		Group 2019 R'000	Group Restated* 2018 R'000
1	**Revenue**		
	Revenue from contracts with customers		
	Goods sold to customers	31 352 109	29 239 054
	Other income	1 960 480	1 717 147
	Distribution and logistics fees	927 015	792 482
	Advertising and other income	1 033 465	924 665
	Total revenue from contracts with customers	33 312 589	30 956 201
	Financial income	63 421	25 757
	Total revenue	33 376 010	30 981 958
2	**Depreciation and amortisation**		
	Depreciation of property, plant and equipment (see note 9)	343 373	289 239
	Amortisation of intangible assets (see note 10)	56 819	49 903
	Total depreciation and amortisation	400 192	339 142
	Depreciation included in cost of merchandise sold and inventories	(31 327)	(19 166)
	Depreciation and amortisation included in expenses	368 865	319 976
3	**Occupancy costs**		
	Operating leases	948 870	851 144
	Turnover rental expense	67 665	69 144
	Movement in operating lease liability (see note 24)	(9 245)	9 113
	Movement in provision for onerous contracts (see note 26)	4 106	(1 740)
	Total occupancy costs	1 011 396	927 661

* Prior-period amounts restated for the adoption of new accounting standards. Refer to note 35.

		Group 2019 R'000	Group 2018 R'000
4	**Employment costs**		
	Directors' emoluments (excluding incentives, see note 4.1)	**23 085**	23 933
	Non-executive fees	**4 286**	3 773
	Executive	**18 799**	20 160
	Salary	**17 193**	18 685
	Other benefits	**1 606**	1 475
	Equity-settled share option costs (see note 20)	**–**	50 752
	Long-term incentive scheme – TSR (see note 23)	**20 353**	191 857
	Release of gain on cash flow hedge to profit or loss (see note 21)	**8 883**	(160 386)
	Long-term incentive scheme – HEPS (see note 23)	**62 202**	56 144
	Staff salaries and wages	**3 035 654**	2 731 521
	Contributions to defined contribution plans	**171 023**	155 178
	Leave pay costs (see note 23)	**19 158**	12 787
	Bonuses (see note 23)	**158 238**	146 727
	Increase in liability for defined benefit plans (see note 23)	**1 390**	1 304
	Total employment costs	**3 499 986**	3 209 817
	Employment costs included in cost of merchandise sold and inventories	**(158 124)**	(114 972)
	Employment costs included in expenses	**3 341 862**	3 094 845

For further detail of directors' emoluments refer to rewarding value creation on pages 77 to 79 of the integrated annual report or note 4.1.

Included in total employment costs are the following aggregate amounts (including directors' emoluments) relating to transactions with key management personnel:

	2019 R'000	2018 R'000
	219 500	184 357
Short-term employee benefits	**39 283**	31 895
Post-employment benefits	**3 074**	2 578
Short-term incentive scheme	**20 743**	15 940
Long-term incentive scheme	**151 711**	133 944
Termination benefits	**1 689**	–
Other benefits	**3 000**	–
Non-executive directors' fees	**4 286**	3 773
	223 786	188 130

4.1 Directors' remuneration

Executive directors' remuneration

Director (R'000)	Salary	Pension fund	Other benefits	Total annual guaranteed pay	RONA short-term incentive	Performance-based long-term incentive[1]	Total variable pay	Total
2019								
Bertina Engelbrecht	**3 757**	**443**	**–**	**4 200**	**1 976**	**12 009**	**13 985**	**18 185**
Michael Fleming	**5 682**	**391**	**57**	**6 130**	**2 884**	**17 413**	**20 297**	**26 427**
David Kneale[2]	**3 567**	**234**	**1**	**3 802**	**–**	**–**	**–**	**3 802**
Vikesh Ramsunder[3]	**4 187**	**309**	**171**	**4 667**	**3 499**	**14 011**	**17 510**	**22 177**
Total	**17 193**	**1 377**	**229**	**18 799**	**8 359**	**43 433**	**51 792**	**70 591**
2018								
Bertina Engelbrecht	3 489	411	–	3 900	1 560	17 453	19 013	22 913
Michael Fleming	5 287	356	57	5 700	2 280	25 268	27 548	33 248
David Kneale[4]	9 909	649	2	10 560	6 336	52 800	59 136	69 696
Total	18 685	1 416	59	20 160	10 176	95 521	105 697	125 857

[1] Payments relating to the performance for the year ended 31 August are paid in November. The expense is provided for over the three-year vesting period in the relevant financial year.
[2] Mr Kneale retired as an executive director on 1 January 2019. He was retained as a strategic adviser at a guaranteed salary of R7 200 000 until his retirement as an employee from the group on 31 August 2019. In accordance with the schemes' rules applicable to all retirees, the committee approved payments to Mr Kneale of a retirement long-service award of R1 689 003, a short-term incentive of R6 653 808, R48 036 035 in respect of LTI appreciation units awarded to him in the 2016 to 2019 scheme and R39 043 440 in settlement of the 2017 to 2020 LTI appreciation units which vested as a result of his retirement.
[3] Mr Ramsunder was appointed as an executive director on 1 January 2019.
[4] The LTI payment to Mr Kneale was capped at five times annual guaranteed pay in accordance with the rules of the scheme.

The total number of ordinary shares in issue is 262 083 439 (2018: 253 948 352). The percentage of issued share capital held by directors is 0.09% (2018: 0.20%).

Details of all dealings in Clicks Group shares by directors during the financial year are contained in the directors' report on page 2.

4 Employment costs (continued)

4.1 Directors' remuneration (continued)

Non-executive directors' remuneration

Director (R'000)	2019 directors' fees Holding company	2019 Subsidiary companies	2019 Total	2018 directors' fees Holding company	2018 Subsidiary companies	2018 Total
David Nurek	**1 303**	**–**	**1 303**	1 169	–	1 169
Fatima Abrahams[1]	**591**	**146**	**737**	479	151	630
John Bester	**716**	**–**	**716**	647	–	647
Fatima Daniels[2]	**494**	**146**	**640**	450	73	523
Nonkululeko Gobodo	**494**	**–**	**494**	450	–	450
Martin Rosen	**396**	**–**	**396**	354	–	354
Total	**3 994**	**292**	**4 286**	3 549	224	3 773
Total directors' remuneration						
Executive directors			**70 591**			125 857
Non-executive directors			**4 286**			3 773
Total directors' remuneration			**74 877**			129 630

[1] The fees paid to Professor Abrahams include fees for her role as chairperson of The Clicks Group Employee Share Ownership Trust and for her appointment as director of Clicks Retailers Proprietary Limited and New Clicks South Africa Proprietary Limited.
[2] The fees paid to Fatima Daniels include fees for her appointment as director of Clicks Retailers Proprietary Limited and New Clicks South Africa Proprietary Limited.

	Group 2019 R'000	Group 2018 R'000
5 Other costs		
Other operating costs include:		
Fees paid for outside services		
Technical services	**16 351**	18 282
Decrease in financial assets at fair value through profit or loss	**7 112**	–
Foreign exchange losses – realised	**1 492**	–
Water and electricity	**190 196**	177 403
Retail	**175 371**	164 270
Distribution	**14 825**	13 133
6 Net financing income		
Recognised in profit or loss:		
Interest income on bank deposits and investments	**62 788**	24 429
Other interest income	**633**	1 328
Financial income	**63 421**	25 757
Interest expense on financial liabilities measured at amortised cost	**23 765**	23 692
Cash interest expense	**4 477**	9 456
Other interest expense (see note 23.2)	**19 288**	14 236
Financial expense	**23 765**	23 692
Net financing income	**39 656**	2 065

	Group 2019 R'000	Group Restated[1] 2018 R'000	Company 2019 R'000	Company 2018 R'000
7 Income tax expense				
South African normal tax				
Current tax				
Current year	**227 099**	206 279	**619**	54
Capital gains tax	**1 466**	–	**1 466**	–
Prior-year overprovision	**(13 997)**	(14 679)	**–**	–
Deferred tax				
Current year	**415 792**	341 855	**–**	–
Prior-year underprovision	**11 163**	17 707	**–**	–
Withholding tax	**1 319**	–	**–**	–
Foreign tax				
Current tax				
Current year	**11 409**	9 180	**–**	–
Withholding tax	**9 344**	6 223	**–**	–
Deferred tax				
Current year	**(2 727)**	1 224	**–**	–
Prior-year overprovision	**(279)**	(414)	**–**	–
Taxation per statement of comprehensive income	**660 589**	567 375	**2 085**	54
Deferred tax – current year	**7 523**	(267 916)	**–**	–
Cash flow hedge recognised in other comprehensive income	**(5 397)**	25 053	**–**	–
Cash flow hedge recognised in equity	**(14 180)**	(2 437)		
Equity-settled transaction recognised in equity (see note 20)	**26 699**	(290 532)	**–**	–
Remeasurement of post-employment benefit obligations	**2 464**	–	**–**	–
Cost of hedging reserve	**(2 063)**	–	**–**	–
Total income tax charge	**668 112**	299 459	**2 085**	54
Reconciliation of rate of tax	**%**	%	**%**	%
Standard rate – South Africa	**28.00**	28.00	**28.00**	28.00
Adjusted for:				
Disallowable expenditure[2]	**0.37**	0.31	**0.01**	0.02
Exempt income and allowances[3]	**(0.72)**	(0.68)	**(27.96)**	(28.02)
Foreign tax rate variations	**(0.06)**	(0.24)	**–**	–
Foreign withholding tax	**0.45**	0.31	**–**	–
Prior-year net (over)/underprovision	**(0.15)**	0.17	**–**	–
Capital gains tax	**0.06**	–	**0.13**	–
Effective tax rate	**27.95**	27.87	**0.18**	–

[1] Prior-period amounts restated for the adoption of new accounting standards. Refer to note 35.
[2] Disallowable expenditure consists of expenses not in the production of income and of a capital nature, which includes legal fees, consulting fees, share expenses and donations.
[3] Exempt income consists of tax-free allowances received.

One of the subsidiaries of the group has an estimated tax loss of R82.2 million (2018: R51.9 million) available for set-off against future taxable income of that subsidiary. A deferred tax asset of R27.2 million (2018: R16.6 million) has been recognised in respect of the total estimated tax loss (see note 12).

	Group	
	2019 R'000	Restated* 2018 R'000
8 Earnings per share		
The calculation of basic and headline earnings per share at 31 August 2019 was based on profit for the year attributable to ordinary shareholders of Clicks Group Limited of R1 702.9 million (2018: R1 468.4 million) and headline earnings of R1 703.9 million (2018: R1 469.3 million) divided by the weighted average number of ordinary shares as follows:		
Reconciliation of headline earnings		
Profit attributable to equity holders of the parent	1 702 914	1 468 368
Adjusted for:		
	958	927
Loss on disposal of property, plant and equipment	351	1 287
Tax on disposal of property, plant and equipment	(97)	(360)
Goodwill impairment (see note 11.2)	704	–
Headline earnings	**1 703 872**	1 469 295

* Prior-period amounts restated for the adoption of new accounting standards. Refer to note 35.

