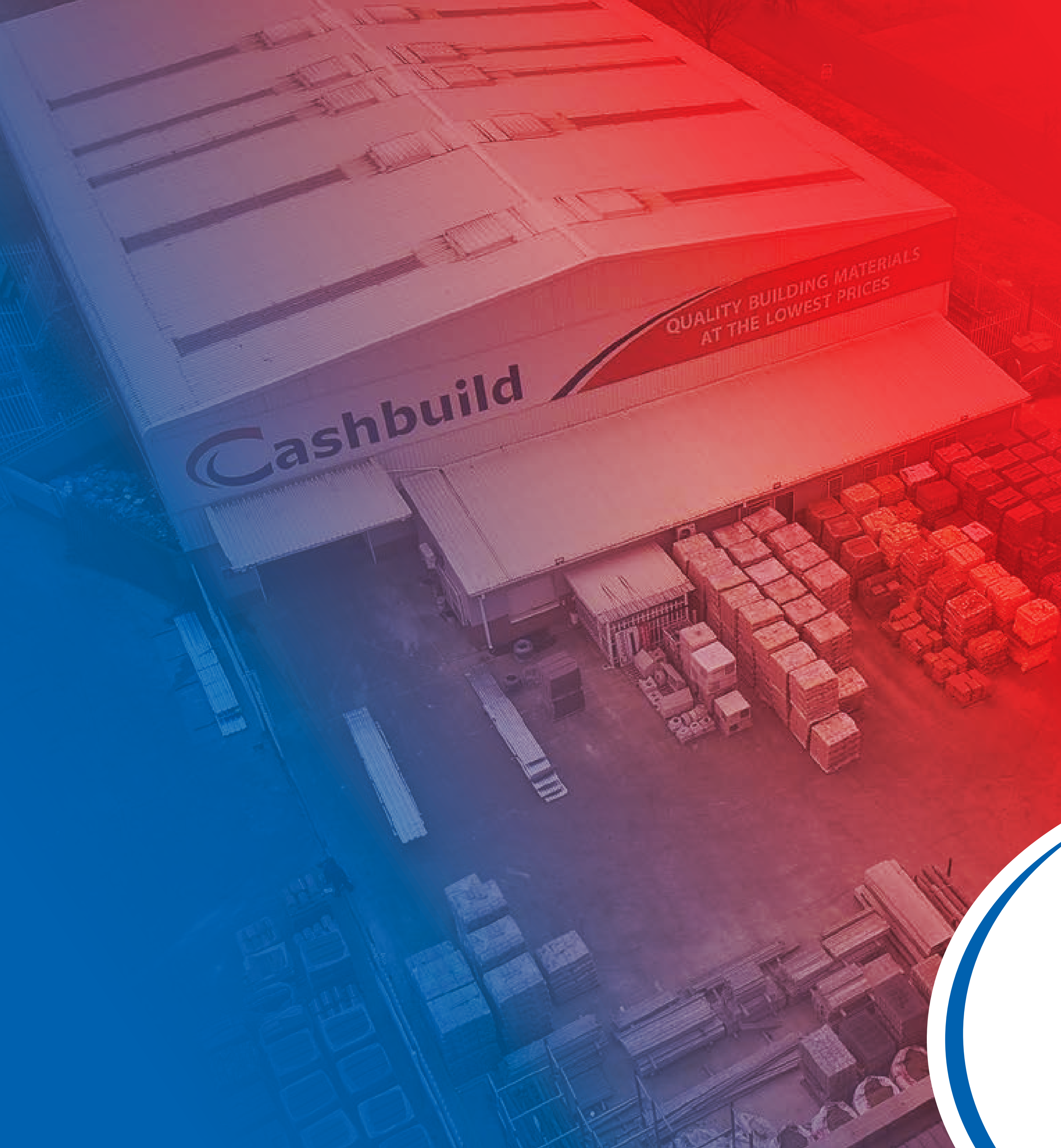

2022

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 26 JUNE 2022

Cashbuild

CONTENTS

"Even though the trading performance is down from the record year experienced by the Group in 2021, we managed to control our costs exceptionally well.

Cash flow was also down on the prior year as we invested in stock to counter supply chain disruptions brought on by the Covid-pandemic, the looting in KZN and Gauteng, and as result of the large final dividend of the prior year.

Our balance sheet remains strong and we were able to improve our dividend cover policy from 2.0 times to 1.5 times."

Etienne Prowse
Financial Director

Directors' Responsibilities and Approvals

The directors are required in terms of the Companies Act, No. 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the Group's Annual Consolidated and Separate Financial Statements and related financial information included in this report. It is their responsibility to ensure that the Group's Consolidated and Separate Financial Statements fairly present the state of affairs of the Group as at the end of the reporting period and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards (IFRS). The external auditor is engaged to express an independent opinion on the Group's Consolidated and Separate Financial Statements.

The Group's Annual Consolidated and Separate Financial Statements are prepared in accordance with International Financial Reporting Standards (IFRS) and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the Board of Directors sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. The Group endeavours to minimise operating risk by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors of the company are responsible for the controls over, and the security of the website and, where applicable, for establishing and controlling the process for electronically distributing annual reports and other financial information to shareholders and to the Companies and Intellectual Property Commission.

The directors have reviewed the Group's cash flow forecasts for the period up to 26 June 2023
and, in light of this review and the current financial position, they are satisfied that the Group had access to adequate resources to continue in operational existence for the foreseeable future.

The Group's Annual Consolidated and Separate Financial Statements set out on pages 20 to 84, which have been prepared on the going concern basis under the supervision of the Financial Director, Mr A E Prowse CA(SA), were approved by the Board of Directors on 30 August 2022 and were signed on their behalf by:

Alistair Knock
Chairman

Werner de Jager
Chief Executive

30 August 2022

Audit and Risk Committee Report

Introduction

The Audit and Risk Committee has pleasure in submitting this report, as required by section 94 of the South African Companies Act, No. 71 of 2008, as amended and the JSE Listings Requirements. The Audit and Risk Committee acts for the Company and all its subsidiaries and is accountable to the Board and the shareholders. It operates within a documented terms of reference and complies with all relevant legislation, regulations and governance codes and executes its duties in terms of the requirements of the King Report on Corporate Governance.

The performance of the Audit and Risk Committee is evaluated against its terms of reference on an annual basis and the Committee was deemed to be working satisfactory and effectively during the current year.

The Audit and Risk Committee consists of four independent non-executive directors:

M Bosman (Mr) (Chairperson)
M Bosman (Ms)
Dr DSS Lushaba
GM Tapon Njamo

Meetings held by the Audit and Risk Committee

The Committee held four meetings during the year under review. Attendance has been set out on page 9 of the Directors' Report.

The internal and external auditors also attended all of the Committee meetings during the year ended 26 June 2022 and reported their activities and findings at these meetings. The Chairperson of the Board, Executive Directors and relevant Senior Managers attended these meetings.

Each Audit and Risk Committee meeting concludes with a confidential meeting between the Committee Members, Non-Executive Directors and the Internal and External auditors, as well as another confidential meeting held with the Chief Executive and Finance Director. The Committee chairperson also meets separately with external and internal auditors between committee meetings.

Functions of the Committee

Responsibilities and duties

The Audit and Risk Committee fulfils its responsibilities and duties as set out in its terms of reference.

The oversight role of the Audit and Risk Committee includes:

- reviewing the interim and year-end financial statements and Integrated Report and making recommendations to the Board;
- reviewing the external audit reports, after the review of the interim financial statements and audit of year-end financial statements;
- assessing the external auditor's independence and performance;
- approving the audit fees in respect of both the interim review and year-end audit;
- specifying guidelines and authorising contract conditions for the award of non-audit services to the external auditors;
- reviewing the internal audit and risk management reports and making recommendations to the Board, where necessary;
- ensuring that a combined assurance model has been applied to provide a co-ordinated approach to all assurance activities;
- evaluating the appropriateness and effectiveness of risk management, internal controls and the governance processes;
- dealing with concerns relating to accounting practices, internal audit, the audit or content of Annual Consolidated and Separate Financial Statements and internal financial controls; and
- reviewing the solvency and liquidity tests and going-concern statements and recommending proposals to the Board in respect of interim and final dividends.

Audit and Risk Committee Report

Functions of the Committee continued

External auditor

Independence

During the period under review, the Audit and Risk Committee reviewed the independence of the auditor.

PricewaterhouseCoopers Incorporated (PwC) was the Group's external auditor with Mr AJ Rossouw as the independent individual registered auditor. The Committee satisfied itself of PwC's independence before recommending its re-election to the shareholders with the prior support of the Board.

The independence assessment was made after considering the following:

- confirmation from the external auditor that all their partners, team members, or their immediate family, do not hold any direct or indirect financial interest or have any material business relationship with Cashbuild. The external auditors also confirmed that they have internal monitoring procedures to ensure their independence;
- the auditor does not, other than in their capacity as external auditors for rendering permitted non-audit services, receive any remuneration or other benefits from Cashbuild;
- the auditor's independence was not prejudiced as a result of any previous appointment as auditor. In addition, an audit partner rotation process is in place in accordance with the relevant legal and regulatory requirements;
- the criteria specified for independence by the Independent Regulatory Board for Auditors;
- the audit firm and the designated auditor are accredited with the JSE; and
- PwC submitted reports relating to quality assessment reviews undertaken internally and by the Independent Regulatory Board for Auditors and the Public Company Accounting Oversight Board, together with progress on any remedial actions necessary. There are no significant matters to report to the shareholders in this regard.

The re-appointment of PwC as external auditor and Mr AJ Rossouw as the independent individual registered auditor of the Group was confirmed by the shareholders at the Annual General Meeting held on 29 November 2021. The Audit and Risk Committee, after completing a formal mandatory auditor rotation evaluation process recommends the appointment of Deloitte as external auditor for the 2023 financial year. Deloitte, in preparation for its appointment and to ensure a smooth transition, has been shadowing PwC during the 2022 financial year's audit of the year-end results. The appointment of Deloitte as external auditor will be put to a shareholders vote at the Annual General Meeting in November 2022.

External audit fees

The Audit and Risk Committee:

- determined, in consultation with management, the interim review and audit fee and engagement terms for the external auditors for the June 2022 financial year;
- reviewed and approved the non-audit services fees for the period under review and ensured that the fees were within limit and in line with the non-audit services policy; and
- determined the nature and extent of allowable non-audit services and approved the contract terms for the provision of non-audit services.

External audit performance

The Audit and Risk Committee:

- reviewed and approved the external audit plan, ensuring that material risk areas were included, and that coverage of the significant business processes were acceptable; and
- reviewed the external audit reports and managements' response, and considered their effect on the financial statements and internal financial controls.

The Committee confirms that the external auditor has functioned in accordance with the committee's terms of reference for the year ended 26 June 2022.

Key audit matters

The Audit and Risk Committee has considered the matters noted in the independent auditor's report and reviewed the process followed by the auditor. Discussions have taken place with management, and the Committee is satisfied that the procedures followed by management are appropriate to address the matters noted, being the accuracy of supplier rebates.

Financial statements

Responsibility

The Committee reviewed the Annual Consolidated and Separate Financial Statements, including the public announcements of the Group's financial results for the year ended 26 June 2022, and made recommendations to the Board for their approval. During its review, the Committee:

- took appropriate steps to ensure that the financial statements were prepared in accordance with International Financial Reporting Standards (IFRS);
- considered the appropriateness of accounting policies and disclosures made; and
- completed a detailed review of the going concern assumption, confirming that it was appropriate in the preparation of the financial statements.

The Committee was not required to deal with any complaints relating to accounting practices, Internal Audit, the content and audit of the financial statements, nor the internal financial controls and related matters.

Expertise and experience of Financial Director

As required by JSE Listings Requirement 3.84(h), the Audit and Risk Committee has satisfied itself that the Finance Director, Mr A E Prowse, has the appropriate expertise and experience to meet the responsibilities of his appointed position as required by the JSE Listings Requirements.

Audit and Risk Committee Report

Functions of the Committee continued

Adequacy of finance function

The Audit and Risk Committee has considered and has satisfied itself of the appropriateness of the expertise and adequacy of resources of the finance function and experience of the senior members of management responsible for the financial function.

Quality of earnings

The reconciliation between attributable earnings and headline earnings is set out in note 28 of the Annual Consolidated and Separate Financial Statements.

Internal controls

The Cashbuild Way

Internal controls within Cashbuild are based on established policies and procedures contained in The Cashbuild Way policies and procedures. The Cashbuild Way is aligned with ISO 9001 principles and provides an uniform Company-wide standard regarding the defining, implementation and maintenance of policies, procedures and templates within all Cashbuild support and operational areas. Internal controls as contained in The Cashbuild Way are communicated throughout the Group and form the baseline of training provided to staff members.

Internal Audit team

The internal audit function within the Cashbuild Group consists of a team of 30 members with three auditors and an internal audit manager dedicated to support-office based audits, and 21 auditors dedicated to the auditing of key processes at stores. Two internal audit managers and three senior internal auditors take responsibility for quality assurance within the internal audit function. A Senior Internal Auditor assists the Audit and Risk Executive with monitoring and reporting on Issues Management (e.g. tip-offs, burglaries and robberies, OHSA incidents etc.). Cashbuild's Risk and Audit Executive reports administratively to the Chief Executive Officer with a functional reporting line to the Chairman of the Audit and Risk Committee.

Internal Audit results are reported to the Audit and Risk Committee with emphasis placed on areas of high risk requiring management attention as identified in terms of non-compliance to key controls.

Internal Audit approach and methodology

Cashbuild's internal audit approach and methodology is risk based in that key controls addressing identified business control risks are the focus areas driving Internal Audit service delivery. Cashbuild has a 95% target for compliance to key controls designed to mitigate business risk and diligently monitors achievement of this target through review and follow up of internal audit results. Detailed audit results are shared with store and line management for follow-up and correction.

In terms of the King Report on Corporate Governance, Internal Audit provides a written assessment on the effectiveness of the Group's system of internal control and risk management. This assessment is addressed specifically to the Audit and Risk Committee.

Service delivery by the Group Risk Management department, which includes risk management, issues management and internal audit, aims to achieve the following best practice guidelines during performance of its internal control assessment process:

- identify strategic, sustainability, operational, compliance and financial objectives;
- assess risks that prevent the achievement of these objectives; and
- perform tests and gather evidence relating to the internal controls in place to manage these risks and the adequacy and effectiveness of such internal controls.

The content of the quarterly Audit and Risk Committee reports are designed in such a way as to provide the necessary information to members of the Audit and Risk Committee to obtain a level of assurance on the Group's system of internal control and risk management. In order to do this, the content of each quarterly Audit and Risk Committee report is aimed at providing the reader with enough information on the following topics:

- the scope of internal auditing activities, which includes the appropriate level and quality of work based on the Group's risks;
- the cycle on which audit plans are based;
- consideration of the control components and limitations of control;
- the status of follow-up activities;
- a discussion of serious problems and solutions; and
- the overall assessment statement for the period.

Risk management

The Board is responsible for risk governance within the Group. Responsibility for the monitoring thereof has been allocated to the Audit and Risk Committee.

Cashbuild management is responsible for the design, implementation and maintenance of a risk management approach, methodology and systems. Monitoring of the status of risks is the responsibility of management risk owners. Formalised monitoring and updating on the status of risks by the Executive Management team takes place on a quarterly basis during scheduled Group risk management review workshops.

Integrated Report

The Committee fulfils an oversight role regarding Cashbuild's Integrated Report and the reporting process. Accordingly, it has considered and assessed the consistency with operational, financial and other information known to the Audit and Risk Committee members, as well as the Annual Consolidated and Separate Financial Statements.

Audit and Risk Committee Report

Combined assurance

Cashbuild's combined assurance framework has the objective of aligning assurance processes and assurance service delivery throughout the Group to maximise risk and governance oversight and control efficiencies, and optimise overall assurance to the Audit and Risk committee. This is achieved through effective coordination across management being the first line of defence and assurance providers (internal and external to the Group) being the second and third lines of defence.

Internal Assurance Activities (second line of defence) such as maintenance of policies and procedures contained in the Cashbuild Way, training of staff, oversight and risk management performance and reporting remains the responsibility of management. Internal controls within Cashbuild are based on established policies and procedures contained in The Cashbuild Way. The Cashbuild Way is aligned with ISO 9001 principles and provides a uniform Company-wide standard regarding the defining, implementation and maintenance of policies, procedures and templates within all Cashbuild support and operational areas. Internal controls as contained in The Cashbuild Way are communicated throughout the Group and form the baseline of training provided to staff members.

The third line of defence refers to Independent Assurance Activities providing independent and objective assurance of the overall adequacy and effectiveness of risk management, governance and internal control within Cashbuild. This is predominantly the role of internal audit, external audit and other credible assurance providers. Oversight Committees, such as the Audit & Risk Committee, are appropriately mandated to perform an oversight of the efficiency and effectiveness of Risk Management, Internal Control and Combined Assurance processes or elements thereof in Cashbuild, and has the duty of keeping the Board informed of the status thereof. This mandated responsibility is duly executed by the Audit and Risk Committee.

Financial statements

The Directors' Report is set out in pages 8 to 11.

External audit

The Independent Auditor's Report is set out on pages 12 to 19.

Quality

PwC submitted reports relating to quality assessment reviews undertaken internally and by the Independent Regulatory Board for Auditors (IRBA) and the Public Company Accounting Oversight Board, together with progress on any remedial actions necessary for the 2022 interim period and year-end.

The Audit and Risk Committee reviewed the following in terms of the Listings Requirements:

- A summary report of the most recent IRBA inspection policy report and decision letter from IRBA, the findings report and a copy of the proposed remedial action plan;
- A summary of the information on the designated auditor, Mr AJ Rossouw, the results of which were satisfactory;
- The JSE accreditation letter from the firm which included the designated auditor;
- The IRBA letters for the latest reviews of the firm (2021); and
- The PwC Commitment to Audit Quality document.

The Audit and Risk Committee concluded that there were no matters of concern raised during the year under review.

Key audit matters

The Audit and Risk Committee has considered the matters noted in the independent auditor's report and reviewed the process followed by the auditor.

The Key audit matter is "accuracy of supplier rebates" which is a continuous focus for the Audit and Risk Committee. The Committee agrees that the processes followed by the external auditors are appropriate and that management have appropriately accounted for this.

The processes followed included discussions with management, understanding of the process, consideration of procedures followed and review of the final report. Confirmation of the appropriate reporting is then obtained from the external auditors as a final procedure.

Internal audit

Considering all of these factors set out in the Internal control and Risk management paragraphs above, the following assessment statement is presented by Cashbuild's Internal Audit: "Work performed by the Cashbuild Group Risk Management Department during the current reporting period (July 2021 to June 2022) supports the assertion that Cashbuild's system of internal controls and risk management is effective, and that any serious problem and/or concern identified by the Group Risk Management Department during performance of its risk management, issues management and internal audit duties are reported on in the quarterly Audit and Risk Committee Reports".

On behalf of the Audit and Risk Committee

M Bosman (Mr)
Audit and Risk Committee Chairperson

30 August 2022

Chief Executive and Financial Director's Certificate

In terms of section 3.84(k) of the JSE Listings Requirements, each of the directors, whose names are stated below hereby confirm that:

- the annual financial statements set out on pages 20 to 84, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
- 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;
- internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer;
- 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;
- where we are not satisfied, we have disclosed to the Audit and Risk 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
- we are not aware of any fraud involving directors.

