NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE

4. Accounting estimates and judgements and the determination of fair values (continued)

4.6 Financial instruments (continued)

The Group measures loss allowances at an amount equal to the lifetime ECLs, except for bank balances for which the credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition. The Group applies the simplified approach to determine the ECL for trade receivables, contract assets and lease receivables (collectively, trade and other receivables). This results in calculating lifetime ECLs for these receivables.

The gross carrying amount of the financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures in respect of amounts due.

5. Operational performance

5.1 Revenue

The Group principally generates revenue from providing a wide range of goods and services through its six core trading segments, Services, Freight, Commercial Products, Branded Products, Financial Services and Automotive.

Revenue is recognised when control over products or services is transferred to a customer and is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the transaction at the statement of financial position date. The stage of completion is assessed by reference to the terms of the contract.

The Group satisfies its performance obligations at a point in time or over a short period of time. The majority of the Group's revenue is generated from point-in-time or month-to-month service contracts, which means the Group has no material revenue contracts for which they have contracted but not satisfied the performance obligations. There is no material or significant financing component to Group revenue and contracts with customers do not include material amounts of variable consideration. Due to the standard nature of the Group's contracts with customers there were no significant areas of judgment required to be applied by the Group. The Group has no complex agent/principal arrangements.

	2021 R'000	2020 R'000
Sale of goods[1]	**53 723 694**	47 812 696
Rendering of services[2]	**33 449 398**	27 388 751
Commissions and fees earned[3]	**2 190 198**	2 306 642
Billings relating to clearing and forwarding transactions[4]	**1 946 949**	2 112 326
Interest[5]	**433 742**	589 043
Insurance[6]	**531 792**	512 356
	92 275 773	80 721 814
Inter-Group eliminations	**(3 960 967)**	(4 179 233)
Revenue	**88 314 806**	76 542 581

Included in commissions and fees earned is R2,0 billion (2020: R1,9 billion) commissions and fees from rendering financial services. All other categories other than insurance relate to revenue from contracts with customers.

	2021 R'000	2020 R'000
Disaggregation of segmental revenue		
Services[2]	**27 612 714**	21 008 073
Branded Products[1]	**17 081 744**	16 298 000
Freight[2,4]	**5 846 612**	6 054 636
Commercial Products[1]	**13 449 322**	11 287 019
Financial Services[3,5,6]	**2 464 425**	2 452 682
Automotive[1]	**20 883 554**	18 028 934
Properties[2]	**43 444**	48 059
Corporate and investments[1]	**932 991**	1 365 178
	88 314 806	76 542 581
Geographic disaggregation of revenue		
Southern Africa	**73 352 022**	67 687 640
International	**14 962 784**	8 854 941
	88 314 806	76 542 581

5. Operational performance (continued)

5.1 Revenue (continued)

	2021 R'000	2020 R'000
Segmental revenue		
Services	**28 892 866**	22 090 784
Branded Products	**17 793 068**	17 327 336
Freight	**6 204 869**	6 308 343
Commercial Products	**14 024 659**	11 943 006
Financial Services	**2 646 657**	2 650 190
Automotive	**21 095 402**	18 263 276
Properties	**587 726**	624 292
Corporate and investments	**1 030 526**	1 514 587
	92 275 773	80 721 814
Inter-Group eliminations	**(3 960 967)**	(4 179 233)
	88 314 806	76 542 581
Geographic region		
Southern Africa	**76 993 821**	71 857 855
International	**15 281 952**	8 863 959
	92 275 773	80 721 814

Restatement of revenue

Interest revenue, disclosed in the Rendering of services category in prior periods, has been restated and disclosed as a separate category.

5.2 Trading profit

Trading profit is profit generated by the Group's normal continuing operating activities and is defined as profit before finance charges and associate income excluding profit or loss of a capital nature, IFRS 2 share-based payment expenses, acquisition costs, amortisation charges arising from definite-life intangible assets recognised on acquisition of subsidiaries. Trading profit is the basis on which management's performance is assessed.

Segmental trading profit	2021 R'000	2020 R'000
Services	**3 303 383**	2 133 745
Branded Products	**1 462 522**	1 404 039
Freight	**1 295 003**	1 160 543
Commercial Products	**921 610**	393 032
Financial Services	**331 584**	304 354
Automotive	**652 031**	177 518
Properties	**560 689**	579 110
Corporate and investments	**(635 897)**	(812 639)
	7 890 925	5 339 702
Geographic region		
Southern Africa	**6 328 706**	4 766 669
International	**1 562 219**	573 033
	7 890 925	5 339 702

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE

5. Operational performance (continued)

5.3 Earnings before interest, taxation, depreciation and amortisation ("EBITDA")

EBITDA is determined as trading profit before depreciation and amortisation charges. EBITDA has been adjusted for the impact of IFRS 16: *Leases* by adding back the right-of-use asset depreciation and deducting lease payments.

