing costs are expensed in the period in which they occur.

### 12. Dividends to shareholders

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

### 13. Foreign currencies

#### *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 financial statements are presented in Rand, 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 OCI.

Financial assets are reviewed annually for any evidence of impairment and any impairment loss is recognised immediately in the income statement.

On disposal of the consolidated entity, the accumulated exchange differences in OCI are recognised in the income statement.

### 14. Financial instruments

Financial assets and financial liabilities are recognised on the statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial instruments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Subsequent measurement is made in accordance with the specific instrument provisions of IAS 39 Financial Instruments: Recognition and Measurement. Where a legally enforceable right of offset exists for recognised financial assets and liabilities, and the Group intends to settle on a net basis, or to realise the asset and settle the liability simultaneously, the related asset and liability are offset.

#### *Long-term receivables*

Long-term receivables are classified as a 'loan or receivable' 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 long-term receivables are carried at amortised cost.

#### *Trade and other receivables*

Trade receivables, which generally have 6 to 12 month terms are recognised and are initially measured at amortised cost, namely the original invoice amount plus associated costs and interest charges to date, less any impairment allowance for uncollectible amounts, are classified as 'loans and receivables'. Provision is made when there is objective evidence that the Group will have difficulty collecting the debts. 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.

#### *Cash and cash equivalents*

Cash and cash equivalents comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, net of bank overdrafts. Cash and cash equivalents are classified as receivables originated by the enterprise and are measured at amortised cost.

#### *Derivative financial instruments*

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 contracts are 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 and later reclassified to profit or loss when the hedge item affects profit or loss.

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.

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 Group 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 the hedged instruments have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

# statement of accounting policies (continued)

## for the year ended 2 April 2016

### *Cash flow hedges*

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 statement of profit or loss. The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions.

Amounts recognised in OCI are transferred to profit or loss when the hedged transaction affects profit or loss, or when a forecast sale occurs. 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.

### *Trade and other payables*

Trade payables, which are primarily settled on payment terms agreed with the supplier, are initially measured at cost, being the fair value of the consideration to be paid in the future for goods and services rendered. These are subsequently measured at amortised cost using the effective interest rate method.

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

### *Loans and borrowings*

Loans and borrowings are initially recognised at the fair value of the consideration received plus directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest rate method.

### *Financial guarantees*

Financial guarantees are initially recognised at their fair value and are subsequently measured at the higher of:

- The amount of the obligation under the contract, as determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and

- The amount initially recognised less, where appropriate, cumulative amortisation recognised.

### *Amounts owing by/to consolidated entities*

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.

### *Impairments and derecognition*

Financial assets are reviewed annually for any evidence of impairment. Provision is made for impairment if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably measured.

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate. The carrying amount is reduced and the amount of the loss is recognised in the statement of profit or loss. If the loan has a variable rate, the discount rate for measuring any impairment loss is the current effective interest rate under the contract. If considered practical, the impairment may be measured on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed in the statement of profit or loss.

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Any derecognition gain/loss is recorded in the income statement in the period of derecognition. The Group derecognises financial liabilities when the Group's obligations are discharged, cancelled or they expire.

## 15. Reinsurance

The Group assumes insurance risk in the normal course of business. Reinsurance assets represent 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 contract 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 statement of profit or loss.

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.

## 16. Employee benefits

### *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.

### *Post retirement benefits*

#### *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 OCI. 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.



# statement of accounting policies (continued)

for the year ended 2 April 2016

## *Defined contribution retirement fund*

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

## *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 9.5. Upon vesting, the amount remaining in the share-based payment reserve relating to any such vested tranche is transferred within equity to retained earnings.

## *Restraints of trade*

Restraints of trade payments are expensed over the contractual periods from which benefits are expected.

## *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.

## **17. Treasury shares**

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.

## **18. Segmental reporting**

The Group's retailing operations are reported within three operating segments, namely the Apparel, Home and Financial Services and Cellular 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 the management to enable them to assess performance and allocate resources.

## **19. Cost of sales**

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.

## **20. Selling expenses**

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

## **21. Administrative and other operating expenses**

These expenses comprise costs related to the operation of the support functions within the Group other than those included in selling expenses.





## consolidated statements of financial position

for the year ended 2 April 2016

	Notes	Group		Company	
		2016 2 April	2015 28 March	2016 2 April	2015 28 March
R'm					
<b>Assets</b>					
Non-current assets		2 241	1 364	2 113	1 254
Property, plant and equipment	3	1 672	838	1 560	752
Intangible assets	4	373	328	343	295
Consolidated entities	5			49	23
Long-term receivables	6	18	6	5	6
Defined benefit fund asset	28	41	40	41	40
Deferred taxation assets	16	137	152	115	138
Current assets		5 822	6 503	5 588	6 102
Inventories	7	2 168	1 741	2 004	1 596
Trade and other receivables	8	2 136	1 874	2 042	1 835
Reinsurance assets	14	99	124	99	124
Current amounts owing by consolidated entities	5			503	424
Cash and cash equivalents		1 419	2 764	940	2 123
<b>Total assets</b>		<b>8 063</b>	<b>7 867</b>	<b>7 701</b>	<b>7 356</b>
<b>Equity and liabilities</b>					
Equity attributable to equity holders of the parent		5 632	5 030	5 399	4 605
Issued capital*	9	-	-	-	-
Capital reserves	10	298	263	241	219
Treasury share transactions	11	(1 748)	(1 235)	(1 741)	(1 442)
Retained income		7 184	6 048	7 009	5 831
Foreign currency translation reserve	12	(12)	(43)	-	-
Defined benefit fund actuarial gains and losses	13	(5)	(3)	(5)	(3)
Cash flow hedge reserves	27	(85)		(85)	
Non-controlling interests	5	(12)	(9)		
<b>Total equity</b>		<b>5 620</b>	<b>5 021</b>	<b>5 399</b>	<b>4 605</b>
Non-current liabilities		244	213	188	187
Lease obligations	15	169	164	161	157
Deferred taxation liabilities	16	8	4	-	-
Long-term provisions	17	5	6	1	6
Long-term liabilities	5	36	15	-	-
Post retirement medical benefits	28	26	24	26	24
Current liabilities		2 199	2 633	2 114	2 564
Trade and other payables	18	1 987	2 116	1 903	2 051
Derivative financial instruments	27	118		118	
Reinsurance liabilities	14	30	46	30	46
Current amounts owing to consolidated entities	5			12	10
Current provisions	17	12	7	1	7
Current portion of lease obligations	15	48	56	44	53
Taxation	24.3	4	408	6	397
<b>Total equity and liabilities</b>		<b>8 063</b>	<b>7 867</b>	<b>7 701</b>	<b>7 356</b>

\*less than R1 million

## consolidated income statements

for the year ended 2 April 2016

	Notes	Group		Company	
		2016 2 April	2015 28 March	2016 2 April	2015 28 March
R'm					
<b>Revenue</b>		<b>20 004</b>	<b>18 099</b>	<b>19 548</b>	<b>17 798</b>
Retail sales and other revenue		19 923	18 011	19 474	17 719
Retail sales		19 038	17 285	18 536	16 858
Interest on trade receivables		384	355	382	353
Income from consolidated entities				185	182
Premium income		199	177	198	177
Club fees		20	15	20	14
Airtime and related mobile revenue		259	163	145	134
Other revenue		23	16	8	1
Finance interest received		81	88	74	79
<b>Costs and expenses</b>		<b>16 320</b>	<b>14 935</b>	<b>15 810</b>	<b>14 676</b>
Cost of sales		11 314	10 186	11 189	10 169
Selling expenses		3 848	3 602	3 491	3 378
Administrative and other operating expenses		1 158	1 147	1 130	1 129
<b>Profit from operating activities</b>	19	<b>3 603</b>	<b>3 076</b>	<b>3 664</b>	<b>3 043</b>
Finance costs		-*	(1)	(1)	-*
Finance interest received		81	88	74	79
<b>Profit before taxation</b>		<b>3 684</b>	<b>3 163</b>	<b>3 737</b>	<b>3 122</b>
Taxation	20	1 042	878	1 011	845
<b>Profit after taxation</b>		<b>2 642</b>	<b>2 285</b>	<b>2 726</b>	<b>2 277</b>
Attributable to:					
Non-controlling interests	5	(3)	(8)		
Equity holders of the parent		2 645	2 293		
<b>Profit attributable to shareholders</b>		<b>2 642</b>	<b>2 285</b>	<b>2 726</b>	<b>2 277</b>
<b>Earnings per share</b>		<b>cents per share</b>	<b>cents per share</b>	<b>% change</b>	
Basic	21	1 046.5	917.3	14.1	
Headline	21	1 057.8	919.7	15.0	
Diluted basic	21	1 002.1	862.9	16.1	
Diluted headline	21	1 012.9	865.1	17.1	

\*less than R1 million

## consolidated statements of comprehensive income

for the year ended 2 April 2016

R'm	Notes	Group		Company	
		2016 2 April	2015 28 March	2016 2 April	2015 28 March
<b>Profit attributable to shareholders</b>		<b>2 642</b>	2 285	<b>2 726</b>	2 277
<b>Other comprehensive income</b>					
Currency translation adjustments	12	<b>31</b>	(26)		
Defined benefit fund actuarial losses	13	<b>(3)</b>	(11)	(3)	(11)
Deferred taxation thereon	13	<b>1</b>	3	1	3
Net loss on hedge accounting	27	<b>(118)</b>		(118)	
Deferred taxation thereon	27	<b>33</b>		33	
<b>Total comprehensive income for the year attributable to shareholders, net of taxation</b>		<b>2 586</b>	2 251	<b>2 639</b>	2 269
Attributable to:					
Non-controlling interests		<b>(3)</b>	(8)		
Equity holders of the parent		<b>2 589</b>	2 259	<b>2 639</b>	2 269
<b>Total comprehensive income for the year attributable to shareholders, net of taxation</b>		<b>2 586</b>	2 251	<b>2 639</b>	2 269

### Note:

Of the above components of other comprehensive income, the currency translation adjustments and the net loss on hedge accounting are recyclable through profit or loss.