Signed by the CEO and the Financial Director on behalf of the Board of Directors by:

WF de Jager
Chief Executive

AE Prowse
Financial Director

30 August 2022

Company Secretary's Certification

In terms of Section 88(2)(e) of the Companies Act, I certify that the Group has lodged with the Companies and Intellectual Property Commission all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date.

T Nengovhela
Company Secretary

30 August 2022

Directors' Report

The directors have pleasure in submitting their report on the Annual Consolidated and Separate Financial Statements of Cashbuild Limited for the year ended 26 June 2022.

1. Nature of the business

Cashbuild is southern Africa's leading retailer of quality building materials and associated products, selling direct to a cash-paying customer base through our chain of stores (318 at the end of this financial year which includes 54 P&L Hardware stores). Cashbuild carries an in-depth quality product range tailored to the specific needs of the communities we serve. Our customers are typically home-builders and improvers, contractors, farmers, traders, as well as all other customers requiring quality building materials at the best value.

Cashbuild has built its credibility and reputation by consistently offering its customers quality building materials at the best value and through a purchasing and inventory policy that ensures customers' requirements are always met.

2. Financial highlights

Revenue for the year decreased by 12%. Revenue for stores in existence prior to July 2020 (pre-existing stores – 304 stores) decreased by 13% and our 14 new stores contributed 1% growth. Gross profit decreased by 14% with gross profit margin percentage decreasing from 26.9% to 26.3%. Selling price inflation was 7.2% at the end of June 2022 when compared to June 2021.

Operating expenses, including new stores, were well controlled in line with the revenue decline, decreasing by 13% (existing stores reduced by 15% and new stores contributed a 2% increase) resulting in the operating profit decreasing by 16%. Basic earnings per share decreased by 29% with headline earnings per share also decreasing by 33% from the prior year.

The effective tax rate of 39% for the year is higher than the prior year, due to withholding taxes on foreign country dividends declared during the year.

Cash and cash equivalents decreased to R1 939 million due to the 2021 higher final dividend paid during the year. Stock levels, including new stores have decreased by 2% with stockholding at 81 days (June 2021: 74 days) at year end. Net asset value per share decreased by 8%, from 10 212 cents (June 2021) to 9 350 cents.

During the year, Cashbuild opened 4 new Cashbuild stores, refurbished 21 Cashbuild stores and relocated 1 Cashbuild store. During the financial year, 4 Cashbuild and 1 P&L Hardware stores were closed. The closures relate to the looting that occurred during July 2021 and two continuous non-performing stores. Cashbuild will continue its store expansion, relocation and refurbishment strategy in a controlled manner, after considering its continuously evolving feasibility process.

3. Reporting period

The Group adopts the retail accounting calendar, which comprises the reporting year ending on the last Sunday of the month June 2022: 26 June 2022 (52 weeks); 27 June 2021 (52 weeks).

4. Share capital

There were no changes to the authorised or issued share capital during the period under review.

5. Dividends

The Board has declared a final dividend (No. 59) of 677 cents (June 2021: 2 211 cents) per ordinary share, out of income reserves to all shareholders of Cashbuild Limited. This is based on the updated Group dividend cover policy of 1.5 times. The dividend per share is calculated based on 24 989 811 (June 2021: 24 989 811) shares in issue at the date of the dividend declaration. The net local dividend amount is 541.6 cents per share for shareholders liable to pay Dividends Tax and 677 cents per share for shareholders exempt from paying Dividends Tax. The total dividend for the year amounts to 1 264 cents (June 2021: 2 935 cents). Local Dividends Tax is 20%

The relevant dates for the declaration are as follows: Date dividend declared: Tuesday, 30 August 2022; Last day to trade "CUM" the dividend: Tuesday, 20 September 2022; Date to commence trading "EX" the dividend: Wednesday, 21 September 2022; Record date: Friday, 23 September 2022; Date of payment: Monday, 26 September 2022. Share certificates may not be dematerialised or rematerialised between Wednesday, 21 September 2022 and Friday, 23 September 2022, both dates inclusive.

Directors' Report

6. Directorate

The directors in office at the date of this report are as follows:

WF de Jager (51)	Chief Executive, CA(SA)	Executive
AE Prowse (58)	Finance Director, CA(SA)	Executive
SA Thoresson (59)	Operations Director	Executive
WP van Aswegen (55)	Commercial and Marketing Director, CA(SA)	Executive
M Bosman (Mr) (65)	CA(SA)	Independent non-executive
M Bosman (Ms) (51)*	CA(SA)	Independent non-executive
AGW Knock (71)	Chairman, BSc Eng (Hons); MSc (Engineering); MDP	Independent non-executive
Dr DSS Lushaba (56)	BSc Advanced Biochemistry (Hons), MBA, DBA, CD(SA)	Independent non-executive
AJ Mokgwatsane (44)*	Diploma in Integrated Marketing and Communication	Independent non-executive
GM Tapon Njamo (44)	CA(SA)	Independent non-executive

**Appointed as a director effective 1 August 2021.*

Details of the directors' remuneration are set out under note 39 of the financial statements.

7. Board committees and attendance

Name	Notes	Board	Audit and Risk Committee	Remuneration Committee	Social and Ethics Committee	IT Governance Committee	Investment Committee	Nomination Committee
Non-executive								
AGW Knock	1	C - 5/5	I - 4/4	M - 3/3	I - 4/4	M - 4/4	M - 1/1	C - 2/2
M Bosman (Ms)	2	M - 5/5	M - 4/4	-	M - 4/4	-	-	-
M Bosman (Mr)	3	M - 5/5	C - 4/4	-	-	-	C - 2/3	M - 2/2
DSS Lushaba		M - 5/5	M - 4/4	C - 3/3	C - 4/4	-	-	-
AJ Mokgwatsane	4	M - 5/5	I - 1/1	-	M - 4/4	M - 4/4	-	-
GM Tapon Njamo		M - 5/5	M - 4/4	M - 3/3	-	C - 4/4	M - 3/3	-
Executive								
WF de Jager		M - 5/5	I - 4/4	I - 3/3	M - 4/4	M - 4/4	M - 3/3	I - 2/2
AE Prowse		M - 5/5	I - 4/4	I - 3/3	-	M - 4/4	M - 3/3	-
SA Thoresson		M - 5/5	I - 4/4	-	-	I - 4/4	-	-
WP van Aswegen		M - 5/5	I - 4/4	-	M - 4/4	I - 4/4	I - 1/1	-

Legend

C Chairperson of the Board/Committee
M Member of the Board/Committee
I Attendance by invitation
1 Co-opted as a member of the Investment Committee for a fixed period for the review and consideration of the TBC acquisition.
2 Appointed as member of the Board, Audit & Risk Committee and Social & Ethics Committee with effect from 1 August 2021.
3 For the one meeting not attended, he was consulted telephonically and provided his inputs on the matter under discussion.
4 Appointed as member of the Board, Social & Ethics Committee and IT Governance Committee with effect from 1 August 2021.

Directors' Report

8. Interests in subsidiaries and other investments

Details of material interests in subsidiary companies, associates and joint arrangements are presented in the Annual Consolidated and Separate Financial Statements in notes 7 and 10.

9. Directors' interests in contracts

During the financial year, no contracts were entered into whereby directors or officers of the group had an interest and which significantly affected the business of the Group.

10. Borrowing powers

In terms of the Memorandum of Incorporation of Cashbuild Limited, borrowing powers are unrestricted. Flexible term general banking facilities available are R515 million (June 2021: R480 million) with various banks. See note 38.

11. Events after the reporting period

On 31 May, 2022, the board of directors approved management's proposal to close the Zambian operations. The decision was taken due to the continued losses being made after various attempts to make the operations profitable. Necessary processes were initiated as required to ensure operations are effectively wound up by end of September 2022.
On 31 July 2022, the Zambia stores were officially closed to the public. The remaining period will be used to restore the stores back to their acceptable condition as required by the lease agreements. Property, plant and equipment has either been sold to third parties or to Cashbuild South Africa. Long term assets associated will only qualify as held for sale when the operations have been completely closed and become available for sale.

The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

12. Civil unrest and looting

During the year, July 2021, 36 (32 Cashbuild and 4 P&L Hardware) stores across the Group were impacted by the unrest and looting. Stores were looted and damaged which led to the scrapping of various categories of property, plant and equipment (R20.4 million) and inventory (R136 million). Cashbuild has insurance cover for such events to minimise losses to the Group and submitted insurance claims of R143 million for inventory, R71 million for property, plant and equipment, R9 million for additional operational costs as well as R100 million for business interruption to its respective insurers.

The insurance recovery claims have been recognised in cost of sales (R143 million) and other income (R181 million). The Group has received payments for all claims relating to asset losses of R224 million. An interim payment of R50 million was received on 30 April 2022 for business interruption claim of R100 million. Of the 36 stores looted, 28 have since re-opened, 3 permanently closed and the remaining 5 are either in process of being rebuilt or under consideration for closure.

For illustrative purposes, the summary Consolidated Income Statements table below has been presented on a comparative basis to highlight the civil unrest and looting effects on the current and prior year. This has been provided so that users may be able to assess the impact of looting and the trading results of the remaining business and is the responsibility of the directors of Cashbuild.

12. Civil unrest and looting continued

Figures in Rand thousand		June 2022 Statutory results*	June 2022 Looted stores	June 2022 Excluding looted stores	Variance (%)	June 2021 Excluding looted stores	June 2021 Looted stores	June 2021 Statutory results*
Revenue		**11 145 107**	**672 423**	**10 472 684**	**(7)**	11 223 476	1 392 153	12 615 629
Cost of sales		**(8 216 677)**	**(488 992)**	**(7 727 685)**	**(6)**	(8 192 355)	(1 033 659)	(9 226 014)
Gross profit		**2 928 430**	**183 431**	**2 744 999**	**(9)**	3 031 121	358 494	3 389 615
Gross profit	(%)	**26.3**	**27.3**	**26.2**		27.0	25.8	26.9
Other income		**213 971**	**180 705**	**33 266**	**(2)**	33 984	–	33 984
Selling and marketing expenses		**(1 912 972)**	**(194 986)**	**(1 717 986)**	**(3)**	(1 774 554)	(221 327)	(1 995 881)
Administrative expenses		**(325 713)**	**–**	**(325 713)**	**(16)**	(385 536)	–	(385 536)
Other operating expenses		**(27 995)**	**(29 575)**	**1 580**	**(>100)**	(3 363)	–	(3 363)
Operating profit		**875 721**	**139 575**	**736 146**	**(18)**	901 652	137 167	1 038 819
Operating profit	(%)	**7.9**		**7.0**		8.0		8.2
Attributable earnings		**473 849**	**84 547**	**389 302**	**(33)**	582 067	82 615	664 682
Earnings per share		**2 094,7**		**1 721,0**	**(33)**	2 570,8		2 935,7
Headline earnings per share		**1 929,4**		**1 718,4**	**(31)**	2 507,8		2 872,6

** The statutory results are the results included in the Consolidate Income Statement which includes the impact of civil unrest and looting.*

The impact of the civil unrest and looting on the Consolidated Financial Statements can be summarised as follow:

	Notes	June 2022
Income Statement		
Other operating expenses: Impairment of property, plant and equipment	24	**(20 384)**
Other operating expenses: Additional operational costs from looting	24	**(9 191)**
Cost of sales: Loss on inventory write-down	22	**(136 110)**
Other income: Insurance recovery on additional operational costs from looting	23	**9 191**
Other income: Insurance recovery on property, plant and equipment	23	**71 514**
Cost of sales: Insurance recovery on inventory	22	**142 276**
Other income: Insurance recovery on income loss and costs incurred during the business interruption	23	**100 000**
Statement of Financial Position		
Property, plant and equipment written off	4	**(20 384)**
Inventory written off	12	**(136 110)**
Insurance Debtor recognised	13	**69 347**

13. Prospects

Group revenue for the six weeks subsequent to period end is 3% lower than the prior year's comparative six week period. Management expects trading conditions to remain challenging. This information has not been reviewed nor audited by the Company's auditor.

14. Going concern

The directors have assessed the cash flow forecast for the period up to 26 June 2023 and conclude that the Group will be able to continue as a going concern. All proposed financing arrangements and capital expenditures are evaluated and monitored to assess the impact on the Group's ability to meet their obligations. Detailed solvency and liquidity analysis are performed when entering into new financial arrangements and when dividends are declared to ensure the capital base of the Group is not adversely impacted.

15. Auditor

PricewaterhouseCoopers Inc. was the auditor for the Company and its subsidiaries for the year ended 26 June 2022. The appointment of Deloitte as external auditor will be put to a shareholders vote at the Annual General Meeting in November 2022.

16. Secretary

The Company Secretary is Mr Takalani Nengovhela.

Independent auditor's report

To the Shareholders of Cashbuild 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 Cashbuild Limited (the Company) and its subsidiaries (together the Group) as at 26 June 2022, and its consolidated and separate financial performance and its consolidated and separate cash flows for the period then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

What we have audited

Cashbuild Limited's consolidated and separate financial statements set out on pages 20 to 83 comprise:

- the consolidated and separate statements of financial position as at 26 June 2022;
- the consolidated and separate income statements for the period then ended;
- the consolidated and separate statements of comprehensive income for the period then ended;
- the consolidated and separate statements of changes in equity for the period then ended;
- the consolidated and separate statements of cash flows for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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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

<table>
<tr><td rowspan="3">
</td>
<td>Overall group materiality
Overall group materiality:R111,5 million, which represents 1% of consolidated revenue.</td></tr>
<tr><td>Group audit scope
Our audit included a full scope audit of the Cashbuild South Africa and the P&L Hardware operating segments, based on their respective financial significance to the Group. A combination of analytical review procedures and specific procedures were performed over the remaining components.</td></tr>
<tr><td>Key audit matters
Accuracy of the supplier rebate adjustment and debtors.</td></tr>
</table>

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.

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	R111,5 million
How we determined it	1% of consolidated revenue
Rationale for the materiality benchmark applied	We chose consolidated revenue as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users of the consolidated financial statements, as it is the key driver of the Group's business We chose 1% based on our professional judgement, after consideration of the range of quantitative materiality thresholds that we would typically apply when using revenue as a benchmark in calculating materiality.

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 consolidated financial statements comprise a consolidation of 22 components, which include the Group's retail business, joint arrangements, property companies and trusts.

Our audit included full scope audits of the Cashbuild South Africa and the P&L Hardware operating segments, based on their respective financial significance to the Group. A combination of analytical review procedures and specific procedures were performed over the remaining components. All testing was performed centrally by the group audit team. By performing the procedures outlined above, we obtained sufficient appropriate audit evidence regarding the consolidated financial statements of the Group to provide a basis of our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, 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 mater	***How our audit addressed the key audit matter***
Accuracy of supplier rebate adjustment and debtors The Group has trade agreements with suppliers whereby rebates are provided and advertising income is earned based on purchases made from the suppliers and are calculated either as a percentage of purchases or on volume (collectively referred to as supplier rebates). Refer to note 13: 'Trade and other Receivables', to the consolidated financial statements. Supplier rebates are accounted for as a reduction in the cost of inventories and result in a reduction of cost of sales when inventories are sold. Refer to accounting policy note 1.18: 'Cost of sales' to the consolidated financial statements.	We obtained a detailed understanding of the supplier rebate process through discussion with management and inspection of the underlying transaction documents. We evaluated the design and implementation of controls that the Group has established over supplier rebates. We agreed the rebate adjustment calculated by the rebate system to the rebate adjustment recognised in Enterprise Resource Planning system ("ERP") and noted no material differences. We recalculated the supplier rebate adjustment recognised in ERP by using computer assisted audit techniques. As part of our

Supplier arrangements contain contract specific considerations in relation to the calculation of supplier rebates. These may include:

- Volumes and/or value of purchases;
- Specified items which are excluded from the purchases on which the rebate adjustment is calculated;
- Period covered; and
- Contractual supplier rebate percentage applied to purchases from each supplier.

The calculation of the value of supplier rebates will include the determination of the apportionment thereof between inventories sold and those that remain on hand at period end as unrealised.

We considered the accuracy of the supplier rebate adjustment and debtors to be a matter of most significance to the current period audit because the calculation thereof includes a number of contract specific considerations and a potential error in the calculation could result in a material misstatement of the consolidated financial statements.

recalculation, we agreed the volume and/or value of purchases as appropriate, the specified items which are excluded from the purchases on which rebate adjustment is calculated, the period in which the rebate adjustment was recognised, and the contractual supplier rebate percentage applied to purchases from each supplier to the rebate agreements. We noted no material differences.

On a sample basis, we performed the following procedures, with no material differences noted, to test the inputs used in the calculation of supplier rebates:

- Agreed cash receipts of supplier rebates earned per the bank statements to the supplier rebates recognised in ERP in the current period;
- Agreed deductions of supplier rebates from payments to suppliers per the creditor statements to the supplier rebates recognised in ERP in the current period;
- Obtained confirmation from suppliers of the total supplier rebates earned by the Group for the period and the underlying supplier rebate calculation data, including volumes and/or value of purchases during the period, as well as the supplier rebate percentage applicable, and compared all details on the confirmations to the accounting records on ERP; and
- Agreed the supplier rebate percentages as obtained from the supplier master files from ERP to signed contracts with suppliers.

Supplier rebates included as a reduction in the cost of inventories were tested by recalculating management's unrealised supplier rebate calculation. We also tested the accuracy of the underlying inputs into this calculation, such as the opening and closing balances of inventory, cost of sales and the rebate adjustment, by agreeing these amounts to the underlying accounting records. No material differences were noted.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Cashbuild Limited annual financial statements for the year ended 26 June 2022", which includes the Directors' Report, the Audit and Risk Committee Report and the Company Secretary's Certification as required by the Companies Act of South Africa. 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 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, 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 Cashbuild Limited for 24 years.

PricewaterhouseCoopers Inc.
Director: A.J. Rossouw
Registered Auditor
Johannesburg, South Africa
30 August 2022

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.

Consolidated and Separate Statements of Financial Position

as at 26 June 2022

Figures in Rand thousand	Notes	Group **Year ended June 2022**	Group Year ended June 2021	Company **Year ended June 2022**	Company Year ended June 2021
Assets					
Non-current Assets					
Property, plant and equipment	4	**2 442 951**	2 464 385	**–**	–
Investment property	6	**39 953**	43 007	**–**	–
Investment in associate	7	**30 000**	30 000	**–**	–
Intangible assets	8	**424 994**	423 464	**–**	–
Deferred tax	9	**80 332**	129 976	**–**	–
Investments in subsidiaries	10	**–**	–	**146 856**	120 908
Loan to subsidiary	10	**–**	–	**39 514**	39 633
		3 018 230	3 090 832	**186 370**	160 541
Current Assets					
Prepayments	11	**22 596**	19 664	**–**	–
Inventories	12	**1 520 302**	1 545 878	**–**	–
Trade and other receivables	13	**135 797**	129 179	**3 128**	–
Cash and cash equivalents	14	**1 938 639**	2 546 380	**10 069**	10 070
		3 617 334	4 241 101	**13 197**	10 070
Non-current assets held for sale	15	**950**	–	**–**	–
		3 618 284	4 241 101	**13 197**	10 070
Total Assets		**6 636 514**	7 331 933	**199 567**	170 611

Consolidated and Separate Statements of Financial Position

as at 26 June 2022

Figures in Rand thousand	Notes	Group Year ended June 2022	Group Year ended June 2021	Company Year ended June 2022	Company Year ended June 2021
Equity and Liabilities					
Equity					
Equity Attributable to Equity Holders of Parent					
Share capital	16	**(324 424)**	(287 778)	**1 274**	1 274
Reserves		**133 152**	133 702	**146 856**	120 908
Retained income		**2 527 829**	2 705 936	**39 069**	39 068
		2 336 557	2 551 860	**187 199**	161 250
Non-controlling interest		**28 449**	36 094	**–**	–
		2 365 006	2 587 954	**187 199**	161 250
Liabilities					
Non-current liabilities					
Joint operation loan payable	7	**18 619**	16 783	**–**	–
Deferred tax	9	**45 911**	33 018	**–**	–
Lease liabilities	19	**1 379 734**	1 467 717	**–**	–
		1 444 264	1 517 518	**–**	–
Current Liabilities					
Lease liabilities	19	**233 162**	202 092	**–**	–
Trade and other payables	20	**2 536 064**	2 914 923	**12 368**	9 240
Current tax payable	30	**58 018**	109 446	**–**	121
		2 827 244	3 226 461	**12 368**	9 361
Total Liabilities		**4 271 508**	4 743 979	**12 368**	9 361
Total Equity and Liabilities		**6 636 514**	7 331 933	**199 567**	170 611

The accounting policies on pages 26 to 36 and the notes on pages 37 to 84 form an integral part of the Annual Consolidated and Separate Financial Statements.

