CONSOLIDATED ANNUAL FINANCIAL STATEMENTS 2023

SPAR

THE SPAR GROUP LTD


PIZZA
BREAKFAST PLATTER
DELI

CONTENTS

COMMENTARY

SUMMARY OF KEY TRADING INFORMATION

Group

- Strong turnover growth of 10.1%; despite ongoing challenges, a resilient trading performance

Southern Africa

- Turnover growth of 5.1%, reflects the general consumer environment and ERP system challenges
- Combined core grocery and liquor turnover growth of 6.1%
  - Core grocery business delivered robust turnover growth of 7.1%, against internally measured wholesale price inflation of 9.7%
  - TOPS at SPAR liquor turnover declined by 0.1%
- Build it reported a decline in turnover of 4.3%, reflecting the subdued building materials sector as a whole
- The pharmaceutical business delivered impressive turnover growth of 19.2%, with both channels (wholesale sales to Pharmacy at SPAR stores and Scriptwise) performing strongly

European regions (in local currency)

BWG Group (Ireland & South West England)

- Strong overall turnover for both markets increasing by 8.1% (EUR-denominated), boosted by strong performances across the retail brands, a full recovery of the hospitality sector and successful integration of acquisitions made in Ireland

SPAR Switzerland

- Turnover declined by 3.3% (CHF-denominated), due to the extremely challenging market environment, and the transfer of a group of corporate stores to independent retailers during 2022 negatively impacting retail sales growth

SPAR Poland

- Turnover increased by 5.0% (PLN-denominated), in a tough trading environment

SALIENT FEATURES

Rmillion	Year ended 30 Sep 2023	Year ended 30 Sep 2022	Change (%)
Turnover[1]	**149 324.3**	135 609.1	10.1
Operating profit	**1 817.0**	3 428.7	(47.0)
Earnings per share (cents)	**208.6**	1 118.2	(81.3)
Headline earnings per share (cents)	**606.6**	1 160.5	(47.7)
Diluted headline earnings per share (cents)	**606.3**	1 159.1	(47.7)
Dividend per share (cents)	**–**	400.0	(100)

[1] *Turnover represents revenue from the sale of merchandise.*

The weighted average number of ordinary shares (net of treasury shares) is 192 379 568 shares (2022: 192 445 771). In respect of diluted headline earnings per share, the weighted average number of ordinary shares (net of treasury shares) is 192 450 389 (2022: 192 678 012).

PERFORMANCE OVERVIEW

The Group delivered turnover growth of 10.1%, increasing turnover to R149.3 billion (2022: R135.6 billion). This is a commendable trading performance amid challenging markets with consumers under persistent financial pressure. All geographies experienced the challenges brought on by consumers dealing with higher costs of living, driven by ongoing food price inflation, higher interest rates, fuel and energy costs during the reporting period. The SAP implementation challenges at the KwaZulu-Natal (KZN) distribution centre (DC) and the impairment of goodwill and intangible assets associated with SPAR Poland significantly impacted overall profitability for the period. Consequently, the Group delivered an operating profit of R1.8 billion (2022: R3.4 billion). Of the factors negatively impacting operating profit, approximately R1.4 billion is considered non-recurring. Increased net finance costs due to rising interest rates significantly impacted profit before tax. Diluted headline earnings per share declined by 47.7% to 606.3 cents. Given the various challenges, the board of directors (Board) believes it prudent to not declare a final dividend for the year ended 30 September 2023.

SPAR Southern Africa reported an increase in turnover of 5.1%. Trading was negatively impacted by the general consumer environment as well as continued electricity load shedding. On a combined basis, core grocery and liquor turnover increased by 6.1% for the period. Core grocery turnover including SPAR Encore, increased by 7.1% and reflects the ERP system challenges experienced during the reporting period. Internally measured wholesale price inflation was 9.7% for the reporting period. Our building materials business, Build it, reported a decline in turnover of 4.3%, due to a shift in consumer spending towards the basic costs of living. The decline in turnover also reflects the state of the building sector which continues to be severely impacted by electricity load shedding. The pharmaceutical business continued to deliver impressive sales performances from both Pharmacy at SPAR and Scriptwise (specialised pharmacy), delivering 19.2% turnover growth for the reporting period.

Ireland and South West England, represented by BWG Group, delivered strong trading performances across both markets. Turnover increased by 8.1% for the reporting period in EUR terms, and by 21.9% in ZAR terms. All retail brands delivered strong performances throughout the year, notwithstanding difficult trading conditions, including an increased regulatory environment, staff shortages, rising operating costs and very strong competition. Our food services channel performed exceptionally well, boosted by a full recovery of the hospitality sector and a consolidation of the market, with BWG Foods growing ahead of the industry and taking market share. The successful consolidation of acquisitions boosted growth for the wholesale business. In the United Kingdom, Appleby Westward's corporate retail division continued to benefit from the acquisition of stores.

SPAR Switzerland's turnover declined by 3.3% in CHF terms (an increase of 13.6% in ZAR terms) against the prior comparative year, as it contended with the dynamics of a post-pandemic marketplace, with consumers looking for better pricing either cross-border or locally with discounters. Furthermore, the transfer of a group of corporate stores to independent retailers during 2022 negatively impacted retail sales in the current financial year. Owing to the contraction in the restaurant industry combined with consumers eating out less, turnover from the TopCC cash and carry business was adversely impacted and declined by 3.6% in CHF terms.

SPAR Poland continued to experience a tough consumer environment. While food inflation eased in the second half of the financial year, the Polish consumer remained under pressure and continued to shop around for the best deals. SPAR Poland delivered turnover growth of 5.0% in PLN terms (19.9% in ZAR terms) compared to the prior comparative year. At the end of September 2023, the Board announced its decision that it believes it is in the best interests of the Group and shareholders to engage in a process to sell its interests in Poland. Consequently, goodwill and other intangible assets for this business have been impaired for the year ended 30 September 2023.

Summary Segment Analysis

Rmillion	Southern Africa	Ireland	Switzerland	Poland	The SPAR Group Ltd
Profit/(loss)					
Turnover[1]	**92 611.9**	**38 137.5**	**15 711.6**	**2 863.3**	**149 324.3**
Gross profit	**8 828.5**	**5 756.5**	**2 792.9**	**567.8**	**17 945.7**
Gross profit margin %	***9.5***	***15.1***	***17.8***	***19.8***	***12.0***
Operating profit/(loss)	**1 217.6**	**1 062.3**	**236.8**	**(699.7)**	**1 817.0**
Operating margin %	***1.3***	***2.8***	***1.5***	***(24.4)***	***1.2***
Profit/(loss) before taxation	**942.0**	**773.3**	**113.1**	**(849.2)**	**979.2**
Financial position					
Total assets	**27 724.5**	**18 678.1**	**13 192.6**	**2 000.6**	**61 595.8**
Total liabilities	**23 451.9**	**14 409.5**	**10 174.3**	**3 338.5**	**51 374.2**
Stores	**2 523**	**1 485**	**363**	**208**	**4 579**
Net new/(lost) stores	**14**	**46**	**(9)**	**28**	**79**

GROUP FINANCIAL REVIEW

Turnover for the Group, representing revenue from the sale of merchandise, increased by 10.1% to R149.3 billion (2022: R135.6 billion). This is an overall strong trading performance, given the challenges the business contended with during the period. Foreign currency denominated turnover contributed 38.0% (2022: 35.0%) of reported ZAR turnover. The Group has operations in Ireland and South West England (EUR-denominated), Switzerland (CHF-denominated) and Poland (PLN-denominated).

Gross profit margin for the Group remained flat at 12.0% against the prior comparative period. SPAR Southern Africa managed persistent high inflationary price increases, high commodity input prices and supply chain challenges well during the year. However, due to the impact of the SAP implementation, Southern Africa delivered a decline in its gross profit margin of 0.5% from 10.0% for the prior comparative year to 9.5%. BWG Group increased its overall gross margin from 14.3% to 15.1%, driven by a change in product mix in higher gross margin impulse products such as confectionary. SPAR Switzerland's gross margin declined from 18.4% to 17.8%, due the loss of volume rebates, as well as the reduction in the proportion of higher margin retail sales arising on the transfer of corporate retail stores to independent retailers. SPAR Poland delivered an increase in gross profit margin from 18.3% to 19.8%, predominantly driven by improved terms with suppliers.

Operating expenses for the Group increased by 22.1% to R19.4 billion (2022: R15.9 billion). All regions experienced considerable increases in fuel and energy costs. SPAR Southern Africa's operating expenses increased by 16.1%. The major cost drivers during the period were employee costs, IT costs, marketing costs, and fuel and distribution costs. Employees costs increased by 11.8%, mainly due to an increase in the number of employees at central office in departments driving strategic imperatives. IT costs increased 52.2% due to additional operational costs and hyper care required for the ERP system implementation, as well as cloud-based licensing required to modernise the business. Marketing costs increased by 19.5%. This is due to increases in advertising and promotional costs to assist retailers in driving deep value promotions across all brands, and especially the retailers negatively impacted by the SAP implementation. Fuel and distributions costs increased by 12.8% during the period due to increases in the fuel price, as well as increased mileage travelled for deliveries between the KZN stores and South Rand, North Rand and Eastern Cape DCs servicing stores in the KZN region during the SAP challenges. Operating expenditure was again adversely impacted by the increase in net bad debts during the period, which in part demonstrates the continued financial pressure on SPAR retailers due to the impact of higher levels of electricity loadshedding.

BWG Group's operating expenses increased by 16.0% in EUR-denominated currency and 30.9% in ZAR terms, attributable to increases in fuel and energy costs and labour costs. Labour costs increased by 15.3% in local currency, due to the ongoing labour challenges in both Ireland and the United Kingdom. Excluding impairments of business assets amounting to R158.0 million due a change in operational strategy towards onsite meat processing, and the SAP change in approach for the Irish business, BWG Group operating expenses increased by 13.9% in EUR-denominated terms and 28.5% in ZAR-denominated terms.

SPAR Switzerland's operating expenses were well managed and down 0.1% in CHF-denominated terms but increased by 17.4% in ZAR terms. Two photovoltaic plants were commissioned during the year, which assisted in reducing energy costs.

SPAR Poland's operating expenses increased by 31.4% in PLN-denominated currency and 50.1% in ZAR terms. This is due to general cost inflation in energy and fuel costs, but largely impacted by impairments to assets, as well as SAP system related write offs.

Operating profit for the Group declined considerably during the period by 47.0% to R1.8 billion (2022: R3.4 billion). The following significant factors negatively impacted operating profit for the year ended 30 September 2023:

- The launch of SPAR's new ERP IT system (SAP) at the KwaZulu-Natal ("KZN") distribution centre impacted the KZN trading performance severely, causing a loss of Group turnover estimated at R1.6 billion. The operational impact amounted to an estimated R720.0 million in loss of profits for this region
- As a result of the change in approach towards the SAP implementation roll out for the foreign regions, a write-off of R94.1 million in respect of the SAP 'asset under construction' has been recognised
- The Group also made further impairments of business assets amounting to R120.7 million as a result of the change in operational strategy towards onsite meat processing in the Irish business
- The evaluation of SPAR Poland, following the Board's decision to engage in a process to sell the Group's interests, gave rise to impairments of associated goodwill and other assets amounting to R442.2 million
- Lower-than-expected turnover growth coupled with significant inflationary cost increases across all of our regions

SPAR Southern Africa delivered operating profit of R1.2 billion, a decrease of 50.3% against the prior comparative year. BWG Group in Ireland and South West England reported a decline in operating profit of 2.9% in EUR currency and an increase of 9.5% in ZAR currency to R1 062.3 million (2022: R970.5 million). Excluding the impact of the above mentioning impairments in the Irish business, operating profit for BWG Group increased 6.4% in EUR currency, which is a solid performance for this business, amid tough conditions. SPAR Switzerland delivered an operating profit of R236.8 million (2022: R409.5 million), declining by 42.2% in ZAR currency and 50.8% in CHF-denominated currency. SPAR Poland delivered an increase in operating losses of 73.6% to R699.7 million (2022: R403.0 million). Excluding the impairments of assets in this region, operating losses improved by 51.6% in local currency and 44.7% in ZAR-denominated currency.

Profit before tax for the Group is R979.2 million (2022: R3 041.7 million), down 67.8% on the prior comparative year, heavily impacted by a substantial increase of R432.6 million in net finance costs, due to higher interest rates across all markets.

Profit after tax declined by 80.1% to R442.5 million (2022: R2 219.8 million) largely reflecting the unfavourable tax impact of the impairments arising in SPAR Poland. The effective tax rate increased to 54.8% (2022: 27.0%).

Headline earnings per share declined by 47.7% to 606.6 cents (2022: 1 160.5) and diluted headline earnings declined by 47.7% to 606.3 cents (2022: 1 159.1 cents).

Cashflow from operating activities totalled R4.4 billion (2022: R2.4 billion). Net working capital changes reflect an inflow of R1 156.2 million (2022: outflow of R789.7 million). A total of R0.4 billion (2022: R1.4 billion) was paid to shareholders during the year, reflecting the Board's decision to not declare dividends for the interim results. Owing to increases in interest rates across all regions, net finance costs of R788.2 million (2022: R366.3 million) were paid during the year.

The Group's cash outflow from investing activities was R1 234.3 million (2022: R1 168.6 million), includes acquisitions of R307.4 million (2022: R349.2 million) for retail stores in South Africa and Ireland, as well as payments for two wholesale business in Ireland. It also reflects capital expenditure of R1.9 billion (2022: R1.6 billion). Cash outflows from financing activities of R2 638.4 million (2022: R2 439.5 million), predominantly reflects payments of R2 114.4 million (2022: R1 885.8 million) on the principal element of leases and R612.1 million (2022: R881.2 million) in net repayments of borrowings during the period. The Group finished the year with a net overdraft position of R1.4 billion (2022: R1.9 billion net overdraft).

Group net debt for covenant purposes totalled R10.0 billion (2022: R9.8 billion) as at 30 September 2023. The obligation to purchase the remaining shareholding in S Buys Holding (Pty) Ltd was settled during the financial year, eliminating the outstanding financial liability.

Group net debt reflects borrowings of R8.3 billion (2022: R7.6 billion). Group borrowings are mostly foreign-currency denominated, with 56.6% EUR-denominated and 41.8% CHF-denominated, in ZAR terms.

SAP IMPLEMENTATION UPDATE

The Group commenced the launch of its new SAP software system at the South African central office in October 2022. The distribution centre in KZN was the first regional distribution centre to launch SAP, thereby limiting any risk to the rest of the regions. The go-live at KZN commenced during February 2023. The transition to SAP resulted in various go-live and integration issues, negatively impacting distribution operations in KZN.

Actions were taken to improve supply to our retailers' stores, including servicing these stores from the Eastern Cape, South Rand and North Rand DCs, direct to store deliveries, as well as the increased use of supplier dropshipment channels. The KZN DC resumed servicing all stores in the region as of August 2023.

While the SAP solution is stable and performing consistently at the KZN DC, the roll-out of SAP has been delayed in other Southern African regions until management is satisfied with the optimisation of the system at the KZN DC. The learnings during this transition phase have been immense.

The impact of the SAP implementation at KZN amounted to an estimated loss of turnover of R1.6 billion and an estimated R720.0 million loss of profits for the period ended 30 September 2023. Furthermore, as a result of the change in approach towards the SAP implementation roll-out for the foreign regions, a write-off of R94.1 million in respect of the SAP 'asset under construction' has been recognised.

Management believe that they have identified the key issues that resulted in the shortcomings of the KZN DC SAP roll-out and that they now have the right team and resources in place to appropriately plan for future implementations in Southern African regions.

BANKING FACILITIES

All financiers remain supportive of the Group and have agreed to amendments to banking covenants. The Group is not in breach of any financing covenants at financial year end. At this stage, the Group does not intend to raise any capital from shareholders. The Group is currently considering various debt structuring options.

SHAREHOLDER DISTRIBUTION

The Group has faced various challenges during the year. Consequently, the Board believes it is prudent to not declare a dividend for the year ended 30 September 2023 (2022: 400.0 cents per share). The Board will consider future dividend payments taking into account the prevailing macro and operating conditions going forward. Returning capital to shareholders in the form of dividends and responsible capital allocation remains a priority for the Board.

OUTLOOK

In Southern Africa we are encouraged to see the positive momentum that is building, due to the deliberate changes that have been made and the pleasing progress within the strategic focus areas, despite the various challenges the business has faced. The consumer environment is expected to remain constrained. However, SPAR's private label strategy is well placed to offer better value for our independent retailers and SPAR shoppers. The optimisation of the SAP system will be a key focus area for the business.

In Ireland and South West England, increasing costs are expected to challenge retail and hospitality operators' profitability. Despite the challenges, the local management teams look forward with confidence. All of our businesses and brands are in a strong position, and we will continue to have the benefit of wholesale acquisitions made in 2023, which will continue to deliver synergies as they are consolidated into our business.

The Swiss management team is focused on strategic enablers to drive growth in this market, including a revised fresh strategy to drive increased footfall to neighbourhood stores. This focus on factors within the business's control means that the management team is cautiously confident of an improved financial year ahead.

In respect of SPAR Poland, we are focused on achieving the best possible outcome for all stakeholders and remain focused on the process of finding an appropriate buyer for the business.

For the Group, significant changes have been made at executive and Board level during the year. While this has been an unsettling time for the business and its stakeholders, especially our employees, the changes being made are focused on modernisation and the highest possible standards of corporate governance. We believe the changes position the business well for the future, benefitting all stakeholders. A recovery is underway and we are confident about the future of the Group.

Mike Bosman
Chairman

Angelo Swartz
Group CEO

05 December 2023

DIRECTORS' APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the company are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and related information. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act of South Africa, No. 71 of 2008 (as amended) (Companies Act). The group's independent external auditors, PricewaterhouseCoopers Inc., have audited the financial statements and their unmodified report is enclosed. The directors are also responsible for the systems of internal control.

These controls are designed to provide reasonable but not absolute assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of the assets, to record all liabilities, and to prevent and detect material misstatement and loss. The systems are implemented and monitored by suitably trained personnel with appropriate segregation of authority and duties. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

In preparing the financial statements, the company and group have used appropriate accounting policies, supported by reasonable judgements and estimates, and have complied with all applicable accounting standards. The directors are of the opinion that the financial statements fairly present the financial position of the company and the group as at 30 September 2023, changes in equity and the results of their operations and cash flows for the year under review.

The annual financial statements are prepared on the going concern basis. Nothing has come to the attention of the directors to indicate that the company or the group will not remain a going concern for the foreseeable future.

The annual financial statements previously approved on 29 November 2023 and published on 30 November 2023, have been retracted, revised and reissued. These revised financial statements were approved by the board of directors on 05 December 2023. Refer to note 43 for further details.

MJ Bosman
Chairman

AP Swartz
Chief Executive Officer

05 December 2023

RESPONSIBILITY STATEMENT

Each of the directors, whose names are stated below, hereby confirm that:

(a) the annual financial statements set out on pages 18 to 79, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
(b) to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
(c) internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the annual financial statements of the issuer;
(d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;
(e) where we are not satisfied, we have disclosed to the Audit Committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls and have taken steps to remedy the deficiencies; and
(f) we are not aware of any fraud involving directors.

Angelo Swartz
Group Chief Executive Officer

Mark Godfrey
Group Chief Financial Officer

05 December 2023

CERTIFICATE BY THE COMPANY SECRETARY

I certify that, in respect of the reporting period, the company has, to the best of my knowledge and belief, lodged with the Companies and Intellectual Property Commission (CIPC) all returns and notices required of a public company in terms of the Companies Act (No. 71 of 2008, as amended) of South Africa and that all such returns and notices appear to be true, correct and up to date.

S Ashokumar
Company Secretary

05 December 2023

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of The SPAR Group Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of The SPAR Group Limited (the Company) and its subsidiaries (together the Group) as at 30 September 2023, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

What we have audited

The SPAR Group Limited's consolidated and separate financial statements set out on pages 18 to 79 comprise:

- the consolidated and separate statements of financial position as at 30 September 2023;
- the consolidated and separate statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

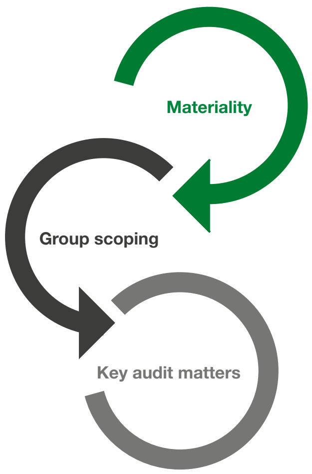
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

Our audit approach

Overview



Overall group materiality

- Overall Group materiality: R131 million, which represents 5% of the consolidated weighted average profit before taxation.

Group audit scope

- The Group audit scope was determined based on indicators such as the contribution from each component to consolidated assets, consolidated revenue and consolidated profit before taxation. Full scope audits were performed over all 8 financially significant components. A full scope audit was performed over 1 component given specific risks identified. Analytical procedures were performed over the remaining components.

Key audit matters

- Impairment assessment of goodwill, indefinite life intangible assets and the investment in the Polish subsidiary.

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

Materiality

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

The examination of controls over the maintenance and integrity of the Group's website is beyond the scope of the audit of the financial statements. Accordingly, we accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

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

Overall group materiality	R130 968 000
How we determined it	5% of average consolidated profit before taxation, weighted 20:40:40 for the financial years ended 30 September 2023, 2022 and 2021 respectively.
Rationale for the materiality benchmark applied	Consolidated profit before taxation is, in our view, the benchmark against which performance of the Group is most commonly measured by users and is a generally accepted benchmark. We chose weighted average consolidated profit before taxation as our benchmark due to volatility in the current year consolidated profit before taxation as a result of certain once off costs incurred. We chose 5% which is consistent with quantitative materiality thresholds used for profit-orientated companies in this sector.

How we tailored our group audit scope

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

The Group is arranged around four geographical segments in Southern Africa, Ireland, Switzerland and Poland. Each component within these segments is an aggregation of a number of business units.

Based on our Group scoping assessment, Southern Africa, Ireland and Switzerland were considered to be financially significant and further scoping assessments were performed over the components within each geographical segment. Full scope audits were performed over components in Switzerland and Ireland. Although not financially significant, a full scope audit was also performed over the component in Poland given specific risks identified within this segment. The Southern African segment comprises 7 distribution centres, a central office function, several statutory entities and equity-accounted associates. Full scope audits were performed on the central office function and 5 distribution centres. Analytical procedures were performed over all financially inconsequential remaining components.

In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed by the Group engagement team, component auditors from the PwC network and a non-PwC firm operating under our instruction. The Group engagement team was directly responsible for the audit of the group consolidation, the full scope audit of the central office function, one distribution centre which was also subject to a full scope audit and the analytical procedures over the remaining components. Where the work was performed by the component auditors, we determined the level of involvement we needed to have in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence had been obtained. We had various interactions with our component teams in which we discussed and evaluated recent developments, audit risks, materiality, the scope and findings of the work performed, and the reports issued by the component teams. The Group engagement leader engaged directly with the component teams through a combination of meetings and cross-file reviews, and attended the audit committee meetings for each of the foreign segments.

Emphasis of matter

We draw attention to note 43 of the consolidated and separate financial statements which indicates that the previously issued consolidated and separate financial statements for the year ended 30 September 2023, on which we issued an Independent Auditor's Report dated 29 November 2023, have been revised and reissued. As explained in note 43 this was to correct a typographical error in which certain of the comparative numbers included in the Statement of Cash Flows incorrectly reflected financial information for the year end 30 September 2021. Our opinion is not modified in respect of this matter.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of goodwill, indefinite life assets and the investment in Polish subsidiary As required by IAS 36, *Impairment of Assets*, management performs an annual impairment test, or more frequently, if there is an indicator of impairment, to assess the recoverability of the carrying value of goodwill and indefinite life assets as reflected in the consolidated financial statements, and if there is an indicator of impairment, to assess the recoverability of the investment in subsidiaries as reflected in the separate financial statements. Refer to the accounting policies for Goodwill and Intangible Assets and to note 13, *Goodwill and Intangible Asset* and the accounting policy for *Investment in Subsidiaries* and to note 14, *Investment in Subsidiaries*. As at 30 September 2023 the Group's consolidated statement of financial position included goodwill with a closing net book value of R4.7 billion and indefinite life intangible assets of R2.2 billion.	***Value-in-use calculation*** We performed the following audit procedures: • Assessed the reasonableness of the valuation methodology applied by management by comparing the valuation methodology to generally accepted valuation methodology, and found this to be consistent; • Tested the mathematical accuracy of the value-in-use calculation and the discounted cash flow model prepared by management, noting no material exceptions; • Performed stress testing on the value-in-use model which involved assessment of management's cash flow forecast and assumptions by comparison to prior years' actual results, our understanding of the industry, the entity-specific circumstances and economic environment, in order to determine the degree to which the key assumptions needed to change in order to trigger an impairment. We recalculated a range of values and compared this to the value calculated by management. Management's value fell within our independently calculated range of values;

Key audit matter	How our audit addressed the key audit matter
As at 30 September 2023 an impairment indicator existed for the investment in the Polish subsidiary. The company's separate statement of financial position included an investment in the Polish subsidiary with a cost of R1.3 billion immediately prior to testing the investment for impairment. Management performed their annual impairment assessment of relevant cash-generating units (CGUs), to which goodwill and indefinite life intangible assets were allocated and based their assessment using a value-in-use calculation, which have been estimated using a discounted cash flow model. In determining the value-in-use of the CGU, the following key assumptions were used by management: • Discount rate; • Sales growth rate; and • Terminal value growth rate. The value-in-use calculations are sensitive to changes in future cash flows included in the model, and changes in the discount rate and long-term growth rate applied. Future cash flows are estimated based on financial budgets and approved business plans covering a five-year period. Management based the recoverable amount of the investment in the Polish subsidiary on the above-mentioned value-in-use calculation performed for the Polish CGU and deducted debt held by the Polish subsidiary to derive a free cash flow attributable to the investment. The impairment assessment of the goodwill, indefinite life intangible assets and investment in Polish subsidiary is considered to be a matter of most significance to the current year audit due to: • The significant judgement applied by management with regard to determining the key assumptions and future cash flows that are included in the value-in-use calculation, and • The magnitude of the goodwill and indefinite life intangible assets balance to the consolidated financial statements, and the magnitude of the investment in Polish subsidiary to the separate financial statements. Management's impairment test performed for the Polish CGU indicated that the carrying value of the investment was lower than the recoverable amount, resulting in a total impairment charge of R386.4 million. In the separate financial statements, management's impairment test performed for the investment in the Polish subsidiary, indicated that the carrying value of the investment was lower than the recoverable amount, resulting in a total impairment charge of R1.3 billion.	• Agreed management's cash flow forecasts to approved budgets. For differences noted we confirmed that differences were both valid adjustments to either increase or decrease the approved budgets, and that adjustments were appropriate to include in a value-in-use discounted cash flow model as envisaged by IAS 36, *Impairment of non-financial assets*, noting no material exceptions; • Assessed the reasonableness of the business plans and budgeting process by comparing current year actual results with the prior year budgeted results, where budgeted results did not approximate actual results, appropriate adjustments were made to the value-in-use discounted cash flow calculated. No material exceptions were noted; • Compared the projections applied by management to historically achieved sales growth rates, margins and working capital rates. Where past actual performance showed significant deviation from budgets the projections used by management were appropriately reduced to align to historically achieved sales growth rates, margins and working capital rates; • Compared the terminal value growth rate used by management to long-term inflation rates obtained from independent sources. The independently determined rate was incorporated into our stress testing referred to above in order to assess the impact of any difference on the valuation results; • Making use of our internal valuation expertise, we independently calculated a weighted average cost of capital discount rate, taking into account independently obtained data such as the cost of debt, the risk-free rate in relevant territories, market risk premiums, debt/equity ratios as well as the beta of comparable companies. We then compared the calculated weighted average cost of capital to the discount rate used by management. The difference in rates was included in our stress testing to assess the impact on the valuation results. The use of our independently calculated discount rates in the management assessments would not have resulted in any additional impairment charge; • Recalculated the allocation of the total Polish impairment charge to the respective asset categories of goodwill (R210.8 million) and indefinite life intangible assets (R175.6 million). ***Investment in Polish subsidiary*** We also compared the carrying value of the investment in the Polish subsidiary to the recoverable amount (less debt) of the underlying subsidiary that was tested as part of the impairment assessment of the associated goodwill and indefinite life intangible assets. We noted that the carrying value of the investment exceeded the recoverable amount (less debt) of the subsidiary and therefore concur with management's conclusion that an impairment charge be processed.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "*Consolidated Annual Financial Statements 2023*", which includes the Directors' Report, the Audit Committee Report and the Certificate by the Company Secretary as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor's report, and the other sections of the document titled "*The SPAR Group 2023 Ltd Integrated Annual Report*", which is expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of The SPAR Group Limited for 6 years.