	2019 cents	Restated* 2018 cents
Earnings per share	683.6	609.1
Headline earnings per share	683.9	609.5
Diluted earnings per share	671.8	575.0
Diluted headline earnings per share	672.2	575.3

* Prior-period amounts restated for the adoption of new accounting standards. Refer to note 35.

	2019 '000	2018 '000
Reconciliation of shares in issue to weighted average number of shares in issue		
Total number of shares in issue at the beginning of the year	253 948	245 969
Treasury shares held for the full year and/or cancelled	(9 443)	(9 443)
Treasury shares purchased during the year weighted for the period held	(60)	–
Ordinary shares issued during the year weighted for the period held	4 680	4 547
Weighted average number of shares in issue for the year	**249 125**	241 073
Reconciliation of weighted average number of shares to weighted average diluted number of shares in issue		
Weighted average number of shares in issue for the year (net of treasury shares)	249 125	241 073
Dilutive effect of share options (net of treasury shares)	4 346	14 312
Weighted average diluted number of shares in issue for the year	**253 471**	255 385

	Group					
	2019		2018		2017	
	Cost R'000	Accumulated depreciation and impairment losses R'000	Cost R'000	Accumulated depreciation and impairment losses R'000	Cost R'000	Accumulated depreciation and impairment losses R'000
9 Property, plant and equipment						
Land	**25 809**	**–**	25 809	–	25 809	–
Buildings	**560 059**	**64 376**	518 511	58 041	409 525	54 038
Computer equipment	**552 428**	**370 308**	496 298	329 100	463 033	290 547
Equipment	**385 620**	**227 908**	335 736	196 273	282 149	174 130
Furniture and fittings	**2 500 992**	**1 321 930**	2 122 936	1 100 554	1 812 027	963 570
Motor vehicles	**52 117**	**25 467**	52 309	24 229	46 061	22 384
	4 077 025	**2 009 989**	3 551 599	1 708 197	3 038 604	1 504 669

All group property is owner-occupied.

The carrying amount of the group's property, plant and equipment is reconciled as follows:

	Land R'000	Buildings R'000	Computer equipment R'000	Equipment R'000	Furniture and fittings R'000	Motor vehicles R'000	Total R'000
Carrying amount at 1 September 2017	25 809	355 487	172 486	108 019	848 457	23 677	1 533 935
Additions	–	109 567	53 968	59 524	367 472	11 149	601 680
Disposals	–	(259)	(502)	(338)	(1 209)	(666)	(2 974)
Depreciation	–	(4 325)	(58 754)	(27 742)	(192 338)	(6 080)	(289 239)
Carrying amount at 31 August 2018	**25 809**	**460 470**	**167 198**	**139 463**	**1 022 382**	**28 080**	**1 843 402**
Additions	**–**	**41 565**	**80 111**	**56 430**	**385 315**	**6 082**	**569 503**
Disposals	**–**	**(16)**	**(196)**	**(43)**	**(893)**	**(1 348)**	**(2 496)**
Depreciation	**–**	**(6 336)**	**(64 993)**	**(38 138)**	**(227 742)**	**(6 164)**	**(343 373)**
Carrying amount at 31 August 2019	**25 809**	**495 683**	**182 120**	**157 712**	**1 179 062**	**26 650**	**2 067 036**

	Group					
	2019		2018		2017	
	Cost R'000	Accumulated amortisation and impairment losses R'000	Cost R'000	Accumulated amortisation and impairment losses R'000	Cost R'000	Accumulated amortisation and impairment losses R'000
10 Intangible assets						
Clicks trademark (see note 10.1)	**272 000**	**–**	272 000	–	272 000	–
Link trademark	**6 000**	**6 000**	6 000	6 000	6 000	6 000
Other trademarks	**1 217**	**842**	1 116	693	1 116	581
Capitalised and purchased computer software development	**429 357**	**212 545**	385 973	187 255	334 974	153 826
Contractual rights (see note 10.2)	**30 909**	**23 018**	25 633	20 013	22 015	18 095
	739 483	**242 405**	690 722	213 961	636 105	178 502

The carrying amount of the group's intangible assets is reconciled as follows:

	Clicks trademark R'000	Other trademarks and contractual rights R'000	Capitalised software development R'000	Total R'000
Carrying amount at 1 September 2017	272 000	4 455	181 148	457 603
Additions	–	3 619	65 934	69 553
Amortisation	–	(2 031)	(47 872)	(49 903)
Disposals	–	–	(492)	(492)
Carrying amount at 31 August 2018	**272 000**	**6 043**	**198 718**	**476 761**
Additions	**–**	**5 376**	**71 835**	**77 211**
Amortisation	**–**	**(3 153)**	**(53 666)**	**(56 819)**
Disposals	**–**	**–**	**(75)**	**(75)**
Carrying amount at 31 August 2019	**272 000**	**8 266**	**216 812**	**497 078**

Assessment of impairment of intangible assets

10.1 The Clicks trademark is part of the Clicks cash-generating unit and is considered to have an indefinite useful life. There is no apparent legal or other restriction to the use of the trademark or risk of technical or other obsolescence. Given the strategic importance of the trademark to the future sustainability of the group, the group's intention is to continue to use the trademark indefinitely. The directors consider that there is no foreseeable limit to the period over which this asset is expected to generate cash inflows for the group and, on this basis, the directors have concluded that the indefinite useful life assumption is appropriate.

In accordance with the group's accounting policy, an impairment test was performed on the carrying values of intangible assets with indefinite useful lives at year-end. The recoverable amount was determined based on the value in use.

Budgeted operating cash flows for the related business units were projected and discounted at the group's weighted average pre-tax cost of capital. The impairment calculations performed indicated that the trademarks were not impaired.

The following key assumptions were made in determining the value in use:

(i) A forecast horizon of three years was used. The forecast horizon comprises the three-year plan drafted in the last quarter of the 2019 financial year, whereafter a perpetuity growth rate of 7.0% (2018: 7.0%) is used.

(ii) The values assigned to the three-year plan revenue and cost growth assumptions reflect current trends, anticipated market developments and management's experience.

(iii) The key assumptions for the recoverable amount are the long-term growth rate and the discount rate. The long-term growth rate used is purely for the impairment testing of intangible assets under IAS 36 – Impairment of Assets and does not reflect long-term planning assumptions used by the group for investment proposals or for any other assessments.

(iv) A discount rate of 13.2% (2018: 13.7%) per annum, being the group's pre-tax weighted average cost of capital, was used. The group's pre-tax weighted average cost of capital is deemed appropriate as, together with the Distribution business, both businesses largely operate within South Africa and are subject to similar market risks.

Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amounts to exceed their recoverable amounts.

10.2 The group acquired the pharmacy business of Amalgamated Pharmacy Group Proprietary Limited in 2010.

As part of the acquisition, the group acquired the contractual rights to certain medical aid contracts. These contractual rights have been amortised over five years.

During the year the group also acquired contractual rights relating to medicine formulas.

		Group	
		2019 R'000	2018 R'000
11	**Goodwill**		
	Goodwill	**102 806**	103 510
	Goodwill comprises:		
	United Pharmaceutical Distributors Proprietary Limited (UPD) (see note 11.1)	**96 277**	96 277
	Kalahari Medical Distributors Proprietary Limited (Kalahari) (see note 11.1)	**–**	704
	Amalgamated Pharmacy Group Proprietary Limited (Amalgamated Pharmacy Group) (see note 11.2)	**6 529**	6 529

Assessment of impairment of goodwill

11.1 Budgeted operating cash flows for the UPD and Kalahari business units were projected and discounted at the group's weighted average pre-tax cost of capital. The impairment calculations performed indicated that the goodwill was not impaired.

The following key assumptions were made in determining the value in use of the UPD and Kalahari cash-generating units:

(i) A forecast horizon of three years was used. The forecast horizon comprises the three-year plan drafted in the last quarter of the 2019 financial year, whereafter a perpetuity growth rate of 6.5% (2018: 6.5%) is used.

(ii) The values assigned to the three-year plan revenue and cost growth assumptions reflect current trends, anticipated market developments and management's experience.

(iii) The key assumptions for the recoverable amount are the long-term growth rate and the discount rate. The long-term growth rate used is purely for the impairment testing of goodwill under IAS 36 – Impairment of Assets and does not reflect long-term planning assumptions used by the group for investment proposals or for any other assessments.

(iv) A discount rate of 13.2% (2018: 13.7%) per annum, being the group's pre-tax weighted average cost of capital, was used. The group's pre-tax weighted average cost of capital is deemed appropriate as, together with the Clicks business, both businesses largely operate within South Africa and are subject to similar market risks.

Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amounts to exceed their recoverable amounts, other than the goodwill related to Kalahari which was impaired during the financial period.

11.2 Due to the synergies that arose on acquisition, the goodwill relating to the purchase of the pharmacy business from Amalgamated Pharmacy Group has been attributed to the Clicks business as a cash-generating unit, which represents the lowest level within the group at which the goodwill is monitored for internal management purposes.

Applying IAS 36, goodwill relating to the above acquisition has been tested for impairment at the same level as the Clicks business unit.

Budgeted operating cash flows for the related business units were projected and discounted at the group's weighted average pre-tax cost of capital. The impairment calculations performed indicated that goodwill was not impaired.

The following key assumptions were made in determining the value in use:

(i) A forecast horizon of three years was used. The forecast horizon comprises the three-year plan drafted in the last quarter of the 2019 financial year, whereafter a perpetuity growth rate of 7.0% (2018: 7.0%) is used.

(ii) The values assigned to the three-year plan revenue and cost growth assumptions reflect current trends, anticipated market developments and management's experience.

11. Goodwill (continued)

Assessment of impairment of goodwill (continued)

(iii) The key assumptions for the recoverable amount are the long-term growth rate and the discount rate. The long-term growth rate used is purely for the impairment testing of goodwill under IAS 36 – Impairment of Assets and does not reflect long-term planning assumptions used by the group for investment proposals or for any other assessments.

(iv) A discount rate of 13.2% (2018: 13.7%) per annum, being the group's pre-tax weighted average cost of capital, was used. The group's pre-tax weighted average cost of capital is deemed appropriate as, together with the Clicks business, both businesses largely operate within South Africa and are subject to similar market risks.

Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amounts to exceed their recoverable amounts.

The tests performed on all cash-generating units did not indicate any impairment as at year-end.

