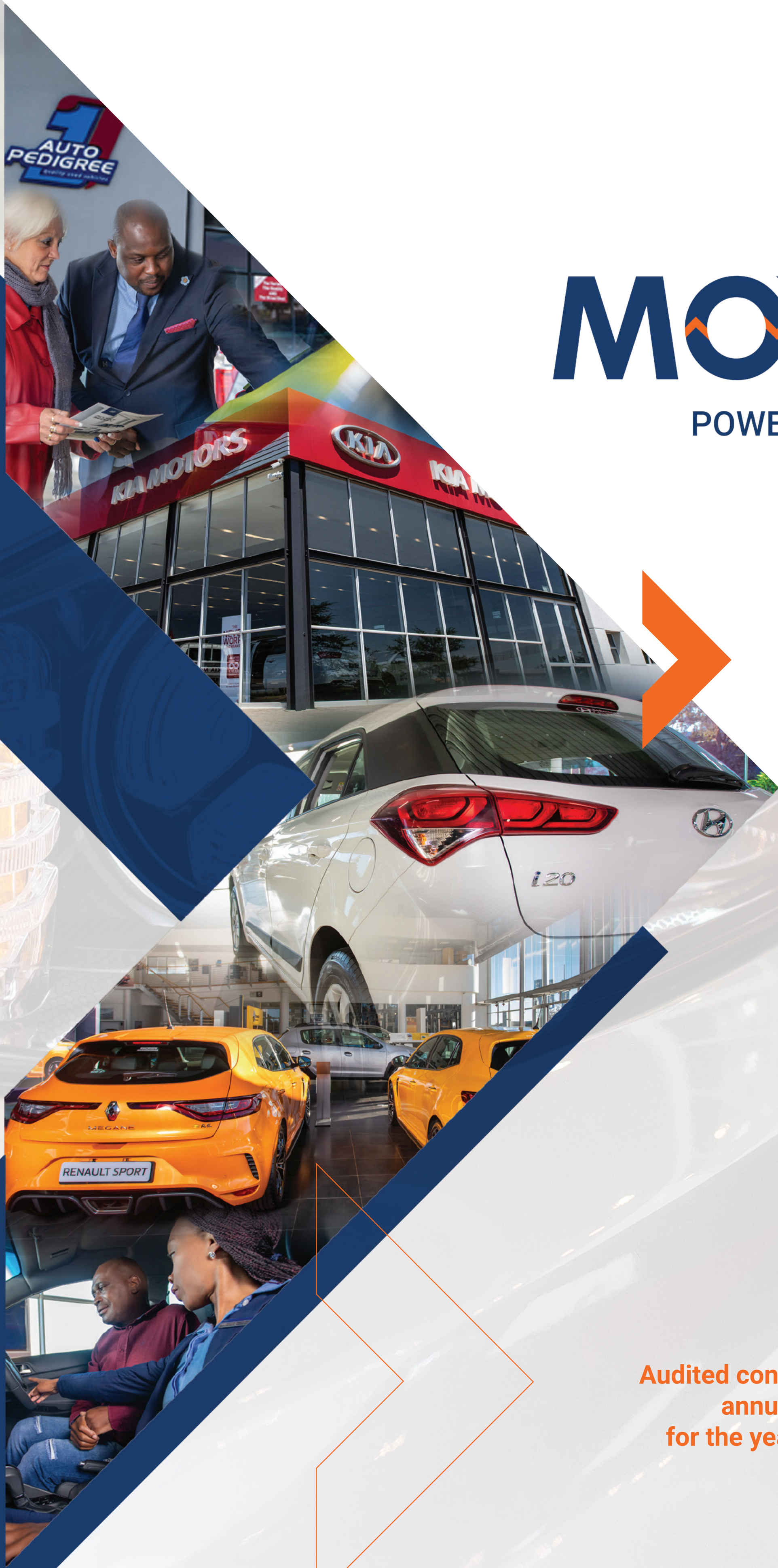

MOTUS

POWERING PROGRESS

Audited consolidated and separate annual financial statements for the year ended 30 June 2019

Key company information

Motus Holdings Limited
Incorporated in the Republic of South Africa

Registration number:
2017/451730/06

ISIN:
ZAE000261913

JSE Main Board:
Specialty retailers

Listing date:
22 November 2018

Share code:
MTH

"Motus" or "the company"

http://www.linkedin.com/company/motus

Stakeholders can access the Group's interim and annual financial results announcements and presentations online at

https://www.motuscorp.co.za/presentations/

or scan the QR code to be taken there directly:

www.motuscorp.co.za

Feedback

We value feedback from our stakeholders and use it to ensure that we are reporting appropriately on the issues that are most relevant to them.

Please take the time to give us your feedback on this report.

Email: nvarty@motuscorp.co.za

Contents

The reports and statements set out below comprise the consolidated and separate annual financial statements for the year ended 30 June 2019.

Financial statements

Preparer of the consolidated and separate annual financial statements

The consolidated and separate annual financial statements have been prepared under the supervision of Mr OJ Janse van Rensburg, CA(SA).

OJ Janse van Rensburg
Chief Financial Officer

26 August 2019

Directors' responsibility and approval

The directors of Motus Holdings Limited ("Motus") are responsible for the maintenance of adequate accounting records and the preparation and integrity of the consolidated and separate annual financial statements for Motus and related information. The consolidated and separate annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and its interpretations adopted by the International Accounting Standards Board in issue and effective for Motus at 30 June 2019 and the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council ("FRSC"), the Companies Act of South Africa, No 71 of 2008, and the JSE Listings Requirements.

Motus' independent external auditors, Deloitte & Touche have audited the consolidated and separate annual financial statements for 30 June 2019, in conformity with International Standards on Auditing. The unmodified report is on pages 13 to 15.

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

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

The consolidated and separate annual financial statements set out on pages 16 to 95 were approved by the board of directors on 26 August 2019 and are signed on their behalf by:

GW Dempster
Chairman

OS Arbee
Chief Executive Officer

OJ Janse van Rensburg
Chief Financial Officer

The financial statements are available on the Motus website www.motuscorp.co.za

Certificate by the Company Secretary

In my capacity as Company Secretary, I hereby confirm that, in respect of the year under review, the company has lodged with the Registrar of companies all such returns and notices as are required in terms of section 88(2)(e) of the Companies Act of South Africa, No 71 of 2008, as amended and that all such returns are true, correct and up to date.

JK Jefferies
Company Secretary

26 August 2019

Directors' report

NATURE OF BUSINESS

Motus Holdings Limited ("Motus") is a South African-based holding company with a selected international presence mainly in the United Kingdom ("UK"), Australia, South East Asia and Southern Africa. Through its subsidiaries and associates, it operates as a diversified (non-manufacturing) business in the automotive sector. Motus participates in the entire automotive value chain through its four business segments namely: Import and Distribution, Retail and Rental, Motor-Related Financial Services and Aftermarket Parts.

The activities of Motus' business segments are described below:

- Import and Distribution: Exclusive South African importer of international vehicle brands such as Hyundai, Kia, Renault and Mitsubishi.
- Retail and Rental: Retails passenger and commercial vehicles in South Africa, the UK and Australia. Rents vehicles through car rental outlets in South Africa and neighbouring countries.
- Motor-Related Financial Services: Manages and administers, service, maintenance and warranty plans for vehicles and develops and sells value added products and services. Provides fleet management services, runs an innovation hub and operates a call centre.
- Aftermarket Parts: Distributor, wholesaler and retailer of accessories and aftermarket parts for vehicles through owned branches, retail stores, a network of franchised outlets and specialised workshops.