In accordance with our responsibilities in terms of sections 44(2) and 44(3) of the Auditing Profession Act, we report that we have identified three reportable irregularities in terms of the Auditing Profession Act. We have reported such matters to the Independent Regulatory Board for Auditors. The matters pertaining to the reportable irregularities have been described in note 42 to the financial statements.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc.
Director: TJ Howatt
Registered Auditor
Waterfall City, South Africa
05 December 2023

The examination of controls over the maintenance and integrity of the Group's website is beyond the scope of the audit of the financial statements. Accordingly, we accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

DIRECTORS' REPORT

The directors of the company have the pleasure of submitting their report on the audited annual financial statements of the company for the year ended 30 September 2023.

NATURE OF BUSINESS

SPAR is a warehousing and distribution business listed on the JSE Limited (JSE) in the food and drug retailers sector. The group owns several country licences for the SPAR retail brand, which is used by a network of independent retailers who trade under our brand and are supplied on a voluntary basis through our distribution centres. There were no material changes to the nature of the group's business for the 2023 financial year.

DIRECTORATE AND COMPANY SECRETARY

During the financial year under review, the following changes to the composition of the board occurred:

- Mike Bosman was appointed as independent non-executive director and Chairman of the board effective 15 December 2023
- Brett Botten retired as Group CEO and executive director effective 31 January 2023
- Graham O'Connor retired by rotation and did not offer himself for re-election at the Annual General Meeting held on 14 February 2023
- Phumla Mnganga resigned as independent non-executive director effective 14 February 2023
- Shirley Zinn and Pedro da Silva were appointed as independent non-executive directors with effect from 14 February 2023
- Gertrude (Trudi) Makhaya was appointed as an independent non-executive director with effect from 1 September 2023
- Marang Mashologu resigned as independent non-executive director on 30 September 2023

In light of the retirement of the Group CEO and in terms of an interim arrangement approved by the Johannesburg Stock Exchange, Mike Bosman assumed the role of Executive Chairman for the period 1 February 2023 until 30 September 2023 when the new Group CEO assumed his position. A Chairman's Committee was also constituted to strengthen governance during this interim period, comprising the lead independent director of the board as its Chairman and the Chairmen of the board committees as members.

Shana Ashokumar was appointed as Company Secretary effective 3 May 2023. Particulars relating to the directors' remuneration and interests and directors' share scheme interests are set out in notes 36 and 37.

Post the financial year under review, the following changes to the composition of the board occurred:

- Andrew Waller and Jane Canny resigned as independent non-executive directors with effect from 17 November 2023.

CORPORATE GOVERNANCE

The directors are the custodians of corporate governance and subscribe to King IV. Refer to our governance structures, composition and functioning in the integrated report. Committee reports are disclosed as follows:

- Audit Committee report
- Nominations Committee report
- Remuneration Committee report
- Risk Committee report
- Social, Ethics and Sustainability Committee report

The directors are not aware of any material non-compliance with statutory or regulatory requirements. The directors confirm that the company is in compliance with the provisions of the Companies Act, No. 71 of 2008 (as amended), the Listings Requirements of the JSE Limited and the relevant laws governing its establishment, specifically relating to its incorporation, and operating in conformity with its Memorandum of Incorporation.

FINANCIAL RESULTS

The results for the period are detailed in the annual financial statements that follow.

GOING CONCERN

The directors have reviewed the detailed five-year plan prepared by each geographical segment. These cash flow projections underpin the going concern assessment and confirms that sufficient funding remains in place for a period of at least 12 months from the date of this report. Based on the above reviews, no material uncertainties that would require disclosure have been identified in relation to the ability of the group to remain a going concern.

The directors therefore consider it appropriate for the going concern basis to be adopted in preparing the annual financial statements.

SPAR Poland was issued a letter of support from the company to ensure it remains a going concern for the next 12 months.

STATED CAPITAL

Details of the authorised and issued share capital of the company and the movements during the period are disclosed in note 25.

Details of the treasury shares of the company are disclosed in note 26.

DIVIDENDS

The Group has faced various challenges during the year. Consequently, the board believed it was prudent not to declare a dividend for the year ended 30 September 2023 (2022: 400.0 cents per share). The board will reconsider this decision, depending on the prevailing macro and operating conditions going forward. Returning capital to shareholders in the form of dividends and responsible capital allocation remains a priority for the board.

SHARE SCHEME

Particulars relating to the company's share-based payments are set out in note 38.

SUBSIDIARIES

The interest of the company in the aggregate net profit/loss after taxation of subsidiaries was a loss of R97.6 million (2022: profit of R561.5 million). Details of the company's principal subsidiaries are set out in note 14.

SPECIAL RESOLUTIONS

The company passed the following special resolutions at the annual general meeting held on 14 February 2023:

- Special resolution number 1 – Financial assistance to related or inter-related companies and persons
- Special resolution number 2.3 – Non-executive director fees for ad hoc meetings

The company passed the following special resolutions at the special general meeting held on 8 September 2023:

- Special resolution number 1.1 to 1.17 – Non-executive directors' fees

LITIGATION STATEMENT

The company becomes involved from time to time in various claims and litigation proceedings incidental to the ordinary course of business. Refer to note 41 for further details.

SUBSEQUENT EVENTS

Matters or circumstances arising since the end of the 2023 financial year, which have or may significantly affect the financial position of the company or the results of its operations are disclosed in note 40.

REPORTABLE IRREGULARITIES

In accordance with their responsibilities in terms of sections 44(2) and 44(3) read with Section 45 of the APA, the Company's external auditors, PwC, reported to the IRBA that, in their view, three suspected Reportable Irregularities may have occurred, following which the company was informed of these reports. The details of these Reportable Irregularities are further described in note 42.

RETRACTION, REVISION AND REISSUE OF PREVIOUSLY ISSUED ANNUAL FINANCIAL STATEMENTS

The annual financial statements previously published on 30 November 2023 have been retracted, revised and reissued. Refer to note 43 for further details.

AUDIT COMMITTEE REPORT

The Audit Committee (the committee) presents the following report for the 2023 financial year in accordance with section 94(7)(f) of the Companies Act.

COMMITTEE GOVERNANCE

Role and responsibilities

The committee has specific statutory responsibilities to the company's shareholders in terms of the Companies Act. We assist the board by advising and making recommendations on financial reporting, internal financial controls, internal and external audit functions, combined assurance and regulatory compliance. Our roles and responsibilities are governed by our terms of reference as reviewed and approved annually by the board.

The committee receives feedback on all relevant matters in its terms of reference from the following committees:

- Risk Committee
- Social, Ethics and Sustainability Committee
- Audit committees of the foreign subsidiaries

Committee statement

The committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference.

MEETINGS

The committee met formally twice during the year.

COMPOSITION

Shareholders appoint members of the committee on the recommendation of the Nominations Committee and the board.

As at 30 September 2023, the members of the committee were independent non-executive directors Andrew Waller (Chairman), Marang Mashologu, Sundeep Naran and Lwazi Koyana.

Marang Mashologu resigned as member on 30 September 2023 and Andrew Waller resigned as Chairman on 17 November 2023.

Considering the vacancy created on the committee as a result of the resignation by Andrew Waller, the board resolved to appoint Lwazi Koyana as interim Chairman and Pedro da Silva as interim member of the committee with effect from 20 November 2023.

The Group CEO, Group CFO, internal audit manager, external auditor and Company Secretary (who also acts as secretary of the committee) are permanent invitees at committee meetings.

Shareholders will be asked to approve the election of committee members for the 2024 financial year at the company's 2024 AGM. The Nominations Committee evaluated the independence and performance of the members, and based on their recommendation, the board proposes the election of Lwazi Koyana, Sundeep Naran and Pedro da Silva as committee members.

Board statement

The board is satisfied that the committee has the necessary financial literacy, skills and experience to execute its duties effectively. Members' qualifications and experience are available on the corporate website.

EVALUATION OF COMMITTEE

The committee's effectiveness is assessed through a self-evaluation review every two years. We performed our latest review this year, with pleasing results.

The board recognised the need to possibly appoint a fourth member of the committee to strengthen its succession planning. Apart from this, the board and committee were satisfied that the committee was functioning effectively.

KEY FOCUS AREAS

External auditor

The committee has primary responsibility for overseeing the relationship with and performance of the external auditor. This includes making recommendations on re-electing the auditor and assessing their independence, as set out in the Companies Act.

PricewaterhouseCoopers Inc. (PwC) has been the company's appointed external auditor for six years, with Thomas Howatt as the designated audit partner from 19 May 2020. Thomas will be required to rotate as the designated audit partner in 2025.

The committee assessed the suitability of PwC as the company's external auditor and of Thomas as the designated audit partner for 2024. Under the appropriate audit quality indicators, including independence against the criteria specified by the Independent Regulatory Board for Auditors, the South African Institute of Chartered Accountants, International regulatory bodies and the JSE Listings Requirements, the committee has no concerns regarding their performance or independence. Accordingly, we have recommended to shareholders the re-election of PwC as external auditor and of Thomas Howatt as designated audit partner for the 2024 financial year. We confirm that the appointment of the auditor and designated individual audit partner is presented and included as a resolution for approval at the 2024 AGM in line with section 61 (8)(c)(i) of the Companies Act and paragraph 3.84 (g)(iv) of the JSE Listing Requirements.

The committee determined the terms of engagement and fees paid to PwC, and the nature and extent of the non-audit services PwC provides to the company, as disclosed in note 3 of the annual financial statements. We continually monitor the extent of non-audit services provided, and no excessive engagements were approved during the year.

The Chairman met with the external auditor without management present to facilitate an exchange of views and concerns that might not be appropriate for discussion in an open forum. No concerns were raised.

Non-audit services policy

The group has a clearly defined non-audit services policy that it follows strictly. The external auditor may only be considered as a supplier of such services where there is no alternative supplier, where there is no commercially viable alternative, or where the non-audit services relate to and would add value to the external audit.

Significant matters

Key audit matters identified by the external auditors are detailed below and have been included in the report of the annual financial statements. These were also matters of concern for the committee over the year which have been discussed and agreed on with management.

PwC raised reportable irregularities, as detailed in note 42. PwC concluded that these irregularities were no longer occurring as the company had acted on these matters.

Key audit matters are those matters that, in the external auditor's judgement, were of most significance in their audit of the consolidated and separate financial statements of the current period. The auditors addressed these matters in the context of their audit of the consolidated and separate financial statements as a whole, and in forming their opinion thereon, and they do not provide a separate opinion on these matters.

Key audit matter

Impairment assessment of goodwill, indefinite life assets and the investment in Polish subsidiary

As required by IAS 36, *Impairment of Assets*, management performs an annual impairment test, or more frequently, if there is an indicator of impairment, to assess the recoverability of the carrying value of goodwill and indefinite life assets as reflected in the consolidated financial statements, and if there is an indicator of impairment, to assess the recoverability of the investment in subsidiaries as reflected in the separate financial statements.

Refer to the accounting policies for *Goodwill and Intangible Assets and Impairment of non-financial assets* and to note 13, *Goodwill and Intangible Asset* and the accounting policy for *Investment in Subsidiaries* and to note 14, *Investment in Subsidiaries*.

As at 30 September 2023 the Group's consolidated statement of financial position included goodwill with a closing net book value of R4.7 billion and indefinite life intangible assets of R2.1 billion.

As at 30 September 2023 an impairment indicator existed for the investment in the Polish subsidiary. The company's separate statement of financial position included an investment in the Polish subsidiary with a cost of R1.1 billion immediately prior to testing the investment for impairment.

Management performed their annual impairment assessment of relevant cash-generating units (CGUs), to which goodwill and indefinite life intangible assets were allocated and based their assessment using a value-in-use calculation, which have been estimated using a discounted cash flow model.

In determining the value-in-use of the CGU, the following key assumptions were used by management:

- Discount rate;
- Sales growth rate; and
- Terminal value growth rate.

The value-in-use calculations are sensitive to changes in future cash flows included in the model, and changes in the discount rate and long-term growth rate applied.

Future cash flows are estimated based on financial budgets and approved business plans covering a five-year period.

Management based the recoverable amount of the investment in the Polish subsidiary on the above-mentioned value-in-use calculation performed for the Polish CGU and deducted debt held by the Polish subsidiary to derive a free cash flow attributable to the investment.

The impairment assessment of the goodwill, indefinite life intangible assets and investment in Polish subsidiary is considered to be a matter of most significant to the current year audit due to:

- The significant judgement applied by management with regard to determining the key assumptions and future cash flows that are included in the value-in-use calculation, and
- The magnitude of the goodwill and indefinite life intangible assets balance to the consolidated financial statements, and the magnitude of the investment in Polish subsidiary to the separate financial statements.

Management's impairment test performed for the Polish CGU indicated that the carrying value of the investment was lower than the recoverable amount, resulting in a total impairment charge of R386.4 million.

In the separate financial statements, management's impairment test performed for the investment in the Polish subsidiary, indicated that the carrying value of the investment was lower than the recoverable amount, resulting in a total impairment charge of R1.3 billion.

How our audit addressed the key audit matter

Value-in-use calculation

We performed the following audit procedures:

- Assessed the reasonableness of the valuation methodology applied by management by comparing the valuation methodology to generally accepted valuation methodology, and found this to be consistent;
- Tested the mathematical accuracy of the value-in-use calculation and the discounted cash flow model prepared by management, noting no material exceptions;
- Performed stress testing on the value-in-use model which involved assessment of management's cash flow forecast and assumptions by comparison to prior years' actual results, our understanding of the industry, the entity-specific circumstances economic environment, in order to determine the degree to which the key assumptions needed to change in order to trigger an impairment. We recalculated a range of values and compared this to the value calculated by management. Management's value fell within our independently calculated range of values;
- Agreed management's cash flow forecasts to approved budgets. For differences noted we confirmed that differences were both valid adjustments to either increase or decrease the approved budgets, and that adjustments were appropriate to include in a value-in-use discounted cash flow model as envisaged by IAS 36, I*mpairment of non-financial assets*, noting no material exceptions;
- Assessed the reasonableness of the business plans and budgeting process by comparing current year actual results with the prior year budgeted results, where budgeted results did not approximate actual results, appropriate adjustments were made to the value-in-use discounted cash flow calculated. No material exceptions were noted;
- Compared the projections applied by management to historically achieved sales growth rates, margins and working capital rates. Where past actual performance showed significant deviation from budgets the projections used by management were appropriately reduced to align to historically achieved sales growth rates, margins and working capital rates;
- Compared the terminal value growth rate used by management to long-term inflation rates obtained from independent sources. The independently determined rate was incorporated into our stress testing referred to above in order to assess the impact of any difference on the valuation results;
- Making use of our internal valuation expertise, we independently calculated a weighted average cost of capital discount rate, taking into account independently obtained data such as the cost of debt, the risk-free rate in relevant territories, market risk premiums, debt/equity ratios as well as the beta of comparable companies. We then compared the calculated weighted average cost of capital to the discount rate used by management. The difference in rates was included in our stress testing to assess the impact on the valuation results. The use of our independently calculated discount rates in the management assessments would not have resulted in any additional impairment charge;
- Recalculated the allocation of the total Polish impairment charge to the respective asset categories of goodwill (R210.8 million) and indefinite life intangible assets (R175.6 million).

Investment in Polish subsidiary

We also compared the carrying value of the investment in the Polish subsidiary to the recoverable amount (less debt) of the underlying subsidiary that was tested as part of the impairment assessment of the associated goodwill and indefinite life intangible assets. We noted that the carrying value of the investment exceeded the recoverable amount (less debt) of the subsidiary and therefore concur with management's conclusion that an impairment charge be processed.

Annual financial statements

The committee reviewed the annual financial statements for the year ended 30 September 2023 and believes they comply in all material aspects with the relevant provisions of IFRS and the Companies Act. We also reviewed the 2023 integrated annual report and recommended both to the board for approval. The board subsequently approved the 2023 annual financial statements and integrated annual report, which will be presented at the AGM for discussion.

We also reviewed the ESG report, which was recommended to and approved by the board.

Going concern status

The committee reviewed the solvency and liquidity assessment as part of the company's going concern status. Based on this detailed review, we recommended to the board that the company adopt the going concern concept in preparing the financial statements.

Internal audit

The internal audit function in South Africa is independent and has the necessary standing and authority to discharge its duties. The internal audit manager has access to and engages directly with the Audit Committee and its Chairman.

During the year, the internal audit function was co-sourced with EY. With effect from the start of the 2024 financial year, it was fully outsourced to EY. EY was already appointed as the IT audit function to review the group's SAP programme considering the risks associated with the project.

In addition, the committee:

- Approved the internal audit plan
- Reviewed the internal audit charter and recommended it to the board for approval
- Confirmed that the company's internal audit function met its objectives and that adequate procedures were in place to ensure the group complies with its legal, regulatory and other responsibilities

Internal control

The directors are also responsible for the company's system of internal financial controls. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of the assets and prevent and detect misstatement and loss.

Internal control procedures on the subsidiary businesses in the UK, Ireland, Switzerland, Sri Lanka and Poland are performed by a combination of internal resources and the external auditors. Subsidiary audit committees confirmed that nothing has come to their attention to indicate that the control environment is not operating effectively. We will continue to review this arrangement.

The committee:

- Satisfied itself that the evaluation of internal control procedures in the UK, Ireland, Switzerland, Sri Lanka and Poland supported the conclusion on the control environment
- Ensured that the appropriate financial reporting procedures existed and were working for all entities included in the consolidated group IFRS financial statements
- Ensured access to all financial information to allow effective preparation and reporting of these financial statements

Committee statement

The committee is of the opinion that the company's system of internal controls and risk management is effective and that the internal financial controls form a sound basis for the preparation of reliable financial statements. This is based on the results of the formal documented review of the company's system of internal controls and risk management, including the design, implementation and effectiveness of internal financial controls conducted by the internal audit function during the financial year. It also considers information and explanations given by management and discussions with the external auditor on the results of the external audit assessed by the Audit Committee.

The board's opinion is supported by the Audit Committee.

Group Chief Financial Officer and finance function

The committee is satisfied that Mark Godfrey has the appropriate expertise and experience to meet the responsibilities of his appointed position as the Group CFO.

Committee statement

The committee considered the appropriateness of the expertise and adequacy of resources of the group's finance function. It is satisfied with the experience of the senior members of management responsible for the group function.

Risk management

The board has delegated the oversight of risk governance, technology and information governance and compliance governance to the Risk Committee. The interim Chairman of this committee is also a member of the Risk Committee and ensures that information relevant to the Risk Committee is transferred and shared regularly.

Accordingly, the committee fulfils an overview role regarding financial reporting risks, internal financial controls, taxation risks, compliance and regulatory risks, risk appetite and tolerance, fraud risk (as it relates to financial reporting) and information technology risk (as it relates to financial reporting).

Committee statement

The committee is satisfied that the above areas have been appropriately addressed based on the processes and assurances obtained.

Combined assurance

We are updating the combined assurance policy and framework. Once complete, the updated framework will be implemented. This will help ensure that assurance obtained adequately covers the five lines of assurance relating to the significant strategic and operational risk within the respective territories.

A group tax strategy and policy are in place. The strategy outlines the framework by which tax obligations are met from an operational and risk management perspective. It is aligned with the group's existing strategies, policies and overall purpose. The group's approach to tax is included in the ESG report, and reflects the total tax contribution per tax jurisdiction.

Additional focus areas and actions

In addition to the key areas of focus detailed above, the committee reviewed:

Reporting

- Unaudited interim results report and associated reports and announcements.
- Summarised information issued to shareholders.
- JSE proactive monitoring of financial statements report.

Internal and external audit

- External auditor's audit report and key audit matters.
- Internal auditor's report and key audit matters and findings, including reports on IT internal audits.

Finance

- Appropriateness of the accounting policies and financial statement disclosures.
- The company's capacity to distribute dividends during the reporting period.
- Adequacy of the group's and company's banking facilities.
- Monitoring of the group's bank covenants.

Other

- 2024 budget guidelines and assumptions.
- Policies that fall under the committee's control and oversight. The group's delegation of authority policy is being reviewed to consider the changes in the executive structures.
- Review of incidents of fraud that could have impacted the integrity of the financial results. No incidents of fraud were identified during the year.
- Whistle-blowing and industry complaints.

In addition to our regular focus areas, we will focus on the following key matters in 2024:

- Adequacy of the group's banking facilities
- Monitoring of bank covenants

Thanks go to the members of the committee for their dedicated and constructive contributions to the committee's functioning, and particularly to Marang Mashologu for her contribution.

L Koyana
Interim Chairman of the Audit Committee

05 December 2023

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 September 2023

		GROUP		COMPANY	
Rmillion	Notes	**2023**	2022	**2023**	2022
Revenue – sale of merchandise	2	**149 324.3**	135 609.1	**88 016.1**	83 763.4
Cost of sales		**(131 378.6)**	(119 310.1)	**(80 253.1)**	(75 945.2)
Gross profit		**17 945.7**	16 299.0	**7 763.0**	7 818.2
Revenue – other	2	**2 991.5**	2 727.5	**1 026.7**	1 038.1
Other income	4	**292.9**	298.7	**310.6**	270.0
Net operating expenses	3	**(19 413.1)**	(15 896.5)	**(9 253.8)**	(6 782.9)
Warehousing and distribution expenses		**(5 873.1)**	(5 184.5)	**(2 701.6)**	(2 488.1)
Marketing and selling expenses		**(7 907.1)**	(6 971.8)	**(2 767.6)**	(2 522.0)
Administration and information technology expenses		**(4 938.2)**	(3 302.1)	**(2 306.4)**	(1 533.2)
Impairment of assets	3	**(632.3)**	(68.9)	**(1 304.7)**	(2.1)
Net ECL movement on financial assets		**(62.4)**	(369.2)	**(173.5)**	(237.5)
Operating profit/(loss)		**1 817.0**	3 428.7	**(153.5)**	2 343.4
Other non-operating items	5	**(13.0)**	(9.1)		
Finance income	6	**607.1**	599.0	**533.4**	545.3
Finance costs	6	**(1 424.9)**	(984.2)	**(816.9)**	(652.0)
Share of equity-accounted associate (losses)/profits	15	**(7.0)**	7.3		
Profit/(loss) before taxation		**979.2**	3 041.7	**(437.0)**	2 236.7
Taxation	7	**(536.7)**	(821.9)	**(217.4)**	(627.4)
Profit/(loss) after taxation		**442.5**	2 219.8	**(654.4)**	1 609.3
Attributable to:					
Equity holders of the company		**401.3**	2 152.0		
Non-controlling interests		**41.2**	67.8		
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of post-retirement medical aid	27.2	**6.0**	(0.3)	**6.0**	(0.3)
Deferred tax relating to remeasurement of post-retirement medical aid		**(1.6)**	0.1	**(1.6)**	0.1
Remeasurement of retirement funds	27.1	**56.8**	551.0		
Deferred tax relating to remeasurement of retirement funds		**(6.9)**	(76.3)		
Items that may be reclassified subsequently to profit or loss:					
Exchange differences from translation of foreign operations		**530.8**	374.2		
Total comprehensive income/(loss)		**1 027.6**	3 068.5	**(650.0)**	1 609.1
Attributable to:					
Equity holders of the company		**986.4**	3 000.7		
Non-controlling interests		**41.2**	67.8		
Earnings per share (cents)					
Basic	8	**208.6**	1 118.2		
Diluted	8	**208.5**	1 116.9		

STATEMENT OF FINANCIAL POSITION

as at 30 September 2023

Rmillion	Notes	GROUP 2023	GROUP 2022	COMPANY 2023	COMPANY 2022
ASSETS					
Non-current assets		**33 376.5**	31 132.5	**12 210.6**	12 347.9
Property, plant and equipment	12	**10 378.1**	8 996.7	**2 635.9**	2 517.1
Right-of-use assets	24	**8 974.2**	8 320.5	**715.9**	668.4
Lease receivable	24	**4 564.1**	5 006.8	**4 054.8**	4 532.3
Goodwill and intangible assets	13	**8 241.3**	7 575.6	**1 857.9**	1 636.2
Investment in subsidiaries	14			**2 158.2**	2 212.0
Investment in associates and joint ventures	15	**150.2**	130.7	**137.9**	130.7
Other investments	16	**17.8**	15.7	**16.9**	15.0
Operating lease receivable		**5.9**	8.2		
Loans and other receivables	18	**807.9**	777.2	**464.2**	456.6
Block discounting loan receivable	17	**18.3**	47.5	**18.3**	47.5
Deferred taxation asset	19	**218.7**	253.6	**150.6**	132.1
Current assets		**28 207.6**	25 962.8	**15 499.5**	14 835.6
Inventories	20	**6 760.2**	6 554.0	**2 727.3**	2 835.0
Trade and other receivables	21	**18 313.3**	16 881.5	**11 588.5**	10 810.7
Prepayments		**282.8**	257.4	**132.8**	125.2
Loans and other receivables	18	**146.0**	207.2	**97.9**	164.6
Current portion of block discounting loan receivable	17	**14.0**	53.8	**14.0**	53.8
Income tax receivable	22	**38.3**		**38.5**	
Current portion of lease receivable	24	**945.0**	896.1	**848.4**	799.2
Cash and cash equivalents – SPAR	23	**1 421.7**	862.0	**52.1**	47.1
Cash and cash equivalents – Guilds and trusts	23	**286.3**	250.8		
Assets held for sale		**11.7**	22.9		9.1
Total assets		**61 595.8**	57 118.2	**27 710.1**	27 192.6
EQUITY AND LIABILITIES					
Capital and reserves		**10 221.6**	10 009.1	**5 827.1**	6 943.9
Stated capital	25	**2 231.5**	2 231.5	**2 231.5**	2 231.5
Treasury shares	26	**(1.5)**	(30.9)		
Reserves		**1 213.7**	937.1	**(88.5)**	165.7
Non-controlling interests		**6.5**	226.7		
Retained earnings		**6 771.4**	6 644.7	**3 684.1**	4 546.7
Non-current liabilities		**21 396.0**	20 792.4	**5 018.5**	5 382.9
Deferred taxation liability	19	**545.4**	435.5		
Employment benefit obligations	27	**254.2**	248.8	**255.5**	180.4
Long-term borrowings	29	**7 318.2**	7 041.9		
Block discounting loan payable	17	**18.7**	48.4	**18.7**	48.4
Lease liability	24	**13 259.5**	13 017.8	**4 744.3**	5 154.1
Current liabilities		**29 978.2**	26 316.7	**16 864.5**	14 865.8
Trade and other payables	30	**23 692.0**	20 553.1	**13 377.6**	11 563.9
Current portion of financial liabilities	28		54.4		
Current portion of long-term borrowings	29	**947.0**	554.7		36.3
Current portion of block discounting loan payable	17	**15.2**	55.6	**15.2**	55.6
Provisions		**51.8**	45.9	**51.8**	45.6
Current portion of lease liability	24	**2 100.5**	1 976.6	**981.2**	950.8
Income tax payable	22	**13.8**	63.4		7.0
Bank overdrafts	23	**3 157.9**	3 013.0	**2 438.7**	2 206.6
Total equity and liabilities		**61 595.8**	57 118.2	**27 710.1**	27 192.6

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2023

Rmillion	Notes	Stated capital	Treasury shares	Currency translation reserve	Share-based payment reserve
GROUP					
Balance at 30 September 2021		2 231.5	(13.3)	332.1	299.3
Profit for the year					
Remeasurement of post-retirement medical aid	27				
Remeasurement of retirement funds	27				
Recognition of share-based payments					(1.9)
Take-up of share options	26		17.3		(7.6)
Transfer arising from take-up of share options					7.6
Settlement of share-based payments			24.7		(11.6)
Treasury shares acquired	26		(59.6)		
Dividends paid	10				
Exchange rate translation				374.2	
Balance at 30 September 2022		**2 231.5**	**(30.9)**	**706.3**	**285.8**
Profit for the year					
Remeasurement of post-retirement medical aid	27				
Remeasurement of retirement funds	27				
Recognition of share-based payments					**8.8**
Take-up of share options	26		**38.0**		**(9.5)**
Transfer arising from take-up of share options					**9.5**
Settlement of share-based payments			**32.6**		**(32.9)**
Treasury shares acquired	26		**(41.2)**		
Dividends paid	10				
Additional shareholding acquired from non-controlling interest					
Share based payments transferred to retained earnings					**(230.1)**
Exchange rate translation				**530.8**	
Balance at 30 September 2023		**2 231.5**	**(1.5)**	**1 237.1**	**31.6**
COMPANY					
Balance at 30 September 2021		2 231.5	–	–	299.3
Profit for the year					
Remeasurement of post-retirement medical aid	27				
Recognition of share-based payments					(1.9)
Contribution to employee share trust					(7.6)
Transfer arising from take-up of share options					7.6
Settlement of share-based payments			24.7		(11.6)
Treasury shares acquired	26		(24.7)		
Dividends paid	10				
Balance at 30 September 2022		**2 231.5**	**–**	**–**	**285.8**
Profit for the year					
Remeasurement of post-retirement medical aid	27				
Recognition of share-based payments					**8.8**
Contribution to employee share trust					**(9.5)**
Transfer arising from take-up of share options					**9.5**
Settlement of share-based payments			**32.6**		**(32.9)**
Treasury shares acquired	26		**(32.6)**		
Share based payments transferred to retained earnings					**(230.1)**
Dividends paid	10				
Balance at 30 September 2023		**2 231.5**	**–**	**–**	**31.6**

