Notes to the financial statements

1. ACCOUNTING POLICIES

1.1 Nature of business

Super Group Limited (Registration number 1943/016107/06), the holding Company (the Company) of the Group, is a company listed on the Main Board of the JSE Limited in the 'Industrial Transportation' sector and is incorporated and domiciled in the Republic of South Africa.

Super Group's registered address is 27 Impala Road, Chislehurston, Sandton, 2196. Super Group is a broad-based supply chain management and mobility business, headquartered in South Africa, with operations across Africa and businesses in Australia, New Zealand, the United Kingdom and Europe. Its principal operating activities include supply chain management, dealerships and fleet management activities.

1.2 Material changes

There have been no material changes in the financial or trading position of the Company and its subsidiaries (the Group) between 30 June 2018 and the date of the approval of these financial statements.

1.3 Principal accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. The accounting policies have been applied consistently by Group entities. The accounting policies are relevant to both the Group (consolidated financial statements) and Company (separate financial statements).

Basis of measurement

The financial statements of the Group and Company have been prepared on the historical cost basis, except for:

/ land and buildings measured using the revaluation model;

/ investment property measured using the fair value model;

/ financial assets and financial liabilities (including derivative instruments) measured at fair value through profit or loss; and

/ financial assets and financial liabilities designated as hedging instruments measured at fair value through profit or loss or in other comprehensive income.

The financial statements are prepared on the going concern basis.

The financial statements are presented in Rand and all values are rounded to the nearest thousand R'000, except when otherwise indicated.

Statement of compliance

Basis of preparation

The financial statements are prepared in compliance with the framework concepts and the measurement and recognition requirements of IFRS and interpretations of those standards as adopted by the International Accounting Standards Board and the requirements of the Companies Act, the South African Institute of Chartered Accountants' Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council.

The financial statements of the Group and company which have been prepared on the going concern basis, were approved by the directors on 27 September 2018 and were signed on its behalf by P. Mountford and C. Brown.

Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates, judgements and assumptions that affect reported amounts. It also requires management to exercise its judgement in the process of applying the accounting policies.

Actual results may vary from these estimates. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in note 38. The estimates and underlying assumptions are reviewed on an ongoing basis.

During the year the Group adopted the amendments to IAS 7 (disclosure initiative) resulting in additional disclosure in note 30.

Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future periods affected. At reporting date the following standards and interpretations were in issue but not yet effective:

Effective for financial year commencing 1 July 2018:

/ IFRS 15 Revenue from Contracts with Customers

/ IFRS 9 Financial Instruments

/ Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)

/ Transfers of Investment property (Amendments to IAS 40)

/ IFRIC 22 Foreign Currency Transactions and Advance Considerations

Notes to the financial statements (continued)

1. ACCOUNTING POLICIES (CONTINUED)

1.3 Principal accounting policies (continued)

Effective for reporting periods starting on or after 1 July 2019:

- IFRS 16 Leases
- IFRIC 23 Uncertainty over Income Tax Treatments

The Group will adopt the above standards and interpretations when they become effective.

The Group has held workshops with the respective external auditors to determine the potential impact of the adoption of IFRS 9, IFRS 15 and IFRS 16 on the financial statements.

IFRS 9 – Financial Instruments replaces IAS 39 financial instruments.

Classification – financial assets

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale. The Group has assessed the impact and does not believe that the new classification requirements will have a material impact on its accounting for trade receivables, loans, investments in debt securities and investments in equity securities that are managed on a fair value basis.

Impairment – financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and to contract assets.

Under IFRS 9, loss allowances will be measured on either of the following bases:

(i) 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and

(ii) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for trade receivables and contract assets without a significant financing component; the Group has chosen to apply this policy also for trade receivables and contract assets with a significant financing component.

The estimated ECLs in respect of trade and other receivables were calculated based on actual credit loss experience over previous years. Actual credit loss experience was adjusted by scalar factors to reflect differences between economic conditions during the period over which the historical data was collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

The cash and cash equivalents are held with banks and financial institution counterparties. The estimated impairment on cash and cash equivalents was calculated based on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

The assessment indicates that the change resulting from the new impairment model is not expected to have a material impact on the Group.

Classification – financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. However, under IAS 39 all fair value changes of liabilities designated as at FVTPL are recognised in profit or loss, whereas under IFRS 9 these fair value changes are generally presented as follows:

(i) the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and

(ii) the remaining amount of change in the fair value is presented in profit or loss.

The Group's assessment did not indicate any material impact regarding the classification of financial liabilities.

Transition

The Group will take advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 will generally be recognised in retained earnings and reserves as at 1 July 2018.

IFRS 15 – Revenue from Contracts with Customers replaces IAS 18 – revenue, IAS 11 – construction contracts and IFRIC 13 – customer loyalty programmes.

The standard provides a single comprehensive model for revenue recognition based on the satisfaction of performance obligations and additional disclosures in respect of revenue. The Group has assessed the impact of IFRS15 by applying the five step process per the standard to identify revenue, namely:

(i) identify the contract(s) with the customer;

(ii) identify the performance obligations in the contract;

(iii) determine the transaction price;

(iv) allocate the transaction price to each of the performance obligations in the contract; and

(v) recognise the revenue when the entity satisfies the performance obligations.

Sales of good, rendering of services and commission earned

Under IFRS 15, revenue in respect of sale of goods will be recognised when the customer obtains control of the goods. Revenue will be recognised for these contracts to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognised will not occur. As a consequence, for those contracts for which the Group is unable to make a reasonable estimate of return, revenue is expected to be recognised sooner than when the return period lapses or a reasonable estimate can be made.

Revenue in respect of services rendered will be allocated to all services based on their stand-alone selling prices. The stand-alone selling prices will be determined based on the list prices at which the Group sells the services in separate transactions.

Revenue in respect of commissions earned in the capacity of an agent will be based on whether the Group controls the specific goods before transferring them to the customer, rather than whether it has exposure to significant risk and rewards associated with the sale of goods.

The only material anticipated change is in the SG Fleet businesses resulting in a gross up of end of lease income as revenue and the corresponding expense for the related fleet management costs. There will be no material impact on profit or loss nor retained earnings; however, had the SG Fleet businesses applied the standard for the year ended 30 June 2018, revenue would have increased by AUD198 300 000 (R1 969 119 000) with a corresponding increase in expense. The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its revenue from contracts with customers and associated assets.

Transition

The Group plans to adopt IFRS 15 using the cumulative effect method with the effect of initially applying the standard recognised at the date of initial application (1 July 2018). As a result, the Group will not apply the requirements of IFRS15 to the comparative period presented.

IFRS 16 – Leases replaces IAS 17 – Leases, IFRIC 4 – determining whether an arrangement contains a lease, SIC -15 – operating leases – incentives and SIC – 27 – evaluating the substance of transactions involving the legal form of a lease.

The standard introduced changes to lessee accounting, in particular, the requirement to recognise leases currently classified as operating leases in the statement of financial position. The standard requires a lessee to recognise a right-of-use asset, representing its rights to use the underlying lease asset, and a lease liability representing its obligation to make lease payments, with certain exceptions for short-term leases or leases of low-value assets, on the statement of financial position. The initial assessment indicates that the present value of operating rental commitments disclosed in note 31.2 be recorded as a financial liability with a corresponding capitalised non-current asset on the statement of financial position. The related amortised finance cost and non-current asset depreciation will be recorded in the consolidated statement of comprehensive income, replacing the operating lease expenses currently recognised (refer note 22.3). Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

Transition

The Group plans to apply IFRS 16 on 1 July 2019, using the modified retrospective approach. Therefore the cumulative effect of adopting this standard will be recognised as an adjustment to retained earnings with no restatement of the comparative period presented. The Group is not required to make any adjustments for leases in which it's a lessor except where it is an intermediate lessor in a sub-lease.

Notes to the financial statements (continued)

1. ACCOUNTING POLICIES (CONTINUED)

1.3 Principal accounting policies (continued)

The Board's initial view on the other standards not yet effective is that the impact is not expected to be material.

Basis of consolidation

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested for impairment annually. Any gain on a bargain purchase is recognised in profit or loss immediately.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Subsidiaries

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

Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Investments in subsidiary companies are stated at cost less accumulated impairment losses in the Company's separate financial statements.

Non-controlling interest at the acquisition date is determined as the non-controlling shareholder's proportionate share of the fair value of the net assets of subsidiaries acquired. Goodwill is excluded when allocating the non-controlling shareholders proportionate share of the fair value of assets and liabilities acquired. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes these interests to have a deficit balance.

Changes in holdings while control is retained are accounted for as equity transactions. Any premium or discount on purchase or sale is recognised directly in equity. No adjustment is made to goodwill.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Associates

An associate is an entity over which the Group has the ability to exercise significant influence, but not control, through participation in the financial and operating policy decisions of the investee, generally accompanying a shareholding embodying between 20% and 50% of the voting rights.

Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement, have rights to the net assets of the arrangement.

Equity-accounted investees (associates and joint ventures)

The Group's share of post-acquisition recognised profits or losses of equity-accounted investees is incorporated in the financial statements, using the equity method of accounting (initially recognised at cost), from the effective dates that significant influence was obtained until the effective dates that significant influence ceased, except when classified as held-for-sale where equity accounting ceases and the investment is measured at the lower of its carrying value and fair value less costs to sell.

Adjustments are made on consolidation to bring the equity-accounted investees financial statements in line with the Group's accounting policies. Accumulated profits and movements in reserves are determined from the most recent financial statements of the equity-accounted investees and available information to the latest reporting date available.

Where the Group's share of losses of an equity-accounted investee exceeds its interest in the investment, the investment is carried at nil. Additional losses are only recognised to the extent that the Group has incurred legal or constructive obligations in respect of advances and commitments made to the equity-accounted investment.

Equity-accounted investees are carried in the statement of financial position at cost adjusted by cumulative post-acquisition changes in the Group's share of the net assets of the equity-accounted investees, less any impairment in the value of individual investments. If impaired, the carrying value of the Group's share of the underlying assets of associates is written down to its estimated recoverable amount in accordance with the accounting policy on impairment.

The Group's investment in equity-accounted investees includes goodwill (net of any accumulated impairment losses) identified on acquisition.

Transactions eliminated on consolidation

Inter-company transactions, balances and unrealised gains and losses between Group entities are eliminated on consolidation.

In respect of joint ventures and associates, unrealised gains or losses are eliminated to the extent of the Group's interest in these entities. To the extent that an unrealised loss on a transaction provides evidence of impairment, that loss is recognised in profit or loss.

Goodwill

Goodwill on acquisition is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

The acquisition method of accounting is used to account for the acquisition of businesses.

The consideration transferred is measured as the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the acquisition date irrespective of the extent of any non-controlling interest. Any excess of the consideration transferred over the at acquisition date fair values of the identifiable net assets acquired is recognised as goodwill. If the consideration transferred is less than the fair value at acquisition date of the Group's share of the net assets of the business acquired (ie discount on acquisition), the difference is recognised directly in profit or loss.

At acquisition date fair values of the identifiable assets and liabilities are determined by reference to market values of those or similar items, where available, or by discounting expected future cash flows to present values using a market-related discount rate. Goodwill on acquisitions of equity-accounted investees is included in the carrying value of the investment. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units (CGUs) for the purpose of impairment testing.

Goodwill arising on a business combination is allocated among the Group's CGUs that are expected to benefit from synergies as a result of the business combination. This allocation is based on management's assessment of the synergies gained and is not dependent on the location of the acquired assets.

Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated, are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes.

Transaction costs

Costs related to acquisitions, other than those associated with the issue of debt or equity securities that the Group incurs in connection with a business combination are expensed in profit or loss as incurred.

Property, plant and equipment

Property, plant and equipment, excluding land and buildings, are stated at cost less accumulated depreciation and any accumulated impairment losses. Land, buildings and leasehold improvements are measured at fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Land is not depreciated. Cost includes expenditure that is directly attributable to the acquisition of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, 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. All repairs and maintenance expenditures are charged to profit or loss during the financial year in which they are incurred.

The depreciable amount of the asset is recognised in the profit or loss on a straight-line basis. The current estimated useful lives are as follows:

- Buildings – twenty to fifty years;
- Leasehold improvements – five to six years;
- Rental and transport fleet – four to ten years;
- Computer equipment – three to five years.
- Furniture and fittings – three to ten years; and
- Motor vehicles and other assets – four to seven years.

Notes to the financial statements (continued)

1. ACCOUNTING POLICIES (CONTINUED)

1.3 Principal accounting policies (continued)

Depreciation of an asset commences when it is available for use and is in the location and condition necessary for it to be capable of operating in the manner intended by management. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Fair value of land and buildings is determined by reference to market-based evidence. This is the price that would be received to sell an asset in an orderly transaction between willing market participants at measurement date.

Any revaluation surplus is recognised in other comprehensive income and presented as a revaluation reserve. Any revaluation deficit directly offsetting a previous surplus in the same asset is directly offset against the surplus in the revaluation reserve. Additionally, accumulated depreciation as at revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any remaining revaluation reserve relating to the particular asset being sold is transferred to distributable reserves. The revaluation surplus is transferred to retained earnings annually, based on the remaining useful life of the asset.

Revaluations are performed every year ensuring that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Independent valuations are performed at a minimum, every three years, or more often if deemed necessary. Where an item of property, plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of property, plant and equipment.

Borrowing costs incurred for the construction of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use.

Gains or losses on the disposal of property, plant and equipment are included in profit or loss and are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment.

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as investment property. Any gain arising on remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the revaluation reserve in equity. Any loss in excess of the revaluation reserve in respect of the relevant item of property, plant and equipment is recognised in profit or loss.

Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, used in production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

Any gain or loss on disposal of an investment property is recognised in profit or loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

When the use of an investment property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Full maintenance lease vehicles portfolio

Items of moveable assets which are leased to customers, but where the Group retains substantially all the risks and rewards of ownership, are accounted for as full maintenance lease vehicles.

Full maintenance lease vehicles are stated at historical cost less accumulated depreciation and accumulated impairment losses. The cost of full maintenance lease vehicles includes the purchase cost including non-refundable purchase taxes and other expenditure that is directly attributable to the acquisition of the assets to bring the assets held-for-use in the lease asset portfolio to working condition for the intended use.

Incremental initial direct costs incurred specifically to earn revenues from a full maintenance lease (lease originating costs) are added to the carrying amount of the leased asset. Work in progress comprises vehicles and accessories where the construction or modification process is not yet complete and where the asset has not been delivered to the customer or is not ready for its intended use in the lease vehicles portfolio.

The depreciable amount of the vehicles is recognised in the profit or loss on a straight-line basis. The current estimated useful lives are four to seven years.

The vehicles' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date. Work in progress is not depreciated until the asset is available for use.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in the profit or loss.

Full maintenance lease borrowings (FML)

These borrowings relate to liabilities from financial institutions which are recognised initially at fair value less any attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

Lease classification

The lease classification is determined on a contract-by-contract basis taking into consideration the substance of the transaction and the specific details of each leasing contract. Extensions to and renewals of leases are treated as new leases for classification purposes. The key factor is whether substantially all of the risks and rewards incidental to ownership are transferred to the customer.

Various criteria are used to determine lease classification. There are three main decision criteria used. These are:

/ Whether the lease term is for the major part of the economic life of the asset;
/ Whether the present value of minimum lease payments amounts to at least substantially all of the fair value of the asset at the inception of the lease; and
/ Whether the Group carries the residual value risk exposure of the asset.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date as to whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Group as lessor

Finance leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. The transaction is accounted for as a sale of an asset.

The selling price is recorded at the present value of the minimum lease payments receivable with a corresponding finance lease receivable recorded on the statement of financial position.

Lease payments received are allocated between capital repayments and interest income using the effective interest method to achieve a constant rate of interest on the remaining balance of the lease receivable.

Operating leases

Leases of assets under which substantially all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases.

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

Group as lessee

Finance leases

Leases where the Group assumes substantially all the benefits and risks of ownership incidental to ownership of the item are classified as finance leases.

Finance leases are capitalised as property, plant and equipment at the lower of fair value and the present value of the minimum lease payments at the inception of the lease with an equivalent amount being recognised as a finance lease borrowing.

The capitalised amount is depreciated over the asset's useful life. Where there is no reasonable certainty that ownership of the asset will be obtained at the end of the lease, the capitalised amount is depreciated over the shorter of the asset's useful life or the lease term.

Lease payments are allocated between capital repayments and borrowing costs using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the borrowing.

Operating leases

Leases of assets under which substantially all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases.

Lease payments, net of any incentives received from the lessor under an operating lease, are recognised in profit or loss over the lease term on a straight-line basis and the leased assets are not recognised on the Group's statement of financial position.

Notes to the financial statements (continued)

1. ACCOUNTING POLICIES (CONTINUED)

1.3 Principal accounting policies (continued)

Intangible assets

Internally generated

No value is attributed to internally generated trademarks or similar rights and assets. Costs incurred on these items are charged to profit or loss in the year in which they are incurred.

Acquired both separately and as part of a business combination

Intangible assets acquired separately are measured initially at cost and those acquired through a business combination at the acquisition date fair value. Cost includes the fair value of the consideration given to acquire the asset. Intangible assets are carried at cost (or fair value at acquisition) less any accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. Intangible assets are amortised unless they have an indefinite useful life.

Amortisation is recognised in profit or loss on a straight-line basis over the current expected useful life of the intangible asset.

An intangible asset has an indefinite useful life when, based on an analysis of all the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Group. Indefinite useful life intangible assets are tested for impairment annually.

The amortisation method and amortisation period for intangible assets with a finite useful life is reviewed annually at reporting date. The current estimated useful lives are as follows:

- Software and licenses – three to nine years;
- Trade name – vary depending on trade name expected life;
- Customer relations – vary depending on assessment of relationship; and
- Customer contracts – vary depending on length of customer contract.

Software and licences

Purchased software, licences and the direct costs associated with the customisation and installation thereof are capitalised. Expenditure on internally developed software is capitalised if it meets the criteria for capitalising development expenditure and will probably generate economic benefits exceeding costs beyond one year. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Expenditure incurred to restore or maintain the originally assessed future economic benefits of existing software systems is recognised in profit or loss.

Trade names, customer contracts and relations

Expenditure on purchases of trade names, customer contracts and relations through a business combination is capitalised if they meet the definition of an intangible asset.

Provisions

A provision is recognised when there is a present obligation, whether legal or constructive, as a result of a past event for which it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are determined by discounting the expected future cash flows to their present value. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in discounted provisions as a result of the passage of time is recognised as a finance cost in profit or loss.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting the obligations under the contract. Where the contractual residual value for motor vehicles exceeds the anticipated proceeds from the contract at reporting date, an onerous contract provision for residual risk is recognised. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected cost of continuing with the contract.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes expenditure incurred in acquiring and transporting the inventory to its present location and condition.

Cost is determined as follows:

- New, used and demonstration vehicles – actual unit cost on a first-in first-out basis for homogeneous vehicles.
- Consumables and other inventory – weighted average cost.
- Parts, accessories and automotive components – actual unit cost on a first-in first-out basis.
- Retail and other inventory – actual unit cost on a first-in first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion, selling expenses and provision for obsolete and damaged inventory.

Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss, except to the extent that it relates to a business combination, items recognised directly in equity or other comprehensive income.

Current tax

The current tax charge is the expected tax payable on the taxable income for the year using tax rates enacted or substantively enacted at the reporting date and any adjustments to tax payable in respect of prior years. In situations when there is doubt regarding the tax treatment of a transaction, a provision is recognised based on the best estimate of the amount of tax payable.

Deferred tax

Deferred tax is recognised in respect of all temporary differences between the carrying values of assets and liabilities for accounting purposes and the amounts used for tax purposes. No deferred tax is provided on temporary differences relating to:

- the initial recognition of goodwill;
- the initial recognition (other than in a business combination) of an asset or liability to the extent that neither accounting nor taxable profit is affected on acquisition; and
- temporary differences relating to interests in subsidiaries and equity-accounted investees to the extent it is probable these will not reverse in the foreseeable future.

The amount of deferred tax is determined using tax rates enacted or substantively enacted in the relevant jurisdictions at reporting date that are expected to apply when the asset is realised or liability settled. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income tax levied by the same tax authority on the same taxable entity, or on different entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously. A deferred tax asset is recognised for all deductible temporary differences, including unused tax losses, to the extent that it is probable that future taxable profits will be available against which the deferred tax asset can be realised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the expected recovery or settlement of the carrying amount of the underlying assets and liabilities. Deferred tax liabilities have not been provided on undistributed earnings of foreign subsidiaries and associates where those earnings are not expected to be distributed.