UNBUNDLING FROM IMPERIAL HOLDINGS LIMITED

The unbundling of Motus was approved by the shareholders of Imperial Holdings Limited ("Imperial shareholders") on 30 October 2018 and was effected through a distribution in specie of the shares in Motus to Imperial shareholders in terms of section 46 of the Companies Act of South Africa No 71 of 2008, as amended and section 46 of the Income Tax Act of South Africa, No 58 of 1962. Motus was subsequently listed on the Johannesburg Stock Exchange ("JSE"). Imperial Holdings Limited ("Imperial") subsequently changed its name post-unbundling to Imperial Logistics Limited.

LISTING

Motus listed on the main board of the JSE under the Speciality Retail sector under the share code MTH with effect from 22 November 2018.

FINANCIAL RESULTS AND REVIEW

Motus has had a profitable year despite facing challenging economic and market conditions in South Africa and internationally.

Net attributable profit to the owners of Motus for the year amounted to R1 868 million (2018: R2 346 million). Basic earnings per share for the year was 953 cents (2018: 1 162 cents).

The financial results of Motus are set out on pages 16 to 95 and the segment financial position and profit and loss appear on pages 22 to 27.

Commentary on the results is contained in the integrated report which can be found on the Motus website www.motuscorp.co.za.

CAPITAL EXPENDITURE

As a result of acquisitions of property, plant and equipment, and intangible assets during the year, net capital expenditure amounted to R592 million (2018: R(756) million), after proceeds on disposals of R306 million (2018: R1 368 million).

The above capital expenditure does not include vehicles for hire. Additions to vehicles for hire are included in operating cash flows and details are disclosed in the consolidated statement of cash flows. Net capital expenditure on vehicles for hire amounted to R318 million (2018: R1 079 million).

Details on future commitments, excluding vehicles for hire, are provided in note 10.2 – Capital expenditure commitments.

DIVIDENDS

Details of dividends are set out in note 5.3.

Directors' report continued

DIRECTORS

The composition of the board of directors for the year under review and up to the date of this report is as follows:

Independent non-executive directors

	Appointment date	Nationality
GW Dempster *(Chairman)*	01 August 2018	South African
P Langeni	01 August 2018	South African
S Mayet	22 November 2018	South African
K Moloko	22 November 2018	South African
MJN Njeke	22 November 2018	South African
RJA Sparks	17 September 2018 (resigned: 22 November 2018)	South African
T Skweyiya	17 September 2018 (resigned: 22 November 2018)	South African

Non-executive director

	Appointment date	Nationality
A Tugendhaft	01 August 2018	South African

Executive directors

	Appointment date	Nationality
OS Arbee	12 October 2017	South African
OJ Janse van Rensburg	12 October 2017	South African
KA Cassel	01 July 2019	South African

The remuneration paid to directors and interests of directors are disclosed in notes 11.1 to 11.5.

The board of directors has satisfied itself that the Chief Financial Officer, Mr OJ Janse van Rensburg, has the appropriate qualifications, expertise and experience with which to fulfil his duties. In addition, the board has satisfied itself that the composition, expertise and skills set of the finance function are appropriate.

COMPANY SECRETARY

The Company Secretary during the financial year was Rohan Venter. He resigned effective 30 June 2019. Mrs JK Jefferies has been appointed as the Company Secretary effective 1 July 2019. The board of directors has satisfied itself that Mrs JK Jefferies has the appropriate qualifications, expertise and experience with which to fulfil her duties.

The Company Secretary's contact details, and the business and postal addresses of Motus appear on page 96.

AUDITORS

Deloitte & Touche were appointed as auditors of Motus and will continue in office in accordance with section 94(7) of the Companies Act of South Africa, No 71 of 2008.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Details of interests in subsidiaries are shown in Annexure A – Interests in subsidiaries. Details of interests in associates and joint ventures are in note 2.3 – Investments in associates and joint ventures.

With effect from December 2018, Motus acquired Ford dealerships in Pentagon Motor Holdings Limited in the United Kingdom. The acquisitions related to the purchase of the underlying assets and liabilities of the businesses, which were absorbed into Motus Group (UK) Proprietary Limited as operating divisions. Details of all acquisitions are included in note 2.5.

STATED CAPITAL

Further details of the authorised and issued stated capital of the company are provided in note 5.1.

EVENTS AFTER THE REPORTING PERIOD

On 1 July 2019, Motus acquired 100% shareholding in F&G Holdings Group and F&G Commercial in the United Kingdom for R281 million resulting in goodwill of R132 million. The Group comprises four DAF dealerships along with a commercial body-building operation and a vehicle repair centre. For further details, see note 13.

On 26 August 2019, Motus Holdings Limited declared a dividend of R491 million (250 cents per share) to its shareholders.

GOING CONCERN

The directors have reviewed the Group and company budgets, cash flow forecasts and the solvency and liquidity positions and have satisfied themselves that the Group and company are in a sound financial position and have access to adequate resources to meet its foreseeable obligations.

The consolidated statement of financial position as at 30 June 2019 reports a positive total equity balance of R11 838 million (2018: R11 644 million) and net interest-bearing debt of R6 618 million (2018: R5 900 million). The net interest-bearing debt is covered by facilities of R15 185 million as disclosed in note 6.1.

On the basis of this review, the Motus directors have concluded that there is a reasonable expectation that the Group and company will continue to meet its obligations as they fall due for at least the next 12 months from the date of approval of these annual financial statements.

The directors consider it appropriate to adopt the going concern assumption in preparing the consolidated and separate annual financial statements.

BORROWING POWERS

In terms of the memorandum of incorporation ("MOI"), the borrowing powers of the company are unlimited. Any borrowings by the Group are subject to the provisions of Motus' treasury policy, being a net debt-to-equity range of between 55% and 75%, and the Companies Act of South Africa, No 71 of 2008, as amended. The details of borrowings appear in note 6.1 – Interest-bearing debt.

SPECIAL RESOLUTIONS

The company passed the following special resolutions, the nature of which might be significant to the shareholders in their appreciation of the state of affairs of Motus:

- Approving non-executive directors' fees payable for the periods July 2019 to June 2020 and July 2020 to the next annual general meeting;
- General authority to repurchase company securities;
- Authority to issue ordinary shares;
- Authority to provide financial assistance in terms of section 44 of the Companies Act of South Africa, No 71 of 2008; and
- Authority to provide financial assistance in terms of section 45 of the Companies Act of South Africa, No 71 of 2008.

A register of special resolutions passed is available to the shareholders on request. There were no other special resolutions passed by subsidiary companies during the year under review that affect the understanding of the company and its subsidiaries.

Audit and risk committee report

The audit and risk committee has pleasure in submitting this report, which has been approved by the board and has been prepared incorporating the recommendations of the King Code of Corporate Governance ("King IV™*").

In summary, this committee assists the board in its responsibilities covering the:
> internal and external audit processes for Motus, taking into account the significant risks;
> adequacy and functioning of the Motus' internal controls; and
> integrity of the financial reporting.

The audit and risk committee has performed all the duties required.

MEMBERS OF THE AUDIT AND RISK COMMITTEE AND ATTENDANCE OF THE MEETINGS

The audit and risk committee meets at least four times per annum in accordance with its charter. All members act independently as described in the Companies Act of South Africa No 71 of 2008. The members comprise Mr S Mayet (Chairman), Ms P Langeni and Mrs K Moloko.

During the year under review, two meetings were held prior to the unbundling as covered by the Imperial Holdings audit committee.

Post the unbundling, two meetings were held by the audit and risk committee and attendance of those meetings are set out in the table below.