Retained earnings	Equity reserve	Hedging reserve	Non-controlling interest	Total equity
5 406.9	(26.8)	(28.2)	177.6	8 379.1
2 152.0			67.8	2 219.8
(0.2)				(0.2)
474.7				474.7
				(1.9)
				9.7
(7.6)				–
(13.1)				–
				(59.6)
(1 368.0)			(18.7)	(1 386.7)
				374.2
6 644.7	**(26.8)**	**(28.2)**	**226.7**	**10 009.1**
401.3			**41.2**	**442.5**
4.4				**4.4**
49.9				**49.9**
				8.8
				28.5
(9.5)				**–**
0.3				**–**
				(41.2)
(433.5)			**(3.1)**	**(436.6)**
(116.3)			**(258.3)**	**(374.6)**
230.1				**–**
				530.8
6 771.4	**(26.8)**	**(28.2)**	**6.5**	**10 221.6**
4 326.3	(91.9)	(28.2)	–	6 737.0
1 609.3				1 609.3
(0.2)				(0.2)
				(1.9)
				(7.6)
(7.6)				–
(13.1)				–
				(24.7)
(1 368.0)				(1 368.0)
4 546.7	**(91.9)**	**(28.2)**	**–**	**6 943.9**
(654.4)				**(654.4)**
4.4				**4.4**
				8.8
				(9.5)
(9.5)				**–**
0.3				**–**
				(32.6)
230.1				**–**
(433.5)				**(433.5)**
3 684.1	**(91.9)**	**(28.2)**	**–**	**5 827.1**

STATEMENT OF CASH FLOWS

for the year ended 30 September 2023

		GROUP		COMPANY	
Rmillion	Notes	**2023**	2022	**2023**	2022
CASH FLOWS FROM OPERATING ACTIVITIES		**4 386.7**	2 444.3	**1 399.7**	758.4
Cash generated from operations	32	**6 152.3**	5 026.9	**2 300.2**	2 853.2
Finance income received		**585.7**	566.5	**516.8**	524.0
Finance costs paid		**(1 373.9)**	(932.8)	**(807.0)**	(638.1)
Taxation paid	22	**(540.8)**	(829.6)	**(288.6)**	(612.7)
Dividend income				**111.8**	
Dividends paid	10	**(436.6)**	(1 386.7)	**(433.5)**	(1 368.0)
CASH FLOWS FROM INVESTING ACTIVITIES		**(1 234.3)**	(1 168.6)	**(596.8)**	(180.5)
Acquisition of businesses/subsidiaries	33.4	**(307.4)**	(349.2)	**(56.8)**	(121.3)
Proceeds from disposal of businesses	33.2	**8.7**	9.6	**8.7**	9.6
Proceeds on disposal of assets held for sale			1.8		1.8
Investment to expand PPE and intangible assets		**(1 269.3)**	(1 190.8)	**(450.8)**	(527.9)
Investment to maintain operations		**(666.8)**	(454.8)	**(165.0)**	(152.5)
– Replacement of PPE and intangible assets		**(765.1)**	(592.6)	**(177.5)**	(161.5)
– Proceeds on disposal of PPE and intangible assets		**98.3**	137.8	**12.5**	9.0
Principal element of lease receipts		**919.4**	819.8	**817.3**	740.5
Cash inflows on loans and investments	32.2	**413.2**	364.7	**341.6**	368.7
Cash outflows on loans and investments	32.2	**(332.1)**	(369.7)	**(1 091.8)**	(499.4)
CASH FLOWS FROM FINANCING ACTIVITIES		**(2 638.4)**	(2 439.5)	**(1 030.0)**	(947.6)
Sale of treasury shares		**28.5**	9.7		
Principal element of lease payments		**(2 114.4)**	(1 885.8)	**(961.1)**	(876.3)
Proceeds from borrowings	32.3	**343.9**	377.4		
Principal element of repayments of borrowings	32.3	**(612.1)**	(881.2)	**(36.3)**	(46.6)
Non-controlling interest share repurchases		**(187.1)**			
Settlement of financial liability		**(56.0)**			
Treasury shares acquired	26	**(41.2)**	(59.6)	**(32.6)**	(24.7)
Net increase/(decrease) during the year		**514.0**	(1 163.8)	**(227.1)**	(369.7)
Net overdrafts at beginning of year		**(1 900.2)**	(770.9)	**(2 159.5)**	(1 789.8)
Exchange rate translation		**(63.7)**	34.5		
Net overdrafts at end of year	23	**(1 449.9)**	(1 900.2)	**(2 386.6)**	(2 159.5)

1. ACCOUNTING POLICIES

Statement of compliance

The consolidated (group) and separate (company) annual financial statements are stated in South African rand and are prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB) in issue and effective for the group at 30 September 2023, the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the Companies Act of South Africa, No. 71 of 2008, as amended and the Listings Requirements of the JSE Limited.

Basis of preparation

The financial statements have been prepared on the historical cost basis except for the revaluation of financial instruments, the valuation of share-based payments and the post-retirement obligations. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The principal accounting policies are consistent with those of the previous year. The group has considered and adopted all new standards, interpretations and amendments to existing standards that are effective as at year end.

The annual financial statements previously published on 30 November 2023 have been retracted, revised and reissued. Refer to note 43 for further details.

Functional and presentation currency

South African rand

Rounding policy

Rand million

New accounting pronouncements

The following new standards relevant to the group, which are not yet effective, have not yet been adopted by the directors. The directors continue to assess the impact thereof.

Applicable standard	Description	Expected impact to the annual financial statements
IFRS 17 – Insurance contracts	The IASB issued IFRS 17, 'Insurance contracts', which replaces IFRS 4 and will impact the accounting for financial guarantee contracts. The effective date being annual periods beginning on or after 1 January 2023.	The impact is still currently been assessed.
IAS 1 – Presentation of financial statements	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions. The effective date being annual periods beginning on or after 1 January 2024.	No material impact expected.
IFRS 16 – Leases	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted. The effective date being annual periods beginning on or after 1 January 2024.	No material impact expected.

1. ACCOUNTING POLICIES continued

Significant accounting policies

The following is a summary of the significant accounting policies applicable to the consolidated annual financial statements. These accounting policies include only the areas in IFRS where elections have been made or policy choices exercised (including the choice or election made) as well as measurement criteria applied. The accounting policies also include information where it will assist users in understanding how transactions, other events and conditions are reflected in reported financial performance and financial position and was included based on its significance thereof.

Reference index

Significant area	Accounting policy reference	Note reference if applicable
Basis of consolidation	**1.1**	
Foreign currencies	**1.2**	
Business combinations	**1.3**	**33**
Assets and liabilities		
Property, plant and equipment	**1.5**	**12**
Right-of-use assets and leases	**1.6**	**24**
Goodwill	**1.3.2**	**13**
Intangible assets	**1.7**	**13**
Investment in subsidiaries	**1.3.1**	**14**
Investments in associates and joint ventures	**1.4**	**15**
Financial instruments	**1.16**	**39**
Deferred tax	**1.18**	**19**
Inventories	**1.12**	**20**
Cash and cash equivalents and bank overdrafts	**1.14**	**23**
Employee benefits	**1.17**	**27**
Income tax payable/receivable	**1.18**	**22**
Profit and loss		
Revenue from contracts with customers	**1.8**	**2**
Cost of sales	**1.11**	
Other income	**1.9**	**4**
Employee benefits	**1.17**	**3**
Finance income	**1.10**	**6**
Finance costs	**1.10**	**6**
Share of equity-accounted associate (losses)/profits	**1.4**	**15**
Taxation	**1.18**	**7**
Capital and reserves		
Stated capital	**1.15**	**25**
Reserves	**1.15**	
Treasury shares	**1.15**	**26**

1.1 Basis of consolidation

The consolidated financial statements incorporate the results and financial position of the company and all its subsidiaries, which are defined as entities over which the group has the ability to exercise control so as to obtain benefits from their activities. The results of subsidiaries are included from the effective dates of acquisition and up to the effective dates of disposal. All inter-company transactions and balances between group companies are eliminated. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies in line with those used by the group.

Investments acquired with the intention of disposal within 12 months are not consolidated.

1. ACCOUNTING POLICIES continued

1.2 Foreign currency transactions

Transactions in currencies other than the rand are initially recorded at the exchange rate on the date of the transaction. All assets and liabilities denominated in foreign currencies are translated at the exchange rate at the reporting date. Exchange differences arising on the settlement of monetary items or on reporting the group's monetary items at rates different from those at which they were initially recorded, are recognised to profit or loss in the period which they arise.

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity is expressed in rand, which is the functional currency of the company, and the presentation currency for the consolidated financial statements. For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations (including comparatives) are expressed in rand using exchange rates prevailing at year end. Profit or loss items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. All resulting translational differences are recognised in other comprehensive income and presented as a separate component of equity in the currency translation reserve.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

1.3 Business combinations

The company's investments in ordinary shares of its subsidiaries are carried at cost less accumulated impairment and if denominated in foreign currencies, are translated at historical rates. With the group policy as follows:

1.3.1 Investment in subsidiaries

Subsidiaries are entities controlled by the group. The group also considers the following facts and circumstances in assessing whether it has power over an entity:

a) Rights arising from contractual arrangements

b) The group's voting rights and potential voting rights

The acquisition of businesses are accounted for under the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of the exchange of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

Subsidiaries are consolidated from the date of acquisition, which is the date on which the group obtains control of the subsidiary and continue to be consolidated until the date that control ceases.

1.3.2 Goodwill

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 *Business Combinations*, are recognised at their fair values at acquisition date, with the difference between the consideration transferred recognised as goodwill.

Goodwill arising on acquisition is initially recognised at cost with an annual impairment test.

For the purpose of impairment testing, goodwill is allocated to each of the group's cash-generating units (CGUs). CGUs to which goodwill has been allocated are tested annually for impairment or more frequently when there is an indication that the CGU may be impaired. Any impairment loss is recognised directly to profit and loss. An impairment loss recognised for goodwill is not reversed in a subsequent period. On disposal of an entity, attributable goodwill is included in the determination of the profit and loss on disposal.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities that are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, that if known, would have affected the amounts recognised at that date.

For assets acquired, to be considered a business, the acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs.

1. ACCOUNTING POLICIES continued

1.3 Business combinations continued

1.3.2 Goodwill continued

When the consideration transferred by the group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the purchase consideration in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. A contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IFRS 9 *Financial Instruments*, or IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

1.3.3 Non-controlling interests (NCI)

Represents their present share of ownership interests and are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Arrangements to acquire non-controlling interests at future dates are recognised as financial liabilities at the present value of the expected payment. Changes in the measurement of the financial liability due to unwinding of the discount, changes in the expected future payment or foreign exchange translation are recognised in profit or loss as a fair value adjustment. The effect of translating the closing balance of financial liabilities to the reporting currency is reported in other comprehensive income. In such cases, The SPAR Group Ltd consolidates 100% of the subsidiary's results.

1.3.4 Consolidated entities

Entities where SPAR has effective control through control over the board are consolidated using the principles described above.

1.3.5 Change in ownership interests

Entities where SPAR has acquired a further share capital arising in control of the investee, shall be treated as a business combination through a step acquisition.

SPAR shall remeasure its previously held equity interest in the acquiree at its acquisition date fair value and recognise the resulting gain or loss, if any, in profit or loss or other comprehensive income, as appropriate.

1.3.6 Inter-company transactions

All inter-group balances, transactions, income and expenses are eliminated in full in the consolidated annual financial statements.

1.4 Investment in associates and joint ventures

Associates include investees for which SPAR has a significant influence but not control. Significant influence is currently assessed as a shareholding greater than 20% and the IFRS 10 control assessment is not met.

Joint ventures include investments for which SPAR holds shared control with other investors in equal proportion.

The company's investments in ordinary shares of its associates and joint ventures are carried at cost less accumulated impairment and if denominated in foreign currencies, are translated at historical rates.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate or joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the group's share of the profit or loss and other comprehensive income of the associate or joint venture.

When the group's share of losses of an associate and joint venture exceeds the group's interest in that associate or joint venture the group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

1. ACCOUNTING POLICIES continued

1.5 Property, plant and equipment (PPE)

Property, plant and equipment are initially recognised at cost, plus any initial direct costs incurred directly attributable to bringing the asset to a point capable of operating in the manner intended by management and subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

Land and buildings are held for use in the supply of goods.

Improvements to leasehold properties are shown at cost and written off over the remaining period of the lease and the asset's useful life.

The cost less residual values of property, plant and equipment is depreciated over their estimated useful lives on a straight line basis. The useful lives and residual values of all assets are reviewed annually and are adjusted should any changes arise. Depreciation is recognised in profit or loss. No depreciation is provided for land and assets under construction. The following depreciation rates apply to the categories below:

Category	Depreciation method	Useful life		
Buildings	Straight line	0%	–	2% per annum
Motor vehicles	Straight line	10%	–	25% per annum
Internal transport, plant and equipment	Straight line	6.7%	–	33.3% per annum
Office equipment, fixtures and fittings	Straight line	4%	–	33.3% per annum
Computer equipment	Straight line	10%	–	33.3% per annum

Assets are tested for impairment, when there is an indication that it may be impaired, by determining the recoverable amount of the assets at a CGU level. With any resulting impairment recognised in profit or loss should the recoverable amount have declined below the carrying value of the asset.

1.6 Right-of-use (ROU) assets and leases

ROU assets include all categories of assets as described in the PPE note above. These ROU assets are measured at cost comprising of the initial measurement of the lease liability, initial direct cost, any lease payments made at or before the commencement date less any incentives received.

ROU assets are subsequently measured at cost less accumulated depreciation and accumulated impairment losses and are depreciated over the shorter period between the lease term and the useful life of the asset on a straight line basis.

Where the group head leases a property and enters into a back-to-back sublease arrangement with a lessee, the group recognises a lease receivable rather than a ROU asset. Depreciation is recognised on the shorter of the lease term or useful life of the leased asset.

Lease liabilities are initially measured at the present value of the lease payments that are due at the commencement date, discounted using the interest rate implicit in the lease, where this cannot be determined the lessee's incremental borrowing rate is used. Financing income is recognised and measured on the lease liability as described in 1.10 below.

Lease liabilities are subsequently measured at amortised cost and remeasured when there is a change in future lease payments arising from a change in term or if the group changes its assessment on whether it will exercise a purchase, extension or termination option at the end of the contract.

The group has applied the use of a single discount rate to each portfolio of leases that have reasonably similar terms, underlying assets and economic circumstances. The majority of property leases within each segment are on similar underlying assets (stores) within similar economic environments, and with the same lease terms. However, the Irish portfolio of leases is further split into leases based in Ireland and in the UK.

The group accounts for leases with remaining lease terms of less than 12 months as short-term leases. No ROU asset recognised with lease payments recognised as an expense, on a straight line basis, in profit or loss.

Variable payment terms are mainly used on the lease of a store where a portion of the rental is based on the turnover made by the store. Variable payment terms also occur when the utility costs related to a property are on-charged as part of the rental. These variable lease payments are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

SPAR considers smaller items of leased equipment as "low value" with corresponding lease payments recognised on a straight line basis in profit or loss.

1. ACCOUNTING POLICIES continued

1.7 Intangible assets

Intangible assets comprise those identifiable non-monetary assets without physical substance. Intangible assets acquired through business combinations are recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are measured at cost less accumulated amortisation and any recognised impairment losses, on the same basis as intangible assets that are acquired separately and are amortised on a straight line basis over its useful life.

Computer software and licences are recognised at cost, plus any initial direct costs incurred directly attributable to bringing the asset to a point capable of operating in the manner intended by management and are subsequently measured at cost less accumulated amortisation and any recognised impairment losses.

Intangible assets acquired separately and through business combinations are amortised on a straight line basis over its useful life with computer software and licences amortised on a straight line basis at a range between 8.3% and 20%.

Acquired brands and licences are considered to have indefinite useful lives and are not amortised but are tested at least annually for impairment and carried at cost less any recognised impairment.

As required by the applicable accounting standards, management conducts annual impairment tests to assess the recoverability of the carrying value of goodwill and indefinite useful life intangible assets. Determining whether goodwill and indefinite useful life intangible assets are impaired requires an estimation of the value-in-use of the CGU to which the goodwill and intangible assets relate. The value-in-use calculation requires the entity to estimate the future cash flows expected to arise from the CGU and a suitable discount rate to calculate the present value. Details of the assumptions used in the impairment tests are in note 13.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use.

1.8 Revenue from contract with customers

Our revenue mainly comprise the revenue from the sale of merchandise, marketing and promotional activities as well as franchise fees. Revenue is recognised on a transfer of control basis.

Revenue from sale of merchandise include warehouse and dropshipment sales which are recognised only once all performance obligations of SPAR to the retailer have been satisfied and to the extent that it is highly probable that a significant reversal will not occur. Transfer of control occurs at a point in time on the day our merchandise is delivered to the retailer together with a signed goods received note.

Other revenue includes marketing services rendered, promotional activities provided and franchise fees received. Marketing and promotional activities are recognised in terms of the relevant contractual arrangements. The group is satisfied that these services are distinct within the context of the relevant contracts. Transfer of control occurs over time in which the services are rendered and in the case of franchise fees over the duration of the contract.

Revenue from sales is measured based on the price specified in the contract net of value added tax (VAT), rebates, discounts and other allowances.

The group does not expect to have any contracts where the period between the transfer of goods or services, and the receipt of payment exceeds a year as the payment for sales is either due immediately or made with a credit term of between 15 and 48 days, which is consistent with market practice. Therefore, the transaction prices are not adjusted for the time value of money.

1.9 Other income

Comprises dividends, rental, commission income insurance proceeds, guarantee fees and income from marketing or sundry services all inclusive of both amounts received and accrued for.

Dividend received is recognised as and when the company is entitled to receive such dividend unless the dividend is due from an entity which operates under severe long-term restrictions. Dividends from these companies are recognised on a cash basis.

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

Income from marketing and other services is recognised when the related promotional activity or service has occurred.

Other income is measured at fair value being the consideration received.

1.10 Finance income and costs

Finance income include interest received or accrued on surplus cash balances, loans receivable, lease receivables, overdue debtors and the financial asset described in 1.16. This income is recognised in profit or loss using the effective interest rate method.

Finance costs include interest paid or accrued on bank overdrafts, loans payable, lease liabilities and the financial liabilities described in 1.16. This expense is recognised in profit or loss using the effective interest rate method.

1. ACCOUNTING POLICIES continued

1.11 Cost of sales

Cost of sales represents the net cost of purchases from suppliers after discounts, rebates and incentive allowances received from suppliers, adjusted for opening and closing inventory.

Rebates and allowances include volume-related rebates, promotional and marketing allowances, other fees and discounts, and are received in connection with the purchase of goods or for the provision of services.

1.12 Inventories

The carrying value of inventory comprise the stock on hand at the reporting date net of any obsolescence provision raised.

Stock is initially measured at cost, which comprise the cost to purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition and is subsequently measured at the lower of cost and net realisable value.

Cost is determined on a weighted average basis. Obsolete, redundant and slow-moving inventory is identified and written down to estimated economic or realisable values. Net realisable value represents the selling price less all estimated costs to be incurred in the marketing, selling and distribution thereof.

When inventory is sold, the carrying amount is recognised to cost of sales. Any write-down of inventory to net realisable value and all losses of inventory or reversals of previous write-downs are recognised in cost of sales.

The provision for obsolescence represents management's estimate of the extent to which inventory on hand at the reporting date will be sold below cost. This estimate takes into consideration past trends, evidence of impairment at year end and an assessment of future saleability.

1.13 Provisions

Provisions are recognised when the company has a legal or constructive obligation as a result of past events, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provisions are raised for supplier claims when distribution centres expect a cash outflow to occur for claims made by suppliers.

Supplier provisions are subsequently measured using managements best estimate on the outflow expected to occur resulting in increases or decreases to the said provision.

The provisions for supplier claims, termination of leases and onerous leases represent management's best estimate of the group's liability. The supplier claims provision represents the value of disputed deliveries and other issues. Termination of leases relates to specific leases which have been identified for surrender. The provision is based on historic experience of three years' rental to surrender. Onerous lease provisions represent the value by which the unavoidable costs of meeting lease obligations exceed the economic benefits expected to be received under certain lease agreements.

1.14 Cash and cash equivalents and bank overdrafts

Cash comprises cash on hand and cash at banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value, are initially carried at cost and subsequently measured at cost and where these balances are denominated in foreign currencies, are translated at the relevant closing exchange rates.

Bank overdrafts are disclosed separately on the face of the statement of financial position.

1.15 Capital and reserves

Capital and reserves of the group include the following:

- Share capital
- Reserves
- Treasury shares

Share capital includes the ordinary shares issued by the company and is recorded at the net of proceeds received and issue costs.

Reserves include the foreign currency translation (FCTR), share-based payment (SBP) and equity and hedging reserve. The FCTR comprises the effect of translating group companies from their functional currency to rands at the respective reporting date. While the SBP reserve arises as a result of IFRS 2 transactions the relevant share scheme and is measured net of options/shares granted to and taken up by participants.

Treasury shares are purchases made by the group of its own equity instruments and those held in a trust. The consideration paid is deducted from equity. Where shares repurchased are subsequently sold, the consideration received is included in equity attributable to owners of The SPAR Group Ltd, net of any directly attributable incremental transaction cost and the related tax effects. No profit or loss is recorded.

The equity reserve described above originates as a result of the NCI purchase obligation financial liabilities, refer to note 28 for further detail.

1. ACCOUNTING POLICIES continued

1.16 Financial instruments

Financial assets and liabilities are recognised in the statement of financial position when the company or group becomes a party to the contractual provisions of the instrument. The below is an illustration of our major categories of financial instruments including how these are recognised and measured:

Category	Includes	Recognition and measurement
Financial assets	Loans and other receivables Block discounting loan receivable Trade and other receivables Lease receivables Cash and cash equivalents	Initially recognised at fair value plus initial direct costs and subsequently measured at amortised cost using the effective interest rate method less expected credit losses.
Financial liabilities	Long-term borrowings Block discounting loan payables Other financial liabilities Bank overdrafts	Initially recognised at fair value plus initial direct costs and subsequently measured at amortised cost using the effective interest rate method less expected credit losses.
Financial guarantee contracts	The guarantees provided by the group to subsidiaries and affiliates.	These financial guarantees are accounted for under IFRS 4 and initially measured at cost and subsequently in terms of IAS 37 which requires the best estimate of the expenditure to settle the present obligation.

The group makes use of an allowance account to recognise any loss allowances as prescribed by IFRS 9 *Financial Instruments*. The group estimates its ECL provision as follows:

Trade and other receivables:

The simplified method is used, whereby lifetime expected losses are estimated using a matrix approach. Historical loss rates are adjusted for forward looking factors to calculate an adjusted rate which is applied to the trade receivable balances in various ageing buckets (after removing specifically provided for debtors).

Loans and other financial assets:

A probability of default (PD) method is used and involves applying these PDs to the various loans in its relevant stages, taking into account relevant forward looking factors.

In measuring the financial guarantee contracts, management applied judgement in assessing the best estimate of the expenditure to settle the present obligation. The risks and uncertainties that inevitably surround many events and circumstances shall be taken into account in reaching the best estimate of the provision. Management has assessed that the amount that it would rationally pay to settle the obligation is nil. Refer to note 34 for further details.

1.17 Employee benefits

Employee benefits comprise the following:

- Short-term benefits
- Post-employment medical aid benefits
- Post-employment retirement benefits
- Long-term employee benefits

Short-term benefits include the employee's basic salary, performance-related bonuses, travel allowances and other benefits. Short-term employee benefits are recognised as incurred, usually the earlier of payment or accrual date. The expected cost of bonus payments are recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performances.

The company provides post-retirement healthcare benefits to certain of its retirees. The entitlement to these benefits is based on qualifying employees remaining in service until retirement age. These are measured using the projected unit credit method of valuation is used to calculate the post-retirement medical aid obligations, which costs are accrued over the period of employment. Actuarial gains and losses are recognised immediately in equity as other comprehensive income. These benefits are actuarially valued annually. The liability is unfunded.

Post-retirement benefits include the payments to defined contribution retirement benefit plans which are recognised as an expense when employees have rendered services entitling them to the contributions.

1. ACCOUNTING POLICIES continued

1.17 Employee benefits continued

For defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. The group presents the service costs and net interest income or expense in profit or loss in the line item "defined benefit plan expenses". Curtailment gains and losses are accounted for as past service costs. Remeasurements, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest) are reflected immediately in the consolidated statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur.

Remeasurements recognised in other comprehensive income are reflected immediately in retained earnings and shall not be reclassified to profit or loss.

Past service costs are recognised in profit or loss in the period of a plan amendment.

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plans.

For defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period.

Long-term employee benefits include long service awards payable to employees per human resources policy and the following share-based payments:

Share option scheme

The group issues equity-settled share-based payments to certain employees. These share-based payments are measured at fair value at the date of the grant and are recognised to profit or loss on a straight line basis over the vesting period, with a corresponding adjustment to the share-based payment reserve. Fair value is measured at grant date by use of a binomial model. The expected life used in the model is adjusted, based on management's best estimate of the effect of non-market vesting conditions.

Conditional share plan (CSP)

The group operates a CSP under which it receives services from employees as consideration for equity instruments of the company. In terms of the CSP, the group has granted shares to executives, senior management and key talent specifically identified in the form of performance share awards.

Equity-settled share-based payments are measured at the fair value of the equity instruments at the grant date. The fair value of the employee service received in exchange for the grant of shares is recognised as an expense on a straight line basis over the vesting period, with a corresponding adjustment to the share-based payment reserve. The total amount to be expensed is determined by reference to the fair value of shares granted, including any market performance conditions and excluding the impact of any non-market performance vesting conditions. Non-market performance vesting conditions are included in the assumptions regarding the number of shares granted that are expected to vest. At the end of each reporting period, the group revises its estimates of the number of shares granted that are expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve.

1.18 Taxation

The taxation expense is determined as the sum of the current and deferred taxation amounts recognised in profit or loss.

Current tax assets or liabilities arise from the balance receivable or payable to relevant tax authorities.

Current taxation is payable based on taxable profit for the year. Taxable profit will differ from reported profit because it will exclude items of profit or loss that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been substantively enacted at the statement of financial position date.

Deferred tax assets or liabilities arise from timing differences between IFRS and relevant tax laws creating future charges or deductions for taxation purposes.

Deferred taxation is recognised on differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position method. Deferred tax liabilities and assets are generally recognised for all taxable temporary differences and effectively represents the "accrual" adjustment to current taxation payable excluding the effect of permanent differences.

Deferred taxation is calculated using taxation rates at the statement of financial position date and is charged or credited to the statement of comprehensive income, except when it relates to items credited or charged directly to equity, in which case the deferred taxation is dealt with in equity.

Deferred taxation assets and liabilities are not recognised if the temporary difference arises from goodwill.

Deferred taxation assets are recognised to the extent that it is probable that taxable profits will be available against which future deductible temporary differences can be utilised. The carrying amount of deferred taxation assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available.

1. ACCOUNTING POLICIES continued

1.19 Key management judgements and estimates

There are a number of areas where judgement is applied in the application of the accounting policies in the consolidated financial statements.

Significant areas of judgements and estimates have been identified as:

Consolidation of Guilds

Management have consolidated the Guilds on the basis that The SPAR Group Ltd has effective control over these entities in accordance with a control assessment performed by management with reference to the requirements of IFRS 10 *Consolidated Financial Statements*.

Management concluded that in relation to the marketing and advertising activities of the Guilds, the Guilds act as an agent on behalf of the independent retailers who form part of the voluntary trading groups. As a result, the Guilds account for the marketing and advertising income and expenditure as an agent, i.e. on a net agency basis. This net amount is then included in the consolidated statement of profit or loss and other comprehensive income.

Control over retail stores acquired

Note 33 details the acquisition of retail stores. In these acquisitions 100% of the assets of the business were acquired. The directors of the company assessed whether or not the group has control over these retail stores based on whether the group has the practical ability to direct the relevant activities of the stores unilaterally. As no other party has the ability to direct the activities of the business, the directors concluded that the group has control over the retail stores acquired.

Acquisition of assets vs business

An acquisition is considered a business combination if the assets acquired and liabilities assumed constitute a business. Management applies judgement in order to assess whether assets purchased constitute a business by assessing the facts and circumstances of the transaction. Management considers whether the purchase includes an integrated set of activities (inputs and processes) that is capable of being managed and conducted in order to provide a return. In instances where only an asset such as a property, is purchased, with no related processes and inputs, this is treated as an acquisition of an asset rather than a business. In instances such as the purchase of a store, which includes the employment of staff, and processes relating to the running of the store that can be managed in order to provide a return, the assets acquired are treated as a business in terms of IFRS 3.