The effect on deferred tax of any changes in tax rates is recognised in profit or loss, except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Value added tax (VAT)

The net amount of VAT recoverable from, or payable to, the tax authority is included as part of receivables or payables in the statement of financial position.

Dividend withholding tax

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

The Company withholds dividends tax on behalf of its shareholders at a rate of 20% on dividends declared. Amounts withheld are not recognised as part of the Company's tax charge, but rather as part of the dividend paid recognised directly in equity.

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

Notes to the financial statements (continued)

1. ACCOUNTING POLICIES (CONTINUED)

1.3 Principal accounting policies (continued)

Foreign currencies

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Rand, rounded to the nearest thousand, which is the Company's functional and Company's and Group's presentation currency.

Transactions and balances

Transactions in foreign currencies are accounted for at rates of exchange ruling on the date of the transactions. Gains and losses arising from the settlement of such transactions are recognised in profit or loss. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the reporting date.

Unrealised translation differences on such monetary assets and liabilities are recognised in profit or loss in the year in which they occur. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Foreign operations

The results and financial position of all the Group entities that have a functional currency different from the Group presentation currency are translated into the presentation currency.

Assets and liabilities of foreign operations are translated at rates of exchange ruling at the reporting date. Income and expenditure of foreign operations are translated at the rate of exchange at the transaction date or the average rate of exchange for the reporting period. Gains or losses arising on the translation of foreign operations are recognised in other comprehensive income and presented as foreign currency translation reserves in equity. Where the operation is not a wholly owned subsidiary, the relevant proportionate share of the translation difference is allocated to non-controlling interests.

On consolidation, exchange differences arising from the translation of a monetary item that forms part of a reporting entity's net investment in foreign operations, including the borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and presented as a foreign currency translation reserve in equity.

When a foreign operation is sold or partly sold resulting in a loss of control, the share of the related cumulative gains and losses, including taxes, previously recognised in the foreign currency translation reserve is reclassified to profit or loss on disposal as part of the gain or loss on disposal.

When the Group disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant portion of the cumulative foreign currency translation reserve is reallocated to non-controlling interests.

Impairment of assets

Non-financial assets

The Group's non-financial assets, other than inventories and deferred tax assets are reviewed whenever events or changes in circumstances indicate that the carrying amount may not be recovered. If any such indication exists then the asset's or cash-generating unit's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

A cash-generating unit (CGU) is the smallest identifiable asset group that generates cash flows which are largely independent from other assets and groups.

Impairment losses are recognised in profit or loss.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit or group of cash-generating units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less cost of disposal.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial assets

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of assets is impaired.

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

All impairment losses are recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. The reversal of impairment losses for financial assets measured at amortised cost is recognised in profit or loss.

Financial assets are written off only when all reasonable attempts at recovery have been taken and failed.

When a financial asset moves out of its arranged trading terms, an impairment allowance is not recognised when these terms are considered renegotiated or recoverable.

Non-controlling interest put options

Non-controlling interest put options are put options over non-controlling interests accounted for using the present access method. Written put options in respect of which the Group does not have an unconditional right to avoid the delivery of cash, are recognised as financial liabilities. Under this method, the non-controlling interest is not derecognised when the financial liability in respect of the put option is recognised, as the non-controlling interest still has present access to the economic benefits associated with the underlying ownership interest. Non-controlling interest put options are initially recognised at the present value of expected future cash flows and subsequently remeasured at the present value of expected future cash flows with any changes in value (accretion and interest) through equity.

Group share-based payment transactions

Transactions in which the Company grants rights to its own equity instruments directly to the employees of its subsidiaries are classified as equity settled in the Company's separate financial statements. The Company recognises the equity-settled share-based payment in equity and recognises a corresponding increase in its investment in the subsidiary.

Where rights to the parent's (or ultimate parent) equity instruments are granted by that parent directly to the employees of the subsidiary, the subsidiary classifies the transaction as equity settled where it has no obligation to settle the share-based payment transaction. The subsidiary recognises the services acquired with the share-based payment as an expense and recognises a corresponding increase in equity as a capital contribution from its parent for those services acquired.

Broad-based black economic empowerment scheme

The Group operates a broad-based black economic empowerment equity-settled share-based compensation plan. The fair value of the services received in exchange for the grant of the options is recognised as an expense over the vesting period. The total amount to be expensed over the vesting period is determined by reference to the financial risk pricing and valuation methodologies. A corresponding adjustment is made to equity over the remaining vesting period. The estimate of the level of vesting is reviewed at least annually, with any impact on the cumulative charge being recognised immediately. The scheme commenced on 2 October 2012 and has a life of 10 years. Vesting of individual options under the scheme could occur on the 10th anniversary of the scheme or upon employment termination due to death, retrenchment, retirement, or the employee no longer forming part of Super Group Holdings Proprietary Limited as a result of the business being disposed.

New participants joining the scheme are treated as new grants in terms of the scheme. In terms of this scheme, participants receive annual dividends. These dividend payments are recognised as employee benefit costs in profit or loss.

Notes to the financial statements (continued)

1. ACCOUNTING POLICIES (CONTINUED)

1.3 Principal accounting policies (continued)

Group share scheme recharge arrangements

A recharge arrangement exists whereby the cost to the scheme of acquiring shares issued in accordance with certain share schemes granted by the parent company are funded by way of contributions from the subsidiary employer company in respect of participants who are their employees. The recharge arrangement is accounted for separately from the underlying equity-settled share-based payment on initial recognition. The parent company recognises a corresponding recharge asset at fair value and a corresponding adjustment to the carrying amount of its investment in the subsidiary. The subsidiary company recognises a recharge liability at fair value, determined using generally accepted valuation techniques, and a corresponding adjustment against equity for the capital contribution recognised in respect of the share-based payment.

Subsequent to initial recognition the recharge arrangement is remeasured at fair value (as an adjustment to the net capital contribution) by the parent and subsidiary companies respectively at each subsequent reporting date until settlement date to the extent vested. The amount of the recharge in excess of the capital contribution, recognised by the parent company as an increase in the investment in subsidiary, is recognised as an adjustment to the net capital contribution through a reduction in its net investment in the subsidiary. Where the recharge amount recognised is greater than the initial capital contribution recognised by the subsidiary company in respect of the share-based payment, the excess is recognised as a net capital distribution to the parent in equity.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held on call with banks, short-term money market instruments and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are measured at amortised cost. Foreign cash balances are translated using the exchange rate at the reporting date.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above net of outstanding bank overdrafts.

Financial instruments

Non-derivative financial instruments comprise investment in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables. Non-derivative financial instruments are recognised initially at fair value.

Financial assets

All purchases and sales of financial assets are recognised on the trade date, being the date that the Group commits to purchase or sell the asset.

The Group classifies its financial assets into the following categories:

- Measured at fair value through profit or loss; and
- Loans and receivables.

The classification is dependent on the purpose for which the financial asset is acquired. Management determines the classification of its financial assets on initial recognition.

The amount recognised on initial recognition in respect of financial assets not subsequently measured at fair value through profit or loss includes transaction costs associated with the financial asset (such as advisors' and agents' fees, commissions, duties and levies by regulatory agencies).

Financial assets measured at fair value through profit or loss

Financial assets are classified as measured at fair value through profit or loss, if acquired principally for the purpose of selling in the short term, they form part of a portfolio with a pattern of short-term profit making, or if so designated by management.

Derivatives are also categorised as financial assets at fair value through profit or loss unless they are designated as hedges.

Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the reporting date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable.

They are included in current assets, except for receivables with maturities greater than 12 months after the reporting date. These are classified as non-current assets. Current loans and receivables are included in trade and other receivables in the statement of financial position. Trade receivables, which generally have 30 to 90-day terms, are recognised and carried at amortised cost less impairment losses (generally being the original invoice amount less an allowance for any uncollectable amounts), using the effective interest method. An allowance for impairment is made when collection of the full amount is no longer probable according to the original terms of the receivables. Bad debts are written off when identified.

Other receivables are stated at amortised cost less impairment losses using the effective interest method.

Subsequent measurement

After initial recognition, financial assets, which are classified as measured at fair value through profit or loss are measured at fair value. Gains or losses on financial assets measured at fair value through profit or loss are recognised in profit or loss.

Foreign exchange gains and losses, interest calculated in respect of interest-bearing financial assets on the effective interest method and dividends are recognised directly in profit or loss. For financial assets carried at amortised cost, gains and losses are recognised in profit or loss when the assets are derecognised or impaired.

Non-derivative financial liabilities

The Group initially recognises debt securities issued on the date that they originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables.

Derivative financial instruments

The Group uses derivative financial instruments such as foreign currency contracts (FECs), Cross currency swaps and interest rate swaps to hedge its risks associated with selected foreign currency and interest-rate fluctuations. Such derivative financial instruments are recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value at each reporting date. Where a derivative is designated as a cash flow hedge, the effective part of the gains or losses from remeasuring the hedging instruments to fair value is initially recognised in other comprehensive income and presented in the hedging reserve in equity. The ineffective part of any gain or loss is immediately recognised in profit or loss.

Transaction costs are recognised in profit or loss as incurred. Gains and losses arising from changes in fair value are included in profit or loss in the year in which the change arises.

Offset

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when the Group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derecognition of financial assets and financial liabilities

A financial asset is derecognised when the contractual rights to cash flows expire or there is a transfer of the rights to receive contractual cash flows in a transaction in which substantially all the risks and rewards are transferred. A financial liability is derecognised when it is legally extinguished.

Employee benefits

Short-term employee benefits

Remuneration paid to employees for services rendered is recognised in profit or loss as the services are provided. An accrual is made for accumulated leave.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under a short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Post-retirement benefits

The Group operates a number of defined contribution plans under which it pays fixed contributions into separate retirement funds. The Group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee services in the current and prior years. The fund assets are held in separate trustee administered funds.

Notes to the financial statements (continued)

1. ACCOUNTING POLICIES (CONTINUED)

1.3 Principal accounting policies (continued)

The plans are generally funded by payments from employees and the relevant group companies, taking into account recommendations of independent qualified actuaries. Contributions to defined contribution plans are recognised in profit or loss in the year to which they relate.

Equity compensation benefits

Certain senior employees (including directors) of the Group receive remuneration in the form of share-based payment transactions whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The Group has an employee share incentive scheme for the granting of non-transferable options to executives and senior employees. Shares in the Group held by the employee share incentive scheme are treated as treasury shares and presented in the statement of financial position as a deduction from equity.

The Group operates an equity-settled share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense over the vesting period.

The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the number of awards that, in the opinion of the directors of the Group at that date, based on the best available estimate of the number of equity instruments, will ultimately vest.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation and any expense not yet recognised for the award is recognised immediately.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Stated capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Treasury shares

Where any group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs is deducted from equity attributable to the Company's shareholders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs is included in equity.

Net debt

Net debt is calculated as interest-bearing borrowings including full maintenance lease borrowings less cash and cash equivalents.

Total net gearing

Total net gearing is calculated as net debt divided by total equity.

Operating segments

The Group determines and presents operating segments based on the information that is internally provided to the executive team. An operating segment is a component of the Group that:

- engages in business activities from which it may earn revenues and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components;
- whose operating results are regularly reviewed by the executive team; and
- for which financial information is available.

This approach is based on the manner in which segments are organised, operated and managed as well as management's assessment that the risks and rates of return are affected predominantly by differences in the sale of products and services rendered rather than the geographical location of their activities.

Each segment represents a strategic business unit that offers different products and serves different markets.

The principal segments of the Group have been identified by the nature of operation into the four major areas of Supply Chain Management, Fleet Solutions, Dealerships and Services.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties.

Segment assets include all operating assets used by a segment and consist principally of property, plant and equipment, goodwill and financial assets. Segment liabilities include all operating liabilities and consist principally of financial liabilities and long-term borrowings. These assets and liabilities are all directly attributable to the segments.

Revenue

Revenue is recognised net of indirect taxes, rebates and trade discounts and represents the fair value of amounts receivable in respect of the sale of products and services rendered. Where group companies act as agents and are remunerated on a commission or fee basis, only the commission and fee income, not the value of business handled, are recognised as revenue.

Revenue is recognised when the following criteria are met:

/ there is no continuing involvement in the asset;
/ delivery has occurred or services have been rendered and the significant risks and rewards of ownership have been transferred to the purchaser;
/ costs can be reliably measured;
/ the selling price is fixed or determinable; and
/ collectability is reasonably assured.

The timing of revenue recognition is as follows:

Revenue from:

/ the sale of products is recognised when risks and rewards of ownership have been transferred to the buyer and the Group no longer retains continuing managerial involvement associated with ownership;
/ services rendered are based on the stage of completion of the transaction, based on the proportion that costs incurred to date bear to the total cost of the project. Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent that expenses recognised are recoverable;
/ licence fees and royalties are recognised on an accrual basis;
/ dividends received are recognised when the right to receive payment is established;
/ interest received is recognised on a time proportion basis using the effective interest method; and
/ rental income is accounted for on a straight-line basis over the lease term on ongoing leases.

Revenue from full maintenance leases

Revenues comprise the various service components as included in the contract billings such as rental charge, maintenance, interest and fuel management fees.

The contract billings may include pass-on costs such as insurance and other fixed overhead recoveries. Rental charges from full maintenance leases are recognised in profit or loss over the period of the full maintenance lease contracts on a straight-line basis.

Where vehicle maintenance is provided as part of a full maintenance lease or managed maintenance contract, the maintenance agreement is separated from the lease agreement. The maintenance portion that has been billed but where services have not yet been rendered is recorded as a deferred income liability called fund reserves in the statement of financial position. The portion that is expected to be earned in the next 12 months is recorded as deferred income in trade and other payables.

Sales of maintenance services are recognised in the accounting period in which the services are rendered by reference to completion of the specific transaction assessed on the basis of the actual cost of services provided as a proportion of the total cost of services to be provided plus a reasonable profit on those services.

The deferred maintenance revenue fund for selected customer contracts are actuarially valued annually by determining spending patterns and applying this to forecast funding requirements and discounting to determine the present value of the deferred income. Independent valuations are obtained when necessary.

Surpluses or deficits resulting from the actuarial valuation are recognised in profit or loss. Contract maintenance costs are recognised in profit or loss when incurred.

Trading profit

Trading profit comprises operating profit before capital items.

Capital items

Capital items are income and expenses included in profit and loss which are excluded in arriving at headline earnings in accordance with Circular 4/2018.

Operating profit

Operating profit comprises profit before net finance costs, income from equity-accounted investees and tax.

Notes to the financial statements (continued)

1. ACCOUNTING POLICIES (CONTINUED)

1.3 Principal accounting policies (continued)

EBITA

EBITA is earnings before interest, tax and amortisation of PPA intangibles.

EBITDA

EBITDA is earnings before interest, tax, depreciation and amortisation.

Net interest

Net interest is calculated as finance costs after deducting interest received and income or losses from equity-accounted investees.

Interest cover

Interest cover is calculated as EBITDA divided by net interest.

Net operating assets

Net operating assets is total assets excluding cash and cash equivalents, deferred tax assets, equity-accounted investees, interest-bearing receivables less total liabilities excluding bank overdrafts, interest-bearing borrowings, FML borrowings, deferred tax liabilities and income tax payable.

PPA

PPA is Purchase Price Allocation arising on a business acquisition.

Fair value hierarchy

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

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

2. PROPERTY, PLANT AND EQUIPMENT

	Land, buildings and leasehold improvements R'000	Rental and transport fleet R'000	Computer equipment R'000	Furniture and workshop equipment R'000	Motor vehicles and other assets R'000	Total R'000
30 June 2018						
Cost or valuation	2 714 712	2 411 681	312 425	737 737	549 727	**6 726 282**
Accumulated depreciation and impairment losses	(125 297)	(739 675)	(229 108)	(327 953)	(151 581)	**(1 573 614)**
Balance at end of year	**2 589 415**	**1 672 006**	**83 317**	**409 784**	**398 146**	**5 152 668**
Movement summary						
Balance at beginning of year	2 120 365	1 492 249	80 444	310 519	213 160	**4 216 737**
Additions	124 379	561 812	44 858	173 278	274 374	**1 178 701**
Expand	91 614	296 551	29 465	141 821	157 197	**716 648**
Maintain	32 765	265 261	15 393	31 457	117 177	**462 053**
Acquisition of businesses (Refer note 29)	263 820	–	1 729	13 128	8 532	**287 209**
Disposals	(8 859)	(135 099)	(341)	(3 187)	(52 504)	**(199 990)**
Disposal of business (Refer note 29)	–	–	(51)	(488)	–	**(539)**
Revaluation of land and buildings	73 987	–	–	–	–	**73 987**
Impairment (refer note 25)	(19 121)	–	–	–	(2 062)	**(21 183)**
Translation adjustment	58 603	13 121	887	5 552	1 571	**79 734**
Current year depreciation	(23 759)	(260 077)	(44 209)	(89 018)	(44 925)	**(461 988)**
Balance at end of year	**2 589 415**	**1 672 006**	**83 317**	**409 784**	**398 146**	**5 152 668**
Leased assets included in above comprise:						
Carrying value at end of year	1 802	124 045	27 713	9 247	16 357	**179 164**
Depreciation for year	605	24 842	12 151	2 781	2 299	**42 678**

Notes to the financial statements (continued)

2. PROPERTY, PLANT AND EQUIPMENT (continued)

Measurement of fair value

In June 2018 valuations were performed on various of the Group's land, buildings and leasehold improvements by Onyx Valuation Services and Ripleys LLP. Onyx Valuation Services and Ripleys LLP are external, independent property valuers having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. A revaluation surplus of R73 987 000 (2017: deficit of R9 148 000) was recorded in the current year. Annual revaluations on Super Park are required by the funders of this property. It is the Group's policy to perform independent valuations on all properties every three years or more frequently, if deemed appropriate, to ensure that the fair value of revalued assets do not differ materially from their carrying values. The next revaluation of all South African properties will be performed in June 2019.

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of the Group's land and buildings, as well as significant inputs used:

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
SUPER PARK		
Discounted cash flows: The valuation model considers the present value of net cash flows to be generated from the property, taking into account expected rental growth rates, void periods, occupancy rates, lease incentive costs such as rent-free periods and other costs not paid by tenants. The expected net cash flows are discounted using a risk-adjusted yield. Among other factors, the yield estimation considers the quality of a building and its location (prime vs secondary), tenant credit quality and lease terms. This is categorised as a level 3 fair value.	Occupancy rate of 97% (2017: 95%) There were no rent-free periods included in the valuation Yield of 10,0% (2017: between 10% and 10.3%) have been used Rental growth between 6,5% and 9,0% (2017: 6,0% and 10,3%) have been used.	The estimated fair value would increase/(decrease) if: Occupancy rate was higher/(lower); The rent-free periods were (increased): The yield was lower/(higher). Rental growth was higher/(lower).
DEALERSHIP UK PROPERTIES		
Discounted cash flows: The valuation model considers the present value of net cash flows to be generated from the property, taking into account lease incentive costs such as rent-free periods and the rate per square metre allocated between showroom, workshop, display parking and parking. The expected net cash flows are discounted using a risk-adjusted yield. Among other factors, the yield estimation considers the quality of a building and its location (prime vs secondary). This is categorised as a level 3 fair value.	Rent-free periods were included in the valuation Yields between 6.5% and 9.0% have been used The floor area of the location	The estimated fair value would increase/(decrease) if: The rent-free periods were (increased): The yield was lower/(higher): The floor area was larger/(smaller).

Impairment losses recognised in respect of property, plant and equipment in the current year amounted to R21 183 000 (2017: R13 768 000). These losses were attributable to the deterioration in the value of land, buildings, motor vehicles and other assets. The recoverable amount of the relevant assets has been determined on the basis of their fair value less costs to sell. These assets were used in the Group's Supply Chain Africa and Dealerships UK segments (refer note 25).

Certain assets are pledged as security for borrowings of the Group (refer note 18).

Capital commitments

Capital commitments of R1 105 632 000 (2017: R941 954 000) (refer note 31) include all projects for which specific board approval has been obtained. Projects still under investigation for which specific board approvals have not yet been obtained are excluded from the disclosure.