Consolidated and Separate Income Statements

Figures in Rand thousand		Notes	Group Year ended June 2022	Group Year ended June 2021	Company Year ended June 2022	Company Year ended June 2021
Revenue		21	**11 145 107**	12 615 629	**706 302**	256 251
Cost of sales		22	**(8 216 677)**	(9 226 014)	**–**	–
Gross Profit			**2 928 430**	3 389 615	**706 302**	256 251
Other income		23	**213 971**	33 984	**–**	–
Selling and marketing expenses		24	**(1 912 972)**	(1 995 881)	**–**	–
Administrative expenses		24	**(325 713)**	(385 536)	**(7 086)**	(4 978)
Other operating expenses		24	**(27 995)**	(3 363)	**–**	–
Operating profit			**875 721**	1 038 819	**699 216**	251 273
Finance income		25	**72 672**	91 327	**–**	434
Finance cost		26	**(161 602)**	(162 502)	**–**	–
Profit before taxation			**786 791**	967 644	**699 216**	251 707
Tax expense		27	**(307 835)**	(297 557)	**–**	(121)
Profit for the year			**478 956**	670 087	**699 216**	251 586
Profit attributable to:						
Owners of the parent			**473 849**	664 682	**699 216**	251 586
Non-controlling interests			**5 107**	5 405	**–**	–
			478 956	670 087	**699 216**	251 586
Earnings per share for profit attributable to the ordinary equity holders of the company						
Per share information						
Basic earnings per share	(cents)	28	**2 094.7**	2 935,7	**2 798,0**	1 006,7
Diluted earnings per share	(cents)	28	**2 089,4**	2 932,6	**2 791,5**	1 006,3

The accounting policies on pages 26 to 36 and the notes on pages 37 to 84 form an integral part of the Annual Consolidated and Separate Financial Statements.

Consolidated and Separate Statements of Comprehensive Income

Figures in Rand thousand	Group		Company	
	Year ended June 2022	Year ended June 2021	**Year ended June 2022**	Year ended June 2021
Profit for the year	**478 956**	670 087	**699 216**	251 586
Other comprehensive income:				
Items that may be reclassified to profit or loss:				
Exchange differences on translation of foreign operations attributable to:				
Owners of the parent (note 18)	**(26 498)**	(11 578)	**–**	–
Non-controlling interests	**2 033**	(5 730)	**–**	–
Total movement in foreign currency translation reserve (FCTR)	**(24 465)**	(17 308)	**–**	–
Other comprehensive income for the year net of taxation	**(24 583)**	(17 308)	**–**	–
Total comprehensive income	**454 491**	652 779	**699 216**	251 586
Total comprehensive income attributable to:				
Owners of the parent	**447 351**	653 104	**699 216**	251 586
Non-controlling interests	**7 140**	(325)	**–**	–
	454 491	652 779	**699 216**	251 586

The accounting policies on pages 26 to 36 and the notes on pages 37 to 84 form an integral part of the Annual Consolidated and Separate Financial Statements.

Consolidated and Separate Statements of Changes in Equity

Figures in Rand thousand	Group								
	Share capital	Share premium	Total share capital	FCTR	Share-based payments reserve	Total reserves	Retained income	Non-controlling interest	Total equity
Balance as at 28 June 2020	227	(274 414)	(274 187)	24 372	95 262	119 634	2 271 169	38 399	2 155 015
Total comprehensive income for the year	–	–	–	(11 578)	–	(11 578)	664 682	(325)	652 779
Recognition of share-based payments	–	–	–	–	25 646	25 646	–	–	25 646
Shares purchased by Cashbuild South Africa for the Forfeitable Share Plan	–	(13 591)	(13 591)	–	–	–	–	–	(13 591)
Dividends	–	–	–	–	–	–	(229 915)	(1 980)	(231 895)
Balance at 27 June 2021	227	(288 005)	(287 778)	12 794	120 908	133 702	2 705 936	36 094	2 587 954
Total comprehensive income for the year	–	–	–	(26 498)	–	(26 498)	473 849	7 140	454 491
Recognition of share-based payments	–	–	–	–	25 948	25 948	–	–	25 948
Shares purchased by Cashbuild South Africa for the Forfeitable Share Plan	–	(36 646)	(36 646)	–	–	–	–	–	(36 646)
Dividends	–	–	–	–	–	–	(651 956)	(14 785)	(666 741)
Balance at 26 June 2022	**227**	**(324 651)**	**(324 424)**	**(13 704)**	**146 856**	**133 152**	**2 527 829**	**28 449**	**2 365 006**
Notes	16	16	16	18	17				

Refer to note 28 for more information on dividend per share.

Figures in Rand thousand	Company							
	Share capital	Share premium	Total share capital	FCTR	Share-based payments reserve	Total reserves	Retained income	Total equity
Balance at 28 June 2020	250	1 024	1 274	–	95 262	95 262	36 381	132 917
Total comprehensive income for the year	–	–	–		–	–	251 586	251 586
Share-based payments expense	–	–	–		25 646	25 646	–	25 646
Dividends	–	–	–		–	–	(248 899)	(248 899)
Balance at 27 June 2021	250	1 024	1 274	–	120 908	120 908	39 068	161 250
Total comprehensive income for the year	–	–	–		–	–	699 216	699 216
Share-based payments expense	–	–	–		25 948	25 948	–	25 948
Dividends	–	–	–		–	–	(699 215)	(699 215)
Balance at 26 June 2022	**250**	**1 024**	**1 274**	**–**	**146 856**	**146 856**	**39 069**	**187 199**
Notes	16	16	16	18	17			

Consolidated and Separate Statements of Cash Flows

		Group		Company	
Figures in Rand thousand	Notes	**Year ended June 2022**	Year ended June 2021	**Year ended June 2022**	Year ended June 2021
Cash flows from operating activities					
Cash generated from/(utilised in) operations	29	**854 540**	1 507 716	**(7 086)**	(4 548)
Finance income received – non-investing	25	**132**	11	**–**	–
Dividends received	21	**–**	–	**706 302**	256 251
Finance cost paid	26	**(161 602)**	(162 502)	**–**	–
Tax paid	30	**(296 726)**	(239 643)	**(121)**	–
Net cash generated from operating activities		**387 344**	1 105 582	**699 095**	251 703
Cash flows from investing activities					
Purchase of property, plant and equipment	4	**(257 653)**	(191 361)	**–**	–
Purchase of investment properties		**(452)**	–	**–**	–
Proceeds on disposal of non-current asset held for sale	32	**–**	12 101	**–**	–
Proceeds on disposal of property, plant and equipment and intangible assets	33	**3 299**	10 762	**–**	–
Insurance income relating to property, plant and equipment		**71 514**	–	**–**	–
Finance income received	25	**72 540**	91 316	**–**	434
Purchase of intangible assets	8	**(5 570)**	(4 735)	**–**	–
Loan advanced to Group companies	10	**–**	–	**119**	(2 374)
Net cash utilised in investing activities		**(116 322)**	(81 917)	**119**	(1 940)
Cash flows from financing activities					
Shares purchased by Cashbuild South Africa for the Forfeitable Share Plan	16	**(36 646)**	(13 591)	**–**	–
Lease liability payments	19	**(179 921)**	(180 149)	**–**	–
Dividends paid	31	**(651 956)**	(229 915)	**(699 215)**	(248 899)
Dividends paid to non-controlling interests	31	**(14 785)**	(1 980)	**–**	–
Net cash utilised in financing activities		**(883 308)**	(425 635)	**(699 215)**	(248 899)
Total cash and cash equivalents movement for the year		**(612 286)**	598 030	**(1)**	864
Cash and cash equivalents at the beginning of the year		**2 546 380**	1 951 582	**10 070**	9 206
Effect of exchange rate movement on cash and cash equivalents balances		**4 545**	(3 232)	**–**	–
Total cash and cash equivalents at the end of the year	14	**1 938 639**	2 546 380	**10 069**	10 070

Accounting Policies

Corporate information

Cashbuild Limited is a public company incorporated and domiciled in South Africa.

1. Significant accounting policies

The principal accounting policies applied in the preparation of these Annual Consolidated and Separate Financial Statements are set out below.

1.1 Basis of preparation

The Annual Consolidated and Separate Financial Statements are prepared in accordance with the IFRS as issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (previously known as International Financial Reporting Interpretations Committee (IFRIC)), the South African Companies Act, the Listings Requirements, and the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Guides as issued by the Financial Reporting Council. The Financial Statements are authorised for issue by the Company's Board of Directors. The Annual Consolidated and Separate Financial Statements are prepared on the basis that the group and Company will continue to be a going concern.

These Annual Consolidated and Separate Financial Statements comply with the requirements of the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

The Annual Consolidated and Separate Financial Statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Rands, which is the company's functional currency.

These accounting policies are consistent with the prior year.

1.2 Consolidation

Basis of consolidation

The Annual Consolidated and Separate Financial Statements incorporate the Annual Financial Statements of the company and all subsidiaries. Subsidiaries are entities which are controlled by the Group.

The Group has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through using its power over the entity.

The results of subsidiaries are included in the Annual Consolidated and Separate Financial Statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made where necessary to the Annual Financial Statements of subsidiaries to bring their accounting policies in line with those of the Group.

All inter-company transactions, balances, and unrealised gains on transactions between group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the Group's interest therein, and are recognised within equity.

The Group's proportionate share of assets and liabilities from investments in joint operators are included in the Annual Consolidated and Separate Financial Statements from the effective date of acquisition.

Transactions with non-controlling interests that do not result in loss of control, are accounted for as equity transactions and are recognised directly in the Consolidated and Separate Statements of Changes in Equity.

1.3 Investment property

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Cost model

Investment property is carried at cost less accumulated depreciation less any accumulated impairment losses. Depreciation is calculated on the straight line basis over a useful live of 50 years.

1.4 Property, plant and equipment

Property, plant and equipment are assets which the Group holds for its own use or for rental to others and which are expected to be used for more than one year.

Accounting Policies

1. Significant accounting policies continued

1.4 Property, plant and equipment continued

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Group, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost, which includes all of the expenditure which is directly attributable to the acquisition or construction of the asset. Subsequently, property, plant and equipment is measured at historical cost less accumulated depreciation and accumulated impairment losses. Expenditure incurred on work in progress projects are capitalised until the project is completed. Work in progress assets are then transferred to the relevant asset categories.

Expenditure incurred subsequently to refurbish, expand or replace property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost can be measured reliably. Maintenance costs are included in profit or loss in the year in which they are incurred.

Assets are depreciated when an asset is available for use, and depreciated on a straight-line basis over its expected useful lives. Assets which are expected to have a material disposal value are allocated residual values, these assets are depreciated up to residual value and residual values are reassessed annually. Land is not depreciated. The useful lives are reassessed annually, and adjusted accordingly, where appropriate.

The details including the useful lives of items of property, plant and equipment have been disclosed in note 4.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount. Impairment losses reversals are limited to what the carrying amount of the asset would have been, should no impairment have been recognised.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the disposal proceeds, if any, and the carrying amount of the item, is included in the Consolidated and Separate Income Statements when the item is derecognised.

1.5 Intangible assets

Goodwill

Goodwill arises on a business combination, and is the amount by which the fair value of consideration transferred and the amount of any non-controlling interest recognised, exceeds the identifiable assets and liabilities recognised in accordance with IFRS 3. Goodwill is carried at cost less accumulated impairment losses.

Trademarks

Trademarks which have a finite useful life are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of trademarks over its estimated useful lives of 10 years.

Trademarks acquired in a business combination are recognised at fair value at the acquisition date. At year-end this consists of the acquired trade name of P&L Hardware which is considered to have an indefinite useful life.

This intangible asset is regarded as having an indefinite useful life due to there being, based on all relevant factors, no foreseeable limit to the period over which the asset is expected to generate net cash inflows. This position is assessed on an annual basis. Amortisation is not provided for these intangible assets, however, these assets are tested for impairment annually and when there is an indication that the asset may be impaired. No impairment will arise if the present value of the expected net cash inflows into perpetuity support the fair value of the intangible asset acquired.

Critical estimates and judgements considered in determining the indefinite useful life of trademarks are disclosed in note 2.

Computer software

Computer software is capitalised on the basis of the costs incurred to acquire and bring the specific software into use. These costs are amortised on a straight-line basis over its estimated useful lives of three to five years.

Costs associated with maintaining computer software programs are recognised as an expense as incurred.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Computer software is carried at cost less accumulated amortisation.

Refer to note 8 for details of the Group's intangible assets.

Accounting Policies

1. Significant accounting policies continued

1.6 Financial instruments

Classification

The Group classifies financial assets and financial liabilities into the following categories:

- Financial assets measured at amortised cost
- Financial liabilities measured at amortised cost

Financial assets at amortised cost

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore, are all classified as current assets.

Trade receivables and cash and cash equivalents have been classified at amortised cost as its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest and the Group's business model is to collect the contractual cash flows on these financial instruments.

Financial liabilities measured at amortised cost

Trade payables are financial liabilities measured at amortised cost. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. Borrowings consists of overdraft facilities available to the Group. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liabilities for at least 12 months after the financial position date.

Recognition and measurement

Financial assets at amortised cost

Trade receivables are recognised initially at the amount of consideration that is unconditional. The Group has made use of the practical expedient where the group presumes that a trade receivable does not have a significant financing component as the expected term is less than one year. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore, measures them subsequently at amortised cost using the effective interest method.

Cash and cash equivalents are initially recognised at fair value. Subsequently, cash and cash equivalents are measured at amortised cost.

Financial liabilities measured at amortised cost

Trade payables are initially measured at fair value plus transaction costs, if any, and are subsequently measured at amortised cost, using the effective interest rate method.

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, any difference between the proceeds (net of transaction costs) and redemption value is recognised in the Consolidated and Separate Income Statements over the period of the borrowings using the effective interest rate method.

Derecognition

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

Impairment of financial assets

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. As a practical expedient, the Group uses a provision matrix based on the Group's historical default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. Refer to note 13 for the impact of the expected credit loss.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

These amounts are readily convertible to known amounts of cash and which are subject to insignificant changes in value.

Foreign currency bank accounts are translated into the functional currency using the exchange rates prevailing at the Consolidated and Separate Statements of Financial Position date. Foreign exchange gains and losses resulting from the revaluation of these balances are recognised in the Consolidated and Separate Income Statements.

Accounting Policies

1. **Significant accounting policies** continued

1.7 Inventories

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to its present location and condition. Unrealised trade, settlement and other discounts as well as unrealised rebates are netted off against the inventory balance.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the year in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the year the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the year in which the reversal occurs.

Inventories includes a "right-to-return-goods asset" which represents the Group's right to recover products from customers where customers exercise their right of return under the Group's returns policy. The Group uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. A corresponding adjustment is recognised against cost of sales.

Refer to note 12 for disclosures of inventory and related values.

1.8 Impairment of assets

The Group assesses at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the Group also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual year and at the same time every year.
- tests goodwill acquired in a business combination for impairment on an annual basis.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

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

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is recognised as an impairment loss.

Goodwill is monitored at the operating segment level. Goodwill impairment reviews are undertaken annually, or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed. Refer to note 5 for details thereof.

Trademarks are assessed for impairment annually or more frequently if indicators of impairment exist.

The significant assets considered for impairment indicators for the 12 months ended 26 June 2022 are the goodwill and trademark acquired from the P&L Hardware business combination. Refer to note 5 for details thereof.

1. Significant accounting policies continued

1.9 Share capital and equity

Ordinary shares are classified as equity. Where group companies purchase Cashbuild Limited's share capital, the consideration paid including attributable transaction costs (net of income taxes), is deducted from equity attributable to the Group's equity holders as treasury shares until they are cancelled, re-issued or sold. Where such shares are subsequently sold or re-issued, any consideration received net of directly attributable incremental transaction costs and related income tax effects is included in shareholders' funds.

The shares held by The Cashbuild Empowerment Trust, Cashbuild Management Member Trust and Cashbuild (South Africa) Proprietary Limited are classified as treasury shares.

Dividends received on treasury shares are eliminated on consolidation, except the dividends on which participants are entitled to in terms of The Cashbuild Empowerment Trust deed, which is accounted for as a staff expense in the Consolidated and Separate Income Statements.

Details of share capital and share premium including the impact of treasury shares are disclosed in note 16.

1.10 Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits and annual leave, which are expected to be settled wholly within 12 months after the end of the year in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

Long service awards

The Group has an obligation to pay long service awards to employees who reach certain predetermined milestone periods of service. Costs incurred in relation to the obligation are debited against the liability as incurred. Movements in the liability arising from the valuation are charged to the Consolidated and Standalone Income Statements upon valuation. Gains and losses are recognised immediately in full.

Bonuses

The Group's bonus structure allows monthly and quarterly bonuses that employees at stores can earn based on store and divisional performance. An annual bonus is available to all store and divisional management, based on their areas' performance. Support Office staff and Executive Management qualifying for annual bonuses which is dependent on the Group's results and performance. Annual bonuses are calculated with reference to a formula that takes into consideration the revenue and profit before tax. The Group recognises a liability and an expense for bonuses.
The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Defined contribution plans

The Group provides for retirement benefits for employees by making payments to independent defined contribution funds and contributions are expensed. A defined contribution plan is a plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligation to pay further contributions, if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior years.

1.11 Provisions and contingencies

Provisions are recognised when:

- the Group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Provisions are not recognised for future operating losses.

After its initial recognition, contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. When realisation of income is virtually certain, the related asset is recognised. Contingencies are disclosed in note 35.

1. Significant accounting policies continued

1.12 Joint arrangements and associates

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. A joint arrangement is either classified as a joint operation or a joint venture.

Joint operations

The Group recognises the following in relation to its interests in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

Associates

An associate is an entity that the Group has significant influence over. The Group has significant influence over an entity if it holds more than 20% of the voting rights and there is no joint control. The Group accounts for its interests in associates using the equity method. Investment in associates are accounted for at cost and is increased with the Group's share of profit when applicable.

1.13 Prepayments

Prepayments comprises of general prepayments for goods or services to be provided after year end. Current prepayments relate to general prepayments that will realise within 12 months after year end.

1.14 Tax

Current tax assets and liabilities

Current tax for current and prior years are, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior years exceeds the amount due for those years, the excess is recognised as an asset.