Directly attributable costs and useful life of intangible assets

The Polish business acquired a licence to operate the SPAR brand in Poland. Included in the cost of acquiring the licence asset are legal fees and settlement costs which management have assessed as being directly attributable to obtain control and bring the asset into the condition necessary for operating in the manner intended by management and have been capitalised to the asset. Management have applied their judgement and assessed the useful life of the licence asset above, as indefinite in line with the substance of all agreements.

Macroeconomic forward looking factors in expected loss model

The group has identified the inflation rate, fuel costs, the prime interest rate and the unemployment rate as the most relevant factors in calculating a forward looking adjustment to the historical loss rates. These have been applied to the loss rates used in the expected credit loss model for loans and trade and other receivables.

Liabilities arising from NCI purchase obligation

This type of liability arises when new acquisitions have contractual obligations enabling non-controlling interest shareholders to put their shares back to the group at an agreed price.

Probability of vesting of rights to equity instruments granted in terms of the CSP

The cumulative expense recognised in terms of the group's CSP reflects, in the opinion of the directors, the number of rights to equity instruments granted that will ultimately vest. At each reporting date, the unvested rights are adjusted by the number forfeited during the year to reflect the actual number of instruments outstanding. Management is of the opinion that this number, adjusted for future attrition rates and performance conditions, represents the most accurate estimate of the number of instruments that will ultimately vest.

Supplier rebates

Management applied judgement in assessing whether rebates and other income should be presented as a reduction of cost of sales, included in revenue – other or offset in expenses. In this regard, management assessed whether the services provided to the suppliers are considered part of the overall supplier relationship in accordance with IAS 2 *Inventories*, or are distinct and specific services, or whether the income received represents a genuine refund of selling expenses.

Dropshipment agent vs principal

Revenue from the sale of merchandise is recognised as and when the control over goods and services are transferred to customers. The group has assessed its dropshipment sales which is recorded on a gross principal basis and has concluded that this will continue to be recognised on a gross basis.

Taxation

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

Estimation is also required of temporary differences between the carrying amount of assets and liabilities and their tax base. Deferred tax liabilities are recognised for all taxable temporary differences but, where there are deductible temporary differences, management's judgement is required as to whether a deferred tax asset should be recognised based on the availability of future taxable profits.

1. ACCOUNTING POLICIES continued

1.19 Key management judgements and estimates continued

Lease renewals

In determining the number of years of rental payments which should be present valued for the purpose of IFRS 16, renewal options should be considered when the lessee is reasonably certain to exercise.

In South Africa, the majority of property leases are entered into for an initial period of 10 years, with renewal options of five years. It has been concluded that these renewal options will only be recognised when it is reasonably certain that they will be entered into which is generally within six months of the renewal coming into effect.

In Ireland, management have identified only two leases for which they are reasonably certain not to exercise break clauses. No renewal assumptions/rights have been incorporated into the lease terms for these two properties.

In Switzerland, renewal clauses have been taken into account on a lease by lease basis where it is applicable and it is considered to be reasonably certain that the group will exercise the renewal options in order to retain control of the sites.

In determining the number of years of rental payments which should be present valued for the purpose of IFRS 16, renewal options should be considered when the lessee is reasonably certain to exercise.

Segmental reporting

The principal segments of the group have been identified on a primary basis by geographical segment which is representative of the internal reporting used for management purposes as well as the source and nature of business risks and returns. These geographical segments also represent operating segments as they meet the quantitative threshold.

Other non-operating items

Other non-operating items include business acquisition costs.

Intangible asset cost allocation

The group is embarking on a programme to design, build and deploy a group SAP template. The company will manage the global template and the licence agreement will allow the company and its affiliates to utilise the software and related template. The development of the global template is being performed largely by the South African entity, with input from foreign territories. The development of the global SAP template constitutes the development of an internally generated intangible asset, which will ultimately be split within the group between local divisional distribution centres as well as foreign entities. The unit of account for the purpose of the capitalisation of development costs is a matter of judgement. Each instance of the implementation within the respective regions is considered to be a separate unit of account. The quantification for costs allocation to each region is driven by the licences linked to the SAP project on the date of the region going live. The capital work in progress amounts are recognised and tested for impairment in South Africa using the aggregated distribution centre CGU value.

2. REVENUE FROM CONTRACTS WITH CUSTOMERS

	GROUP		COMPANY	
Rmillion	**2023**	2022	**2023**	2022
Revenue – sale of merchandise	**149 324.3**	135 609.1	**88 016.1**	83 763.4
Revenue – other	**2 991.5**	2 727.5	**1 026.7**	1 038.1
Marketing and service revenues	**1 957.9**	1 909.1	**1 026.7**	1 038.1
Franchise fees	**633.5**	515.4		
Other services	**400.1**	303.0		
Total revenue	**152 315.8**	138 336.6	**89 042.8**	84 801.5
Timing of revenue recognition				
Point in time	**149 324.3**	135 609.1	**88 016.1**	83 763.4
Over time	**2 991.5**	2 727.5	**1 026.7**	1 038.1

Disaggregated revenue is presented in note 11.

Rmillion	GROUP 2023	GROUP 2022	COMPANY 2023	COMPANY 2022
3. NET OPERATING EXPENSES				
Net operating expenses include the following:				
Auditors remuneration:	**39.2**	28.7	**15.1**	11.8
Audit fees	**32.9**	24.7	**12.1**	9.8
Other fees	**6.3**	4.0	**3.0**	2.0
Other lease expenses:	**155.3**	95.4	**13.9**	12.8
Low value lease payments	**17.5**	13.8	**7.3**	7.7
Variable lease payments	**51.0**	40.7		
Short-term lease expense	**86.8**	40.9	**6.6**	5.1
Total employment costs	**7 965.8**	6 769.6	**2 830.3**	2 552.6
Employment benefits:	**340.5**	284.3	**218.3**	200.3
Post-retirement medical aid (refer to note 27.2)	**22.9**	19.4	**22.9**	19.4
Defined contribution plans	**241.8**	213.4	**195.4**	180.9
Defined benefit plans (refer to note 27.1)	**75.8**	51.5		
Other employment costs	**7 625.3**	6 485.3	**2 612.0**	2 352.3
Delivery costs – fuel	**1 853.4**	1 634.1	**793.4**	705.7
Advertising	**1 784.1**	1 529.9	**1 128.7**	888.7
Depreciation	**2 134.1**	1 854.5	**409.5**	388.7
Amortisation	**132.2**	140.4	**33.6**	44.7
Impairment of assets	**632.3**	68.9	**1 304.7**	2.1
Impairment of assets held for sale	**2.1**	4.9		2.1
Impairment of goodwill	**344.5**	46.3	**36.9**	
Impairment of PPE and intangible assets	**229.3**	10.2		
Impairment to right of use asset	**56.4**	7.5		
Impairment of subsidiary investment			**1 267.8**	
4. OTHER INCOME				
Commission income	**48.0**	22.5	**11.4**	4.7
Dividend income		2.6	**111.8**	31.9
Intercompany guarantee fee income			**92.5**	84.8
Insurance proceeds	**6.4**	80.5	**6.4**	80.5
Marketing income	**26.9**	16.0	**26.9**	16.0
Rental income	**97.3**	83.8	**11.0**	9.3
Sundry income	**114.3**	93.3	**50.6**	42.8
Total Other Income	**292.9**	298.7	**310.6**	270.0
5. OTHER NON-OPERATING ITEMS				
Business acquisition costs (refer to note 33.1)	**13.0**	9.1		
6. FINANCE INCOME/COSTS				
6.1 Finance income				
Bank deposits	**46.6**	24.6	**21.7**	15.1
Loans	**32.9**	28.2	**17.7**	13.0
Block discounting loan receivable	**11.0**	16.8	**11.0**	16.8
Lease receivable	**450.3**	465.3	**425.6**	444.4
Overdue debtors	**65.1**	61.3	**56.2**	53.6
Other	**1.2**	2.8	**1.2**	2.4
Total finance income	**607.1**	599.0	**533.4**	545.3
6.2 Finance costs				
Security deposits	**(10.6)**	(5.9)	**(10.7)**	(5.9)
Loans	**(294.5)**	(138.9)		
Block discounting loan payable	**(9.9)**	(13.9)	**(9.9)**	(13.9)
Lease liability	**(720.8)**	(667.9)	**(491.3)**	(505.7)
Bank overdraft	**(360.9)**	(147.9)	**(291.5)**	(123.1)
Other	**(26.6)**	(5.4)	**(13.5)**	(3.4)
Financial liabilities at fair value through profit or loss	**(1.6)**	(4.3)		
Total finance costs	**(1 424.9)**	(984.2)	**(816.9)**	(652.0)

Rmillion	GROUP 2023	GROUP 2022	COMPANY 2023	COMPANY 2022
7. TAXATION				
Current taxation				
– Current year	**460.1**	843.9	**241.0**	630.6
– Prior year under/(over) provision	**(12.3)**	(4.1)	**1.3**	6.6
Deferred taxation				
– Current year	**68.5**	(14.7)	**(26.8)**	(5.8)
– Prior year under/(over) provision	**19.6**	(9.5)	**1.1**	(9.1)
– Change in tax rate		5.5		4.3
Foreign withholding income tax	**0.8**	0.8	**0.8**	0.8
Taxation expense for the year	**536.7**	821.9	**217.4**	627.4
Reconciliation of effective taxation rate (%)				
South African current income tax rate	**27.0**	28.0	**27.0**	28.0
Non taxable income relating to:				
Dividends received			**6.9**	(0.4)
Gain on release of Heaney Meats contingent consideration		(0.2)		
Employee tax incentives	**(0.3)**	(0.1)	**0.6**	(0.1)
Share plans[1]	**0.5**	0.2	**(1.1)**	0.2
Non deductible expenses relating to:				
Business acquisition costs	**0.1**			
Impairments		0.2		0.2
Write-off of SAP asset under construction	**1.2**		**(1.1)**	
Impairment of subsidiary investment			**(78.4)**	
Impairment of goodwill	**6.8**		**(2.3)**	
Impairment of PPE and intangible assets	**4.1**			
Impairment to right of use asset	**1.1**			
Non-deductible interest costs	**1.9**	0.4		
Other operating costs	**1.3**	0.4	**(1.4)**	0.2
Other items:				
Assets not eligible for capital allowances	**0.1**	0.1		
Income tax allowances	**(0.5)**	(0.2)	**0.8**	(0.1)
Withholding income tax	**0.1**		**(0.2)**	
Prior year income tax over provision	**(0.1)**	(0.5)	**(0.5)**	(0.1)
Controlled Foreign Companies income	**0.1**		**(0.1)**	
Unutilised tax losses	**7.8**	2.7		
Write off of deferred tax asset	**7.3**			
Non deductible temporary differences	**0.5**	(0.1)		
Change in tax rate		0.2		0.2
Foreign tax rate differential	**(4.2)**	(4.1)		
Effective taxation rate	**54.8**	27.0	**(49.8)**	28.1

[1] *Temporary differences between deferred tax asset balance raised for future costs to be incurred and income tax deduction granted in current year for costs actually incurred on the ESP and CSP.*

8. EARNINGS PER SHARE

Earnings per share is calculated using the weighted average number of ordinary shares (net of treasury shares) in issue during the year. In the case of basic earnings per share, the weighted average number of ordinary shares (net of treasury shares) in issue during the year was 192 379 568 (2022: 192 445 771). In respect of diluted earnings per share, the weighted average number of ordinary shares (net of treasury shares) was 192 450 389 (2022: 192 678 012).

The calculation of the basic and diluted earnings per share attributable to ordinary shareholders is based on the following data:

		GROUP		COMPANY	
		2023	2022	**2023**	2022
Earnings					
Earnings for the purpose of basic and diluted earnings per share (profit/(loss) for the year attributable to equity holders of the company)	Rmillion	**401.3**	2 152.0	**(654.4)**	1 609.3
Earnings per share:					
Basic	cents	**208.6**	1 118.2		
Diluted	cents	**208.5**	1 116.9		
Number of shares					
Weighted average number of ordinary shares (net of treasury shares) for the purposes of basic earnings per share	'000	**192 380**	192 446	**192 380**	192 446
Effect of diluted potential ordinary shares:					
Share options and contingently issuable ordinary shares	'000	**71**	232	**71**	232
Weighted average number of ordinary shares (net of treasury shares) for the purposes of diluted earnings per share	'000	**192 451**	192 678	**192 451**	192 678

9. HEADLINE EARNINGS

		GROUP	
Rmillion		**2023**	2022
Profit for the year attributable to equity holders of the company		**401.3**	2 152.0
Adjusted for:			
Loss on sale of PPE and intangible assets		**35.8**	8.9
Write-off of SAP asset under construction		**94.1**	
Impairment of assets held for sale		**2.1**	4.9
Impairment of goodwill		**344.5**	46.3
Impairment of PPE and intangible assets		**229.3**	10.2
Impairment to right of use asset		**56.4**	7.5
Loss on disposal of businesses		**3.4**	3.6
Headline earnings		**1 166.9**	2 233.4
Headline earnings per share:			
Basic	cents	**606.6**	1 160.5
Diluted	cents	**606.3**	1 159.1

Headline earnings are calculated in accordance with SAICA Circular 1/2023.

Rmillion		GROUP 2023	GROUP 2022	COMPANY 2023	COMPANY 2022

10. DIVIDENDS PAID

Rmillion		GROUP 2023	GROUP 2022	COMPANY 2023	COMPANY 2022
2022 final dividend declared 16 November 2022					
– Paid 12 December 2022		**433.5**	1 031.5	**433.5**	1 031.5
2023 – Interim dividend declared					
– Interim dividend paid			336.5		336.5
Dividends paid to non-controlling interest		**3.1**	18.7		
Total dividends		**436.6**	1 386.7	**433.5**	1 368.0
2022 final dividend per share declared 16 November 2022					
– Paid 12 December 2022	cents	**225.0**	536.0	**225.0**	536.0
2023 – Interim dividend per share declared					
– Interim dividend paid	cents		175.0		175.0
Total dividends per share	cents	**225.0**	711.0	**225.0**	711.0

11. SEGMENT REPORTING

Segment accounting policies are consistent with those adopted for the preparation of the consolidated financial statements.

The principal segments of the group have been identified on a primary basis by geographical segment, which is representative of the internal reporting used for management purposes as well as the source and nature of business risks and returns. These geographical segments also represent operating segments as they meet the quantitative thresholds.

The chief executive officer is the chief operating decision maker (CODM) and assesses the performance of the operating segments based on profit before tax and for joint ventures and associates based on earnings after tax. The CODM is of the opinion that the operations of the individual distribution centres within Southern Africa are substantially similar to one another and that the risks and returns of these distribution centres are likewise similar. The risks and returns of the Ireland, Switzerland and Poland operations are not considered to be similar to those within Southern Africa or each other and are therefore disclosed as separate reportable segments.

As a result, the geographical reportable segments of the group have been identified as Southern Africa, Ireland, Switzerland and Poland. All segment revenue and expenses are directly attributable to the segments. Segment assets and liabilities include all operating assets and liabilities used by a segment, with the exception of inter segment assets and liabilities, and IFRS adjustments made by segments to their management report for the purposes of IFRS compliance. These assets and liabilities are all directly attributable to the segments.

The principal activity of the reporting segments is the wholesale and distribution of goods and services to SPAR grocery stores and multiple other branded group retail outlets.

11. SEGMENT REPORTING continued

The group deals with a broad spread of customers, with no single customer exceeding 10% of the group's revenue.

Analysis per reportable segment:

Rmillion	Southern Africa	Ireland	Switzerland	Poland	Consolidated total
2023					
Statement of profit or loss					
Revenue from contracts with customers	**93 630.6**	**38 742.2**	**17 073.1**	**2 869.9**	**152 315.8**
Impairment of PPE and intangible assets		**53.7**		**175.6**	**229.3**
Depreciation and amortisation	**472.2**	**722.1**	**964.2**	**107.8**	**2 266.3**
Total employment costs	**3 232.5**	**2 501.2**	**1 855.6**	**376.5**	**7 965.8**
Impairment of goodwill	**66.7**	**67.0**		**210.8**	**344.5**
Delivery costs – fuel	**948.3**	**620.9**	**175.6**	**108.6**	**1 853.4**
Advertising	**1 176.2**	**247.5**	**319.7**	**40.7**	**1 784.1**
Operating profit/(loss)	**1 217.6**	**1 062.3**	**236.8**	**(699.7)**	**1 817.0**
Profit/(loss) before tax	**942.0**	**773.3**	**113.1**	**(849.2)**	**979.2**
Finance income	**557.0**	**9.2**	**11.0**	**29.9**	**607.1**
Finance costs	**835.4**	**275.4**	**134.7**	**179.4**	**1 424.9**
Share of equity-accounted associate gains/(losses)	**3.0**	**(10.0)**			**(7.0)**
Taxation	**313.6**	**125.2**	**26.4**	**71.5**	**536.7**
Statement of financial position					
Total assets	**27 724.5**	**18 678.1**	**13 192.6**	**2 000.6**	**61 595.8**
Total liabilities	**23 451.9**	**14 409.5**	**10 174.3**	**3 338.5**	**51 374.2**
2022					
Statement of profit or loss					
Revenue from contracts with customers	89 076.1	31 815.5	15 052.3	2 392.7	138 336.6
Impairment of PPE and intangible assets		9.6		0.6	10.2
Depreciation and amortisation	462.4	624.4	825.2	82.9	1 994.9
Total employment costs	2 890.8	1 950.8	1 618.7	309.3	6 769.6
Impairment of goodwill		46.3			46.3
Delivery costs – fuel	840.4	535.1	163.2	95.4	1 634.1
Advertising	984.4	215.7	291.6	38.2	1 529.9
Operating profit/(loss)	2 451.7	970.5	409.5	(403.0)	3 428.7
Profit/(loss) before tax	2 335.6	810.4	351.1	(455.4)	3 041.7
Finance income	552.4	10.6	7.8	28.2	599.0
Finance costs	671.6	165.8	66.2	80.6	984.2
Share of equity-accounted associate profits	3.1	4.2			7.3
Taxation	682.7	89.6	53.8	(4.2)	821.9
Statement of financial position					
Total assets	26 968.1	16 104.4	12 018.1	2 027.6	57 118.2
Total liabilities	21 784.8	12 883.4	9 494.0	2 946.9	47 109.1

Rmillion	GROUP 2023	2022
11. SEGMENT REPORTING continued		
Disaggregated Revenue as reviewed by the CODM		
Southern Africa		
Revenue – sale of merchandise	**92 611.9**	88 090.9
SPAR	**70 749.1**	65 946.9
TOPS at SPAR	**10 197.4**	10 204.3
Build it	**9 706.7**	10 137.9
S Buys	**1 539.1**	1 290.9
Encore	**419.6**	510.9
Revenue – other	**1 018.7**	985.2
Revenue from contracts with customers	**93 630.6**	89 076.1
Ireland		
Revenue – sale of merchandise	**38 137.5**	31 295.6
BWG	**32 476.5**	26 672.0
Appleby Westward	**5 661.0**	4 623.6
Revenue – other	**604.7**	519.9
Revenue from contracts with customers	**38 742.2**	31 815.5
Switzerland		
Revenue – sale of merchandise	**15 711.6**	13 834.7
Wholesale	**7 526.1**	6 268.5
TopCC	**5 957.8**	5 256.6
Retail	**2 227.7**	2 309.6
Revenue – other	**1 361.5**	1 217.6
Revenue from contracts with customers	**17 073.1**	15 052.3
Poland		
Revenue – sale of merchandise	**2 863.3**	2 387.9
Wholesale	**2 478.8**	2 072.8
Retail	**384.5**	315.1
Revenue – other	**6.6**	4.8
Revenue from contracts with customers	**2 869.9**	2 392.7
Total Revenue – sale of merchandise	**149 324.3**	135 609.1
Total Revenue – other	**2 991.5**	2 727.5
Total Revenue from contracts with customers	**152 315.8**	138 336.6

12. PROPERTY, PLANT AND EQUIPMENT

Rmillion	Land and buildings	Motor vehicles
GROUP		
Carrying value at 30 September 2021	4 737.9	487.8
Cost	5 036.0	1 045.8
Accumulated depreciation	(298.1)	(558.0)
Additions	181.9	145.9
Additions through business combinations	2.3	2.5
Disposals	(11.8)	(13.6)
Disposal through sale of business		(0.6)
Depreciation	(17.3)	(100.6)
Impairment	(10.2)	
Exchange rate translation	292.9	5.7
Category reclassification	5.0	
Carrying value at 30 September 2022	5 180.7	527.1
Cost	5 418.4	1 129.7
Accumulated depreciation	(237.7)	(602.6)
Additions	**173.2**	**280.8**
Additions through business combinations	**105.8**	**12.2**
Disposals	**(19.4)**	**(17.3)**
Disposal through sale of business		
Depreciation	**(20.8)**	**(112.5)**
Impairment	**(2.4)**	
Exchange rate translation	**450.9**	**12.3**
Category reclassification	**7.0**	
Carrying value at 30 September 2023	**5 875.0**	**702.6**
Cost	**6 149.1**	**1 375.4**
Accumulated depreciation	**(274.1)**	**(672.8)**

Internal transport, plant and equipment	Office equipment, fixtures and fittings	Computer equipment	Assets under construction	Total
1 718.2	907.5	187.2	153.9	8 192.5
3 639.0	1 628.9	752.6	153.9	12 256.2
(1 920.8)	(721.4)	(565.4)		(4 063.7)
496.0	177.3	31.3	226.9	1 259.3
29.1	11.9	0.8		46.6
(27.8)	(32.0)	(9.3)	(51.9)	(146.4)
(1.2)	(1.6)			(3.4)
(399.4)	(206.9)	(70.0)		(794.2)
				(10.2)
40.7	88.1	6.8	18.3	452.5
29.7	27.2	(0.1)	(61.8)	–
1 885.3	971.5	146.7	285.4	8 996.7
4 074.7	2 023.7	791.3	285.4	13 723.2
(2 189.4)	(1 052.2)	(644.6)		(4 726.5)
506.2	**409.3**	**84.3**	**109.9**	**1 563.7**
26.7	**2.0**	**0.5**		**147.2**
(28.7)	**(48.6)**	**(0.4)**	**(9.7)**	**(124.1)**
(4.0)	**(0.1)**			**(4.1)**
(467.1)	**(268.0)**	**(78.9)**		**(947.3)**
(54.4)	**(0.5)**			**(57.3)**
185.5	**120.2**	**10.9**	**23.5**	**803.3**
96.0	**188.8**		**(291.8)**	**–**
2 145.5	**1 374.6**	**163.1**	**117.3**	**10 378.1**
4 681.9	**2 826.2**	**914.5**	**117.3**	**16 064.4**
(2 536.4)	**(1 451.6)**	**(751.4)**		**(5 686.3)**

12. PROPERTY, PLANT AND EQUIPMENT continued

Rmillion	Land and buildings	Motor vehicles
COMPANY		
Carrying value at 30 September 2021	1 430.1	437.4
Cost	1 529.2	940.0
Accumulated depreciation	(99.1)	(502.6)
Additions	4.6	105.5
Additions through business combinations		2.0
Disposals	(0.2)	(5.6)
Disposal through sale of businesses		(0.6)
Depreciation	(0.8)	(82.5)
Carrying value at 30 September 2022	1 433.7	456.2
Cost	1 533.4	999.0
Accumulated depreciation	(99.7)	(542.8)
Additions	**50.2**	**116.5**
Additions through business combinations		**3.0**
Disposals		**(6.4)**
Disposal through sale of businesses		
Depreciation	**(0.8)**	**(81.9)**
Category reclassification	**–**	**–**
Carrying value at 30 September 2023	**1 483.1**	**487.4**
Cost	**1 583.6**	**1 087.2**
Accumulated depreciation	**(100.5)**	**(599.8)**

Carrying value of fixed property encumbered as security for borrowings set out in note 29 is R3 598.3 million (2022: R3 062.0 million).

Included in the carrying value of property, plant and equipment are land and buildings of R398.7 million (2022: R366.6 million) which are leased to external parties. During the current year, additions to property leased externally were R0.9 million (2022: R107.9 million), depreciation on property leased externally was R0.8 million (2022: R53.9 million), and disposals were R nil (2022: R nil). The effect of foreign currency translation on the closing balance of property leased externally was a R32.0 million increase in the closing balance (2022: a R5.6 million increase in the closing balance).

Internal transport, plant and equipment	Office equipment, fixtures and fittings	Computer equipment	Assets under construction	Total
419.1	80.9	67.7	20.3	2 455.5
1 104.5	200.5	255.5	20.3	4 050.0
(685.4)	(119.6)	(187.8)		(1 594.5)
102.6	22.0	20.8	16.1	271.6
29.0	3.5	0.8		35.3
(0.6)	(0.1)	(3.8)		(10.3)
(1.2)	(1.6)			(3.4)
(103.1)	(21.9)	(23.3)		(231.6)
445.8	82.8	62.2	36.4	2 517.1
1 195.5	218.5	247.0	36.4	4 229.8
(749.7)	(135.7)	(184.8)		(1 712.7)
109.6	**23.6**	**27.9**	**20.7**	**348.5**
22.4	**1.4**	**0.4**		**27.2**
(4.5)	**(0.4)**	**(0.4)**		**(11.7)**
(4.0)	**(0.1)**			**(4.1)**
(114.3)	**(23.4)**	**(20.7)**		**(241.1)**
16.0	**1.3**	**–**	**(17.3)**	**–**
471.0	**85.2**	**69.4**	**39.8**	**2 635.9**
1 304.2	**229.5**	**246.2**	**39.8**	**4 490.5**
(833.2)	**(144.3)**	**(176.8)**		**(1 854.6)**

Rmillion	GROUP 2023	GROUP 2022	COMPANY 2023	COMPANY 2022

13. GOODWILL AND INTANGIBLE ASSETS

13.1 Total goodwill and intangible assets

Rmillion	GROUP 2023	GROUP 2022	COMPANY 2023	COMPANY 2022
Goodwill	**4 711.2**	4 356.5	**687.0**	702.1
Indefinite useful life intangible assets	**2 183.1**	2 090.8		
Definite useful life intangible assets	**1 347.0**	1 128.3	**1 170.9**	934.1
Carrying value at end of year	**8 241.3**	7 575.6	**1 857.9**	1 636.2
Analysed as follows:	**8 241.3**	7 575.6	**1 857.9**	1 636.2
Cost	**9 778.8**	8 549.3	**2 183.4**	1 891.4
Accumulated amortisation and impairment	**(1 537.5)**	(973.7)	**(325.5)**	(255.2)

13.2 Goodwill

Rmillion	GROUP 2023	GROUP 2022	COMPANY 2023	COMPANY 2022
Carrying value at beginning of year	**4 356.5**	4 065.3	**702.1**	624.2
Impairment	**(344.5)**	(46.3)	**(36.9)**	
Goodwill derecognised on disposal of business (Refer to note 33.2)	**(8.2)**	(8.1)	**(8.2)**	(8.1)
Business combinations (Refer to note 33.1)	**233.1**	234.5	**30.0**	86.0
Measurement period adjustment (Refer to note 33.5)	**24.3**			
Exchange rate translation	**450.0**	111.1		
Carrying value at end of year	**4 711.2**	4 356.5	**687.0**	702.1
Analysed as follows:				
Cost	**5 168.2**	4 461.0	**749.4**	727.6
Accumulated impairment	**(457.0)**	(104.5)	**(62.4)**	(25.5)
Grouping of CGUs with significant goodwill				
Southern African entities				
– SPAR distribution centres	**724.6**	769.6	**687.0**	702.1
– SPAR Encore Limited	**60.9**	60.9		
– S Buys Holdings (Pty) Ltd	**63.5**	63.5		
Irish and UK entities				
– BWG and Gilletts	**2 991.9**	2 442.7		
– Heaney Meats	**162.8**	206.2		
New Polish Investments (Polish entity)		183.3		
SPAR Holding AG (Swiss entity)	**707.5**	630.3		
Carrying value at end of year	**4 711.2**	4 356.5	**687.0**	702.1

Goodwill is allocated to the group's CGUs. These CGUs are determined as the group of assets acquired as part of a business combination to which the goodwill can be allocated, and which generates largely independent cash flows and will benefit from synergies of the combination.

Management view a grouping of CGUs as appropriate for impairment testing where the strategic direction is provided by a central management function, funded by a central financing facility and there is a large degree of interconnection between divisions. However, a separate impairment review is conducted for assets other than goodwill where there is an indicator of performance and operational challenges faced by a business unit within a grouping of CGUs.

Heaney Meats Catering Co Ltd (Heaney Meats) is a separate CGU and is not aggregated into the Irish and UK business when performing tests for the impairment of goodwill and indefinite life intangible assets as there is not a large degree of interconnectedness between Heaney Meats and other businesses within the segment. A separate test for the impairment of goodwill associated with the Heaney Meats has always been performed. During the current financial year the disclosure has been disaggregated to separately disclose Heaney Meats as a CGU, presenting the key assumptions applied in calculating the value-in-use separately. The comparative information has been updated for consistency. Refer to note 13.5.