	Meetings attended
Mr S Mayet *(Chairman)*	2
Ms P Langeni	2
Mrs K Moloko	2

The head of the internal audit department and the external auditors, attend and report at all audit and risk committee meetings. Motus' risk management function is also represented by the head of risk. Executive directors and relevant senior financial managers attend meetings by invitation.

QUALIFICATIONS AND EXPERIENCE OF THE MEMBERS OF THE AUDIT AND RISK COMMITTEE

> Mr S Mayet was appointed to the Motus board on 22 November 2018 and is the chairman of the audit and risk committee. He is a finance professional with well over three decades of experience in the Anglo American Group in South Africa. Prior to his retirement at the end of March 2019, he was an executive director of Anglo American South Africa and for the last 11 years of his career held the position of Head of Finance. He was also an integral member of the executive team providing key leadership, direction and strategy to the South African corporate office and region. He has held several listed and unlisted board positions and brings with him extensive experience across the full spectrum of corporate activities. He currently serves as an independent non-executive director of Astral Foods Limited.
> Mrs P Langeni has a BCom (Acc), BCom (Hons), MCom. She is executive chairman of Afropulse Proprietary Limited, non-executive chairman of the Mineworkers Investment Company Proprietary Limited and Primedia Holdings. She is also a non-executive director on various companies listed on the JSE. Mrs Langeni was appointed on 16 April 2018 by His Excellency Cyril Ramaphosa, the President of the Republic of South Africa, as one of four special investment envoys tasked with raising USD100 billion over a five-year period.
> Mrs K Moloko is a Chartered Accountant and a Quantity Surveyor and started her career with Grinaker Building, Dawson & Frazer and CP De Leeuw Quantity Surveyors. She completed articles at KPMG working in the financial services and tax divisions and thereafter worked as development executive at Spearhead Properties and as a fixed interest credit analyst and a member of the credit committee of Coronation Fund Managers. She currently serves an independent non-executive director of Attacq Limited, Brimstone Investment Corporation Limited and Long4Life Limited.

ROLE OF THE AUDIT AND RISK COMMITTEE

The audit and risk committee has adopted a formal charter, approved by the board, setting out its duties and responsibilities as prescribed in the Companies Act of South Africa, No 71 of 2008 and incorporating additional duties delegated to it by the board.

The audit and risk committee:
> fulfils the duties that are assigned to it by the Companies Act of South Africa, No 71 of 2008 and as governed by other legislative requirements, including the statutory audit committee functions required for subsidiary companies;
> assists the board in overseeing the quality and integrity of Motus' integrated reporting process, including the financial statements, sustainability reporting and announcements in respect of the financial results;
> ensures that an effective control environment in Motus is maintained;
> reviews and recommends to the board of directors, the interim and annual financial statements;
> provides the Chief Financial Officer, external auditors and the head of internal audit with unrestricted access to the audit and risk committee and its chairman as is required in relation to any matter falling within the ambit of the audit and risk committee;
> meets with the external auditors, senior managers and executive directors as the audit and risk committee may elect;
> meets confidentially with the internal and external auditors without other executive board members and the company's Chief Financial Officer being present;
> oversees the activities of, and ensures co-ordination between the activities of the internal and external auditors;
> receives and deals with any complaints concerning accounting practices, internal audit or the content and audit of its annual financial statements or related matters;
> conducts annual reviews of the audit and risk committee's work and terms of reference; and
> assesses the performance and effectiveness of the audit and risk committee and its members on a regular basis.

EXECUTION OF FUNCTIONS DURING THE YEAR

The audit and risk committee is satisfied that, for the 2019 financial year, it has performed all the functions required to be performed by an audit and risk committee as set out in the Companies Act of South Africa, No 71 of 2008. The audit and risk committee's terms of reference are as follows:

External audit

The audit and risk committee among other matters:

> nominated Deloitte & Touche and Mr JM Bierman as the external auditor and designated audit partner, respectively to the shareholders for appointment as auditor for the financial year ended 30 June 2019 and ensured that the appointment complied with all applicable legal and regulatory requirements for the appointment of an auditor;
> nominated the external auditor for each material subsidiary company for reappointment;
> reviewed the audit effectiveness and evaluated the external auditor's internal quality control procedures;
> obtained an annual confirmation from the auditor that their independence was not impaired;
> maintained a policy setting out the categories of non-audit services that the external auditor may and may not provide, split between permitted, permissible and prohibited services;
> approved non-audit services performed by Deloitte & Touche on an individual basis prior to any engagement, in accordance with the audit and risk committee's policy. Non-audit services are generally limited to assignments that are closely related to the annual audit or where the work is of such a nature that a detailed understanding of Motus is required. Fees for non-audit services incurred during the year amounted to R2 million (2018: R2 million);
> approved the external audit engagement letter, the plan and the audit fees payable to the external auditor;
> satisfied itself as to the qualifications and competence of Deloitte & Touche;
> obtained assurances from the external auditor that adequate accounting records were being maintained by the company and its material subsidiaries;
> considered whether any reportable irregularities were identified and reported by the external auditor in terms of the Auditing Profession Act, No 26 of 2005;
> considered any reported control weaknesses, management's response for their improvement and assessed their impact on the general control environment;
> considered the tenure of the external auditor and found it to be appropriate; and
> noted the requirement relating to mandatory audit firm rotation and that this will be implemented at the appropriate time.

The audit and risk committee is satisfied that Deloitte & Touche are independent of Motus after taking the following factors into account:

> representations made by Deloitte & Touche to the audit and risk committee;
> the auditors do not, except as external auditor or in rendering of permitted non-audit services, receive any remuneration or other benefits from the company;
> the auditors' independence was not impaired by any consultancy, advisory or other work undertaken by the auditors;
> there has not been any significant changes in management which may mitigate the attendant risk of familiarity between the external audit and management;
> JM Bierman of Deloitte & Touche has been the designated audit partner of Motus Holdings Limited for two years. In terms of the International Federation of Accountants requirements, he may remain as the designated audit partner of the Motus Group for a further two years (due to his involvement in the audit of a major subsidiary of the Motus Group prior to the unbundling by Imperial Holdings Limited), subject to reappointment on an annual basis. In terms of the rules issued by the Independent Regulatory Board for Auditors, Deloitte & Touche may remain as the auditor of the Motus Holdings Limited Group until at least 2023;
> in compliance with the JSE Limited Listings Requirements (paragraph 3.84(h)(iii)) the audit and risk committee obtained and considered all information listed in paragraph 22.15(h) of the Listings Requirements of the JSE in its assessment of the suitability of Deloitte & Touche, for reappointment;
> the auditors' independence was not prejudiced as a result of any previous appointment as auditors; and
> the criteria specified for independence by the Independent Regulatory Board for Auditors and international regulatory bodies.

Internal audit

The audit and risk committee:

> reviewed and approved the internal audit charter and annual audit plan and evaluated the independence, effectiveness and performance of the internal audit department and its compliance with the charter;
> considered the reports of the internal auditor on Motus' systems of internal control including financial controls, business risk management and maintenance of effective internal control systems;
> received assurance that proper and adequate accounting records were maintained and that the systems safeguarded the assets against unauthorised use or disposal thereof; and
> reviewed significant issues raised by the internal audit processes and the adequacy of corrective action in response to significant internal audit findings.

The head of internal audit reports functionally to the chair of the audit and risk committee and administratively to the Chief Financial Officer. The audit and risk committee considered and was satisfied with the effectiveness of the internal audit function and monitored adherence to the annual internal audit plan.