Current tax liabilities/(assets) for the current and prior years are measured at the amount expected to be paid to/(recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit/(tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit/(tax loss).

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

Deferred tax assets and liabilities are offset because there is a legally enforceable right to set off current tax assets and liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority.

At each reporting period, the Group assesses the recoverability of deferred tax assets. Measurement adjustments are recognised when the Group expect that the deferred tax assets will not result in future tax benefits.

For details of deferred tax assets and liabilities for the year refer to note 9.

Tax expenses

Current and deferred taxes are recognised as an income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different year, to Consolidated and Separate Statements of Comprehensive Income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different year, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different year, directly in equity.

Components of the tax expense and effective tax rate is disclosed in note 27.

Accounting Policies

1. **Significant accounting policies** continued

1.15 Leases

The Group assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantive right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the Group has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgements and sources of estimation uncertainty section of these accounting policies.

Group as lessee

The Group has entered into various leases in respect of premises. Leases for premises are on average contracted for periods between five and 15 years with renewal options for a further five to 10 year periods.

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the Group is a lessee, except for short-term leases of 12 months. For these leases, the Group recognises the lease payments as an operating expense (note 24) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The probability of utilising extension and termination options are considered when determining the lease term.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the group under residual value guarantees;
- the exercise price of a purchase option if the group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments which are based on an index or rate are included in the lease liability. In the event of a modification which does not result in a separate lease, the lease liability is remeasured with a corresponding adjustment to the right of use asset.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Refer to note 4 for details relating to the right-of-use asset.

The lease payments are discounted using the incremental borrowing rate. The incremental borrowing rate is determined by using the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Accounting Policies

1. **Significant accounting policies** continued

1.15 **Leases** continued

A number of lease contracts include the option to renew the lease for a further period or terminate the lease earlier. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The Group applies judgement in assessing whether it is reasonably likely that options will be exercised. Factors considered include how far in the future an option occurs, the Group's business planning cycle, significance of related leasehold improvements and past history of terminating/not renewing leases. The lease term is reassessed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when the following modifications occur:

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the company will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate; and
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in the Consolidated and Separate Income Statements if the carrying amount of the right-of-use asset has been reduced to zero.

Rental reductions were received from the landlords during the Covid-19 lockdown period. Cashbuild made use of the IFRS 16 amendment for all the rental concessions by accounting for the rental concessions as variable lease payments, applying paragraph 38 of IFRS 16, in the year in which the rental concessions were granted.

Details of leasing arrangements where the Group is a lessee are presented in note 19 Leases (Group as lessee).

1.16 **Share-based plans and related payments**

The Group operates a number of equity-settled, share-based compensation plans:

Cashbuild Forfeitable Share Scheme ("FSP")

Shares are offered under a forfeitable share award scheme to executive directors and selected management. The schemes has a vesting period of three years. The impact is recognised directly in the Consolidated and Separate Income Statements, with a corresponding adjustment to equity. The effect of all shares issued under this scheme is taken into account when calculating the diluted and headline earnings per share.

The fair value determined at the award date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions. The fair value at award date is independently determined using an adjusted form of the Black Scholes Model which includes a Monte Carlo simulation model that takes into account the exercise price, the term of the share awarded, the impact of dilution (where material), the share price at award date and expected price volatility of the underlying share, the expected dividend yield, the risk-free interest rate for the term of the vesting period and the correlations and volatilities of the peer group companies. A vested share option is exercised when the Group delivers the share to the director or employee. The shares are sold at the current market price and the difference between the sales price and the option price is paid to the employee after the tax liability is settled.

Cashbuild Operations Management Member Trust

Share incentives under this operational managers scheme entitles qualifying store management members to receive a bonus that is split in equal proportion between cash and shares. The cash portion will be received immediately and the share portion will vest at the end of a three year period, or such earlier dates as provided in the Trust Deed.

Accounting Policies

1. Significant accounting policies continued

1.16 Share-based plans and related payments continued

Dividends from The Cashbuild Empowerment Trust

Amounts paid to beneficiaries of the trust, being employees of the Group, are treated as staff cost in the Consolidated and Standalone Income Statements. The amounts paid out by the members is equal to dividends received by the trust less specific cost incurred by the trust.

Additional detail relating to distributions made by the trust is disclosed in note 37.

1.17 Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it satisfies the performance obligation. The performance obligation would be the sale of goods and this would be satisfied at the point of sale.

The following is a description of principal activities where the Group generates revenue. The Group has disclosed the nature, timing of satisfaction of performance obligations and significant payment terms.

Sale of goods – retail

The Group is required to disclose the revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date.

The Group operates a chain of retail stores selling building materials. Revenue from the sale of goods is recognised when a group entity sells a product to the customer.

Payment of the transaction price is due immediately when the customer purchases the building materials and takes delivery in store. It is the Group's policy to sell its products to the end customer with a right of return. Therefore, a refund liability (included in trade and other payables) is recognised for the products expected to be returned. Accumulated experience is used to estimate such returns at the time of sale. Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognised will not occur. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date.

1.18 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the year in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the year the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the year in which the reversal occurs.

The related settlement discounts and rebates received on inventories are deducted from cost of sales.

Cost of sales is reduced by the amount recognised in inventory as a "right-to-return-goods asset" which represents the Group right to recover products from customers where customers exercise their right of return under the group returns policy.

1.19 Translation of foreign currencies

Foreign currency transactions and Group translation

Stores which trade in foreign entities trade in foreign currencies being Botswana Pula, Malawian Kwacha, Zambian Kwacha and US dollar. These are translated into reporting currency (Rands) at the end of the reporting period.

The results of and financial positions of all the Group entities (none of which have the currency of a hyperinflation economy) that have a functional currency different from the presentation currency, are translated into the presentation currency as follows:

- income and expenses for each Income Statement line item are translated at the average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the date of the transactions);
- assets and liabilities for each financial position presented are translated at the closing rates at the date of that financial position; and
- all resulting exchange differences are recognised through other comprehensive income.

On consolidation exchange differences arising from the translation of the net investment in foreign entities are taken to shareholders' equity. If a foreign entity were to be sold, such exchange differences would be recognised in the Consolidated and Separate Income Statements as part of the gain or loss on sale.

Accounting Policies

1. Significant accounting policies continued

1.19 Translation of foreign currencies continued

If goodwill and fair value adjustments were to arise on the acquisition of foreign entities they would be treated as assets and liabilities of the foreign entity and translated at closing rates. Exchange differences arising are recognised in other comprehensive income.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

1.20 Business Combinations

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses. A business is defined as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities.

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at its fair values at the acquisition date.

The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred; and
- amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded.

If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase gain.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to its present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate.

A business combination in which all of the combining businesses are ultimately controlled by the same party before and after the business combination is classified as a business combination under common control. For all business combinations under common control the Group elects to transfer all assets, liabilities and equity to the acquiring entity. All assets, liabilities and equity are transferred at the carrying value of the acquiree. Any related consideration is recognised for the disposal of assets and a corresponding gain or loss is recognised in the Income Statement of the acquiree. The acquirer shall recognise the difference between the financial items assumed and the consideration as an equity reserve.

Accounting Policies

2. Critical estimates and judgements

The preparation of the Annual Consolidated and Separate Financial Statements in accordance with IFRS requires the use of certain critical accounting estimates. It requires management to exercise its judgement in the process of applying the Group's accounting policies. These are areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements. The key estimates and assumptions relating to these areas are disclosed in the relevant notes to the Annual Consolidated and Separate Financial Statements.

All estimates and underlying assumptions are based on historical experience and various other factors that management believe are reasonable under the circumstances. The results of these estimates form the basis of judgements about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and any affected future periods. The impact of the Covid-19 pandemic lockdown and post lockdown experience was considered on all estimates with adjustments where required.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

- **Inventory net realisable value** – Impairment allowances are raised against inventory when it is considered that the amount realisable from such inventory's sale is considered to be less than its carrying amount. The impairment allowance is estimated with reference to an inventory age analysis, stock turnover and margin which have an element of estimation uncertainty. Refer to note 12 for more information.
- **Indefinite useful life of trademarks** – Judgements used in determining that there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity. Management has no plans to discontinue the P&L Hardware store brand. Management has continued expanding both the Cashbuild and P&L brands as they focus on different income groups, and therefore, there are no plans to rebrand the P&L Hardware stores. The P&L Hardware business has now been under the full control of Cashbuild Group management for over five years, and management has continued to open new stores and plans to continue in this manner. With this considered, it is therefore appropriate to classify this as an indefinite useful life asset. Refer to note 8 for more information.
- **Right of use asset impairment assessment** – The impairment assessment is performed at a store level. When a loss-making store has been identified, a cash flow forecast is performed for the remaining lease term in order to determine the value in use of the store. The discount rate applied is derived from the Group weighted average cost of capital (WACC), adjusted for tax and specific risks relating to the country of operation. Estimation of the expected future sales and cost of sales for the store requires judgement. Impairments related to store closures for shops that reached the end of its lease term. Refer to note 24 for more information.
- **IFRS 16 lease term** – In determining the lease term, the Group must assess whether it is reasonably certain to exercise extension or early termination options. Renewal options have only been included where a decision to renew the lease has been made, which is when it is reasonably certain that the lease will be renewed. Cashbuild considers various factors in the decision to renew or not, which include profitability, location of the stores as well as overall business strategy. This judgement is important as it affects the amount recorded for the lease obligation and related right of use asset. Refer to note 19 for more information.
- **Incremental borrowing rate** – The incremental borrowing rate is estimated with reference to country-specific borrowing rates (linked to prime) that Cashbuild is subject to, inflated by a margin derived from government bond yields that is linked to the term of the lease contract from inception. Refer to accounting policy 1.15 for more information.

Notes to the Annual Consolidated and Separate Financial Statements

3. Segmental information

The Executive Directors are the chief operating decision makers and are responsible for allocating resources and assessing performance of each operating segment.

The Group's operating segments include the Cashbuild model stores (based in South Africa, Botswana, eSwatini, Lesotho, Namibia, Malawi and Zambia) and the P&L Hardware model stores (based only in South Africa).

The Group's operating segments are also considered to be reportable segments.

The Group's reportable segments are as follows:

- Cashbuild South Africa (based in South Africa)
- P&L Hardware model stores (based in South Africa)
- Cashbuild common monetary operations (eSwatini, Lesotho and Namibia)
- Cashbuild non-common monetary operations (Botswana, Malawi and Zambia^)

^The Zambian operations will be closed due to continued losses being made after various attempts to make the operations profitable, please refer to note 40 for more details.

The Group's common monetary operations consists of the countries that form part of the Rand common monetary area.

The Group's non-common monetary operations consists of the other countries which Cashbuild trades in. These other countries have foreign exchange differences when compared to the Rand.

All operating segments are in the business of retail of building materials and associated products.

The Group evaluates the performance of its operating segments based on revenue and operating profit. Operating profit is the earnings before interest and tax.

	Separately disclosable items					
Figures in Rand thousand	Revenue	Operating profit	Depreciation and amortisation	Interest income	Interest expense	Taxation
June 2022						
Cashbuild South African operations	**8 984 025**	**765 368**	**(321 269)**	**48 744**	**(141 732)**	**(277 392)**
P&L Hardware operations	**922 337**	**12 275**	**(25 256)**	**1 997**	**(10 187)**	**2 782**
Cashbuild common monetary operations	**724 830**	**68 018**	**(17 840)**	**13 854**	**(7 182)**	**(19 951)**
Cashbuild non-common monetary operations	**513 915**	**30 060**	**(13 984)**	**8 077**	**(2 501)**	**(13 274)**
Total	**11 145 107**	**875 721**	**(378 349)**	**72 672**	**(161 602)**	**(307 835)**
June 2021						
Cashbuild South African operations	10 154 307	872 124	(300 335)	63 406	(144 164)	(343 633)
P&L Hardware operations	1 158 633	28 907	(36 211)	4 843	(5 223)	(6 958)
Cashbuild common monetary operations	732 188	80 278	(14 760)	15 381	(7 607)	82 192
Cashbuild non-common monetary operations	570 501	57 510	(17 046)	7 697	(5 508)	(29 158)
Total	12 615 629	1 038 819	(368 352)	91 327	(162 502)	(297 557)

3. Segmental information continued

Segment assets and liabilities

The table below provides information on segment assets and liabilities as well as a reconciliation to total assets and liabilities as per the Consolidated Statement of Financial Position.

Figures in Rand thousand	Capital investment*	Total assets	Total liabilities
June 2022			
Cashbuild South African operations	**254 299**	**5 103 933**	**(3 010 974)**
P&L Hardware operations	**7 036**	**802 611**	**(757 688)**
Cashbuild common monetary operations	**1 198**	**458 859**	**(251 417)**
Cashbuild non-common monetary operations	**690**	**271 111**	**(251 429)**
Total	**263 223**	**6 636 514**	**(4 271 508)**
June 2021			
Cashbuild South African operations	161 533	5 397 017	(3 491 978)
P&L Hardware operations	18 421	824 852	(777 623)
Cashbuild common monetary operations	881	704 450	(243 514)
Cashbuild non-common monetary operations	15 261	405 614	(230 864)
Total	196 096	7 331 933	(4 743 979)

* *Capital investment relates to total additions during the year of property, plant and equipment (note 4) and intangible assets (note 8).*

4. Property plant and equipment

	Group					
	June 2022			June 2021		
Figures in Rand thousand	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land and buildings	**777 431**	**(72 534)**	**704 897**	710 242	(66 016)	644 226
Leasehold improvements	**224 433**	**(137 177)**	**87 256**	208 551	(124 615)	83 936
Furniture and equipment	**1 486 397**	**(1 025 923)**	**460 474**	1 335 221	(912 421)	422 800
Vehicles	**35 742**	**(22 803)**	**12 939**	36 374	(20 573)	15 801
Right of use asset	**2 458 795**	**(1 281 410)**	**1 177 385**	2 337 740	(1 040 118)	1 297 622
Total	**4 982 798**	**(2 539 847)**	**2 442 951**	4 628 128	(2 163 743)	2 464 385

4. Property plant and equipment continued

Reconciliation of property plant and equipment

Figures in Rand thousand	Opening balance	Additions	Disposals~	Transfers	Lease Modification+	Foreign exchange movements	Depreciation	Impairment provision	Closing balance
	Group								
26 June 2022									
Land and buildings	**644 226**	**–**	**–**	**64 114**	**–**	**3 075**	**(6 518)**	**–**	**704 897**
Leasehold improvements	**83 936**	**–**	**(3 886)**	**19 773**	**–**	**(5)**	**(12 562)**	**–**	**87 256**
Furniture and equipment	**422 800**	**–**	**(3 088)**	**173 766**	**–**	**884**	**(111 170)**	**(22 718)**	**460 474**
Vehicles	**15 801**	**–**	**(632)**	**–**	**–**	**–**	**(2 230)**	**–**	**12 939**
Right of use asset	**1 297 622**	**59 522**	**(21 864)**	**–**	**81 575**	**1 821**	**(239 257)**	**(2 034)**	**1 177 385**
Capital work in progress*	**–**	**257 653**	**–**	**(257 653)**	**–**	**–**	**–**	**–**	**–**
Total	**2 464 385**	**317 175**	**(29 470)**	**–**	**81 575**	**5 775**	**(371 737)**	**(24 752)**	**2 442 951**

* *Capital work in progress mainly relates to store refurbishments and the expansion and relocation of the support office during the year.*

~ *Disposal of right-of-use of assets relates to the early termination of lease agreements. The right-of-use asset and lease liability, net of the early termination payment, is derecognised and any gain or loss is recognised in the Consolidated Income Statement.*

+ *The lease modification relates to the renegotiation of lease payments which did not result in a separate lease. The lease liability was remeasured with corresponding adjustments to the right-of-use asset for this modification.*

Reconciliation of property, plant and equipment

Figures in Rand thousand	Opening balance	Additions	Disposals~	Transfers	Lease Modification+	Foreign exchange movements	Depreciation	Impairment Reversal^	Closing balance
	Group								
27 June 2021									
Land and buildings	589 234	–	(1 570)	69 761	–	(7 912)	(5 287)	–	644 226
Leasehold improvements	97 799	–	(963)	6 405	–	(524)	(18 781)	–	83 936
Furniture and equipment	415 786	–	(6 944)	117 238	–	(4 601)	(99 331)	652	422 800
Vehicles	21 430	–	(165)	(2 082)	–	–	(3 382)	–	15 801
Right of use asset	1 270 328	195 098	(6 306)	39	67 443	(7 797)	(237 263)	16 080	1 297 622
Capital work in progress*	–	191 361	–	(191 361)	–	–	–	–	–
Total	2 394 577	386 459	(15 948)	–	67 443	(20 834)	(364 044)	16 732	2 464 385

* *Capital work in progress mainly relates to store refurbishments during the year.*

~ *The impairment reversal relates to previously loss making stores. The performance and expected performance over the useful life (owned assets) or the remaining lease term (right-of-use assets), of these stores have improved significantly and as a result an impairment reversal has been recognised. Impairment reversals are limited to the carrying value of the right-of-use asset or furniture and equipment that would have been should an impairment loss not have been recognised.*

^ *Disposal of right-of-use of assets relates to the early termination of lease agreements. The right-of-use asset and lease liability, net of the early termination payment, is derecognised and any gain or loss is recognised in the Consolidated Income Statement.*

+ *The lease modification relates to the renegotiation of lease payments which did not result in a separate lease renewal and extension of existing leases. The lease liability was remeasured with corresponding adjustments to the right-of-use asset for this modification.*

4. Property plant and equipment continued

Depreciation rates

The depreciation methods and average useful lives of property, plant and equipment have been assessed as follows:

- Buildings — Straight line basis – 50 years
- Leasehold improvements — Straight line basis – 10 years (limited to lease term)
- Furniture and equipment — Straight line basis – 3 to 15 years
- Vehicles — Straight line basis – 5 to 6 years
- Right of use asset^ — Straight line basis – lease term
- Forklifts* — Running hours – 14 000

** Forklifts are included in the furniture and equipment asset class within the property, plant and equipment reconciliation.*

^ Right of use assets relate to leased store properties

	Group		Company	
Figures in Rand thousand	**Year ended June 2022**	Year ended June 2021	**Year ended June 2022**	Year ended June 2021
Amounts recognised in profit and loss for the year:				
(Loss)/profit on disposal of property, plant and equipment	**(4 319)**	1 070	**–**	–
Profit on disposal of non-current assets held for sale	**–**	3 398	**–**	–
Profit on disposal of right of use asset	**2 939**	1 193	**–**	–
Repairs and maintenance expenditure	**51 237**	49 947	**–**	–

5. Impairment of assets

Goodwill impairment assessment

The below impairment assessment consideration was performed over the goodwill arising on acquisition of P&L Hardware and indefinite lived intangible assets relating to the P&L Hardware trademark.

The value-in-use of P&L Hardware and Cashbuild South Africa at 26 June 2022 was determined using assumptions regarding company profitability, growth rates, discount rates and target net working capital days. An impairment assessment was conducted and sufficient headroom is available.

Figures in Rand thousand	Group Year ended June 2022	Group Year ended June 2021
Goodwill allocation		
P&L Hardware	**196 302**	196 302
Cashbuild (South Africa) (Pty) Ltd	**112 833**	112 833
Total Goodwill as per intangible assets note 8	**309 135**	309 135
P&L Hardware indefinite lived trademark as per intangible assets note 8	**96 409**	96 409

Key assumptions used to determine value in use

The recoverable amount of the P&L Hardware operating segment has been determined based on a value-in-use calculation for the forecast period. This forecast period covers the five-year period up to June 2027, after which a terminal value has been determined.