## consolidated statements of cash flows

for the year ended 2 April 2016

R'm	Notes	Group		Company	
		2016 2 April	2015 28 March	2016 2 April	2015 28 March
<b>Cash flows from operating activities</b>					
Operating profit before working capital changes	24.1	<b>3 596</b>	3 039	<b>3 600</b>	2 982
Working capital changes	24.2	<b>(813)</b>	(422)	<b>(765)</b>	(374)
Cash generated from operations		<b>2 783</b>	2 617	<b>2 835</b>	2 608
Interest on trade receivables		<b>384</b>	355	<b>382</b>	353
Net finance income received		<b>81</b>	87	<b>73</b>	79
Taxation paid	24.3	<b>(1 340)</b>	(795)	<b>(1 292)</b>	(760)
Net cash inflows from operating activities		<b>1 908</b>	2 264	<b>1 998</b>	2 280
<b>Cash flows from investing activities</b>					
Net (outflows)/inflows in respect of long-term receivables	24.4	<b>(12)</b>	1	<b>1</b>	1
Investment in subsidiary	5.3	-	(30)	-	-
Additions to intangible assets		<b>(92)</b>	(99)	<b>(90)</b>	(92)
Replacement of intangible assets		<b>(27)</b>	(22)	<b>(27)</b>	(22)
Proceeds on disposal of intangible assets		-	3	-	3
Additions to property, plant and equipment		<b>(921)</b>	(172)	<b>(885)</b>	(146)
Replacement of property, plant and equipment		<b>(104)</b>	(138)	<b>(101)</b>	(123)
Proceeds on disposal of property, plant and equipment		<b>3</b>	1	<b>1</b>	1
Net cash outflows from investing activities		<b>(1 153)</b>	(456)	<b>(1 101)</b>	(378)
<b>Cash flows from financing activities</b>					
Decrease in net current amounts owing to/by consolidated entities	24.5			<b>(77)</b>	(131)
Net inflow in respect of long-term liability		<b>21</b>	9	-	-
Dividends to shareholders	24.6	<b>(1 592)</b>	(1 340)	<b>(1 631)</b>	(1 391)
Grants to staff share trusts				<b>(365)</b>	(16)
Treasury share transactions		<b>(553)</b>	55	<b>(7)</b>	(8)
Net cash outflows from financing activities		<b>(2 124)</b>	(1 276)	<b>(2 080)</b>	(1 546)
Net (decrease)/increase in cash and cash equivalents		<b>(1 369)</b>	532	<b>(1 183)</b>	356
Cash and cash equivalents at beginning of the year		<b>2 764</b>	2 252	<b>2 123</b>	1 767
Exchange gains/(losses)		<b>24</b>	(20)	-	-
Cash and cash equivalents at end of the year		<b>1 419</b>	2 764	<b>940</b>	2 123

# statement of changes in equity

for the year ended 2 April 2016

		Attributable to the equity holders of the parent														
		Capital reserves					Treasury share transactions									
Notes		Share capital*	Share premium	Participants in staff share investment trust	Capital redemption reserve fund*	Share-based payments reserve	Treasury shares at cost	Deficit on 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
R'm																
<b>Group</b>																
<b>Balance at 29 March 2014</b>		-	12	25	-	161	(898)	(559)	146	(17)	5	-	5 048	<b>3 923</b>	(1)	<b>3 922</b>
<b>Total comprehensive income</b>										(26)	(8)	-	2 293	<b>2 259</b>	(8)	<b>2 251</b>
Profit for the year													2 293	<b>2 293</b>	(8)	<b>2 285</b>
Other comprehensive income:										(26)	(8)	-	-	<b>(34)</b>	-	<b>(34)</b>
12	Currency translation adjustments									(26)				<b>(26)</b>		<b>(26)</b>
13	Defined benefit fund actuarial gains										(11)			<b>(11)</b>		<b>(11)</b>
13	Deferred taxation thereon										3			<b>3</b>		<b>(3)</b>
Conversion of B ordinary to ordinary share capital*		-	-											-		-
11	Treasury shares acquired						(39)							<b>(39)</b>		<b>(39)</b>
11	Taxation relating to grants to share trusts								28					<b>28</b>		<b>28</b>
11	Effect of consolidation of staff share trusts			7			(7)							-		-
11	Deficit on treasury share transactions							(267)						<b>(267)</b>		<b>(267)</b>
	Recognition of share-based payments					105								<b>105</b>		<b>105</b>
	Share-based payments reserve released to retained income for vested options					(47)							47	-		-
11	Treasury shares sold						361							<b>361</b>		<b>361</b>
22	2014 final dividend to shareholders												(798)	<b>(798)</b>		<b>(798)</b>
22	2015 interim dividend to shareholders												(542)	<b>(542)</b>		<b>(542)</b>
<b>Balance at 28 March 2015</b>		-	12	32	-	219	(583)	(826)	174	(43)	(3)	-	6 048	<b>5 030</b>	(9)	<b>5 021</b>
<b>Total comprehensive income</b>										31	(2)	(85)	2 645	<b>2 589</b>	(3)	<b>2 586</b>
Profit for the year													2 645	<b>2 645</b>	(3)	<b>2 642</b>
Other comprehensive income										31	(2)	(85)	-	<b>(56)</b>	-	<b>(56)</b>
12	Currency translation adjustments									31				<b>31</b>		<b>31</b>
	Fair value adjustments on financial instruments											(118)	-	<b>(118)</b>		<b>(118)</b>
	Deferred taxation thereon											33		<b>33</b>		<b>33</b>
13	Defined benefit fund actuarial losses										(3)			<b>(3)</b>		<b>(3)</b>
13	Deferred taxation thereon										1			<b>1</b>		<b>1</b>
Conversion of B ordinary to ordinary share capital*		-	-											-		-
11	Treasury shares acquired						(789)							<b>(789)</b>		<b>(789)</b>
11	Taxation relating to grants to share trusts								53					<b>53</b>		<b>53</b>
11	Effect of consolidation of staff share trusts			13			(13)							-		-
11	Deficit on treasury share transactions							(132)						<b>(132)</b>		<b>(132)</b>
9	Recognition of share-based payments					105								<b>105</b>		<b>105</b>
	Share-based payments reserve released to retained income for vested options					(83)							83	-		-
11	Treasury shares sold						368							<b>368</b>		<b>368</b>
22	2015 final dividend to shareholders												(948)	<b>(948)</b>		<b>(948)</b>
22	2016 interim dividend to shareholders												(644)	<b>(644)</b>		<b>(644)</b>
<b>Balance at 2 April 2016</b>		-	12	45	-	241	(1 017)	(958)	227	(12)	(5)	(85)	7 184	<b>5 632</b>	(12)	<b>5 620</b>

\*Less than R1 million

# statement of changes in equity

for the year ended 2 April 2016

		Capital Reserves					Treasury share transactions							
	Notes	Share capital*	Share premium*	Participants in staff share investment trust	Capital redemption reserve fund*	Share-based payments reserve	Treasury shares at cost	Deficit on treasury share transactions	Taxation relating to grants to share trusts	Defined benefit fund actuarial gains and losses	Cash flow hedge reserve	Retained income	Total	
R'm														
Company														
Balance at 29 March 2014		-	-	-	-	161	(1 386)	(206)	146	5		4 898	3 618	
Total comprehensive income										(8)		2 277	2 269	
Profit for the year												2 277	2 277	
Other comprehensive income:										(8)			(8)	
Defined benefit fund actuarial gains	13									(11)			(11)	
Deferred taxation thereon	13									3			3	
Conversion of B ordinary to ordinary share capital	11	-	-										-	
Grants to staff share trusts	11						(16)						(16)	
Deficit on treasury share transactions	11							(8)					(8)	
Taxation relating to grants to share trusts	11								28				28	
Recognition of share-based payments	9					105							105	
Share-based payments reserve released to retained income for vested options						(47)						47	-	
2014 final dividend to shareholders	22											(831)	(831)	
2015 interim dividend to shareholders	22											(560)	(560)	
Balance at 28 March 2015		-	-	-	-	219	(1 402)	(214)	174	(3)		5 831	4 605	
Total comprehensive income										(2)	(85)	2 726	2 639	
Profit for the year												2 726	2 726	
Other comprehensive income										(2)	(85)		(87)	
Defined benefit fund actuarial losses	13									(3)			(3)	
Deferred taxation thereon	13									1			1	
Fair value adjustments on financial instruments											(118)		(118)	
Deferred taxation thereon											33		33	
Conversion of B ordinary to ordinary share capital	11	-	-										-	
Grants to staff share trusts	11						(365)						(365)	
Deficit on treasury share transactions	11							(7)					(7)	
Taxation relating to grants to share trusts	11								53				53	
Recognition of share-based payments	9					105							105	
Share-based payments reserve released to retained income for vested options						(83)						83	-	
2015 final dividend to shareholders	22											(975)	(975)	
2016 interim dividend to shareholders	22											(656)	(656)	
Balance at 2 April 2016		-	-	-	-	241	(1 767)	(221)	227	(5)	(85)	7 009	5 399	

\*Less than R1 million



## notes to the financial statements

for the year ended 2 April 2016

### 1. Adoption of new standards and changes in accounting policies

The following new Standards and Interpretations that were applicable were adopted during the year and did not lead to any changes in the Group's accounting policies:

Statement, Interpretation or Standard	Effective for annual periods beginning
IAS 19 Defined Benefit Plans: Employee Contributions - amendments	1 July 2014
IFRS 2 Share-based Payment: Definitions of vesting conditions	1 July 2014
IFRS 3 Business Combinations: Accounting for contingent consideration in a business combination	1 July 2014
IFRS 8 Operating Segments: Aggregation of operating segments and reconciliation of the total of the reportable segments' assets to the entity's assets	1 July 2014
IAS 24 Related Party Disclosures: Key management personnel	1 July 2014
IFRS 13 Fair Value Measurement: Scope of paragraph 52	1 July 2014

#### 1.2 Standards and amendments issued but not yet effective

At the date of authorisation 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 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception - amendments	1 January 2016
IFRS 11 Accounting for Acquisitions of Interests in Joint Operations - amendments	1 January 2016
IAS 1 Disclosure Initiative - amendments	1 January 2016
IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation - amendments	1 January 2016
IAS 27 Equity Method in Separate Financial Statements - amendments	1 January 2016
IAS 7 Disclosure Initiative - amendments	1 January 2016
IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses - amendments	1 January 2017
IFRS 15 Revenue from Contracts with Customers	1 January 2018
IFRS 9 Financial Instruments	1 January 2018
IFRS 16 Leases	1 January 2019
Annual Improvements 2012-2014 Cycle	1 January 2016

The Directors anticipate that the adoption of the above 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 9, 15 and 16. The impact of these new statements is currently being assessed. These statements, interpretations and standards will be adopted at the respective effective dates.