Audit and risk committee report continued

COMBINED ASSURANCE AND RISK MANAGEMENT OVERSIGHT

The audit and risk committee has reviewed the combined assurance model and has satisfied itself as to its completeness. The audit and risk committee has obtained from management, external and internal assurance providers, that the combined assurance is appropriate for Motus.

The audit and risk committee has an interest in risk management as a result of its responsibility for internal controls. The audit and risk committee has therefore also satisfied itself that the level of unmitigated risks, both individually and in totality, are within the risk appetite of Motus, and that there is sufficient assurance provided to manage risks and the control environment through both internal and external assurance providers.

ADEQUACY AND FUNCTIONING OF THE INTERNAL CONTROLS

The audit and risk committee reviewed the plans and work outputs of the internal auditors and concluded that these were adequate to address all significant financial risks facing the business.

As noted above, it also reviewed the reporting around the adequacy of the internal controls and based on this concluded that there had been no material breakdowns in internal control, including financial controls, business risk management and the maintenance of effective material control systems.

FINANCIAL REPORTING

The audit and risk committee ensures that the financial reporting to stakeholders fairly presents the state of affairs of Motus which includes the financial statements.

The audit and risk committee among other matters:

- confirmed the going concern as the basis of preparation of the annual financial statements;
- examined and reviewed the annual financial statements, as well as all other financial information disclosed prior to the submission to the board for their approval and then for disclosure to stakeholders;
- ensured that the annual financial statements fairly present the financial position of the Motus Group and of the company itself as at the end of the financial year and the results of the operations and cash flows for the financial year and considered the basis on which the company and Motus was determined to be a going concern;
- considered the appropriateness of the accounting policies adopted and changes thereto;
- reviewed the external auditors' audit report and key audit matters included;
- reviewed the representation letter relating to the annual financial statements which was signed by management;
- considered any problems identified and reviewed any significant legal and tax matters that could have a material impact on the annual financial statements; and
- considered accounting treatments, significant unusual transactions and accounting judgements.

PROACTIVE MONITORING

The audit and risk committee hereby confirms that it has considered the findings contained in the JSE's Proactive Monitoring reports and their IFRS 9 and IFRS 15 thematic review when preparing the annual financial statements for the year ended 30 June 2019.

The significant items covered by the JSE that relate to the Group are:

- Deferred tax asset – the disclosures around the recoverability are too generic and not specific enough around the nature of the assumptions about the future. The nature of the assumptions has been disclosed in notes 1.5 and 7.2.
- The classification of cash flows between operating, investing and financing must be correctly assessed. The material items have been assessed and have been properly allocated in the cash flow statement.
- Assets classified as held for sale – assets under this category should be recovered through sale within one year. At 30 June 2018 we disclosed R235 million as properties for sale, we sold R109 million and transferred in additional properties of R56 million. It is expected that the remaining properties held for sale will be realised within one year.
- Tax rate reconciliation – generic terms are used with too much aggregation. The reconciliation has been assessed disclosing additional line items with specific descriptions.
- The implementation of IFRS 9 and IFRS 15 was considered together with the increased disclosure requirements and dealt with in notes 1.8 – Adoption of new standards issued and effective, as well as restatement of prior period, 3.4.2 – Trade and other receivables, and 8.1 – Revenue from contracts with customers.

KEY AUDIT MATTERS

The audit and risk committee has considered the key audit matters as outlined in the external auditors' report. These matters have been covered in the significant areas of judgement below:

Significant areas of judgement

In arriving at the figures disclosed in the annual financial statements there are many areas where judgement is required. These are outlined in note 1.5 – Critical accounting judgements, estimates and assumptions to the annual financial statements. The audit and risk committee has considered the quantum of the assets and liabilities on the consolidated statement of financial position and other items that require significant judgement and decided to expand on the following:

> Contract liabilities – measurement and revenue recognition;
> Inventory provision;
> Fair value measurement of financial instruments;
> Residual value of tangible assets;
> Impairment of assets:
  - Goodwill
  - Investments in subsidiaries
  - Property impairments; and
> Recoverability of deferred tax assets in respect of future taxable profits

In making its assessment in each of the above areas the divisional finance risk review committees ("FRRC") and the audit and risk committee examined the external auditors' report and questioned senior management in arriving at their conclusions. The audit and risk committee reviewed the disclosures, considered the procedures undertaken by the directors and was satisfied that sufficiently robust processes were followed with regards to the judgements relating to the above items.

Contract liabilities – measurement and revenue recognition

Service, maintenance and warranty contracts are sold with vehicles to cover the cash cost of future expenditure over specified periods. Service, maintenance and warranty contracts can be sold on a standalone basis. Revenue from vehicle maintenance, service and warranty plans is long term in nature (two to five years) and is recognised as the work is performed over the life of the plan ("over time"). This means that the revenue is recognised when the vehicle is maintained, serviced or repaired in terms of the contract. Revenue recognised is the cost of the work done plus the estimated margin which is adjusted to cater for the cost of expected future expenditure based on historical trends and includes forecast inflationary adjustments on an annual basis. Significant assumptions made to determine the stage-of-completion of the plan, known as burn rates of contracts, include:

> Vehicle parts inflation
> Foreign currency movements
> Policy expiry date
> Contract duration and mileage.

The balance of the unearned revenue is recognised in profit or loss on termination when the contract expires.

This contract liability which is required to cover contractual costs of service, maintenance and warranty work to be carried out in the future and the unearned margin to be recognised over the life of the plans. Actuarial experts are used to determine the inputs required to establish the adequacy of the reserve and the resulting revenue to be recognised and the final liability.

Funds for which there are insufficient claims history are recognised in profit and loss to the extent of the claims cost incurred without any profits being attributed. At the end of the plan, any remaining profits are recognised in profit and loss.

Other streams of revenue

For all other streams of revenue, the timing and the valuation is clearly established in terms of the accounting policy with limited judgement required.

Inventory provision

A provision is raised against new, used and demonstration vehicles for loss in the value of inventory held, likely to be incurred through obsolescence, damage, and future expected movement in net realisable value. There has been no change in the assumptions applied in the calculation of the inventory provision in the current reporting period.

This is assessed as follows:

> New and used vehicles – the carrying amount is compared to the expected sales value which is assessed based on the recent sales history and market acceptance for the vehicle less its cost to sell.
> Parts – the ageing of the parts is assessed and appropriate percentage write downs are allocated based on past experience.

Audit and risk committee report continued

Fair value measurement of financial instruments

When the fair value of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be measured based on quoted prices in an active market, their fair value is measured using the discounted cash flow ("DCF") valuation techniques. The inputs to these models are taken from observable markets, but where this is not feasible, a degree of judgement is required in establishing these fair values.

Discount rates are calculated with reference to observable market data. Assumed profitability is based on historical performances adjusted for expected growth (refer to note 4.5 – Fair value measurement of financial instruments).

Significant financial instruments referred to above are:
> derivative financial instruments measured at fair value; and
> preference shares measured at fair value.

Trade receivables and trade payables are carried at amortised cost and are considered to approximate fair value due to their short-term nature and thus no fair value adjustment is recognised.

Interest-bearing debt is carried at amortised cost. As their interest rates vary in the market place, they are considered to approximate fair value.

Refer to note 4.5 – Fair value measurement of financial instruments for the classification of the financial assets and liabilities of Motus.

Residual value of tangible assets

To arrive at the residual value of a building in today's values, the usage of the building and its forecast residual value at the end of its useful life needs to be assessed and thereafter present valued. The determination of forecast residual values requires the use of capitalisation rates, which vary between 9,3% and 15,0% (2018: 9,3% and 15,0%) and discounted at an average discount rate of 5,3% (2018: 5,3%) which require a high level of judgement. Residual values are also assessed for plant, equipment and motor vehicles for hire. In arriving at estimated residual values, Motus considers the existing condition of the asset, the expected condition of the assets at the end of its useful life, technological innovations, product lifecycles, maintenance programmes and projected disposal values.