Segmental EBITDA	R'000	R'000
Services	**4 140 815**	2 740 148
Branded Products	**1 686 534**	1 652 919
Freight	**1 522 180**	1 361 220
Commercial Products	**1 006 409**	508 313
Financial Services	**605 633**	546 669
Automotive	**685 034**	227 853
Properties	**567 518**	586 860
Corporate and investments	**(623 375)**	(800 184)
	9 590 748	6 823 798
Geographic region		
Southern Africa	**7 616 966**	6 113 383
International	**1 973 782**	710 415
	9 590 748	6 823 798

5.4 Net capital items

Net capital items is the aggregate of income statement profit or loss of a capital nature (as determined by SAICA Circular 1/2021 Headline Earnings), before taxation and non-controlling interests, which is excluded from trading profit and basic earnings to determine headline earnings (refer *note 7.4. Headline earnings*).

	R'000	R'000
Impairment of property, plant and equipment	**48 976**	222 463
Impairment of right-of-use assets	**(12 950)**	145 144
Impairment of intangible assets	**44 395**	322 124
Impairment of goodwill	**–**	496 850
Compensation received on scrapping, loss or impairment of property plant and equipment	**(40 684)**	(15 648)
Impairment of associates	**77 448**	523 279
Net (profit) loss on disposal of property, plant and equipment	**(8 503)**	29 981
Net loss on disposal of interests in subsidiaries and associates, and disposal and closure of businesses	**64 722**	279 637
Net loss (profit) on disposal of intangible assets	**6 259**	(30 681)
Net capital items included in the consolidated income statement	**179 663**	1 973 149

5.5 Profit before finance charges and associate income

	2021 R'000	2020 R'000
Determined after charging (crediting)		
Auditor's remuneration (PricewaterhouseCoopers Inc.)	**100 419**	101 933
Audit fees	**92 868**	97 043
Audit related expenses	**425**	659
Consulting fees	**–**	1 569
Taxation services	**5 247**	1 457
Other attest services	**1 879**	1 205
Accounting services (other audit firms)	**33 291**	21 750
Audit fees	**7 484**	5 231
Audit related expenses	**–**	64
Consulting fees	**20 224**	11 906
Taxation services	**2 826**	2 726
Other attest services	**2 757**	1 823

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE

5. Operational performance (continued)

5.5 Profit before finance charges and associate income (continued)

	2021 R'000	2020 R'000
Depreciation of property, plant and equipment	**1 953 194**	1 550 837
Depreciation right-of-use assets	**1 314 134**	1 225 089
Amortisation of intangible assets	**372 014**	171 770
Impairment of assets	**332 585**	1 431 982
Property, plant and equipment	**48 976**	222 463
Right-of-use assets – land and buildings	**(12 950)**	145 144
Intangible assets	**44 395**	322 124
Goodwill	**–**	496 850
Investments	**–**	1 583
Banking and other advances	**8 069**	3 837
Trade receivables	**244 095**	239 981
Compensation received on scrapping, loss or impairment of property plant and equipment	**(40 684)**	(15 648)
Impairment of associates	**77 448**	523 279
Directors' emoluments		
Executive directors*	**50 257**	50 241
Basic remuneration	**21 656**	24 480
Retirement and medical benefits	**1 692**	1 975
Other benefits and costs	**1 056**	1 838
Cash incentives	**25 853**	21 948
Non-executive directors*	**9 437**	10 522
Fees – Company	**7 516**	8 079
– Subsidiaries	**1 921**	2 443
Employer contributions to	**1 637 112**	1 363 768
Defined contribution funds	**947 350**	891 249
Retirement funds	**52 133**	70 691
Social securities	**300 075**	40 777
Medical aids	**337 554**	361 051
Net expense related to post-retirement obligations for current service costs	**2 810**	3 129
Defined benefit pension plans	**3 382**	2 760
Post-retirement medical aid obligations	**(572)**	369
Share-based payment expense cash settled	**21 430**	(13 854)
Share-based payment expense equity settled	**224 666**	216 348
Staff	**197 802**	201 341
Executive directors	**26 864**	15 007
Fees for administrative, managerial and technical services	**5 272**	4 850
Research and development expenditure	**1 119**	1 919
Foreign exchange (gains) losses on hedging activities	**310 032**	(95 898)
FECs	**310 705**	(88 199)
Foreign bank accounts	**(673)**	(7 699)
Other foreign exchange losses	**10 822**	(8 019)
Realised	**10 445**	(36 038)
Unrealised	**377**	28 019
Income from investments	**26 103**	43 482
Dividends received from listed investments	**(34 024)**	(16 994)
Dividends received from unlisted investments	**(8 256)**	(22 172)
Profit on disposal	**164 965**	(25 950)
Fair value through profit or loss	**(96 582)**	108 598