Listed below are the assumptions applied in the value in use calculation as well as the sensitivity of the relevant assumptions indicating the level they can fluctuate before there is an impairment. The growth rate can decrease by 5.6% and terminal growth rate can decrease 2.1% before there is an impairment and the discount rate can increase by 1.6% before resulting in an impairment.

	June 2022 Assumptions applied	June 2022 Sensitivity	June 2021 Assumptions applied	June 2021 Sensitivity
P&L Hardware operating segment:				
Growth rate*	**8.0%**	**2.4%**	8.0%	(10.6)%
Terminal growth rate^	**4.5%**	**2.4%**	4.5%	(3.2)%
Discount rate*	**11.3% – 12.3%**	**13.4%**	10.6% – 11.6%	21.4%

* *Even though revenue for P&L Hardware has decreased, we still believe this is reflective of the future growth rate. The rate is supported by internal budgets and operational analysis and management expects that future performance of P&L Hardware should stabilise in line with the growth rate used. The sensitivity was performed for the forecasted period.*

^ *Whilst the South African inflation rate increased year-on-year, we still believe that our terminal growth rate is still reflective of the long term growth prospect of the segment. Inflationary increases will be transferred to the customer base to maintain a constant gross profit margin.*

* *The discount rate increased due to the increase in cost of financing and a change in the capital structure.*

	Group June 2022 Assumptions applied	Group June 2021 Assumptions applied
Cashbuild South Africa operating segment:		
Growth rate#	**4.5%**	4.5%
Terminal growth rate#	**4.5%**	4.5%
Discount rate@	**11.3% – 12.3%**	11.1% – 12.1%

Whilst the South African inflation rate increased year-on-year, we still believe that our growth rate and terminal growth rate is still reflective of the long term growth prospect of the segment. Inflationary increases will be transferred to the customer base to maintain a constant gross profit margin.

@ *The discount rate increased due to the increase in cost of financing and a change in the capital structure.*

5. Impairment of assets continued

Key assumptions used to determine value in use

The recoverable amount of the Cashbuild operating segment has been determined based on a value-in-use calculation for the forecast period. This orecast period covers the five-year period up to June 2027, after which a terminal value has been determined. Due to significant headroom available, no sensitivity analysis has been provided.

Value in use – loss-making stores

Based on past experience, when a store is closed, 55% of the assets are sold for proceeds below the carrying amount. Therefore, loss-making stores are identified for possible impairment of the assets held by these stores. For each loss-making store that leases premises, the value-in-use is calculated as the net present value of the monthly forecasted cash flows per store (calculated to the end of the lease term). The discount rate applied to the cash flow projections is derived from the group pre-tax WACC rate.

If, at period end, a store is no longer loss-making and management agrees that it will continue on this trend, any previous impairments raised are reversed.

	Group	
Figures in Rand thousand	**Year ended June 2022**	Year ended June 2021
Impairment losses/(reversals) recognised on property, plant and equipment		
Furniture and equipment*	**22 718**	(652)
Right-of-use assets	**2 034**	(16 080)
	24 752	(16 732)

During the year, 2 Cashbuild South Africa, 2 P&L Hardware and 2 Non-Common Monetary stores were impaired. The impairment losses/(reversals) recognised are included in the other operating expenses/(other income) line of the Consolidated and Standalone Income Statements. Impairment losses/(reversals) were recognised in the Cashbuild South Africa segment of R2.4 million (2021: R(13.7) million), P&L Hardware segment of R1.9 million (2021: R(2.4) million) and Non-Common Monetary operations segment of R0.1 million (2021: R(0.6) million). These are all relating to stores and when a store is closed, any historical accumulated impairment recognised is written off to the profit and loss of disposal.

* *Included in the furniture and equipment impairment is the impairment provision for assets damaged during the looting and civil unrest of R20.4 million. Refer to note 12 of the Directors' Report for further information.*

Figures in Rand thousand	Year ended June 2022	Year ended June 2021
Reconciliation of the provision of impairment		
Opening balance	**11 582**	29 860
Impairment for the year	**24 752**	–
Reversals for the year	**-**	(16 732)
Disposal of closed stores	**-**	(1 546)
Foreign exchange movements	**1 509**	–
Closing balance	**37 843**	11 582

Notes to the Annual Consolidated and Separate Financial Statements

Figures in Rand thousand	Group Year ended June 2022	Group Year ended June 2021	Company Year ended June 2022	Company Year ended June 2021
6. Investment property				
Reconciliation of investment property				
Kranskop property	**–**	950	**–**	–
Investment in Nasrec Corner – joint operation	**39 953**	42 057	**–**	–
	39 953	43 007	**–**	–
Reconciliation of investment property				
Opening Balance	**43 007**	57 924	**–**	–
Investment in Nasrec Corner	**(2 104)**	15 083	**–**	–
– Additions	**452**	15 083	**–**	–
– Depreciation	**(2 556)**	–	**–**	–
Transfer to interest in associate:				
– Associate: Ekhaya mall*	**–**	(30 000)	**–**	–
Transfer to non-current assets held for sale:				
– Kranskop property^	**(950)**	–	**–**	–
	39 953	43 007	**–**	–

Investment property is carried at cost and depreciated on a straight-line basis over 50 years. Where the residual value of investment property exceeds the carrying amount, no depreciation is recognised.

* *The transfer relates to the fact that Ekhaya Mall became operational during April 2021 in terms of the consortium agreement. Control was assessed in terms of the consortium agreement which resulted in the company having significant influence, as opposed to joint control. Refer to note 7 for more information.*

^ *The Kranskop property was classified as held for sale in the current financial year. Refer to note 15 for further information.*

Notes to the Annual Consolidated and Separate Financial Statements

7. Interests in associate and joint operations

Joint operations – Nasrec Corner

During the 2014 financial year, Cashbuild entered into a joint operation agreement for the Nasrec Corner Shopping Centre in Johannesburg, South Africa. This consortium comprises a right to extend and develop a shopping centre. Cashbuild has 50% participation and control in the owner consortium with the other 50% participant being S-Identity Holdings (Pty) Ltd. Decisions relating to the operations of the consortium requires unanimous consent.

S-Identity Holdings (Pty) Ltd has, in its own capacity, raised finance from a third party and funded the remaining construction of the shopping centre. Profits of the joint operation will only be shared when the financed amounts are fully repaid to the third party. Cashbuild is entitled to its share of the net assets of the agreement and have classified the investment as a joint operation.

The fair value of Cashbuild's share in the investment property is R62 million based on the external valuation obtained in 2021.

The information presented below is the standalone financial information of the Nasrec Corner joint operation at 100% and therefore, does not represent Cashbuild's share.

	Group	
	Summarised financial information (100%)	
Figures in Rand thousand	Year ended June 2022	Year ended June 2021
The table below summarises the financial position of Nasrec Corner as at 26 June 2022:		
Investment property	**79 906**	84 114
Total current assets	**27 358**	4 453
Total assets	**107 264**	88 567
Joint operator loan	**85 018**	87 514
Total current liabilities	**22 246**	1 053
Total liabilities	**107 264**	88 567
The table below summarises the income statement of Nasrec Corner for the year:		
Rental income	**5 855**	8 416
Operating expenses	**(5 855)**	(8 416)
Net profit for the period	**–**	–
Loan to joint operator		
The movement in the loan payable of Nasrec Corner relates to the other parties of the joint operation contributing more assets to the joint operation than Cashbuild did in the current year.		
Below is a reconciliation of the movement for the current year.		
Opening balance	**(16 783)**	26 974
Movement due to change in joint operators contributions	**(1 836)**	(43 757)
Closing balance	**(18 619)**	(16 783)

Notes to the Annual Consolidated and Separate Financial Statements

7. Interests in associate and joint operations continued

Associate – Ekhaya mall

During the 2019 financial year, Cashbuild entered into a consortium agreement for the Ekhaya mall in Mpumalanga, South Africa. This consortium comprises a right to extend and develop a shopping centre. Cashbuild has 20% participation and significant influence in the consortium. S-Identity Holdings (Pty) Ltd holds 60% of the participation and control in the consortium and Nomatiki Trading Enterprise (Pty) Ltd holds the remaining balance of 20%. Cashbuild holds significant influence as their voting right is equal to their shareholding percentage. The investment in Ekhaya mall is classified as an associate in terms of the consortium agreement. Control was assessed in terms of the agreement which resulted in the company having significant influence, as opposed to joint control.

Cashbuild has contributed R30 million in cash towards the development costs and no further contributions have been made subsequently.

	Group	
	Year ended June 2022	Year ended June 2021
Below is a reconciliation of the investment in the associate:		
Opening balance	**30 000**	–
Transfer from investment property	**–**	30 000
Closing balance	**30 000**	30 000

No profits will be distributed to the participants of the agreement until the loan secured has been repaid. A valuation was performed by an external valuator. The fair value of the shopping centre is R162 million based on the external valuation obtained in 2021.

Notes to the Annual Consolidated and Separate Financial Statements

8. Intangible assets

Figures in Rand thousand	Group					
	June 2022			June 2021		
	Cost	Accumulated amortisation/ impairment	Carrying value	Cost	Accumulated amortisation/ impairment	Carrying value
Trademarks^	**99 403**	**(2 976)**	**96 427**	99 403	(2 964)	96 439
Computer software	**105 282**	**(85 850)**	**19 432**	99 696	(81 806)	17 890
Goodwill	**309 135**	**–**	**309 135**	309 135	–	309 135
Total	**513 820**	**(88 826)**	**424 994**	508 234	(84 770)	423 464

Reconciliation of intangible assets

Figures in Rand thousand	Group					
	Opening balance	Additions	Disposals	Foreign exchange movements	Amortisation	Closing balance
June 2022						
Trademarks^	**96 439**	**–**	**–**	**–**	**(12)**	**96 427**
Computer software	**17 890**	**5 570**	**(12)**	**28**	**(4 044)**	**19 432**
Goodwill	**309 135**	**–**	**–**	**–**	**–**	**309 135**
Total	**423 464**	**5 570**	**(12)**	**28**	**(4 056)**	**424 994**
June 2021						
Trademarks^	96 451	–	–	–	(12)	96 439
Computer software	17 515	4 735	(15)	(49)	(4 296)	17 890
Goodwill	309 135	–	–	–	–	309 135
Total	423 101	4 735	(15)	(49)	(4 308)	423 464

Amortisation rates

– Trademarks (Excluding indefinite lived)	Straight-line basis – 10 years
– Computer software	Straight-line basis – 5 years

^ *Includes indefinite lived trademarks of R96.4 million (refer to note 5 for the impairment testing).*

Notes to the Annual Consolidated and Separate Financial Statements

Figures in Rand thousand	Group		Company	
	Year ended June 2022	Year ended June 2021	**Year ended June 2022**	Year ended June 2021
9. Deferred tax				
Deferred tax liability				
Property, plant and equipment	**(43 909)**	(51 595)	**–**	–
Prepayments	**(4 359)**	(4 322)	**–**	–
Intangible assets	**(26 112)**	(26 617)	**–**	–
Dividend withholding tax#	**(6 656)**	–	**–**	–
Unrealised foreign exchange differences	**(7 161)**	(478)	**–**	–
Insurance from looting	**(26 293)**	–	**–**	–
Total deferred tax liability	**(114 490)**	(83 012)	**–**	–
Deferred tax asset:				
Provisions and accruals	**18 584**	62 793	**–**	–
Deferred lease incentive	**1 731**	2 117	**–**	–
Assessed losses*	**13 564**	10 990	**–**	–
IFRS 16 lease liability^	**114 391**	102 387	**–**	–
IFRS 15 sales return provision	**641**	1 683	**–**	–
Total deferred tax asset	**148 911**	179 970	**–**	–

\# *Dividend withholding tax relates to withholding tax payable on future dividend distributions by foreign subsidiaries. Due to uncertain post Covid-19 economic conditions, no liability was raised in the prior years.*

* *The deferred tax asset recognised on assessed losses represents the future tax benefit that the Group expects to realise when utilising the assessed losses. It is probable that sufficient taxable income will be generated in future for the Group to utilise these benefits. The total assessed loss income for the Group is R53 million, which relates to the P&L Hardware operating segment. The increase in the deferred tax asset from prior year relates to the recognition of previously unrecognised assessed losses. In prior years the assessed losses were derecognised due to uncertainty about the future profitability of the subsidiary. Due to internal operational changes, it has become probable that the Group will be able to utilise the assessed losses.*

^ *The Group considers the lease as a single transaction in which the right-of-use asset and lease liability are integrally linked. This resulted in there being no net temporary difference at inception date. Subsequently, as differences arise on the settlement of the lease liability and the depreciation as recognised on the right-of-use asset, there is a net temporary difference on which deferred tax is recognised.*

Notes to the Annual Consolidated and Separate Financial Statements

9. Deferred tax continued

Refer to note 27 for information relating to the treatment of the South African corporate tax rate change.

The deferred tax assets and the deferred tax liabilities have been presented in the statement of financial position as follows:

	Group		Company	
Figures in Rand thousand	**Year ended June 2022**	Year ended June 2021	**Year ended June 2022**	Year ended June 2021
Deferred tax liability	**(45 911)**	(33 018)	**–**	–
Deferred tax asset	**80 332**	129 976	**–**	–
Total net deferred tax asset	**34 421**	96 958	**–**	–
The deferred tax asset/(liability) balances presented above are the aggregated net positions of each individual company within the Group.				
Deferred tax assets are supported by the expected taxable income generated by the applicable operating entities in the Group.				
Amounts expected to be recovered or settled are as follows:				
Deferred tax to be recovered after more than 12 months	**46 101**	26 292	**–**	–
Deferred tax to be recovered within 12 months	**(11 680)**	70 666	**–**	–
	34 421	96 958	**–**	–

Notes to the Annual Consolidated and Separate Financial Statements

10. Investments in subsidiaries and related transactions

The following Trusts were created for the purpose of facilitating employee benefit schemes:

- Cashbuild Empowerment Trust
- Cashbuild Store Operations Management Member Trust

The above Trusts are controlled by the Group. Refer to note 17 for further details.

The Give-a-Brick trust was established for corporate social initiatives.

The following table lists the entities which are controlled by the Group, either directly or indirectly through subsidiaries.

	Group				
	Issued share capital 2022	Issued share capital 2021	Nature of business	**% holding June 2022**	% holding June 2021
Cashbuild (Botswana) (Pty) Ltd	**P1 500 000**	P1 500 000	A	**100**	100
Cashbuild (Kanye) (Pty) Ltd*	**P 2**	P2	B	**100**	100
Cashbuild (Lesotho) (Pty) Ltd	**M100 000**	M100 000	A	**80**	80
Cashbuild (Lilongwe) Ltd	**MWK100 000**	MWK100 000	A	**51**	51
Cashbuild (Namibia) (Pty) Ltd	**N$1**	N$1	A	**100**	100
Cashbuild (South Africa) (Pty) Ltd	**R54 000**	R54 000	A	**100**	100
Cashbuild (Swaziland) (Pty) Ltd	**E500**	E500	A	**100**	100
P&L Hardware (Pty) Ltd	**R101**	R101	A	**100**	100
Cashbuild (Zambia) Ltd	**ZMK2**	ZMK2	A	**100**	100
Oldco PandL (Pty) Ltd	**R100**	R100	B	**100**	100
P&L Boerebenodighede Investments (Pty) Ltd	**R1 000**	R1 000	B	**100**	100
Rio Ridge 1027 (Pty) Ltd	**R100**	R100	B	**100**	100
Cashbuild (Kwandebele) (Pty) Ltd*	**R200 000**	R200 000	B	**100**	100
Cashbuild (Transkei) (Pty) Ltd	**R0**	R250 000	D	**–**	100
Cashbuild (Properties) (Pty) Ltd*	**R1**	R1	B	**100**	100
Cashbuild (Venda Properties) (Pty) Ltd*	**R0.1**	R0.1	B	**100**	100
Cashbuild (Properties External Company)	**R1**	R1	B	**100**	100
Cashbuild (Management Services) (Pty) Ltd	**R1**	R1	C	**100**	100

A Trading company
B Dormant company
C Holding company of subsidiaries
D Deregistered in the current financial year
** Deregistered after year-end.*

10. Investments in subsidiaries and related transactions continued

The carrying amounts of subsidiaries shown below are net of impairment losses where applicable. The loan accounts are unsecured, non-interest-bearing with no fixed repayment terms. Refer to note 17 for details of the share option schemes.

	Company	
Figures in Rand thousand	**2022**	2021
Share based payment capital contribution	**146 856**	120 908
Loan to subsidiary	**39 514**	39 633
	186 370	160 541

The loan advanced to Cashbuild (Management Services) is recoverable as Cashbuild (Management Services) is a wholly owned subsidiary of Cashbuild (Limited). If Cashbuild (Management Services) does not have sufficient liquid assets to repay the loan, Cashbuild (Management Services) would utilise some of the dividends received from the subsidiary trading entities to repay the loan before declaring dividends to Cashbuild (Limited). The net liquid assets of Cashbuild (Management Services) exceeds the loan by more than three times the value of the loan. The expected credit loss and credit exposure is therefore immaterial.

Credit risk of loans to subsidiaries

The loans to subsidiaries relate to loans within the Cashbuild Group. Since there are letters of support between group companies and adequate cash balances are available to settle the loans, the risk of default on loans to subsidiaries are considered low. Due to the low credit risk, Cashbuild assumes no increase in credit risk on these instruments occurred during the financial year. There are also no factors noted which raises concern about the recoverability of the loans.

Non-controlling interests

There are no individual subsidiaries within the Group that have material non-controlling interests in value. The aggregate non-controlling interests are also not material to the Group, therefore no additional disclosures required by IFRS 12: Disclosure of Interests in Other Entities have been included.

Notes to the Annual Consolidated and Separate Financial Statements

Figures in Rand thousand	Group		Company	
	Year ended June 2022	Year ended June 2021	**Year ended June 2022**	Year ended June 2021
11. Prepayments				
Current prepayments*	**22 596**	19 664	**–**	–
Total current prepayments	**22 596**	19 664	**–**	–
** Prepayments relate mostly to prepaid advertising, IT expenses, SAMRO licenses and Workman's Compensation.*				
12. Inventories				
Merchandise	**1 520 302**	1 545 878	**–**	–

Cost of inventories recognised as an expense and included in cost of sales amounted to R8.8 billion (June 2021: R10.3 billion).

The provision for the net realisable value of inventory at reporting period is R76.9 million (June 2021: R64.8 million). The value of inventories carried at net realisable value is R 276 million (June 2021: R254 million).

The right of return relating to the sales returns provision included in the amount above is R10.3 million (June 2021: R24.7 million).

Cost of inventories written off and included in cost of sales amounted to R26.0 million (June 2021: R30.5 million).

Inventory losses resulting from civil unrest and looting was R136 million. Included in cost of sales is R143 million relating to insurance compensation for loss of inventories. Refer to note 12 of the Directors' Report for the impact of the looting on the Group's results.