### 2. Significant accounting estimates

#### *Estimation uncertainty*

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 as follows:

#### *Employee benefits actuarially determined*

The costs of the defined benefit pension fund plan, the post-retirement medical benefit fund and sharebased payments are determined actuarially. The actuarial valuations involve making assumptions regarding various factors (as detailed in notes 9.4, 9.5 and 28). Due to the long-term nature of these liabilities such estimates are subject to uncertainty.

#### *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 past trends, evidence of impairment at year end and an assessment of future saleability, which takes into account fashionability and seasonal changes.

#### *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. This estimate takes into consideration past trends and makes an assessment of additional risk factors, which are likely to impact recoverability.

#### *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.

## notes to the financial statements

for the year ended 2 April 2016

### 3. Property, plant and equipment

	Furniture fittings equipment and vehicles		Computer equipment		Improvements to leasehold premises		Land		Buildings		Lease buildings		Total	
R'm	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
<b>Group</b>														
Net carrying amount at beginning of the year	722	614	83	72	21	19	-	-	12	13	-	-	838	718
Cost or carrying amount	1 625	1 429	254	206	54	50	-	-	15	15	27	27	1 975	1 727
Accumulated depreciation and impairment	(903)	(815)	(171)	(134)	(33)	(31)	-	-	(3)	(2)	(27)	(27)	(1 137)	(1 009)
Current year movements														
Additions arising from:	522	260	64	48	6	4	166	-	267	-	-	-	1 025	312
external development/acquisition	230	260	64	48	6	4	-	-	-	-	-	-	300	312
items capitalised to work in progress*	292	-	-	-	-	-	166	-	267	-	-	-	725	-
Disposals and scrapping	(15)	(7)	-	-	-	-	-	-	-	-	-	-	(15)	(7)
Impairments	4	(1)	-	-	-	-	-	-	-	-	-	-	4	(1)
Exchange differences	10	(3)	-	-	-	-	-	-	-	-	-	-	10	(3)
Depreciation	(159)	(141)	(27)	(37)	(3)	(2)	-	-	(1)	(1)	-	-	(190)	(181)
<b>Net carrying amount at end of the year</b>	<b>1 084</b>	<b>722</b>	<b>120</b>	<b>83</b>	<b>24</b>	<b>21</b>	<b>166</b>	<b>-</b>	<b>278</b>	<b>12</b>	<b>-</b>	<b>-</b>	<b>1 672</b>	<b>838</b>
Made up as follows:														
Net carrying amount	1 084	722	120	83	24	21	166	-	278	12	-	-	1 672	838
Cost or carrying amount	2 075	1 625	318	254	60	54	166	-	282	15	27	27	2 928	1 975
Accumulated depreciation and impairment	(991)	(903)	(198)	(171)	(36)	(33)	-	-	(4)	(3)	(27)	(27)	(1 256)	(1 137)
<b>Company</b>														
Net carrying amount at beginning of the year	650	568	81	71	21	20	-	-	-	-	-	-	752	659
Cost or carrying amount	1 532	1 369	248	202	43	40	-	-	-	-	27	27	1 850	1 638
Accumulated depreciation and impairment	(882)	(801)	(167)	(131)	(22)	(20)	-	-	-	-	(27)	(27)	(1 098)	(979)
Current year movements														
Additions arising from:	484	220	63	46	6	3	166	-	267	-	-	-	986	269
external development/acquisition	192	220	63	46	6	3	-	-	-	-	-	-	261	269
items capitalised to work in progress*	292	-	-	-	-	-	166	-	267	-	-	-	725	-
Disposals and scrapping	(10)	(6)	-	-	-	-	-	-	-	-	-	-	(10)	(6)
Impairment	4	(1)	-	-	-	-	-	-	-	-	-	-	4	(1)
Depreciation	(143)	(131)	(26)	(36)	(3)	(2)	-	-	-	-	-	-	(172)	(169)
<b>Net carrying amount at end of the year</b>	<b>985</b>	<b>650</b>	<b>118</b>	<b>81</b>	<b>24</b>	<b>21</b>	<b>166</b>	<b>-</b>	<b>267</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 560</b>	<b>752</b>
Made up as follows:														
Net carrying amount	985	650	118	81	24	21	166	-	267	-	-	-	1 560	752
Cost or carrying amount	1 938	1 532	311	248	49	43	166	-	267	-	27	27	2 758	1 850
Accumulated depreciation and impairment	(953)	(882)	(193)	(167)	(25)	(22)	-	-	-	-	(27)	(27)	(1 198)	(1 098)

\*The cumulative balance of work in progress that is not subject to depreciation at year end amounts to R725 million (2015: RNil).

Details of land and buildings: Remaining extent of Erf 4749 Bethlehem District, Bethlehem Province, Free State, in extent of 3 538 square metres.  
Remaining extent of Erf 249 Clifdale District, Kwa-Zulu Natal Province, in extent of 19.5 hectares.

## notes to the financial statements

for the year ended 2 April 2016

### 4. Intangible assets

	Computer software		Customer lists		Goodwill		Trademarks		Total	
R'm	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
<b>Group</b>										
Net carrying amount at beginning of the year	298	209	-	-	30	6	-	-	328	215
Cost or carrying amount	379	263	26	26	30	6	18	18	453	313
Accumulated amortisation and impairment	(81)	(54)	(26)	(26)	-	-	(18)	(18)	(125)	(98)
Current year movements										
Additions arising from	119	117	-	-	-	28	-	-	119	145
external development/acquisition	42	31	-	-	-	28	-	-	42	59
internal development/acquisition	20	23	-	-	-	-	-	-	20	23
items capitalised to work in progress*	57	63	-	-	-	-	-	-	57	63
Disposals	-	-	-	-	-	-	-	-	-	-
Impairment	(32)	(1)	-	-	-	-	-	-	(32)	(1)
Exchange differences	-	-	-	-	(4)	(4)	-	-	(4)	(4)
Amortisation	(38)	(27)	-	-	-	-	-	-	(38)	(27)
<b>Net carrying amount at end of the year</b>	<b>347</b>	<b>298</b>	<b>-</b>	<b>-</b>	<b>26</b>	<b>30</b>	<b>-</b>	<b>-</b>	<b>373</b>	<b>328</b>
Made up as follows:										
Net carrying amount	347	298	-	-	26	30	-	-	373	328
Cost or carrying amount	444	379	26	26	26	30	18	18	514	453
Accumulated amortisation and impairment	(97)	(81)	(26)	(26)	-	-	(18)	(18)	(141)	(125)
<b>Company</b>										
Net carrying amount at beginning of the year	294	207	-	-	1	1	-	-	295	208
Cost or carrying amount	374	261	26	26	1	1	18	18	419	306
Accumulated amortisation and impairment	(80)	(54)	(26)	(26)	-	-	(18)	(18)	(124)	(98)
Current year movements										
Additions arising from	117	114	-	-	-	-	-	-	117	114
external development/acquisition	40	28	-	-	-	-	-	-	40	28
internal development/acquisition	20	23	-	-	-	-	-	-	20	23
items capitalised to work in progress	57	63	-	-	-	-	-	-	57	63
Disposals	-	-	-	-	-	-	-	-	-	-
Impairment	(32)	(1)	-	-	-	-	-	-	(32)	(1)
Exchange differences	-	-	-	-	-	-	-	-	-	-
Amortisation	(37)	(26)	-	-	-	-	-	-	(37)	(26)
<b>Net carrying amount at end of the year</b>	<b>342</b>	<b>294</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>343</b>	<b>295</b>
Made up as follows:										
Net carrying amount	342	294	-	-	1	1	-	-	343	295
Cost or carrying amount	438	374	26	26	1	1	18	18	483	419
Accumulated amortisation and impairment	(96)	(80)	(26)	(26)	-	-	(18)	(18)	(140)	(124)

The goodwill raised in the prior year relates to the acquisition detailed in note 5.3.

\*The cumulative balance of work in progress that is not subject to amortisation at year end amounts to R243 million (2015: R166 million).

## notes to the financial statements

for the year ended 2 April 2016

### 5. Consolidated entities and material partly-owned subsidiaries

	Company	
R'm	2016	2015
<b>5.1 Consolidated entities</b>		
Carrying value of shares	5	5
Ordinary shares at cost	5	5
Carrying value of long-term loans	44	18
Long-term loans at cost	45	19
Impairment provisions	(1)	(1)
The loans are unsecured, bear interest at rates of up to 15% per annum and have no fixed dates of repayment.		
	49	23
Net current amounts owing by consolidated entities	491	414
Current amounts owing by consolidated entities	503	424
Current amounts owing to consolidated entities	(12)	(10)
Current accounts are interest free and are settled within 12 months.		
	540	437

An analysis of the financial interest in consolidated entities is shown on page 120.

### 5.2 Material partly-owned subsidiaries

Financial information of subsidiaries that have non-controlling interests are provided below:

	MRP Mobile (Pty) Ltd	
%	2016	2015
Proportion of equity interest held by non-controlling interests	45	45
R'm		
Accumulated balances of material non-controlling interest	(9)	(1)
Loss allocated to material non-controlling interest	(3)	(8)
Total comprehensive loss	(12)	(9)

This information is based on amounts before inter-company eliminations.  
The summarised financial information of these subsidiaries is provided below.