Goodwill relating to retail stores acquired in South Africa are included within the associated distribution centre (DC) as the applicable goodwill is monitored and tested for impairment in a way that is consistent with management's internal management systems. Therefore each distribution centre is a standalone CGU. However, a goodwill impairment is recorded for retail stores where it has been closed or disposed of.

The recoverable amount of a CGU is determined based on the value-in-use calculations.

13. GOODWILL AND INTANGIBLE ASSETS continued

Rmillion	GROUP 2023	GROUP 2022	COMPANY 2023	COMPANY 2022
13.3 Indefinite useful life intangible assets				
Carrying value at beginning of year	**2 090.8**	2 060.3		
Impairment	**(172.1)**			
Exchange rate translation	**264.4**	30.5		
Carrying value at end of year	**2 183.1**	2 090.8	**–**	–
Analysed as follows:				
Brands	**2 183.1**	1 941.3		
Licences		149.5		

Indefinite useful life intangible assets represent acquired brands and licences. The acquired brands are established trademarks in the retail environment in Ireland and the UK. History indicates that competitor movements had no significant impact on the sales generated by these brands. On this basis, in addition to future prospects, management considered that the brands have indefinite useful lives.

The licence recognised is the licence to operate the SPAR brand in Poland. The licence was awarded with no set termination date and the intention for the group to operate under this licence indefinitely. SPAR International has a long history of licence holders operating licences successfully in various territories for a long period of time.

The carrying values of brands relating to the TIL CGU amounts to R2 183.1 million (2022: R1 941.3 million). The carrying value of licences allocated to the New Polish Investments CGU is R nil (2022: R149.5 million). This balance was impaired in the current year. Refer to note 13.5.

13.4 Definite useful life intangible assets

Rmillion	GROUP Computer software	GROUP Assets under construction	GROUP Total	COMPANY Computer Software	COMPANY Assets under construction	COMPANY Total
Carrying value at 30 September 2021	301.9	409.6	711.5	157.8	403.3	561.1
Cost	1 057.5	409.6	1 467.1	342.8	403.3	746.1
Accumulated amortisation	(755.6)		(755.6)	(185.0)		(185.0)
Additions	97.6	451.1	548.7	14.5	403.2	417.7
Disposals	(2.2)		(2.2)			
Amortisation	(140.4)		(140.4)	(44.7)		(44.7)
Transfers	2.5	(2.5)	–	2.5	(2.5)	–
Reclassifications	12.1	(12.1)	–			
Exchange rate translation	10.1	0.6	10.7			
Carrying value at 30 September 2022	281.6	846.7	1 128.3	130.1	804.0	934.1
Cost	**1 150.8**	**846.7**	**1 997.5**	**359.8**	**804.0**	**1 163.8**
Accumulated amortisation	**(869.2)**		**(869.2)**	**(229.7)**		**(229.7)**
Additions	**85.2**	**347.2**	**432.4**	**7.0**	**281.8**	**288.8**
Disposals	**(9.6)**		**(9.6)**	**(0.7)**		**(0.7)**
Amortisation	**(132.2)**		**(132.2)**	**(33.6)**		**(33.6)**
Write-off of SAP asset under construction		**(94.1)**	**(94.1)**		**(17.7)**	**(17.7)**
Reclassifications	**145.9**	**(145.9)**	**–**	**133.6**	**(133.6)**	**–**
Exchange rate translation	**17.1**	**5.1**	**22.2**			**–**
Carrying value at 30 September 2023	**388.0**	**959.0**	**1 347.0**	**236.4**	**934.5**	**1 170.9**
Cost	**1 468.5**	**959.0**	**2 427.5**	**499.5**	**934.5**	**1 434.0**
Accumulated amortisation	**(1 080.5)**		**(1 080.5)**	**(263.1)**		**(263.1)**

The asset under construction balance includes the SAP software asset to be rolled out in the business. As at 30 September 2023, the balance relating to the SAP software asset was R896.7 million (2022: R784.8 million).

The balance also includes amounts relating to the second phase of the SPAR2U online shopping service totalling R28.2 million which is still in development. Costs totalling R12.0 million relating to the first phase of the project have already been brought into use.

The asset under construction balance was tested for impairment as at 30 September 2023 and sufficient headroom was available. The write-off of the SAP asset under construction relates to the discontinuation of the project in Ireland and Poland.

13. GOODWILL AND INTANGIBLE ASSETS continued

13.5 Impairment testing

The value-in-use discounted cash flow model was applied in assessing the carrying value of goodwill and indefinite useful life intangible assets. Cash flows were projected over the next five-year period based on financial budgets or forecasts approved by management.

	GROUP	
The following rates were applied in determining the value-in-use:	**2023 %**	2022 %
Southern African entities (SPAR distribution centres, S Buys and SPAR Encore):		
Pre-tax discount rate	**13.9**	12.8
Sales growth rate – SPAR distribution centres	**5.0**	5.0
Sales growth rate – Encore	**8.0 – 11.0**	7.7 – 11.0
Sales growth rate – S Buys	**7.0 – 9.0**	11.7
Terminal value growth rate	**5.0**	5.0
Irish and UK entities (BWG, Gilletts and Heaney Meats):*		
Pre-tax discount rate	**9.0**	8.0
Sales growth rate – BWG and Gilletts	**3.5**	3.5
Sales growth rate – Heaney Meats	**2.0 – 29.0**	2.0 – 35.0
Terminal value growth rate	**2.0**	1.0
Swiss entity (SPAR Holding AG):		
Pre-tax discount rate	**5.4**	5.1
Sales growth rate	**1.4**	1.4
Terminal value growth rate	**1.5**	1.5
Polish entity (New Polish Investments):		
Pre-tax discount rate	**11.2**	12.0
Sales growth rate	**5.2 – 19.7**	21.1 – 27.5
Terminal value growth rate	**2.5**	2.2

* *The Heaney Meats impairment assessment has been disaggregated in the current year and the relevant comparatives represented. Refer to note 13.2 for further details.*

Discount rates applied are consistent with external sources, and sales and terminal value growth rates reflect expected performance.

As a result of the above impairment assessment, management have recorded an impairment to goodwill of R67.0 million (2022: R46.3 million) for Heaney Meats. The meat processing business in Heaney Meats will be discontinued in 2024 and the business will focus on 100% wholesale. An additional impairment of PPE and restructuring provision has been recorded at year end in relation to the planned discontinuation of the meat processing line.

In the current year, the sales growth rate used in the Polish value-in-use discounted cash flow model has been updated to reflect current business performance as well as trends in the Polish economy. As a result of the above impairment assessment, management have impaired the full goodwill balance of R210.8 million within this CGU as well as the entire balance relating to indefinite useful life intangible assets and a portion of right-of-use assets held in this CGU.

Rmillion	COMPANY 2023	2022
14. INVESTMENT IN SUBSIDIARIES		
Carrying value at beginning of year	**2 212.0**	2 052.2
Investments in subsidiaries	**1 214.0**	159.8
Impairment of investment	**(1 267.8)**	
Carrying value at end of year	**2 158.2**	2 212.0

As at 30 September 2023, the Polish segment continues to be in a negative equity position as disclosed in note 11, Segment Reporting. This is an impairment indicator for the purposes of IAS 36, Impairment of non-financial assets, and a test on the recoverable amount of the investment in subsidiary was performed. The company's separate statement of financial position includes an investment in the Polish subsidiary with a closing cost of R1 267.8 million. The recoverable amount of the investment in Poland is derived from the value-in-use calculation performed for the Polish entity CGU, net of external debt. As at 30 September 2023 the investment was fully impaired. SPAR has engaged a process to dispose of its interests in Poland. The process to disinvest in SPAR Poland had not progressed sufficiently at the reporting date to meet the criteria in IFRS 5 to be disclosed as held for sale.

Name of subsidiary	Principal place of business	Issued share capital 2023 Rmillion	Issued share capital 2022 Rmillion	Voting rights 2023 %	Voting rights 2022 %	Cost of investment 2023 Rmillion	Cost of investment 2022 Rmillion
SAH Ltd[4] (registered in the Isle of Man)	Switzerland	**685.4**	685.4	**100**	100	**685.4**	685.4
TIL JV Ltd[4] (registered in the Isle of Man)	Ireland	**0.1**	0.1	**100**	100	**798.6**	798.6
SPAR South Africa (Pty) Ltd[2]	South Africa			**100**	100		
SPAR Namibia (Pty) Ltd[1] (registered in Namibia)**	Namibia			**100**	100		
The SPAR Group (Botswana) (Pty) Ltd[1] (registered in Botswana)**	Botswana			**100**	100		
SPAR Mozambique Limitada[1] (registered in Mozambique)**	Mozambique			**100**	100		
Sun Village Supermarket (Pty) Ltd[1]	South Africa			**90**	90		
SaveMor Products (Pty) Ltd[2]	South Africa			**100**	100		
SPAR Academy of Learning (Pty) Ltd[2]	South Africa			**100**	100		
SPAR Retail Stores (Pty) Ltd[1]	South Africa			**100**	100		
Kaplian Trading (Pty) Ltd[1]	South Africa			**100**	100		
SPAR Mopani Rural Hub (Pty) Ltd[1]	South Africa			**100**	100		
Annison 45 (Pty) Ltd[1]	South Africa			**60**	60		
SPAR Lowveld Rural Hub (Pty) Ltd[1]	South Africa			**100**	100		
Clusten 45 (Pty) Ltd[2]	South Africa			**100**	100		
SPAR Financial Services (Pty) Ltd[2]	South Africa			**100**	100		
Knowles Shopping Centre Investments (Pty) Ltd[3]	South Africa			**100**	100		
S Buys Holdings (Pty) Ltd[4]	South Africa	**79.8**	79.8	**100**	60	**130.9**	74.9
SPAR Trading (Pty) Ltd(Registered in eSwatini)(1)	eSwatini			**100**	100		
New Polish Investments Sp. z o.o.(Registered in Poland)(4)	Poland			**100**	100		485.4
SPAR Encore Ltd[4]	South Africa			**100**	50	**543.3**	167.7
Consolidated entities* **							
The SPAR Guild of Southern Africa[1]**	South Africa						
The Build it Guild of Southern Africa[1]**	South Africa						
The SPAR Group Ltd Employee Share Trust (2004)[1]*	South Africa						
The SPAR BBBEE Employee Trust[1]*	South Africa						
The SPAR BBBEE Retailer Employee Trust[1]*	South Africa						
Total						**2 158.2**	2 212.0

All legal entities are incorporated in the Republic of South Africa unless otherwise indicated.
The issued share capital nil value items relate to share capital below R100 000 and therefore have not been presented.

* *The SPAR Group Ltd Employee Share Trust (2004), the SPAR BBBEE Employee Trust, and the SPAR BBBEE Retailer Employee Trust have 28 February as their year end. All other companies have a 30 September year end.*
** *Non-profit companies over which the company exercises control.*
*** *These entities are consolidated as the group has effective control over these entities due to the group's control over the board.*
(1) *Operating company or entity.*
(2) *Dormant.*
(3) *Property-owning company.*
(4) *Holding company.*

Rmillion	GROUP 2023	GROUP 2022	COMPANY 2023	COMPANY 2022

15. INVESTMENT IN ASSOCIATES AND JOINT VENTURES

Rmillion	GROUP 2023	GROUP 2022	COMPANY 2023	COMPANY 2022
Carrying value at beginning of year	**130.7**	94.6	**130.7**	99.4
Share of (losses)/profits for the year	**(7.0)**	7.3		
Investment in associates and joint ventures	**11.8**	31.3	**7.2**	31.3
Foreign currency translation	**14.7**	(2.5)		
Carrying value at end of year	**150.2**	130.7	**137.9**	130.7

Summarised financial statements of the group's share of associates and joint ventures

Rmillion	GROUP 2023	GROUP 2022
Statement of profit or loss		
Revenue	**608.8**	583.5
(Losses)/profits for the year attributable to ordinary shareholders	**(7.0)**	7.3
Statement of financial position		
Total assets	**191.7**	174.3
Total liabilities	**(93.5)**	(81.4)
Net assets	**98.2**	92.9

The associates have share capital consisting of ordinary shares, which are held directly by the group. These are private companies and no quoted market prices are available for their shares.

Details of the group's shareholding and carrying values

	Nature of relationship	Shareholding in associates and joint ventures 2023 %	Shareholding in associates and joint ventures 2022 %	GROUP 2023 Rmillion	GROUP 2022 Rmillion	COMPANY 2023 Rmillion	COMPANY 2022 Rmillion
SPAR SL (Pvt) Ltd	(joint venture)	**50.0**	50.0	**86.0**	68.9	**136.6**	129.4
JB Retail 2401 (Pty) Ltd – Richdens	(associate)	**40.0**	40.0	**3.7**	3.1	**1.3**	1.3
Fresh Opportunities Ltd	(associate)	**40.0**	40.0	**60.5**	58.7		
Pior I Pawel Plus Sp.z o.o.	(associate)	**48.0**	48.0				
				150.2	130.7	**137.9**	130.7

Rmillion	GROUP 2023	GROUP 2022	COMPANY 2023	COMPANY 2022

16. OTHER INVESTMENTS

Rmillion	GROUP 2023	GROUP 2022	COMPANY 2023	COMPANY 2022
Carrying value at beginning of year	**15.7**	14.5	**15.0**	13.4
Additional investments during the year		2.6		2.6
Fair value adjustments	**2.7**	(1.0)	**2.7**	(1.0)
Disposals	**(0.8)**	(0.4)	**(0.8)**	
Foreign exchange differences	**0.2**			
Carrying value at end of year	**17.8**	15.7	**16.9**	15.0
Analysed as follows:				
Group Risk Holdings (Pty) Ltd (GRH)	**0.6**	1.5	**0.6**	1.5
Group Risk Mutual Limited (GRML)	**5.4**	2.6	**5.4**	2.6
Schnellimmo Ltd	**0.9**	0.7		
Buying International Group SPAR (B.V. BIGS)	**0.9**	0.9	**0.9**	0.9
SA SME Fund Ltd	**10.0**	10.0	**10.0**	10.0

17. BLOCK DISCOUNTING LOANS

Rmillion	GROUP 2023	GROUP 2022	COMPANY 2023	COMPANY 2022
Block discounting loan receivable	**18.3**	47.5	**18.3**	47.5
Current portion of block discounting loan receivable	**14.0**	53.8	**14.0**	53.8
Total block discounting loan receivable	**32.3**	101.3	**32.3**	101.3
Block discounting loan payable	**18.7**	48.4	**18.7**	48.4
Current portion of block discounting loan payable	**15.2**	55.6	**15.2**	55.6
Total block discounting loan payable	**33.9**	104.0	**33.9**	104.0

SPAR gives out loans at the prime interest rate to retailers which are immediately sold at prime less 1% to an approved financial institution under a block discounting agreement with recourse. The financial institution fulfils all administrative activities relating to the repayment of these loans, and will only revert to SPAR in the unusual instance of default on the part of the retailer.

These loans have been discounted to the financial institution with full recourse, resulting in SPAR still being exposed to the credit risk on this transaction. It has been concluded that these loan receivables do not meet the derecognition criteria for financial assets in terms of IFRS 9. This has resulted in the recognition of a financial asset held at amortised cost which represents the amount owing by the retailer, and a financial liability held at amortised cost which represents the amount owing to the financial institution. The block discounting loans are considered to have low credit risk and the loss allowance recognised was therefore limited to 12-months expected losses.

Retailer loans are secured by notarial bonds over assets, deeds of suretyship, cession and pledge of shares and in some instances, lease options. The recoverability of amounts owed by retailers is regularly reviewed and assessed on an individual basis. This is estimated considering past experience and additional risk factors such as significant actual or expected changes in the operating results or business conditions of the retailer. To the extent that a loan is considered irrecoverable, the debt is written off. Refer to note 39 for the credit risk assessment of these receivable balances.

18. LOANS AND OTHER RECEIVABLES

Rmillion	GROUP 2023	GROUP 2022	COMPANY 2023	COMPANY 2022
Retailer loans advanced by SPAR	**1 018.4**	1 129.4	**513.0**	540.7
Retailer loans advanced by the Guild	**107.9**	101.3		
Loans to group companies	**1.2**	7.2	**120.8**	126.8
Advance to The Share Trust			**1.5**	30.9
Total	**1 127.5**	1 237.9	**635.3**	698.4
Less: Current portion of retailer loans	**(146.0)**	(207.2)	**(97.9)**	(164.6)
Less: Loss allowance	**(173.6)**	(253.5)	**(73.2)**	(77.2)
Non-current loans	**807.9**	777.2	**464.2**	456.6

18. LOANS AND OTHER RECEIVABLES continued

Retailer loans advanced by SPAR

Retailer loans are both secured and unsecured, bear interest at variable floating rates and have set repayment terms.

The recoverability of amounts owed by retailers is regularly reviewed and assessed on an individual basis (refer to note 39).

Retailer loans advanced by Guild

The retailers contribute to a development member fund, which is utilised to issue out loans to retailers for store revamps. As at 30 September 2023 members' cumulative contributions are in excess of the loans advanced through to members. These loans are unsecured, bear no interest and have set repayment terms.

Advance to The Share Trust

The advance to The SPAR Group Ltd Employee Share Trust (2004) is unsecured, bears no interest and has no set repayment terms. The company advanced money to the trust to enable it to finance the repurchase of the company's shares (refer to note 26). This advance constitutes a loan and a contribution. The loan portion is recoverable from the trust upon exercise of share options to the extent of the sum of option strike prices of options exercised. The contribution portion will be the difference between the cost price of treasury shares and the option strike prices of the equivalent number of treasury shares utilised to satisfy option holders who exercise their option rights.

19. DEFERRED TAXATION

	GROUP		COMPANY	
Rmillion	**2023**	2022	**2023**	2022
Asset				
Property, plant and equipment (PPE)	**(251.3)**	(229.7)	**(250.2)**	(228.6)
Provisions, claims and prepayments	**428.0**	440.8	**363.5**	323.4
Leases and ROU assets	**42.0**	42.5	**37.3**	37.3
Carrying value at end of year	**218.7**	253.6	**150.6**	132.1
Reconciliation:				
Carrying value at beginning of year	**253.6**	228.3	**132.1**	125.3
Employee share plan equity including rate change impact	**(5.6)**	(3.8)	**(5.6)**	(3.8)
Rate change – P/L impact (Refer to Note 7)		(5.4)		(4.3)
Profit or loss effect	**(40.3)**	37.1	**25.7**	14.9
Exchange rate translation	**12.6**	(2.6)		
Other comprehensive income effect	**(1.6)**		**(1.6)**	
Carrying value at end of year	**218.7**	253.6	**150.6**	132.1
Liability				
PPE and intangible assets	**(527.8)**	(451.7)		
Defined benefit obligations	**0.2**	9.2		
Provisions, claims and prepayments	**(81.7)**	(75.2)		
Leases and ROU assets	**63.9**	82.2		
Carrying value at end of year	**(545.4)**	(435.5)	**–**	–
Reconciliation:				
Carrying value at beginning of year	**(435.5)**	(312.1)		
Rate change – P/L impact (Refer to Note 7)		(0.1)		
Profit or loss effect	**(47.8)**	(12.9)		
Exchange rate translation- P/L impact	**(55.3)**	(33.3)		
Other comprehensive income effect including rate change impact	**(6.8)**	(77.1)		
Carrying value at end of year	**(545.4)**	(435.5)	**–**	–
Total net (liability)/asset	**(326.7)**	(181.9)	**150.6**	132.1

The group has concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets for the subsidiaries.

As at 30 September 2023, the Polish business has unused tax losses available for offset against future profits of R460.6 million. A deferred tax asset of R20.6 million has been recognised in respect of such losses based on a conservative estimate of future taxable income derived from approved business forecasts, with remaining tax losses of R440.0 million not provided for.

Rmillion	GROUP 2023	GROUP 2022	COMPANY 2023	COMPANY 2022

20. INVENTORIES

Rmillion	GROUP 2023	GROUP 2022	COMPANY 2023	COMPANY 2022
Merchandise	**6 895.5**	6 674.3	**2 770.5**	2 878.6
Less: Provision for obsolescence	**(135.3)**	(120.3)	**(43.2)**	(43.6)
Carrying value of inventories	**6 760.2**	6 554.0	**2 727.3**	2 835.0
Write-down of inventories recognised within cost of sales	**261.2**	173.2	**43.8**	9.5

21. TRADE AND OTHER RECEIVABLES

Rmillion	GROUP 2023	GROUP 2022	COMPANY 2023	COMPANY 2022
Trade debtors	**17 421.3**	15 769.7	**10 846.5**	10 069.6
Less: Loss allowance	**(1 534.4)**	(1 270.8)	**(816.1)**	(638.6)
Net trade debtors	**15 886.9**	14 498.9	**10 030.4**	9 431.0
Other receivables	**2 426.4**	2 382.6	**1 558.1**	1 379.7
Total trade and other receivables	**18 313.3**	16 881.5	**11 588.5**	10 810.7

The other receivables balance includes various operational debtors such as refundable deposits, income accruals, insurance claims receivable, staff debtors and loans made by the Guild to SPAR retail members.

Rmillion	GROUP 2023	GROUP 2022	COMPANY 2023	COMPANY 2022
Reconciliation of loss allowance:				
Carrying value at beginning of year	**(1 270.9)**	(854.4)	**(638.6)**	(401.5)
Loss allowance raised during the year	**(322.6)**	(456.8)	**(201.9)**	(264.7)
Loss allowance reversed during the year	**131.3**	83.1	**24.4**	27.6
Reclassification to loans and other receivables	**1.6**	45.8		
Exchange rate translation	**(73.8)**	(88.6)		
Carrying value at end of year	**(1 534.4)**	(1 270.9)	**(816.1)**	(638.6)
Irrecoverable debts written off net of recoveries	**415.1**	198.4	**330.9**	180.2

Trade receivables

The group provides trade credit facilities to its independent retailers. The recoverability of amounts owing by retail members to the group is regularly reviewed and assessed on an individual basis. The loss allowance represents management's estimate of the extent to which trade receivables at the reporting date will not be subsequently recovered. This estimate takes into consideration past trends and makes an assessment of additional and forward looking risk factors to determine the expected credit loss. Further information regarding risk assessment for these receivables has been detailed in note 39. To the extent considered irrecoverable, debts are written off. It is a prerequisite for appropriate security to be obtained from retailers to reduce the level of credit exposure.

Standard credit terms granted to members are as follows:

SPAR

Ex-warehouse supply	15/25 days from weekly statement
Ex-direct supplier delivery	25/31 days from weekly statement

Build it

Ex-direct supplier delivery	38/48 days from weekly statement

The directors consider the carrying value of trade and other receivables to approximate their fair values.

22. TAXATION PAID

Rmillion	GROUP 2023	GROUP 2022	COMPANY 2023	COMPANY 2022
Receivable/(payable) at beginning of year	**63.4**	46.6	**7.0**	(18.1)
Exchange rate translation	**4.3**	6.0		
Charge to profit or loss (refer to note 7)	**448.6**	840.6	**243.1**	638.0
Interest earned on receivable		(0.2)		(0.2)
Net (payable)/receivable at end of year	**24.5**	(63.4)	**38.5**	(7.0)
Total taxation paid	**540.8**	829.6	**288.6**	612.7

23. CASH AND CASH EQUIVALENTS/OVERDRAFTS

For the purpose of the statement of cash flow, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. The group separately discloses the bank balances of SPAR, Guild and trust bank balances. Guild balances comprise retailer funds and other cash deposits attributable to The SPAR Guild of Southern Africa, and the Build it Guild of Southern Africa. Deposits received by the SPAR Guild of Southern Africa from the SPAR retail members are included in other payables. Trust balances comprise cash on hand at year end held by the BBBEE trusts pending payment to beneficiaries. The liability to the beneficiaries is included in trade and other payables.

Cash and cash equivalents at the end of the financial year as shown in the statement of cash flow can be reconciled to the related items in the statement of financial position as follows:

	GROUP		COMPANY	
Rmillion	**2023**	2022	**2023**	2022
Bank balances – Guilds and Share trusts	**251.3**	212.9		
Bank balances – BBBEE trusts	**35.0**	37.9		
Bank balances – Guilds and trusts	**286.3**	250.8		
Bank balances – SPAR	**1 421.7**	862.0	**52.1**	47.1
Bank overdrafts – SPAR	**(3 157.9)**	(3 013.0)	**(2 438.7)**	(2 206.6)
Net cash overdrafts	**(1 449.9)**	(1 900.2)	**(2 386.6)**	(2 159.5)

24. RIGHT-OF-USE ASSETS AND LEASES

Lease arrangements by segment

SPAR Southern Africa leases mostly relate to head lease arrangements on key strategic retail sites that are viewed as fundamental to the group's growth strategy. These include a back-to-back sublease agreement with our independent retailers. IFRS 16 requires the recognition of the obligation to pay rent under the head lease as a lease liability, with a corresponding asset representing the lease receivable. For these back-to-back sublease agreements, the accounting for the head lease and the sublease under IFRS 16 has an equal and opposite impact on the statement of comprehensive income. To the extent of leased property that is not sublet, the group recognises a right-of-use asset and a finance lease liability.

SPAR Ireland leases mostly relate to property leases which are franchised to retailers or operated by the group. There are also motor vehicles leases. For both the property leases and motor vehicle leases, a right-of-use asset and finance lease liability are recognised. For the property leases where the group is a lessor, a finance lease asset is recognised instead of the right-of-use asset.

SPAR Switzerland has property, trucks and information technology (IT) hardware leases. The property leases do not include back-to-back sublease agreements resulting in a right-of-use asset and finance lease liability being recognised.