	Group		Company	
	2019 R'000	Restated* 2018 R'000	2019 R'000	2018 R'000
12 Deferred tax assets/(liabilities)				
Deferred tax assets	**47 136**	478 608	**–**	–
	47 136	478 608	**–**	–
Balance at the beginning of the year	**478 608**	572 223	**–**	–
Current deferred tax charge to profit or loss	**(423 949)**	(361 531)	**–**	–
Current deferred tax (charge)/credit to other comprehensive income or equity (see note 7)	**(7 523)**	267 916	**–**	–
Balance at the end of the year	**47 136**	478 608	**–**	–
Arising as a result of:				
Capital gains tax	**(48 110)**	(48 110)	**–**	–
Derivative financial assets and liabilities	**(60 991)**	(122 892)	**–**	–
Employee obligations	**152 533**	646 188	**–**	–
Income and expense accrual	**112 566**	116 971	**–**	–
Inventory	**41 984**	36 447	**–**	–
Onerous leases	**2 087**	1 878	**–**	–
Operating lease liability	**54 407**	56 998	**–**	–
Prepayments	**(24 022)**	(20 995)	**–**	–
Property, plant and equipment	**(127 038)**	(120 993)	**–**	–
Tax losses	**27 156**	16 552	**–**	–
Trademarks	**(76 172)**	(76 172)	**–**	–
Other	**(7 264)**	(7 264)	**–**	–
Balance at the end of the year	**47 136**	478 608	**–**	–

* Prior-period amounts restated for the adoption of new accounting standards. Refer to note 35.

The capital gains deferred tax liability arises on the revaluation of a forward purchase of shares by the company in a subsidiary company.

Derivative financial assets and liabilities include a credit of R19.6 million (2018: R22.6 million debit) recognised in other comprehensive income and equity (see note 21).

Employee obligations include an asset of Rnil million (2018: R414.8 million) recognised in equity (see note 20).

In respect of the deferred tax asset recognised by one (2018: one) subsidiary company, the directors consider that sufficient future taxable income will be generated by that subsidiary company to utilise the deferred tax assets recognised.

13 Investment in associate

The group acquired a strategic 25% interest in Sorbet Brands Proprietary Limited (Sorbet Brands) on 1 September 2015.

Sorbet Brands holds all the trademark rights of the Sorbet brand in South Africa.

The group's interest in Sorbet Brands is accounted for using the equity method in the consolidated financial statements.

The following amounts represent the assets and liabilities, income and expenses of the associate:

	Group	
	2019 R'000	2018 R'000
Assets		
Non-current assets	**80 000**	80 000
Current assets	**1 103**	6 253
Liabilities		
Current liabilities	**739**	6 077
Equity	**80 364**	80 176
Group's carrying amount of the investment	**20 091**	20 044
Summarised statement of comprehensive income		
Income	**22 304**	19 428
Expenses	**(6 732)**	(5 691)
Profit before taxation	**15 572**	13 737
Income tax expense	**(4 360)**	(3 572)
Profit for the year	**11 212**	10 165
Total comprehensive income for the year	**11 212**	10 165
Group's proportionate share of profit for the year	**2 803**	2 541
Dividends received from associate	**2 362**	2 233

14 Loans receivable

	Group	
	2019 R'000	2018 R'000
Sign and Seal Trading 205 Proprietary Limited (Style Studio) (see note 14.1)	**–**	4 500
AfroBotanics Proprietary Limited (see note 14.2)	**1 500**	1 500
Brian Philippe Thomas Proprietary Limited shareholders (see note 14.3)	**1 579**	1 971
UPD Owner-driver Initiative (see note 14.4)	**6 830**	6 728
JGB Couriers Proprietary Limited (see note 14.5)	**222**	304
Non-current loans receivable	**10 131**	15 003
Brian Philippe Thomas Proprietary Limited shareholders (see note 14.3)	**524**	588
JGB Couriers Proprietary Limited (see note 14.5)	**87**	87
Triton Pharmacare Capital Investments Proprietary Limited (Triton)	**–**	9 000
Current loans receivable	**611**	9 675
Total loans receivable	**10 742**	24 678

14 Loans receivable (continued)

14.1 The company has been placed into liquidation and the loan has therefore been impaired. Previously the loan was unsecured.

14.2 The loan is unsecured, interest free and repayable from October 2020 in monthly instalments or within 10 business days of demand, whichever is the earliest.

14.3 Brian Philippe Thomas Proprietary Limited was indebted to Clicks Retailers Proprietary Limited for the amount of R3 000 000. On 15 December 2017 Clicks Retailers Proprietary Limited and the shareholders of Brian Philippe Thomas Proprietary Limited concluded a loan agreement for the amount of R3 000 000 to discharge the debt owed by Brian Philippe Thomas Proprietary Limited to Clicks Retailers Proprietary Limited. The loan is interest free and is repayable in five equal instalments of R600 000 per annum on 30 November each year. The annual repayments are in the form of the annual management fees due to Brian Philippe Thomas Proprietary Limited, in terms of the acquisition agreement of the Prospur Pharmacy, to be allocated to loan instalments due by the co-principal debtors. The loan is secured via a second mortgage bond of R900 000.

14.4 The amount relates to loans to various individuals who participate in the UPD Owner-driver Initiative. The loans are interest free, were advanced on 1 August 2018 and are expected to be repaid after five years.

14.5 The loan is unsecured, interest free and repayable by 30 April 2023 in equal monthly instalments.

	Group	
	2019 R'000	2018 R'000
15 Financial assets at fair value through profit or loss		
Investment in Guardrisk Insurance Company Limited (Cell number 171) (see note 15.1)	**9 618**	16 850
Collective investment schemes (see note 15.2)	**65 752**	65 632
Total financial assets at fair value through profit or loss	**75 370**	82 482

15.1 The investment in Guardrisk Insurance Company Limited is the net investment in the group's insurance cell captive which is not deemed to be in the group's control in accordance with IFRS 10 – Consolidated Financial Statements.

15.2 The New Clicks Foundation Trust primarily invests in collective investment schemes.

	Group			
	2019		2018	
	Assets R'000	**Liabilities R'000**	Assets R'000	Liabilities R'000
16 Derivative financial instruments				
Non-current				
Equity derivative hedge	**131 962**	**–**	214 110	–
Current				
Equity derivative hedge	**77 063**	**–**	199 814	–
Forward exchange contracts	**25 312**	**–**	39 242	–
	102 375	**–**	239 056	–

Equity derivative hedge
European call options have been purchased to hedge the cash-settled share-based payment obligation relating to tranches 11, 12 and 13 of the total shareholder return long-term incentive scheme (refer to note 23.1). The expiration date of these hedging instruments and the vesting dates of the hedged items coincide on 31 August 2019, 2020 and 2021 respectively.

Refer to note 21 detailing the equity derivative hedges' impact on profit and loss and other comprehensive income.

The fair value of these equity derivative hedges are calculated using a Monte Carlo option pricing model with reference to the closing share price, 250-day historical volatility, the 12-month trailing dividend yield and the risk-free rate.

Forward exchange contracts
For currency derivatives, fair values are calculated using standard market calculation conventions with reference to the relevant closing market spot rates, forward foreign exchange and interest rates. The notional principal amounts of the outstanding forward foreign exchange contracts at 31 August 2019 was R634.4 million (2018: R372.0 million). Refer to note 21 detailing the foreign exchange hedging impact on profit or loss, other comprehensive income and inventory.

17 Inventories

	Group 2019 R'000	Restated* 2018 R'000
Inventories comprise:		
Goods for resale	**4 464 407**	4 088 593
Right of return asset	**25 198**	23 571
Goods in transit	**220 564**	138 743
Total inventories	**4 710 169**	4 250 907
Inventories stated at net realisable value**	**95 809**	49 033
The group's inventory balance is stated net of impairment allowances. The analysis of impairment allowances are as follows:		
Balance at the beginning of the year	**74 168**	79 091
Inventory allowance raised during the year	**33 572**	28 927
Inventory allowance derecognised on sale of goods	**(23 462)**	(33 850)
Balance at the end of the year	**84 278**	74 168

* Prior-period amounts restated for the adoption of new accounting standards. Refer to note 35.

** The value of inventories stated at net realisable value is determined based on management's best estimate of the likely selling price at which the inventories in question could be sold in the ordinary course of business less the directly attributable selling costs.

18 Trade and other receivables

	Group 2019 R'000	2018 R'000
Trade and other receivables comprise:		
Trade receivables	**1 920 050**	1 770 139
Less: impairment of trade receivables	**(23 278)**	(27 610)
Trade receivables – net	**1 896 772**	1 742 529
Prepayments	**171 157**	152 285
Income accruals	**372 048**	272 446
Logistics fees receivable	**192 545**	138 080
Other (refer to note 18.1)	**14 090**	26 191
Total trade and other receivables	**2 646 612**	2 331 531

The carrying amount of trade and other receivables approximates their fair value. Trade and other receivables are predominantly non-interest bearing. Refer to note 29.4 for the credit risk management of trade and other receivables.

Impairment losses are recorded in the allowance account until the group is satisfied that the amount is irrecoverable and is written off against the financial asset directly. Impairment losses have been included in the statement of comprehensive income.

The movement in the allowance for impairment loss in respect of trade receivables during the year was as follows:

	Group 2019 R'000	2018 R'000
Balance at 1 September	**27 610**	30 599
Impairment provision raised	**2 299**	5 115
Impairment loss utilised	**(6 631)**	(8 104)
Balance at 31 August	**23 278**	27 610
The impairment allowance can be reconciled as follows:		
Trade receivables impairment allowance	**(2 299)**	(5 115)
Other receivables impairment recovery	**970**	9 213
	(1 329)	4 098

18.1 Other receivables consist primarily of sundry customer receivables.

	Group and Company	
	2019 R'000	2018 R'000
19 Share capital and share premium		
Authorised – group and company		
600 million (2018: 600 million) ordinary shares of one cent each	**6 000**	6 000
50 million (2018: 50 million) "A" ordinary shares of one cent each	**500**	500
Issued ordinary shares – group and company		
262.083 million (2018: 253.948 million) ordinary shares of one cent each and nil (2018: 14.577 million) "A" ordinary shares of one cent each	**2 621**	2 686
Share premium – group	**1 064 953**	513 848
Share premium – company	**3 301 488**	1 581 634

The company and the group have different values for share premium due to issue of ordinary shares at the 30-day VWAP on 2 February 2018 and 4 February 2019 which was settled by The Clicks Group Employee Share Ownership Trust, a subsidiary of the Group. Other differences arose in previous years, being preliminary expenses written off against share premium related to the acquisition of certain businesses in 1996 and the cancellation of shares at a holding company level at market value, while on consolidation the cancellation was carried out at cost.

			Group and Company	
	Ordinary shares '000	"A" ordinary shares '000	Total 2019 '000	Total 2018 '000
Reconciliation of total number of shares in issue to net number of shares in issue				
Total number of shares in issue at the end of the year	262 083	–	**262 083**	268 525
Treasury shares held at the end of the year	(10 559)	–	**(10 559)**	(24 020)
Net number of shares in issue at the end of the year	251 524	–	**251 524**	244 505

Of the shares in issue, the group holds the following treasury shares:

	R'000	R'000
Shares held by a subsidiary – 10.558 million (2018: 9.443 million) ordinary shares of one cent each – cost	**913 194**	702 556
Shares held by the Clicks Group Employee Share Ownership Trust – nil (2018: 14.577 million) "A" ordinary shares of one cent each – cost	**–**	147
	913 194	702 703

No ordinary shares were cancelled during the current financial year.