	Land, buildings and leasehold improvements R'000	Rental and transport fleet R'000	Computer equipment R'000	Furniture and workshop equipment R'000	Motor vehicles and other assets R'000	Total R'000
30 June 2017						
Cost or valuation	2 217 017	2 121 966	278 000	573 107	340 091	5 530 181
Accumulated depreciation and impairment losses	(96 652)	(629 717)	(197 556)	(262 588)	(126 931)	(1 313 444)
Balance at end of year	2 120 365	1 492 249	80 444	310 519	213 160	4 216 737
Movement summary						
Balance at beginning of year	1 474 689	1 496 773	56 702	262 409	140 713	3 431 286
Additions	261 213	446 516	56 760	116 595	77 026	958 110
Expand	199 925	198 271	45 232	90 331	50 607	584 366
Maintain	61 288	248 245	11 528	26 264	26 419	373 744
Acquisition of businesses (Refer note 29)	446 492	–	1 916	23 678	96 733	568 819
Transfers	(1 264)	133	2 733	1 309	(2 911)	–
Disposals	(257)	(169 873)	(356)	(5 960)	(47 924)	(224 370)
Disposal of business (Refer note 29)	–	–	(49)	(206)	–	(255)
Revaluation of land and buildings	(9 148)	–	–	–	–	(9 148)
Impairment (refer note 25)	(1 107)	–	(75)	(666)	(11 920)	(13 768)
Translation adjustment	(30 639)	(33 059)	(2 776)	(8 877)	(796)	(76 147)
Current year depreciation	(19 614)	(248 241)	(34 411)	(77 763)	(37 761)	(417 790)
Balance at end of year	2 120 365	1 492 249	80 444	310 519	213 160	4 216 737
Leased assets included in above comprise:						
Carrying value at end of year	1 958	70 670	29 567	8 298	33 154	143 647
Depreciation for year	734	33 777	8 996	6 747	7 697	57 951

Notes to the financial statements (continued)

	30 June 2018 R'000	30 June 2017 R'000
3. INVESTMENT PROPERTY		
Valuation	**151 000**	149 800
Movement summary		
Balance at beginning of year	**149 800**	143 200
Fair value adjustment recognised in profit or loss (refer note 25)	**1 200**	6 600
Balance at end of year	**151 000**	149 800

The investment property comprises a commercial property occupied by a third party. The lease contains an initial non-cancellable period of 10 years expiring in August 2023. The subsequent renewal option available to the lessee is five years. The fair value of this property was increased by R1 200 000 (2017: R6 600 000).

Rental income and associated direct operating expenses from investment property, included in profit or loss, amounted to R13 428 000 (2017: R12 434 000) and R22 700 (2017: R306 000) respectively. Operating leases in this regard are signed on a triple net lease basis, which implies that the tenant is responsible for insurance, maintenance and utility expenses of the property.

Rental receivable commitments		
– Less than one year	**14 503**	13 428
– Between one and five years	**70 342**	65 352
– Thereafter	**3 330**	23 060
	88 175	101 840

Measurement of fair value

The fair value of the investment property was determined by external, independent property valuers, Onyx Valuation Services. The valuer has appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

The independent valuers assess the fair value of the investment property on an annual basis.

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Discounted cash flows: The valuation model considers the present value of net cash flows to be generated from the property, taking into account expected rental growth rates, void periods, occupancy rates, lease incentive costs such as rent-free periods and other costs not paid by tenants. The expected net cash flows are discounted using a risk-adjusted yield. Among other factors, the yield estimation considers the quality of a building and its location (prime vs secondary), tenant credit quality and lease terms. This is categorised as a level 3 fair value.	Occupancy rate of 90% (2017: 99%) There are no rent free periods included in the valuation A yield of 9,5% (2017: 9.5%) has been used Rental growth of 8,0% (2017: 8.5%) has been used.	The estimated fair value would increase/(decrease) if: Occupancy rate were higher/(lower); The rent free periods were (increased): The yield was lower/(higher). Rental growth was higher/(lower)

	30 June 2018 R'000	30 June 2017 R'000

4. FULL MAINTENANCE LEASE ASSETS AND RELATED BORROWINGS

4.1 Full maintenance lease assets

	30 June 2018 R'000	30 June 2017 R'000
Full maintenance lease vehicles	**1 562 766**	1 613 868
Non-current portion of finance lease receivables	**482**	–
	1 563 248	1 613 868

4.1.1 Full maintenance lease vehicles

	30 June 2018 R'000	30 June 2017 R'000
Cost	**2 125 725**	2 072 309
Accumulated depreciation and impairment losses	**(562 959)**	(458 441)
Balance at end of year	**1 562 766**	1 613 868
Movement summary		
Balance at beginning of year	**1 613 868**	1 087 822
Additions	**569 757**	625 453
Expand	**355 464**	320 821
Maintain	**214 293**	304 632
Disposals	**(289 039)**	(317 096)
Acquisition of businesses (refer note 29.1)	**–**	564 263
Current year depreciation (refer note 22.1)	**(360 805)**	(304 835)
Translation adjustment	**28 985**	(41 739)
Balance at end of year	**1 562 766**	1 613 868
Analysis of balance at end of year:		
Completed vehicles	**1 513 156**	1 528 683
Work in progress	**49 610**	85 185
	1 562 766	1 613 868
Currency analysis		
Rand	**880 047**	920 811
Australian dollar	**44 633**	30 970
Pound Sterling	**480 323**	502 244
US dollar and other	**157 763**	159 843
	1 562 766	1 613 868

4.1.2 Non-current portion of finance lease receivables

	30 June 2018 R'000	30 June 2017 R'000
Gross finance lease receivables	**767**	60 737
Unearned finance income	**(125)**	(3 667)
Net finance lease receivables	**642**	57 070
Current portion included in trade and sundry receivables (refer note 10)	**(160)**	(57 070)
	482	–
Receivable term analysis – Gross		
Year one	**160**	60 737
Year two to five	**607**	–
	767	60 737
Receivable term analysis – Net		
Year one	**160**	57 070
Year two to five	**482**	–
	642	57 070
Currency analysis		
Pound Sterling	**482**	–

The finance lease receivables relate to future amounts to be received in respect of vehicles sold on finance lease in the SG Fleet business.

Capital commitments of R406 712 000 (2017: R708 858 000) includes all projects for which specific board approval has been obtained (refer note 31).

Notes to the financial statements (continued)

	30 June 2018 R'000	30 June 2017 R'000
4. FULL MAINTENANCE LEASE ASSETS AND RELATED BORROWINGS (CONTINUED)		
4.2 Full maintenance lease borrowings		
Loan facility for the funding of vehicles exclusively utilised for full maintenance leases		
The facility bore interest at 201 basis points below prime (2017: 201 basis points below prime). The termination date was April 2018.	**–**	45 816
The facility bears interest at 210 basis points below prime (2017: 210 basis points below prime). Repayments occur monthly in arrears. Termination date is 30 September 2019. The borrowings are secured by assets with a carrying value of R494 760 000 (2017: R341 640 000).	**268 726**	363 517
The facility bears interest at Kenyan Central Bank Rate (CBR) plus 400 basis points (2017: Kenyan CBR plus 400 basis points). Repayments occur quarterly in arrears. Termination date is July 2021. The borrowings are secured by assets with a carrying value of R33 720 000 (2017: R40 302 000).	**35 205**	42 681
Loan facilities for the funding of vehicles in the SG Fleet management business		
The facilities bear interest at fixed rates of 342 and 455 basis points and a floating rate of 420 basis points linked to the London Interbank Offered Rate (LIBOR) (2017: fixed rates of 402 and 463 basis points and a floating rate of 303 basis points linked to LIBOR). Monthly repayments are over the period of the individual full maintenance contracts of the related vehicles and are settled on a transactional basis. The average periods of the contracts are between 41 and 45 months. The facility is secured over operating and finance lease assets, hire purchase receivables and restricted cash with carrying value of R648 994 000 (2017: R652 759 000).	**547 464**	557 184
Total full maintenance lease borrowings	**851 395**	1 009 198
Short-term portion reflected under current liabilities	**(338 460)**	(337 009)
Long-term portion reflected under non-current liabilities	**512 935**	672 189
Maturity profile		
Year one	**338 460**	337 009
Year two to five	**512 935**	672 189
	851 395	1 009 198
Currency analysis – full maintenance lease borrowings		
Rand	**268 726**	409 333
Australian Dollar	**43 567**	816
Pound Sterling	**403 852**	470 403
US Dollar and other	**135 250**	128 646
	851 395	1 009 198

Full maintenance lease borrowings relate to funding raised to finance revenue generating assets in the leasing businesses. These assets are directly on-leased to customers by way of full maintenance operating and finance leases in terms of medium-term contractual arrangements. The full maintenance liabilities are matched to customer contract terms. The cash generated by the operations is utilised to repay the obligations. Interest rate risk is passed on to customers as contracts are linked to either South African prime overdraft, Kenyan CBR or LIBOR rates.

5. INTANGIBLE ASSETS

	Software R'000	Trade names R'000	Customer relations R'000	Customer contracts and other R'000	Total R'000
30 June 2018					
Cost	328 268	377 512	596 580	792 283	**2 094 643**
Accumulated amortisation and impairment losses	(117 103)	(45 290)	(288 650)	(316 077)	**(767 120)**
Balance at end of year	211 165	332 222	307 930	476 206	**1 327 523**
Movement summary					
Balance at beginning of year	157 807	230 168	347 741	534 911	**1 270 627**
Additions	68 611	–	–	6 034	**74 645**
Expand	6 332	–	–	6 034	**12 366**
Maintain	62 279	–	–	–	**62 279**
Acquisition of businesses (refer note 29.1)	20 492	93 538	27 385	–	**141 415**
Current year amortisation (refer note 22.1)	(40 872)	(9 659)	(89 149)	(72 075)	**(211 755)**
Impairment through profit or loss (refer note 25)	–	–	–	(2 635)	**(2 635)**
Translation adjustment	5 127	18 175	21 953	9 971	**55 226**
Balance at end of year	**211 165**	**332 222**	**307 930**	**476 206**	1 327 523
Analysis of balance at end of year					
Purchased	**211 165**	**332 222**	**307 930**	**476 206**	1 327 523
Intangible assets with indefinite useful life	–	242 483	–	–	**242 483**
Intangible assets with definite useful life	211 165	89 739	307 930	476 206	**1 085 040**
	211 165	**332 222**	**307 930**	**476 206**	1 327 523

During the year the acquisitions of Servicios Empresariales Ader, SL (Ader) and MDS Group (MDS) resulted in an increase in software, trade names and customer relations intangible assets.

During the year the Group impaired intangible assets amounting to R2 635 000 (2017: R6 836 000). The impairments were as a result of the loss of customer contracts resulting in the carrying value exceeding its value in use. Except for the impairment recognised, no further impairments were required for the cash generating units to which the intangible assets belong.

The balance of the trade names, customer relations and contract assets relates to past business acquisitions in the Supply Chain Africa, Supply Chain Europe, SG Fleet and Dealerships UK operating segments.

The indefinite useful life intangible assets relates to the inTime and Ader trade names. The trade names have been used in the European marketplace for over 20 years and will continue to be used into the foreseeable future. The trade names were tested for impairment at year end as "umbrella" trade names and used the Relief from Royalty valuation method by applying 97% and 100% of net sales and an applied royalty rate of 0.6% and 2.2% of revenues for inTime and Ader respectively. The Relief from Royalty valuation method utilised a 10-year revenue forecast with a terminal value.

Notes to the financial statements (continued)

5. INTANGIBLE ASSETS (CONTINUED)

	Software R'000	Trade names R'000	Customer relations R'000	Customer contracts and other R'000	Total R'000
30 June 2017					
Cost	234 320	265 217	534 452	773 128	1 807 117
Accumulated amortisation and impairment losses	(76 513)	(35 049)	(186 711)	(238 217)	(536 490)
Balance at end of year	157 807	230 168	347 741	534 911	1 270 627
Movement summary					
Balance at beginning of year	155 600	263 004	477 109	505 044	1 400 757
Additions	44 574	–	–	–	44 574
Expand	11 567	–	–	–	11 567
Maintain	33 007	–	–	–	33 007
Acquisition of businesses (refer note 29.1)	2 076	–	–	157 176	159 252
Current year amortisation	(32 098)	(9 696)	(88 960)	(73 678)	(204 432)
Impairment through profit or loss (Refer note 25)	–	–	–	(6 836)	(6 836)
Translation adjustment	(12 345)	(23 140)	(40 408)	(46 795)	(122 688)
Balance at end of year	157 807	230 168	347 741	534 911	1 270 627
Analysis of balance at end of year					
Purchased	157 807	230 168	347 741	534 911	1 270 627
Intangible assets with indefinite useful life	–	137 324	–	–	137 324
Intangible assets with definite useful life	157 807	92 844	347 741	534 911	1 133 303
	157 807	230 168	347 741	534 911	1 270 627

	30 June 2018 R'000	30 June 2017 R'000
6. GOODWILL		
Cost	**7 620 795**	7 140 049
Accumulated impairment losses	**(186 574)**	(149 419)
Balance at end of year	**7 434 221**	6 990 630
Movement summary		
Balance at beginning of year	**6 990 630**	6 333 276
Acquisition of businesses (Refer note 29.1)	**247 854**	1 173 906
Impairment (Refer note 25)	**(37 155)**	(4 521)
Translation adjustment	**232 892**	(512 031)
Balance at end of year	**7 434 221**	6 990 630
Segmental goodwill per cash-generating unit		
Supply Chain	**2 504 371**	2 311 988
South Africa	**579 251**	578 667
African Logistics	**61 878**	58 224
Europe	**1 863 242**	1 675 097
Fleet Solutions	**3 585 627**	3 529 541
Fleet Africa	**87 822**	87 822
SG Fleet	**3 497 805**	3 441 719
Dealerships	**1 344 223**	1 149 101
Dealerships SA	**545 823**	554 978
Dealerships UK	**798 400**	594 123
	7 434 221	6 990 630

Goodwill acquired through business combinations has been attributed to individual cash-generating units (CGU). The carrying amount of goodwill is subject to annual impairment tests using forecasts of future cash flows and the value-in-use method. Impairments of R 37 155 000 (2017: R4 521 000) were recognised in the current year. Write down of other assets' carrying values in the relevant cash generating unit were not required. These calculations use projected earnings based on historic operating results. A sensitivity analysis was performed whereby the discount rate was increased by 2.5% throughout all the CGUs, excluding Phola Coaches Proprietary Limited, and no additional impairment was required.

The most significant portion of the Group's goodwill, R3 497 805 000 (2017: R3 441 719 000), relates to operations in SG Fleet.

Impairment testing for cash generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The impairment test was based on a value-in-use approach.

Values-in-use were determined by discounting the future cash flows generated from the continuing use of the business and was based on the following key assumptions:

Supply Chain – South Africa

- Cash flows were projected based on actual operating results, a five year forecast of revenue growth between 1.9% and 6.1% and a terminal value growth rate of 4.0%.
- Direct costs were forecast based on the margins historically achieved by the business.
- A pre-tax discount rate of 17.3% was applied in determining the recoverable amount. The discount rate reflects the specific risks related to the South African CGU's.
- The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external and internal data sources.
- The Group, based on projected operating results, impaired a portion of the Goodwill relating to Phola Coaches amounting to R28 000 000.

Supply Chain – African Logistics

- Cash flows were projected based on actual operating results, a five year forecast of revenue growth of 6.0% and a terminal value growth rate of 4.0%.

Notes to the financial statements (continued)

6. GOODWILL (CONTINUED)

- Direct costs were forecast based on the margins historically achieved by the business.
- A pre-tax discount rate of 17.3% was applied in determining the recoverable amount. The discount rate reflects the specific risks related to the South African CGU's.
- The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external and internal data sources.

Supply Chain – Europe

- Cash flows were projected based on actual operating results, a five year forecast of revenue growth of 4.0% and a terminal value growth rate of 2.0%.
- Direct costs were forecast based on the margins historically achieved by the business.
- A pre-tax discount rate of 6.0% was applied in determining the recoverable amount. The discount rate reflects the specific risks related to the CGU.
- The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external and internal data sources.

Fleet Solutions – Fleet Africa

- Cash flows were projected based on actual operating results, a five year forecast with no revenue growth and a terminal value growth rate of 0.0%.
- Direct costs were forecast based on the margins historically achieved by the business after taking into account the refleeting that occurred in the current year.
- A pre-tax discount rate of 17.3% was applied in determining the recoverable amount. The discount rate reflects the specific risks related to the South African CGU's.
- The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external and internal data sources.

Fleet Solutions – SG Fleet

- Cash flows were projected based on actual operating results and the four-year business plan. Cash flow beyond Year four was projected at a growth rate of 0.0% for both the Australian and United Kingdom CGUs.
- Revenue growth was projected at 5.4% per annum for the Australian CGU and 4.8% per annum for the United Kingdom CGU.
- Direct costs were forecast based on the margins historically achieved by the business.
- Overheads were forecast based on current levels adjusted for inflationary increases.
- The pre-tax discount rate of 9.9% was applied in the Australian CGU and 6.8% for the United Kingdom CGU, in determining the recoverable amount.

Dealerships – Dealerships SA

- Cash flows were projected based on actual operating results, a five year forecast of revenue growth of 4.0% and a terminal value growth rate of 4.0%.
- Direct costs were forecast based on the margins historically achieved by the business.
- Overheads were forecast based on the margins historically achieved by the business adjusted for once off expenditure required.
- A pre-tax discount rate of 17.3% was applied in determining the recoverable amount. The discount rate reflects the specific risks related to the South African CGU's.
- The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external and internal data sources.
- The Group, based on projected operating results, impaired the Goodwill relating to the closure of General Motors amounting to R9 155 000.

Dealerships – Dealerships UK

- Cash flows were projected based on actual operating results, a five year forecast of revenue growth of 2.0% and a terminal value growth rate of 2.0%.
- Direct costs were forecast based on the margins historically achieved by the business.
- Overheads were forecast based on current levels adjusted for once off expenditure.
- A pre-tax discount rate of 6.5% was applied in determining the recoverable amount. The discount rate reflects the specific risks related to the CGU.
- The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external and internal data sources.

	30 June 2018 R'000	30 June 2017 R'000

7. INVESTMENTS AND OTHER NON-CURRENT ASSETS

	30 June 2018 R'000	30 June 2017 R'000
Equity-accounted investees	**65 928**	62 164
Other non-current assets	**205 877**	41 485
	271 805	103 649
Equity-accounted investees		
Moditouch Proprietary Limited	**26 228**	20 401
SG Agility Proprietary Limited	**39 673**	41 763
Other	**27**	–
	65 928	62 164
Other non-current assets		
Proceeds receivable on sale of SG Coal Proprietary Limited (SG Coal) (refer note 29.4)	**105 000**	–
Loans receivable	**88 301**	31 222
Investments	**12 576**	10 263
	205 877	41 485
Currency analysis		
Rand	**264 873**	101 089
Euro	**2 824**	–
UD Dollar and other	**4 108**	2 560
	271 805	103 649

8. DEFERRED TAX (ASSETS)/LIABILITIES

	30 June 2018 R'000	30 June 2017 R'000
Movement summary		
Balance at beginning of year	**408 474**	298 772
– Deferred tax liabilities	**621 854**	583 254
– Deferred tax assets	**(213 380)**	(284 482)
Current year profit or loss charge	**29 774**	35 209
Revaluation of land and buildings	**14 688**	6 215
Acquisition of businesses (refer note 29.1)	**40 865**	55 503
Deferred tax recorded directly in equity on movement in options	**8 227**	33 327
Deferred tax raised on effective portion of hedge through equity	**1 444**	2 467
Translation adjustment	**15 377**	(23 019)
Balance at end of year	**518 849**	408 474
– Deferred tax liabilities	**541 948**	621 854
– Deferred tax assets	**(23 099)**	(213 380)
Analysis of balance at end of year by type of temporary difference		
Accelerated depreciation	**635 123**	615 037
Tax losses	**(14 647)**	(59 169)
Revaluation of land and buildings and investment property fair value adjustment	**110 329**	100 388
Provisions and fund reserves	**(183 800)**	(166 908)
Working capital items	**(15 897)**	(53 635)
Unexercised options	**13 171**	(1 549)
Other	**(25 430)**	(25 690)
	518 849	408 474

Notes to the financial statements (continued)

8. DEFERRED TAX (ASSETS)/LIABILITIES (CONTINUED)

	30 June 2018 R'000	30 June 2017 R'000
Deferred tax assets have been recognised only to the extent that the amount of unused tax losses relating to the Group's operations can be carried forward indefinitely and there is evidence that it is probable that sufficient taxable profits will be available in the future to utilise tax losses carried forward.		
The Group has not recognised a deferred tax liability for taxes that would be payable on the unremitted earnings of the Group's foreign subsidiaries and equity-accounted investees as the Group has determined that undistributed profits of foreign subsidiaries and equity-accounted investees will not be distributed in the foreseeable future.		
Deferred tax assets not recognised		
The unrecorded deferred tax assets	**156 925**	160 817
– Tax losses	**25 640**	40 936
– Capital gains tax (CGT) and other	**131 285**	119 881

9. INVENTORIES

	30 June 2018 R'000	30 June 2017 R'000
New vehicles	**2 223 362**	1 573 815
Used and demo vehicles	**1 527 385**	1 399 315
Retail inventory – SG Convenience and SG Consumer	**224 538**	250 704
Consumables	**19 005**	16 137
Parts, accessories and automotive components	**113 369**	88 123
Other inventory	**71 948**	71 064
	4 179 607	3 399 158
Inventory carried at net realisable value		
Inventory carried at net realisable value included above	**1 600 024**	1 121 768
Write down of inventory to net realisable value recognised as an expense	**77 559**	80 482
Inventory expensed during the year included in cost of sales	**19 566 571**	16 417 723
Included in inventory is a provision for obsolete inventory	**180 417**	93 731
Reserved inventories		
Ownership of certain inventory is reserved by the suppliers until such time as the related payables have been settled.		
Carrying value of reserved inventory	**1 623 676**	1 303 511
Carrying value of other secured inventory	**1 464 907**	1 206 505

Reserved inventory is inventory that secures an interest-free floorplan liability.