Motus reassesses the residual values of its assets on an annual basis. Actual residual values can vary from those previously estimated.

Impairment of assets

Goodwill and other indefinite useful life intangible assets are assessed annually for impairment. The key assumptions used are cash flow projections, growth rates and discount rates applied. The growth rates and cash flow projections are approved by senior management. The discount rates are established by an independent expert taking into account the geographical and other risk factors relating to the particular cash-generating unit being assessed. For the purpose of impairment testing, goodwill is allocated to each of Motus' cash-generating units (or groups of cash-generating units) that are expected to benefit from the synergies of the business combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is first allocated to the goodwill and then to the other assets of the unit on a pro rata basis on the carrying amount of each asset in the unit.

Investments in subsidiaries, including Motus Holdings Limited company's investments in its own subsidiaries, are assessed for impairment if there is an indicator of impairment. These indicators could include the share price of a listed entity or net asset value of the underlying subsidiary, or net asset value of the underlying subsidiary, among other factors. If there is an indicator of impairment present, a recoverable amount is calculated based on the higher of the fair value less cost to sell and value in use. If the recoverable amount is lower than the carrying amount, the difference is deducted from the underlying investment. This has no impact on the consolidated profit and loss as the investment in subsidiaries is eliminated on consolidation.

The critical judgements utilised to determine value in use are as follows:
> Future cash flows of the subsidiaries or consolidated subsidiaries in the case of Motus Holdings Limited company.
> The pre-tax discount rate applicable to the underlying subsidiaries taking into consideration entity specific and geographical costs of debt and equity.
> The terminal growth rate based on current growth patterns applicable to the underlying subsidiaries.

Refer to the separate financial statements for further details.

Properties are valued over a five-year cycle, or earlier should an impairment indicator arise, with approximately 20% of the property portfolio being valued annually. The valuation is done by an internal expert using the income approach method. Properties include those as owner occupied disclosed in property, plant and equipment as well as investment properties.

Key inputs utilised in the valuation:
> Rental growth per annum: The property valuators approximated future escalations in rental income to 5,4% (2018: 5,4%), taking into account various micro-economic and macro-economic factors. At the level of individual properties, the rate is adjusted for conditions contractual or other, that are specific to the building under consideration.
> Discount rate: An average discount rate of 5,3% (2018: 5,3%) over the medium to long term was used.
> Capitalisation rate: Determined by taking into account the quality and location of the properties under consideration. This rate is determined with reference to market transactions of comparable properties, and takes the prevailing interest rates and risk into consideration. The rates used vary between 9,3% and 15,0% (2018: 9,3% and 15,0%).

Other assumptions used:
> Net rental income used is the current pre-tax rental given normal arm's length market conditions, after deducting property maintenance and running costs.
> The useful life of refurbishments is considered to be five years.
> Economic useful life of 20 to 25 years. Buildings occupied for five years or longer are assumed to have been occupied for five years.

Based on the calculations performed, the recoverable amount on certain properties was lower than the carrying value and an impairment loss of R23 million (2018: R103 million) on property was recognised in the following segments:
> Import and Distribution – R4 million (2017: R8 million)
> Retail and Rental – R18 million (2018: R95 million)
> Head Office and Eliminations – R1 million (2018 Rnil).

Recoverability of deferred tax assets in respect of future taxable profits
Future taxable profits are estimated based on business plans which include estimates and assumptions regarding the following:
> Economic growth
> Interest rates
> Inflation rates
> Taxation rates
> Currency risk
> Competitive forces.

The deferred tax assets are reviewed at the end of the reporting period and adjusted, taking into consideration the current and forecast future results. Deferred tax assets are impaired where entities do not show signs of profitability in the foreseeable future.

Motus' deferred tax assets primarily arise from contract liabilities in Motor-Related Financial Services, provisions and other timing differences in profitable subsidiaries and an assessed loss recognised in one of the vehicle importers. The profitability of these businesses has been assessed and the deferred tax asset is considered recoverable.

KEY SOURCES OF ESTIMATION AND UNCERTAINTY

Future cash flows
Motus tests its fixed assets for impairment when indicators of impairment exist, and goodwill and indeterminate assets are tested annually. The recoverable amounts of assets (including goodwill), individual cash generating units (CGUs) and groups of CGUs are based on Motus' best estimate of the future cash flows relating to those assets or CGUs, discounted to reflect the time value of money and the risks specific to the asset or group of assets under consideration.

Forward looking information utilised in the expected credit loss model
The following forward looking information was utilised to estimate the expected credit loss:
> The geography and industry in which the customers operate, sales to entities based in other African countries outside of South Africa as well as sales to panelshops are considered riskier.
> Period overdue and time taken to settle underlying receivables, with older accounts being considered a higher risk.
> Past default experiences of the operating segments, examples include the Motor-Related Financial Services operations which have a very low default experience.
> The Group's view of the economic conditions over the settlement period of the underlying receivables, and those which have worsened in the current financial year.

QUALITY OF EARNINGS

The reconciliation of the attributable profits to headline earnings is outlined in note 8.4 – Earnings per share.

The only other significant items that are once-off in nature related to the issue of shares to a broad-based black economic empowerment partner (Ukhamba) at a discount to their fair value (of R141 million) and for the modification of share appreciation rights on unbundling (R19 million), totalling R160 million. These have been adjusted in arriving at the normalised earnings and headline earnings per share.

RISK MANAGEMENT AND INFORMATION TECHNOLOGY (IT) GOVERNANCE

The audit and risk committee reviewed the policies on risk assessment, including fraud risks and IT risks as they pertain to financial reporting and the going concern assessment, and found them to be sound.

LEGAL AND REGULATORY REQUIREMENTS

To the extent that these may have an impact on the annual financial statements, the audit and risk committee:
> reviewed legal matters;
> reviewed the adequacy and effectiveness of Motus' procedures, including its risk management framework, to ensure compliance with legal and regulatory responsibilities;
> monitored complaints received via Motus' whistleblowing service; and
> considered reports provided by management, internal audit and the external auditors regarding compliance with legal and regulatory requirements.

No significant matters were noted during the financial year.

Audit and risk committee report continued

EXPERTISE AND EXPERIENCE OF THE CHIEF FINANCIAL OFFICER AND THE FINANCE FUNCTION

As required by section 3.84(h) of the JSE Limited Listings Requirements, the audit and risk committee has satisfied itself that the Chief Financial Officer, Mr OJ Janse van Rensburg, has the appropriate expertise and experience to fulfil his role and responsibilities. In addition, the audit and risk committee satisfied itself that the composition, experience and skills set of the finance function met Motus' requirements.

SUBSIDIARY COMPANIES

The functions of the audit and risk committee are also performed for each subsidiary company that has not appointed an audit and risk committee, by the delegation of such functions to sub-committees referred to as finance risk review committees ("FRRCs").

Divisional FRRCs have been constituted and these committees report significant issues to the Motus audit and risk committee. Each divisional FRRC is chaired by an independent chairman with no operational role in the division.

APPROVAL

Having achieved its objectives, the audit and risk committee has recommended the consolidated and separate annual financial statements for the year ended 30 June 2019 for approval to the board. The board has subsequently approved the reports, which will be open for discussion at the forthcoming annual general meeting.