In terms of the unwind of the remaining 50% of the Clicks Group Employee Share Ownership Scheme, 8 135 087 ordinary shares were issued to beneficiaries of the scheme and 14 576 648 ordinary "A" shares were repurchased by Clicks Group Limited from the Employee Share Ownership Trust. The New Clicks Foundation Trust sold 261 396 Clicks Group Limited ordinary shares subsequent to acquiring them through the unwind of the scheme. No other equity share transactions occurred during the year.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

In respect of the company's shares held by entities within the group, all voting rights are suspended until those shares are reissued.

The unlisted "A" ordinary shares have the same rights and rank pari passu with the ordinary shares in all respects except for distribution rights.

The holders of "A" ordinary shares are entitled to an annual distribution equal to 10% of the cumulative distribution declared in relation to an ordinary share in a financial year.

20 Share option reserve

Equity-settled share-based payment
Options issued in terms of the Employee Share Ownership Programme (ESOP)
In October 2010 Clicks Group Limited announced an employee share ownership programme.

In terms of The Clicks Group Employee Share Ownership Trust deed the group issued unlisted "A" ordinary shares ("A" shares), equating to 10% of the issued share capital of the group, net of treasury shares.

Upon vesting, options were converted into Clicks Group Limited ordinary shares; 50% converted in February 2018 and 50% converted in February 2019, after the repayment of the notional debt.

The vesting date 30-day VWAP at which the share options vested was R191.28 (2018: R175.96).

	Group	
	Number of shares 2019	Number of shares 2018
"A" shares issued in terms of the ESOP	–	14 576 648

Details of share option allocations

Grant date	Option price	Balance at the beginning of the year	Granted during the year	Delivered during the year	Forfeited/ reinstated during the year	Balance at the end of the year
2019						
February 2011	**R41.54**	**6 385 759**	**–**	**(6 361 191)**	**(24 568)**	**–**
February 2012	**R41.11**	**912 282**	**–**	**(907 099)**	**(5 183)**	**–**
February 2013	**R60.00**	**1 508 220**	**–**	**(1 505 511)**	**(2 709)**	**–**
February 2014	**R56.78**	**1 024 937**	**–**	**(1 011 144)**	**(13 793)**	**–**
February 2015	**R90.32**	**999 342**	**–**	**(996 299)**	**(3 043)**	**–**
February 2016	**R86.75**	**168 049**	**–**	**(172 415)**	**4 366**	**–**
February 2017	**R120.29**	**92 272**	**–**	**(100 519)**	**8 247**	**–**
Unallocated share options*						**–**
						–
2018						
February 2011	R41.54	12 857 307	–	(6 385 759)	(85 789)	6 385 759
February 2012	R41.11	1 917 329	–	(912 282)	(92 765)	912 282
February 2013	R60.00	3 084 161	–	(1 508 220)	(67 721)	1 508 220
February 2014	R56.78	2 121 432	–	(1 024 937)	(71 558)	1 024 937
February 2015	R90.32	2 091 394	–	(999 342)	(92 710)	999 342
February 2016	R86.75	336 098	–	(168 049)	–	168 049
February 2017	R120.29	209 163	–	(92 272)	(24 619)	92 272
Unallocated share options						3 485 787
						14 576 648

* Unallocated share options were repurchased by Clicks Group Limited from the Employee Share Ownership Trust and were subsequently cancelled.

20 Share option reserve (continued)

Fair value of share-based payments in respect of options

Options granted have been valued using the Monte Carlo option pricing model by an independent, external valuator. The fair value of the options determined at the grant date is amortised over the vesting period to the extent that the options are ultimately exercised or are expected to be exercised.

The assumptions used in estimating the fair values at grant date are listed below:

	Share price at grant date	Risk-free rate (%)	Expected dividend yield (%)	Expected volatility (%)	Expected forfeiture rate (%)
February 2011 – seven-year vesting period	R41.54	8.45	3.89	24.56	15.33
February 2011 – eight-year vesting period	R41.54	8.60	4.11	24.56	15.33
February 2012 – six-year vesting period	R41.11	7.38	2.80	27.00	14.20
February 2012 – seven-year vesting period	R41.11	7.38	2.80	27.00	14.20
February 2013 – five-year vesting period	R60.00	7.17	2.70	24.00	14.20
February 2013 – six-year vesting period	R60.00	7.17	2.70	24.00	14.20
February 2014 – four-year vesting period	R56.78	8.55	2.50	23.00	11.00
February 2014 – five-year vesting period	R56.78	8.55	2.50	23.00	11.00
February 2015 – three-year vesting period	R90.32	6.46	2.40	23.00	11.00
February 2015 – four-year vesting period	R90.32	6.46	2.40	23.00	11.00
February 2016 – two-year vesting period	R86.75	7.85	2.00	25.00	10.00
February 2016 – three-year vesting period	R86.75	7.85	2.00	25.00	10.00
February 2017 – one-year vesting period	R120.29	7.36	2.00	24.00	9.00
February 2017 – two-year vesting period	R120.29	7.36	2.00	24.00	9.00

The risk-free rate is derived from the Swap BD curve published by the Bond Exchange of South Africa.

The dividend yield is the historical five-year average dividend yield as of the grant date, which has been converted to a continuously compounded dividend yield.

The expected volatility is the historic annualised standard deviation of the continuously compounded rates of return on the share, based on the most recent period as of the grant date that is commensurate with the expected term of the share option.

The expected exercise rate is based on the historic trend of option forfeitures and excludes options already exercised. The options already exercised are reflected in the share option reserve in addition to the value of options that are expected to be exercised based on the expected exercise rate.

The share option reserve recognises the cost at the fair value of the options on the date issued to employees, accrued over the vesting period.

	Group	
	2019 R'000	2018 R'000
Share option reserve		
Balance at the beginning of the year	**578 184**	747 613
	(578 184)	(169 429)
Equity-settled share-based payment expense	**–**	50 752
Transferred to share premium	**(551 485)**	(510 713)
Deferred tax recorded directly in equity arising on consolidation	**(26 699)**	290 532
Balance at the end of the year	**–**	578 184
	–	163 356
Equity-settled share-based payment expense in opening retained earnings	**163 356**	275 959
Equity-settled share-based payment expense	**–**	50 752
Transferred to share premium	**(163 356)**	(163 355)
Deferred tax recorded directly in equity arising on consolidation	**–**	414 828
Estimate of options not yet vested but expected to vest	**–**	578 184

	Group 2019 R'000	2018 R'000
21 Cash flow hedge reserve		
The cash flow hedge reserve represents the effective portion of fair value gains or losses in respect of cash flow hedges.		
Reconciliation of cash flow hedging reserve		
Balance at the beginning of year	**73 536**	15 382
Movement relating to forward exchange contracts	**(6 641)**	32 571
Total gain for the year recognised in other comprehensive income	**29 823**	38 840
Gains reclassified to Inventories directly from the statement of changes in equity	**(36 464)**	(6 269)
Movement relating to the equity derivative hedge	**(43 700)**	25 583
Total (loss)/gain for the year in other comprehensive income	**(50 096)**	141 061
Losses/(gains) reclassified to employment cost through other comprehensive income	**6 396**	(115 478)
Balance at the end of the year	**23 195**	73 536

Refer to note 16 – Derivative financial instruments for further information.

	Group 2019 R'000	2018 R'000
22 Foreign currency translation reserve		
Unrealised gain on the translation of assets and liabilities of subsidiaries whose financial statements are denominated in foreign currencies	**7 331**	8 486
	7 331	8 486
Reconciliation of foreign currency translation reserve		
Balance at the beginning of the year	**8 486**	(756)
Exchange differences on translation of foreign subsidiaries	**(1 155)**	9 242
Balance at the end of the year	**7 331**	8 486

	Group 2019 R'000	Group 2018 R'000
23 Employee benefits		
Long-term incentive schemes	**137 328**	182 170
Post-retirement medical obligations	**61 672**	63 237
Total long-term employee benefits	**199 000**	245 407
Accounted for as follows:		
Long-term employee benefits recognised in terms of IFRS 2 – Share-based Payments (see note 23.1)	**63 977**	108 167
Long-term employee benefits recognised in terms of IAS 19 – Employee Benefits (see note 23.2)	**135 023**	137 240
Total long-term employee benefits	**199 000**	245 407

Long-term employee benefits recognised in terms of IFRS 2 – Share-based Payments

Long-term cash-settled share-based payment liability	Long-term incentive scheme – TSR (note 23.1) R'000
Balance at 1 September 2017	98 567
Expense from cash-settled share-based payment	191 857
Reclassification to short-term benefits	(182 257)
Balance at 31 August 2018	**108 167**
Expense from cash-settled share-based payment	**20 353**
Reclassification to short-term benefits	**(64 543)**
Balance at 31 August 2019	**63 977**

23 Employee benefits (continued)

23.1 Long-term incentive scheme – total shareholder return (TSR)

During 2019 the group issued 0.5 million (2018: 0.9 million) cash-settled appreciation rights to management. The value of these appreciation rights are linked to the TSR (capital gain plus dividends) over a three-year vesting period. These appreciation rights are classified as cash-settled share-based payment benefits and the liability has been valued using the Monte Carlo option pricing model by an independent, external valuator.

The September 2015 options were settled during the year.

The September 2016 options outstanding at year-end are due for settlement.

The contractual life of the September 2017 options outstanding at year-end was one year.

The contractual life of the September 2018 options outstanding at year-end was two years.

Details of share option allocations – 2019

	Option price	Balance at the beginning of the year	Granted during the year	Delivered during the year*	Forfeited during the year	Balance at the end of the year
September 2015 options	**–**	**910 021**	**–**	**(910 021)**	**–**	**–**
September 2016 options	**R109.61**	**782 254**	**–**	**–**	**(40 954)**	**741 300**
September 2017 options	**R110.45**	**808 531**	**–**	**–**	**(57 994)**	**750 537**
September 2018 options	**R82.46**	**–**	**477 695**	**–**	**(22 623)**	**455 072**

* The exercise date VWAP at which the options were delivered was R199.01.