	Group		Company	
Figures in Rand thousand	Year ended June 2022	Year ended June 2021	Year ended June 2022	Year ended June 2021
13. Trade and other receivables				
Financial instruments:				
Trade receivables	**105 266**	133 535	**–**	–
Loss allowance*	**(17 121)**	(26 812)	**–**	–
Trade receivables at amortised cost	**88 145**	106 723	**–**	–
Other receivables	**44 686**	20 003	**3 128**	–
Total financial instruments	**132 831**	126 726	**3 128**	–
Non-financial instruments:				
VAT	**2 966**	2 453	**–**	–
Total trade and other receivables	**135 797**	129 179	**3 128**	–

**During the year, legal debtors older than three years were written off due to the debt prescribing, resulting in a reduction of the gross debtors balance and expected credit loss allowance.*

Credit risk of trade and other receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The expected credit losses for trade receivables have been grouped based on shared credit risk characteristics and the days past due. The status of the current nature of the client as well as trade experience are also considered.

The expected loss rates are based on the payment profiles of receivables over a period of 24 months before year end and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item. Refer to note 23 for the related impairment losses.

The historical loss rate is determined by considering the repayment history of debtors and historical bad debt write-offs. Cashbuild receives warnings should the circumstances of debtors change. This includes information about if they are defaulting on repayments or start losing credit with other creditors. Cashbuild reassesses the credit exposure and adjusts the expected credit loss provision accordingly. Unused credit facilities are removed regularly, and debtors are required to reapply. The Group's exposure to credit risk is reassessed on a continuous basis. The factors mentioned previously are used to inform the historical loss rate.

13. Trade and other receivables continued

Credit risk of trade and other receivables continued

The Group considered the impact of forward-looking information on the risk of default of trade and other receivables. Due to the nature of Cashbuild's operations, there are no significant correlations between general economic conditions and the risk of default occurring. This is evidenced through a reduction in the bad debt write-offs. In addition, bad debts recovered increased and Cashbuild experienced an increase in sales even when adverse economic conditions were experienced. Considering all information available at Cashbuild's disposal, without undue costs or efforts, the estimated impact of forward-looking information on the calculation of expected credit losses is deemed to be immaterial.

Trade receivables are written off when there is no reasonable expectation of recovery and there has been no movement on the debtors account for three years. Once a debtor account has gone bad, the account is blocked and the debtor can make no further purchases.

Credit risk of other receivables

Other receivables primarily consist of deposits held and staff loans. The risk of impairment on these financial instruments are considered to be immaterial.

Charge cards

Cashbuild is predominantly a cash business however, credit is offered at all Cashbuild Stores in the form of charge cards. Developers and contractors doing specific contracts with/for Cashbuild can apply for this form of credit. Credit checks are performed and credit limits are set by retrieving credit ratings. A memo is compiled with the information received which is then reviewed and approved by management based on the credit limit applied for.

The expected credit losses (ECL) are a probability-weighted estimate of credit losses. A credit loss is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive discounted at the original effective interest rate. As ECL consider the amount and timing of payments, a credit loss arises even if the entity expects to be paid in full but later than when contractually due.

Legal debtors:

Charge cards are classified as legal debtors once amounts owed are handed over for collections.

Rebate debtors:

The amount owing on rebate debtors are for suppliers who owe the Group money for rebate and advertising contributions as per the trade agreements. The contribution is based on purchases made and is calculated on either a percentage of purchases or volume.

Rebate debtors are immaterially affected by the IFRS 9 expected loss calculation due to these amounts being highly recoverable as we have the ability to deduct it from payments due to suppliers. The expected credit loss amount relates to debtors where we do not have set-off rights.

13. Trade and other receivables continued

Expected credit loss allowance

The loss allowance as at June 2022 for the trade receivables for which the provision has been applied is determined as follows:

Expected credit loss	Group			
Figures in Rand thousand	**June 2022 Estimated gross carrying amount at default**	**June 2022 Loss allowance (Lifetime expected credit loss)**	June 2021 Estimated gross carrying amount at default	June 2021 Loss allowance (Lifetime expected credit loss)
Sundry debtors				
Current	**3 224**	**(329)**	2 973	(4)
30 days past due	**540**	**(3)**	4	–
60 days past due	**1 856**	**–**	–	–
90 days past due	**240**	**(113)**	–	–
120 days past due	**–**	**–**	–	–
150 days past due	**272**	**(177)**	2 008	(470)
	6 132	**(622)**	4 985	(474)
Legal debtors				
Current	**1 320**	**(288)**	2 157	(857)
30 days past due	**227**	**(49)**	534	(297)
60 days past due	**–**	**–**	300	(284)
90 days past due	**7**	**(2)**	336	(246)
120 days past due	**243**	**(53)**	4 894	(4 052)
150 days past due	**16 619**	**(13 338)**	21 546	(17 749)
	18 416	**(13 730)**	29 767	(23 485)
Charge cards				
Current	**15 687**	**(163)**	13 905	(124)
30 days past due	**9 093**	**(107)**	8 961	(115)
60 days past due	**1 443**	**(61)**	3 077	(230)
90 days past due	**193**	**(77)**	1 555	(661)
120 days past due	**101**	**(8)**	1 737	(768)
150 days past due	**4 630**	**(1 525)**	5 006	(801)
	31 147	**(1 941)**	34 241	(2 699)
Rebate debtors				
Current	**49 571**	**(828)**	64 542	(154)
Total	**105 266**	**(17 121)**	133 535	(26 812)

13. Trade and other receivables continued

Expected credit loss allowance continued

The below table indicates the loss allowances rates applied across different debtor classes

	Sundry debtors	Charge cards	Legal debtors	Rebate debtors
June 2022				
Current	**1%**	**1%**		
30 days past due	**2%**	**2%**	**No specific percentage assessed on an individual basis**	**No specific percentage assessed on an individual basis**
60 days past due	**15%**	**10%**		
90 days past due	**54%**	**53%**		
120 days past due	**60%**	**58%**		
150 days past due	**75%**	**65%**		
June 2021				
Current	1%	1%		
30 days past due	2%	2%	No specific percentage assessed on an individual basis	No specific percentage assessed on an individual basis
60 days past due	15%	10%		
90 days past due	54%	53%		
120 days past due	60%	58%		
150 days past due	75%	65%		

Below is a reconciliation between the opening and closing balance of the expected credit loss recognised.

Figures in Rand thousand	2022	2021
Opening balance	**26 812**	32 334
Additional provision	**8 824**	2 562
Provision used	**(18 515)**	(8 084)
Closing balance	**17 121**	26 812

	Group		Company	
Figures in Rand thousand	**Year ended June 2022**	Year ended June 2021	**Year ended June 2022**	Year ended June 2021
14. Cash and cash equivalents				
Cash and cash equivalents consist of:				
Cash on hand	**1 680**	1 689	**–**	–
Bank balances	**1 936 959**	2 544 691	**10 069**	10 070
	1 938 639	2 546 380	**10 069**	10 070

For more information regarding facilities and financial management risks please refer to note 38.

	Group		Company	
Figures in Rand thousand	**Year ended June 2022**	Year ended June 2021	**Year ended June 2022**	Year ended June 2021
15. Non-current assets held for sale				
The following assets were classified as held for sale during the current financial year:				
Land and buildings held for sale				
P&L Hardware				
– Kranskop property	**950**	–	**–**	–
	950	–	**–**	–

The Kranskop property is disclosed at carrying value. The property was classified as held for sale during the current financial year. The Group accepted an offer to sell the property for R1 million. The transfer of ownership is expected to be concluded shortly after June 2022.

For more information regarding the proceeds on disposal of non-current assets held for sale refer to note 32.

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Figures in Rand thousand	Group Year ended June 2022	Group Year ended June 2021	Company Year ended June 2022	Company Year ended June 2021
16. Share capital				
Authorised				
35 000 000 ordinary shares of 1 cent each	**350**	350	**350**	350
There has been no change in the authorised share capital in the current or previous reporting period.				
Reconciliation of shares issued:				
Total shares issued	**250**	250	**250**	250
Treasury shares held	**(23)**	(23)	**–**	–
Total share capital	**227**	227	**250**	250
The total number of shares in issue as at 26 June 2022 is 24 989 811 (June 2021: 24 989 811). The total number of treasury shares held as at 26 June 2022 is 2 472 579 (June 2021: 2 323 315).				
Share premium				
Opening balance	**(288 005)**	(274 414)	**1 024**	1 024
Purchase by Cashbuild SA for the Forfeitable Share Plan	**(36 646)**	(13 591)	**–**	–
Total share premium	**(324 651)**	(288 005)	**1 024**	1 024
Consisting of:				
Share premium	**3 935**	3 935	**1 024**	1 024
Treasury share premium	**(328 586)**	(291 940)	**–**	–
Total share premium	**(324 651)**	(288 005)	**1 024**	1 024
Total share capital and premium	**(324 424)**	(287 778)	**1 274**	1 274

17. Share-based payments

Forfeitable Share Plan

Cashbuild adopted and implemented a share incentive plan in the 2017 financial year being the Cashbuild Limited Forfeitable Share Plan ("FSP") for executive directors and senior management. Under the FSP, participants will become owners of performance shares and/or retention shares at the award date and will immediately benefit from dividends and have shareholder voting rights in respect of the shares over the vesting period. The shares cannot be disposed of by the participants prior to the vesting date as they are subjected to forfeiture restrictions until the vesting date.

The fair value at award date is independently determined using an adjusted form of the Black Scholes Model which includes a Monte Carlo simulation model that takes into account the exercise price, the term of the share awarded, the impact of dilution (where material), the share price at award date and expected price volatility of the underlying share, the expected dividend yield, the risk-free interest rate for the term of the vesting period and the correlations and volatilities of the peer group companies.

The number of performance shares awarded to a participant is based on the participant's current year's annual salary and grade.

Details of the share awards under this scheme are as follows:

	Group		Company	
Figures in Rand thousand	**Year ended June 2022**	Year ended June 2021	**Year ended June 2022**	Year ended June 2021
Opening balance	**534 675**	345 107	**534 675**	345 107
Share movement	**230 170**	189 568	**230 170**	189 568
Total performance shares awarded	**764 845**	534 675	**764 845**	534 675

Share awards	4th Award	5th award	6th award
Issue date	**7 Oct 2019**	**9 Oct 2020**	**4 Oct 2021**
Vesting date	**6 Oct 2022**	**9 Oct 2023**	**4 Oct 2024**
Exercise price	**Nil**	**Nil**	**Nil**
Expected option lifetime	**3 years**	**3 years**	**3 years**
Share price at grant date	**236,78**	**219,44**	**255,77**
Expected share price volatility	**10%**	**10%**	**10%**

Vesting conditions consist of Group performance conditions (refer to detail below) and a retention condition that the employees remain in the employ of the Group up to vesting date.

Performance conditions:	Threshold	Target
EPS	**CPI +2% p.a. (i.e. 2% real growth p.a.)**	**CPI +10% p.a. (i.e. 10% real growth p.a.)**
Relative TSR	**Median of peers***	**Upper quartile of peers***
ROCE	**CB WACC**	**CB WACC +10% p.a.**

* *Based on the constituents of the INDI+25 as at the award date.*

17. **Share-based payments** continued

Figures in Rand thousand	Number of shares as at 26 June 2022^	Award face value*
Executive directors		
WF de Jager	**75 114**	**17 775**
AE Prowse	**43 890**	**10 386**
SA Thoresson	**39 900**	**9 442**
WP van Aswegen	**35 267**	**8 377**
Total	**194 171**	**45 980**
Key management		
PA Champion	**21 606**	**5 122**
W Dreyer	**20 440**	**4 837**
A Hattingh	**34 523**	**8 170**
AHS Havenga	**19 218**	**4 556**
DS Masala	**19 707**	**4 664**
ZB Matolo	**19 030**	**4 503**
I McKay	**19 527**	**4 621**
T Myburgh	**7 879**	**1 944**
H Roos	**17 565**	**4 157**
H Steenberg	**18 071**	**4 276**
Total	**197 566**	**46 850**

^ *These shares are subject to forfeiture restrictions.*
* *Face value of awards calculated as a percentage (65% to 90%) of total annual cost to company, before adjusting for any probability of vesting or attrition.*

Operations Management Member Trust Schemes

The operational managers scheme considers all stores that generate an operating margin in excess of 10%. The profit share amount is determined with reference to a specified hurdle rate that takes into account the prior year operating margin of the qualifying store. The calculated profit share is split equally between a cash bonus and an amount utilised for the purchase of Cashbuild Limited shares. The cash bonus is recognised as an expense in the year in which the store qualifies. The attributable equity portion is treated as an equity-settled share-based payment expense and recognised equally over the four year period which is linked to employment. At the end of the period (third anniversary of the date of distribution) the shares will vest to the employees.

The first to seven schemes (2012 to 2018 schemes respectively) have fully vested. The eighth 2019 scheme qualified for 9 007 shares, the ninth 2020 scheme qualified for 1 592 shares, the tenth 2021 scheme qualified for 83 403 and the eleventh 2022 scheme provisionally qualified for 47 047 shares at the end of June 2022.

17. Share-based payments continued

Summary of share-based payments for all schemes

The Group's expense and related movement in the share-based payment reserve is R25.9 million (June 2021: R25.6 million).

The movement in the share-based payments reserve for the various share schemes can be summarised as follows:

	Group		Company	
Figures in Rand thousand	**Year ended June 2022**	Year ended June 2021	**Year ended June 2022**	Year ended June 2021
Share-based payments reserve:				
Opening balance	**120 908**	95 262	**120 908**	95 262
– Forfeitable Share Scheme: 2nd award	**–**	1 862	**–**	1 862
– Forfeitable Share Scheme: 3rd award	**1 336**	5 340	**1 336**	5 340
– Forfeitable Share Scheme: 4th award	**6 292**	6 484	**6 292**	6 484
– Forfeitable Share Scheme: 5th award	**7 037**	5 212	**7 037**	5 212
– Forfeitable Share Scheme: 6th award	**5 612**	–	**5 612**	–
– Operations Management Member Trust Schemes	**5 671**	6 748	**5 671**	6 748
	146 856	120 908	**146 856**	120 908

18. Foreign currency translation reserve (FCTR)

Translation reserve comprises exchange differences on consolidation of foreign subsidiaries.

	Group		Company	
Opening balance	**12 794**	24 372	**–**	–
Currency translation differences	**(26 498)**	(11 578)	**–**	–
Closing balance	**(13 704)**	12 794	**–**	–

During the current financial year, Malawi devalued their currency by 25%. The impact of the devaluation is R7 million on the Group. This related to translation of monetary assets and the conversion of a foreign subsidiary to the reporting currency.

Figures in Rand thousand	Group		Company	
	Year ended June 2022	Year ended June 2021	**Year ended June 2022**	Year ended June 2021
19. Leases				
The Group has entered into various leases in respect of premises. Leases for premises are on average contracted for periods between 5 and 15 years with renewal options.				
Details pertaining to leasing arrangements, where the group is the lessee are presented below:				
Net carrying amounts of right-of-use assets				
Buildings subject to lease arrangements	**1 177 385**	1 297 622	**–**	–
Depreciation recognised on right-of-use assets				
Depreciation recognised on each class of right-of-use assets, is presented below. It includes depreciation which has been expensed in the total depreciation charge in profit or loss.				
Leased buildings	**239 257**	237 263	**–**	–
Other disclosures				
Interest expense on lease liabilities	**161 009**	161 738	**–**	–
Variable lease payments	**1 021**	5 407	**–**	–
"The Group entered into lease agreements where the lease term is less than 12 months. The practical expedient for short term leases have been applied by the Group. Refer to note 24 for the value of short term lease expenses.				
No other practical expedients have been applied in the current financial year.				
Lease liabilities				
Lease liabilities have been included in the lease liabilities line item on the Consolidated Statement of Financial Position.				
The undiscounted payment maturity analysis of lease liabilities are as follows:				
Within one year	**501 934**	311 238	**–**	–
Lease liability current portion, including finance costs	**501 934**	311 238	**–**	–
Two to five years	**1 319 559**	1 344 793	**–**	–
More than five years	**462 670**	622 663	**–**	–
Lease liability non-current portion, including finance costs	**1 782 229**	1 967 456	**–**	–
Total amount repayable	**2 284 163**	2 278 694	**–**	–

19. Leases continued

The discounted capital repayments of lease liabilities are as follows:

	Group		Company	
Figures in Rand thousand	**Year ended June 2022**	Year ended June 2021	**Year ended June 2022**	Year ended June 2021
IFRS 16 lease liability reconciliation				
Opening balance	**1 669 809**	1 615 200	**-**	–
Payments	**(340 930)**	(343 587)	**-**	–
Rental reduction*	**-**	(5 011)	**-**	–
Interest	**161 009**	161 738	**-**	–
Additional leases	**59 522**	195 098	**-**	–
Modifications^	**81 575**	67 443	**-**	–
Disposals~	**(25 234)**	(7 499)	**-**	–
Foreign exchange movement#	**7 145**	(13 573)	**-**	–
Total lease liability	**1 612 896**	1 669 809	**-**	–

* *Rental reductions were received from the landlords during the April 2020 lockdown period. Cashbuild made use of the IFRS 16 amendment for all the rental concessions by accounting for the rental concessions as variable lease payments, applying paragraph 38 of IFRS 16, in the year in which the rental concessions were granted.*

^ *Lease modifications represent the change in scope of an existing lease. Modifications relate to the extension of the lease term and renegotiation of the lease payments. The lease liability is remeasured with reference to the revised lease payments and is discounted over the remaining lease term using a revised incremental borrowing rate. The revised discount rate is used to determine the effective interest on the lease liability. A corresponding adjustment is made to the right-of-use asset to account for any changes in the remeasurement of the lease liability.*

~ *Lease disposals relate to early lease terminations. Termination options are evaluated and where a penalty lump sum needs to be paid this is considered a disposal.*

\# *Foreign exchange movements relate to the conversion of leases denominated in foreign currency. The stores located in Zambia, Botswana and Malawi have lease agreements in US Dollar (USD) and Botswana in (BWP).*

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Figures in Rand thousand	Group Year ended June 2022	Group Year ended June 2021	Company Year ended June 2022	Company Year ended June 2021
20. Trade and other payables				
Financial instruments:				
Trade payables	**1 521 738**	1 784 822	**–**	–
Employee related accruals	**57 579**	216 695	**–**	–
Accruals	**131 517**	156 279	**12 368**	9 240
Retirement awards and gifts	**9 241**	7 470	**–**	–
Non-financial instruments:				
Refundable customer accounts*	**725 352**	641 496	**–**	–
VAT	**90 637**	108 161	**–**	–
	2 536 064	2 914 923	**12 368**	9 240

* *Refundable customer accounts are made up of amounts received from customers in respect of future purchases. These amounts are refundable to the customer on demand.*

Figures in Rand thousand	Group Year ended June 2022	Group Year ended June 2021	Company Year ended June 2022	Company Year ended June 2021
21. Revenue				
Revenue from contracts with customers				
Sale of goods (recognised at point in time)	**11 145 107**	12 615 629	**–**	–
Revenue				
Dividends received (trading)	**–**	–	**706 302**	256 251
	11 145 107	12 615 629	**706 302**	256 251

Disaggregation of revenue from contracts with customers

Cashbuild's revenue is derived from the sale of building materials. The nature of Cashbuild's operations is that goods are sold in retail stores and customers pay for related goods upon exiting the store. Control transfers to the customer at a point in time when goods are sold. Customers are entitled to volume rebates. Rebate adjustments are recognised at the end of every six month cycle based on the actual volume rebate achieved. A corresponding reduction in revenue is recognised to account for rebates achieved. The breakdown below illustrates the contribution to revenue (net of volume rebates) recognised by category.