Right-of-use assets

The following amounts are relating to leases where the group is a lessee:

Rmillion	**Land and buildings**	**Motor vehicles**	**Internal transport, plant and equipment**	**Office equipment, fixtures and fittings**	**Computer equipment**	**Total**
GROUP						
Carrying value at 1 October 2021	6 883.6	176.4	49.5	6.0	20.0	7 135.5
Cost	14 794.9	290.9	71.5	10.7	26.5	15 194.5
Accumulated depreciation	(7 911.3)	(114.5)	(22.0)	(4.7)	(6.5)	(8 059.0)
Additions	1 562.7	19.7	7.8	1.0	6.6	1 597.8
– Additions	527.1	16.9	7.0	0.9	6.6	558.5
– Modifications	1 035.6	2.8	0.8	0.1		1 039.3
Additions through business combinations	205.0					205.0
Disposals	(109.4)	(8.7)	(0.1)		(4.3)	(122.5)
Impairment	(7.5)					(7.5)
Transfer to lease receivable		(1.0)	1.0			–
Depreciation	(970.0)	(67.1)	(10.5)	(3.2)	(9.5)	(1 060.3)
Effect of foreign currency exchange differences	558.8	9.5	1.9		2.3	572.5
Carrying value at 30 September 2022	8 123.2	128.8	49.6	3.8	15.1	8 320.5
Cost	17 222.1	248.8	76.4	11.0	23.7	17 582.0
Accumulated depreciation	(9 098.9)	(120.0)	(26.8)	(7.2)	(8.6)	(9 261.5)

24. RIGHT-OF-USE ASSETS AND LEASES continued

Right-of-use assets continued

Rmillion	Land and buildings	Motor vehicles	Internal transport, plant and equipment	Office equipment, fixtures and fittings	Computer equipment	Total
GROUP						
Additions	**866.6**	**37.4**	**18.4**	**8.2**		**930.6**
– Additions	**648.9**	**36.6**	**18.7**	**7.6**		**711.8**
– Modifications	**217.7**	**0.8**	**(0.3)**	**0.6**		**218.8**
Additions through business combinations	**61.4**					**61.4**
Disposals	**(35.3)**	**(0.4)**	**(7.5)**	**(0.5)**		**(43.7)**
Impairment	**(56.4)**					**(56.4)**
Transfer to lease receivable		**9.7**	**(9.7)**			**–**
Depreciation	**(1 107.0)**	**(58.7)**	**(11.9)**	**(4.0)**	**(5.2)**	**(1 186.8)**
Effect of foreign currency exchange differences	**924.5**	**15.5**	**6.3**	**0.7**	**1.6**	**948.6**
Carrying value at 30 September 2023	**8 777.0**	**132.3**	**45.2**	**8.2**	**11.5**	**8 974.2**
Cost	**19 851.6**	**285.4**	**71.9**	**13.9**	**25.5**	**20 248.3**
Accumulated depreciation	**(11 074.6)**	**(153.1)**	**(26.7)**	**(5.7)**	**(14.0)**	**(11 274.1)**

Rmillion	Land and buildings
COMPANY	
Carrying value at 1 October 2021	652.5
Cost	952.0
Accumulated depreciation	(299.5)
Additions	173.0
Depreciation	(157.1)
Carrying value at 30 September 2022	668.4
Cost	1 125.0
Accumulated depreciation	(456.6)
Additions	**215.9**
Depreciation	**(168.4)**
Carrying value at 30 September 2023	**715.9**
Cost	**1 340.9**
Accumulated depreciation	**(625.0)**

Lease receivable

The balance sheet shows the following amounts relating to property leases where the group is a lessee and lessor in back-to-back sub-lease arrangements:

	GROUP		COMPANY	
Rmillion	**2023**	2022	**2023**	2022
Current	**945.0**	896.1	**848.4**	799.2
Non-Current	**4 564.1**	5 006.8	**4 054.8**	4 532.3
Total	**5 509.1**	5 902.9	**4 903.2**	5 331.5

Minimum lease receipts on lease receivables on an undiscounted basis are as follows:

	GROUP		COMPANY	
Rmillion	**2023**	2022	**2023**	2022
Within 1 year	**1 332.2**	1 330.2	**1 224.8**	1 211.0
Between 1 and 2 years	**1 206.3**	1 263.3	**1 115.1**	1 165.7
Between 2 and 3 years	**1 098.7**	1 125.9	**1 015.3**	1 046.2
Between 3 and 4 years	**942.3**	1 014.3	**857.2**	942.9
5 years and later	**2 427.5**	2 823.3	**2 099.1**	2 519.3
	7 007.0	7 557.0	**6 311.5**	6 885.1

	GROUP		COMPANY	
The total cash inflow for leases in 2023 was as follows:	**2023**	2022	**2023**	2022
Principle element of lease receipts	**919.4**	819.8	**817.3**	740.5
Finance income	**450.3**	465.3	**425.6**	444.4
Operating lease receipts	**97.3**	84.3	**11.0**	9.3
Total	**1 467.0**	1 369.4	**1 253.9**	1 194.2

24. RIGHT-OF-USE ASSETS AND LEASES continued

Lease liability

The following amounts relate to both leases where the group is a lessee, and where the group is a lessee and lessor in back-to-back head and sub-lease arrangements:

	GROUP		COMPANY	
Rmillion	**2023**	2022	**2023**	2022
Current	**2 100.5**	1 976.6	**981.2**	950.8
Non-Current	**13 259.5**	13 017.8	**4 744.3**	5 154.1
Total	**15 360.0**	14 994.4	**5 725.5**	6 104.9

The total cash outflow for leases in 2023 was as follows:

	GROUP		COMPANY	
Rmillion	**2023**	2022	**2023**	2022
Principal element of lease payments	**2 114.4**	1 885.8	**961.1**	876.3
Interest	**720.8**	667.9	**491.3**	505.7
Short-term lease payments	**86.8**	40.9	**6.6**	5.1
Low value lease payments	**17.5**	13.8	**7.3**	7.7
Variable lease payments	**51.0**	40.7		
Total	**2 990.5**	2 649.1	**1 466.3**	1 394.8

25. STATED CAPITAL

25.1 Authorised

250 000 000 (2022: 250 000 000) ordinary shares				
Issued and fully paid				
192 602 355 (2022: 192 602 355) ordinary shares	**2 231.5**	2 231.5	**2 231.5**	2 231.5
Carrying value at end of year	**2 231.5**	2 231.5	**2 231.5**	2 231.5
Number of shares				
Ordinary shares				
Outstanding at beginning of year	**192 602 355**	192 602 355	**192 602 355**	192 602 355
Outstanding at end of year	**192 602 355**	192 602 355	**192 602 355**	192 602 355

All authorised and issued shares of the same class rank *pari passu* in every respect. The unissued shares of the company are under the control of the directors to the extent that such shares may be required to satisfy option holders' requirements. This authority will expire at the forthcoming annual general meeting.

There are no conversion or exchange rights in respect of the ordinary shares and a variation of share rights requires approval by a special resolution from the shareholders at a general meeting in accordance with the Memorandum of Incorporation.

25.2 Shares subject to option

Details of share options granted in terms of the company's share option scheme are as follows:

		Number of shares under option	
Option strike price per share	Option exercisable until	**2023**	2022
R96.46	8 November 2021		4 000
R122.81	13 November 2022	**2 800**	123 100
R126.43	12 November 2023	**254 700**	289 600
R124.22	7 February 2024	**50 000**	50 000
		307 500	466 700

No further awards will be made under the share option plan which effectively closed to additional participants in 2014. Existing participants have 10 years from the date of issue to exercise their option rights.

26. TREASURY SHARES

During the year The Share Trust purchased 60 000 (2022: 210 000) shares in the company at an average purchase price per share of R144.38 (2022: R166.10). The trust purchased and holds these shares for the purpose of satisfying option holder requirements as and when option holders exercise their share option rights.

During the year The SPAR Group Ltd purchased 223 352 shares (2022: 143 216), for the CSP, at an average purchase price per share of R145.78 (2022: R172.43) amounting to R32.6 million (2022: R24.7 million).

	GROUP	
Rmillion	**2023**	2022
Cost of shares		
Carrying value at beginning of year	**30.9**	13.3
Treasury shares acquired	**41.2**	59.6
Settlement of share-based payments – Continuation participants	**(13.0)**	(21.7)
Settlement of share-based payments – Retired participants	**(19.6)**	(3.0)
Shares sold to option holders on exercise of share option rights	**(38.0)**	(17.3)
Carrying value at end of year	**1.5**	30.9

	Number of shares held	
	2023	2022
Shares held in trust		
Balance at beginning of year	**190 289**	66 989
Treasury shares acquired	**60 000**	210 000
Shares sold to option holders on exercise of share option rights	**(232 600)**	(86 700)
Balance at end of year	**17 689**	190 289

27. EMPLOYMENT BENEFIT OBLIGATIONS

27.1 Retirement benefit funds

	The BWG Group retirement funds		The SPAR Handels AG retirement funds		Total	
Rmillion	**2023**	2022	**2023**	2022	**2023**	2022
Fair value of fund assets						
Carrying value at beginning of year	**1 023.4**	1 301.8	**2 513.3**	2 395.3	**3 536.7**	3 697.1
Interest income on plan assets	**40.1**	17.8	**60.7**	8.6	**100.8**	26.4
Remeasurement – return on plan assets (excluding interest income)	**(6.9)**	(290.8)	**8.3**	(121.1)	**1.4**	(411.9)
Contributions	**33.9**	25.7	**131.5**	114.4	**165.4**	140.1
Benefits paid	**(40.6)**	(45.5)	**(135.1)**	(193.1)	**(175.7)**	(238.6)
Exchange rate translation	**128.7**	14.4	**311.0**	309.2	**439.7**	323.6
Carrying value at end of year	**1 178.6**	1 023.4	**2 889.7**	2 513.3	**4 068.3**	3 536.7
Present value of defined benefit obligation						
Carrying value at beginning of year	**(1 091.8)**	(1 538.6)	**(2 450.6)**	(2 796.0)	**(3 542.4)**	(4 334.6)
Interest cost	**(21.0)**	(20.9)	**(59.2)**	(10.0)	**(80.2)**	(30.9)
Remeasurement (effect of changes in financial assumptions)			**(85.4)**	557.7	**(85.4)**	557.7
Current service cost	**(42.1)**	(29.0)	**(52.8)**	(69.7)	**(94.9)**	(98.7)
Benefits paid/accrued to be paid	**40.6**	45.5	**135.1**	193.1	**175.7**	238.6
Plan participants contributions	**(4.4)**	(3.9)	**(66.1)**	(57.4)	**(70.5)**	(61.3)
Gain on curtailment				51.7		51.7
Actuarial gain	**76.3**	467.9			**76.3**	467.9
Exchange rate translation	**(134.9)**	(12.8)	**(306.1)**	(320.0)	**(441.0)**	(332.8)
Carrying value at end of year	**(1 177.3)**	(1 091.8)	**(2 885.1)**	(2 450.6)	**(4 062.4)**	(3 542.4)

Rmillion	The BWG Group retirement funds 2023	The BWG Group retirement funds 2022	The SPAR Handels AG retirement funds 2023	The SPAR Handels AG retirement funds 2022	Total 2023	Total 2022

27. EMPLOYMENT BENEFIT OBLIGATIONS continued

27.1 Retirement benefit funds continued

Rmillion		The BWG Group retirement funds 2023	The BWG Group retirement funds 2022	The SPAR Handels AG retirement funds 2023	The SPAR Handels AG retirement funds 2022	Total 2023	Total 2022
Reconciliation of effect of asset ceiling							
Present value asset ceiling at the beginning of year				**(62.7)**		**(62.7)**	
Interest cost				**(1.5)**		**(1.5)**	
Change in effect of asset ceiling				**64.5**	(62.7)	**64.5**	(62.7)
Exchange rate translation				**(4.9)**		**(4.9)**	
Present value of asset ceiling at the end of year		**–**	–	**(4.6)**	(62.7)	**(4.6)**	(62.7)
Amounts recognised on the statements of financial position							
Present value of fund obligations		**(1 177.3)**	(1 091.8)	**(2 885.1)**	(2 450.6)	**(4 062.4)**	(3 542.4)
Fair value of plan assets		**1 178.6**	1 023.4	**2 889.7**	2 513.3	**4 068.3**	3 536.7
		1.3	(68.4)	**4.6**	62.7	**5.9**	(5.7)
Impact of asset ceiling				**(4.6)**	(62.7)	**(4.6)**	(62.7)
Net asset/(liability) recognised in the statement of financial position		**1.3**	(68.4)	**–**	–	**1.3**	(68.4)
Amounts recognised on the statement of profit or loss and other comprehensive income							
Statement of profit or loss		**(23.0)**	(32.1)	**(52.8)**	(19.4)	**(75.8)**	(51.5)
Current service cost		**(42.1)**	(29.0)	**(52.8)**	(69.7)	**(94.9)**	(98.7)
Gain on curtailment					51.7		51.7
Net interest on obligation		**19.1**	(3.1)	**–**	(1.4)	**19.1**	(4.5)
Interest on obligation		**(21.0)**	(20.9)	**(60.7)**	(10.0)	**(81.7)**	(30.9)
Interest income on fund assets		**40.1**	17.8	**60.7**	8.6	**100.8**	26.4
Other comprehensive income		**69.4**	177.1	**(12.6)**	373.9	**56.8**	551.0
Remeasurement – return on plan assets (excluding interest income)		**(6.9)**	(290.8)	**8.3**	(121.1)	**1.4**	(411.9)
Remeasurement – defined benefit obligation (changes in assumptions)				**(85.4)**	557.7	**(85.4)**	557.7
Impact of asset ceiling				**64.5**	(62.7)	**64.5**	(62.7)
Net actuarial gains/(losses) recognised in the current year		**76.3**	467.9			**76.3**	467.9
The fair value of plan assets at end of period for each category are as follows:							
Cash and cash equivalents	(%)			**4.8**	2.6		
Equities	(%)	**43.9**	48.6	**34.8**	34.9		
Property	(%)	**3.2**	4.4	**25.0**	25.9		
Fixed interest bonds	(%)	**52.9**	47.0	**35.4**	36.6		
		100.0	100.0	**100.0**	100.0		
Sensitivity of pension cost trend rates							
The impact on the defined benefit obligation, based on a quantitative sensitivity analysis for the pension cost trend rate, is set out below:	(%)						
Defined benefit obligation	0.5	**(94.3)**	(87.4)	**(154.5)**	(121.0)		
Defined benefit obligation	(0.5)	**106.0**	98.3	**171.1**	135.3		
The key actuarial assumptions applied in the determination of fair values include:							
Inflation rate	(%)	**2.60**	2.50	**1.50**	1.50		
Salary escalation rate	(%)	**2.60**	2.50	**1.60**	1.60		
Discount rate	(%)	**3.90**	3.60	**1.95**	2.25		
Expected rate of return on plan assets	(%)	**3.90**	3.60	**2.00**	2.00		

The defined benefit plans typically expose the group to actuarial assumptions such as investment risk, interest rate risk, longevity risk and salary risk. Changes in these variables will result in a change to the defined benefit plan liability.

In the current year, the actuarial gain is primarily attributable to an increase in discount and inflation rate assumptions.

27. EMPLOYMENT BENEFIT OBLIGATIONS continued

27.1 Retirement benefit funds continued

The SPAR Group Ltd retirement funds (Southern Africa)

The company contributes towards retirement benefits for substantially all permanent employees who, depending on preference, are members of either the group's defined contribution pension fund, defined contribution staff provident fund, defined contribution management provident fund or defined benefit fund. Contributions to fund obligations for the payment of retirement benefits are recognised in profit or loss when due.

All funds are governed by the Pension Funds Act, No 24 of 1956. The funds are managed by appointed administrators and investment managers, and their assets remain independent of the company.

The SPAR Group Ltd contribution funds

In terms of their rules, the defined contribution funds have annual financial reviews, which are performed by the funds' consulting actuaries. At the date of their last reviews the funds were judged to be financially sound. Contributions of R197.1 million (2022: R182.7 million) and R195.4 million (2022: R180.9 million) were expensed for the group and company respectively during the year.

The BWG Group retirement funds (Ireland)

The BWG Group contributes towards retirement benefits for approximately 892 (2022: 914) current and former employees who are members of either the group's defined benefit staff pension scheme (BWG Foods Ltd Staff Pension Scheme), defined benefit executive pension scheme (BWG Ltd Executive Pension Scheme) or one of the defined contribution schemes. All schemes are governed by the Irish Pensions Act, No 25 of 1990 (as amended per Irish statute). The bulk of the funds is invested with Irish Life Investment Managers, with small holdings managed by SSgA and F&C and directly by the scheme. The schemes' assets remain independent of the group.

The BWG Group defined benefit funds

In terms of their rules, the defined benefit funds have annual financial reviews, which are performed by the funds' consulting actuaries. At the date of their last reviews the funds were judged to be on track to meet their obligations. Current service costs, past service cost or credit and net expense or income are recognised to profit or loss. The defined benefit pension scheme's obligations were valued at R1 177.3 million (2022: R1 092.1 million) using the projected unit credit method and the funds were found to be in a sound financial position. At that date the actuarial fair value of the plan assets represented 100.1% (2022: 93.7%) of the plan liabilities.

The next actuarial valuation of the defined benefit schemes will take place in January 2024. These schemes are closed to further membership.

The BWG Group contribution funds

The BWG Group operates a number of defined contribution pension schemes. Contributions of R44.7 million (2022: R30.7 million) were expensed during the year.

The SPAR Holding AG retirement funds (Switzerland)

The pension plan of SPAR Holding AG and the undertakings economically linked to it is a contribution based plan which guarantees a minimum interest credit and fixed conversion rates at retirement. Disability and death benefits are defined as a percentage of the insured salary. The plan for additional risk benefits provides disability and death benefits defined as a percentage of the additional risk salary. IAS 19.139(a)(ii) provides benefits over the LPP/BVG law, which stipulates the minimum requirement of the mandatory employer's sponsored pension plan in Switzerland. The pension plan is set up as a separate legal entity. The foundation is responsible for the governance of the plan and the board is composed of an equal number of representatives from the employer and the employees. The plan must be fully funded under LPP/BVG law on a static basis at all times. In case of underfunding, recovery measures must be taken, such as additional financing from the employer or from the employer and employees, or reduction of benefits or a combination of both. The foundation has set up investment guidelines, defining in particular the strategic allocation with margins.

SPAR Switzerland retirement funds contribute towards retirement benefits for approximately 1 384 (2022: 1 417) current and former employees.

The next actuarial valuation of the defined benefit schemes will take place in March 2024. These schemes are closed to further membership.

Rmillion		GROUP 2023	GROUP 2022	COMPANY 2023	COMPANY 2022

27. EMPLOYMENT BENEFIT OBLIGATIONS continued

27.2 Post-retirement medical aid provision

Rmillion		GROUP 2023	GROUP 2022	COMPANY 2023	COMPANY 2022
Carrying value – actuarial valuation at beginning of year		**(180.4)**	(173.4)	**(180.4)**	(173.4)
Recognised as an expense during the current year		**(22.9)**	(19.4)	**(22.9)**	(19.4)
Interest cost		**(21.8)**	(17.5)	**(21.8)**	(17.5)
Current service cost		**(1.1)**	(1.9)	**(1.1)**	(1.9)
Employer contributions		**14.7**	12.7	**14.7**	12.7
Actuarial gain/(loss)		**6.0**	(0.3)	**6.0**	(0.3)
Carrying value at end of year		**(182.6)**	(180.4)	**(182.6)**	(180.4)
The principal actuarial assumptions applied in the determination of fair values include:					
Discount rate – in-service members	(%)	**13.2**	12.5	**13.2**	12.5
Discount rate – continuation members	(%)	**13.2**	12.5	**13.2**	12.5
Medical inflation – in-service members	(%)	**9.2**	9.0	**9.2**	9.0
Medical inflation – continuation members	(%)	**9.2**	9.0	**9.2**	9.0
Average retirement age	(years)	**63/65**	63/65	**63/65**	63/65

The obligation of the group to pay medical aid contributions after retirement is not part of the conditions of employment for employees engaged after 1 March 1997. There are 252 (2022: 243) pensioners and current employees who remain entitled to this benefit. The expected payments to retired employees for the next financial year is R13.6 million (2022: R13.6 million).

The impact on the defined benefit obligation, based on a quantitative sensitivity analysis for significant assumptions is set out below:

Rmillion	Sensitivity % change	Discount rate 2023	Discount rate 2022	Medical inflation 2023	Medical inflation 2022
Defined benefit obligation	1.0	**(13.7)**	(14.3)	**16.6**	17.4
Defined benefit obligation	(1.0)	**15.7**	16.6	**(14.6)**	(15.2)

The sensitivity analysis has been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in the key assumptions occurring at the end of the reporting period. Based on past experience, life expectancy is assumed to remain unchanged. The last actuarial valuation was performed in September 2023 and the next valuation is expected to be performed in September 2024.

27.3 Other employment benefit obligations

Where long service awards are payable to employees per human resources policy, an actuarial valuation is performed and the associated obligation recorded.

Rmillion	GROUP 2023	GROUP 2022	COMPANY 2023	COMPANY 2022

28. FINANCIAL LIABILITIES

Rmillion	GROUP 2023	GROUP 2022	COMPANY 2023	COMPANY 2022
Present value				
S Buys Holdings (Pty) Ltd		54.4		
Total financial liabilities	**–**	54.4	**–**	–
Less: Short-term portion of financial liabilities		(54.4)		
Long-term portion of financial liabilities	**–**	–	**–**	–
Undiscounted value				
S Buys Holdings (Pty) Ltd		55.9		
	–	55.9	**–**	–
Difference between undiscounted value and the carrying amount of the financial liabilities	**–**	1.5	**–**	–

The undiscounted value of the financial liabilities represents the amount the group is contractually required to pay at maturity to the holder of the obligation.

S Buys Holdings (Pty) Ltd

This obligation to purchase the remaining shareholding was settled at R56.0 million during the current financial year.

Movements in level 3 financial instruments carried at fair value

The following tables show a reconciliation of the opening and closing balances of level 3 financial instruments carried at fair value:

S Buys Holdings (Pty) Ltd

	GROUP		COMPANY	
Rmillion	2023	2022	2023	2022
Carrying value at beginning of year	**54.4**	50.1		
Finance costs recognised in profit or loss	**1.6**	4.3		
Settlement of financial liability	**(56.0)**			
Carrying value at end of year	**–**	54.4	**–**	–

29. BORROWINGS

Rmillion	GROUP 2023	GROUP 2022	COMPANY 2023	COMPANY 2022
Unsecured borrowings	**2 909.4**	2 609.3		36.3
Secured borrowings	**5 355.8**	4 987.3		
Total borrowings	**8 265.2**	7 596.6		36.3
Current portion	**947.0**	554.7		36.3
Non-current Portion	**7 318.2**	7 041.9		

29.1 Reconciliation of carrying value of borrowings

Rmillion	GROUP 2023	GROUP 2022	COMPANY 2023	COMPANY 2022
Carrying value at beginning of year	**7 596.6**	7 649.8	**36.3**	82.9
Proceeds from borrowings	**343.9**	377.4		
Finance cost	**294.7**	141.5	**0.5**	2.6
Repayments of borrowings	**(893.1)**	(994.3)	**(36.8)**	(49.2)
Foreign exchange adjustments	**923.1**	422.2		
Carrying value at end of year	**8 265.2**	7 596.6	**–**	36.3

29. BORROWINGS continued

29.2 Analysis of total group borrowings:

Secured/unsecured	Segment	Financial institution	Facility type
Unsecured borrowings	Southern Africa	Investec Nedbank Wesbank	Term loan Asset finance Asset finance
	Switzerland	Credit Suisse Hypo Vorarlberg Bank AG Thurgauer Kantonalbank Credit Suisse	Term loan Rollover credit Rollover credit Rollover credit
	Poland	Morndale Nedbank European Bank for Reconstruction and Development (EBRD)	Term loan Term loan Term loan
Secured borrowings	Southern Africa	Rand Merchant Bank First National Bank	Mortgage bond Mortgage bond
	Switzerland	Thurgauer Kantonalbank acrevis Bank Hypo Vorarlberg Bank BTV Vier Lander Bank Raiffeisen Bank	Mortgage bonds Mortgage bonds Mortgage bonds Mortgage bonds Mortgage bonds
	Ireland	Irish banking syndicate Irish banking syndicate Irish banking syndicate Rabobank (Ireland)	Term loan Rolling credit Rolling credit Term loan
	Poland	SGB Bank	Mortgage bond

* *intention and right to extend beyond maturity date*

29.3 Covenants

Under the terms of the major borrowing facilities, the group is required to comply with covenants as specified by the financial institution:

- Leverage ratio (Pre IFRS 16): Net debt (total borrowings and bank overdrafts less unencumbered cash) to earnings before interest, income tax, depreciation, and amortisation (EBITDA), as reported and adjusted for the impact of IFRS 16.
- Leverage ratio: Adjusted net debt (net debt plus net lease liability, block discounting loan payable and off balance sheet financial guarantees) to earnings before interest, income tax, depreciation, amortisation and rental (EBITDAR).
- The interest cover ratio: EBITDA to finance costs, as reported and adjusted for the impact of IFRS 16.
- Fixed charge cover: EBITDAR to fixed charges (net finance costs plus rental payments), as reported and adjusted for the impact of IFRS 16.
- Dividend cover: Normalised headline earnings per share divided by dividends per share.
- Equity ratio: Equity to liabilities.

	Covenant level set by lenders	Level achieved	Compliant
GROUP COVENANTS			
Leverage ratio (pre IFRS 16)	**Must not exceed 3.5 times***	**3.02**	**Yes**
Leverage ratio	**Must not exceed 4.5 times**	**4.29**	**Yes**
Interest cover	**Minimum of 4 times**	**6.05**	**Yes**
Fixed charge cover	**Minimum of 2 times**	**2.21**	**Yes**
Dividend cover	**Minimum of 1.4 times**	**No dividends declared in current year**	**Yes**
IN-COUNTRY COVENANTS (calculated on segment results only)			
Ireland			
Leverage ratio	**Must not exceed 3.5 times**	**1.56**	**Yes**
Interest cover	**Minimum of 4 times**	**12.09**	**Yes**
Switzerland			
Leverage ratio	**Must not exceed 6.5 times****	**5.69**	**Yes**
Equity ratio	**Minimum of 35%****	**41.3%**	**Yes**

* *SPAR requested and obtained consent to amend the group leverage covenant ratio (pre IFRS 16) from 2.75 times to 3.5 times in the parent guarantee for the period ending on the 30 September 2023.*

** *SPAR Switzerland requested and obtained consent to amend the in-country leverage covenant ratio from 5 times to 6.5 times and the in-country equity ratio from 30% to 35%.*

Currency	Maturity date	Interest rate	Carrying value 2023 Rmillion	Carrying value 2022 Rmillion
ZAR	01/05/2023	4.3%		36.3
ZAR	01/12/2022 – 01/12/2023	Prime – Prime plus 1.0%		0.4
ZAR	01/04/2024 – 01/10/2025	Prime less 0.5% – Prime plus 0.54%	**4.7**	0.4
CHF	31/03/2026	SARON plus 2.0%	**826.8**	883.7
CHF	31/10/2023 – 31/12/2023*	SARON plus 0.85% – SARON plus 1.45%	**372.0**	331.4
CHF	31/12/2023*	SARON plus 0.95%	**233.6**	73.6
CHF	30/09/2024*	SARON plus 0.8%	**165.3**	36.8
EUR	31/03/2023	EURIBOR plus 1.6%		89.1
EUR	01/03/2025	EURIBOR plus 3.25%	**800.5**	711.9
EUR	30/09/2024	EURIBOR plus 2%	**506.5**	445.7
	Total Unsecured Borrowings		**2 909.4**	2 609.3
ZAR	01/06/2025	6.74%	**124.9**	134.8
ZAR	01/11/2025	Prime less 0.75%	**0.1**	1.1
CHF	31/10/2023 – 08/11/2029	SARON plus 0.75% – SARON plus 1.91%	**376.2**	338.8
CHF	30/06/2024	SARON plus 0.75%	**159.2**	141.8
CHF	31/12/2023 – 30/06/2028	SARON plus 0.60% – SARON plus 1.55%	**179.2**	164.8
CHF	30/06/2025 – 30/06/2031	SARON plus 0.75%	**355.4**	322.1
CHF	31/10/2023 – 31/12/2027	SARON plus 0.62% – SARON plus 1.71%	**785.7**	648.5
EUR	18/12/2026	EURIBOR plus 1.2%	**2 394.1**	2 220.8
EUR	18/12/2026	EURIBOR plus 1.05%		101.5
GBP	18/12/2026	SONIA plus 1.05%	**237.2**	194.4
EUR	18/12/2026	EURIBOR plus 3.35%	**678.3**	656.3
PLN	28/11/2031	WIBOR 3M plus 1.95%	**65.5**	62.4
	Total Secured Borrowings		**5 355.8**	4 987.3

At 31 March 2023, there was a breach of the group's leverage (pre-IFRS 16 net debt/EBITDA) covenant influenced by the weakening of the rand and translation of foreign debt into reporting currency coupled with decreased profitability. The lenders approved a waiver of SPAR's breach of the group leverage covenant.

At 30 September 2023, the covenant levels are all within the required amended levels set by the lenders. The leverage ratio covenant was amended by the lenders based on forecasts prepared which revealed that projected leverage ratios were expected to be at higher levels. The deterioration in the covenant measure was largely impacted by the substantial reduction in the operating profit of the South African and Swiss segment results together with an increase in net debt as a result of weaker ZAR exchange rates used to translate the foreign denominated debt. Refer to note 29.1 which highlights the foreign exchange impact on debt.

The interest cover and the fixed charge cover ratios were both negatively impacted by rising interest rates in all segments. Refer to note 39 Liquidity risk which further analyses reasons for the covenant headroom deterioration.

30. TRADE AND OTHER PAYABLES

Rmillion	GROUP 2023	GROUP 2022	COMPANY 2023	COMPANY 2022
Trade creditors	**17 776.6**	15 422.3	**10 056.1**	8 802.3
Accrued expenses*	**1 780.4**	1 693.4	**591.6**	704.1
Accrual for rebates and discounts*	**1 092.1**	948.4	**733.1**	675.9
Development fund payables*	**298.4**	301.9		
Amount payable in respect of Encore acquisition	**198.3**		**198.3**	
Independent Development Corporation (IDC) Loan		125.0		125.0
Other payables*	**2 546.2**	2 062.1	**1 798.5**	1 256.6
Trade and other payables	**23 692.0**	20 553.1	**13 377.6**	11 563.9

* *Material items in other payables have been disaggregated in the current year and the relevant comparatives represented.*

The directors consider the carrying amount of trade and other payables to approximate their fair values due to their short-term duration.

Further information regarding risk assessment for these payables have been detailed in note 39.

31. RELATED-PARTY TRANSACTIONS

Related-party relationships exist between the company, its subsidiaries, key personnel within the group and its shareholders.

These transactions occurred under terms and conditions no more favourable than transactions concluded with independent third parties, unless otherwise stated below:

31.1 Group and company

During the year, the following related-party transactions occurred:

Rmillion	2023	2022
Transactions and balances with associates of the group		
Sales	**120.2**	88.6
Trade receivable due to the group	**28.4**	19.7
Transactions with subsidiaries of the company		
Dividends received	**111.8**	29.3
Management fees received	**8.4**	8.0
Rebates and discounts received**	**52.5**	91.8
Subscription paid	**(14.9)**	(13.7)
Funds advanced to Trust	**1.6**	30.9
Sales	**204.9**	227.2
Purchases	**(5 252.8)**	(4 611.5)
Recoveries	**94.4**	84.6
Inter-company guarantee Fee	**92.4**	84.8
Interest income		0.5
Share options granted	**(1.0)**	(0.8)
Balances with subsidiaries of the company		
Inter-company receivable due to SPAR Group Ltd*	**633.0**	601.8
Inter-company payable by SPAR Group Ltd	**(639.5)**	(541.6)
Transactions and balances with associates of the company		
Sales	**114.2**	128.0
Interest Income		
Inter-company loan due to SPAR Group Ltd	**1.2**	7.2

* *These inter-company receivables due to SPAR Group Ltd are interest-free, unsecured and no date has been set for payment.*

** *Rebates and discounts received, previously disclosed in management fees has been disclosed separately in the current year with the relevant comparative disclosure updated.*

31.2 Investment in subsidiaries

Details of the company's investment in its subsidiaries are disclosed in note 14.