Secured inventory is inventory that secures an interest-bearing floorplan liability.

Floorplan liabilities are reflected as trade payables in note 20.

In the prior year the Group had a general banking facility which was secured by general notarial bonds amounting to R95 000 000 over inventory.

	30 June 2018 R'000	30 June 2017 R'000

10. TRADE AND SUNDRY RECEIVABLES

Trade receivables	**3 710 572**	3 034 492
Sundry receivables	**1 382 149**	1 153 277
Prepayments	**257 400**	245 942
VAT receivables	**90 600**	28 656
Deposits	**19 724**	14 785
Lease straight-line debtors	**15 366**	16 572
Foreign Exchange Contract (FEC) assets	**15 775**	1 378
Agency debtors	**708 774**	592 946
Trade finance debtors	**121 492**	71 434
Short-term portion of finance lease receivables (refer note 4)	**160**	57 070
Deferred contingent purchase consideration	**60 000**	60 000
Other receivables	**92 858**	64 494
	5 092 721	4 187 769

Trade receivables are reported after an impairment allowance of R144 653 000 (2017: R131 951 000).

Certain businesses act as agents on behalf of their customers. Being an agent, the businesses do not take title of the goods and have no responsibility in respect of goods sold. Revenue is recognised based on the fee received for services rendered. The agency debtor balance includes the net receivable outstanding in respect of services rendered and inventory in the warehouses and in transit.

Currency analysis		
Rand	**2 917 623**	2 425 866
Australian Dollar	**698 130**	656 022
Pound Sterling	**558 468**	562 377
Euro	**757 500**	387 336
US Dollar and other	**161 000**	156 168
	5 092 721	4 187 769

Refer to note 36 for disclosure relating to the Group's interest rate, foreign exchange and credit risk.

	30 June 2018 R'000	30 June 2017 R'000

11. CASH AND CASH EQUIVALENTS

Cash on hand and in banks, earning interest at floating rates based on daily bank deposit rates	**3 351 270**	2 727 133
Analysis of cash on hand balances by restriction		
Insurance company cash held for solvency	**–**	43 657
SG Fleet cash	**1 049 543**	845 150
Agency related cash	**18 646**	31 325
Unrestricted cash	**2 283 081**	1 807 001
	3 351 270	2 727 133
Currency analysis		
Rand	**1 176 866**	1 059 849
Australian dollar	**962 035**	766 004
Pound Sterling	**729 280**	473 610
Euro	**247 931**	238 698
US dollar and other	**235 158**	188 972
	3 351 270	2 727 133

Notes to the financial statements (continued)

11. CASH AND CASH EQUIVALENTS (CONTINUED)

Restricted cash

Restricted cash is classified as cash and cash equivalents that cannot be used for the running of the day-to-day South African operations and does not impact the Group's liquidity risk. The Group has 3 categories of restricted cash, namely:

– Insurance company cash held for solvency
– SG Fleet cash
– Agency related cash

The Financial Services Board (FSB) supervises and regulates the insurance industry. In terms of the FSB's legislation, the Insurance operations of the Group are required to hold a minimum capital/solvency requirement, which includes cash and cash equivalents. This requirement results in the cash and cash equivalents not being available for use by the other South African operations.

SG Fleet is separately listed on the Australian Stock exchange, and has NCI, and therefore its cash cannot easily be remitted to Super Group without declaring dividends, and therefore has been included in restricted cash.

Cash held on behalf of customers in respect of agency agreements are not available for use in day-to-day operations, and therefore is included in restricted cash.

Bank guarantees

A guarantee of R21 523 806 has been issued by financial institutions on behalf of the Group and secured by certain assets of the Group and Rnil of cash.

Bank funding facilities

The borrowing powers of the Group are limited to the facilities provided by its financiers.

The Group has a general banking facility totalling R95 000 000 of which R24 015 000 (2017: 22 140 000) has been utilised.

The Group has a revolving credit facility of R365 000 000 for five years. This revolving credit facility is secured by a bond over the Super Park Property (refer note 2). The facility is unused at year end.

The Group has a revolving credit facility of R250 000 000 that expires on 15 October 2018. This revolving credit facility is unsecured and fully utilised at year end.

The Group has a term credit facility of R200 000 000 for five years. This facility is secured by the Western Cape Century City property. The facility is fully utilised at year end.

There are three financial covenants in place for the banking facilities:

* A minimum Capital adequacy ratio of 18% (excluding SG Fleet).
* A net interest cover ratio of 2.7 times must be maintained for the Group (excluding SG Fleet).
* A net debt to EBITDA ratio of less than 2.5 times must be maintained for the Group (excluding SG Fleet).

Refer to note 36.4 for the calculation of the covenants.

	30 June 2018 R'000	30 June 2017 R'000
Total banking facilities excluding the SG Fleet facilities	**11 882 528**	10 653 114
Utilised	**(7 780 691)**	(6 518 435)
Unutilised	**4 101 837**	4 134 679
SG Fleet banking facilities	**2 611 860**	3 073 811
Utilised	**(1 927 012)**	(2 254 070)
Unutilised	**684 848**	819 741

Refer to note 36 for disclosure relating to the Group's liquidity, interest rate, foreign exchange and credit risk.

	30 June 2018 R'000	30 June 2017 R'000

12. CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF SUPER GROUP

Stated capital (refer note 13)	**3 753 641**	3 256 491
Retained earnings	**5 119 999**	4 452 645
Share buyback reserve	**(163 464)**	(201 196)
Other reserves (refer note 14)	**1 088 060**	847 874
	9 798 236	8 355 814

13. STATED CAPITAL

Authorised

The Group has 700 000 000 (2017: 700 000 000) authorised ordinary shares with no par value (2017: no par value) and 54 857 377 (2017: 54 857 377) authorised redeemable preference shares with no par value (2017: no par value).

Issued

371 507 794 (2017: 359 085 434) ordinary shares with no par value (2017: no par value)	**3 753 641**	**3 256 491**

Rights and restrictions related to stated capital

All shares rank equally with regard to the Company's residual assets. Unissued preference shares do not participate.

The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at meetings of the Company. In respect to the Company's shares that are held by the Group as treasury shares, all rights are suspended until those shares are reissued.

Changes in authorised and issued stated capital

During the year the Group raised an amount of R500 000 000 through the placement of 12 422 360 ordinary shares, through an accelerated bookbuild at a price of R40.25 per share. The statement of financial position was impacted by an increase in stated capital of R497 150 000 (after share issue expenses).

	Number of ordinary shares	Number of treasury shares
Movement summary of issued shares		
Balance at 30 June 2016	**359 085 434**	**12 414 916**
Ordinary share balance	**359 085 434**	**–**
Share balance held by subsidiaries	**–**	**289 949**
Share balance held by share option scheme	**–**	**12 124 967**
Share options exercised and other treasury shares movement	**–**	**(2 343 151)**
Balance at 30 June 2017	**359 085 434**	**10 071 765**
Ordinary share balance	**359 085 434**	**–**
Share balance held by subsidiaries	**–**	**289 949**
Share balance held by share option scheme	**–**	**9 781 816**
Bookbuild shares	**12 422 360**	**–**
Share repurchases	**–**	**900 000**
Share options exercised and other treasury shares movement	**–**	**(1 744 368)**
Balance at 30 June 2018	**371 507 794**	**9 227 397**
Ordinary share balance	**371 507 794**	**–**
Share balance held by subsidiaries	**–**	**289 949**
Share balance held by share option scheme	**–**	**8 937 448**

Notes to the financial statements (continued)

	30 June 2018 R'000	30 June 2017 R'000
14. OTHER RESERVES		
Translation reserve	**193 455**	15 127
General reserve	**556 036**	556 036
Revaluation reserve	**334 039**	274 794
Capital redemption reserve fund	**5 486**	5 486
Hedging reserve	**(956)**	(3 569)
	1 088 060	847 874
Movement summary		
14.1 Translation reserve		
Balance at beginning of year	**15 127**	312 137
Translation adjustment	**178 328**	(297 010)
Balance at end of year	**193 455**	15 127
The translation reserve comprises all foreign exchange differences arising from the translation of entities reporting in currencies other than the presentation currency of the Group.		
14.2 General reserve		
The general reserve comprises capital profits on the disposal of investments in prior years	**556 036**	556 036
14.3 Revaluation reserve		
Balance at beginning of year	**274 794**	290 241
Depreciation of buildings (net of tax)	**(54)**	(84)
Revaluation of land and buildings (net of tax)	**59 299**	(15 363)
Balance at end of year	**334 039**	274 794
The revaluation reserve relates to revaluation surpluses on the revaluation of land and buildings to their fair values.		
14.4 Capital redemption reserve fund		
The capital redemption reserve fund is the excess equity resulting from the conversion and redemption of the 'A' ordinary shares	**5 486**	5 486
14.5 Hedging reserve		
Balance at beginning of year	**(3 569)**	(5 889)
Effective portion of hedge (net of tax)	**2 613**	2 320
Balance at end of year	**(956)**	(3 569)

15. NON-CONTROLLING INTERESTS

The following table summarises the reported information relating to each of the Group's subsidiaries that have a material NCI

	SG Fleet R'000	inTime R'000	SG Coal R'000	Other individually immaterial subsidiaries R'000	Intergroup eliminations and reallocations R'000	Total R'000
30 June 2018						
Non-current assets	5 053 355	2 507 037	629 143	362 087	(22 747)	8 528 875
Current assets	2 046 889	1 002 384	951 588	335 502	(244 322)	4 092 041
Non-current liabilities	(2 032 980)	(1 746 540)	(298 566)	(89 543)	726 224	(3 441 405)
Current liabilities	(2 513 643)	(613 426)	(553 179)	(226 872)	252 798	(3 654 322)
Net assets	2 553 621	1 149 455	728 986	381 174	711 953	5 525 189
Revenue[1]	3 163 135	3 103 273	3 207 147	1 753 276	(880 871)	10 345 960
Profit after tax	672 054	20 068	217 777	151 789	–	1 061 688
OCI[2]	20 247	–	–	–	–	20 247
Total comprehensive income	692 301	20 068	217 777	151 789	–	1 081 935
Cash flows from operating activities	1 141 583	113 399	130 609	163 271	(163 068)	1 385 794
Cash flows from investing activities	(219 493)	(189 614)	(62 588)	(214 543)	–	(686 238)
Cash flows from financing activities	(732 030)	94 112	(13 922)	98 048	554 811	1 019
Net change in cash and cash equivalents	190 060	17 897	54 099	46 776	391 743	700 575
NCI percentage (%)	43.0	25.0	15.0			
Carrying amount of NCI	1 098 057	300 956	109 348	70 528	–	1 578 889
Profit allocated to NCI	301 844	5 876	12 012	20 880	–	340 612
OCI allocated to NCI[2]	30 387	20 110	–	–	–	50 497
Dividend paid to NCI	(216 420)	–	(2 064)	(18 597)	–	(237 081)

[1] *Revenue per SG Fleet's published results is lower due to the different accounting treatment in respect of certain finance income.*

[2] *The difference between OCI in SG Fleet and inTime of R20 247 000 and Rnil respectively and the OCI allocated to the NCI of SG Fleet and inTime of R30 387 000 and R20 110 000 respectively is due to the foreign currency translation reserve movement which arose due to the presentation currency of the Group being different to SG Fleet and inTime.*

SG Fleet has a target dividend yield of 60% to 70% of profit after tax.

The principal place of business and incorporation for all NCI excluding SG Fleet and inTime is South Africa. SG Fleet's principal place of business and incorporation is Australia, inTime's place of business is the Eurozone and incorporation is Germany.

During the year the Group purchased an additional 14 186 914 shares in SG Fleet for R551 665 000 increasing the Group's shareholding to 57% and disposed of 15% of SG Coal for R105 000 000 (Refer note 29).

During the year the Group acquired the remaining 45% of Digistics for R102 665 000 (refer note 29).

Notes to the financial statements (continued)

	SG Fleet R'000	Digistics R'000	SG Coal R'000	inTime R'000	Other individually immaterial subsidiaries R'000	Intergroup eliminations and reallocations R'000	Total R'000
30 June 2017							
Non-current assets	5 055 988	197 788	–	2 225 367	227 845	(25 321)	7 681 667
Current assets	1 771 917	723 343	–	626 413	272 787	(191 827)	3 202 633
Non-current liabilities	(2 336 970)	(97 095)	–	(1 557 729)	(41 611)	628 418	(3 404 987)
Current liabilities	(2 207 027)	(654 106)	–	(255 573)	(189 842)	80 738	(3 225 810)
Net assets	2 283 908	169 930	–	1 038 478	269 179	492 008	4 253 503
Revenue[1]	2 985 856	681 575	1 881 686	1 997 915	614 516	(90 846)	8 070 702
Profit/(loss) after tax	610 562	30 777	93 268	29 661	59 443	–	823 711
OCI[2]	(11 613)	–	–	–	–	–	(11 613)
Total comprehensive income	598 949	30 777	93 268	29 661	59 443	–	812 098
Cash flows from operating activities	888 163	(58 596)	–	123 319	41 249	(51 576)	942 559
Cash flows from investing activities	(617 081)	(40 794)	–	(16 642)	(58 800)	–	(733 317)
Cash flows from financing activities	(239 655)	2 756	–	19 900	23 844	396 864	203 709
Net change in cash and cash equivalents	31 427	(96 634)	–	126 577	6 293	345 288	412 951
NCI percentage (%)	47.6	45.0	49.2	25.0			
Carrying amount of NCI	1 087 825	76 469	–	259 620	75 607	–	1 499 521
Profit allocated to NCI	291 636	13 850	12 356	7 415	14 730	–	339 987
OCI allocated to NCI[2]	(95 960)	–	–	(23 423)	–	–	(119 383)
Dividend paid to NCI	(187 983)	(16 280)	(17 744)	–	(400)	–	(222 407)

1 *Revenue per SG Fleet's published results is higher due to the different accounting treatment in respect of certain finance income.*

2 *The difference between OCI in SG Fleet and inTime of (R11 613 000) and Rnil respectively and the OCI allocated to the NCI of SG Fleet and inTime of (R 95 960 000) and (R 23 423 000) respectively is due to the foreign currency translation reserve movement which arose due to the presentation currency of the Group being different to SG Fleet and inTime.*

SG Fleet has a target dividend yield of 60% to 70% of profit after tax.

The principal place of business and incorporation for all NCI excluding SG Fleet and inTime is South Africa. SG Fleet's principal place of business and incorporation is Australia, in Time's place of business is the Eurozone and incorporation is Germany.

SG Fleet issued 1 239 043 shares to the sellers of Fleet Hire and Motiva as part payment for the acquisitions, resulting in a dilution of 0.25% of the Group's shareholding.

During the year the Group purchased an additional 0.42% in SG Fleet and the NCI of 49.17% in SG Coal.

16. FUND RESERVES

	30 June 2018 R'000	30 June 2017 R'000
Balance at beginning of year	**523 008**	536 175
Movement in fund reserves	**(31 667)**	(42 398)
Acquisition of business (Refer note 29.1)	**–**	71 548
Translation adjustment	**6 535**	(42 317)
Balance at end of year	**497 876**	523 008

Fund reserves principally relate to amounts received in advance in respect of maintenance for full maintenance lease vehicles, to be recognised in profit or loss over the period of the maintenance service of the underlying vehicles.

The amounts are recognised in profit or loss by reference to the stage of completion based on the proportion that the maintenance costs incurred to date compared to the estimated costs of completion of the lease contract. The fund reserves are recognised based on the differences in maintenance fees derived in accordance with the contract billing cycle and income based on stage of completion by reference to costs incurred.

	30 June 2018 R'000	30 June 2017 R'000
17. NON-CONTROLLING INTEREST PUT OPTIONS AND OTHER LIABILITIES		
The Group entered into business combinations which included clauses whereby the non-controlling interest equity holders are able to put 100% of their shareholding to the Group for a limited time period at the expiry date of the respective options.		
17.1 Non-controlling interest put options	**177 412**	270 784
Digistics Proprietary Limited In arriving at the option value at 30 June 2017, an average profit after tax estimated at R40 665 000 (2017: R40 665 000) and a dividend paid of R36 177 000 (2017: R36 177 000) was used. This was a level 3 fair value valuation and settled on 25 August 2017.	**–**	102 665
inTime Holding GmbH The put option available to the non-controlling interest is exercisable from 30 June 2020 to 30 June 2025. The value of the put option is based on an estimation of the enterprise value at the initial exercise date. The agreement indicates that the enterprise value is calculated by applying a price earnings multiple of 7.5 to the average of the preceding 3 years audited EBITDA of inTime and adjusting the result by adding cash and deducting the debt on the specific date. In arriving at the option value at 30 June 2020, an average EBITDA of €15 180 000 (2017: €15 913 000) and a pre-tax discount rate of 7.7% (2017: 7.7%) was used. This is a level 3 fair value valuation. The discount rate used is adjusted to reflect the most affordable funding available to the Group at the reporting date.	**141 282**	138 375
ABF Legend Logistics Proprietary Limited The put option is calculated as the fair value of the business at exercise date of the option, by present valuing the free cash flows for a ten year period post the date of exercise. The option can be exercised on 1 October 2019. In arriving at the option value at 1 October 2019, an average profit after tax of R51 300 000 (2017: R13 174 000) and a pre-tax discount rate of 9.5% (2017: 9.5%) was used. This is a level 3 fair value valuation. The discount rate used is adjusted to reflect the most affordable funding available to the Group at the reporting date.	**36 130**	29 744
17.2 Non-current portion of deferred income		
The Group recognises deferred income on servicing contracts that it has entered into. Income from these contracts is recognised on the percentage of completion method. Payments received from the client to the extent that the income cannot be recognised under this model is therefore deferred until the percentage of completion allows for recognition.	**16 001**	19 981
17.3 Non-current portion of straight-line leases		
The Group recognises the non-current portion of straight-line leases as the straight-line balance which will not be recognised in profit and loss in the next 12 months.	**61 565**	55 477
17.4 Deferred contingent purchase consideration		
An obligation exists at acquisition date resulting from the possibility of the acquiree's aggregate profit after tax for the three year period ending 30 June 2019 exceeding R155 000 000 The deferred contingent purchase consideration is calculated by applying 75% to every R1 excess over the R155 000 000 aggregate profit after tax. The present value of this obligation is determined using a pre-tax discount rate of 9.5% (2017: 9.5%). The date of exercise is the second business date after the aggregate profit after tax is agreed.	**62 488**	24 501
Total non-controlling interest put options and other liabilities	**317 466**	370 743
Short-term portion reflected under current liabilities	**–**	(102 665)
Long-term portion reflected under non-current liabilities	**317 466**	268 078
Currency analysis		
Rand	**160 183**	212 366
Australian Dollar	**16 001**	20 002
Euro	**141 282**	138 375
	317 466	370 743

Notes to the financial statements (continued)

17. NON-CONTROLLING INTEREST PUT OPTIONS AND OTHER LIABILITIES (CONTINUED)

The following table shows a reconciliation from the opening to closing balances of level 3 financial instruments carried at fair value:

	30 June 2018 R'000	30 June 2017 R'000
Financial liabilities – Put option liabilities		
Balance at the beginning of the year	**270 784**	302 990
Movement of NCI liability in statement of changes in equity:	**(93 372)**	(32 206)
Subsidiary acquired	**–**	36 802
Exercised	**(121 083)**	–
Foreign currency translation	**9 643**	(24 620)
Fair value adjustment	**18 068**	(44 388)
Balance at the end of the year	**177 412**	270 784
Financial liabilities – Deferred contingent purchase consideration		
Balance at the beginning of the year	**24 501**	–
Subsidiary acquired – Legend	**–**	35 547
Fair value adjustment through profit and loss	**37 987**	(11 046)
Balance at the end of the year	**62 488**	24 501

Sensitivity analysis:

Financial liabilities – Put option liabilities

The significant assumption included in the fair value measurement of the put option liabilities relates to the projected earnings that is not observable in the market. The following table shows how the fair value of the liabilities would change if the earnings assumption was increased by 100bps:

	Fair value R'000	Increase in liability R'000
Legend	**36 449**	**319**
inTime	**145 194**	**3 912**

Financial liabilities – Deferred contingent purchase consideration

The significant assumption included in the fair value measurement of the deferred contingent purchase consideration for Legend is based on the projected earnings that is not observable in the market. The following table shows how the fair value would change if the projected earnings assumption was increased by 100bps:

	Fair value R'000	Increase in liability R'000
Legend	**63 121**	**633**

	30 June 2018 R'000	30 June 2017 R'000
18. INTEREST-BEARING BORROWINGS		
18.1 Secured asset-based borrowings	**995 590**	789 977
Suspensive sale creditors and capitalised finance lease obligations bearing interest at rates fluctuating between 220 basis points below and 150 basis points above prime (2017: 220 basis points below and 50 basis points above prime) and repayable in monthly instalments, including interest, over periods up to 60 months. The liabilities are secured by vehicles with a carrying value of R415 468 000 (2017: R334 279 000).	**385 237**	354 417
Asset-based borrowings bearing interest at between 175 basis points below prime and 100 basis points below prime (2017: between 175 and 90 basis points below prime) and repayable in monthly instalments, including interest, over periods up to 60 months. The liabilities are secured by plant, equipment and vehicles with a carrying value of R544 672 000 (2017: R215 506 000).	**360 647**	274 378
Asset-based borrowings bearing interest at between 115 basis points below prime and prime (2017: between 75 basis points below prime and 50 basis points above prime) and repayable in monthly instalments, including interest, over periods up to 60 months. The liabilities are secured by plant, equipment and vehicles with a carrying value of R202 709 000 (2017: R94 673 000).	**130 752**	56 633
Asset-based borrowings and finance lease obligations bearing interest at between 115 and 50 basis points below prime (2017: between 115 prime and 100 basis points below prime) and repayable in monthly instalments, including interest over periods up to 60 months. The liabilities are secured by vehicles and equipment with a carrying value of R54 261 000 (2017: R68 926 000).	**118 954**	104 549
18.2 Secured property borrowings	**1 095 707**	914 564
Property borrowings bearing interest at three-month JIBAR plus 225 basis points (2017: three-month JIBAR plus 225 basis points) is secured by land, buildings and investment property with a carrying value of R886 200 000 (2017: R861 700 000) and are repayable in full on 8 October 2020.	**367 971**	367 971
Property borrowings bearing interest at three-month JIBAR plus 225 basis points (2017: three-month JIBAR plus 225 basis points) and is secured by land and buildings with a carrying value of R189 620 000 (2017: R190 000 000) and are repayable in full on 30 June 2021.	**200 000**	200 000
Property borrowing bearing interest at three-month LIBOR plus 175 basis points (2017: three-month LIBOR plus 175 basis points) is secured by land, buildings and property with a carrying value of R418 478 000 (2017: R336 542 000) and are repayable in quarterly payments with the final bullet payment due in May 2020.	**165 417**	176 235
Bridging finance, bearing interest at three-month LIBOR plus 250 basis points (2017: three-month LIBOR plus 210 basis points), is secured by shares in EAG, SMC and shareholder guarantees (2017: shares in EAG and shareholder guarantees and property of R262 714 000) and is repayable in full on 12 July 2019.	**362 319**	170 358

Notes to the financial statements (continued)

	30 June 2018 R'000	30 June 2017 R'000
18.3 Acquisition borrowings	**1 369 538**	1 189 147
The credit facility bears interest at three-month LIBOR plus 300 basis points (2017: three-month LIBOR plus 300 basis points) and is repayable quarterly with the final bullet payment due in June 2023. The facility is secured by shares in Allen Ford UK and shareholder guarantees.	**204 756**	283 816
The credit facility bears interest at three-month LIBOR plus 300 basis points (2017: three-month LIBOR plus 300 basis points) and is secured by shares in EAG, SMC and Allen Ford. Payments are made quarterly, with a 25% bullet payment in March 2021.	**290 321**	136 286
The credit facility bears interest at three-month Euro Interbank Offered Rate (EURIBOR) plus 250 basis points (2017: three-month EURIBOR plus 250 basis points) and is repayable quarterly with the final payment in October 2020. The facility is secured by shares in inTime and shareholder guarantees.	**180 939**	223 462
The credit facility bears interest at three-month EURIBOR plus 300 basis points (bps) (2017: three-month EURIBOR plus 300 basis points), quarterly interest payments with the final bullet payment due at the end of October 2021. The facility is secured by shares in inTime and shareholder guarantees.	**574 355**	545 583
The credit facility bears interest at three-month EURIBOR plus 300 bps. Interest payments are every 6 months with the final bullet payment due at the end of October 2021. The facility is secured by the shares in inTime and shareholder guarantees.	**119 167**	–
18.4 SG Fleet borrowings	**1 379 547**	1 592 338
The SG Fleet borrowings relate to business acquisition funding and bears interest at a fixed rate of 634 basis points (2017: fixed rate of 634 basis points).	**327 744**	327 291
The SG Fleet borrowings relate to business acquisition funding and bears interest at fixed rates of 410 and 473 basis points (2017: fixed rates of 382 and 473 basis points).	**775 082**	962 236
The liabilities are repayable in instalments of AUD5 000 000 for the next five quarters and a bullet payment of AUD79 564 000 on maturity being 17 November 2019. The borrowings are secured by guarantees and indemnities as well as the assets of SG Fleet.		
The SG Fleet borrowings relate to business acquisition funding and bears interest of 261 basis points (2017: 227 basis points). The borrowings are repayable in quarterly instalments followed by a bullet payment on maturity being 17 November 2019.	**276 721**	302 811
18.5 Corporate bond	**206 647**	206 881
The listed Corporate bond is unsecured and bears interest at three-month JIBAR plus 230 basis points (2017: three-month JIBAR plus 230 basis points). Interest is payable quarterly. This liability matures on 9 September 2019.	**50 253**	50 291
The listed Corporate bond is unsecured and bears interest at three-month JIBAR plus 225 basis points (2017: three-month JIBAR plus 225 basis points). Interest is payable quarterly. This liability matures on 31 October 2019.	**156 394**	156 590
18.6 Revolving credit facility and other	**306 781**	130 756
The revolving credit facility is unsecured and bears interest at three-month JIBAR plus 160 basis points (2017: three-month JIBAR plus 155 basis points). Interest is payable quarterly. This facility expires on 15 October 2018.	**252 426**	130 756
The foreign currency debt bears interest at three month Libor plus 113 basis points. The debt is secured over a non-current receivable of £3 000 000. Interest is repayable quarterly and the final bullet amount is repayable on 28 June 2022.	**54 355**	–
Total interest-bearing borrowings	**5 353 810**	4 823 663
Short-term portion reflected under current liabilities	**(1 043 781)**	(845 837)

	30 June 2018 R'000	30 June 2017 R'000
Long-term portion reflected under non-current liabilities	**4 310 029**	3 977 826
Secured asset-based borrowings	**636 414**	511 512
Secured property borrowings	**1 092 735**	741 235
Acquisition borrowings	**1 231 699**	1 052 308
SG Fleet borrowings	**1 090 826**	1 338 771
Corporate bond	**204 000**	204 000
Revolving credit facility and other	**54 355**	130 000
Repayment terms		
Year one (short-term interest-bearing borrowings)	**1 043 781**	845 837
Year two	**2 112 755**	926 073
Year three to five	**2 197 274**	2 958 277
Longer than five years	**–**	93 476
	5 353 810	4 823 663
Currency analysis		
Rand	**2 022 634**	1 695 585
Australian Dollar	**1 102 826**	1 289 527
Pound Sterling	**1 353 889**	1 069 506
Euro	**874 461**	769 045
	5 353 810	4 823 663

Refer to note 36 for disclosure relating to the Group's liquidity, interest rate and foreign exchange.

19. PROVISIONS

	Employee-related provisions R'000	Warranty and residual value provisions R'000	Dilapidation provision R'000	Other provisions R'000	Total 30 June 2018 R'000	Total 30 June 2017 R'000
Movement summary						
Balance at beginning of year	114 768	119 592	3 414	84 470	322 244	310 824
Increase in and additional provisions	174 309	44 188	40 204	103 346	362 047	215 026
Provisions utilised	(3 137)	(10 267)	(1 285)	(28 318)	(43 007)	(35 143)
Payments against provision	(149 671)	(2 306)	(4 482)	(77 044)	(233 503)	(162 118)
Acquisitions of businesses (refer note 29.1)	2 306	–	16 150	–	18 456	8 882
Disposal of businesses (refer note 29.2)	(296)	–	–	(30)	(326)	(22)
Translation adjustment	912	1 164	3 652	2 412	8 140	(15 205)
Balance at end of year	139 191	152 371	57 653	84 836	434 051	322 244
Current	139 191	97 961	57 653	73 750	368 555	264 384
Non-current	–	54 410	–	11 086	65 496	57 860
Total provisions	139 191	152 371	57 653	84 836	434 051	322 244

Employee-related provisions relate to bonuses. The bonus provisions are estimated based on the expected payment which will be made in respect of the services provided in the current financial year.

Warranty provisions relate to after sales costs in respect of warranties given on sale of certain vehicles. The provision has been estimated based on historical warranty data associated with similar products and services. The residual value provision is the shortfall between the carrying and the settlement value of the vehicle at the termination date of the lease. Residual values are determined taking into account generally accepted industry-based market forecasts adjusted, where necessary, to take into account factors specific to the asset. Assumptions in these models include future projected interest rates and market value data published in the relevant countries.

The Group has entered into leases that contain clauses under which the Group has to make good dilapidations or other damage which occurs to the property during the course of the lease or restore a property to a specified condition. The dilapidation provision is estimated based on the expected payment which will be made to ensure this clause is adhered to.

Other provisions include provisions such as long service awards earned in terms of legislation in some foreign jurisdictions, pending legal and employee claims, onerous lease and audit fee provisions. These provisions are calculated based on the expected future outflow of funds from the Group.

	30 June 2018 R'000	30 June 2017 R'000

20. TRADE AND OTHER PAYABLES

	30 June 2018 R'000	30 June 2017 R'000
Trade payables	**7 264 942**	5 603 134
Accruals	**1 193 498**	1 055 486
Outstanding cheques	**37 208**	37 549
Deferred income	**234 256**	211 281
Value added tax (VAT) payables	**87 508**	91 674
Interest rate swaps	**14 425**	24 817
FEC liabilities	**2 447**	4 343
Insurance – related liabilities	**–**	1 483
Sundry payables	**246 296**	204 688
	9 080 580	**7 234 455**
Currency analysis		
Rand	**3 518 599**	3 291 611
Australian Dollar	**1 572 825**	1 316 093
Pound Sterling	**3 311 190**	2 314 407
Euro	**570 340**	215 695
US Dollar and other	**107 626**	96 649
	9 080 580	**7 234 455**

Refer to note 36 for disclosure relating to the Group's liquidity, interest rate and foreign exchange.

21. REVENUE

	30 June 2018 R'000	30 June 2017 R'000
Sale of products	**22 877 843**	20 095 641
Services rendered	**12 785 013**	9 778 215
	35 662 856	29 873 856
Turnover	**43 656 953**	37 295 934
Costs incurred on behalf of customers or as an agent	**(7 994 097)**	(7 422 078)
	35 662 856	29 873 856

Notes to the financial statements (continued)

22. OPERATING PROFIT

Operating profit is arrived at after taking into account the following:

22.1 Depreciation and amortisation

	30 June 2018 R'000	30 June 2017 R'000
Depreciation of property, plant and equipment	**461 988**	417 790
– Buildings and leasehold improvements	**23 759**	19 614
– Rental and transport fleet	**260 077**	248 241
– Computer equipment	**44 209**	34 411
– Furniture and workshop equipment	**89 018**	77 763
– Motor vehicles and other assets	**44 925**	37 761
Amortisation of intangible assets	**211 755**	204 432
– Software	**40 872**	32 098
– Trade names	**9 659**	9 696
– Customer relations	**89 149**	88 960
– Customer contracts and other	**72 075**	73 678
Depreciation of full maintenance lease assets	**360 805**	304 835
	1 034 548	927 057
Amortisation of PPA intangibles included in amortisation of intangible assets	**177 316**	176 360
– Software	**6 632**	4 026
– Trade names	**9 659**	9 696
– Customer relations	**89 149**	88 960
– Customer contracts and other	**71 876**	73 678

	30 June 2018 R'000	30 June 2017 R'000
22. OPERATING PROFIT (CONTINUED)		
22.2 Cost of sales	**26 258 749**	21 687 692
22.3 Operating expenditure – excluding capital items and cost of sales		
Auditors' remuneration	**25 600**	37 399
– Audit fees	**22 239**	22 436
– Expenses	**570**	550
– Other services	**2 791**	14 413
Operating leases	**438 139**	389 485
– Buildings	**363 837**	338 063
– Plant and equipment	**50 489**	45 181
– Motor vehicles and other assets	**46 804**	39 503
– Lease straight-lining income	**(22 991)**	(33 262)
Net translation (gains)/losses	**(22 360)**	3 454
Bad debts written off	**17 909**	22 177
Impairment raised/(reversed) against doubtful trade debtors	**26 893**	(32 273)
Share-based payment expense (refer note 37)	**47 866**	42 942
Employee benefit costs excluding directors' emoluments and employer contributions	**3 476 044**	3 007 601
Employer contributions to	**221 030**	215 160
– Defined contribution funds	**153 898**	150 916
– Medical aid funds	**67 132**	64 244
Directors' emoluments (refer note 39)		
Executive directors' emoluments	**20 435**	20 675
– Basic remuneration	**8 272**	7 916
– Performance bonus	**9 820**	10 430
– Employer contributions to defined contribution funds	**700**	693
– Other benefits	**1 643**	1 636
Non-executive directors' emoluments	**4 063**	3 808
– Chairman's fees	**700**	652
– Directors' fees	**3 363**	3 156
Fair value adjustment on deferred proceeds payable	**37 987**	(13 584)
Loss on sale of business (refer note 25)	**2 623**	–
Other operating expenses	**1 599 370**	1 428 736
	5 895 599	5 125 580
Operating expenditure – excluding capital items	**32 154 348**	26 813 272

Notes to the financial statements (continued)

	30 June 2018 R'000	30 June 2017 R'000
23. FINANCE COST, INTEREST RECEIVED AND INCOME FROM EQUITY-ACCOUNTED INVESTEES		
23.1 Finance costs	**(467 196)**	(441 171)
– Full maintenance lease borrowings	**(58 781)**	(63 595)
– SG Fleet borrowings	**(73 212)**	(80 586)
– Property borrowings	**(58 139)**	(47 756)
– Instalment sale agreements	**(76 322)**	(67 161)
– Floorplan creditors	**(87 185)**	(83 238)
– Long tem loans	**(61 909)**	(46 406)
– Corporate bond	**(19 075)**	(28 137)
– Bank accounts	**(26 528)**	(8 353)
– Other	**(6 045)**	(15 939)
23.2 Interest received	**132 990**	152 498
– Bank accounts	**90 832**	92 522
– SG Fleet interest received	**13 045**	14 698
– Finance lease and long-term receivables	**5 707**	6 877
– Interest rate swaps	**3 525**	5 830
– Trade finance and other debtors	**12 026**	21 474
– Other	**7 855**	11 097
23.3 Income from equity-accounted investees	**3 737**	8 673
	(330 469)	(280 000)

	30 June 2018 R'000	30 June 2017 R'000
24. INCOME TAX EXPENSE		
Income tax comprises:		
South African normal taxation		
– Current tax	**226 513**	128 128
– Prior year current tax	**(7 966)**	(25 801)
– Deferred tax	**36 302**	80 178
– Prior year deferred tax	**(1 083)**	(10 282)
Foreign taxation		
– Current tax	**362 913**	360 746
– Prior year current tax	**1 614**	5 040
– Deferred tax	**(9 576)**	(35 140)
– Prior year deferred tax	**4 131**	453
	612 848	503 322

	30 June 2018 %	30 June 2017 %
Reconciliation of rate of income tax:		
The reconciliation of the rate of income tax is based on profit before income tax.		
Standard rate of income tax	**28.0**	28.0
Adjusted for:		
Prior year over provisions	**(0.2)**	(1.7)
Permanent differences – goodwill impairment	**0.5**	0.1
Permanent differences – fair value adjustment of deferred contingent liability	**0.5**	(0.2)
Permanent differences – other non-deductible expenses and non-taxable income	**1.3**	(0.2)
Foreign income tax rate differential and tax credits	**(0.7)**	(0.4)
Previously unrecognised deferred tax asset, recognised in current year	**–**	0.3
Unrecognised temporary difference	**(0.9)**	0.2
Deferred tax charge on options exercised	**0.3**	0.7
Capital gains tax differential and other	**0.3**	0.6
Effective income tax rate	**29.1**	27.4

	30 June 2018 R'000	30 June 2017 R'000
Tax losses available for set off against future taxable income utilised in the deferred tax computation	**49 996**	213 942
Tax losses not utilised in deferred tax computation	**139 560**	203 878
Total tax losses	**189 556**	417 820

Notes to the financial statements (continued)

25. EARNINGS PER SHARE

Basic earnings per share is derived by dividing profit or loss attributable to the equity holders of Super Group Limited for the year by the weighted average number of shares in issue after taking treasury shares into account. Appropriate adjustments are made in calculating diluted and headline earnings per share.

No adjustments were made to reported earnings attributable to shareholders in the computation of diluted earnings per share.