Figures in Rand thousand	Group Year ended June 2022	Group Year ended June 2021	Company Year ended June 2022	Company Year ended June 2021
Revenue categories				
Cement 23% (June 2021: 24%)	**2 543 791**	2 992 481	**–**	–
Decorative 13% (June 2021: 13%)	**1 477 152**	1 582 263	**–**	–
Roofing – Covering 9% (June 2021: 9%)	**986 858**	1 086 555	**–**	–
Timber 7% (June 2021: 8%)	**828 117**	978 597	**–**	–
Openings 7% (June 2021: 8%)	**833 310**	950 271	**–**	–
Bricks 7% (June 2021: 7%)	**730 094**	825 405	**–**	–
Other 34% (June 2021: 31%)	**3 745 785**	4 200 057	**–**	–
Dividends 100% (June 2021: 100%)	**–**	–	**706 302**	256 251
	11 145 107	12 615 629	**706 302**	256 251

Notes to the Annual Consolidated and Separate Financial Statements

Figures in Rand thousand	Group Year ended June 2022	Group Year ended June 2021	Company Year ended June 2022	Company Year ended June 2021
22. Cost of sales				
Sale of goods	**8 216 677**	9 226 014	**–**	–
Included in cost of sales is rebates received from suppliers of R582 million (June 2021: R666 million). Inventory losses resulting from civil unrest and looting was R136 million. Included in cost of sales is R143 million relating to insurance compensation for loss of inventories. Refer to note 12 of the Directors' Report.				
23. Other income				
Sundry income#	**7 447**	561	**–**	–
Rental related income	**–**	5 508	**–**	–
Impairment reversal in accordance with IAS 36^	**–**	16 732	**–**	–
Reversal of provision for impaired receivables	**9 691**	5 522	**–**	–
Profit on sale of non-current assets	**–**	5 661	**–**	–
Net foreign exchange gains	**16 141**	–	**–**	–
Insurance recovery*	**180 692**	–	**–**	–
	213 971	33 984	**–**	–

Sundry income mainly relates to prescribed rebate debtors write-offs.

^ *Refer to note 5 for the facts and circumstances related to the impairment reversal.*

* *The insurance recovery relates to compensation for the loss of assets due to the civil unrest and looting that occurred in July 2021. Refer to note 12 of the Directors' Report for the impact of the looting on the Group's results.*

Notes to the Annual Consolidated and Separate Financial Statements

	Group		Company	
Figures in Rand thousand	**Year ended June 2022**	Year ended June 2021	**Year ended June 2022**	Year ended June 2021
24. Operating profit				
Operating profit for the year includes the following significant items:				
Expenses by nature:				
Employee costs	**995 975**	1 168 588	**–**	–
Depreciation and amortisation	**378 349**	368 352	**–**	–
Delivery charges	**134 397**	133 709	**–**	–
Advertising expenses	**149 979**	124 391	**–**	–
Impairment loss in accordance with IAS 36	**24 752**	–	**–**	–
Loss on sale of non-current assets	**4 319**	–	**–**	–
Bank and speed point charges	**88 637**	94 481	**–**	–
Municipal utility charges	**75 134**	72 960	**–**	–
Consumables	**5 237**	5 328	**–**	–
Repairs and maintenance	**51 237**	49 947	**–**	–
Telephone and fax	**19 523**	16 459	**–**	–
Security	**33 800**	32 831	**–**	–
Printing and stationery	**13 992**	13 963	**–**	–
Net foreign exchange losses	**–**	44 615	**–**	–
Software licences	**21 978**	20 564	**–**	–
Fuel and oil	**24 695**	20 934	**–**	–
Insurance	**11 604**	9 629	**–**	–
Legal expenses	**3 353**	2 703	**–**	–
Staff recruitment	**1 556**	2 352	**–**	–
Short term lease expense*	**2 663**	3 309	**–**	–
Subscriptions	**5 853**	6 459	**–**	–
Additional operational costs from looting	**9 191**	–	**–**	–
Travel	**15 590**	16 454	**–**	–
Other expenses	**80 581**	54 673	**7 086**	4 978
	2 152 395	2 262 701	**7 086**	4 978

* *The practical expedient noted in accounting policy 1.15 has been applied to all short-term leases. These leases have been expensed in the Consolidated Income Statement over the lease term.*

Notes to the Annual Consolidated and Separate Financial Statements

Figures in Rand thousand	Note	Group Year ended June 2022	Group Year ended June 2021	Company Year ended June 2022	Company Year ended June 2021
24. Operating profit continued					
Auditor remuneration		**11 546**	10 844	**–**	–
Non-Audit services		**–**	32	**–**	–
Non-Audit services – PwC		**414**	114	**–**	–
		11 960	10 990	**–**	–
Remuneration paid for outsourced services:					
Information technology		**94 806**	82 626	**–**	–
Administrative*		**2 221**	24 584	**–**	–
Secretarial		**412**	359	**–**	–
Technical		**2 515**	1 919	**–**	–
Taxation services		**2 371**	1 601	**–**	–
		102 325	111 089	**–**	–
Total		**2 266 680**	2 384 780	**7 086**	4 978
* *Prior year has expenses accrued relating to The Building Company Acquisition.*					
Classified on Income Statement as:	**Note**				
Selling and marketing expenses		**(1 912 972)**	(1 995 881)	**–**	–
Administrative expenses		**(325 713)**	(385 536)	**(7 086)**	(4 978)
Other operating expenses		**(27 995)**	(3 363)	**–**	–
Other income	23	**213 971**	33 984	**–**	–
		(2 052 709)	(2 350 796)	**(7 086)**	(4 978)
Employee costs:					
Salary cost		**807 882**	1 015 644	**–**	–
Pension fund contributions – defined contribution fund		**119 623**	112 479	**–**	–
Employee benefits – long service awards		**3 014**	855	**–**	–
Share-based payments		**25 948**	25 646	**–**	–
Dividends paid to participants of The Cashbuild Empowerment Trust		**39 508**	13 964	**–**	–
		995 975	1 168 588	**–**	–

Notes to the Annual Consolidated and Separate Financial Statements

Figures in Rand thousand	Group		Company	
	Year ended June 2022	Year ended June 2021	**Year ended June 2022**	Year ended June 2021
25. Finance income				
Finance income				
Earned on bank balances	**72 540**	91 316	**–**	434
Revenue authorities	**132**	11	**–**	–
	72 672	91 327	**–**	434
26. Finance cost				
Bank overdraft	**68**	24	**–**	–
Lease liability interest	**161 009**	161 738	**–**	–
Interest on loan	**511**	636	**–**	–
Revenue authorities	**14**	104	**–**	–
	161 602	162 502	**–**	–

Notes to the Annual Consolidated and Separate Financial Statements

Figures in Rand thousand		Group Year ended June 2022	Group Year ended June 2021	Company Year ended June 2022	Company Year ended June 2021
27. Tax expense					
Major components of the tax expense:					
Normal taxation					
Current		**152 889**	288 353	**–**	121
Under/(over) provision in prior years		**4 840**	4 195	**–**	–
Withholding tax		**54 401**	519	**–**	–
Foreign income tax – current year		**33 168**	37 408	**–**	–
		245 298	330 475	**–**	121
Deferred					
Current year temporary differences		**57 387**	(36 915)	**–**	–
(Over)/under provision in prior years		**(1 141)**	1 689	**–**	–
Foreign – Current year temporary differences		**5**	1 106	**–**	–
Foreign – (over)/under prior period		**(2 223)**	1 202	**–**	–
Corporate tax rate adjustment~		**1 852**	–	**–**	–
Withholding tax		**6 657**	–	**–**	–
		62 537	(32 918)	**–**	–
		307 835	297 557	**–**	121
Reconciliation of effective tax rate:					
Applicable tax rate	(%)	**28.0**	28.0	**28.0**	28.0
(Exempt)/non-taxable income	(%)	**(0.6)**	(0.4)	**(28.0)**	(28.0)
Prior year adjustment*	(%)	**(0.2)**	0.8	**–**	–
Deferred tax rate adjustment~	(%)	**0.2**	–	**–**	–
Foreign tax rate differences	(%)	**(0.1)**	(0.5)	**–**	–
Disallowable charges^	(%)	**2.4**	2.0	**–**	–
Deferred tax asset not recognised	(%)	**0.8**	0.5	**–**	–
Withholding tax on dividends#	(%)	**7.7**	0.4	**–**	–
Deferred withholding tax on dividends	(%)	**0.8**	–	**–**	–
	(%)	**39.0**	30.8	**0.0**	0.0

^ *Disallowable charges relates to IFRS 2 adjustments relating to the Forfeitable Share Plan share based payments.*

* *Prior year tax adjustments relate to over/under provision of prior year taxes.*

\# *Withholding tax on dividends increased due to the dividend declared during the period.*

~ *On 23 February 2022, the South African Minister of Finance announced a change in the corporate tax rate from 28% to 27% in the Budget speech. The rate change is effective for years of assessment ending on or after 31 March 2023, resulting in the remeasurement of the deferred tax balances. The measurement of current tax, remained at 28% for the current year.*

Notes to the Annual Consolidated and Separate Financial Statements

28. Earnings per share

Basic earnings per share

Basic earnings per share is determined by dividing profit attributable to the ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. The weighted average number of shares in issue is calculated net of treasury shares acquired/sold during the year. Shares held by The Cashbuild Operations Management Member Trust and Cashbuild (South Africa) (Pty) Ltd have been included in the calculation from date of acquisition. Shares held by The Cashbuild Empowerment Trust have been included in the calculation from 7 February 2005.

Figures in Rand thousand		Group Year ended June 2022	Group Year ended June 2021	Company Year ended June 2022	Company Year ended June 2021
Attributable earnings		**473 849**	664 682	**699 216**	251 586
Weighted number of shares in issue	('000)	**22 621**	22 642	**24 990**	24 990
Basic earnings per share	(cents)	**2 094,7**	2 935,7	**2 798,0**	1 006,7
Weighted average number of ordinary shares in issue					
Ordinary shares in issue beginning of the year	('000)	**24 990**	24 990	**24 990**	24 990
Less: Weighted average number of treasury shares:					
– The Cashbuild Empowerment Trust		**(1 765)**	(1 765)	**-**	-
– The Cashbuild Operations Management Member Trust		**(28)**	(24)	**-**	-
– Cashbuild (South Africa) (Pty) Ltd*		**(576)**	(559)	**-**	-
		22 621	22 642	**24 990**	24 990

* *Shares held for Cashbuild Forfeitable Share Purchases share scheme current and future share allocations. For more details refer to the share-based payments note 17.*

Diluted earnings per share

In the determination of diluted earnings per share, profit or loss attributable to the equity holders of the parent and the weighted average number of ordinary shares are adjusted for the effects of all dilutive potential ordinary shares.

Figures in Rand thousand		Group Year ended June 2022	Group Year ended June 2021	Company Year ended June 2022	Company Year ended June 2021
Attributable earnings		**473 849**	664 682	**699 216**	251 586
Diluted number of ordinary shares in issue	('000)	**22 679**	22 665	**25 048**	25 000
Diluted earnings per share	(cents)	**2 089,4**	2 932,6	**2 791,5**	1 006,3
Fully diluted weighted average number of ordinary shares in issue					
Weighted number of shares in issue	('000)	**22 621**	22 642	**24 990**	24 990
Dilutive effect of the following:					
– Future potential issue of shares		**58**	23	**58**	10
		22 679	22 665	**25 048**	25 000

28. Earnings per share continued

Headline earnings and diluted headline earnings per share

Headline earnings per share and diluted headline earnings per share are determined by dividing headline earnings and diluted headline earnings by the weighted average number of ordinary shares outstanding at year end.

Headline earnings and diluted headline earnings are determined by adjusting basic earnings and diluted earnings by excluding separately identifiable re-measurement items. Headline earnings and diluted headline earnings are presented after tax and non-controlling interest.

		Group		Company	
Figures in Rand thousand		Year ended June 2022	Year ended June 2021	Year ended June 2022	Year ended June 2021
Reconciliation between earnings and headline earnings:					
Basic earnings		**473 849**	664 682	**699 216**	251 586
Adjusted for:					
Net loss/(profit) on disposal of property, plant and equipment		**1 914**	(2 268)	**–**	–
Gross loss/(profit) on disposal of property, plant and equipment		**4 319**	(4 468)	**–**	–
Tax effect*		**(2 405)**	2 200	**–**	–
Net impairment/(impairment reversal)		**3 136**	(11 999)	**–**	–
Gross impairment/(impairment reversal)		**4 368**	(16 732)	**–**	–
Tax effect		**(1 232)**	4 733	**–**	–
Net profit effect of property, plant and equipment from insurance income		**(42 448)**	–	**–**	–
Insurance income for property, plant and equipment		**(71 501)**	–	**–**	–
Impairment on looted stores property, plant and equipment		**20 384**	–	**–**	–
Tax effect		**8 669**	–	**–**	–
Headline earnings		**436 451**	650 415	**699 216**	251 586
Headline earnings		**436 459**	650 415	**699 216**	251 586
Weighted average number of shares in issue	('000)	**22 621**	22 642	**24 990**	24 990
Headline earnings per share	(cents)	**1 929,4**	2 872,6	**2 798,0**	1 006,8
Headline earnings		**436 451**	650 415	**699 216**	251 586
Fully diluted weighted average number of share in issue	('000)	**22 679**	22 665	**25 048**	25 000
Fully diluted headline earnings per share	(cents)	**1 924.5**	2 869,7	**2 791,5**	1 006,3
Dividends per share					
Interim	(cents)	**587**	724	**587**	724
Final^	(cents)	**677**	2 211	**677**	2 211

* *The tax effect is high in relation to the profit/(loss) recognised on disposal due to the high recoupment of wear and tear allowances on assets disposed of.*

^ *This is based on a dividend cover of 1.5 times.*

Notes to the Annual Consolidated and Separate Financial Statements

Figures in Rand thousand	Group Year ended June 2022	Group Year ended June 2021	Company Year ended June 2022	Company Year ended June 2021
29. Cash generated from/(utilised in) operations				
Profit before taxation	**786 791**	967 644	**699 216**	251 707
Adjustments for:				
Depreciation and amortisation	**378 349**	368 352	**-**	-
Impairment/(reversal) of assets	**24 752**	(16 732)	**-**	-
Rental reductions	**-**	(5 011)	**-**	-
Profit on disposal of assets held for sale	**-**	(3 398)	**-**	-
Loss/(profit) on sale of non-current assets	**4 319**	(1 070)	**-**	-
Profit on disposal of right-of-use asset	**(2 939)**	(1 193)	**-**	-
"Insurance income relating to fixed assets	**(71 514)**	-	**-**	-
Dividends received (trading)	**-**	-	**(706 302)**	(256 251)
Finance income	**(72 672)**	(91 327)	**-**	(434)
Finance costs	**161 602**	162 502	**-**	-
Movements in share based payments reserve	**25 948**	25 646	**-**	-
Changes in working capital:				
Decrease/(increase) in inventories	**25 189**	(279 291)	**-**	-
Increase in trade and other receivables	**(6 637)**	(28 902)	**(3 128)**	-
(Decrease)/increase in prepayments	**(2 932)**	20 655	**-**	-
(Decrease)/increase in trade and other payables	**(404 716)**	389 841	**3 128**	430
	845 540	1 507 716	**(7 086)**	(4 548)

Notes to the Annual Consolidated and Separate Financial Statements

Figures in Rand thousand	Group Year ended June 2022	Group Year ended June 2021	Company Year ended June 2022	Company Year ended June 2021
30. Tax paid				
Balance at the beginning of the year	**(109 446)**	(18 614)	**(121)**	–
Current tax for the year recognised in profit or loss	**(307 835)**	(297 557)	**–**	(121)
Movement in deferred tax	**62 537**	(32 918)	**–**	–
Balance at the end of the year	**58 018**	109 446	**–**	121
	(296 726)	(239 643)	**(121)**	–
31. Dividends paid				
Final dividend – prior year (Dividend 57)	**(513 172)**	(62 367)	**(552 525)**	(67 973)
Interim dividend – current year (Dividend 58)	**(138 784)**	(167 548)	**(146 690)**	(180 926)
Amounts paid to non-controlling shareholders	**(14 785)**	(1 980)	**–**	–
	(666 741)	(231 895)	**(699 215)**	(248 899)
Dividends are paid out of income reserves.				
32. Proceeds on disposal of non-current assets held for sale				
Net book value	**–**	8 703	**–**	–
Profit on sale of assets	**–**	3 398	**–**	–
	–	12 101	**–**	–
33. Proceeds on disposal of property, plant and equipment and intangible assets				
Net book value	**7 618**	9 692	**–**	–
(Profit)/loss on sale of assets	**(4 319)**	1 070	**–**	–
	3 299	10 762	**–**	–
34. Commitments				
Authorised capital expenditure				
Capital expenditure to be funded from internal resources as approved by the directors:				
– Authorised, contracted	**148 069**	203 864	**–**	–
– Authorised but not contracted for	**24 657**	74 502	**–**	–

The capital commitments are for building and infrastructure for new stores, store refurbishments or relocations.

Notes to the Annual Consolidated and Separate Financial Statements

Figures in Rand thousand	Group Year ended June 2022	Group Year ended June 2021	Company Year ended June 2022	Company Year ended June 2021
35. Contingencies				
The Group has contingent liabilities in respect of bank and other guarantees in the ordinary course of business from which it is anticipated that no material liabilities will arise. These guarantees consist of amounts held in the interests of suppliers, landlords and revenue authorities.				
Bank guarantees	**9 458**	8 524	**–**	–
Refer to note 14 for the detail relating to cash and cash equivalents				
36. Related parties				
Relationships				
Intermediate holding company:				
Cashbuild Management Services Proprietary Limited				
Loan accounts – Owing (to)/by related parties				
– Kier and Kawder (Pty) Ltd*	**(1 960)**	(1 960)	**–**	–
– Cashbuild Management Services Proprietary Limited	**–**	–	**39 514**	39 512
* *The loan is unsecured, interest free and is payable at the discretion of Cashbuild.*				
– S-Identity Holdings (Pty) Ltd^	**–**	11 139	**–**	–
The below movements relate to the VAT facility granted:				
Opening balance			**11 139**	–
Interest charged			**630**	389
Loan (repaid)/advanced			**(11 769)**	10 750
Closing balance			**–**	11 139
^ *The loan is a VAT facility has be repaid through VAT refunds received from SARS. Interest was charged at the prime overdraft rate.*				
Amounts included in Trade receivable regarding related parties				
– The Cashbuild Empowerment Trust	**–**	–	**174**	174
Related party transactions				
Dividends received				
– Cashbuild Management Services Proprietary Limited	**–**	–	**706 302**	256 251

Notes to the Annual Consolidated and Separate Financial Statements

37. The Cashbuild Empowerment Trust

In terms of the broad-based BEE transaction approved by the shareholders on 7 February 2005, 2 580 535 shares were issued to the Cashbuild Empowerment Trust. The shares were issued for a total consideration of R75.1 million (R29.09 per share). The trust was funded by way of an interest-free loan from Cashbuild (Management Services) Proprietary Limited. As at 26 June 2022, Cashbuild Limited had 24 989 811 (June 2021: 24 989 811) shares in issue.

On 6 December 2010, a resolution was passed to repurchase 615 536 ordinary shares from the Cashbuild Empowerment Trust for a total consideration of R50 million. The proceeds on the share repurchase that were distributed as a dividend to beneficiaries of the Trust, equal to R20 million. In the 2016 financial year, a resolution was passed to repurchase a further 200 000 shares from the Trust which resulted in a distribution of R61.89 million to the beneficiaries of the Trust, which excludes transaction costs associated with the transaction of R1.62 million. As at 26 June 2022, The Cashbuild Empowerment Trust held 1 764 999 (June 2021: 1 764 999) shares in Cashbuild Limited.