31.3 Investment in associates and joint ventures

Details of the company's investment in its associates and joint ventures are disclosed in note 15.

31.4 Shareholders

The Spar Group Ltd

Analysis of ordinary shareholders as at 29 September 2023.

Shareholder type	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
Non-public shareholders	**4**	**0.01%**	**119 765**	**0.06%**
Directors and associates	**2**	**0.01%**	**70 883**	**0.04%**
Treasury	**1**	**0.00%**	**35 893**	**0.02%**
Share schemes	**1**	**0.00%**	**12 989**	**0.01%**
Public shareholders	**26 972**	**99.99%**	**192 482 590**	**99.94%**
Total	**26 976**	**100.00%**	**192 602 355**	**100.00%**

Beneficial shareholders with a holding greater than 5% of the issued shares	Number of shares	% of issued capital
Government Employees Pension Fund	**48 083 160**	**24.96%**
Allan Gray	**15 498 025**	**8.05%**
Old Mutual Group	**12 189 580**	**6.33%**
Coronation Fund Managers	**11 858 767**	**6.16%**
M & G Investments	**11 588 061**	**6.02%**
Total	**99 217 593**	**51.51%**

31. RELATED-PARTY TRANSACTIONS continued

31.5 Key management personnel

Key management personnel are directors and those executives having authority and responsibility for planning, directing and controlling the activities of the group. Details of directors' emoluments, shareholding and a significant interest in any contract with any group company during the year under review, are disclosed in notes 36 and 37 as well as in the directors' statutory report. The board has determined that there are no prescribed officers in accordance with the Companies Act.

Company Key management personnel remuneration comprises:

Rmillion	2023	2022
Directors' fees	**23.2**	8.7
Remuneration for management services	**82.2**	73.2
Retirement contributions	**9.1**	8.1
Medical aid contributions	**2.9**	2.5
Performance bonuses	**3.1**	8.0
Fringe and other benefits	**13.6**	21.7
Expense relating to share options granted	**18.0**	13.3
Total	**152.1**	135.5

The remuneration of directors and key executives is determined by the Remuneration Committee having regard to the performance of the individual and market trends.

32. CASH GENERATED FROM OPERATIONS

32.1 Cash generated from operations

	GROUP		COMPANY	
Rmillion	**2023**	**2022**	**2023**	**2022**
Operating profit	**1 817.0**	3 428.7	**(153.5)**	2 343.4
Adjusted for the following items recognised in profit or loss:				
Depreciation and amortisation	**2 266.3**	1 994.9	**443.0**	433.3
Net loss on disposal of PPE and Intangible assets	**35.8**	10.5	**(0.2)**	1.5
Write-off of SAP asset under construction	**94.1**		**17.7**	
Movement in employee benefit provisions – Medical aid	**94.7**	6.8	**94.7**	6.8
Movement in employee benefit provisions – Retirement fund	**(19.1)**	(27.3)		
Share-based payment expenses	**14.2**	2.0	**13.2**	1.2
Movement in provisions raised against trade receivables and loans	**62.4**	369.2	**173.5**	237.5
Gain on lease modification	**(18.5)**	(76.2)	**(16.9)**	(63.8)
Lease smoothing adjustment	**0.2**	(0.7)		
Loss/(gain) on disposal of businesses	**3.4**	3.6	**3.4**	3.6
Impairment of subsidiary investment			**1 267.8**	
Impairment of goodwill	**344.5**	46.3	**36.9**	
Impairment of PPE and Intangible assets	**229.3**	10.2		
Impairment to right-of-use asset	**56.4**	7.5		
Impairment of lease receivable		1.5		
Loan write-off	**120.5**		**5.8**	12.6
Fair value adjustment – other investments	**(2.7)**	1.0	**(2.7)**	1.0
Impairment of assets held for sale	**2.1**	4.9		2.1
Dividend income			**(111.8)**	
Gain on settlement of contingent consideration		(59.3)		
Other	**8.2**	4.2	**(0.4)**	(1.8)
Foreign exchange adjustments	**(112.7)**	88.8	**(26.3)**	(4.0)
Cash generated from operations before:	**4 996.1**	5 816.6	**1 744.2**	2 973.4
Net working capital changes	**1 156.2**	(789.7)	**556.0**	(120.2)
Decrease/(Increase) in inventories	**262.0**	(1 049.0)	**107.8**	(605.9)
Increase in trade and other receivables	**(868.1)**	(2 196.4)	**(1 034.9)**	(1 097.6)
Increase in trade payables and provisions	**1 762.3**	2 455.7	**1 483.1**	1 583.3
Cash generated from operations	**6 152.3**	5 026.9	**2 300.2**	2 853.2

Rmillion	GROUP 2023	GROUP 2022	COMPANY 2023	COMPANY 2022

32. CASH GENERATED FROM OPERATIONS continued

32.2 Net movement in loans and investments

Rmillion	GROUP 2023	GROUP 2022	COMPANY 2023	COMPANY 2022
Net movement in loans and investments	**81.1**	(5.0)	**(750.2)**	(130.7)
Cash inflows on loans and investments	**413.2**	364.7	**341.6**	368.7
Proceeds from disposal of other investments	**0.7**	0.4	**0.7**	
Advances on block discounting loans from Wesbank		24.0		24.0
Repayments of retailer and subsidiary loans	**412.5**	336.8	**312.4**	341.2
Repayment of loan to the share trust			**28.5**	
Repayments of loans from related parties		3.5		3.5
Cash outflows of loans and investments	**(332.1)**	(369.7)	**(1 091.8)**	(499.4)
Advances on block discounting loans to retailers		(24.0)		(24.0)
Advances on retailer and subsidiary loans	**(320.3)**	(314.4)	**(284.5)**	(279.0)
Investment in associates	**(11.8)**	(31.3)	**(7.2)**	(31.3)
Investment in subsidiaries			**(791.4)**	(139.9)
Advances to the share trust			**(8.7)**	(25.2)

32.3 Net debt reconciliation

Rmillion	GROUP 2023	GROUP 2022	COMPANY 2023	COMPANY 2022
Carrying value at beginning of year	**22 591.0**	21 526.2	**6 141.2**	6 163.5
New leases	**1 350.6**	2 428.2	**581.7**	900.6
Proceeds from borrowings	**343.9**	377.4		
Principal element of repayments of borrowings	**(612.1)**	(881.2)	**(36.3)**	(46.6)
Principal element of lease payments	**(2 114.4)**	(1 885.8)	**(961.1)**	(876.3)
Foreign exchange adjustments	**2 052.3**	933.5		
Other changes	**13.9**	92.7		
Carrying value at end of year	**23 625.2**	22 591.0	**5 725.5**	6 141.2

The carrying value in the net debt reconciliation above includes the balance of total long-term borrowings and lease liabilities.

33. BUSINESS COMBINATIONS

33.1 Acquisitions

Retail stores acquired

During the financial year, SPAR acquired the assets of seven retail stores in South Africa (2022: 11), one of which is leased to an independent retailer trading the store for his account. The BWG Group acquired the assets of seven stores in the United Kingdom (UK) (2022: 16 stores in the UK) and two grocery wholesale businesses. The principal activity of these acquisitions is that of retail trade and all its aspects. The retail stores were purchased as part of the strategy for growth in the UK, and the goodwill arising on the business combinations is indicative of future turnover expected to be made by the group as a result of wholesale sales to these acquired stores as well as net profits to be made by the stores. The wholesale businesses were acquired to access their customer base and new markets, and to avail of economies of scale and synergies. These acquisitions were funded from available cash resources.

Acquisition of Tunderosa Ltd

On 10 October 2022, BWG Group acquired the entire share capital of Tunderosa Ltd, a company that manages and operates four Dublin city centre retail stores and associated off-licences.

Ireland wholesale businesses

During the 2023 financial year, the BWG group purchased two wholesale businesses in Ireland, McCarrick Brothers Wholesale Longford Limited (McCarrick) on 1 December 2022 for R89.1 million and Tuffy Wholesale Limited (Tuffy) on 26 May 2023 for R273.1 million. The contingent consideration for these acquisitions is based on the performance of these companies during the measurement period. McCarrick's measurement period is for 12 months commencing on 1 April 2023 and Tuffy's measurement period is for 12 months commencing on 1 September 2023.

SPAR Engine (Pty) Ltd

During the financial period, SPAR Encore registered a company with the name SPAR Engine (Pty) Ltd (SPAR Engine). On 1 October 2022, SPAR Engine acquired the entire assets of SMC Food Concepts(Pty) Ltd t/a Souvlaki Meat Company. SPAR Engine is a South African commercial food production and packaging facility based in Springs, Johannesburg. The acquisition of the assets includes a contingent consideration which may be subject to change depending on the entity's performance during the measurement period.

33. BUSINESS COMBINATIONS continued

33.1 Acquisitions continued

Assets acquired and liabilities assumed at date of acquisition

	GROUP						COMPANY
	2023						2023
Rmillion	**SA retail stores**	**UK retail stores**	**Ireland wholesale businesses**	**Tunderosa Ltd**	**SPAR Engine (Pty) Ltd**	**Total**	**SA retail stores**
Assets	**27.2**	**61.5**	**325.0**	**107.8**	**4.5**	**526.0**	**27.2**
Property, plant and equipment	27.2	0.5	9.2	105.8	4.5	147.2	27.2
Right-of-use assets		59.6		1.8		61.4	
Trade and other receivables			139.3	0.2		139.5	
Cash and cash equivalents			118.1			118.1	
Inventories		1.4	58.4			59.8	
Liabilities		**(59.6)**	**(144.7)**	**(1.9)**		**(206.2)**	
Lease liability		(59.6)		(1.8)		(61.4)	
Trade and other payables			(144.7)	(0.1)		(144.8)	
Total identifiable net assets at fair value	27.2	1.9	180.3	105.9	4.5	319.8	27.2
Gain on bargain purchase	(0.4)				(0.5)	(0.9)	(0.4)
Goodwill arising from acquisition	30.0	21.2	181.9			233.1	30.0
Purchase consideration	56.8	23.1	362.2	105.9	4.0	552.0	56.8
Cash balances acquired			(118.1)			(118.1)	
Business acquisition costs		2.0	10.7	0.1	0.2	13.0	
Contingent consideration (refer to note 33.5)			(143.8)		(1.5)	(145.3)	
Net cash outflow on acquisition	56.8	25.1	111.0	106.0	2.7	301.6	56.8

33.2 Assets and liabilities at date of disposal

The assets and liabilities disposed of relate to three South African retail stores (2022: Four retail stores).

	GROUP	COMPANY
Rmillion	**2023 SA retail stores**	**2023 SA retail stores**
Assets	**12.1**	**12.1**
Property, plant and equipment	4.1	4.1
Trade and other payables	(0.2)	(0.2)
Goodwill	8.2	8.2
Loss on disposal of businesses	(3.4)	(3.4)
Proceeds	**8.7**	**8.7**
Net cash inflow on disposal	8.7	8.7

33.3 Contribution to results for the year

	GROUP						COMPANY
Rmillion	**SA retail stores**	**UK retail stores**	**Ireland wholesale businesses**	**Tunderosa Ltd**	**SPAR Engine (Pty) Ltd**	**Total**	**SA retail stores**
Revenue	78.1	124.7	581.3	6.6	46.9	837.6	78.1
Operating profit/(loss)	(5.1)	0.4	15.0	5.7	1.6	17.6	(5.1)

33. BUSINESS COMBINATIONS continued

33.3 Contribution to results for the year continued

Had all acquisitions been consolidated from the beginning of the financial year, the contribution to the result would have been as follows:

	GROUP						COMPANY
Rmillion	**SA retail stores**	**UK retail stores**	**Ireland wholesale businesses**	**Tunderosa Ltd**	**SPAR Engine (Pty) Ltd**	**Total**	**SA retail stores**
Revenue	**266.2**	**158.0**	**1 297.2**	**6.8**	**46.9**	**1 775.1**	**266.2**
Operating profit/(loss)	**(13.9)**	**4.2**	**33.4**	**5.8**	**1.6**	**31.1**	**(13.9)**

Revenue figures included are those contributed by the business inclusive of intercompany sales to SPAR.

33.4 Cash flow on acquisition of business/subsidiaries

The cash flow on acquisition of businesses/subsidiaries is noted as being the amount disclosed in note 33.1 and the contingent consideration and deferred consideration as described below.

	GROUP		COMPANY	
Rmillion	**2023**	2022	**2023**	2022
Net cash outflow (Refer to note 33.1)	**301.6**	276.5	**56.8**	121.3
Contingent consideration cash outflow on prior year business combinations	**5.8**	72.7		
Total net cash outflow relating to acquisitions	**307.4**	349.2	**56.8**	121.3

33.5 Contingent and deferred consideration

McCarrick's contingent consideration of R35.3 million will be payable in May 2024 and is based on the 12 month sales performance in the measurement period.

Tuffy's contingent consideration of R108.5 million will be payable in September 2024 and is based on the 12 month gross margin performance in the measurement period.

SPAR Engine's contingent consideration of R1.5 million will be payable in October 2023. This is based on the 12 month profit before tax during the measurement period ending 30 September 2023.

In the current period, the contingent consideration on the Ireland cash and carrys purchased in 2022 was increased by R24.3 million in line with their performance expectations. This will be payable in June 2024.

34. FINANCIAL GUARANTEES

Financial guarantees may be provided by the group to subsidiaries and affiliates. These financial guarantees are accounted for under IFRS 4 and initially measured at cost and subsequently in terms of IAS 37 which requires the best estimate of the expenditure to settle the present obligation. Management has assessed that it is not probable that the amount will be paid.

Management's assessment is based on the ability of subsidiaries and affiliates having sufficient cash resources, in country, to service the underlying debt instrument's obligations as and when these become due.

The risk relating to financial guarantees is managed per geographical region through review of cash flow forecasts, budgets and monitoring of covenants.

The company has also provided a financial guarantee on the TIL JV Ltd bank facilities to the value of EUR289.2 million (2022: EUR297.2 million), and the SPAR Holding AG borrowing facilities to the value of CHF40.0 million (2022: CHF48.0 million).

The SPAR Group has a facility with Wesbank where SPAR undertook to stand guarantee for loans issued to retailers up to a limit of R1.0 billion. This facility arrangement was concluded in July 2019 under a direct deal basis which meant that the retailer signed the loan agreement directly with the bank and SPAR signed a separate guarantee for this loan. Exposure on the direct deals facility is disclosed as a financial guarantee and is not recognised on our balance sheet. The balance disclosed in the statement of financial position as at September 2023 relate to the full recourse deals.

The company has also provided a financial guarantee on the NPI Sp z.o.o bank facilities to the value of EUR105.0 million (2022: EUR105.0 million).

The board has limited the guarantee facility to R250.0 million (2022: R220.0 million) relating to Numlite (Pty) Ltd. In 2009 the company sold its investment in retail computer equipment and ceded its right to receive payment of the existing and future rental streams to Numlite (Pty) Ltd, who in turn raises finance via a loan facility with an independent financial institution. The group has provided a limited guarantee relating to this loan facility, exposing the group to credit risk in the event that Numlite (Pty) Ltd defaults on its loan facility payments. At year end, 1 079 SPAR stores (2022: 1 052), 764 TOPS at SPAR stores (2022: 725), 57 Pharmacy at SPAR stores (2022: 66) and 120 Build it stores (2022: 114) were participants in the IT retail scheme, with an average debt of R115 680 (2022: R106 342) per store.

34. FINANCIAL GUARANTEES continued

The table below represents the full exposure of the group in relation to utilisation on these financial guarantees as at 30 September:

	GROUP		COMPANY	
Rmillion	**2023**	2022	**2023**	2022
Guarantee of TIL JV Ltd borrowing facilities			**3 342.9**	3 508.6
Guarantee of SPAR Holding AG borrowing facilities			**826.7**	883.7
Guarantee of SPAR Retail Stores (Pty) Ltd finance obligations			**2.0**	1.4
Guarantee of SPAR Mopani Rural Hub (Pty) Ltd finance obligations			**3.8**	5.2
Guarantee of SPAR Lowveld (Pty) Ltd finance obligations			**0.4**	0.8
Guarantee of Wesbank direct deal loan agreements	**495.0**	428.2	**495.0**	428.2
Guarantee of NPI Investment Sp z.o.o			**1 995.7**	1 661.9
Guarantee of retailer finance obligation	**34.8**	36.5	**34.8**	36.5
Guarantee of Numlite (Pty) Ltd finance obligations	**233.7**	208.1	**233.7**	208.1
	763.5	672.8	**6 935.0**	6 734.4

35. COMMITMENTS

Capital commitments

	GROUP		COMPANY	
Rmillion	**2023**	2022	**2023**	2022
Contracted	**377.7**	810.5	**194.9**	417.1
Approved but not contracted	**984.1**	1 018.1	**856.0**	773.8
Total capital commitments	**1 361.8**	1 828.6	**1 050.9**	1 190.9
Analysed as follows:				
Property, plant and equipment*	**567.8**	670.3	**281.9**	154.8
Intangible assets	**779.7**	1 158.3	**768.9**	1 036.1
Investments	**14.3**			

Capital commitments will be financed from group resources.

* *Included in the company capital commitments are amounts relating to a business purchase agreement. The effective date is subject to the fulfilment of both regulatory and commercial suspensive conditions which include Competition Commission approval.*

36. DIRECTORS' REMUNERATION AND INTERESTS REPORT

36.1 Emoluments

R'000	Basic salary	Performance-related bonus[2]	Retirement funding contributions	Allowances and other benefits[1]	Lump sum payment	Share scheme gains	Total
2023							
Executive directors							
BW Botten*	**2 835**		**330**	**1 806**	**12 721**	**7 351**	**25 043**
MW Godfrey	**6 710**		**784**	**632**		**1 149**	**9 275**
MJ Bosman (Executive Chairman)*	**14 400**			**469**			**14 869**
Total emoluments	**23 945**	**–**	**1 114**	**2 907**	**12 721**	**8 500**	**49 187**
2022							
Executive directors							
BW Botten	7 950		928	906			9 784
MW Godfrey	6 300		738	596		3 388	11 022
Total emoluments	14 250	–	1 666	1 502	–	3 388	20 806

* *BW Botten had retired as Group CEO on 31 January 2023 and as a result a temporary operating arrangement was implemented, whereby MJ Bosman was appointed by the Board as Executive Chairman effective 1 February 2023.*

[1] *Other benefits include medical aid contributions and long service awards.*

[2] *The performance-related bonuses relate to amounts earned in the current year.*

R'000	GROUP 2023	GROUP 2022

36. DIRECTORS' REMUNERATION AND INTERESTS REPORT continued

36.2 Fees for services as non-executive directors

R'000	2023	2022
MJ Bosman (Chairman)[b]	**221**	
GO O'Connor (Chairman)[b]	**1 205**	2 734
M Mashologu[abc]	**1 093**	981
HK Mehta[abc]		415
P Mnganga[bd]	**379**	947
AG Waller[abc]	**1 522**	1 338
LM Koyana[acd]	**972**	842
JA Canny[cd]	**1 385**	920
ST Naran[ac]	**873**	502
SA Zinn (Deputy Chairman)[bd]	**706**	
PMP da Silva[c]	**979**	
GB Makhaya[cd]	**25**	
Total fees	**9 360**	8 679

MJ Bosman was appointed as independent non-executive director and Chairman of the Board on 15 December 2022.
GO O'Connor retired at the AGM on 14 February 2023. Included in the 2023 amount paid to GO O'Connor are fees for other services of R708 334 (2022: R1 000 000).
M Mashologu resigned on 30 September 2023.
P Mnganga resigned on 14 February 2023.
SA Zinn and PMP da Silva were appointed as independent non-executive directors on 14 February 2023.
GB Makhaya was appointed as an independent non-executive director on 1 September 2023.

[a] *Member of Audit Committee.*
[b] *Member of Remuneration and Nominations Committee.*
[c] *Member of Risk Committee.*
[d] *Member of Social and Ethics Committee.*

36.3 Directors' interests in the share capital of the company

Number of shares		GROUP 2023	GROUP 2022
Executive directors			
BW Botten	– direct beneficial holding		17 153
MW Godfrey	– direct beneficial holding	**78 984**	44 333
Non-executive directors			
GO O'Connor	– direct beneficial holding		41 664
AG Waller	– direct beneficial holding	**16 200**	3 200

BW Botten retired as Group CEO on 31 January 2023.
GO O'Connor retired at the AGM on 14 February 2023.

As at the date of this report the directors' interests in the share capital of the company remained unchanged.

36.4 Declaration of disclosure

The company enters into arm's length transactions in the ordinary course of business with certain entities in which non-executive director GO O'Connor, or his direct family members, have both a controlling interest or significant influence. These interests are in the form of shareholdings in food-service and retail stores and are disclosed in an annual declaration of directors' interests in the company. Transactions between the company to businesses where control has been demonstrated by GO O'Connor, or his direct family members, for the period ending 30 September 2023, comprise of wholesale sales of R224.3 million (2022: R229.2 million) and distribution centre canteen purchases of R35.7 million (2022: R33.1 million). The balances on wholesale trade accounts at year end were R17.9 million (2022: R18.6 million).

Other than that disclosed above and in note 37, to the annual financial statements, no consideration was paid to or by any third party, or by the company itself, in respect of the services of the company's directors, as directors of the company, during the year ended 30 September 2023.

37. DIRECTORS' SHARE SCHEME INTERESTS

The group's option scheme provides the right to the option holder to purchase shares in the company at the option price. On election by option holders, one-third of the options granted vest after three years, with a further third vesting on the expiry of years four and five respectively. Option holders have 10 years from the date of issue to exercise their option rights. Refer to note 25.2 for details of scheme.

37.1 Options held over shares in The SPAR Group Ltd

	Date of option issue	Option price Rand	Number of options held 2023	Number of options held 2022
Executive directors				
MW Godfrey	13/11/2012	122.81		30 000
	12/11/2013	126.43	**30 000**	30 000
			30 000	60 000
BW Botten*	12/11/2013	126.43		10 000
			–	10 000

* *BW Botten had retired as Group CEO on 31 January 2023.*

37.2 Options exercised

	Date of options exercised	Number of options exercised	Option price Rand	Market price on exercise Rand	Gain R'000
MW Godfrey	**30/09/2022**	**15 000**	**R122.81**	**R141.65**	**R283**
MW Godfrey	**23/11/2022**	**15 000**	**R122.81**	**R135.00**	**R183**
BW Botten	**31/03/2023**	**10 000**	**R126.43**	**R141.04**	**R146**

37.3 Shares held by participants in terms of the Conditional Share Plan

In terms of the CSP, the group has granted shares to executives, senior management and key talent specifically identified in the form of performance share awards. These shares vest over a period of three years subject to performance conditions at year end. No exercise price is allocated to these awards.

Awards to participants in terms of the CSP are as follows:

	Award date	Share price on date of grant Rand	Number of awards held 2023	Number of awards held 2022
Executive directors				
B W Botten	07/02/2018	170.70		1 668
B W Botten	12/02/2019	175.20		3 334
B W Botten	11/02/2020	198.01		16 600
B W Botten	16/02/2021	181.15		30 500
B W Botten	11/08/2022	142.83		35 000
MW Godfrey	07/02/2018	170.70		2 334
MW Godfrey	12/02/2019	175.20	**2 667**	5 334
MW Godfrey	11/02/2020	198.01	**5 600**	20 800
MW Godfrey	16/02/2021	181.15	**30 000**	30 000
MW Godfrey	11/08/2022	142.83	**23 100**	23 100
			61 367	168 670

37.4 CSP gains

	Taxable Date	Taxable Gain R'000
MW Godfrey	20/02/2023	683
B W Botten	20/02/2023	1 034
B W Botten	06/04/2023	6 171

38. SHARE-BASED PAYMENTS

38.1 Share option scheme

The company has an equity settled share option scheme in place which is operated through The SPAR Group Ltd Share Employee Trust (2004) (the trust). On election by option holders, one-third of the options granted vest after three years, with a further third vesting on the expiry of years four and five respectively. Options issued by the trust expire 10 years from grant date. Options are forfeited if the employee leaves the group before vesting date.

Share options outstanding at year end are as follows:

	Number of options	
	2023	2022
Balance at beginning of year	**466 700**	646 500
Options exercised and paid in full	**(139 500)**	(86 700)
Options exercised and unpaid		(93 100)
Options forfeited	**(19 700)**	
Balance at end of year	**307 500**	466 700
Weighted average grant price of options exercised during the year	**122.61**	114.86
Weighted average selling price of options exercised during the year	**144.12**	192.46

No further issues of options have been granted under the share option scheme. Refer to the CSP in note 38.2.

38.2 Conditional Share Plan

The group operates a CSP under which it receives services from employees as consideration for equity instruments of the company.

Shares granted in terms of the CSP meet the definition of an equity-settled, share-based payment.

In terms of the CSP, the group has granted shares to executives, senior management and key talent specifically identified in the form of performance share awards. Awards can comprise shares (restricted shares) that are subject to the condition that the participants remain employed with the group (employment condition) and/or shares (performance shares) that are subject to an employment condition and company-related performance conditions (performance condition) over a predetermined period (performance period). The award will only be settled after the vesting date and the participant will not have any shareholder or voting rights prior to the vesting date.

Participants do not receive dividends during the vesting period and will only begin receiving dividends if and after the awards have vested. Participants terminating employment due to resignation or dismissal on grounds of misconduct, proven poor performance or proven dishonest or fraudulent conduct, or any reason other than stated below will be classified as bad leavers and will forfeit all unvested awards.

Participants terminating employment due to death, retirement, retrenchment, ill health, disability, injury or sale of SPAR will be classified as good leavers and a portion of all unvested awards will vest on the date as soon as reasonably possible after the date of termination of employment.

The CSP officially grants performance share awards to employees which vest over a period of three years. These shares were awarded subject to the following three performance conditions:

- Headline earnings per share (HEPS) growth
- Return on net assets (RONA)
- Total shareholder return (TSR)

The fair value (excluding attrition) is calculated as the share price at grant date, multiplied by the number of shares granted. The fair value is then adjusted for attrition. To determine the number of shares that will vest at the end of the vesting period as a result of the performance conditions, a model is used that has both stochastic and deterministic features. The assumptions and inputs used in the valuation of the units issued are summarised in the table that follows. Also taken into account in this calculation are: SPAR forecast HEPS growth, SPAR Remuneration Committee HEPS tentative target set in November 2014 had raised the expectation for future RONA to midway between the tentative target and upper target; SPAR forecast average RONA and consumer price index to grant date. As expectations are revised during the performance period, the value per unit will be restated accordingly.

The volatilities of the TSR of SPAR and each of the peer companies were based on the three-year historical annualised standard deviations of the weekly log returns. It should be noted that the absolute values of the volatility assumptions are less important than most other schemes. This is because the proportion of shares vesting under the TSR performance condition is determined largely by performance relative to the peer group.

38. SHARE-BASED PAYMENTS continued

38.2 Conditional Share Plan continued

Model inputs and assumptions as at 30 September 2023	2022 August 2022 grant	2021 November 2020 grant
Description		
Grant date	11 August 2022	17 November 2020
Vesting date	11 August 2025	18 February 2024
Performance period for TSR condition	1 October 2021 to 30 September 2024	1 October 2020 to 30 September 2023
Total number of units granted	527 000	346 300
Total number of retention units granted*	70 000	175 500
Fair value of retention shares vesting in 2024		149.92
Fair value of retention shares vesting in 2025	131.32	140.16
Fair value of retention shares vesting in 2026	127.70	129.60
Fair value of retention shares vesting in 2027	124.17	
Total number of units outstanding at 30 September 2023	517 641	430 233
Share price at grant date	142.83	181.15
Expected total CPI over the performance period	18.36%	18.19%
Risk-free rate	Term structure used	Term structure used
Dividend yield	Term structure used	Term structure used
Volatility	Varies by company	Varies by company
Forfeiture rate	5.00% p.a.	5.00% p.a.