S Mayet
Chairman

26 August 2019

Independent auditors' report
To the shareholders of Motus Holdings Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the consolidated and separate financial statements of Motus Holdings Limited ("the Group") set out on pages 16 to 95, which comprise the statements of financial position as at 30 June 2019, and the statements of profit or loss, statements of other comprehensive income, statements of changes in equity and the statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group as at 30 June 2019, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report. We are independent of the Group in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (revised January 2018),* parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (revised November 2018)* (together "the IRBA Codes") and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants* (including *International Independence Standards*) respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Key audit matter	How the matter was addressed in the audit
Valuation of service, maintenance and warranty contracts (Group)	
The Group has contract liabilities for service, maintenance and warranty contracts, in terms of which they are obligated to provide maintenance and repair services over a future specified period. At 30 June 2019 the value of the liability is R2 818 million (2018: R2 724 million). The determination of the adequacy of the maintenance and warranty contract reserves and the recognition of the related revenue in accordance with IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") is complex. The values recognised are based on the expected earnings curves of the contracts, which are dependent upon forecast burn rates derived from key assumptions about the future, including: > Vehicle parts inflation. > Foreign currency devaluation. > Policy sale dates. > Contract duration and mileage. The directors have engaged specialists to assist with determining the adequacy of the liabilities for service, maintenance and warranty contracts. Due to the complexity of the actuarial assumptions and the risk that the quantum of the reserves and consequential revenue recognised is inappropriate, the service, maintenance and warranty contracts have been identified as a key audit matter. The disclosure related to the service, maintenance and warranty contracts is contained in notes 1.5 and 3.5 of the consolidated financial statements.	We assessed and challenged the assumptions that the directors made in valuing the service maintenance and warranty contracts with a focus on the adequacy of the reserves and the appropriateness of the related revenue recognised. This included: > Engaging an independent actuarial expert to evaluate the work performed by the directors' expert, including: • Assessing the appropriateness of the financial models utilised by the directors' expert. • Assessing the independence, objectivity, competence and experience of the directors' expert. • Testing the inputs into the financial models and the reasonableness of the ranges to the sensitivity of the inputs. > Comparing the sufficiency of the funds against historical information and performing a retrospective review thereon. We concur with the directors' actuarial assumptions applied and consequently with the measurement of the contract liabilities at 30 June 2019. We are satisfied that the consequential revenue recognised in the period is appropriate. The related disclosure is appropriate.

Independent auditors' report continued

Key audit matter	How the matter was addressed in the audit
Valuation of investments (company)	
During the year ended 30 June 2018, the company acquired investments in subsidiaries at fair value from its former parent. The directors engaged specialists in order to determine this valuation based on expected future cash flows and earnings multiples of the underlying businesses. During the year ended 30 June 2019, the company was unbundled from its parent and listed separately on the Johannesburg Stock Exchange. The listing and year-end share price resulted in the market capitalisation being less than the determined fair value of these investments. The lower market capitalisation is an indicator of impairment in accordance with IAS 36 – Impairment of Assets ("IAS 36"). The directors performed a value-in-use calculation in order to assess whether an impairment should be recorded in terms of IAS 36, which included: > Engaging external specialists to calculate the weighted average cost of capital rates; and > Performing a discounted cash flow valuation based on future forecast cash flows (including operational cash flows, planned capital expenditure and terminal growth) and the calculated weighted average cost of capital rates. Due to the complexities in performing the value-in-use calculation, the valuation of investments is considered to be a key audit matter. The related disclosure is included in note 2 to the separate financial statements.	We critically analysed the forecast cash flow used by directors to value the underlying subsidiaries. This included: > Assessing the independence, objectivity and competence of the external specialists appointed by the directors; > Assessing the reasonability of the growth rates, planned capital expenditure and terminal values; and > Engaging our internal experts to independently recalculate the weighted average cost of capital rates and assess the valuation methodology used by the directors in performing the value-in-use calculation. We performed a sensitivity analysis on forecast cash flows to assess the sensitivity of the cash flows to changes in the underlying growth rates. We concur with the assumptions such as weighted average cost of capital and valuation methodology applied by the directors to determine the value in use of the underlying subsidiaries. The related disclosure is considered appropriate.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Motus audited consolidated and separate annual financial statements for the year ended 30 June 2019" which includes the directors' report, the audit and risk committee report and the Company Secretary's certificate as required by the Companies Act of South Africa, which we obtained prior to the date of this auditors' report, and the integrated annual report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the consolidated and separate financial statements

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

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

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

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

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

> Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

> Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the company's internal control.

> Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

> Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the company to cease to continue as a going concern.

> Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

> Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of Motus Holdings Limited for two years since inception. We further report that Deloitte & Touche has been the auditor of certain subsidiaries within the Motus Holdings Limited Group for 18 years.

Deloitte & Touche.

Deloitte & Touche
Registered Auditor
Per: Martin Bierman
Partner
26 August 2019
Deloitte Place
The Woodlands
Woodlands Drive
Woodmead
Sandton

National Executive: *LL Bam Chief Executive Officer, *TMM Jordan Deputy Chief Executive Officer, Clients & Industries, *MJ Jarvis Chief Operating Officer, *AF Mackie Audit & Assurance, *N Sing Risk Advisory, DP Ndlovu Tax & Legal, TP Pillay Consulting, *JK Mazzocco Talent & Transformation, MG Dicks Risk Independence & Legal, * KL Hodson Financial Advisory, *TJ Brown Chairman of the Board.

A full list of partners and directors is available on request * Partner and Registered Auditor

B-BBEE rating: Level 1 contribution in terms of the DTI Generic Scorecard as per the amended Codes of Good Practice

Associate of Deloitte Africa. A Member of Deloitte Touche Tohmatsu Limited

Consolidated statement of financial position

at 30 June 2019

	Notes	2019 Rm	2018 Rm
ASSETS			
Non-current assets		**10 286**	9 799
Goodwill	2.1	**1 020**	953
Intangible assets	2.2	**253**	277
Investments in associates and joint ventures	2.3	**258**	348
Property, plant and equipment	3.1	**7 023**	6 786
Investment properties	3.2	**175**	–
Deferred tax	7.2	**1 048**	782
Investments and other financial instruments	4.1	**509**	653
Current assets		**28 404**	26 682
Inventories	3.4.1	**19 069**	15 633
Vehicles for hire	3.3	**3 385**	3 924
Taxation	7.1	**130**	135
Trade and other receivables	3.4.2	**4 744**	4 821
Derivative financial assets	4.4	**34**	432
Cash resources	6.2	**1 042**	1 737
Assets classified as held for sale	12	**182**	235
Total assets		**38 872**	36 716
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	5.1	**22 985**	23 358
Shares repurchased	5.2	**(435)**	–
Common control reserve		**(19 191)**	(19 753)
Hedge accounting reserve		**30**	198
Other reserves		**(447)**	(716)
Retained income		**8 933**	8 553
Attributable to owners of Motus		**11 875**	11 640
Non-controlling interests	2.4	**(37)**	4
Total equity		**11 838**	11 644
Liabilities			
Non-current liabilities		**6 716**	1 914
Contract liabilities	3.5	**1 649**	1 447
Deferred tax	7.2	**27**	31
Interest-bearing debt	6.1	**4 640**	81
Provisions	3.4.5	**382**	301
Other financial liabilities		**18**	54
Current liabilities		**20 299**	23 137
Contract liabilities	3.5	**1 169**	1 277
Trade and other payables*	3.4.3	**9 716**	8 838
Floorplans from suppliers*	3.4.4	**5 619**	4 597
Provisions	3.4.5	**415**	373
Other financial liabilities		**35**	–
Derivative financial liabilities	4.4	**135**	46
Taxation	7.1	**190**	450
Interest-bearing debt*	6.1	**1 179**	6 236
Interest-bearing floorplans from financial institutions*	6.1	**1 841**	1 320
Liabilities classified as held for sale	12	**19**	21
Total liabilities		**27 034**	25 072
Total equity and liabilities		**38 872**	36 716