Headline earnings are determined as follows:

	30 June 2018 R'000	30 June 2017 R'000
Profit attributable to equity holders of Super Group Limited	**1 151 581**	992 744
Capital items before tax and non-controlling interest	**38 450**	17 474
Impairment of property, plant and equipment	**21 183**	13 768
Impairment of intangible assets	**2 635**	6 836
Impairment of goodwill	**37 155**	4 521
(Profit)/loss on sale of property, plant and equipment	**(23 946)**	254
Loss on sale of business	**2 623**	–
Fair value adjustment to investment property	**(1 200)**	(6 600)
Reversal of impairment of equity-accounted investee	**–**	(1 305)
Tax effect of capital items	**2 329**	(5 064)
Impairment of property, plant and equipment and intangible assets	**(4 645)**	(6 471)
Profit/(loss) on sale of property, plant and equipment	**6 705**	(71)
Fair value adjustment to investment property	**269**	1 478
Non-controlling interest effect of capital items	**363**	6
Impairment of property, plant and equipment and intangible assets	**(474)**	(343)
Profit on sale of property, plant and equipment	**837**	349
Headline earnings for the year	**1 192 723**	1 005 160

	30 June 2018 Number of shares '000	30 June 2017 Number of shares '000
Weighted average number of ordinary shares in issue[1]	**359 012**	348 723
Potential dilutive effect of share options and B-BBEE scheme	**1 023**	2 551
Diluted weighted average number of ordinary shares	**360 035**	351 274

[1] *As a result of the bookbuild undertaken by the Group in October 2017, the comparative weighted and diluted weighted number of shares in issue had to be adjusted in terms of IAS 33.28.*

	30 June 2018 Cents	30 June 2017 Cents
Earnings per share[1]		
Basic	**320.8**	284.7
Diluted	**319.9**	282.6
Headline earnings per share[1]		
Basic	**332.2**	288.2
Diluted	**331.3**	286.1

[1] *The comparative earnings per share and headline earnings per share have been restated in terms of IAS 33.28 as a result of the Bookbuild in October 2017.*

	30 June 2018 R'000	30 June 2017 R'000

26. CASH GENERATED FROM OPERATIONS

Reconciliation of profit before income tax to cash generated from operations:		
Profit before income tax	**2 105 041**	1 836 053
Interest received	**(132 990)**	(152 498)
Share of profit of equity-accounted investees	**(3 737)**	(8 673)
Finance costs	**467 196**	441 171
Adjustments for:		
Depreciation and amortisation	**1 034 548**	927 057
Impairment of intangible assets, full maintenance lease vehicles, property, plant and equipment, investments and goodwill	**60 973**	23 820
Fair value adjustments to investment property	**(1 200)**	(6 600)
(Profit)/loss on disposal of property, plant and equipment	**(23 946)**	254
Movement in provisions	**85 537**	17 765
Bad debts written off	**17 909**	22 177
Unrealised foreign exchange (gains)/losses	**(9 018)**	1 509
Net increase/(decrease) in trade receivables and inventory provision	**89 499**	(19 599)
Share-based payment expense	**47 866**	42 942
Loss on sale of business	**2 623**	–
Unrealised fair value adjustment on deferred proceeds receivable/payable	**37 987**	(13 584)
Other	**(1 560)**	(399)
Operating cash flow	**3 776 728**	3 111 395
Working capital changes	**(109 599)**	82 925
Increase in trade and other receivables	**(613 095)**	(437 687)
(Increase)/decrease in inventories	**(208 582)**	751 282
Increase/(decrease) in trade and other payables	**743 745**	(188 272)
Decrease in fund reserves	**(31 667)**	(42 398)
	3 667 129	3 194 320

27. DIVIDENDS PAID TO NON-CONTROLLING INTERESTS

Dividends declared and paid to non-controlling interests in subsidiaries	**(237 081)**	(222 407)

28. INCOME TAX PAID

Balance owing at beginning of year	**(112 251)**	(54 925)
Charge for the current year	**(583 074)**	(468 113)
Acquisition of businesses (refer note 29.1)	**(6 643)**	(2 511)
Translation adjustment and other movements	**(3 273)**	3 739
Balance owing at end of year	**92 911**	112 251
	(612 330)	(409 559)

Notes to the financial statements (continued)

29. BUSINESS COMBINATIONS

29.1 Net cost on acquisition of businesses

Subsidiaries and businesses acquired	Nature of business	Operating segment	Date acquired	Interest acquired (%)	Purchase price R'000
Servicios Empresariales Ader, SL (Ader)	Logistics	Supply Chain Europe	4 July 2017	89.5	**(173 752)**
Bestodeck Limited (SMC)	Dealerships	Dealerships UK	4 July 2017	100	**(414 344)**
MDS Group (MDS)	Logistics	Supply Chain Africa	1 October 2017	90	**(59 045)**
Purchase price					**(647 141)**

	Ader R'000	SMC R'000	MDS R'000	Other R'000	30 June 2018 R'000	30 June 2017 R'000
Fair value of assets acquired and liabilities assumed at date of acquisition						
Assets						
Property, plant and equipment	(17 801)	(255 675)	(10 455)	(3 278)	**(287 209)**	(568 819)
Intangible assets	(123 782)	–	(17 633)	–	**(141 415)**	(159 252)
Full maintenance lease assets	–	–	–	–	**–**	(564 263)
Goodwill	(62 815)	(143 583)	(28 584)	(12 872)	**(247 854)**	(1 173 906)
Deferred tax assets	–	–	–	–	**–**	(2 966)
Inventories	–	(515 394)	(318)	–	**(515 712)**	(1 326 329)
Trade and other receivables	(187 294)	(4 017)	(21 847)	–	**(213 158)**	(202 208)
Provision for impairment of trade receivables	–	–	315	–	**315**	6 321
Taxation receivable	–	–	(44)	–	**(44)**	(1 292)
Cash and cash equivalents	(9 024)	(183 744)	(3 507)	–	**(196 275)**	(150 004)
	(400 716)	(1 102 413)	(82 073)	(16 150)	**(1 601 352)**	(4 142 718)
Liabilities						
Fund reserves	–	–	–	–	**–**	71 548
Interest-bearing borrowings	–	–	1 901	–	**1 901**	102 337
Full maintenance lease borrowings	–	–	–	–	**–**	549 539
Deferred tax liabilities	20 957	15 479	4 429	–	**40 865**	58 469
Trade and other payables	188 695	668 906	12 913	–	**870 514**	1 296 741
Income tax payable	3 003	3 684	–	–	**6 687**	3 803
Provisions	1 906	–	400	16 150	**18 456**	8 882
	214 561	688 069	19 643	16 150	**938 423**	2 091 319
Fair value of net assets acquired	(186 155)	(414 344)	(62 430)	–	**(662 929)**	(2 051 399)
Less: Non-controlling interest	12 403	–	3 385	–	**15 788**	18 101
Purchase price	(173 752)	(414 344)	(59 045)	–	**(647 141)**	(2 033 298)
Deferred contingent purchase consideration	–	–	–	–	**–**	35 547
Equity shares of SG Fleet transferred	–	–	–	–	**–**	48 882
Cash consideration transferred	(173 752)	(414 344)	(59 045)	–	**(647 141)**	(1 948 869)
Cash acquired	9 024	183 744	3 507	–	**196 275**	150 004
Cash outflow	(164 728)	(230 600)	(55 538)	–	**(450 866)**	(1 798 865)

29. BUSINESS COMBINATIONS (CONTINUED)

The acquisition of Ader through inTime Holdings GmbH (inTime) will bolster the Supply Chain Europe division and increase the Group's footprint in the Eurozone. The Group performed a PPA exercise on Ader whereby intangible assets acquired were separately valued. The valuation, using projected financial information, led to the recognition of a trade name, software, customer contracts and relations of R88 849 000, R10 972 000 and R23 961 000 respectively.

The acquisition of SMC will expand the Group's dealership footprint in the United Kingdom. The Group performed a PPA exercise which resulted in no additional intangible assets recognised.

The acquisition of the MDS Group (MDS), consisting of MDS Collivery Proprietary Limited, MDS Outsourcing Proprietary Limited, Messenger and Delivery Services Technologies Proprietary Limited, MDS VISAPAK Proprietary Limited and MDS Vehicle Management Proprietary Limited, will bolster the Supply Chain Africa division. The Group performed a PPA exercise on MDS whereby intangible assets acquired were separately valued. The valuation, using projected financial information, led to the recognition of a trade name, software, customer contracts and relations of R4 689 000, R9 020 000 and R3 424 000 respectively.

The other acquisition relates to adjustments made to the fair value of assets and liabilities for an acquisition that was concluded in the prior financial year.

The non-controlling interests have been calculated using the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets.

The values identified in relation to the acquisitions are provisional as at 30 June 2018.

The above goodwill has been recognised on the acquisition of Ader, SMC, MDS and other amounting to R62 815 000, R143 583 000, R28 584 000 and R12 872 000 respectively.

The above goodwill is attributable mainly to the skills and technical talent of the workforce and synergies expected to be achieved from integrating the acquired businesses into the Group's various operations. None of the goodwill is expected to be deductible for tax purposes.

The acquisition related costs of R8 640 000 in respect of these acquisitions are included in profit or loss in the statement of comprehensive income.

Impact of the acquisitions on the results of the Group	Ader R'000	SMC R'000	MDS R'000	30 June 2018 R'000	30 June 2017 R'000
From the dates of acquisition, the acquired businesses contributed:					
Revenue	793 431	2 349 884	84 834	**3 228 149**	4 273 021
Profit after tax and amortisation of PPA intangibles[1]	18 342	29 255	8 594	**56 191**	98 085
Attributable profit to equity holders of Super Group[1]	12 209	29 255	7 735	**49 199**	81 422

[1] *Excluding acquisition related costs.*

Impact of the acquisitions on the results of the Group – had they occurred on 1 July 2017	Ader R'000	SMC R'000	MDS R'000	30 June 2018 R'000	30 June 2017 R'000
From 1 July 2017 the businesses would have contributed:					
Revenue	793 431	2 349 884	111 970	**3 255 285**	6 262 586
Profit after tax and amortisation of PPA intangibles[1]	18 342	29 255	11 151	**58 748**	132 480
Attributable profit to equity holders of Super Group[1]	12 209	29 255	10 037	**51 501**	110 880

[1] *Excluding acquisition related costs.*

Notes to the financial statements (continued)

29. BUSINESS COMBINATIONS (CONTINUED)

29.2 Net proceeds on disposal of businesses

	Tommy Martin R'000	Other R'000	30 June 2018 R'000	30 June 2017 R'000
Fair value of assets and liabilities disposed were:				
Assets				
Property, plant and equipment	539	–	**539**	255
Inventories	10 805	–	**10 805**	10 061
Trade and other receivables	–	254	**254**	–
Cash and cash equivalents	–	8 809	**8 809**	–
	11 344	9 063	**20 407**	10 316
Liabilities				
Trade and other payables	(7 274)	(6 410)	**(13 684)**	(5 486)
Provisions	(296)	(30)	**(326)**	(22)
	(7 570)	(6 440)	**(14 010)**	(5 508)
Fair value of net assets disposed	3 774	2 623	**6 397**	4 808
Loss on sale of business	–	(2 623)	**(2 623)**	–
Selling price	3 774	–	**3 774**	4 808
Cash disposed	–	(8 809)	**(8 809)**	–
Cash inflow/(outflow)	3 774	(8 809)	**(5 035)**	4 808

29.3 Net cost on increase in existing shareholding in subsidiaries

	SG Fleet R'000	Digistics R'000	Legend R'000	Ader R'000	30 June 2018 R'000	30 June 2017 R'000
Non-controlling interest	(132 258)	(68 760)	(18 285)	984	**(218 319)**	(235 133)
Effect of transactions between equity partners on equity	(419 407)	(33 905)	(81 415)	(984)	**(535 711)**	25 433
Purchase price	(551 665)	(102 665)	(99 700)	–	**(754 030)**	(209 700)
Reduction of SG Coal receivable	–	–	–	–	**–**	114 626
Cash outflow	(551 665)	(102 665)	(99 700)	–	**(754 030)**	(95 074)

During the year the Group purchased an additional 14 186 914 shares in SG Fleet for R551 665 000, the remaining 45% of Digistics for R102 665 000 and an additional 15% in Legend for R99 700 000. In December the Group increased its investment in Ader via a purchase of shares, this transaction did not change the Group's profit share arrangement.

29.4 Net proceeds on decrease in existing shareholding in subsidiaries

	SG Fleet R'000	Ader R'000	SG Coal R'000	30 June 2018 R'000	30 June 2017 R'000
Non-controlling interest	30 505	2 038	99 225	**131 768**	28 945
Effect of transactions between equity partners on equity	(9 917)	553	5 775	**(3 589)**	19 937
	20 588	2 591	105 000	**128 179**	48 882
Equity shares of SG Fleet transferred	(20 588)	–	–	**(20 588)**	(48 882)
Non-current receivable	–	–	(105 000)	**(105 000)**	–
Cash inflow	–	2 591	–	**2 591**	–

During the year SG Fleet issued 4 327 277 shares for the fulfilment of the vesting of SG Fleet's share options. The Group's closing shareholding is 57%.

In December, inTime disposed of 1.5% of Ader for R2 591 000.

In April, the Group disposed of 15% of SG Coal for R105 000 000.

30. INTEREST-BEARING AND FML BORROWINGS ROLL FORWARD

	Interest-bearing borrowings total R'000	FML total R'000	Total R'000
Balance at beginning of year	4 823 663	1 009 198	**5 832 861**
Debt raised	1 163 138	342 157	**1 505 295**
Debt repaid	(776 230)	(526 396)	**(1 302 626)**
Interest accrued	1 302	–	**1 302**
Acquisition of business (refer note 29.1)	1 901	–	**1 901**
Translation adjustment	140 036	26 436	**166 472**
Balance at end of year	5 353 810	851 395	**6 205 205**

Notes to the financial statements (continued)

	30 June 2018 R'000	30 June 2017 R'000
31. CAPITAL EXPENDITURE COMMITMENTS AND RENTAL COMMITMENTS		
31.1 Capital expenditure commitments		
Full maintenance lease assets		
Contracted	**81 657**	500
Authorised by directors but not yet contracted	**325 055**	708 358
Total authorised by directors	**406 712**	708 858
Property, plant and equipment		
Land, buildings and leasehold improvements		
Contracted	**25 986**	–
Authorised by directors but not yet contracted	**119 745**	211 899
Other assets		
Contracted	**21 044**	28 851
Authorised by directors but not yet contracted	**938 857**	701 204
Total authorised by directors	**1 105 632**	941 954
This capital expenditure will be financed by proceeds on disposal of related assets, funds generated by the businesses and borrowing facilities available to the Group.		
31.2 Operating rental commitments		
Property	**1 624 097**	1 319 558
– less than one year	**309 283**	307 880
– between one and five years	**698 578**	643 485
– thereafter	**616 236**	368 193
Rental and transport fleet	**470 894**	218 056
– less than one year	**86 161**	62 007
– between one and five years	**295 448**	105 855
– thereafter	**89 285**	50 194
Other	**60 229**	8 304
– less than one year	**13 323**	5 387
– between one and five years	**38 260**	2 917
– thereafter	**8 646**	–
Total rental commitments	**2 155 220**	1 545 918
– less than one year	**408 767**	375 274
– between one and five years	**1 032 286**	752 257
– thereafter	**714 167**	418 387

Operating rental agreements have been negotiated at market-related terms and rates with numerous suppliers.

32. GOING CONCERN

The directors consider that the Group has adequate resources to continue operating for the foreseeable future and that it is therefore appropriate to adopt the going concern basis in preparing the Company and its subsidiaries' financial statements. The directors have satisfied themselves that the Company and its subsidiaries are in a sound financial position and that the Group has access to sufficient borrowing facilities to meet its foreseeable cash requirements.

33. SUBSEQUENT EVENTS

The JSE listed Super Group's SPG004 senior unsecured notes, in terms of its DMTN Programme dated 22 October 2013 on 27 September 2018. The value of the SPG004 issue was R450 million with interest of three-month Johannesburg Interbank Agreed Rate (JIBAR) plus 200 basis points, coupon rate payable quarterly on 27 March, 27 June, 27 September and 27 December of each year. The maturity date of this issue is 27 September 2023.

Other than the matters disclosed, the directors are not aware of other matters or circumstances arising subsequent to the reporting date up to the date of the report, which will affect these results.

34. RELATED PARTIES

Identity of related parties

The Group has related party relationships with retirement benefit funds, equity-accounted investees and its key management personnel.

"Key management personnel" has been defined as the executive and non-executive directors (refer note 39). The definition of related parties includes the close members of family of key management personnel and any other entity over which key management exercises control, significant influence or joint control. Close members of family are those family members who may be expected to influence or be influenced by that individual in their dealings with the Group. They may include the individual's domestic partner and children, the children of the individual's domestic partner, and dependents of the individual or the individual's domestic partner.

Transactions with equity-accounted investees

Rental paid to equity-accounted investees during the 2018 year amounted to R10 327 000 (2017: R9 474 000).

Transactions with key management personnel

Interest in share capital of Super Group Limited

Directors and associates of the company and their immediate relatives control 0.04% (2017: 0.03%) of the voting shares of the company. Further details of the directors' interests in the shares of the company are disclosed in note 39 and in the Analysis of shareholders' and bondholders' report on pages 102 to 104. Subsequent to 30 June 2018 and before the date of this report, a non-executive director of the company acquired 27 500 of the voting shares of the company.

Directors' remuneration

Disclosure of directors' emoluments are included in note 39.

Share options and incentive grants

Directors participate in the Group's share option and incentive programmes. Detailed disclosure is provided in note 39.

Loans to/(from) directors

There are no loans to or from directors.

Interest in contracts

With the exception of Fluxmans Attorneys, a director-related entity, no directors have material interests in any transaction with the company or its subsidiaries (refer note 39).

Certain related parties of subsidiary companies sub-contract vehicles to the Group. Sales, purchases and management fees received amounted to R244 334 000 (June 2017: R82 380 000), R54 170 000 (June 2017: R48 714 000) and R19 060 000 (June 2017: R2 747 000) respectively for these services. These transactions were entered into in the normal course of business under terms and conditions that were no more favourable than those arranged with third parties. Net amounts owing by key employees of these subsidiaries was R120 194 000 (June 2017: Rnil).

Other transactions with key management personnel

Super Group Limited and its subsidiaries have directly or indirectly entered into a limited number of immaterial transactions with key management during the year. These transactions are entered into in the normal course of business under terms and conditions that are no more favourable than those arranged with third parties.

These transactions include:

- provision of legal services by director-related entity;
- purchase of goods and services from Group subsidiaries; and
- sub-contracting vehicles.

The Group encourages its employees and key management to purchase goods and services from Group companies (refer to pages 100 and 101 for the list of subsidiaries). These transactions are generally conducted on terms no more favourable than those entered into with third parties on an arm's length basis although in some cases nominal discounts are granted. Transactions with key management personnel are conducted on similar terms. No abnormal or non-commercial credit terms

34. RELATED PARTIES (CONTINUED)

are allowed and no impairments were recognised in relation to any transactions with key management personnel during the year nor have they resulted in any non-performing debts at year-end. Similar policies are applied to key management personnel at subsidiary level who are not defined as key management personnel at Group level.

Shareholders

The company's shares are widely held, mostly by public shareholders. An analysis of major shareholders is provided on page 102 and 103 of the financial statements.

35. RETIREMENT BENEFITS

All eligible employees are members of defined contribution schemes administered by the Group or are members of funds within the various industries in which they are employed. Contributions are paid by the members and the Group. The assets of these schemes are held in administered trust funds separated from the Group's assets. Scheme assets primarily consist of listed shares and property unit trusts and fixed income securities. South African funds are governed by the Pension Funds Act of 1956 and all other funds are governed by the respective legislation of the country concerned.

The benefits provided are determined by accumulated contributions and returns on investments. The benefits offered vary according to the legal, fiscal and economic conditions of each fund. Trustees are appointed by the Group companies and representatives of the employees. The trustees monitor investment performance and portfolio characteristics on a regular basis to ensure fund managers are meeting expectations with respect to their investment approach. No fund holds a significant number of shares in Super Group Limited.

The Group has no exposure to any post-retirement benefit obligations.

	30 June 2018 R'000	30 June 2017 R'000
Contributions to defined contribution funds	**154 598**	151 609

36. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

36.1 Introduction

Super Group has risk management and central treasury functions that manage the financial risks relating to the Group's operations. The risk management function takes responsibility for the identification, measurement and monitoring of risk. The central treasury provides services to the businesses, co-ordinates access to domestic and international foreign markets and manages the financial risks relating to the Group's operations. The Group's credit, liquidity, foreign currency and interest rate risks are continually monitored. In order to manage these risks, the Group has developed a risk management process to facilitate management of risk. The Risk Committee meets regularly to review and, if appropriate, approve the implementation of optimal strategies for the effective management of risks. Senior management also meet on a regular basis to analyse currency and interest rate exposures and re-evaluate treasury strategies against revised economic forecasts.

36.2 Risk profile

In the course of the Group's business operations it is exposed to credit, liquidity, and market risk which includes foreign currency and interest rate risk. The risk management policy of the Group relating to each of these risks is discussed under the respective headings. Where appropriate, derivative financial instruments are used as a means of reducing exposure to fluctuations in foreign exchange rates and interest rates. Whilst these financial instruments are subject to the risk of market rates changing subsequent to acquisition, such changes are generally expected to be offset by opposite effects on the items being hedged. The Group finances its operations through a mixture of retained profits, bank overdrafts, bank revolving credit borrowings, interest-bearing and full maintenance lease borrowings. Long-term financing is arranged centrally by the Group treasury division.

36.3 Capital management

The Board's policy is to maintain healthy capital ratios so as to maintain investor, creditor and market confidence and to sustain future development of the business on a capital-efficient basis. The Board monitors its capital structure, determining the appropriate debt-to-equity ratio in light of changing economic conditions. The Group invests in growth opportunities, both organic and acquisitive, that complement its strategy applying hurdle rate methodology utilising the weighted average cost of capital (WACC). The board recognises debt as an important component of its capital structure in support of its leveraged business models. The optimal mix of debt and equity is determined in order to minimise the overall cost of capital and maximise shareholder value.

From time to time the Group purchases its own shares on the market. The timing of these purchases depends on market prices and conditions. The Group does not have a defined share buyback plan and any transaction is determined as being in the interest of ordinary shareholders. The transactions are approved by the Board.