The assumptions used in estimating the fair value at year-end are listed below:

	Share price at grant date	Risk-free rate (%)	Expected dividend yield (%)	Expected volatility (%)	Expected forfeiture rate (%)
September 2016 options – three-year vesting period	R126.03	6.59	2.05	32.02	4.00
September 2017 options – three-year vesting period	R146.10	6.59	2.05	32.02	4.00
September 2018 options – three-year vesting period	R193.96	6.59	2.05	32.02	4.00

Details of share option allocations – 2018

	Option price	Balance at the beginning of the year	Granted during the year	Delivered during the year*	Forfeited during the year	Balance at the end of the year
September 2014 options	–	1 175 857	–	(1 175 857)	–	–
September 2015 options	R200.28	964 020	–	–	(53 999)	910 021
September 2016 options	R144.76	821 270	–	–	(39 016)	782 254
September 2017 options	R144.97	–	866 513	–	(57 982)	808 531

* The exercise date VWAP at which the options were delivered was R193.96.

The assumptions used in estimating the fair value at year-end are listed below:

	Share price at grant date	Risk-free rate (%)	Expected dividend yield (%)	Expected volatility (%)	Expected forfeiture rate (%)
September 2015 options – three-year vesting period	R93.82	7.60	1.68	30.66	4.00
September 2016 options – three-year vesting period	R126.03	7.60	1.68	30.66	4.00
September 2017 options – three-year vesting period	R146.10	7.60	1.68	30.66	4.00

The risk-free rate is derived from the zero coupon curve published by the Bond Exchange of South Africa.

The dividend yield is the 12-month trailing yield (nominal annual and compounded annuity).

The implied volatility is the 250-day historic volatility of the share price.

The expected exercise rate is based on the historic trend of option forfeitures and excludes options already exercised or forfeited.

23 Employee benefits (continued)

23.2 Long-term employee benefits recognised in terms of IAS 19 – Employee Benefits

Long-term employee benefits	Long-term incentive scheme – HEPS (note 23.3) R'000	Post-retirement medical obligations (note 23.4) R'000	Total R'000
Balance at 1 September 2017	52 061	58 603	110 664
Current service cost	62 038	1 304	63 342
Benefit payments	–	(1 800)	(1 800)
Interest cost	9 106	5 130	14 236
Actuarial gain recognised in profit or loss	(5 894)	–	(5 894)
Reclassification to short-term employee benefits	(43 308)	–	(43 308)
Balance at 31 August 2018	**74 003**	**63 237**	**137 240**
Current service cost	**68 810**	**1 390**	**70 200**
Benefit payments	**–**	**(1 391)**	**(1 391)**
Interest cost	**12 052**	**7 236**	**19 288**
Actuarial gain recognised in profit or loss	**(6 608)**	**–**	**(6 608)**
Actuarial gain recognised in other comprehensive income	**–**	**(8 801)**	**(8 801)**
Reclassification to short-term employee benefits	**(74 906)**	**–**	**(74 906)**
Balance at 31 August 2019	**73 351**	**61 671**	**135 022**

23.3 Long-term incentive scheme – headline earnings per share (HEPS)

During 2019 the group issued 1.3 million (2018: 2.1 million) cash-settled appreciation rights to management. The value of these appreciation rights are linked to the performance of diluted HEPS over a three-year period. The amount to be provided in the current year is based on a three-year projection of diluted HEPS.

Any difference between projected performance and actual performance is recognised through an actuarial (gain)/loss based on the projected unit credit method which is taken to profit or loss.

The exercise price of each appreciation right was determined as R69.36 (2018: R60.25) per right ("base value"). In order to determine the amount to be provided a fixed factor of 12 is applied to the HEPS at the end of the three-year period. The differential between the factor multiplied by HEPS and the base value is the amount that will be paid out per right.

Should employees leave during the vesting period the rights will be forfeited.

23 Employee benefits (continued)

23.4 Post-retirement medical obligations

The group subsidises a portion of the medical aid contributions of certain retired employees.

An actuarial valuation of the Clicks post-retirement medical aid scheme has determined that the unfunded liability in respect of pensioner post-retirement medical benefits amounts to R61.7 million (2018: R63.2 million). Provision has been made for the full unfunded liability.

The principal actuarial assumptions at the last valuation date (31 August 2019) are:

(i) a discount rate of 8.3% per annum;
(ii) general increases to medical aid contributions of 6.3%;
(iii) a retirement age of 65;
(iv) husbands are on average four years older than their spouses;
(v) mortality of pensioners determined in accordance with PA90 ultimate tables; and
(vi) mortality of in-service members determined in accordance with SA 85-90 ultimate table.

The post-retirement medical aid provision is sensitive to assumptions around medical aid inflation, discount rate, retirement age and life expectancy. A change in any of these factors would have a significant impact on the amount to be provided (expense/(credit) to other comprehensive income):

	2019 R'000	2018 R'000
– Medical aid inflation increases by 1% per annum over assumptions made	**9 414**	7 641
– Medical aid inflation decreases by 1% per annum over assumptions made	**(7 773)**	(5 460)
– Discount rate increases by 1% per annum over assumptions made	**(7 473)**	(5 998)
– Discount rate decreases by 1% per annum over assumptions made	**9 178**	6 927
– Retirement age decreases by two years	**5 816**	7 156
– Life expectancy of male pensioners increases by one year	**967**	964
– Life expectancy of male pensioners decreases by one year	**(945)**	(943)
– Life expectancy of female pensioners increases by one year	**1 307**	1 299
– Life expectancy of female pensioners decreases by one year	**(1 295)**	(1 286)
The following undiscounted payments are expected contributions in future years from post-retirement medical obligations.		
Within 12 months	**2 597**	2 094
Between 2 and 5 years	**12 212**	10 619
Between 5 and 10 years	**21 904**	21 051
Between 10 and 20 years	**84 678**	99 421
Between 20 and 30 years	**118 558**	164 344
Between 30 and 40 years	**91 467**	144 943
Beyond 40 years	**45 773**	86 783
Total expected payments	**377 189**	529 255

The average duration of the post-retirement medical obligations at year-end is 17.0 years (2018: 18.5 years).

23 Employee benefits (continued)

23.4 Post-retirement medical obligations (continued)

Amounts for the current and previous four periods are as follows:

	Post-retirement medical obligations				
	2019 R'000	2018 R'000	2017 R'000	2016 R'000	2015 R'000
Defined benefit obligation	**61 671**	63 237	58 603	58 644	53 903
Experience adjustments on plan liabilities	**–**	–	–	–	(1 063)

Short-term employee benefits	Long-term incentive scheme – TSR (note 23.1) R'000	Long-term incentive scheme – HEPS (note 23.3) R'000	Leave pay accrual (note 23.5) R'000	Bonus accrual (note 23.6) R'000	Overtime accrual (note 23.7) R'000	Total R'000
Balance at 1 September 2017	165 649	40 701	69 492	116 710	1 908	394 460
Reclassification from long-term employee benefits	182 257	43 308	–	–	–	225 565
Benefit payments	(165 649)	(38 277)	(10 435)	(148 738)	(7 000)	(370 099)
Charge included in profit or loss	–	–	12 787	146 727	8 776	168 290
Balance at 31 August 2018	**182 257**	**45 732**	**71 844**	**114 699**	**3 684**	**418 216**
Reclassification from long-term employee benefits	**64 543**	**74 906**	**–**	**–**	**–**	**139 449**
Benefit payments	**(165 549)**	**(46 172)**	**(11 126)**	**(146 468)**	**(21 920)**	**(391 235)**
Charge included in profit or loss	**–**	**–**	**19 158**	**158 238**	**22 392**	**199 788**
Balance at 31 August 2019	**81 251**	**74 466**	**79 876**	**126 469**	**4 156**	**366 218**

23.5 The leave pay accrual is based on actual leave days by an employee multiplied by the employee's current total daily cost to company.

23.6 The bonus accrual includes a guaranteed thirteenth cheque and an incentive bonus based on the business or group's performance. The bonus is provided for all employees who qualify in respect of the expected cash payment.

23 Employee benefits (continued)

23.7 The overtime accrual is in respect of overtime worked in August 2019 which is paid in September 2019.

23.8 **Pension and provident funds**

Three funds, which are registered and governed in terms of the Pension Funds Act, 24 of 1956, are operated by the group. These funds are:

- the Clicks Group Retirement Fund;
- the Clicks Group Negotiated Pension Fund; and
- the Clicks Group Negotiated Provident Fund.

All permanent full-time staff members in South Africa, Lesotho and Swaziland are obliged to join one of the funds.

Employees in Namibia are members of the Namflex Umbrella Pension Fund and those in Botswana are members of the Sentlhaga Pension Fund.

The funds are all defined contribution schemes and the group carries no liability in relation to these funds. All funds provide death and disability cover, while the negotiated funds also include a funeral benefit. Combined membership across the funds was 14 893 (2018: 14 816) at year-end.

23.9 **Medical aid funds**

Membership of one of the Horizon Medical Aid Scheme benefit options is actively encouraged and all existing members of Discovery Health may continue their membership.

At year-end 11 842 (2018: 2 416) South African employees were principal members of a medical aid scheme, of whom 2 189 (2018: 1 832) were principal members with Horizon, 9 583 (2018: 528) were principal members of a Discovery Health medical aid scheme and 70 (2018: 56) were principal members of various other medical aid schemes.

At year-end four (2018: six) Botswana employees were principal members with BOMaid, 14 (2018: 13) Namibian employees were principal members of Namibia Health Plan and 27 (2018: 17) Swaziland employees were principal members of Momentum.

At year-end 77.8% (2018: 30.0%) of the permanent full-time employees were members of a medical aid scheme. Increasing the health benefits available to employees will be a focus area for the group in the years ahead.

Employee and company contributions to the above funds are included in employment costs detailed in note 4.

	Group	
	2019 R'000	2018 R'000
24 Lease commitments		
Operating lease liability*	**192 894**	202 139
Operating leases with fixed escalations are charged to profit or loss on a straight-line basis.		
The associated provision will reverse during the latter part of each lease term when the actual cash flow exceeds the profit or loss charge.		
Operating lease commitments The group leases all its retail premises and certain of its pharmaceutical distribution centre sites under operating leases. The lease agreements provide for minimum payments together, in certain instances, with contingent rental payments determined on the basis of achieving a specified threshold turnover.		
Future minimum lease payments under non-cancellable operating leases due:		
– Not later than one year	**784 745**	733 697
– Later than one year, not later than five years	**1 501 899**	1 629 639
– Later than five years	**17 872**	57 531
	2 304 516	2 420 867
Future minimum lease payments receivable under non-cancellable operating leases due, which relate to Intercare Management Healthcare Proprietary Limited:		
– Not later than one year	**2 374**	3 405
– Later than one year, not later than five years	**–**	2 374
	2 374	5 779
The net future minimum lease payments under non-cancellable operating leases due:		
– Not later than one year	**782 371**	730 292
– Later than one year, not later than five years	**1 501 899**	1 627 265
– Later than five years	**17 872**	57 531
	2 302 142	2 415 088

* IFRS 16 – Leases is effective for the group for the 2020 financial year and the expected financial impact thereof is disclosed in note 36.

Generally, leases are taken out on five-year lease terms with an option to extend for a further five years in the instance of Clicks while shorter periods are committed to for Musica, The Body Shop and Claire's.