** The prior year figures have been re-presented to enhance disclosure, refer to note 1.9 – Re-presentation of prior year disclosures for further details.*

Consolidated statement of profit or loss

for the year ended 30 June 2019

	Notes	**2019 Rm**	Restated* 2018 Rm
Revenue	8.1	**79 711**	77 001
Net operating expenses	8.2	**(74 905)**	(72 055)
Earnings before interest, taxation, depreciation and amortisation		**4 806**	4 946
Depreciation, amortisation and impairments		**(1 186)**	(1 353)
Operating profit		**3 620**	3 593
Profit on sale of properties, net of impairments		**15**	617
Amortisation of intangible assets arising on business combinations	2.2	**(17)**	(15)
Net foreign exchange losses		**(14)**	(43)
Once-off share-based equity costs	8.3	**(160)**	–
Other non-operating items	8.3	**(87)**	(244)
Profit before net financing costs		**3 357**	3 908
Finance costs		**(831)**	(803)
Finance income		**57**	66
Profit before share of results of associates and joint ventures		**2 583**	3 171
Share of results of associates and joint ventures		**27**	39
Profit before tax		**2 610**	3 210
Income tax expense	7.1	**(714)**	(897)
Attributable profit for the year		**1 896**	2 313
Net profit attributable to:			
Owners of Motus		**1 868**	2 346
Non-controlling interests		**28**	(33)
		1 896	2 313
Total earnings per share			
– Basic	8.4	**953**	1 162
– Diluted	8.4	**929**	1 162

** Revenue and net operating expenses restated, please refer to note 1.8.2.*

Consolidated statement of other comprehensive income

for the year ended 30 June 2019

	2019 Rm	2018 Rm
Attributable profit for the year	**1 896**	2 313
Other comprehensive (loss)/income	**(216)**	231
Items that may be subsequently reclassified to profit or loss		
Exchange (losses)/gains arising on translation of foreign operations	**(48)**	9
Movement in hedge accounting reserve (net of tax)	**(168)**	222
– Net change in the fair value of the cash flow hedges	**(339)**	292
– Rolling of open hedging instruments	**77**	11
– Deferred tax relating to the hedge accounting reserve movements	**94**	(81)
Total comprehensive income for the year	**1 680**	2 544
Total comprehensive income attributable to:		
Owners of Motus	**1 653**	2 579
Non-controlling interests	**27**	(35)
	1 680	2 544

Consolidated statement of changes in equity

for the year ended 30 June 2019

Rm	Stated capital	Shares repurchased	Common control reserve	Hedge accounting reserve
Opening balance as at 1 July 2017	23 358	–	(19 753)	(34)
Total comprehensive income for the year	–	–	–	232
Attributable profit for the year	–	–	–	–
Other comprehensive income	–	–	–	232
Incremental interest purchased from non-controlling interests	–	–	–	–
Additional investment by non-controlling interests	–	–	–	–
Net acquisitions/(disposals) of non-controlling interests	–	–	–	–
Hedge premiums paid on share-based equity	–	–	–	–
Share-based equity costs charged to the statement of profit or loss	–	–	–	–
Dividends paid	–	–	–	–
Transfers to other reserves	–	–	–	–
Other movements	–	–	–	–
Closing balance as at 30 June 2018	23 358	–	(19 753)	198
Total comprehensive income for the year	**–**	**–**	**–**	**(168)**
Attributable profit for the year	**–**	**–**	**–**	**–**
Other comprehensive loss	**–**	**–**	**–**	**(168)**
Additional share issued prior to unbundling	**167**	**–**	**–**	**–**
6 289 200 shares repurchased and cancelled at an average of R85,83 per share	**(540)**	**–**	**–**	**–**
1 853 342 shares acquired at an average price of R105,02 per share from former parent at unbundling	**–**	**(195)**	**195**	**–**
2 791 281 shares repurchased at an average price of R85,98 per share	**–**	**(240)**	**–**	**–**
Common control recognised on entity acquired at unbundling	**–**	**–**	**12**	**–**
Incremental interest purchased from non-controlling interests	**–**	**–**	**–**	**–**
Acquisition of non-controlling interests	**–**	**–**	**–**	**–**
Hedge premium paid on share-based equity	**–**	**–**	**–**	**–**
Share-based equity costs charged to the statement of profit or loss	**–**	**–**	**–**	**–**
Issue of shares at a discount to a broad-based black economic empowerment partner (Ukhamba) and modification of share appreciation rights	**–**	**–**	**–**	**–**
Dividends paid to Imperial Holdings prior to unbundling	**–**	**–**	**–**	**–**
Dividends paid to Motus and non-controlling shareholders	**–**	**–**	**–**	**–**
Transfers between reserves	**–**	**–**	**370**	**–**
Other movements	**–**	**–**	**(15)**	**–**
Closing balance as at 30 June 2019	**22 985**	**(435)**	**(19 191)**	**30**

Share-based payment reserve	Foreign currency translation reserve	Other reserves	Premium paid on purchase of non-controlling interests	Total other reserves	Retained income	Attributable to owners of Motus	Non-controlling interests	Total equity
3	(386)	–	(300)	(683)	9 308	12 196	(274)	11 922
–	1	–	–	1	2 346	2 579	(35)	2 544
–	–	–	–	–	2 346	2 346	(33)	2 313
–	1	–	–	1	–	233	(2)	231
–	–	–	(23)	(23)	–	(23)	(12)	(35)
–	–	–	–	–	–	–	220	220
–	–	–	1	1	–	1	109	110
(215)	–	–	–	(215)	–	(215)	–	(215)
121	–	–	–	121	–	121	–	121
–	–	–	–	–	(3 139)	(3 139)	(1)	(3 140)
75	–	–	15	90	(90)	–	–	–
–	(8)	–	–	(8)	128	120	(3)	117
(16)	(393)	–	(307)	(716)	8 553	11 640	4	11 644
–	**(47)**	**–**	**–**	**(47)**	**1 868**	**1 653**	**27**	**1 680**
–	**–**	**–**	**–**	**–**	**1 868**	**1 868**	**28**	**1 896**
–	**(47)**	**–**	**–**	**(47)**	**–**	**(215)**	**(1)**	**(216)**
–	**–**	**–**	**–**	**–**	**–**	**167**	**–**	**167**
–	**–**	**–**	**–**	**–**	**–**	**(540)**	**–**	**(540)**
–	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
–	**–**	**–**	**–**	**–**	**–**	**(240)**	**–**	**(240)**
–	**–**	**–**	**–**	**–**	**–**	**12**	**–**	**12**
–	**–**	**–**	**(19)**	**(19)**	**–**	**(19)**	**(10)**	**(29)**
–	**–**	**–**	**–**	**–**	**–**	**–**	**2**	**2**
(6)	**–**	**–**	**–**	**(6)**	**–**	**(6)**	**–**	**(6)**
116	**–**	**–**	**–**	**116**	**–**	**116**	**–**	**116**
160	**–**	**–**	**–**	**160**	**–**	**160**	**–**	**160**
–	**–**	**–**	**–**	**–**	**(567)**	**(567)**	**–**	**(567)**
–	**–**	**–**	**–**	**–**	**(470)**	**(470)**	**(60)**	**(530)**
(135)	**193**	**6**	**–**	**64**	**(434)**	**–**	**–**	**–**
(11)	**–**	**(3)**	**15**	**1**	**(17)**	**(31)**	**–**	**(31)**
108	**(247)**	**3**	**(311)**	**(447)**	**8 933**	**11 875**	**(37)**	**11 838**