* *Retention grants will expire in three equal tranches following the three, four and five year anniversaries from the allocation date of these instruments. All of the retention awards granted issued in November 2017 have vested. Two thirds of the retention awards granted in November 2018 have already vested with a remaining balance of 17 343 still to vest. One third of the retention awards granted in November 2019 have already vested with a remaining balance of 55 337 still to vest.*

Movement in the number of full share grants awarded in terms of the CSP

		GROUP	
		2023	2022
Balance at beginning of year		**1 488 506**	1 295 376
Shares granted during the year			606 000
Shares forfeited during the year		**(339 527)**	(202 805)
Shares vested during the year		**(128 435)**	(210 065)
Balance at end of year		**1 020 544**	1 488 506
Charge to profit or loss for the year	Rmillion	**14.2**	2.0

	GROUP		COMPANY	
Rmillion	**2023**	2022	**2023**	2022
39. FINANCIAL RISK MANAGEMENT				
Financial instruments classification				
Financial assets held at amortised cost				
Loans and other receivables	**953.9**	984.4	**562.1**	621.2
Block discounting loan receivable	**32.3**	101.3	**32.3**	101.3
Lease receivable	**5 509.1**	5 902.9	**4 903.2**	5 331.5
Trade and other receivables	**18 313.3**	16 881.5	**11 588.5**	10 810.7
Financial liabilities at amortised cost				
Net bank overdrafts	**(1 449.9)**	(1 900.2)	**(2 386.6)**	(2 159.5)
Block discounting loan payable	**(33.9)**	(104.0)	**(33.9)**	(104.0)
Lease liability	**(15 360.0)**	(14 994.4)	**(5 725.5)**	(6 104.9)
Trade and other payables	**(23 692.0)**	(20 553.1)	**(13 377.6)**	(11 563.9)
Borrowings	**(8 265.2)**	(7 596.6)		(36.3)
Financial assets and liabilities at fair value through profit or loss				
Financial liabilities at fair value through profit or loss		(54.4)		

The company and group's financial instruments primarily consist of bank balances and overdraft funding from banks, trade payables, loans and other receivables, block discounting loans, borrowings, financial liabilities and trade receivables. The carrying amount of trade receivables, after accounting for the expected credit losses and bad debts written off, approximates fair value.

39. FINANCIAL RISK MANAGEMENT continued

Trade receivables represent the estimated future cash to be received in the short term. The book values of the other categories of financial instruments approximate fair value.

In the normal course of its operations the group is, *inter alia*, exposed to credit, interest, liquidity and currency risk on its financial instruments. Executive management meets on a regular basis to analyse these risks and to re-evaluate financial management strategies.

The group does not have any exposure to commodity price movements.

Currency risk

The group is subject to translation exposure through the import of merchandise and its investments in foreign operations by way of translation risks and currency risks relating to the financial liabilities.

Foreign currency risks that do not influence the group's cash flows (i.e. the risks resulting from the translation of assets and liabilities of foreign operations in the group's reporting currency) are not hedged.

Southern Africa

Import of merchandise

It is the group's policy to cover its material foreign currency exposure in respect of liabilities and purchase commitments. Forward exchange contracts have been taken out to hedge this currency risk at year end. There were no speculative positions in foreign currencies.

Interest rate risk

The group is exposed to interest rate risk on its cash deposits, loan receivables and loan payables which impacts the cash flow arising from these instruments. In the current year, net interest paid on bank overdrafts was R314.3 million (2022: R123.3 million), interest received from loans was R32.9 million (2022: R28.2 million) and interest paid on loans was R294.5 million (2022: R138.9 million).

The exposure of cash deposits and overdrafts to interest rate risk is managed through the group's cash management system which enables the group to maximise returns while minimising risk. Loan receivables are funded from the group's cash resources.

The group is not exposed to interest rate risk on the block discounting loan receivable and payable balances, as the loan receivable at the prime interest rate is immediately sold at prime less one to an approved financial institution.

Sensitivity analysis

Changes in market interest rates relating to loan receivables do not have a material impact on the group's profits and hence no sensitivity analysis has been presented.

Net bank overdraft of R1 736.2 million (2022: R2 151.0 million) and total borrowings of R8 265.2 million (2022: R7 596.6 million) expose the group to interest rate risk. The sensitivity of these short-term balances are assessed below:

Southern Africa

If interest rates relating to bank overdraft balances had been 0.5% higher/lower and all other variables held constant, the group's profit before tax for the year would (decrease)/increase by:

	GROUP		
Rmillion	Sensitivity % change	**2023**	2022
Profit before tax	0.5	**(11.6)**	(6.4)
Profit before tax	(0.5)	**11.6**	6.4

Ireland

If interest rates relating to Irish loans had been 0.5% higher/lower and all other variables held constant, the group's profit before tax for the year would decrease/increase by:

	GROUP		
Rmillion	Sensitivity % change	**2023**	2022
Profit before tax	0.5	**(16.5)**	(15.9)
Profit before tax	(0.5)	**16.5**	15.9

Switzerland

If interest rates relating to Swiss loans had been 0.5% higher/lower and all other variables held constant, the group's profit before tax for the year would (decrease)/increase by:

	GROUP		
Rmillion	Sensitivity % change	**2023**	2022
Profit before tax	0.5	**(17.3)**	(14.7)
Profit before tax	(0.5)	**17.3**	14.7

39. FINANCIAL RISK MANAGEMENT continued

Sensitivity analysis continued

Poland

If interest rates relating to Polish loans had been 0.5% higher/lower and all other variables held constant, the group's profit before tax for the year would (decrease)/increase by:

		GROUP	
Rmillion	Sensitivity % change	**2023**	2022
Profit before tax	0.5	**(6.9)**	(7.0)
Profit before tax	(0.5)	**6.9**	7.0

Credit risk

Trade receivables, short-term investments, loans and guarantees to retailers represent the significant categories of the group's financial instruments exposed to credit risk amounting to R20 063 million (2022: R18 640.0 million). Concentration risk is mitigated as the group deals with a broad spread of customers.

Trade receivables consist of debts due from:

Southern Africa:	SPAR, Build it and Pharmacy retailer
Ireland:	Retailer and hospitality customers
Switzerland:	SPAR retailers, TopCC and hospitality customers
Poland:	SPAR retailer

Overdue trade receivables balances, representing 13.6% (2022: 13.4%) of the total trade receivables balance, amounted to R2 363.3 million (2022: R2 110.4 million) at the reporting date. Expected credit losses totalling R1 534.4 million (2022: R 1 270.9 million) have been raised against overdue balances.

Impairment of financial assets

The group has four types of financial assets that are impacted by IFRS 9's expected credit loss model:

- Trade receivables for sales of inventory
- Loans provided by The SPAR Group
- Block discounting Loans
- Cash and cash equivalents
- Lease receivables

Expected credit losses on cash and cash equivalents are calculated in terms of the general model for impairment. All cash and cash equivalents were determined to be in stage 1 as counterparties have a low risk of default and a strong capacity to meet contractual cash flows. There was no significant increase in credit risk relating to the cash and cash equivalents. The expected credit losses were therefore limited to 12-month expected losses and the identified impairment loss was immaterial.

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables making use of a provision matrix.

To measure the expected credit losses, trade and other receivable balances have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses are based on the payment profiles of historical sales for customers and associated write-offs. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of customers to settle the receivables. The group has identified the inflation rate, fuel cost, prime rate fluctuations and the unemployment rate to be the most relevant factors and accordingly adjusts the historical loss rates based on expected changes in these factors. Management considers these the most significant factors which effect the business's operations, and their ability to service trade debt as the group's customers are independent retailers who heavily rely on the disposal income of end-consumers.

Distribution centres have adopted a robust model in assessing and raising allowances relating to trade receivables with specific financial issues.

The credit risk associated with lease receivables are low as these relate to "back to back" sublease lease arrangements for which SPAR acts as an intermediary between the head lessor and the lessee giving rise to the respective receivable and payable. SPAR has assessed the risk associated with this lease receivables as low since SPAR has the right to terminate the sub lease in less than one month, step into the lease, run the business and in doing so, service the amount due to the head lessor. The historic loss rate on these lease receivables have been insignificant.

Credit impaired financial assets are defined as financial assets for which there is any level of non-performance in terms of contractual arrangements and the group has exposure after taking into consideration the financial assets' security held. SPAR assesses the ability of each retailer individually by store to service their debt. SPAR holds close relationships with its retailers so that all factors are understood, including macroeconomic factors which have different effects on different stores' consumers.

Trade receivables are written off when there is no reasonable expectation of recovery. Debt is considered to be irrecoverable if continuous attempts to collect outstanding amounts are unsuccessful, which have been handed over to legal for collection or if management has identified a specific financial issue with the customer.

39. FINANCIAL RISK MANAGEMENT continued

Credit risk continued

The loss allowance is calculated using the matrix approach based on the total trade receivables balances; segregated for the below:

Rmillion	GROUP 2023	GROUP 2022	COMPANY 2023	COMPANY 2022
Total trade receivables and other receivables	**19 847.7**	18 152.3	**12 404.6**	11 449.3
Excluded from assessment	**(1 373.2)**	(1 357.3)	**(766.5)**	(637.5)
Trade receivables with specific financial issues – these are credit impaired financial assets which have been specifically identified	**(1 955.3)**	(1 807.3)	**(1 340.7)**	(1 120.8)
Remaining balance subject to matrix approach	**16 519.2**	14 987.7	**10 297.4**	9 691.0

Amounts excluded from the provisioning matrix assessment include supplier rebates, guild loan balances and bridging loans which have been extended to retailers awaiting Wesbank funding. These are considered to have low credit risk as the supplier rebates could be credited against payable balances, guilds are in a cash surplus position and bridging loans are supported by acknowledgement of debts as well as notarial bonds gives the group the ability to recover the full amount.

On that basis, the loss allowance as at the 30 September 2023 and 2022 for trade and other receivables

	GROUP				COMPANY			
Rmillion	1 – 4 weeks	5 – 8 weeks	8+ weeks	Total	1 – 4 weeks	5 – 8 weeks	8+ weeks	Total
30 September 2023								
Expected loss rate	**0.4%**	**1.5%**	**29.5%**		**0.3%**	**0.5%**	**3.5%**	
Trade and other receivables – balance subject to matrix	**13 265.7**	**2 013.6**	**1 239.9**	**16 519.2**	**8 360.7**	**1 297.9**	**638.8**	**10 297.4**
Loss allowance excluding VAT	**54.1**	**30.6**	**365.2**	**449.9**	**28.1**	**5.4**	**19.5**	**53.0**
Specific allowances raised				**1 084.5**				**763.1**
Total loss allowance				**1 534.4**				**816.1**
30 September 2022								
Expected loss rate	0.4%	1.2%	32.7%		0.4%	0.4%	4.1%	
Trade and other receivables – balance subject to matrix	12 367.0	1 748.3	872.4	14 987.7	7 978.0	1 227.7	485.3	9 691.0
Loss allowance excluding VAT	45.8	20.4	285.3	351.5	24.3	4.0	17.7	46.0
Specific allowances raised				919.4				592.6
Total loss allowance				1 270.9				638.6

The ECL allowance represents management's estimate of the extent to which trade receivables at the reporting date will not be subsequently recovered. This estimate takes into consideration past trends and makes an assessment of additional risk factors which are likely to impact recoverability such as significant actual or expected changes in the operating results or business conditions of the retailer. To the extent considered irrecoverable, debts are written off. Debt is written off when all legal attempts to recover the debt have been exhausted.

It is a prerequisite for appropriate forms of security to be obtained from retailers to reduce exposure on trade receivable balances. Trade receivable balances are secured by general and specific notarial bonds over movable assets, deeds of suretyship, cession and pledge of shares and in some instances, lease options. General notarial bonds constitute the majority of the security held, which provide the group with a preferential claim over the movable assets. This bond can be perfected when the retailers account is in arrears. As at 30 September 2023 security to the value of R13 047.1 million (2022: R11 772.2 million) was held by the group. Ongoing credit evaluations are performed including regular reviews of security cover held (refer to note 21).

The group selectively assists retail members suffering financial stress in order to ensure the continued operation of stores, thereby preserving the recoverability of trade receivable balances.

The directors are of the opinion that the credit risk in respect of short term cash investments is low as funds are only invested with acceptable financial institutions of high credit standing and within specific guidelines laid down by the board of directors.

Loans receivables and block discounting loans

The group extends loans to retailers in the form of block discounting loans (refer to note 17) and retailer loans (refer to note 18). These loans are fully secured, and as such the group has not incurred a loss on these balances in the past five years.

The group has adopted the general approach for loans receivable, which involves a three-stage approach to the recognition of credit losses and interest.

The group considers the probability of default upon initial recognition of an asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding looking information.

A significant increase in credit risk has not been presumed if a debtor is more than 30 days past due in making a contractual payment, but has been treated as an indicator for further investigation of credit risk assessment.

39. FINANCIAL RISK MANAGEMENT continued

Credit risk continued

Loans receivables and block discounting loans continued

Three categories of loans have been determined which reflect the credit risk profile based on default and timely payment history as follows:

Category	Company definition of category	Basis for recognition of expected credit losses
Performing	Loans whose credit risk is in line with original expectations, no defaults or late payments recorded in previous 12-month period.	12 months expected credit losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime (stage 1).
Under-performing	Loans for which a significant increase in credit risk has occurred compared to original expectations; a significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due, which is defined as a late payment but no default.	Lifetime expected losses (stage 2).
Non-performing	Interest and/or principal repayments are 90 days past due, i.e. three consecutive missed payments or it becomes probable a customer will enter bankruptcy.	Lifetime expected losses (stage 3).
Write-off	Interest and/or principal repayments are 120 days past due and there is no reasonable expectation of recovery.	Asset is written off.

The expected credit losses have been determined using the formula:

Probability of default (PD) x loss given default (LGD) x exposure at default (EAD)

PD is considered on initial recognition of an asset and credit risk is assessed throughout each reporting period for significant increases. To assess whether a significant increase has occurred, the group will compare the credit risk at the reporting date with that of the credit risk at initial recognition, taking into account macroeconomic conditions and supportable forward-looking information. These mirror the factors in the trade receivables section above.

LGD is the loss which is expected to arise at the date of default. The group has securities over the financial assets which are preferential to the settlement of any trade debts, management has applied judgement in determining an amount which could be recorded as a loss should a default event occur.

EAD is the outstanding balance at reporting date.

Over the term of the loans, the group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis In calculating the expected credit loss rates, the company considered historical loss rates for each category of loans, which includes the leverage ratios of the lender, and adjusts for forward looking macroeconomic data. The group provides for credit losses against loans to customers as follows:

	GROUP				COMPANY
	Southern Africa	Ireland	Switzerland	Poland	South Africa
Rates per category of expected credit loss (%)					
Performing	0.04	17.88	0.25	0.00	0.04
Under-performing	2.94	40.78	44.54	37.92	2.94
Non-performing	10.06	89.83	98.09	100.00	10.06
Gross carrying amounts (Rmillion)					
Performing	618.3	64.9	1 428.5	13.7	410.0
Under-performing	0.3	6.6	10.2	233.7	0.3
Non-performing		59.1	1.6	7.9	81.2
	618.6	130.6	1 440.3	255.3	491.5

39. FINANCIAL RISK MANAGEMENT continued

Credit risk continued

Loans receivables and block discounting loans continued

The loss allowance for loans to customers as at 30 September 2023 and 2022 reconciles to the opening loss allowance for that provision as follows:

Rmillion	GROUP Performing	GROUP Under-performing	GROUP Non-performing	GROUP Total	COMPANY Performing	COMPANY Under-performing	COMPANY Non-performing	COMPANY Total
Opening loss allowance as at 1 October 2022	**14.6**	**64.7**	**174.2**	**253.5**			**77.2**	**77.2**
Change in expected credit loss %	**(1.3)**	**19.2**	**0.3**	**18.2**			**1.7**	**1.7**
Reclassified from trade and other receivables		**1.6**		**1.6**				
New financial assets	**4.0**	**4.7**	**3.3**	**12.0**				
Recoveries	**(3.8)**	**(4.3)**	**(21.4)**	**(29.5)**				
Write-offs			**(120.5)**	**(120.5)**			**(5.7)**	**(5.7)**
Foreign exchange differences	**1.7**	**9.9**	**26.7**	**38.3**				
Loss allowance as at 30 September 2023	**15.2**	**95.8**	**62.6**	**173.6**			**73.2**	**73.2**
Opening loss allowance as at 1 October 2021	3.0	87.0	125.0	215.0	0.8	0.1	75.9	76.8
Change in expected credit loss %	13.1	(17.8)	11.1	6.4	(0.8)	(0.1)	1.3	0.4
Reclassified from trade and other receivables			45.8	45.8				
New financial assets	0.7	2.2		2.9				
Recoveries	(2.7)	(6.7)	(4.5)	(13.9)				
Foreign exchange differences	0.5		(3.2)	(2.7)				
Loss allowance as at 30 September 2022	14.6	64.7	174.2	253.5			77.2	77.2

Liquidity risk

The group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. As at 30 September 2023, the group was in a net illiquid position largely as a consequence of the extraordinary impacts suffered during the current financial year, which included the KZN SAP implementation challenges, as well as future funding of Polish operational losses.

The SA business is currently reviewing with lenders the full debt facilities. This is expected to focus on restructuring of debt as well as to consider short- to medium-term requirements.

Concentrations of risk are assessed by considering financial instruments with similar maturity profiles and those which are payable in foreign currencies.

The group has the following overdraft/call facilities at its disposal:

Rmillion	Southern Africa 2023	Southern Africa 2022	Ireland 2023	Ireland 2022	Switzerland 2023	Switzerland 2022	Poland 2023	Poland 2022
Unsecured bank overdraft facilities, reviewed annually, and at call:								
– Utilised as at year end	**2 601.8**	2 299.9	**15.9**	313.0			**688.7**	504.4
– Unutilised	**2 987.2**	2 399.1	**906.5**	511.5	**355.5**	427.1	**2.2**	207.8
Total available overdraft/call and borrowing facilities	**5 589.0**	4 699.0	**922.4**	824.5	**355.5**	427.1	**690.9**	712.2

39. FINANCIAL RISK MANAGEMENT continued

Liquidity risk continued

Maturity analysis of group financial liabilities:

	GROUP					
	2023			2022		
Rmillion	Less than 1 year	Between 2 and 5 years	More than 5 years	Less than 1 year	Between 2 and 5 years	More than 5 years
Trade payables	**17 776.6**			15 422.4		
Block discounting loans	**14.3**	**25.5**		53.8	57.4	
Borrowings	**1 230.1**	**5 357.4**	**2 422.3**	1 077.0	2 790.5	4 333.6
Financial liabilities relating to non-controlling interest				54.4		
Lease liability	**2 770.7**	**8 805.7**	**6 932.8**	2 592.7	8 349.4	6 820.4
Financial guarantees	**763.5**			672.8		

	COMPANY					
	2023			2022		
Rmillion	Less than 1 year	Between 2 and 5 years	More than 5 years	Less than 1 year	Between 2 and 5 years	More than 5 years
Trade payables	**10 056.1**			8 802.3		
Block discounting loans	**14.3**	**25.5**		53.8	57.4	
Borrowings				36.8		
Lease liability	**1 420.8**	**4 277.5**	**1 680.1**	1 408.1	4 467.0	2 003.0
Financial guarantees	**6 935.0**			6 734.4		

Financial guarantees disclosed in less than 1 year represent the maximum total exposure to the group. Refer to note 34 for further detail.

The majority of the trade payables at year end will be paid within 30 days of year end from available facilities or cash received from trade debtors.

The group has long-term borrowings giving rise to cash payment obligations. The company has unlimited borrowing powers in terms of the Memorandum of Incorporation. For further disclosures regarding group borrowings and covenant compliance, refer to note 29.

Fair value hierarchy

The group's financial instruments carried at fair value are classified into three categories, defined as follows:

Level 1 financial instruments are those that are valued using unadjusted quoted prices in active markets for identical financial instruments.

Level 2 financial instruments are those valued using techniques primarily based on observable market data. Instruments in this category are valued using quoted prices for similar instruments or identical instruments in markets which are not considered to be active; or valuation techniques where all the inputs that have a significant effect on the valuation are directly or indirectly based on observable market data. Financial instruments classified as level 2 mainly comprise other equity investments.

Level 3 financial instruments are those valued using techniques that incorporate information other than observable market data. Instruments in this category have been valued using a valuation technique where at least one input, which could have a significant effect on the instrument's valuation, is not based on observable market data.

The following financial instruments are carried at fair value and are further categorised into the appropriate fair value hierarchy:

		Fair value		
Rmillion	Carrying value	Level 1	Level 2	Level 3
Financial instruments				
2023				
Financial liabilities at fair value through profit or loss				
Total	**–**	**–**	**–**	**–**
2022				
Financial liabilities at fair value through profit or loss	(54.4)			(54.4)
Total	(54.4)	–	–	(54.4)

39. FINANCIAL RISK MANAGEMENT continued

Capital risk management

The group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders.

The group's overall capital management strategy remained unchanged in 2023. The strategy entails a philosophy of tight risk management and minimum use of derivative instruments.

The capital structure of the group consists of equity attributable to shareholders comprising issued capital, reserves and retained earnings as disclosed in notes 25 and 38 respectively and borrowings as disclosed in note 29.

Treasury shares (refer to note 26) are held from time to time for the purpose of settling option holder obligations and these are only acquired on approval from shareholders and where the market presents value in their acquisition.

The strong cash inflow generated by group operations is utilised to fund distribution centre expansions and other capital expenditure, and to settle dividends declared, taxation and trade payable obligations.

40. EVENTS AFTER THE REPORTING DATE

Resignations of two non-executive directors of SPAR

Ms Jane Canny and Mr Andrew Waller resigned as independent, non-executive directors of the board of SPAR, effective 17 November 2023.

41. CONTINGENT LIABILITY

As was reported in 2022, summons were served on the company by one of its larger retailers, the Giannacopoulos Group, for alleged damages of R2.1 billion arising from a membership dispute. The company denied any liability and has filed a plea to defend the matter.

Management have engaged extensively with the retailer and while many issues have been successfully resolved, a few major dispute matters could not be finalised. The parties have agreed that the dispute be dealt with through a legal or formal arbitration process. The company remains satisfied that, based on legal counsel opinion, it has a strong defence and does not recognise any liability for damages.

42. REPORTABLE IRREGULARITIES

In accordance with their responsibilities in terms of sections 44(2) and 44(3) read with Section 45 of the APA, the Company's external auditors, PwC, reported to the IRBA that, in their view, three suspected Reportable Irregularities may have occurred, following which the company was informed of these reports. The details of these Reportable Irregularities are further described below:

42.1 Allegations of a fictitious loan

In respect of whistleblower allegations relating to a suspected fictitious loan, the Company's board instructed an independent law firm to further investigate the matter. Based on the findings, the board agreed that a Reportable Irregularity had occurred. The board concluded that a written loan agreement was entered into between a willing lender and borrower through a commercial bank, at normal interest rates, and with fixed terms of repayment. However, the borrower would not be responsible for paying the instalments as these would be covered by subsidies provided by the Company. The board concluded that the loan served no economic purpose and was fictitious. The arrangement was not considered to be Company standard practice, and further investigations provided evidence that no Irregularities were identified in relation to any other loan transactions. Accordingly, the matter, which occurred more than five years ago, was determined to be isolated in nature. PwC reported this suspected Irregularity to IRBA on 12 December 2022. Those involved in the transaction have subsequently left the employment of the Company. The Company has implemented changes in its controls in respect of the sale of retail stores and granting of loans to fund the purchase price.

42.2 Suspected breach of Section 76(2)(b)(i) of the Companies Act

In or around October of 2021, a member of the Company's Board received a whistleblower's letter containing allegations in relation to the SAP implementation project. During May 2023, the Company received a further whistleblower letter alleging *inter-alia* that the recipient of the first letter chose to ignore the previously referenced allegations. The Company instructed an independent law firm to investigate the allegations. The report concluded that section 76(2)(b)(i) of the Companies Act imposes a positive duty on directors to communicate to the board any information which may come to their attention. No evidence was identified or advanced to confirm that the recipient of the first letter, and others with which the contents of the letter were shared, had provided a copy of the letter, or its contents to the full board or any of its committees or the Company Secretary, or informed the full board or its committees of the allegations. PwC reported this suspected irregularity to IRBA on 17 November 2023. The three board members implicated by virtue of having knowledge of the initial whistleblowing letter are no longer members of the Company's board or its committees. The Company has created a register of all whistleblowing complaints which are individually tracked and considered by those charged with governance.

42.3 Suspected breach of Section 75 and/or 76(3)(a) and/or (b) of the Companies Act

The independent forensic investigation referenced in 42.2 also investigated allegations that a member of management introduced the Company to an individual to be used as a contractor for consulting related assignments, and failed to declare to the Company that he had a familiar relationship with the consultant. The member of management should have distanced himself from any decision making and/or approvals in respect of the consultant. The conduct of the individual constitutes a perceived conflict of interest and was found to be a Reportable Irregularity. PwC reported this suspected irregularity to IRBA on 17 November 2023. The member of management is no longer employed by the Company and the contract with the consultant has subsequently been terminated. The Company has taken steps to strengthen internal controls around the reporting of conflicts of interest by members of management.

On 11 January 2023 (reference to 42.1) and 25 November 2023 (reference to 42.2 and 42.3), in accordance with its obligations in terms of Section 45 of the APA, PwC notified the IRBA that in their professional opinion, the suspected reportable irregularities are no longer taking place and that adequate remedial actions have been taken for the prevention or recovery of any loss as a result thereof, if relevant.

43. RETRACTION, REVISION AND REISSUE OF PREVIOUSLY PUBLISHED ANNUAL FINANCIAL STATEMENTS

The comparative information contained in the Statement of Cash Flows of the group and the company previously published on 30 November 2023 were updated to correct a typographical error in which the 2022 comparative numbers incorrectly reflected financial information for the year ended 30 September 2021 as follows:

	GROUP 2022		COMPANY 2022	
Rmillion	As previously reported	Revised	As previously reported	Revised
Statement of Cash Flows (extracts only)				
Cash inflows on loans and investments	557.1	364.7	443.5	368.7
Cash outflows on loans and investments	(493.0)	(369.7)	(731.5)	(499.4)

Accordingly, the annual financial statements previously published on 30 November 2023 have been retracted, revised and reissued.

ABBREVIATIONS AND DEFINITIONS

AGM
Annual general meeting

APA
Auditing Profession Act No 26 of 2005

B.V. BIGS
The Buying International Group SPAR

Company
The SPAR Group Limited

CEO
Chief Executive Officer

CFO
Chief Financial Officer

CGU
Cash-generating unit

CODM
Chief Operating Decision Maker

CSP
Conditional Share Plan

Companies Act
Companies Act, No. 71 of 2008 (as amended)

ECL
Expected credit loss

EBRD
European Bank for Reconstruction and Development

ETI
Employee tax incentive

EURIBOR
Euro Interbank Offered Rate

ESP
Employee Share Plan

FV
Fair value

GRH
Group Risk Holdings (Pty) Ltd

Group companies
Subsidiaries, joint ventures and associates of SPAR

Guild
The SPAR and Build it Guilds of Southern Africa

HEPS
Headline earnings per share

IFRS
International Financial Reporting Standards

IRBA
Independent Regulatory Board for Auditors

JSE
JSE Limited

JSE Listings Requirements
Listings Requirements of the JSE Limited

Leases
Lease liabilities and lease assets

Loss allowances
All ECL allowances calculated in accordance with IFRS 9

OCI
Other comprehensive income

Operating profit
Excludes equity accounted profits/(losses), business acquisition costs, interest and tax

p.a
Per annum

PiP
The Piotr i Pawel Group

P/L
Profit or loss

PPE
Property, plant and equipment

PwC
PricewaterhouseCoopers Inc

ROU
Right-of-use

SAICA
South African Institute of Charted Accountants

SARON
Swiss Average Rate Overnight

SONIA
Sterling overnight index average

SGB
Spółdzielcza Grupa Bankowa

SPAR or the group
The SPAR Group Ltd, all of its subsidiaries, joint operations and equity-accounted investees

the board
The board of directors of The SPAR Group Ltd

the current year
The financial year ended 30 September 2023

the next year
The financial year ending 30 September 2024

the previous year
The financial year ended 30 September 2022

The Share Trust
The SPAR Group Ltd Employee Share Trust (2004)

WACC
Weighted average cost of capital

WIBOR
Warsaw Interbank offer rate

CORPORATE INFORMATION

DIRECTORS
MJ Bosman* (Chairman), SA Zinn* (Deputy Chairman), AP Swartz (Group CEO), MW Godfrey (Group CFO), M Pydigadu (Group COO), LM Koyana*, P da Silva*, ST Naran*, GB Makhaya*

* *Independent non-executive.*

COMPANY SECRETARY
S Ashokumar

THE SPAR GROUP LTD (SPAR) or (the company) or (the group)
Registration number: 1967/001572/06
ISIN: ZAE000058517
JSE share code: SPP

REGISTERED OFFICE
22 Chancery Lane
PO Box 1589
Pinetown
3600

TRANSFER SECRETARIES
JSE Investor Services (Pty) Ltd
PO Box 4844
Johannesburg
2000

AUDITOR
PricewaterhouseCoopers Inc.
Waterfall City Heliport
4 Lisbon Lane
Jukskei View, Midrand
2090

SPONSOR
One Capital
17 Fricker Road
Illovo
2196

BANKERS AND CORPORATE BROKERS
Rand Merchant Bank, a division of FirstRand Bank Ltd
PO Box 4130
The Square
Umhlanga Rocks
4021

ATTORNEYS
Garlicke & Bousfield
PO Box 1219
Umhlanga Rocks
4320

WEBSITE
https://thespargroup.com/

17293

WWW.THESPARGROUP.COM