R'm		
<b>Summarised statement of profit or loss for:</b>		
Revenue	114	29
Cost of sales	(102)	(33)
Selling expenses	(26)	(14)
Administration and other operating expenses	(1)	-
Loss before taxation	(15)	(18)
Taxation	9	1
Total comprehensive loss	(6)	(17)
Attributable to non-controlling interests	(3)	(8)



## notes to the financial statements

for the year ended 2 April 2016

### 5.2 Material partly-owned subsidiaries (continued)

Financial information of the subsidiary with a non-controlling interest is provided below:

#### MRP Mobile (Pty) Ltd

R'm	2016	2015
<b>Summarised statement of financial position:</b>		
Inventories	11	4
Intangible assets	3	4
Deferred tax asset	8	-
Trade and other receivables	56	17
Long-term portion	13	-
Current portion	43	17
Cash and cash equivalents	3	2
Long-term liability	(36)	(15)
Trade and other payables	(26)	(13)
Inter-company balance	(45)	(19)
Net equity	(26)	(20)
Attributable to equity holders of parent	(14)	(11)
Non-controlling interest	(12)	(9)
<b>Summarised statement of cash flows:</b>		
Cash outflows from operating activities	(6)	(17)
Cash outflows from investing activities	(14)	(3)
Cash inflows from financing activities	21	8
Net increase/(decrease) in cash and cash equivalents	1	(12)

#### Long-term liability

The long-term liability disclosed above, which has been subordinated, represents a loan received from the non-controlling shareholders of the subsidiary. The loan has no set date of repayment and bears interest at a rate determined at the discretion of the Directors, currently 0%.

### 5.3 Acquisition of franchise operations

On the 2 June 2014, the Group, concluded an agreement to purchase the net assets of the Zambian Franchisee. The Group undertook the transaction to expand its operations through the buy back of previously franchised stores. No non-controlling interests have been recognised as part of the transaction.

R'm	2016	2015
<b>Fair value of assets acquired at the date of acquisition</b>		
Property, plant and equipment	-	2
Inventory	-	5
Goodwill arising on acquisition	-	24
<b>Consideration</b>	-	31
Amount payable	-	(1)
<b>Cash outflow</b>	-	30

Goodwill comprised the fair value of intangible assets that did not qualify for separate recognition, and represented growth and synergies expected to accrue from the acquisitions. The goodwill is not deductible for income tax purposes. These financial statements of the Group include the results of the Zambian stores from the acquisition date. Transaction costs of R1 million were expensed in the prior year.

#### Impairment testing of goodwill

Goodwill acquired through business combinations is tested annually for impairment, which was performed in April 2016. 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 calculation of value in use 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.

#### - 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.

## notes to the financial statements

for the year ended 2 April 2016

### 6. Long-term receivables

	Group		Company	
R'm	2016	2015	2016	2015
Enterprise development loan	5	6	5	6
Total loan to accredited supplier	6	7	6	7
Less: amount to be received in the next financial year transferred to trade and other receivables	(1)	(1)	(1)	(1)
MRP Mobile long-term receivables	13	-	-	-
Total receivables	56	-	-	-
Less: amount to be received in the next financial year transferred to trade and other receivables	(43)	-	-	-
Total long-term receivables	18	6	5	6

The Company loaned R10 million to a long-standing supplier as part of an enterprise development initiative to assist in the construction of a new footwear factory with enhanced capacity. The loan bears no interest and is repayable in monthly instalments of R122 504. The monthly instalment commenced in January 2013 and increases annually by 7.0%.

The MRP Mobile 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.

### 7. Inventories

	Group		Company	
R'm	2016	2015	2016	2015
Merchandise purchased for resale	2 144	1 715	1 986	1 573
Consumable stores	24	26	18	23
	2 168	1 741	2 004	1 596
The write-down of inventories provided for in the valuation of merchandise purchased for resale was:	169	136	158	128

### 8. Trade and other receivables

	Group		Company	
R'm	2016	2015	2016	2015
Gross trade receivables	1 986	1 948	1 934	1 924
Impairment provision	(147)	(174)	(142)	(172)
Net trade receivables	1 839	1 774	1 792	1 752
Prepayments	187	48	172	40
Other receivables	110	52	78	43
	2 136	1 874	2 042	1 835

The ageing of the gross trade receivables is as follows:

	Days from transaction				
Current	30	1 509	1 451	1 468	1 429
Status 1	60	268	287	263	286
Status 2	90	94	92	92	92
Status 3	120	54	54	53	53
Status 4	150	36	40	35	40
Status 5	180+	25	24	23	24
		1 986	1 948	1 934	1 924

Interest is charged on outstanding accounts in accordance with the National Credit Act (NCA) and has fluctuated in accordance with legislated changes to the repo rate.

The Group has provided for receivables in all ageing status levels based on estimated irrecoverable amounts from the sale of merchandise, determined by reference to past default experience.

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. The Group does not have any balances which are past due date and have not been provided for, as the provisioning methodology applied takes the entire debtor population into consideration.

## notes to the financial statements

for the year ended 2 April 2016

### 8. Trade and other receivables (continued)

#### 8.1 Movement in the impairment provision

	Group		Company	
R'm	2016	2015	2016	2015
Balance at beginning of the year	(174)	(171)	(172)	(171)
Impairment losses net of reversals	27	(3)	30	(1)
Balance at end of the year	(147)	(174)	(142)	(172)

In determining the recoverability of trade receivables, the Group considers any changes in credit quality of the receivables up to reporting date. The concentration of credit risk is limited, as the customer base is large and unrelated. The ageing profiles of the impairment provision are as follows:

		Group		Company	
	Days from transaction	2016	2015	2016	2015
Current and impaired	0 - 30	15	13	11	12
Past due and impaired					
Status 1	31 - 60	22	28	21	28
Status 2	61 - 90	24	28	23	28
Status 3	91 - 120	29	34	30	34
Status 4	121 - 150	34	37	34	37
Status 5	151 - 180+	23	34	23	33
		147	174	142	172

#### 8.2 Other receivables

R'm				
The expected maturity for other receivables is as follows:				
On demand	10	2	11	2
Less than 3 months	65	31	44	24
3 months to one year	35	19	23	17
	110	52	78	43

### 9. Share capital

	Group		Company	
R'000	2016	2015	2016	2015
<b>9.1 Authorised</b>				
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

R'000				
<b>9.2 Issued</b>				
Ordinary				
253 683 867 (2015: 253 183 867) ordinary shares of 0.025 cent each	63	63	63	63
B ordinary				
10 945 081 (2015: 11 445 081) B ordinary shares of 0.300 cent each	33	34	33	34
Total issued share capital	96	97	96	97

#### 9.3 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.

#### 9.4 Share Trusts and Share Purchase Schemes

The Company operates six share trusts, a share option scheme 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 executive Directors. These share schemes are more fully detailed in the Remuneration Report on pages 61 to 76.

Details of shares and options held in terms of the deed of trust and the schemes are as follows:

##### 9.4.1 The Mr Price Group Share Trust

This trust is currently dormant.

## notes to the financial statements

for the year ended 2 April 2016

### 9. Share capital (continued)

#### 9.4.2 The Mr Price Group Share Option Scheme

	Group	
Number	2016	2015
Options over ordinary shares in Mr Price Group Limited		
Beginning of the year	5 800	55 467
Surrendered by participants	-	(3 000)
Options exercised	(5 800)	(46 667)
End of the year	-	5 800

Options held at the beginning of the year were exercisable at prices between R3.06 and R21.20 per share in a period between three years and 10 years after the dates of the offers which commenced in May 1989. No new options will be issued under this scheme.

The vesting period of the options is detailed on pages 69 to 72.



## notes to the financial statements

for the year ended 2 April 2016

### 9. Share capital (continued)

9.4.3 Five share trusts were established in November 2006, to replace The Mr Price Group Share Option Scheme and 2 Forfeitable Share Plans (FSP) were introduced during 2014. Details of these plans are as follows:

#### Award type

Options/shares at 29 March 2014

New options/shares granted

Surrendered by participants

Options/shares exercised

Options/shares at 28 March 2015

New options/shares granted\*

Surrendered by participants

Options/shares exercised

Options/shares at 2 April 2016

\* New options/shares were granted during the current year at a strike price of (R per share):  
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 vesting periods of the options/shares are detailed on pages 69 to 72.

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

Number of options:

2017

2018

2019

2020

2021

Weighted average prices:

2017

2018

2019

2020

2021

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	Group Total
Options	Options	Options	Options	Shares	Shares	Shares	
3 007 621	2 966 758	4 297 119	9 371 943	4 877 114	433 576	89 954	25 044 085
165 821	253 818	490 471	787 477	325 145	23 657	77 302	2 123 691
	(85 750)	(88 414)	(487 389)	(764 669)			(1 426 222)
(771 000)	(803 999)	(967 913)	(2 247 328)	(34 214)			(4 824 454)
2 402 442	2 330 827	3 731 263	7 424 703	4 403 376	457 233	167 256	20 917 100
190 691	280 578	559 759	1 153 326	669 524	46 197	86 806	2 986 881
	(33 224)	(214 894)	(443 970)	(740 453)		(8 221)	(1 440 762)
(619 994)	(670 001)	(981 001)	(2 866 398)	(29 265)			(5 166 659)
1 973 139	1 908 180	3 095 127	5 267 661	4 303 182	503 430	245 841	17 296 560
200.01	200.01	200.01 - 244.49	200.01 - 248.23	Nil	Nil	Nil	
1 162 100	803 616	894 360	306 478	N/A			3 166 554
249 238	334 796	591 508	2 393 845	N/A			3 569 387
205 283	254 598	614 602	1 370 255	N/A	433 576	84 293	2 962 607
165 827	234 592	448 040	329 794	N/A	23 657	74 742	1 276 652
190 691	280 578	546 617	867 289	N/A	46 197	86 806	2 018 178
1 973 139	1 908 180	3 095 127	5 267 661	N/A	503 430	245 841	12 993 378
R60.06	R78.87	R71.17	R46.62	N/A	N/A	N/A	
R133.67	R123.42	R125.28	R79.31	N/A	N/A	N/A	
R151.94	R148.38	R147.57	R140.85	N/A	N/A	N/A	
R222.60	R222.75	R220.82	R150.96	N/A	N/A	N/A	
R200.01	R200.01	R200.23	R192.60	N/A	N/A	N/A	
Shares are expected to vest unconditionally in the Mr Price Partners Share Trust in 39 years.							