The aggregate number of shares which may be acquired by the trust shall not exceed 10% of the issued share capital of Cashbuild. The majority of Cashbuild employees are previously disadvantaged. In terms of income benefits, the empowered employees will share in the net dividend of the scheme shares underlying the trust on an equal basis. In addition to this, the empowered employees of Cashbuild will also benefit on an equitable basis should the capital of the trust be distributed following a corporate restructuring resulting in a change of control or liquidation.

	Group		Company	
Figures in Rand thousand	**Year ended June 2022**	Year ended June 2021	**Year ended June 2022**	Year ended June 2021
Dividends paid to the Trust and distributed to employees as follows:				
– Final 2021 (2020)	**39 024**	4 801	**–**	–
– Interim 2022 (2021)	**10 361**	12 779	**–**	–
	49 385	17 580	**–**	–

Figures in Rand thousand	Group		Company	
	Year ended June 2022	Year ended June 2021	Year ended June 2022	Year ended June 2021
38. Risk management				
Financial risk management				
Categories of financial instruments				
Financial assets at amortised cost				
Trade and other receivables	**132 831**	126 726	**3 128**	–
Cash and cash equivalents	**1 938 639**	2 546 380	**10 069**	10 070
Loan to subsidiary	**–**	–	**39 514**	39 633
Total	**2 071 470**	2 673 106	**52 711**	49 703
Financial liabilities at amortised cost				
Trade and other payables	**1 720 075**	2 165 266	**12 368**	9 240
Total	**1 720 075**	2 165 266	**12 368**	9 240

Overview

This note presents information about the Group's exposure to each of its applicable financial risks, these being liquidity risk, foreign exchange risk, credit risk and interest rate risk. The below information contains the Group's objectives, policies and processes for managing the risk and the methods used to measure the risk, and the Group's management of capital. All financial assets and financial liabilities referred to in this note are classified as amortised cost financial instruments. Further quantitative disclosures are included throughout these Annual Consolidated and Separate Financial Statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the companies activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit and Risk Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit and Risk Committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and *ad hoc* reviews of risk management controls and procedures, the results of which are reported to the Audit and Risk Committee.

The Group's objective when managing capital (which includes share capital, borrowings, working capital and cash and cash equivalents) is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the group's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximise stakeholder returns sustainably.

The capital structure of the group consists of debt, which includes lease liabilities as disclosed in note 19 and equity as disclosed in the Consolidated and Separate Statements of Financial Position.

Notes to the Annual Consolidated and Separate Financial Statements

38. **Risk management** continued

Overview continued

The group monitors capital using a gearing ratio. The ratio is calculated as debt (interest bearing borrowings and trade and other payables) divided by capital. Total capital is calculated as the sum of 'equity' and 'debt' as shown in the Consolidated and Separate Statements of Financial Position.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholder, return capital to shareholder, issue new shares or sell assets to reduce debt. During the year, the Group changed the dividend cover ratio. The final dividend is based on a dividend cover of 1.5 times.

The capital structure and gearing ratio of the group at the reporting date was as follows:

	Group		Company	
Figures in Rand thousand	**Year ended June 2022**	Year ended June 2021	**Year ended June 2022**	Year ended June 2021
Lease liabilities	**1 612 896**	1 669 809	**–**	–
Trade and other payables	**2 536 064**	2 914 923	**12 368**	9 240
Debt	**4 148 960**	4 584 732	**12 368**	9 240
Equity	**2 365 006**	2 587 954	**187 199**	161 250
Total capital	**6 513 966**	7 172 686	**199 567**	170 490
Gearing ratio	**0.64**	0.64	**0.06**	0.05

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers. Potential concentrations of credit risk consist mainly of cash and cash equivalents and trade and other receivables.

Exposure to credit risk mainly relates to cash equivalents and trade receivables. The Group only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

Funds are only invested with authorised financial service providers. Due to the Group's international operational requirements it is forced to transact with financial institutions in certain countries where independent internationally accredited credit ratings are not available. Cash balances deposited with these financial institutions are kept to an operational minimum and are transferred, subject to exchange control regulations and available suitable foreign currency, to financial institutions with acceptable credit ratings. The Group has policies that limit the amount of credit exposure to any one financial institution.

Credit risk exposure arising on cash and cash equivalents is managed by the group through dealing with well-established financial institutions with high credit ratings.

38. Risk management continued

Credit risk continued

Sales to retail customers are settled in cash or using debit and credit cards. Except for the total exposure represented by the respective Consolidated and Separate Statements of Financial Position items, the Group has no other significant concentration of credit risk. Accounts receivable comprise a widespread client base and the Group has policies in place to ensure that all sales of goods and services on credit are made to customers with an appropriate credit history. These policies include reviewing the Group's own credit history with the customer, verifying the credit history with an external credit bureau, as well as a formalised application process where the creditworthiness of the customer is assessed. With the exception of special orders where an upfront deposit is held, no collateral is held for other customers.

Refer to note 13 for detail relating to the expected credit loss allowance.

Trade receivables are not insured. The carrying amount of all financial assets represents the maximum exposure to credit risk. The carrying amount is equivalent to fair value for trade receivables, cash and cash equivalents and trade payables. A credit policy has been established where each new credit customer is analysed individually for creditworthiness before the companies standard payment and delivery terms are offered.

Credit quality of cash at bank, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

		Group		Company	
Figures in Rand thousand	External credit rating	Year ended June 2022	Year ended June 2021	Year ended June 2022	Year ended June 2021
Internal credit rating as at 26 June 2022					
Moderate	BB+	**1 918 997**	2 371 312	**10 069**	10 070
High	AAA	**17 962**	173 379	**–**	–
Total cash held at financial institutions		**1 936 959**	2 544 691	**10 069**	10 070

For detail on the credit quality (ageing) of trade receivables and movement in the allowance for impairment in respect of trade receivables, refer to note 13.

Notes to the Annual Consolidated and Separate Financial Statements

38. **Risk management** continued

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk through the compilation and monitoring of cash flow forecasts, as well as ensuring that adequate borrowing facilities are maintained

The Group has unutilised banking facilities of R515 million (June 2021: R480 million).

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

Non-derivative financial liabilities

Figures in Rand thousand	Group				
	30 days or less	More than 30 days but less than 1 year	1 to 5 years	Over 5 years	Total
June 2022					
Lease liabilities	**(30 770)**	**(471 164)**	**(1 319 559)**	**(462 670)**	**(2 284 163)**
Trade liabilities	**(893 726)**	**(628 012)**	**–**	**–**	**(1 521 738)**
June 2021					
Lease liabilities	(31 204)	(280 034)	(1 344 793)	(622 663)	(2 278 694)
Trade liabilities	(966 182)	(818 640)	–	–	(1 784 822)

We expect that trade liabilities and accruals will be settled by cash resources and changes in working capital. At reporting date, the Group held cash of R1 939 million (2021: R2 546 million), which is expected to readily generate cash inflows to manage any liquidity risk.

Non-derivative financial liabilities

	Company			
	30 days or less	More than 30 days but less than 1 year	1 to 5 years	Total
June 2022				
Trade liabilities	**–**	**(12 368)**	**–**	**(12 368)**
June 2021				
Trade liabilities	–	(9 240)	–	(9 240)

Foreign currency risk

The Group operates throughout Southern Africa and is exposed to foreign exchange risk arising from various currencies, primarily the Botswana Pula, Malawi Kwacha, Kwacha and USD in Zambia. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investment in foreign entities. A portion of the Group's income is earned in foreign currencies. The Group does not hedge trade payables in foreign currencies as the intention is to repay these from its foreign earned income stream. The Group also has a translation risk arising from the consolidation of foreign entities into South African Rands.

38. **Risk management** continued

Foreign currency risk continued

Exposure from exchange rate fluctuations on transactions denominated in foreign currency is managed by reviewing foreign currency exposure in order to determine if foreign exchange contracts should be utilised on an ongoing basis. Foreign currency forward exchange contracts protect the Group from movements in exchange rates by establishing the rates at which a foreign currency asset or liability will be settled. It is Group policy to enter into forward exchange contracts when adverse exposure to foreign currency exchange rate fluctuations exist.

During the current financial year, Malawi devalued their currency by 25%. The impact of the devaluation is R7 million on the Group. This related to translation of monetary assets and the conversion of a foreign subsidiary to the reporting currency. Given the level of operations in Malawi, the Group has not identified the currency devaluation as a material risk.

	Group		Company	
Figures in Rand thousand	**Year ended June 2022**	Year ended June 2021	**Year ended June 2022**	Year ended June 2021
Foreign currency exposure at the end of the reporting period				
Rand exposed to Botswana Pula				
Trade receivables	**2 048**	2 385	**–**	–
Cash and cash equivalents	**30 817**	187 232	**–**	–
Trade payables	**(7 768)**	(9 530)	**–**	–
Rand exposed to Malawi Kwacha				
Trade receivables	**260**	19 204	**–**	–
Cash and cash equivalents	**31 055**	28 909	**–**	–
Trade payables	**(1 625)**	(1 661)	**–**	–
Rand exposed to Zambia Kwacha				
Trade receivables	**84**	12	**–**	–
Cash and cash equivalents	**9 500**	1 866	**–**	–
Trade payables	**(1 394)**	(1 141)	**–**	–
Rand exposed to US Dollar (Zambia)				
Cash and cash equivalents	**717**	(573)	**–**	–
Exchange rates used for conversion were:				
Botswana Pula – Reporting date rate	**1.29**	1.31	**–**	–
Botswana Pula – Average rate	**1.33**	1.38	**–**	–
Malawi Kwacha – Reporting date rate	**0.014**	0.016	**–**	–
Malawi Kwacha – Average rate	**0.016**	0.018	**–**	–
Zambia Kwacha – Reporting date rate	**0.91**	0.62	**–**	–
Zambia Kwacha – Average rate	**0.87**	0.72	**–**	–
US dollar – Reporting date rate	**16.00**	14.11	**–**	–

38. Risk management continued

A sensitivity analysis was performed to evaluate the impact of exchange rate fluctuations on the exchange rate risk. This considers the impact if currency had weakened/strengthened by 10% and all other variables remained constant. The below table illustrates the net impact on the foreign denominated trade receivables, cash and cash equivalents and trade payables.

	Group		Company	
Figures in Rand thousand	**Year ended June 2022**	Year ended June 2021	**Year ended June 2022**	Year ended June 2021
Rand exposed to Botswana Pula	**2 282**	2 500	**–**	–
Rand exposed to Malawi Kwacha	**2 699**	16 300	**–**	–
Rand exposed to Zambia Kwacha	**745**	100	**–**	–
Rand exposed to US Dollar (Zambia)	**667**	500	**–**	–

Interest rate risk

As the Group is operating with a low gearing ratio, interest rate risk on borrowings is minimised. Surplus funds are invested in call and other notice accounts in order to maximise interest potential. The Group is exposed to interest rate risk that relates to bank borrowings, deposits and lease liabilities. The incremental borrowing rate on lease liabilities are linked to the prime interest rate. Refer to note 19 for detail relating to the lease liabilities.

Price risk

The Group is not exposed to significant commodity price risk.

Notes to the Annual Consolidated and Separate Financial Statements

39. Directors', key staff and prescribed officer's emoluments

Figures in Rand thousand	Basic salary	Expenses and travel allowance	Medical benefits	Company pension scheme contributions	Bonus~	Shares vesting value	Total
Executive							
June 2022							
WF de Jager	**6 164**	**116**	**234**	**577**	**706**	**2 516**	**10 313**
AE Prowse	**3 614**	**134**	**–**	**277**	**281**	**1 730**	**6 036**
SA Thoresson	**3 269**	**131**	**–**	**287**	**255**	**1 573**	**5 515**
WP van Aswegen	**3 066**	**200**	**–**	**290**	**248**	**1 326**	**5 130**
	16 113	**581**	**234**	**1 431**	**1 490**	**7 145**	**26 994**

Figures in Rand thousand	Basic salary	Expenses and travel allowance	Medical benefits	Company pension scheme contributions	Bonus+	Shares vesting value	Total
June 2021							
WF de Jager	5 742	100	200	536	6 184	247	13 009
AE Prowse	3 428	137	–	263	2 923	165	6 916
SA Thoresson	3 071	146	–	273	2 688	151	6 329
WP van Aswegen	2 603	180	–	249	2 254	97	5 383
A Hattingh*	1 125	21	–	103	–	–	1 249
	15 969	584	200	1 424	14 049	660	32 886

~ *Bonus accrued for the current year*

+ *Paid in the current financial year*

* *A Hattingh was regarded as a key staff member of the Group subsequent to his resignation as a director on 16 November 2020. His bonus was earned throughout the year and was included as part of the key staff remuneration disclosure as the bonus accrual occurred in June 2021 while he was key staff member.*

Share options granted to directors:

Refer to note 17 for details of share incentive schemes of which directors are beneficiaries of at year end.

Figures in Rand thousand	Directors' fees 2022	Directors' fees 2021
Non-executive		
M Bosman (Mr)	**944**	475
M Bosman (Ms) (appointed 1 August 2021)	**711**	–
HH Hickey (resigned 31 May 2021)	**–**	580
AGW Knock	**1 116**	728
Dr DSS Lushaba	**958**	598
AJ Mokgwatsane (appointed 1 August 2021)	**518**	–
NV Simamane (resigned 30 November 2020)	**–**	199
GM Tapon Njamo	**856**	541
	5 103	3 121

39. Directors', key staff and prescribed officer's emoluments continued

Prescribed Officers and key staff are paid by the subsidiary company Cashbuild (South Africa) Proprietary Limited.

Figures in Rand thousand	Basic Salary	Expenses and travel allowance	Medical benefits	Company pension scheme contributions	Bonus~	Shares vesting value	Total
June 2022							
P Champion	**2 351**	**144**	**147**	**217**	**143**	**833**	**3 835**
W Dreyer	**2 241**	**60**	**121**	**224**	**129**	**806**	**3 581**
A Hattingh	**2 894**	**50**	**–**	**264**	**110**	**1 361**	**4 679**
A Havenga	**2 289**	**50**	**–**	**214**	**127**	**740**	**3 420**
DS Masala*	**2 021**	**120**	**138**	**214**	**175**	**734**	**3 402**
ZB Matolo	**1 933**	**160**	**92**	**223**	**120**	**–**	**2 528**
I Mckay	**2 121**	**130**	**79**	**186**	**124**	**1 247**	**3 887**
T Myburg	**1 650**	**267**	**149**	**162**	**106**	**133**	**2 467**
H Roos	**1 965**	**135**	**–**	**203**	**111**	**128**	**2 542**
M Scholes	**1 828**	**160**	**–**	**169**	**106**	**828**	**3 091**
H Steenberg	**1 982**	**120**	**–**	**184**	**114**	**712**	**3 112**
	23 275	**1 396**	**726**	**2 260**	**1 365**	**7 522**	**36 544**

Figures in Rand thousand	Basic Salary	Expenses and travel allowance	Medical benefits	Company pension scheme contributions	Bonus+	Shares vesting value	Total
June 2021							
P Champion	2 105	144	140	197	1 714	87	4 387
W Dreyer	2 125	76	119	213	1 697	92	4 322
A Hattingh^	1 622	30	–	148	1 795	99	3 694
A Havenga	2 058	49	–	193	1 523	84	3 907
DS Masala*	1 922	140	124	204	1 838	74	4 302
ZB Matolo	1 846	156	87	212	1 544	–	3 845
I Mckay	2 006	174	75	177	1 621	84	4 137
T Myburg	1 560	316	142	154	1 389	13	3 574
H Roos	1 864	125	–	193	1 459	15	3 656
M Scholes	1 730	253	–	161	1 389	15	3 548
H Steenberg	1 877	120	–	175	1 356	81	3 609
	20 715	1 583	687	2 027	17 325	644	42 981

~ *Bonus accrued for the current year*

* *Prescribed Officer.*

\+ *Paid in the current financial year*

^ *A Hattingh was appointed as a key staff member of the Group subsequent to his resignation as a director on 16 November 2020. His bonus was earned throughout the year and was included as part of the key staff remuneration disclosure as the bonus accrual occurred in June 2021 while he was key staff member.*

Notes to the Annual Consolidated and Separate Financial Statements

40. Events after the reporting period

On 31 May, 2022, the Board of Directors approved management's proposal to close the Zambian operations. The decision was taken due to the continued losses being made after various attempts in trying to make the operations profitable. Necessary processes were initiated as required to ensure operations are effectively wound up by end of September 2022. On 31 July 2022, the Zambia stores were officially closed to the public. The remaining period will be used to restore the stores back to their acceptable condition as required by the lease agreements. Property, plant and equipment has either been sold to third parties or to Cashbuild South Africa. Long term assets associated will only qualify as held for sale when the operations have been completely closed and become available for sale.

41. New Standards and Interpretations

Standards and interpretations not yet effective or relevant

Standard/Interpretation:	Effective date: Years beginning on or after	Expected date of implementation:	Expected impact:
Effective for year end 26 June 2022 No standards/interpretation IFRS amendments noted.			
Issued but not yet effective for year end 26 June 2022 *IFRS 3 Business Combinations* – The amendment updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.	**1 January 2022**	**1 July 2022**	Not expected to impact results or disclosures
IAS 37 Provisions, Contingent Liabilities and Contingent Assets – Amendments specify which costs should be included in an entity's assessment whether a contract will be loss-making.	**1 January 2022**	**1 July 2022**	Not expected to impact results or disclosures
IAS 16 Property, Plant and Equipment – Clarification on how selling costs should be recognised	**1 January 2022**	**1 July 2022**	Not expected to impact results or disclosures
IAS 1 Presentation of Financial Statements – Current and non-current liability classification and material accounting policies disclosure	**1 January 2023**	**1 January 2024**	Not expected to impact results or disclosures
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Accounting Estimates: Clarification on how companies should distinguish changes in accounting policies from changes in accounting estimates	**1 January 2023**	**1 July 2023**	Not expected to impact results or disclosures
IAS 12 Income Taxes – The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases by clarifying when the exemption from recognising deferred tax would apply to the initial recognition of such items	**1 January 2023**	**1 July 2023**	The Group already implements the measurement requirements as prescribed by the amendment, it is expected that the deferred tax relating to lease disclosure will align with adoption

Corporate Information

Registration number	1986/001503/06
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Telephone number	+27 (0)11 248 1500
Facsimile	+27 (0) 86 666 3291
Website	www.cashbuild.co.za
Company Secretary	T Nengovhela
Sponsor	Nedbank CIB, a division of Nedbank Limited (Registration number 1966/010630/06) 135 Rivonia Road, Sandown, 2196 (PO Box 1144, Johannesburg, 2000)
Auditors	PricewaterhouseCoopers Inc Waterfall City, 4 Lisbon Lane, Jukskei View, Midrand, 2090 (Private Bag X36, Sunninghill, 2157)
Transfer Secretaries	JSE Investor Services (Pty) Ltd (Registration number 2000/007239/07) 19 Ameshoff Street, Braamfontein, Johannesburg, 2001 (PO Box 4844, Johannesburg 2000)
Investor Relations	Keyter Rech Investor Solutions CC (Registration number 2008/156985/23) Fountain Grove Office Park, 5 2nd Road, Hyde Park, 2195 (PO Box 653078, Benmore, 2010)
Transactional Bankers	Nedcor Bank, a division of Nedbank Limited The Standard Bank of South Africa Limited First National Bank, a division of FirstRand Limited

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