36.4 Capital structure and ratios

	30 June 2018 R'000	30 June 2017 R'000
Salient features		
Total equity	**11 377 125**	9 855 335
SG Fleet borrowings	**1 379 547**	1 592 338
Full maintenance lease borrowings	**851 395**	1 009 198
Asset-based finance	**995 590**	789 977
Property borrowings	**1 095 707**	914 564
Corporate bond	**206 647**	206 881
Acquisition borrowings – Allen Ford and EAG	**495 077**	420 102
Acquisition borrowings – inTime and Ader	**874 461**	769 045
Revolving credit facility and other	**306 781**	130 756
Cash and cash equivalents	**(3 351 270)**	(2 727 133)
Net debt	**2 853 935**	3 105 728
EBITDA before capital items	**3 508 508**	3 060 584
EBITDA	**3 470 058**	3 043 110
Total net gearing (Net debt/Total equity) (%)	**25.1**	31.5
Interest cover (EBITDA/Net interest) (times)	**10.4**	10.5
Net debt to EBITDA before capital items cover (times)	**0.8**	1.0
Net debt to EBITDA excluding SG Fleet (times)[1]	**0.93**	0.9
Capital adequacy ratio excluding SG Fleet (%)[2]	**29.4**	29.8
Net interest cover ratio excluding SG Fleet (times)[3]	**8.8**	9.2

[1] *Net debt to EBITDA is defined as net debt divided by EBITDA. In accordance with certain borrowing facilities, the Group has to maintain a ratio less than 2.5 times.*

[2] *Capital adequacy ratio is defined as the tangible net asset value of the Group as a percentage of tangible asset value of the Group. Deferred tax assets and liabilities for the purpose of this ratio are viewed as intangible items. In accordance with certain borrowing facilities, the Group has to maintain a minimum of 18%.*

[3] *Net interest cover is EBITDA divided by net interest paid measured after annualising the effects of business acquisitions during the year. A minimum of 2.7 times cover has to be met in terms of the certain borrowing facilities.*

36.5 Credit risk

Credit risk relates to potential exposure in respect of cash and cash equivalents, other non-current assets, FEC assets, finance lease receivables, trade receivables, other receivables, insurance-related assets and derivative instruments. Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Where appropriate, the Group obtains collateral or credit insurance on outstanding debts to mitigate risk.

Counterparties to financial instruments consist of a large number of high credit-rated financial institutions. The Group does not expect any counterparties to fail to meet their obligations, given their high credit ratings. The Group has no significant concentration of credit risk with any single counterparty or group of counterparties. Counterparty credit limits are in place which are reviewed and approved by the respective subsidiary boards. Trade accounts receivable consist of a large number of customers spread across diverse industries and geographical areas. Adequate allowance for credit losses has been made. No single customer represents more than 10% of the Group's total revenue for the years ended or total trade receivables at 30 June 2018 and 30 June 2017.

Notes to the financial statements (continued)

36. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

	30 June 2018 R'000	30 June 2017 R'000
The maximum exposure to credit risk at the reporting date was:		
Non-current portion of finance lease receivable	**482**	–
Other non-current assets	**205 877**	41 485
Trade receivables – net of allowance for credit losses	**3 710 572**	3 034 492
Sundry receivables (excluding prepayments, lease straight-line debtors, finance lease receivables, and VAT receivables)	**1 018 623**	805 037
Short-term portion of finance lease receivable	**160**	57 070
Cash and cash equivalents	**3 351 270**	2 727 133
	8 286 984	6 665 217
The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:		
South Africa	**1 998 572**	1 671 871
Australia	**641 860**	571 017
United Kingdom	**408 563**	506 549
Europe	**743 751**	371 226
Zimbabwe	**23 595**	25 985
Other Africa	**27 133**	19 780
Mauritius and other	**11 751**	15
	3 855 225	3 166 443
Gross debtors		
Not past due	**3 035 350**	2 599 749
Not past due – due to renegotiation	**26 646**	15 745
Past due – and not impaired	**648 576**	418 998
Past due – and impaired	**144 653**	131 951
	3 855 225	3 166 443
The Group did not hold collateral for any credit risk exposures.		
Gross debtors by trade debtor type		
Wholesale and retail debtors	**628 254**	923 600
End user trade debtors	**991 084**	894 597
Contract debtors	**2 235 887**	1 348 246
	3 855 225	3 166 443
Impairment allowance of trade receivables		
Balance at beginning of year	**131 911**	170 811
Movement in impairment allowance	**7 813**	(40 005)
Acquisition of business (refer note 29.1)	**315**	6 321
Translation adjustment	**4 614**	(5 176)
Balance at end of year	**144 653**	131 951

Agency debtor

Other receivables includes a receivable of R708 774 000 (2017: R592 946 000) in respect of contracts between Group businesses and its clients. Certain businesses act as agents in these dealings. The agency receivables include the net receivable outstanding in respect of services rendered and inventory in the warehouse and in transit. These receivables are not considered past due, or impaired. The geographic region for these contract debtors is predominantly South Africa.

Not past due

Debtors that are not past due are considered to be recoverable as there is no indication of the deterioration of the credit quality of these debtors requiring an impairment allowance.

Not past due – due to renegotiation

Debtors who have renegotiated an extension of the contracted due date of payments are considered recoverable, as there is no indication of the deterioration of the credit quality of these debtors requiring an impairment allowance.

Past due – and not impaired

A debtor is past due when the counterparty has failed to make payment when contractually due and is based on appropriate rules and assumptions per business and product type. An impairment loss is recognised only if there is objective evidence that collection of the amount is doubtful. There has not been significant change in the credit quality of the underlying debtors and the amounts are considered recoverable.

The Group is exposed from time to time to one or more significant receivables, which may fall into the category "Past due – and not impaired" as a result of the receivable moving out of its arranged trading terms.

The aging of the past due – not impaired debtors are:

	30 June 2018 R'000	30 June 2017 R'000
Less than 60 days	**363 236**	291 686
Between 60 and 90 days	**96 659**	51 718
Between 90 and 120 days	**88 159**	33 516
Greater than 120 days	**100 522**	42 078
	648 576	418 998

Past due – and impaired

A receivable is considered to be impaired when the debtor has failed to make payment when contractually due and there has been a significant change in the credit quality of the underlying debtor.

36. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

36.6 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. To manage this risk, Group companies manage their working capital, capital expenditure and cash flow and annually assess the financial viability of customers. In order to mitigate any liquidity risk that may arise, adequate unutilised banking facilities and reserve borrowing capacity is maintained per Group policy. The Group continually monitors forecast and actual cash flows and actively matches maturity profiles of financial assets and liabilities.

The following disclosure is based on the contractual maturities of the specific financial liabilities, including estimated interest payments[1] and excluding the impact of netting agreements:

	Carrying amount R'000	Within six months R'000	Six to twelve months R'000	One to two years R'000	Two to five years R'000	Total contractual cash flows R'000
30 June 2018						
Non-derivative financial liabilities						
Secured asset-based borrowings	995 590	239 212	189 736	375 352	328 104	1 132 404
Secured property borrowings	1 095 707	44 400	44 066	440 907	733 233	1 262 606
Acquisition borrowings	1 369 538	119 028	127 314	250 290	1 005 248	1 501 880
SG Fleet borrowings	1 379 547	187 378	158 780	1 137 785	–	1 483 943
Corporate bond	206 647	9 429	9 340	212 303	–	231 072
Revolving credit facility	252 426	252 426	–	–	–	252 426
Full maintenance lease borrowings – South Africa and Kenya	303 931	39 775	52 497	223 981	15 917	332 170
Full maintenance lease borrowings – SG Fleet	547 464	137 195	148 343	186 331	96 972	568 841
Trade and other payables[2]	8 741 944	8 675 050	185 147	–	–	8 860 197
	14 892 794	9 703 893	915 223	2 826 949	2 179 474	15 625 539
Derivative financial liabilities						
NCI put options and deferred contingent purchase consideration	239 900	–	–	111 001	145 721	256 722
FEC liabilities	2 447	2 447	–	–	–	2 447
Interest rate swaps	14 425	14 425	–	–	–	14 425
Cross currency interest rate swap	54 355	469	467	939	56 221	58 096
	311 127	17 341	467	111 940	201 942	331 690

	Carrying amount R'000	Within six months R'000	Six to twelve months R'000	One to two years R'000	Two to five years R'000	After five years R'000	Total contractual cash flows R'000
30 June 2017							
Non-derivative financial liabilities							
Secured asset-based borrowings	789 977	166 721	168 604	243 840	325 339	589	905 093
Secured property borrowings	914 564	39 279	213 304	68 136	596 504	200 000	1 117 223
Acquisition borrowings	1 189 147	112 805	122 386	283 238	865 135	–	1 383 564
SG Fleet borrowings	1 592 338	160 070	148 701	292 024	1 116 244	–	1 717 039
Corporate bond	206 881	9 888	9 732	19 626	209 872	–	249 118
Revolving credit facility	130 756	2 916	2 882	139 881	–	–	145 679
Full maintenance lease borrowings – South Africa and Kenya	452 014	54 567	87 035	93 635	359 893	–	595 130
Full maintenance lease borrowings – SG Fleet	557 184	140 393	140 826	169 104	130 997	–	581 320
Trade and other payables[2]	6 883 581	6 941 209	22 871	–	–	–	6 964 080
	12 716 442	7 627 848	916 341	1 309 484	3 603 984	200 589	13 658 246
Derivative financial liabilities							
NCI put options and deferred contingent purchase consideration	295 285	102 665	–	–	241 320	–	343 985
FEC liabilities	4 343	4 343	–	–	–	–	4 343
Interest rate swaps	24 817	24 817	–	–	–	–	24 817
	324 445	131 825	–	–	241 320	–	373 145

[1] *Estimated interest payments are based on the assumption that current interest rates remain unchanged.*

[2] *Trade and other payables excludes FEC's, VAT payables, deferred income, straight-line lease creditors, interest rate swaps and amounts payable to South African Revenue Services (SARS) for customs and excise responsibilities.*

Trade and other payables form an integral part of the day-to-day working capital structure. The maturity profile depicts the expected cash outflows excluding any increase in trade and other payables as a result of normal activity. Cash flows and timing thereof related to foreign exchange contracts cannot be determined and full repayment has been shown in the earliest cash flow period.

36. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

The capital structure of the Group includes the non-derivative financial liabilities excluding trade and other payables listed above. The maturity profile reflected excludes the normal renewal or raising of borrowings. These cash outflows also exclude the effects of cash inflows on disposal of the underlying non-financial assets.

36.7 Market risk

Market risk comprises foreign currency and interest rate risk.

36.7.1 Foreign currency risk

	30 June 2018		30 June 2017	
Exchange rates to South African rand	**Average rate**	**Closing rate**	Average rate	Closing rate
Australian Dollar	**9.93**	**10.16**	10.25	10.07
Euro	**15.31**	**16.03**	14.84	14.95
Pound Sterling	**17.30**	**18.11**	17.27	17.04
US Dollar	**12.85**	**13.72**	13.61	13.07

Foreign currency risk exposure:
Financial instruments analysed in rand equivalent of foreign currency:

	Rand R'000	Australian dollar R'000	Pound Sterling R'000	Euro R'000	US dollar and other R'000	Total R'000
30 June 2018						
Financial assets						
Non-current portion of finance lease receivables	**–**	**–**	**482**	**–**	**–**	**482**
Other non-current financial assets	**198 945**	**–**	**–**	**2 824**	**4 108**	**205 877**
Trade and other receivables[1]	**2 834 489**	**620 325**	**399 150**	**746 042**	**129 189**	**4 729 195**
Current portion of finance lease receivables	**–**	**–**	**160**	**–**	**–**	**160**
Cash and cash equivalents	**1 176 866**	**962 035**	**729 280**	**247 931**	**235 158**	**3 351 270**
Financial liabilities						
Interest-bearing borrowings	**2 022 634**	**1 102 826**	**1 353 889**	**874 461**	**–**	**5 353 810**
Full maintenance lease borrowings	**268 726**	**43 567**	**403 852**	**–**	**135 250**	**851 395**
Non-controlling interest put options	**36 130**	**–**	**–**	**141 282**	**–**	**177 412**
Trade and other payables [2]	**3 477 468**	**1 429 699**	**3 209 312**	**542 599**	**99 738**	**8 758 816**
Deferred contingent purchase consideration	**62 488**	**–**	**–**	**–**	**–**	**62 488**

30 June 2017	Rand R'000	Australian dollar R'000	Pound Sterling R'000	Euro R'000	US dollar and other R'000	Total R'000
Financial assets						
Other non-current financial assets	41 485	–	–	–	–	41 485
Trade and other receivables[1]	2 299 620	569 355	480 104	379 817	110 633	3 839 529
Current portion of finance lease receivables	57 070	–	–	–	–	57 070
Cash and cash equivalents	1 059 849	766 004	473 610	238 698	188 972	2 727 133
Financial liabilities						
Interest-bearing borrowings	1 695 585	1 289 527	1 069 506	769 045	–	4 823 663
Full maintenance lease borrowings	409 333	816	470 403	–	128 646	1 009 198
Non-controlling interest put options	132 409	–	–	138 375	–	270 784
Trade and other payables[2]	3 215 294	1 182 934	2 226 324	198 072	90 117	6 912 741
Deferred contingent purchase consideration	24 501	–	–	–	–	24 501

[1] *Trade and other receivables exclude prepayments, straight-line lease debtors, VAT receivables and finance lease receivables.*

[2] *Trade and other payables exclude VAT payables, deferred income, straight-line lease creditors and amounts payable to SARS for customs and excise responsibilities.*

Sensitivity analysis:
A 10% strengthening in the South African rand against the following currencies at year-end would have (decreased)/increased equity and profit or loss by the amounts shown below. The analysis assumes that all other variables remain constant.

	Equity[3] R'000	Profit/(loss) before tax R'000
30 June 2018		
Australian Dollar	**(109 595)**	**(90 978)**
Pound Sterling	**(117 046)**	**(19 967)**
Euro	**(150 932)**	**(10 852)**
US Dollar and other	**(53 993)**	**(4 556)**
30 June 2017		
Australian Dollar	(70 719)	(85 817)
Pound Sterling	(106 254)	(12 950)
Euro	(123 119)	(9 241)
US Dollar and other	(56 500)	(5 236)

[3] *Equity attributable to equity holders of the Group.*

A 10% weakening in the South African rand will have an equal and opposite effect on equity and profit or loss.

Notes to the financial statements (continued)

36. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

36.7 Market risk (continued)

36.7.1 Foreign currency risk

Foreign currency risk management

The Group is head quartered in South Africa, with offshore operations carried out in Africa (including Mauritius, Zimbabwe, Zambia, Kenya, Malawi and Mozambique), Europe (mainly United Kingdom and the Eurozone), Australia and New Zealand.

The Group seeks to mitigate foreign currency exposures by borrowing, where cost effective, in the same currencies as the currencies of the main operating units. In terms of Group policy, foreign loan liabilities are not covered using forward exchange contracts as these are covered by a natural hedge against the underlying assets.

The currency risk of the Group arises due to the fact that the Group operates and has input costs and sales in different countries.

The Group enters into various types of FECs in managing its foreign exchange risk resulting from cash flows from anticipated business activities and financing arrangements denominated in foreign currencies.

Transaction risk is calculated in each foreign currency and includes currency-denominated assets and liabilities (foreign currency creditors and debtors) and certain items not recognised in the statement of financial position such as firm and probable purchase and sales commitments. Trade-related purchase exposures are managed through the use of natural hedges arising from foreign/export revenue as well as FECs. The impact of these currency risk transactions is shown as translation gains/(losses) in profit or loss.

36.7.2 Interest rate risk

Exposure to interest rate risk on debt and investments is monitored by management. The Group borrows principally in Rand, Pound Sterling and Australian Dollars at both fixed and floating rates of interest. The fixing or capping of interest rates on debt to achieve improved predictability of cash flows is considered and implemented on a case-by-case basis. The interest rate characteristics of new borrowings and the refinancing of existing borrowings are positioned according to expected movements in interest rates. With respect to the Group's full maintenance lease liabilities, the Group generally enters into back-to-back agreements with creditworthy customers. Consequently, the interest rate risk on these liabilities is largely mitigated.

	30 June 2018 R'000	30 June 2017 R'000
At reporting date the interest rate profile of the Group's interest-bearing financial instruments was:		
Fixed rate instruments		
Financial assets	**293 357**	673 603
Financial liabilities	**(3 362 893)**	(2 877 129)
	(3 069 536)	(2 203 526)
Variable rate instruments		
Financial assets	**7 993 627**	5 991 614
Financial liabilities	**(11 841 028)**	(10 163 758)
	(3 847 401)	(4 172 144)
Sensitivity analysis:		
A 100 basis point increase in the interest rate will have the following increase/(decrease) effect on profit or loss and/or equity.		
The analysis assumes that all other variables, in particular currency, remain constant. The analysis is performed as follows:		
Fixed rate instruments		
Profit before tax effect 100 basis point increase	**–**	–
Equity effect 100 basis point increase	**–**	–
Variable rate instruments		
Loss before tax effect 100 basis point increase	**(40 098)**	(42 632)
Equity effect 100 basis point increase	**(28 871)**	(30 695)

36.8 Derivative instruments

The derivatives used by the Group are mainly over-the-counter instruments, particularly FECs, option contracts, cross currency swaps and interest rate swaps. The Group deals only with financial institutions of high credit standing. The instruments are employed according to uniform guidelines and are subject to strict internal controls. Their use is confined to the hedging of the operating business and of the related investments and financing transactions.

36.9 Fair value of financial instruments

The Group's financial instruments consist mainly of cash and cash equivalents, trade receivables, other receivables, investments, trade payables, other payables, borrowings and derivative instruments. Financial instruments held-to-maturity in the normal course of business are recorded at amortised cost using the effective interest rate or redemption amounts as appropriate. The recorded amount is described below as the carrying amount, otherwise known as book value. 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. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate.

The carrying value of financial instruments approximates the fair value of the financial instruments as at 30 June 2018.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

(i) **Cash and cash equivalents, investments and other non-current assets**

Cash and cash equivalents
The carrying amount of cash and other financial assets approximates fair value due to the relatively short-term maturity of these financial instruments and application of market related interest rates.

Investments
The fair value of debt securities is determined using a discounted cash flow method. The fair value of unlisted equity investment is determined using a combination of discounted cash flow, net asset value and price earnings method. These investments are carried at their original cost less impairments in the statement of financial position. The fair values of publicly traded instruments are estimated based on quoted market prices for those or similar investments where there are no quoted market prices available.

Long-term receivables
The fair value of long-term receivables approximates the carrying value as market-related rates of interest are charged on these outstanding amounts.

Other
For all other instruments for which there are no quoted market prices, a reasonable estimate of fair value has been calculated based on the expected cash flows or the underlying net asset base for each instrument.

(ii) **Short-term borrowings**

The carrying amount approximates fair value because of the short yield to maturity of those instruments and application of market related interest rates.

(iii) **Long-term borrowings**

The fair value of the long-term borrowings is based on the quoted market price for the same or similar borrowings or on the current rates available for borrowings with the same maturity profile and effective interest rate with similar cash flows. The fair value of non-current borrowings and other payables with variable interest rates approximates their carrying amounts.

(iv) **Derivatives**

The fair value of derivatives is based upon mark-to-market valuations.

Foreign currency contracts
Market comparison technique: The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments. The FEC valuations are categorised as a level 2 fair value.

Interest rate swaps
The fair value of interest rate swap contracts are estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments. This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates. The interest rate swap contracts valuations are categorised as a level 2 fair value.

Cross currency swaps
The Group entered into a contract whereby Rands were swapped for Pounds Sterling requiring the group to pay interest linked to LIBOR and receive interest linked to JIBAR. The foreign currency liability is measured at fair value through profit and loss using available market currency rates. The cross currency swap contract valuations are categorised as a level 2 fair value.

Notes to the financial statements (continued)

37. SHARE-BASED PAYMENTS

Equity-settled share option schemes

The Group currently has four share incentive schemes namely Share Appreciation Right Scheme (SARS), the Broad-Based Black Economic Empowerment (B-BBEE) Scheme, SG Fleet Share Option Plan and SG Fleet Performance Rights.

Share Appreciation Right Scheme (SARS)

The underlying principle of the schemes is to provide direct linkage between the interests of the shareholders and the efforts of the executives or managers. The Share Appreciation Right Scheme 2005 incorporates performance target requirements which must be met before the exercise of the share option is permitted. The performance targets are set by the Remuneration Committee and may be varied from time to time.

Selected employees receive annual grants of SARS, which are rights to receive shares equal to the value of the difference between the exercise price and grant price less the applicable income tax payable on the difference. The performance condition imposed for all awards is that headline earnings per share must increase by 2% per annum above inflation over a three-year performance period. Certain awards have additional divisional profit before tax targets as performance conditions.