	Group 2019 R'000	Restated* 2018 R'000
25 Trade and other payables		
The following are included in trade and other payables:		
Trade payables	**5 668 481**	5 019 885
Loyalty programme deferred income (see note 25.1)	**94 733**	66 084
Refund liability	**35 998**	28 688
Non-trade payables and accruals (see note 25.2)	**1 504 280**	1 112 466
Total trade and other payables	**7 303 492**	6 227 123

* Prior-period amounts restated for the adoption of new accounting standards. Refer to note 35.

25.1 **Loyalty programme deferred income**

The deferred income relating to points is determined based on the value of unredeemed vouchers in issue, as well as the value of points on qualifying sales that have not been converted into vouchers.

Based on the historic redemption rate, it is assumed that 68% of all points in issue are ultimately redeemed.

Estimates are made based on historic trends regarding the value of points on qualifying sales that will ultimately convert into vouchers issued.

25.2 Non-trade payables and accruals consist of expense and payroll accruals, value-added tax, unredeemed gift cards and income received in advance.

26 Provisions

	2019 R'000	Restated* 2018 R'000
Provision for onerous contracts		
Balance at the beginning of the year	**4 993**	6 733
Movement in provision during the year recognised in occupancy costs	**4 106**	(1 740)
Balance at the end of the year	**9 099**	4 993
Current	**9 099**	4 993
Non-current	**–**	–
Total provisions	**9 099**	4 993

Onerous contracts are identified where the present value of future obligations in terms of the contracts in question exceeds the estimated benefits accruing to the group from the contracts. The provision relates to certain leases where the site is either vacant or the commercial activity on the site is incurring losses.

Future cash flows are determined in accordance with the contractual lease obligations and are adjusted by market-related sub-let rentals and discounted at a risk-adjusted pre-tax rate.

The provision is further reduced to the extent that a straight-line operating lease accrual has already been recognised (see note 24).

	Group 2019 R'000	2018 R'000
27 Dividends to shareholders		
Previous year final cash dividend out of distributable reserves – 277.5 cents per share paid 28 January 2019 (2018: 234 cents per share paid 29 January 2018 out of distributable reserves)	**704 707**	575 568
Current year interim cash dividend out of distributable reserves – 118.0 cents per share paid 1 July 2019 (2018: 102.5 cents per share paid 2 July 2018 out of distributable reserves)	**298 025**	260 297
"A" shares – previous year final cash dividend out of distributable reserves – 38.0 cents per share paid 28 January 2019 (2018: 32.2 cents per share paid 29 January 2018)	**5 539**	9 387
Total dividends to shareholders	**1 008 271**	845 252
Dividends on treasury shares	**(26 440)**	(31 777)
Dividends on "A" shares held in trust	**(1 325)**	(1 897)
Dividends paid outside the group	**980 506**	811 578

On 23 October 2019 the directors approved the final proposed dividend of 327.0 cents per share.

The source of such a dividend will be from distributable reserves and paid in cash and will be recognised in the statement of changes in equity in 2020.

Dividend payout ratio
The dividend payout ratio is 65%.

For further details refer to the directors' report on page 2.

28 Financial risk management

The group's activities expose it to a variety of financial risks: market risk (including currency risk, price risk, interest rate risk), credit risk and liquidity risk.

This note presents information about the group's exposure to each of the above risks, the group's objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance. The group uses derivative financial instruments to hedge certain risk exposures.

The group treasury functions within the parameters of the treasury policy and reports to a sub-committee of management.

Market risk
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the group's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The group buys derivatives to hedge economic exposures in the ordinary course of business to manage certain market risks.

28 Financial risk management (continued)

Currency risk

The group is exposed to foreign exchange risk through its imports of merchandise. The currencies in which these transactions are primarily denominated are USD, EUR, GBP and CNY. The group's treasury risk management policy is to take out forward exchange contracts, to cover both committed and anticipated exposures.

The impact of a 10% strengthening or weakening of the currency against the USD, EUR, GBP and CNY with all other variables held constant is disclosed in note 29.2. The effect of this movement is based on the outstanding forward foreign exchange contracts held by the group at year-end.

Interest rate risk

The group has interest-bearing assets and liabilities in the form of call deposits, money market investments and short-term borrowings. Interest-bearing assets and liabilities have variable rates which are impacted by market factors and expose the group to cash flow interest rate risk.

There were no material interest rate sensitivities at year-end.

Price risk

The group's primary exposure to other price risk relates to fluctuations in the share price of the company as a result of the options that have been granted to employees in terms of the long-term incentive scheme (refer to note 23.1). The group uses derivative financial instruments in the form of options to hedge exposure in respect of fluctuations in the share scheme obligation arising from movements in the company's share price. Sufficient options were purchased in order to settle the total expected future obligation. As a result of the hedging relationship, movements in the company share price will not have a material impact on either profit or loss or equity of the group.

Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises primarily from the group's receivables. Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, money market investments, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to Distribution and Retail customers, including outstanding receivables and committed transactions.

Trade and other receivables

The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. In relation to the Retail business, trade receivables primarily relate to recoverables from vendors with which the group has a trading relationship and medical aids with respect to pharmacy recoverables, while in Distribution, customers (excluding intercompany) are primarily hospitals and independent pharmacists.

In relation to the Distribution business, the risk management has been delegated to the management of the subsidiary business.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers.

Credit Guarantee Insurance Corporation of Africa Limited is utilised to cover the majority of wholesale customers with a credit balance over a predetermined amount.

Goods are sold subject to retention of title clauses in Distribution so that in the event of non-payment the group may have a secured claim.

The group establishes an allowance for impairment that represents its estimate of expected credit losses in respect of trade and other receivables.

The main components of this allowance are specific loss components that relate to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified.

The collective loss allowance is determined based on historical data of payment statistics of similar financial assets.

28 Financial 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 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 risk damage to the group's reputation. Due to the dynamic nature of the underlying businesses, group treasury maintains flexibility in funding by holding availability through credit lines. At year-end the group's total uncommitted facilities available was R2 594 million and USD44 million (2018: R2 092 million and USD44 million) of which the full balance remained undrawn (2018: Rnil drawn down).

See note 29.5 for details for maturity analysis of the group's financial liabilities.

Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders and issue new shares. The group's target of maintaining a ratio of shareholders' interest to total assets is in the range of 25% to 30%. This is obtained through achieving the group's earnings targets, management of working capital, share buy-backs and dividends.

In 2019 the shareholders' interest to total assets was 37.7% (2018: 38.3%).

29 Financial instruments

Market risk

29.1 Treasury risk management

The treasury committee meets on a regular basis to analyse currency and interest rate exposures and re-evaluate treasury management strategies.

29.2 Foreign exchange risk management

The group is exposed to foreign currency risk as it imports merchandise. This risk is mitigated by entering into forward exchange contracts. These contracts are matched with anticipated future cash flows in foreign currencies.

The group does not use forward exchange contracts for speculative purposes.

The group has measured these instruments at fair value (see note 16).

	31 August 2019				31 August 2018			
Exposure to currency risk – foreign exchange contracts	**USD '000**	**GBP '000**	**EUR '000**	**CNY '000**	USD '000	GBP '000	EUR '000	CNY '000
Forecast purchases and payables due at the end of the year	**23 077**	**7 396**	**6 689**	**98 816**	15 550	1 278	3 322	73 611
Forward exchange contracts subject to cash flow hedging	**19 144**	**3 543**	**4 624**	**102 823**	12 288	1 968	2 525	69 526
Net exposure	**3 933**	**3 853**	**2 065**	**(4 007)**	3 262	(690)	797	4 085

The following exchange rates applied during the year:

	Average rate		Reporting date mid-spot rate	
	2019	2018	**2019**	2018
USD	**14.34**	12.97	**15.32**	14.71
GBP	**18.57**	17.61	**18.82**	18.89
EUR	**16.44**	15.62	**17.08**	17.01
CNY	**2.09**	1.99	**2.13**	2.15

29 Financial instruments (continued)

29.2 Foreign exchange risk management (continued)

Foreign exchange rate sensitivity analysis

The following table details the group's sensitivity to a 10% strengthening in the South African Rand against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to management personnel and represents management's assessment of a reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and their adjusted translation for a 10% change in foreign currency rates.

	USD impact		GBP impact		EUR impact		CNY impact	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Decrease in pre-tax other comprehensive income	**(27 519)**	(15 974)	**(6 532)**	(3 474)	**(7 624)**	(3 964)	**(21 766)**	(13 791)
Increase in profit before tax	**6 025**	4 798	**(7 253)**	(1 304)	**(3 527)**	1 355	**(854)**	878

For a 10% weakening of the South African Rand against the relevant currency, there would be an increase in pre-tax other comprehensive income and decrease in profit before tax.

29.3 Fair values of financial instruments

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

		31 August 2019		31 August 2018	
		Carrying value R'000	Fair value R'000	Carrying value R'000	Fair value R'000
Financial assets					
Trade receivables (see note 18)	Amortised cost	**1 896 772**	**1 896 772**	1 742 529	1 742 529
Logistics fees receivable (see note 18)	Amortised cost	**192 545**	**192 545**	138 080	138 080
Other receivable (see note 18)	Amortised cost	**14 090**	**14 090**	26 191	26 191
Loans receivable (see note 14)	Amortised cost	**10 742**	**10 742**	24 678	24 678
Financial assets at fair value through profit or loss (see note 15)	Fair value	**75 370**	**75 370**	82 482	82 482
Cash and cash equivalents	Amortised cost	**2 613 554**	**2 613 554**	1 523 815	1 523 815
Equity derivative contracts used for cash flow hedging (see note 16)	Fair value	**209 025**	**209 025**	413 924	413 924
Forward exchange contracts used for cash flow hedging (see note 16)	Fair value	**25 312**	**25 312**	39 242	39 242
Financial liabilities					
Trade and other payables	Financial liabilities measured at amortised cost	**6 996 009**	**6 996 009**	5 990 178	5 990 178

29 Financial instruments (continued)

29.3 Fair values of financial instruments (continued)

Basis for determining fair values

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments reflected in the table above.

Derivatives

Fair values of currency and equity derivatives are calculated using standard market calculation conventions with reference to the relevant closing market spot rates, forward foreign exchange, interest rates and share price (see note 16).

Non-derivative financial assets and liabilities

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date except for the insurance cell captive where fair value is determined based on the net asset value at the reporting date.

The fair value of unit trusts is determined by reference to the quoted price in an active market.