## notes to the financial statements

for the year ended 2 April 2016

### 9. Share capital (continued)

#### 9.5 Share-based payments

	Group		Company	
R'm	2016	2015	2016	2015
Share-based payments relating to equity-settled share-based payment transactions in terms of the various long-term share incentive schemes (refer notes 9.4.2 to 9.4.3)	105	105	105	105

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 granted 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:

	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 Staff Share Trust
Weighted average strike price	R200.01	R200.77	R200.23	R212.28	R0.00
Expected volatility (%)	27.16	27.21 - 27.27	26.86 - 27.27	26.95 - 27.51	N/A
Expected option life	5 years	5 years	5 years	5 years	39 years
Risk-free interest rate (%)	7.97	6.90 - 7.82	7.82 - 7.85	6.70 - 7.82	6.89 - 9.58
Expected dividend yield (%)	4.30	4.30	4.30	4.30	N/A

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.

#### 9.5 Share-based payments (continued)

The assumptions supporting inputs into the model for the Forfeitable Share Plan's which have an expected option life of 5 years are as follows:

Participants still employed after 1 year  
Participants still employed after 2 years  
Participants still employed after 3 years  
Participants still employed after 4 years  
Participants still employed after 5 years

Probability	% shares retained
100%	10%
92.3%	20%
84.6%	30%
84.6%	40%
84.6%	100%

#### 9.6 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 assets being 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 financial statements show a liability for the shares to be transferred to employees upon their request. In the Group 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 in terms of paragraphs 16 and 22 of IAS 32.

#### 9.7 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.

## notes to the financial statements

for the year ended 2 April 2016

### 10. Capital reserves

	Group		Company	
R'm	2016	2015	2016	2015
<b>10.1 Share premium account</b>	<b>12</b>	12	<b>-</b>	-
<b>10.2 Participants in staff share investment trust (note 9.6)</b>	<b>45</b>	32		
Beginning of the year	<b>32</b>	25		
Net movement for the year	<b>13</b>	7		
<b>10.3 Share-based payments reserve</b>	<b>241</b>	219	<b>241</b>	219
Beginning of the year	<b>219</b>	161	<b>219</b>	161
Recognition of share-based payments for the year	<b>22</b>	58	<b>22</b>	58
Share-based payments for options/shares granted in prior years	<b>94</b>	79	<b>94</b>	79
Share-based payments for options/shares granted in current year	<b>7</b>	9	<b>7</b>	9
Adjustment for forfeitures	<b>4</b>	17	<b>4</b>	17
Share-based payments reserve transferred to retained income for options that have vested from inception to date	<b>(83)</b>	(47)	<b>(83)</b>	(47)
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				
<b>Total capital reserves</b>	<b>298</b>	263	<b>241</b>	219



## notes to the financial statements

for the year ended 2 April 2016

### 11. Treasury share transactions

	Group		Company	
R'm	2016	2015	2016	2015
11 098 802 (2015: 12 721 500) ordinary shares in Mr Price Group Limited held by staff share trusts	<b>(1 017)</b>	(583)		
- Balance at beginning of the year	<b>(583)</b>	(898)		
- Treasury shares acquired	<b>(789)</b>	(39)		
- Treasury shares sold	<b>368</b>	361		
- Mr Price Group Employees Share Investment Trust (note 9.6)	<b>(13)</b>	(7)		
Deficit on treasury share transactions	<b>(958)</b>	(826)	<b>(221)</b>	(214)
- Balance at beginning of the year	<b>(826)</b>	(559)	<b>(214)</b>	(206)
- Current year movement arising from the take-up of vested options	<b>(132)</b>	(267)	<b>(7)</b>	(8)
Taxation relating to grants to share trusts	<b>227</b>	174	<b>227</b>	174
- Balance at beginning of the year	<b>174</b>	146	<b>174</b>	146
- Current year movement	<b>53</b>	28	<b>53</b>	28
Grants by Company to staff share trusts			<b>(1 767)</b>	(1 402)
- Balance at beginning of the year			<b>(1 402)</b>	(1 386)
- Grants made during the year			<b>(365)</b>	(16)
	<b>(1 748)</b>	(1 235)	<b>(1 761)</b>	(1 442)

### 12. Foreign currency translation reserve

	Group	
R'm	2016	2015
Beginning of the year	<b>(43)</b>	(17)
Currency translation adjustments for the year	<b>31</b>	(26)
End of the year	<b>(12)</b>	(43)

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

### 13. Defined benefit fund actuarial gains and losses

	Group		Company	
R'm	2016	2015	2016	2015
Beginning of the year	<b>(3)</b>	5	<b>(3)</b>	5
Current year actuarial losses	<b>(3)</b>	(11)	<b>(3)</b>	(11)
Deferred taxation thereon	<b>1</b>	3	<b>1</b>	3
End of the year	<b>(5)</b>	(3)	<b>(5)</b>	(3)

Refer to note 28 for details of the recognition of defined benefit fund actuarial gains and losses.

## notes to the financial statements

for the year ended 2 April 2016

### 14. Reinsurance

The Company 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.

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; and
- Policyholder decision risk: the 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 insurance products which consist of: Customer Protection, Funeral, 360 degree Protection, A2B Commuter Personal Accident and the Medinet Critical Illness and Hospitalisation Plans.

*Guardrisk Life Limited (Cell number 048)*

Mr Price Group Limited bears 100% of the risk for all insurance products.

*Guardrisk Insurance Company Limited (Cell number 316)*

MRP 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 liabilities are made up of the following components:

	Group and Company	
R'm	2016	2015
<b>Reinsurance asset</b>		
Insurance float	2	2
Cash and cash equivalents	97	122
	<b>99</b>	124

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

### Group and Company

R'm	2016	2015
<b>Reinsurance liabilities</b>		
Unearned premium provision	1	1
Outstanding claims	2	4
IBNR* reserve	13	12
Taxation liability	14	29
	<b>30</b>	46
<b>Movement in reinsurance liabilities</b>		
Balance at beginning of the year	45	33
Outstanding claims	4	4
IBNR* reserve	12	11
Taxation liability	29	18
(Decrease)/increase during the year	(16)	12
Balance at end of the year	29	45
Outstanding claims	2	4
IBNR* reserve	13	12
Taxation liability	14	29
<i>Unearned premium provision</i>		
Balance at beginning of the year	1	1
Premium received	198	177
Premium recognised	(198)	(177)
Balance at end of the year	1	1

\* IBNR - incurred but not reported

## notes to the financial statements

for the year ended 2 April 2016

### 14. Reinsurance (continued)

#### 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 cells maintain 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 cells are required to maintain a solvency ratio equal to 25% of net premiums as a solvency reserve and an IBNR reserve equal to 7% of the annual risk 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:

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 equal 24% of net premiums and an IBNR equal to 6% of the annual risk premium.

#### Group and Company

R'm	2016	2015
Impact on IBNR	(4)	(4)

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 equal 26% of net premiums and an IBNR equal to 8% of the annual risk premium.

#### Group and Company

R'm	2016	2015
Impact on IBNR	4	4

During the year a dividend of R120 million (2015 : R75 million) was paid by the cells to the Company.

Premium income and claims history:

	2016	2015	2014	2013
Premium income (R'm)	199	177	147	106
Number of claims	3 535	3 709	3 769	2 318
Claim costs (R'm)	15	15	12	9
Claim costs as a percentage of premium income	7.5%	8.3%	8.2%	8.9%

### 15. Lease obligations

	Group		Company	
R'm	2016	2015	2016	2015
Straight-line operating lease liability	217	220	205	210
Less: amounts due for settlement within 12 months	(48)	(56)	(44)	(53)
<b>Total long-term portion of lease obligations</b>	<b>169</b>	<b>164</b>	<b>161</b>	<b>157</b>

#### Operating lease commitments

The Group has entered into operating leases on store space, with lease terms between five and ten years. The Group has the option, under some of its leases, to lease the assets for additional term of five to ten years.

	Group		Company	
R'm	2016	2015	2016	2015
Future minimum rentals payable under non-cancellable leases, which predominantly relate to land and buildings, are as follows:				
Within one year	1 310	1 203	1 073	1 021
After one year but less than five years	2 145	2 226	1 899	1 891
More than five years	345	182	285	157
	<b>3 800</b>	<b>3 611</b>	<b>3 257</b>	<b>3 069</b>



## notes to the financial statements

for the year ended 2 April 2016

### 16. Deferred taxation

	Group		Company	
R'm	2016	2015	2016	2015
Attributable to:				
Post retirement medical aid	(3)	(2)	(3)	(2)
Fair value adjustments on financial instruments	(33)	-	(33)	-
Prepayments	41	2	41	2
Provisions	(145)	(151)	(145)	(151)
Other temporary differences	15	23	26	30
Share-based payments	(145)	(115)	(145)	(115)
Defined benefit fund asset	12	10	12	10
Grants to staff share trusts	189	146	189	146
Straight-line operating lease liability	(60)	(61)	(57)	(58)
	(129)	(148)	(115)	(138)
Beginning of the year	(148)	(146)	(138)	(142)
Movements during the year	19	(2)	23	4
Post retirement medical aid	1	-	1	-
Fair value adjustments on financial instruments	(33)	-	(33)	-
Prepayments	39	-	39	-
Provisions	6	(10)	6	(10)
Other temporary differences	(8)	8	(4)	13
Share based payments	(30)	(30)	(30)	(30)
Defined benefit fund actuarial gains	-	(3)	-	(3)
Grants to staff share trusts	43	31	43	31
Straight-line operating lease liability	1	2	1	3
<b>End of the year</b>	<b>(129)</b>	<b>(148)</b>	<b>(115)</b>	<b>(138)</b>
Deferred taxation liabilities	8	4	-	-
Deferred taxation assets	(137)	(152)	(115)	(138)
	(129)	(148)	(115)	(138)

### 17. Provisions

	Group		Company	
R'm	2016	2015	2016	2015
Onerous lease contracts				
Balance at beginning of the year	13	11	13	11
Provision raised during the period	4	2	(11)	2
<b>Balance at end of the year</b>	<b>17</b>	<b>13</b>	<b>2</b>	<b>13</b>
Long-term	5	6	1	6
Current	12	7	1	7
	17	13	2	13

The provision for onerous lease contracts represents the present value of the future lease payments that the Group is presently obligated to make under non-cancellable onerous operating lease contracts, less revenue expected to be earned on the lease, including estimated revenue (including revenue from sub-leases). The estimate may vary as a result of changes in the utilisation of the leased premises and sub-lease arrangements where applicable. The unexpired terms of the leases range from one to five years.