The following assumptions have been used in the Black Scholes model:

Expected option life (calculated by reference to specific allocation)	2.33 to 2.87 years
Risk-free interest rate (determined by reference to vesting date)	6.5% to 9.0%
Share volatility (determined by reference to vesting date)	23.1% to 24.9%
Dividend yield	–

	SARS options 30 June 2018	SARS options 30 June 2017
Movement in number of options		
Balance at beginning of year	**17 472 568**	19 542 989
Options granted	**4 992 000**	4 170 000
Options exercised	**(5 419 979)**	(4 510 460)
Options forfeited	**(1 939 457)**	(1 729 961)
Balance at end of year	**15 105 132**	17 472 568
Vesting year of option granted		
Already vested	**1 116 784**	2 037 388
Conditional on confirmation of performance	**5 568 348**	5 541 201
Within year one	**3 640 000**	6 013 979
Within year two	**4 780 000**	3 880 000
	15 105 132	17 472 568
Exercise price of options		
R 38.64	**4 780 000**	–
R 40.20	**3 640 000**	3 880 000
R 38.93	**250 000**	250 000
R 31.85	**5 318 348**	5 763 979
R 31.13	**1 116 784**	5 541 201
R 22.33	**–**	2 037 388
	15 105 132	17 472 568

	30 June 2018 Rand	30 June 2017 Rand
Weighted average share price of options exercised	**40.69**	41.28
Weighted average exercise price of options forfeited	**33.15**	29.71

	30 June 2018 R'000	30 June 2017 R'000
Share based payment expense (SARS only)	**27 711**	28 195

Broad-Based Black Economic Empowerment (B-BBEE) Scheme

The Group implemented a B-BBEE scheme on 1 October 2012. An initial allocation of participation rights was made in relation to the B-BBEE scheme in South Africa. In implementing the scheme the Group has disposed of 20.04% interest in Super Group Holdings Proprietary Limited (SGH) to SG Tsogo (RF) Proprietary Limited (SGTS) in return for the issue of SGTS shares to the Group. On 1 October 2012 SGTS had issued additional shares to the SG Tsogo Empowerment Trust (the Trust) which resulted in the Trust holding 51.0%(2017: 51.0%) of the total issued share capital of SGTS. The Group holds 49.0% (2017: 49.0%) of the total issued share capital of SGTS. SGTS meets the definition of a black owned company in terms of the B-BBEE Act and codes. SGTS holds 20.04% of the shareholding in SGH through means of B Class ordinary shares issued by SGH. The B Class shares have the same rights and privileges as those attached to the ordinary shares issued by SGH, but for the fact that the B Class shares are entitled to a discretionary preferential dividend annually. At the end of the vesting period a determined number of SGTS shares will be repurchased by SGTS at R0.0001 per share. The remaining SGTS shares will be distributed by the trustees of the Trust to the employees in terms of their vesting rights. Subsequently, the remaining shares will be exchanged by the employees for Group shares.

The shares are valued using a Black-Scholes model, assuming a life of 10 years. In performing the valuation, the cost of the distribution stream attached to the scheme is added to the option costs, as a traditional share option does not receive distributions. Staff retention rates are a key assumption and have been modelled based on historical experience.

The participants of the scheme are full time black employees of the SGH group (excluding certain subsidiaries). The employees are not required to pay any consideration to the Trust for the allocation. The number of shares that vest to an employee is determined with reference to length of service with the SGH Group and the points allocated to him, which will increase as the years of service in the SGH Group increases.

The weighted average share price during the year to June 2018 was R38.98 (2017:R38.64)

The following assumptions have been used:

Expected option life (calculated by reference to specific allocation)	10 years
Share volatility (determined by reference to vesting date)	23.3%
Dividend yield	3.0%
Risk-free interest rate	7.8%
Number of participants on share scheme	3 817

	30 June 2018 R'000	30 June 2017 R'000
Share-based payment expense (B-BBEE scheme only)	**8 150**	6 721

SG Fleet Share Option Plan

In the 2014 financial year a share option scheme was established in SG Fleet to incentivise key management and personnel of the SG Fleet operations. The share option scheme is subject to a service condition and a performance condition. The performance condition is based on the compound annual growth rate of SG Fleet's earnings per share. The Black-Scholes valuation model inputs used to determine the fair value at the grant date:

The following assumptions have been used in the Black Scholes model:

Expected option life (calculated by reference to specific allocation)	4.42 to 5.83 years
Expected volatility	35.0% to 36.0%
Dividend yield	4.6% to 5.7%
Risk-free interest rate	1.88% to 3.13%

Notes to the financial statements (continued)

37. SHARE-BASED PAYMENTS (CONTINUED)

	30 June 2018	30 June 2017
Movement in number of options		
Balance at beginning of year	**8 086 046**	8 086 046
Options granted	**1 857 990**	–
Options exercised	**(7 899 041)**	–
Balance at end of year	**2 044 995**	8 086 046
Vesting year of option granted		
Already vested	**187 005**	–
Within year one	**–**	8 086 046
Within year four	**638 913**	–
Within year five	**1 219 077**	–
	2 044 995	8 086 046
Exercise price of options		
AUD 1.85	**187 005**	8 086 046
AUD 3.66	**1 857 990**	–
	2 044 995	8 086 046

SG Fleet Performance Rights

During the prior years SG Fleet granted performance rights to certain employees, these rights are subject to a service and performance condition. The performance condition is based on compound annual growth rate of SG Fleet's earnings per share. Rights do not carry a right to receive any dividends. If rights vest and are exercised to receive shares, these shares will be eligible to receive dividends.

The details are as follows:

Expected option life	2.28 to 3.28 years
Share price at grant date	AUD 3.29 and AUD 4.19
Exercise price	AUD 0,00
Dividend yield	4.1% to 4.6%

Vesting date	Performance options	Fair value at grant date
14 August 2018	142 967	AUD 3,12
20 August 2019	285 993	AUD 3,00
20 August 2019	52 453	AUD 3.88
18 August 2020	109 115	AUD 3.70
Total unvested performance rights – 30 June 2018	590 528	

None of the performance rights outstanding as at 30 June 2018 are vested and exercisable. The weighted average remaining contractual life of performance rights outstanding at 30 June 2018 was 15 months (2017: 20 months).

	30 June 2018 R'000	30 June 2017 R'000
Share-based payment expense (SG Fleet)	**12 005**	8 026

38. CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND KEY ASSUMPTIONS

The directors and the Audit Committee have considered the Group's critical accounting policies, key sources of uncertainty and areas where critical accounting judgments were required in applying the Group's accounting policies.

Critical accounting policies

The Audit Committee is satisfied that the critical accounting policies are appropriate to the Group.

Key sources of uncertainty and critical accounting judgments in applying the group's accounting policies

Estimates, judgments and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from these estimates. The Group makes estimates, judgments and assumptions concerning the future. Those that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of assets

The Group tests whether assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations or fair value less cost to sell.

Inventories

Impairment provisions or write downs to net realisable value are raised against inventory when it is considered that the amount realisable from such inventory's sale is less than its carrying amount. In determining whether a particular item of inventory could be considered to be overvalued, the following factors are taken into consideration:

- saleability
- sub-standard quality and damage; and
- historical and forecast sales

Trade receivables

Management identifies impairment of trade receivables on an on-going basis. Impairment adjustments are raised against trade receivables when their collectability is considered to be doubtful based on objective evidence that a loss event has occurred. Management believes that the impairment write-off is conservative and there are no significant trade receivables that are doubtful and have not been impaired. In determining whether a particular receivable could be doubtful, the following factors are taken into consideration:

- age;
- sector;
- customer current financial status; and
- disputes with the customer.

Property, plant and equipment and full maintenance vehicles

The residual values of property, plant and equipment are considered significant, for certain classes of property, plant and equipment (e.g. rental and transport fleet) and full maintenance lease vehicles. The estimation of the useful lives is based on historic performance as well as expectation about future use and therefore requires a degree of judgment to be applied by management. The depreciation rates represent management's current best estimate of the useful lives of the assets. Residual values are determined taking into account generally accepted industry-based market forecasts adjusted where necessary to take into account factors specific to the asset. Where deemed necessary, actuaries are used in determining the residual values for full maintenance lease vehicles. The valuation model projects each active vehicle on a monthly basis based on an average monthly mileage for each vehicle. Assumptions in these models include future projected interest rates and market value data published in the relevant countries.

Intangible assets with indefinite life

The group assesses whether an intangible purchased as part of a business combination has an indefinite useful life. The following considerations are taking into account:

- whether the Group intends to maintain the intangible;
- whether the Group has the ability to maintain the intangible;
- the level of future expenditure required to maintain the intangible; and
- the stability of the industry in which the intangible operates;

Notes to the financial statements (continued)

38. CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND KEY ASSUMPTIONS (CONTINUED)

Deferred tax assets

Deferred tax assets are recognised to the extent it is probable that taxable income will be available in future against which they can be utilised. Future taxable profits are estimated based on business plans which include estimates and assumptions regarding economic growth, interest, inflation and tax rates and competitive forces.

Revenue recognition

The percentage of completion method is utilised to recognise revenue on long-term contracts. Management exercises judgment in calculating the deferred revenue reserve which is based on the anticipated cost of providing the services over the life of the contract to the total expected revenue arising from the contracts.

The Group acts as principal or agent in its activities earning revenues. When acting as agent, revenues are recognised based on the services rendered rather than the value invoiced to the recipient of the goods. This is the case when the Group does not take title of the goods delivered and has no responsibility in respect of the goods sold. Through these trading activities, the Group facilitates its customers' purchases and sales and earns a fee for this service.

Income tax

The Group operates in numerous tax jurisdictions and is subject to tax legislation that is open to interpretation. This requires a degree of judgment to be applied by management in determining income tax.

The provision for potential income tax exposures are the best estimates of the tax amount expected to be paid. The best estimate amount is included as part of the income tax expense charge in the Statement of Comprehensive Income and the liability to the tax authorities. The Group reassesses its best estimates on an on-going basis based on new information that may impact these estimates. The tax amount is calculated based on a probability of the individual tax exposures present.

Non-controlling interest put options

The fair value of the put options over non-controlling interest in a subsidiary company is determined by using a discounted future cash flow analysis.

The Group uses its judgment to select a variety of methods and assumptions made are based on market and Group specific conditions existing at each reporting period.

Valuation and asset lives of separately identifiable intangible assets

Intangible assets acquired in a business combination are required to be recognised separately from goodwill and amortised over their useful life if they are subject to contractual or legal rights or are separately transferable and their value can be reliably estimated.

In order to determine the fair value of the separately identifiable intangible assets on a business combination, management use their best knowledge to make estimates when utilising the Group's valuation methodologies. The valuation methodologies require input based on assumptions about the future and use discounted cash flows and free cash flow forecasts.

For significant acquisitions management considers the advice of third party independent valuers in identifying and calculating the valuation of any intangible assets arising on acquisition.

Share based payments

The Group considers at each grant date the following factors in determining whether the share grant should be accounted for as a cash or equity settled instrument:

- Whether the Group has an obligation to settle in cash or in equity instruments;
- If there is no obligation, is there a choice of the method of settlement;
- If there is a choice of the type of settlement, does the choice lie with the Group or the employee; and
- Previous methods of settlement of similar share grants would also be considered.

Deferred contingent consideration

The group recognised contingent consideration which resulted from business combinations at fair value at acquisition date. At acquisition date, the contingent consideration meets the definition of a financial asset/liability and is subsequently re-measured at each reporting date. Management exercises judgement in the determination of the discount rate and the probability of performance targets being met.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

39. DIRECTORS' REMUNERATION

Policy on directors' remuneration

The directors are appointed to the Board to bring to the Group the skills and experience appropriate to its needs. The guaranteed remuneration is based on the median of the market, with discretion to pay a premium (typically 5% to 20%) to the median for the attraction and retention of the directors.

Executive directors' remuneration

The Remuneration Committee (Remco) aims to align the directors' total remuneration with shareholders' interest by ensuring that a significant portion of their package is linked to the achievement of performance targets.

Executive directors' salaries comprise a cash salary which is reviewed annually by Remco. Salaries are compared to pay levels of other South African companies to ensure sustainable performance and market competitiveness. The individual salaries of directors are reviewed annually in light of their own performance, experience, responsibility and Group performance. The company makes contributions to defined contribution plans on behalf of the executive directors on the basis of a percentage of cash salary. Death and disability cover provided to executive directors reflects best practice amongst comparable employers in South Africa. Other benefits include car and travel benefits and cover on the Group's medical healthcare scheme. These elements comprise the fixed remuneration component.

The following tables show a breakdown of the annual remuneration (excluding equity awards) of directors for the years ended 30 June 2018 and 30 June 2017.

Year ended 30 June 2018	Basic remuneration[1] R	Subsidiary director's fees[2] R	Retirement contributions R	Other material benefits[3] R	Total excluding performance R	Performance bonus R	Total R
P Mountford	5 201 446	1 166 855	349 999	348 555	**7 066 855**	6 820 000	**13 886 855**
C Brown	3 070 444	–	349 999	127 556	**3 547 999**	3 000 000	**6 547 999**
Total	**8 271 890**	**1 166 855**	**699 998**	**476 111**	**10 614 854**	**9 820 000**	**20 434 854**

[1] *Remuneration comprises gross salary.*

[2] *For services as a director of SG Fleet, amounting to AUD117 502.*

[3] *Other material benefits include entitlement to fuel, cover on the Group's medical healthcare and disability scheme, funeral benefits and travel allowances. These benefits are granted on similar terms to other senior executives.*

Year ended 30 June 2017	Basic remuneration[1] R	Subsidiary director's fees[2] R	Retirement contributions R	Other material benefits[3] R	Total excluding performance R	Performance bonus R	Total R
P Mountford	4 972 160	1 199 648	346 399	280 073	**6 798 280**	6 990 000	**13 788 280**
C Brown	2 944 204	–	347 066	155 492	**3 446 762**	3 440 000	**6 886 762**
Total	**7 916 364**	**1 199 648**	**693 465**	**435 565**	**10 245 042**	**10 430 000**	**20 675 042**

[1] *Remuneration comprises gross salary.*

[2] *For services as a director of SG Fleet, amounting to AUD117 500.*

[3] *Other material benefits include entitlement to fuel, cover on the Group's medical healthcare and disability scheme, funeral benefits and travel allowances. These benefits are granted on similar terms to other senior executives.*

Non-executive directors' fees

Non-executive directors generally receive fixed fees for service on the Board and Board committees. Non-executive directors do not receive short-term incentives nor do they participate in any long-term incentive schemes. The fees paid to non-executive directors were approved by Remco, the Board and shareholders at the Annual General Meeting.

Non-executive directors	Fixed Directors' fees including allowances R	Meeting attendance fees R	Year ended 30 June 2018 (excluding VAT) R	Year ended 30 June 2017 (excluding VAT) R
P Vallet[1] – South Africa	**700 000**	**265 000**	**965 000**	852 083
E Banda	**361 667**	**205 000**	**566 667**	564 167
V Chitalu	**361 667**	**170 000**	**531 667**	474 167
J Newbury	**361 667**	**265 000**	**626 667**	679 167
D Rose	**361 667**	**420 000**	**781 667**	704 167
M Cassim	**361 667**	**230 000**	**591 667**	534 167
Total	**2 508 335**	**1 555 000**	**4 063 335**	3 807 918

[1] *Billed by Fluxmans Inc. P Vallet's full-time employer.*

Notes to the financial statements (continued)

39. DIRECTORS' REMUNERATION (CONTINUED)

Directors' service contracts

Peter Mountford, the CEO, has a written letter of appointment which endures indefinitely and is subject to termination on one month's notice. Colin Brown the CFO has a written letter of appointment which endures indefinitely and is subject to termination on two months' notice. Both executives have change of control clauses included in their letters of appointment. The contractual relationship between the company and its executive directors is controlled through Remco which comprises non-executive directors only.

These contracts are formulated in a manner which is consistent with the provisions of the Basic Conditions of Employment Act.

Directors' share option and incentive scheme grants

Directors participate in the Group's share option and incentive schemes, which are designed to recognise the contributions of senior staff to the growth in the value of the Group's equity and to retain key employees. Within the limits imposed by the company's shareholders, options are allocated to the directors and senior staff in proportion to their contribution to the business as reflected by their seniority and the company's performance. The options, which are allocated at a price determined by Remco, in terms of a resolution and the applicable JSE Listings Requirements, vest after stipulated periods and are exercisable after a three-year period in terms of the scheme rules.

Share option allocations are considered at least annually and are recommended by Remco and approved by the Board. The underlying principle of these schemes is to provide direct linkage between the interests of shareholders and the efforts of executives or managers.

Targets are linked where applicable to the Group's medium-term business plan, over rolling three-year performance periods. The SARS incorporates performance target requirements which must be met before the exercise of the share grants is permitted. Certain executive directors have an interest in the various share incentive schemes of the Group. The performance targets are set by Remco and may be varied from time to time.

Analysis of directors' share option entitlements as at 30 June 2018

Executive directors' options	Allocation date	Strike price R	Balance at 01/07/2017	Awarded	Exercised	Exercise date	Exercise price R	Balance at 30/06/2018	Share based payment expenses R'000
Peter Mountford	26/08/2013	22.33	584 546	–	(584 546)	28/08/2017	39.83	–	
				–	(215 454)	28/08/2017	39.83		
	19/08/2014	31.13	1 087 020	–	(300 000)	01/09/2017	40.68	300 000	
				–	(271 566)	22/09/2017	43.35		
	26/08/2015	31.85	1 071 370	–	–	–	–	1 071 370	
	31/08/2016	40.20	850 000	–	–	–	–	850 000	
	30/08/2017	38.64	–	1 200 000	–	–	–	1 200 000	
Total			**3 592 936**	**1 200 000**	**(1 371 566)**	**–**	**–**	**3 421 370**	**6 173**
Colin Brown	19/08/2014	31.13	760 914	–	(760 914)	29/08/2017	40.02	–	
	26/08/2015	31.85	749 959	–	–	–	–	749 959	
	31/08/2016	40.20	500 000	–	–	–	–	500 000	
	30/08/2017	38.64	–	650 000	–	–	–	650 000	
Total			**2 010 873**	**650 000**	**(760 914)**	**–**		**1 899 959**	**3 627**
Total directors' options			**5 603 809**	**1 850 000**	**(2 132 480)**	**–**	**–**	**5 321 329**	**9 800**

Analysis of directors' share option entitlements as at 30 June 2017

Executive directors' options	Allocation date	Strike price R	Balance at 1/7/2016	Awarded	Exercised	Exercise Date	Exercise Price R	Balance at 30/6/2017	Share based payment expense R'000
Peter Mountford	26/08/2013	22.33	1 184 546	–	(600 000)	30/08/2016	40.67	584 546	
	19/08/2014	31.13	1 087 020	–	–	–	–	1 087 020	
	26/08/2015	31.85	1 071 370	–	–	–	–	1 071 370	
	31/08/2016	40.20	–	850 000	–	–	–	850 000	
Total			**3 342 936**	**850 000**	**(600 000)**	**–**	**–**	**3 592 936**	**5 580**
Colin Brown	26/08/2013	22.33	807 645	–	(807 645)	12/09/2017	42.47	–	
	19/08/2014	31.13	760 914	–	–	–	–	760 914	
	26/08/2015	31.85	749 959	–	–	–	–	749 959	
	31/08/2016	40.20	–	500 000	–	–	–	500 000	
Total			**2 318 518**	**500 000**	**(807 645)**	**–**	**–**	**2 010 873**	**3 780**
Total directors' options			**5 661 454**	**1 350 000**	**(1 407 645)**	**–**	**–**	**5 603 809**	**9 360**

Directors' share option benefits as at 30 June

	2018 Share option gains after tax R'000	2017 Share option gains after tax R'000
Executive directors		
P Mountford	10 058	6 492
C Brown	3 720	9 597
Total	**13 778**	16 089

Beneficial and non-beneficial shareholding

There was no directors beneficial and non-beneficial shareholding for the 30 June 2018 and 30 June 2017 financial years.

The only change between 30 June 2018 and the date of these financial statements is that Mr John Newbury purchased 27 500 shares for a total consideration of R1 014 374.05 on 28 August 2018.

Interest of directors in contracts

Fluxmans Attorneys, a director-related entity, was appointed to assist Super Group with corporate law advisory services in respect of various transactions and several other corporate and labour matters. During the year the Group paid Fluxmans Attorneys R3,9 million (2017: R2,7 million) for general legal services of which approximately 36.1% (2017: 23,7%) is in respect of disbursements paid by Fluxmans on behalf of Super Group.

The directors have certified that they were not materially interested in any transaction of material significance and which significantly affected the business of the Group, with the company or any of its subsidiaries. Accordingly, no conflict of interest with regard to directors' interests in contracts exists. There have been no material changes in the aforegoing since 30 June 2018 and the date of approval of these financial statements.