The table below provides the valuation method of financial instruments carried at fair value. The different levels have been defined as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

29 Financial instruments (continued)

29.3 Fair values of financial instruments (continued)

Financial assets and financial liabilities measured at fair value

Group	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
2019				
Financial assets				
Financial assets at fair value through profit or loss (see note 15)	–	9 618	–	9 618
Financial assets at fair value through profit or loss (see note 15)	65 752	–	–	65 752
Equity derivative contracts used for cash flow hedging (see note 16)	–	209 025	–	209 025
Forward exchange contracts used for cash flow hedging (see note 16)	–	25 312	–	25 312
Total	65 752	243 955	–	309 707
2018				
Financial assets				
Financial assets at fair value through profit or loss (see note 15)	–	16 850	–	16 850
Financial assets at fair value through profit or loss (see note 15)	65 632	–	–	65 632
Equity derivative contracts used for cash flow hedging (see note 16)	–	413 924	–	413 924
Forward exchange contracts used for cash flow hedging (see note 16)	–	39 242	–	39 242
Total	65 632	470 016	–	535 648

There have been no transfers between levels 1, 2 and 3 during the period.

29.4 Credit risk management

Credit risk refers to the risk that a counterparty may default on its contractual obligation resulting in financial loss to the group. The group is exposed to credit risk arising from cash equivalents, a money market investment, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to Distribution and Retail customers, including outstanding receivables and committed transactions. Management has a formal credit policy in place as a means of mitigating the risk of financial loss to the group.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Carrying amount 2019 R'000	Carrying amount 2018 R'000
Derivative financial assets (see note 16)	234 337	453 166
Trade receivables (see note 18)	1 896 772	1 742 529
Logistics fees receivable (see note 18)	192 545	138 080
Other receivables (see note 18)	14 090	26 191
Cash and cash equivalents	2 613 554	1 523 815
Loans receivable (see note 14)	10 742	24 678
	4 962 040	3 908 459

29 Financial instruments (continued)

29.4 Credit risk management (continued)

Trade receivables

The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Management has a credit policy in place and exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers who purchase from the group. The group uses the expected credit loss model whereby a provision matrix is performed on the simplified method to calculate the provision.

Trade receivables can be categorised into Retail customers and Distribution customers.

	Carrying amount	
	2019 R'000	2018 R'000
Retail customers	**103 118**	101 725
Distribution customers	**1 793 654**	1 640 804
	1 896 772	1 742 529

Expected credit loss model

At each reporting date the group performs an impairment analysis using a provision matrix to determine the expected credit loss of trade receivables. The receivables balances are disaggregated according to similar characteristics and loss patterns, being pharmacy and wholesale debtors. The group used historical loss rates, adjusted for forward-looking information as per the group's accounting policy to determine the loss rate as outlined below.

The group's trade receivables are stated net of impairment losses. An analysis of impairment losses are as follows:

	Retail		Distribution	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Balance at the beginning of the year	**(9 013)**	(8 000)	**(18 597)**	(22 599)
Impairment recovery/(allowance) recognised/derecognised during the year	**3 678**	(1 013)	**(5 977)**	(4 102)
Trade receivables written off during the year as uncollectible	**–**	–	**6 631**	8 104
Balance at the end of the year	**(5 335)**	(9 013)	**(17 943)**	(18 597)

The creation of impairment losses have been included in note 18.

Amounts charged to the allowance account are generally written off to profit or loss when there is no expectation of recovery.

Retail customers

The ageing of trade receivables at the reporting date was:

	2019				2018			
	Loss rate (%)	Estimated gross carrying amount at default R'000	Expected credit loss R'000	Net R'000	Loss rate (%)	Estimated gross carrying amount at default R'000	Expected credit loss R'000	Net R'000
Not past due	**4.9**	**108 453**	**(5 335)**	**103 118**	8.1	110 738	(9 013)	101 725
Past due 0 – 30 days	**–**	**–**	**–**	**–**	–	–	–	–
Past due more than 31 days	**–**	**–**	**–**	**–**	–	–	–	–
Total		**108 453**	**(5 335)**	**103 118**		110 738	(9 013)	101 725

Retail trade receivables mainly relate to receivables from medical aids with respect to pharmacy debtors.

Trade debtors are classified as past due when they have passed their payment date by one day.

29 Financial instruments (continued)

29.4 Credit risk management (continued)

Distribution customers

The ageing of trade receivables at the reporting date was:

	2019				2018			
	Loss rate (%)	Estimated gross carrying amount at default R'000	Expected credit loss R'000	Net R'000	Loss rate (%)	Estimated gross carrying amount at default R'000	Expected credit loss R'000	Net R'000
Not past due	–	1 522 971	–	1 522 971	–	1 530 085	–	1 530 085
Past due 0 – 30 days	0.3	216 861	(584)	216 277	0.7	111 477	(758)	110 719
Past due more than 31 days	24.2	71 765	(17 359)	54 406	100	17 839	(17 839)	–
Total		1 811 597	(17 943)	1 793 654		1 659 401	(18 597)	1 640 804

Distribution customers are primarily hospitals and independent pharmacists. The Distribution business minimises its exposure to credit risk by insuring debtors with balances greater than a predetermined amount. There is an excess (which varies between hospitals and independent pharmacists) that is carried by the Distribution business with the balance being covered by Credit Guarantee Insurance Corporation of Africa Limited. Past due more than 31 days in the current year includes amounts of R49.3 million owing from listed entities for which there is low credit risk.

The split between insured and uninsured debtors is as follows:

	Gross amount	
	2019 R'000	2018 R'000
Insured	1 807 918	1 654 919
Uninsured	3 679	4 482
	1 811 597	1 659 401

Uninsured debtors consist mainly of a concentration of debtors with a monthly turnover of less than R40 000 and low-risk debtors such as government debtors.

The increase in the uninsured portion is as a result of a business decision to increase the excess in relation to insured debtors.

The exposure to credit risk in respect of these debtors is managed through credit evaluations.

Cash and cash equivalents
The group's banking facilities are with reputable institutions, all of which have a strong credit rating.

Other loans
Other loans are reviewed at least on an annual basis to assess their recoverability. The Sign and Seal Trading 205 Proprietary Limited (Style Studio) loan was fully impaired during the current financial year.

29 Financial instruments (continued)

29.5 Liquidity risk management

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 risk damage to the group's reputation.

Liquidity and interest risk tables

The following tables detail the group's remaining contractual maturity for its financial liabilities, including interest payments and excluding the impact of netting agreements:

	Carrying amount R'000	Contractual cash flows R'000	One year or less R'000
2019			
Liabilities			
Trade and other payables	**6 996 009**	**6 996 009**	**6 996 009**
	6 996 009	**6 996 009**	**6 996 009**
2018			
Liabilities			
Trade and other payables	5 990 178	5 990 178	5 990 178
	5 990 178	5 990 178	5 990 178

30 Capital commitments

	Group	
	2019 R'000	2018 R'000
Capital expenditure approved by the directors		
Contracted	**126 410**	133 337
Not contracted	**591 420**	565 612
	717 830	698 949

The capital expenditure will be financed from borrowings and internally generated funds.

31 Financial guarantees

Group companies provide surety for other group companies to the value of R2 594 million and USD44 million (2018: R2 092 million and USD44 million) with respect to facilities held with various banks. At year-end these facilities had no drawings by group companies (2018: Rnil). The fair values of the financial guarantees are considered negligible.

32 Related party transactions

32.1 Group

Clicks Group Limited is the ultimate holding company of the group.

Transactions between group subsidiaries

During the year, in the ordinary course of business, certain companies within the group entered into transactions with one another. These intragroup transactions have been eliminated on consolidation. For a list of the group's subsidiaries, see page 71.

Related party transactions include:

(i) dividends paid and received from subsidiary companies and associates;
(ii) interest received from or paid to subsidiary companies;
(iii) loans to or from subsidiary companies;
(iv) sale of goods between subsidiary companies; and
(v) repurchase of "A" ordinary shares from the Employee Share Ownership Trust.

Directors and key management

Certain non-executive directors are also non-executive directors of other public companies which transact with the group. The relevant directors do not believe that they have control, joint control or significant influence over the financial or operating policies of those companies.

Executive directors' employment contracts do not provide for a defined period of employment, but specify a notice period for the chief executive officer of 12 months and six months for the other executive directors. During this notice period, all standard benefits accrue to the directors in question. Contracts do not provide for predetermined compensation on termination other than that accorded to employees in terms of the group's remuneration policies.

Employee benefits paid to directors and key management personnel are detailed in note 4.

Shares held by directors and their related entities

The audited percentage of shares held by directors of the company at year-end is disclosed on page 73.

	Group	
	2019 R'000	2018 R'000
Transactions with Sorbet Brands Proprietary Limited		
Dividends received	**2 362**	2 233
Management fee received	**2 160**	1 688
Royalties paid	**6 713**	4 105
Other related parties The group has identified The Clicks Helping Hand Trust as a related party because of the group's involvement in the charitable and developmental activities of the trust. The group has not consolidated the trust as it is not exposed to variable returns from them and any non-financial benefit is considered to be insignificant. The total net assets for the trust is R191 492 (2018: R33 457) with a net profit of R158 035 (2018: R2 433 596 net loss). Donations to the trust during the year from subsidiary companies were:		
The Clicks Helping Hand Trust	**10 988**	9 562

No financial benefits were derived by the group from this relationship.

Contributions to pension and provident funds

Contributions paid to pension and provident funds are included in note 4 and additional information in note 23.

	Company 2019 R'000	Company 2018 R'000
32 Related party transactions (continued)		
32.2 Company		
The company has the following related party transactions:		
32.2.1 Dividends received		
New Clicks South Africa Proprietary Limited	**1 109 258**	845 300
Total dividends received from related parties	**1 109 258**	845 300
32.2.2 Dividends paid		
New Clicks South Africa Proprietary Limited	**26 440**	31 777
Clicks Group Employee Share Ownership Trust	**5 539**	9 387
Total dividends paid to related parties	**31 979**	41 164
32.2.3 Loans to subsidiary companies		
New Clicks South Africa Proprietary Limited	**2 858 185**	1 165 199
Clicks Group Employee Share Ownership Trust	**–**	146
Clicks Centurion Proprietary Limited	**9 000**	9 000
	2 867 185	1 174 345

32.2.4 Repurchase of 14 576 648 (2018: 14 576 647) ordinary "A" shares from the Employee Share Ownership Trust.

32.2.5 Issue of 261 396 (2018: 284 155) Clicks Group Limited ordinary shares to the New Clicks Foundation Trust through the unwind of the scheme.

A schedule of the loans and investments in related parties is included on page 71.

Details regarding dividends relating to treasury shares are included in note 27.

33 Borrowing powers

In terms of the memorandum of incorporation, the borrowing powers of the company are unlimited.

34 Operating segments

The group has identified two reportable segments, as described below.

For each of the operating brands, the group's chief decision-makers review internal management reports on a monthly basis. The following describes the operations in each of the group's reportable segments:

Retail
Retail comprises Clicks, a specialist health, beauty and homeware retailer; Claires, a speciality retailer of fashionable jewellery and accessories at affordable prices; GNC, a speciality retailer of health and wellness products; Musica, a retailer of entertainment-related merchandise; and The Body Shop, which specialises in naturally inspired luxury toiletries, cosmetics, gifting and grooming, with stores in the Republic of South Africa, Namibia, Swaziland, Botswana and Lesotho.