### 18. Trade and other payables

	Group		Company	
R'm	2016	2015	2016	2015
Trade payables	777	1 191	795	1 208
Other payables	1 210	925	1 108	843
	1 987	2 116	1 903	2 051

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.

## notes to the financial statements

for the year ended 2 April 2016

### 19. Profit from operating activities

	Group		Company	
R'm	2016	2015	2016	2015
<i>Arrived at after (crediting)/charging the following:</i>				
Income from consolidated entities			(185)	(182)
Dividend income			(73)	(71)
Fees			(112)	(111)
Amortisation of intangible assets (note 4)	38	27	37	26
Associate costs	1 979	1 861	1 878	1 787
Salaries, wages and other benefits	1 750	1 645	1 655	1 575
Share-based payments (note 9.5)	105	105	105	105
Defined contribution pension fund expense	123	112	116	108
Defined benefit pension fund net expense	1	(1)	1	(1)
Current service cost	4	3	4	3
Interest cost	6	8	6	8
Expected return on fund assets	(9)	(12)	(9)	(12)
Auditors' remuneration	6	6	6	6
Audit fees	6	6	6	6
Other services	-	-	-	-
Consulting fees	20	18	16	16
Technical services	17	16	16	16
Administrative and other services	3	2	-	-
Depreciation of property, plant and equipment (note 3)	190	181	173	169
Impairment of intangible assets	32	1	32	1
Impairment of property, plant and equipment	(4)	1	(4)	1
Movement in provisions (note 17)	4	2	(11)	2
Net loss on disposal and scrapping of property, plant and equipment	12	6	9	6
Net gain on foreign exchange	(128)	(5)	(128)	(5)
Forward exchange contracts	6	(5)	6	(5)
Transactions	(134)	-	(134)	-
Operating lease rentals	1 390	1 250	1 232	1 153
Land and buildings	1 362	1 219	1 204	1 123
Equipment	18	21	18	20
Motor vehicles	10	10	10	10

### 20. Taxation

#### 20.1 South African and foreign taxation

##### 20.1.1 South African taxation

	Group		Company	
R'm	2016	2015	2016	2015
This year	998	839	997	831
Current				
Normal taxation	992	862	983	855
Deferred				
Current year temporary differences	14	(23)	14	(24)
Previously unrecognised deferred tax assets	(8)	-	-	-

##### 20.1.2 Foreign taxation

This year	43	39	15	14
Current	41	46	15	14
Deferred	2	(7)	-	-
Prior years	1	-	(1)	-
Current	(1)	-	(1)	-
Deferred	2	-	-	-
<b>Total taxation</b>	<b>1042</b>	<b>878</b>	<b>1 011</b>	<b>845</b>

In addition to the above, current normal taxation and deferred taxation amounting to R96.2 million (2015: R58.2 million credited) and R43.1 million (2015: R30.7 million charged) respectively have been charged and credited to equity relating to the grants to staff share trusts (refer note 11). Deferred income taxation of R34.0 million (2015: R3.1 million credited) has been charged to the statement of comprehensive income.

## notes to the financial statements

for the year ended 2 April 2016

### 20. Taxation (continued)

#### 20.2 Reconciliation of taxation rate

	Group		Company	
%	2016	2015	2016	2015
Standard rate	28.0	28.0	28.0	28.0
Adjusted for:				
Exempt income	(0.4)	(0.4)	(0.9)	(1.1)
Unrecognised deferred tax assets	0.5	(0.2)	0.0	(0.2)
Other	0.2	0.0	0.0	0.0
<b>Effective tax rate</b>	<b>28.3</b>	<b>27.8</b>	<b>27.1</b>	<b>27.1</b>

The estimated tax losses of subsidiaries available for the set of future taxable income is R95.6 million (2015: R17.5 million).

### 21. Earnings per ordinary and B ordinary share

#### 21.1 Reconciliation of earnings

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

	Group	
R'm	2016	2015
<b>Basic earnings</b> - profit attributable to shareholders	<b>2 645</b>	2 293
Loss on disposal, scrapping and impairment of property, plant and equipment and intangible assets	40	8
Taxation	(11)	(2)
<b>Headline earnings</b>	<b>2 674</b>	2 299

#### 21.2 Number of shares

The weighted average number of shares in issue amount to 252 785 945 (2015: 249 989 589).

#### 21.3 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	
	2016 shares	2015 shares
Number of shares per basic earnings per share calculation	<b>252 785 945</b>	249 989 589
Weighted average number of ordinary shares under option deemed to have been issued for no consideration	<b>11 210 891</b>	15 757 184
<b>Number of shares for calculation of diluted earnings per share</b>	<b>263 996 836</b>	265 746 773

### 22. Dividends to shareholders

	Group		Company	
R'm	2016	2015	2016	2015
Ordinary and B ordinary shares	<b>948</b>	798	<b>975</b>	831
Prior year final distribution: 368.5 cents per share (2015: 314.0 cents per share)	<b>975</b>	831	<b>975</b>	831
Dividend paid by Partners Share Trust	<b>12</b>	12		
Less: dividend received on shares held by staff share trusts	<b>(39)</b>	(45)		
	<b>644</b>	542	<b>656</b>	560
Interim dividend: 248.0 cents per share (2015: 211.5 cents per share)	<b>656</b>	560	<b>656</b>	560
Dividend paid by Partners Share Trust	<b>9</b>	7		
Less: dividend received on shares held by staff share trusts	<b>(21)</b>	(25)		
<b>Total net dividend to shareholders</b>	<b>1 592</b>	1 340	<b>1 631</b>	1 391

In respect of the current year, the Board of Directors propose that on the 27 June 2016 a cash dividend of 419.0 cents per share be paid to shareholders who are registered on the "Record date" of 24 June 2016. This dividend has not been reflected as a liability in these financial statements. The total estimated dividend to be paid by the Company is R1.1 billion.

## notes to the financial statements

for the year ended 2 April 2016

### 23. Directors' emoluments

The emoluments received by the Directors from the Company were:

	Company	
R'm	2016	2015
<b>Executive Directors</b>		
Salaries	11	11
Bonuses and performance related payments	15	19
Vehicle allowances and expenses	1	1
Pension contributions	2	2
	<b>29</b>	<b>33</b>
<b>Non-executive Directors</b>		
Salaries	-	2
Fees	5	5
	<b>5</b>	<b>7</b>

Details of individual Director's emoluments and share incentive scheme transactions are disclosed in the remuneration report on pages 61 to 76.

### 24. Notes to the statements of cash flows

#### 24.1 Operating profit before working capital changes

	Group		Company	
R'm	2016	2015	2016	2015
Profit before taxation	3 684	3 163	3 737	3 122
Adjustments for:				
Depreciation of property, plant and equipment	190	181	172	169
Amortisation of intangible assets	38	27	37	26
Loss on disposal and scrapping of property, plant and equipment	13	6	9	6
Impairment of property, plant and equipment	(4)	1	(4)	1
Impairment of intangible assets	32	1	32	1
Movement in reinsurance assets	25	(26)	25	(26)
Movement in reinsurance liabilities	(16)	12	(16)	12
Net finance income	(81)	(87)	(73)	(79)
Interest on trade receivables	(384)	(355)	(382)	(353)
Other non-cash items	99	116	63	103
Straight-line operating lease liability movement	(3)	(6)	(5)	(8)
Share option expenses	105	105	105	105
Other	(3)	17	(37)	6
	<b>3 596</b>	<b>3 039</b>	<b>3 600</b>	<b>2 982</b>

#### 24.2 Working capital changes

Increase in trade and other receivables	(288)	(203)	(237)	(185)
Increase in inventories	(394)	(354)	(378)	(313)
(Decrease)/increase in trade and other payables	(131)	135	(150)	124
	<b>(813)</b>	<b>(422)</b>	<b>(765)</b>	<b>(374)</b>

## notes to the financial statements

for the year ended 2 April 2016

### 24. Notes to the statements of cash flows (continued)

#### 24.3 Taxation paid

	Group		Company	
R'm	2016	2015	2016	2015
Amounts unpaid at beginning of the year	260	208	259	205
Taxation	408	354	397	347
Deferred	(148)	(146)	(138)	(142)
Amounts charged to the income statements	1 042	878	1 011	845
Taxation	1 032	908	997	869
Deferred	10	(30)	(14)	(24)
Amounts charged to equity	(87)	(31)	(87)	(31)
Taxation	(53)	(28)	(53)	(28)
Deferred taxation	(34)	(3)	(34)	(3)
Amounts unpaid at end of the year	125	(260)	109	(259)
Taxation	(4)	(408)	(6)	(397)
Deferred taxation	129	148	115	138
<b>Amounts paid</b>	<b>1 340</b>	<b>795</b>	<b>1 292</b>	<b>760</b>

#### 24.4 Net inflows in respect of long-term receivables

	Group		Company	
R'm	2016	2015	2016	2015
Loan to accredited supplier	1	1	1	1
Increase in mobile debtors	(13)	-		
Net amounts (paid)/received	(12)	1	1	1

### 24.5 Amounts owing to/(by) consolidated entities

	Company	
R'm	2016	2015
Increase in current amounts owing to consolidated entities	2	3
Increase in current amounts owing by consolidated entities	(79)	(134)
	(77)	(131)

### 24.6 Dividends to shareholders

	Group		Company	
R'm	2016	2015	2016	2015
Dividends to ordinary and B ordinary shareholders	1 631	1 391	1 631	1 391
Less: dividends on shares held by staff share trusts	(60)	(70)		
Add: dividends paid by Partners Share Trust	21	19		
	1 592	1 340	1 631	1 391

### 25. Capital expenditure

	Group		Company	
R'm	2016	2015	2016	2015
The capital expenditure authorised by the Directors of the Company or its consolidated entities but not provided for in the financial statements amounts to	859	1 290	859	1 290
of which contracts have been placed for	408	915	408	906

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



## notes to the financial statements

for the year ended 2 April 2016

### 26. Contingencies

During the 2009 financial year, the Company was advised by SARS that it intended holding the Company accountable as the 'deemed importer' in relation to the underpayment of import duties in 2005 and 2006 by one of its previous suppliers to the value of R43.6 million. The Company submitted a formal response to the SARS' letter on 18 September 2009. SARS responded to the Company's denial of liability on 24 April 2015, more than 5 years later, and demanded that the Company settled the alleged liability, the value of which has been revised to R74.4 million. On 13 October 2015 the Company filed a formal appeal against SARS' letter of demand. SARS' National Appeal Committee (CNAC) is required to notify the Company of their decision within 90 working days from the date of appeal, however only responded on 24 May 2016. The CNAC has determined that, due to the complexity of the matter, a meeting is required in order to ascertain the issues that are agreed upon by the parties and the issues that are still in dispute. This meeting is likely to take place in July 2016. The Company's view, supported by legal advice, is to impugn the Commissioner's decision. No adjustments have been made to the financial statements as the Directors are of the opinion that it is unlikely that any liability will be incurred.