* *Refer note 12.2. Directors' remuneration for detailed disclosure.*

5. Operational performance (continued)

5.5 Profit before finance charges and associate income (continued)

	2021 R'000	2020 R'000
Determined after charging (crediting)		
Net capital loss on disposal	**62 478**	278 937
Net (profit) loss on disposal of property, plant and equipment	**(8 503)**	29 981
Net loss on disposal of interests in subsidiaries and associates, and disposal and closure of businesses	**64 722**	279 637
Net loss (profit) on disposal of intangible assets	**6 259**	(30 681)
Low value, short-term leases and variable expense not included in lease liability	**261 689**	316 442
Land and buildings	**107 176**	202 497
Equipment and vehicles	**154 513**	113 945

Segmental profit before finance charges and associate income

Profit before finance charges and associate income includes revenue and expenses directly relating to a business segment but excludes net finance charges and taxation, which cannot be allocated to any specific segment. Share-based payment costs are also excluded from the result as this is not a criterion used in the management of reportable segments.

	R'000	R'000
Services	**3 074 626**	1 740 725
Branded Products	**1 392 318**	1 104 385
Freight	**1 224 228**	1 139 007
Commercial Products	**927 403**	206 740
Financial Services	**350 699**	232 837
Automotive	**651 900**	(305 806)
Properties	**510 990**	539 587
Corporate and investments	**(725 927)**	(1 636 151)
	7 406 237	3 021 324
Share-based payment expense	**(246 096)**	(202 494)
	7 160 141	2 818 830
Geographic region		
Southern Africa	**6 096 212**	2 508 228
International	**1 310 025**	513 096
	7 406 237	3 021 324

5.6 Cash generated by operations

	R'000	R'000
Profit before taxation	**5 789 702**	1 296 953
Costs incurred in respect of acquisitions	**33 509**	178 179
Net finance charges	**1 470 534**	1 429 627
Share of current year earnings of associates and joint ventures	**(100 095)**	92 250
Depreciation and amortisation	**3 639 342**	2 947 696
Share-based payment expense	**224 666**	216 348
Impairment of property, plant and equipment, right-of-use and intangible assets	**80 421**	689 731
Impairment of goodwill	**–**	496 850
Impairment of associates	**77 448**	523 279
Loss on disposal of interests in subsidiaries and associates, and disposal and closure of businesses	**64 722**	279 637
Other non-cash items	**(49 762)**	67 847
Remeasurement of post-retirement obligations	**(6 938)**	(5 015)
Decrease in life assurance fund	**(70 584)**	(32 013)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE

5. Operational performance (continued)

5.6. Cash generated by operations (continued)

	R'000	R'000
Working capital changes	**2 394 336**	874 428
Decrease (increase) in inventories	**918 157**	(740 413)
(Increase) decrease in trade and other receivables	**(436 213)**	2 623 679
Decrease (increase) in banking and other advances	**198 852**	(449 541)
Increase (decrease) in trade and other payables and provisions	**1 373 632**	(1 438 571)
Increase in amounts owed to bank depositors	**339 908**	879 274
Cash generated by operations	**13 547 301**	9 055 797

6. Taxation

Income taxation comprises current and deferred tax. An income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current taxation comprises tax payable calculated based on the expected taxable income for the year, using the tax rates enacted or substantially enacted at the financial position date, and any adjustment of tax payable for previous years.

Deferred taxation is charged to the income statement except to the extent that it relates to a transaction that is recognised directly in equity, or a business combination that is an acquisition. The effects on deferred taxation of any changes in tax rates is recognised in the income statement, except to the extent that it relates to items previously charged or credited directly to equity.

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

	2021 R'000	2020 R'000
6.1 Income tax expense		
Current taxation	**1 840 111**	1 303 136
Current year	**1 832 217**	1 303 348
Prior years' under (overprovision)	**7 894**	(212)
Deferred taxation	**(271 727)**	(463 323)
Current year	**(306 979)**	(442 566)
Prior years' under (overprovision) provision	**35 252**	(20 757)
Foreign withholding taxation	**102 390**	11 776
Total taxation per consolidated income statement	**1 670 774**	851 589
Comprising		
South African taxation	**1 464 070**	770 611
Foreign taxation	**206 704**	80 978
	1 670 774	851 589
6.2 Taxation paid		
Net amounts receivable at beginning of year	**(112 988)**	(8 195)
Current taxation charge	**(1 942 501)**	(1 314 912)
Businesses acquired and subsidiary recognised	**(37 044)**	(189 652)
Businesses disposed of	**4 258**	(12 580)
Transfer from (to) discontinued operations	**144 257**	(58 441)
Exchange rate adjustments	**15 200**	16 674
Amounts payable at end of year	**482 485**	438 105
Amounts receivable at end of year	**(367 941)**	(325 117)
Taxation paid	**(1 814 274)**	(1 454 118)