Distribution
UPD is a national full-range pharmaceutical wholesaler and also provides distribution capability for the Clicks Group. UPD operates within the Republic of South Africa and in Botswana.

The information regarding the results of each reportable segment is included on pages 16 and 17. Performance is measured based on segment operating profit, as included in the internal management reports that are reviewed by the group's chief operating decision-makers. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment transactions are on an arm's length basis.

Major customers
There are no external customers that account for more than 10% of the group's revenue.

35 Comparative information restated

Prior-period error

The group uses derivative financial instruments (options) to hedge its exposure to the cash flow risk arising on its cash-settled share-based compensation schemes. These options have been designated as hedging instruments and hedge accounting has been applied. In prior periods the group incorrectly classified the cash flows from these derivatives as financing activities; however, in terms of IAS 39.IG.G.2, "cash flows arising from hedging instruments are classified as operating, investing or financing activities, on the basis of the classification of the cash flows arising from the hedged item". The cash flows should have been classified as operating activities as the cash flows of the related hedged items have been included in operating activities (employee costs). This is in accordance with IAS 7.16 which states that "when a contract is accounted for as a hedge of an identifiable position the cash flows of the contract are classified in the same manner as the cash flows of the position being hedged".

The effect of the restatement on the financial statements is summarised below.

R'000	2018 As previously reported	Adjustment	2018 Restated
Consolidated statement of cash flows			
Cash effects from operating activities			
Acquisition of derivative financial asset used to hedge the long-term incentive scheme	–	(83 115)	(83 115)
Settlement of derivative financial asset used to hedge the long-term incentive scheme	–	190 848	190 848
Net cash effects from operating activities	1 392 937	107 733	1 500 670
Cash effects from financing activities			
Acquisition of derivative financial asset used to hedge the long-term incentive scheme	(83 115)	83 115	–
Settlement of derivative financial asset used to hedge the long-term incentive scheme	190 848	(190 848)	–
Net cash effects from financing activities	157 305	(107 733)	49 572

Adoption of new accounting standards

The statements of financial position at 31 August 2018, the statements of comprehensive income, changes in equity and cash flows for the year then ended have been restated as a result of the adoption of IFRS 15 and IFRS 9.

IFRS 15

The IFRS 15 restatement applies to the revenue as disclosed below:

R'000	2019	2018 Restated
Revenue from contracts with customers		
Goods sold to customers	31 352 109	29 239 054
Other income	1 960 480	1 717 147
Distribution and logistics fees	927 015	792 482
Cost recoveries and other	1 033 465	924 665
	33 312 589	30 956 201

The group adopted IFRS 15 – Revenue from Contracts with Customers, which provides a five-step model for the recognition, measurement and disclosure of revenue arising from contracts with customers. The group has elected to apply the new standard on a full retrospective basis. The group recognises revenue when goods are sold to the customer at the consideration received.

The sale of certain items provides customers with a right of return. When contracts provide customers with a right to return goods, the group recognises a refund liability in trade and other payables and an asset for the right to recover products from a customer in inventories with the difference recognised in retained earnings. The movement in the refund liability was recognised in sales and the right of return asset in cost of sales in the comparative periods. The adjustments resulted in a deferred tax asset being raised.

35 Comparative information restated (continued)

IFRS 9

The group adopted IFRS 9 – Financial Instruments. The standard covers the recognition, derecognition, classification and measurement of financial instruments, provides guidance on hedge accounting and provides an expected credit loss model to determine the impairment provision of financial assets. The group has elected to apply the new standard on a full retrospective basis.

Classification and measurement

IFRS 9 requires all financial assets to be classified and measured on the basis of the group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Management has assessed the business models which apply to the financial assets held by the group and the financial instruments have been classified into the appropriate IFRS 9 categories.

The classification and measurement requirements of IFRS 9 did not have a significant impact to the group. The group continued measuring at fair value all financial assets previously held at fair value under IAS 39. Trade receivables classified as loans and receivables as at 31 August 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as debt instruments at amortised cost beginning 1 September 2018.

Hedge accounting

The group has elected to adopt hedge accounting in accordance with IFRS 9 at the date of the initial application. The group applied hedge accounting prospectively, except as stated below.

Since the adoption of IFRS 9, the group recognises changes in the fair value of foreign currency forwards attributable to forward points in the costs of hedging reserve within equity. The deferred costs of hedging are included within the initial cost of the related hedged item (inventory) when it is recognised. This change has been applied retrospectively for foreign currency forwards in cash flow hedge relationships resulting in the adjustments as per the table noted below.

Costs of hedging (forward element) related to forward exchange contracts on foreign purchases previously recognised at fair value through profit or loss are now recognised in other comprehensive income and are recognised in a separate reserve, cost of hedging reserve. The basis adjustment is subsequently reclassified directly from equity. Consequently, cost of sales is increased for the year ended 31 August 2018, since the costs of hedging were previously recognised in cost of sales.

Impairment

The adoption of IFRS 9 has changed the group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the group to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets. No material differences have been identified between the impairment allowances determined in accordance with IAS 39 and the loss allowances determined in accordance with IFRS 9 for the current period and previous periods.

R'000	31 August 2018	IFRS 15	IFRS 9	2018 Restated
Consolidated statement of financial position				
Non-current assets				
Deferred tax asset	477 352	1 256	–	478 608
Current assets				
Inventory	4 227 336	23 571	–	4 250 907
Equity				
Distributable reserve	3 953 831	(3 861)	4 482	3 954 452
Cost of hedging reserve	–	–	(4 482)	(4 482)
Current liabilities				
Trade and other payables	6 198 435	28 688	–	6 227 123
Consolidated statement of comprehensive income				
Turnover	29 239 688	(634)	–	29 239 054
Cost of sales	(23 062 579)	318	(8 941)	(23 071 202)
Income tax expense	(569 790)	(88)	2 503	(567 375)
Other comprehensive (loss)/income:				
Cash flow hedges	58 154		6 269	64 423
Change in fair value of effective portion	80 770		8 706	89 476
Deferred tax on movement of effective portion	(22 616)		(2 437)	(25 053)
Consolidated cash flow statement				
Operating cash flow before working capital changes	2 273 606	(316)	(8 941)	2 264 349
Working capital changes	181 949	316	8 941	191 206

35 Comparative information restated (continued)

R'000	31 August 2017	IFRS 15	IFRS 9	2017 Restated
Consolidated statement of financial position				
Non-current assets				
Deferred tax asset	572 223	1 344	–	573 567
Current assets				
Inventory	3 753 794	23 253	–	3 777 047
Equity				
Distributable reserve	3 234 710	(3 456)	10 919	3 242 173
Cost of hedging reserve	–	–	(10 919)	(10 919)
Current liabilities				
Trade and other payables	5 475 182	28 053	–	5 503 235

In the group's interim financial statements, the basis adjustment to include deferred gains/losses on hedging instruments directly in inventory was incorrectly shown as a reclassification adjustment through other comprehensive income. This error had no impact on reported profit for the year, or total equity, and will be corrected in the group's next interim financial statements.

36 IFRS 16

The group will adopt IFRS 16 – Leases, on a full retrospective basis, during the financial year ending 31 August 2020, with the date of initial application being 1 September 2019.

IFRS 16 was issued and published by the IASB in January 2016 and replaces IAS 17 – Leases. It requires lessees to make use of a single lease accounting model to recognise a right-of-use asset for all qualifying leases and a corresponding lease liability as the present value of all future payments as opposed to a straight-lining expense in terms of IAS 17. IFRS 16 sets out the principles for recognition, measurement, presentation and disclosure of leases.

The group has an extensive portfolio of leases across its retail stores. IFRS 16 will have a material impact on the group's statement of financial position, statement of comprehensive income, disclosure in the statement of cash flows and the notes to the annual financial statements. The adoption of the standard will result in changes to property, plant and equipment, operating lease liabilities, deferred tax, depreciation, finance cost and income tax expense.

The expected impact on the financial statements of the above restatements are as follows:

R'000	As reported	Expected IFRS 16 impact	Expected IFRS 16 adjusted
2018			
Consolidated statement of financial position			
Non-current assets			
Right-of-use asset	–	1 795 868	1 795 868
Deferred tax asset	478 608	39 450	518 058
Current assets			
Trade and other receivables	2 331 531	(74 638)	2 256 893
Equity			
Distributable reserve	3 954 452	(101 443)	3 853 009
Foreign currency translation reserve	8 486	(1 521)	6 965
Non-current liabilities			
Operating lease liability	202 139	(202 139)	–
Lease liability	–	1 256 761	1 256 761
Current liability			
Lease liability	–	814 015	814 015
Provisions	4 993	(4 993)	–

36 IFRS 16 (continued)

R'000	As reported	Expected IFRS 16 impact	Expected IFRS 16 adjusted
2019			
Consolidated statement of financial position			
Non-current assets			
Right-of-use asset	–	2 046 014	2 046 014
Deferred tax asset	47 136	47 924	95 060
Current assets			
Trade and other receivables	2 646 612	(79 489)	2 567 123
Equity			
Distributable reserve	4 734 171	(123 235)	4 610 936
Foreign currency translation reserve	7 331	(2 588)	4 743
Non-current liabilities			
Operating lease liability	192 894	(192 894)	–
Lease liability	–	1 489 563	1 489 563
Current liability			
Lease liability	–	852 702	852 702
Provisions	9 099	(9 099)	–
Consolidated statement of comprehensive income			
Depreciation and amortisation	(368 865)	(636 133)	(1 004 998)
Occupancy costs	(1 011 396)	821 277	(190 119)
Financial expense	(23 765)	(215 410)	(239 175)
Income tax expense	(660 589)	8 474	(652 115)
Other comprehensive income			
Exchange differences on translation of foreign subsidiaries	(1 155)	(1 067)	(2 222)
Earnings per share			
Profit attributable to equity holders of the parent	1 702 914	(21 792)	1 681 122
Earnings per share (cents per share)	683.6	(8.8)	674.8
Diluted earnings per share (cents per share)	671.8	(8.6)	663.2
Consolidated cash flow statement			
Cash effects from operating activities			
Profit before working capital changes	2 732 810	830 522	3 563 332
Working capital changes	202 684	745	203 429
Cash effects from financing activities			
Repayment of lease liability	–	(831 267)	(831 267)
Notes to the consolidated statement of cash flows			
Profit before working capital changes			
Profit before tax	2 363 503	(30 266)	2 333 237
Net financing cost – lease liability	–	215 410	215 410
Depreciation and amortisation	400 192	636 133	1 036 325
Movement in operating lease liability	(9 245)	9 245	–
Working capital changes			
Increase in trade and other receivables	(315 081)	4 851	(310 230)
Increase in provisions	4 106	(4 106)	–