### 27. 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.

#### 27.1. 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.

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.

An interest sensitivity analysis for cash and cash equivalents has not been disclosed as the amounts involved are considered immaterial.

#### 27.2. Foreign exchange risk management

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.

#### 27.2.1 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 the Australian, Botswanan, Nigerian, Ghanaian and Zambian subsidiaries as the other countries in which the Group is invested have currencies that are pegged to the rand. The analysis below details the Group's sensitivity to a 10% increase and decrease in the rand against the pula, naira, cedi, Australian dollar and kwacha respectively and its effect on equity for the year. The sensitivity analysis adjusts their translation at year end for a 10% change in the exchange rate.

#### 27.2.1 Investment in foreign operations

		Group	
R'm		2016	2015
Rate variance - pula	+10%	8	6
	-10%	(8)	(6)
Rate variance - naira	+10%	3	2
	-10%	(3)	(2)
Rate variance - cedi*	+10%	(2)	0
	-10%	2	0
Rate variance - kwacha	+10%	2	1
	-10%	(2)	(1)
Rate variance - Australian dollar*	+10%	(0)	-
	-10%	0	-
Group - total foreign exchange exposure	+10%	10	9
	-10%	(10)	(9)

\*Less than R1 million

#### 27.2.2 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 receivable or payable that is denominated in the foreign currency.

## notes to the financial statements

for the year ended 2 April 2016

### 27. Financial risk management (continued)

#### 27.2. Foreign exchange risk management (continued)

##### 27.2.2 Transactions in foreign currencies (continued)

Foreign exchange forward contracts measured at fair value through OCI 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 match the terms of the expected highly probable forecast transactions. As a result, there is no hedge ineffectiveness to be recognised in the statement of profit or loss. At year end forward exchange contract commitments were:

	Group		Company	
	2016	2015	2016	2015
At year end current open FEC commitments were:				
US\$m	117	17	117	17
Exchange rate R/US\$ - average contract rate	R16.196	R11.629	R16.196	R11.629
Exchange rate R/US\$ - year end closing rate	R14.810	R12.009	R14.810	R12.009

The contracts will mature within periods varying up to six months after year end and translates to R1.7 billion (2015: R204.2 million) at the market rate of an equivalent contract at year end.

	On demand	Less than three months	Three months to one year	One to five years	Total
Group and Company (US\$m)					
2016	-	66	51	-	117
2015	-	17	-	-	17

The cash flow hedges of the expected future purchases in 2016 were assessed to be highly effective, and as at 2 April 2016, a net unrealised loss of R118 million (2015: RNil), with a related deferred tax asset of R33 million (2015: RNil) was included in OCI in respect of these contracts.

As cash flow hedge accounting was applied during the current year from (1 January 2016), the amount removed from OCI during the year and included in profit or loss as a recycling adjustment for 2016 totalled RNil (2015: RNil). The amounts retained in OCI at 2 April 2016 are expected to mature and affect the statement of profit or loss in 2017.

The analysis below details the Group's sensitivity to a 10% increase and decrease in the average contract exchange rate and its effect on the income statement in the forthcoming year.

		Group		Company	
R'm		2016	2015	2016	2015
Rate variance - US\$	+10%	(190)	(21)	(190)	(21)
	-10%	190	21	190	21

#### 27.3 Credit risk management

Credit risk is concentrated principally in periodic short-term cash investments, in trade 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 8. 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		2016	2015	2016	2015
Rate variance	+1%	19	18	19	18
	-1%	(19)	(18)	(19)	(18)

At 2 April 2016 the Group did not consider there to be any significant concentration of credit risk for which it had not adequately provided.

## notes to the financial statements

for the year ended 2 April 2016

### 27. Financial risk management (continued)

#### 27.4 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 of 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 as follows:

	Group		Company	
R'm	2016	2015	2016	2015
Total facilities	445	445	445	445
Less: drawn down portion	-	(165)	-	(165)
<b>Total undrawn banking facilities</b>	<b>445</b>	<b>280</b>	<b>445</b>	<b>280</b>

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 should be able to obtain any necessary funding within a short period, subject to bank approval.

	Group		Company	
R'm	2016	2015	2016	2015
Borrowing powers				
Association, borrowing powers at year end were limited to 150% of Group equity attributable to shareholders	8 430	7 532	8 430	7 532
Actual borrowings outside the Group at year end were	(36)	(15)		
At year end bank balances were	1 416	2 760	937	2 120
<b>Net cash resources were</b>	<b>1 380</b>	<b>2 745</b>	<b>937</b>	<b>2 120</b>

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

	On demand	Less than three months	Three months to one year	One to five years	Total
Group (R'm)					
<b>2016</b>					
<b>Trade and other payables</b>	<b>429</b>	<b>1 414</b>	<b>144</b>	<b>-</b>	<b>1 987</b>
2015					
Trade and other payables	660	1 340	116	-	2 116
Company (R'm)					
<b>2016</b>					
<b>Trade and other payables</b>	<b>410</b>	<b>1 355</b>	<b>138</b>	<b>-</b>	<b>1 903</b>
2015					
Trade and other payables	645	1 295	111	-	2 051

The Group expects to meet its obligations from existing cash reserves and from operating cash flows. The Group's derivative financial liabilities comprise forward exchange contracts which are disclosed in note 27.2.2.

#### 27.5 Fair value hierarchy

##### FEC's

The fair value of FEC's is measured using Level 2 techniques. The significant inputs into the Level 2 fair value of FEC's are yield curves, market interest rates and market foreign exchange rates.

##### Fair value of financial instruments

The estimated fair values of recognised financial instruments approximate their carrying amounts.

## notes to the financial statements

for the year ended 2 April 2016

### 28. Retirement benefits

#### 28.1 Pension schemes

##### 28.1.1 Membership

The funds are registered in terms of the Pension Funds Act and provide for pensions and related benefits for all permanent employees in RSA. Membership is compulsory after the first year of service. Membership details are disclosed in the Remuneration Report on pages 61 to 76.

##### 28.1.2 Contributions

In the case of the 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 7.5% of their pensionable remuneration while the employer is required to contribute mainly at the rate of 22.8% and to the defined contribution funds mainly at the rate of 11.0% of pensionable remuneration. In the case of the defined benefit fund, the employer rate has been calculated based on the Projected Unit Credit method.

##### 28.1.3 Valuations

###### *Defined benefit pension fund*

In terms of the Pension Funds Act the defined benefit fund should be actuarially valued every three years. In the statutory valuation as at 31 December 2014, past service liabilities were determined by valuing all future payments expected to be made out of the fund in respect of benefits accrued up to the valuation date. The actuarial valuation of assets was R132.3 million and the liability for accrued benefits, including a solvency reserve of R23.7 million, was R125.6 million, resulting in a funding level of 105.3% and a distributable surplus of R6.7 million. The possible conversion of the fund's benefit structure from defined benefit to defined contribution is currently being investigated. It is expected that the distributable surplus could be required to fund such a conversion and accordingly it has been retained in the employer surplus account. The valuation took into account the minimum benefits payable on a member's exit from the fund after 1 January 2004, in terms of the Pension Funds Second Amendment Act of 2001. In the opinion of the actuary the fund was in a sound financial position.

	Group and Company	
R'm	2016	2015
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	(68)	(92)
Plan assets	109	132
Net benefit plan asset	41	40

### Group and Company

R'm	2016	2015
The amounts recognised in the income statement are detailed in note 19.		
The following main assumptions were used in performing the calculation:		
• Discount rate - 10.20% per annum (2015: 8.10% per annum)		
• Inflation - 7.80% per annum (2015: 5.90% per annum)		
• Future salary increases - 8.80% per annum (2015: 6.90% per annum)		
Movements in the present value of the defined benefit obligation in the current period were as follows:		
Defined benefit obligation at beginning of the year	92	78
Current service cost	4	3
Member contributions	1	1
Interest cost	6	8
Actuarial (gain)/loss	(2)	13
Benefits paid	(32)	(10)
Risk premiums	(1)	(1)
Defined benefit obligation at end of the year	68	92

## notes to the financial statements

for the year ended 2 April 2016

### 28. Retirement benefits (continued)

#### 28.1.3 Valuations (continued)

	Group and Company	
R'm	2016	2015
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	132	123
Expected return on assets	9	12
Contributions	4	4
Risk premiums	(1)	(1)
Benefits paid	(32)	(10)
Actuarial gain	(3)	4
Fair value of plan assets at end of the year	109	132
%		
The estimated asset composition of the fair value of total plan assets is as follows:		
Cash	12.4	11.7
South African equities	39.6	42.1
South African bonds	11.8	11.9
South African property and other	8.1	8.6
International assets	28.1	25.7
	100.0	100.0

The amounts for the current and previous four periods are as follows:

R'm	2016	2015	2014	2013	2012
Defined benefit obligation	(68)	(92)	(78)	(85)	(76)
Plan assets	109	132	123	105	92
Net plan asset	41	40	45	20	16

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 2017 financial year is as follows; a current service cost of R130.3 million (2016: R116.5 million), an expected return on plan assets of R11.3 million (2016: R10.8 million) and an interest cost of R7.2 million (2016: R7.7 million).

#### 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 2015 concluded that the funding level of the Funds was within the tolerance levels set by the administrators.

#### 28.2 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. An actuarial valuation, in terms of IAS 19, of the Group's liability at 31 March 2014 for this future benefit was undertaken. Valuations are undertaken every three years. 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 31 March 2014:

Liability was based on current membership  
Health care cost inflation - 9.0% per annum  
Discount rate - 10.0% per annum  
Average retirement age - 62 years  
Continuation at retirement - 100%

Activity during the year was as follows:

	Group and Company	
R'm	2016	2015
Benefit obligation at beginning of the year	24	22
Net increase in provision during the year	2	2
<b>Benefit obligation at end of the year</b>	<b>26</b>	<b>24</b>

The amounts for the current and previous four periods are as follows (R'm):

	2016	2015	2014	2013	2012
Defined benefit obligation	26	24	22	16	15



## notes to the financial statements

for the year ended 2 April 2016

### 29. Related party transactions

#### 29.1 Directors

Refer to the Report of the Directors on page 80 in respect of transactions with Directors.

#### 29.2 Compensation of key management personnel

	Group		Company	
	2016	2015	2016	2015
R'm				
Short-term employee benefits	72	76	72	76
Post employment pension benefits	9	9	9	9
Share-based payments	25	24	25	24
	106	109	106	109

The above compensation includes amounts paid to executive senior management personnel and excludes amounts paid to Directors as disclosed in the Remuneration Report.

#### 29.3 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 R4.1 million (2015: R4.8 million)

#### 29.4 Participants in staff share trusts

Refer to notes 9 and 11 in respect of transactions with participants in the staff share trusts.

#### 29.5 Post retirement benefit funds

Refer to notes 28.1 and 28.2 in respect of transactions with post retirement benefit funds.

#### 29.6 Inter group transactions

The following transactions occurred between the Company and its consolidated entities:

	Company	
	2016	2015
R'm		
Sales	881	867

Refer to note 19 for income received from consolidated entities.



## notes to the financial statements

for the year ended 2 April 2016

### 30. 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 prescribed officers.

As a result of the change in the structure of the reporting of Segments to the chief operating decision maker, the Financial Services and Cellular Segment was classified as a separate reporting segment, the prior year comparatives have been restated as required by IFRS 8 Operating Segments.

For management purposes, the Group is organised into business units based on their products and services, and has 4 reportable segments as follows:

- The Apparel segment retails clothing, sportswear, footwear, sporting equipment and accessories;
- The Home segment retails homewares;
- The Financial Services and Cellular segment manages the Group's trade receivables and all financial services and mobile products; and
- The Central Services segment provides services to the trading segments including information technology, internal audit, human resources, group real estate and finance.

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.

	Apparel		Home		Financial Services and Cellular		Central Services		Eliminations		Total	
R'm	2016	2015 restated	2016	2015 restated	2016	2015 restated	2016	2015 restated	2016	2015 restated	2016	2015 restated
Revenue	14 139	12 737	4 922	4 565	854	702	116	134	(108)	(127)	19 923	18 011
External	14 139	12 737	4 922	4 565	854	702	8	7	-	-	19 923	18 011
Internal	-	-	-	-	-	-	108	127	(108)	(127)	-	-
Profit from operating activities	2 630	2 333	793	650	345	259	(165)	(166)	-	-	3 603	3 076
Net finance income											81	87
Profit before taxation											3 684	3 163
Taxation											1 042	878
<b>Profit after taxation</b>											<b>2 642</b>	<b>2 285</b>
Divisional assets	2 424	1 851	696	619	2 001	1 912	2 942	3 485	-	-	8 063	7 867
Divisional liabilities	1 478	1 487	607	657	143	119	223	590	(8)	(7)	2 443	2 846
Capital expenditure	186	173	46	70	16	5	896	209	-	-	1 144	457
Depreciation and amortisation	111	97	42	36	3	2	72	73	-	-	228	208

### 31. Geographical segments

	South Africa		International		Total	
R'm	2016	2015	2016	2015	2016	2015
Revenue	18 537	16 715	1 386	1 296	19 923	18 011
Assets	7 332	7 238	731	629	8 063	7 867
Capital expenditure	1 104	387	40	70	1 144	457

## financial interest in consolidated entities

for the year ended 2 April 2016

		Issued capital		Carrying value of shares		Indebtedness less impairment provisions	
R'm	Notes	2016 Shares	2015 Shares	2016	2015	2016	2015
<b>Operating subsidiaries</b>							
MRP Stores (Botswana) (Pty) Limited	1	100	100	-	-	67	70
Mr Price (Lesotho) (Pty) Limited	2	1 000	1 000	-	-	10	12
Mr Price Group (Namibia) (Pty) Limited	3	100	100	-	-	57	143
Mr Price Chain Stores International Limited (Nigeria)	4	500 000	500 000	2	2	88	57
Mr Price Chain Stores International Limited (Ghana)	5	480 000	480 000	2	2	71	50
MRP Zambia Limited	6	5 000	5 000	-	-	73	67
Millews Fashions (Johannesburg) (Pty) Limited	7	14 000	14 000	-	-	1	1
Associated Credit Specialists (Pty) Limited	8	100	100	-	-	12	4
MRP Mobile (Pty) Limited	9	100	100	-	-	45	19
MRP Retail Australia (Pty) Limited	10	100	-	-	-	105	-
<b>Share Trusts</b>							
Mr Price Group Staff Share Trust and Share Purchase Scheme						-	-
Mr Price Group Employees Share Investment Trust						-	-
Mr Price Executive Director Share Trust						1	1
Mr Price Executive Share Trust						1	-
Mr Price Senior Management Share Trust						-	1
Mr Price General Staff Share Trust						4	7
Mr Price Partners Share Trust						-	-
<b>Dormant subsidiaries</b>							
Raava Jewellers (Namibia) (Pty) Limited		100	100	1	1	-	-
Hughes Extension 17 Township (Pty) Limited		100	100	-	-	-	-
<b>Total</b>				<b>5</b>	<b>5</b>	<b>535</b>	<b>432</b>

### Notes:

1. Operates mrp, mrpHome, mrpSport, Miladys and Sheet Street stores in Botswana.
2. Operates mrp, mrpHome and Sheet Street stores in Lesotho.
3. Operates mrp, mrpHome, Miladys, Sheet Street and mrpSport stores in Namibia.
4. Operates mrp stores in Nigeria.
5. Operates mrp, mrpHome stores in Ghana.
6. Operates mrp, mrpHome 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 55% held subsidiary of the Company.
10. Operates mrp stores in Australia.

The Company owns 100% of the equity and preference share capital (where applicable) of all subsidiaries and cell captives except for MRP Mobile (Pty) Ltd in which it holds 55% of the issued share capital with the remaining 45% being held by non-controlling interests.

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## administration and contact details

### company secretary and registered office

Mrs HE Grosvenor  
Upper level, North Concourse, 65 Masabalala  
Yengwa Avenue, Durban, 4001.  
PO Box 912, Durban, 4000.  
Tel: 031 310 8000

### domicile and country of incorporation

Republic of South Africa

### registration number

1933/004418/06

### transfer secretaries

Computershare Investor Services (Pty) Ltd,  
70 Marshall Street, Johannesburg, 2001.  
PO Box 61051, Marshalltown, 2107.  
Tel: 011 370 5000

### sponsor

Rand Merchant Bank

### independent auditor

Ernst & Young Inc.

	address	phone	fax	websites
mrp	Upper level, North Concourse, 65 Masabalala	031 310 8638	031 304 3358	<i>mrp.com</i> <i>mrp.com/ng</i> <i>mrp.com/au</i>
mrpHome	Yengwa Avenue, Durban, 4001	031 310 8809	031 328 4138	<i>mrphome.com</i>
mrpSport	Private Bag X04, Snell Parade, Durban, 4074	031 310 8545	031 306 9347	<i>mrpricesport.com</i>
Sheet Street		031 310 8300	031 310 8317	<i>sheetstreet.co.za</i>
MRP Foundation		031 310 8242	031 328 4609	<i>mrpfoundation.org</i>
Corporate		031 310 8000	031 304 3725	<i>mrpricegroup.com</i>
Miladys	30 Station Drive, Durban, 4001 PO Box 3562, Durban, 4000	031 313 5500	031 313 5620	<i>miladys.co.za</i>
mrpMoney	380 Dr Pixley KaSeme Street, Durban, 4001	031 367 3311	031 306 0164	<i>mrpmoney.co.za</i>
MRP Mobile	PO Box 4996, Durban, 4000	0800 000 430		<i>mrpmobile.com</i>
Whistleblowers	PO Box 51006, Musgrave, 4062	0860 005 111		<i>whistleblowing.co.za</i>
Customer Care		0800 212 535		
Account Services		0861 066 639		

## definitions

### AMPS

Measure of through-the-door shoppers

### B-BBEE

Broad-Based Black Economic Empowerment

### CAGR

Compound annual growth rate

### Comparable sales

Like-for-like location store sales

### Company

Refers to Group

### CRM

Customer Relationship Management

### DC

Distribution Centre

### DPS

Dividends per share

### dti

The department of Trade and Industry

### ERP

Enterprise Resource Planning

### ETI

Ethical Trading Initiative

### Gross profit

Retail sales including franchise income, airtime and mobile revenue less total cost of sales

### Gross margin

Gross profit as a percentage of retail sales including franchise income, airtime and mobile revenue

### Group

Refers to Company

### HCM

Human Capital Management

### HEPS

Headline earnings per share

### Inventory turn

Cost of sales as a ratio of average inventories

### JSE

Johannesburg Stock Exchange

### LSM

Living Standard Measure

### MPC

Mr Price Group

### MRP Foundation

MRP Foundation NPC, a registered Non-Profit and Public Benefit Organisation.

### MVNO

Mobile Virtual Network Operator

### Nedlac

National economic development and labour council

### Operating margin

Profit from operating activities as a percentage of retail sales and other income

### PMO

Price Mark On

### POS

Point Of Sale

### Profit from operating activities

Retail sales and other income less costs and expenses

### Return on average shareholder equity

Headline earnings attributable to ordinary and B ordinary shareholders as a percentage of average equity attributable to shareholders

### Return on net worth (RONW)

Profit attributable to shareholders as a percentage of equity attributable to shareholders

### Return on operating assets

Profit from operating activities as a percentage of average equity attributable to shareholders, interest-bearing loan finance

### RLC

Retail Liaison Committee

### ROGA

Return On Gross Assets

### RSP

Retail Selling Price

### SACU

Southern African Customs Union

### Sales density

Retail sales per weighted average net square metre

### SEDEX

Supplier Ethical Data Exchange

### SETA

Sector Education and Training Authority