Consolidated statement of cash flows

for the year ended 30 June 2019

	Notes	2019 Rm	2018 Rm
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		**79 725**	76 473
Cash paid to suppliers and employees		**(75 542)**	(69 725)
Cash generated by operations before interest, tax paid and capital expenditure on vehicles for hire	9.1	**4 183**	6 748
Finance costs paid		**(765)**	(803)
Finance income received		**57**	66
Dividend income received		**496**	230
Tax paid	7.1	**(910)**	(861)
Cash generated by operations before capital expenditure on vehicles for hire		**3 061**	5 380
Net replacement capital expenditure – vehicles for hire		**(318)**	(1 079)
Additions	3.3	**(4 367)**	(4 345)
Proceeds on disposals	3.3	**4 049**	3 266
		2 743	4 301
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash outflow on acquisition of businesses	2.6	**(367)**	(731)
Cash inflow from disposals of businesses	2.7	**9**	57
Net capital expenditure – property, plant, equipment and intangible assets		**(592)**	756
Expansion of property, plant, equipment and intangible assets	9.2	**(441)**	(390)
Net replacement capital expenditure – property, plant, equipment and intangible assets		**(151)**	1 146
Replacements of property, plant, equipment and intangible assets	9.2	**(457)**	(222)
Proceeds on disposal of property, plant, equipment and intangible assets	9.2	**306**	1 368
Movements in investments in associates		**19**	(45)
Additions at cost		**–**	(65)
Loans advanced		**(4)**	(47)
Share of dividends		**23**	23
Proceeds on sale		**–**	44
(Increase)/decrease in investments		**(77)**	18
Proceeds from other loans		**14**	6
		(994)	61

	Notes	2019 Rm	2018 Rm
CASH FLOWS FROM OPERATING AND FINANCING ACTIVITIES		**1 749**	4 362
Cash flows used in financing activities			
Repurchase of own shares		**(780)**	–
Hedge cost premium received from Imperial Logistics		**16**	–
Dividends paid to Imperial Holdings Limited		**(567)**	(3 139)
Dividends paid to equity holders of Motus		**(470)**	–
Dividends paid to non-controlling interests		**(60)**	(1)
Acquisition of non-controlling interests		**(29)**	(35)
Capital raised from non-controlling interests		**–**	220
Repayment of non-controlling and associate loan liabilities		**(49)**	(20)
Issue of preference shares to non-controlling interests		**–**	40
(Decrease)/increase in floorplan liabilities		**(52)**	81
Advances of banking liabilities		**7 103**	–
Repayment of inter-company loan from Imperial		**(7 066)**	(1 350)
		(1 954)	(4 204)
Net (decrease)/increase in cash and cash equivalents		**(205)**	158
Effects of exchange rate changes on cash and cash equivalents		**(42)**	86
Cash and cash equivalents at beginning of year		**1 187**	943
Cash and cash equivalents at end of year	6.3	**940**	1 187

Segment financial position

for the year ended 30 June 2019

	Group		Import and Distribution	
	2019 Rm	2018 Rm	**2019 Rm**	2018 Rm
FINANCIAL POSITION				
Assets				
Goodwill and intangible assets	**1 273**	1 230	**108**	122
Carrying value of associates and joint ventures (excluding loans to associates)	**177**	260	**10**	27
Property, plant and equipment	**7 023**	6 786	**579**	682
Investment properties	**175**	–	**156**	–
Investments and other financial instruments	**509**	653	**4**	4
Inventories	**19 069**	15 633	**5 680**	3 798
Vehicles for hire	**3 385**	3 924	**1 222**	1 685
Trade and other receivables[1]	**4 778**	5 253	**2 123**	2 649
Operating assets	**36 389**	33 739	**9 882**	8 967
– South Africa	**26 034**	24 857	**9 882**	8 967
– International	**10 355**	8 882	**–**	–
Liabilities				
Contract liabilities[2]	**2 818**	2 724	**–**	–
Provisions[2]	**797**	674	**134**	250
Trade and other payables[1, 2]	**15 470**	13 481	**5 683**	5 516
Other financial liabilities	**53**	54	**10**	10
Operating liabilities	**19 138**	16 933	**5 827**	5 776
– South Africa	**12 934**	11 803	**5 827**	5 776
– International	**6 204**	5 130	**–**	–
Net working capital	**7 580**	6 731	**1 986**	681
– South Africa	**5 943**	5 263	**1 986**	681
– International	**1 637**	1 468	**–**	–
Net interest-bearing debt	**6 618**	5 900	**2 281**	1 099
– South Africa	**4 808**	5 047	**2 281**	1 099
– International	**1 810**	853	**–**	–
Net capital expenditure	**(910)**	(323)	**170**	(124)
– South Africa	**(662)**	(909)	**170**	(124)
– International	**(248)**	586	**–**	–
Non-current assets (excluding investments, deferred tax and other financial instruments)	**8 649**	8 276	**853**	831
– South Africa[3]	**6 164**	5 991	**853**	831
– International[3]	**2 485**	2 285	**–**	–
Source of internationally based non-current assets	**2 485**	2 285	**–**	–
– United Kingdom	**1 445**	1 254	**–**	–
– Other regions (Australia and South East Asia)	**1 040**	1 031	**–**	–

[1] *Includes amounts pertaining to derivative financial instruments.*

[2] *The prior year's contract liabilities, trade and other payables and provisions have been re-presented for Retail and Rental, Motor-Related Financial Services and Head Office and Eliminations. There is no impact on the Group's total numbers and these have been reallocated within liabilities.*

[3] *The prior years' non-current assets allocation between South Africa and international has been re-presented in Group total and Retail and Rental. The goodwill adjustment amounting to R364 million was previously included in South Africa and is now allocated to international to align it with the related operations.*

Retail and Rental		Motor-Related Financial Services		Aftermarket Parts		Head Office and Eliminations	
2019 Rm	2018 Rm	**2019 Rm**	2018 Rm	**2019 Rm**	2018 Rm	**2019 Rm**	2018 Rm
656	649	**16**	4	**468**	455	**25**	–
37	53	**41**	52	**82**	122	**7**	6
5 831	5 590	**113**	109	**447**	420	**53**	(15)
19	–	**–**	–	**–**	–	**–**	–
–	–	**490**	653	**–**	–	**15**	(4)
11 514	10 167	**316**	270	**1 594**	1 446	**(35)**	(48)
2 161	2 231	**1 289**	1 732	**–**	–	**(1 287)**	(1 724)
3 089	3 131	**339**	453	**702**	691	**(1 475)**	(1 671)
23 307	21 821	**2 604**	3 273	**3 293**	3 134	**(2 697)**	(3 456)
13 199	13 142	**2 604**	3 273	**3 046**	2 931	**(2 697)**	(3 456)
10 108	8 679	**–**	–	**247**	203	**–**	–
121	89	**2 697**	2 635	**–**	–	**–**	–
78	112	**286**	307	**2**	1	**297**	4
10 449	9 323	**541**	662	**1 119**	1 126	**(2 322)**	(3 146)
11	43	**–**	–	**30**	1	**2**	–
10 659	9 567	**3 524**	3 604	**1 151**	1 128	**(2 023)**	(3 142)
4 536	4 477	**3 524**	3 604	**1 070**	1 089	**(2 023)**	(3 143)
6 123	5 090	**–**	–	**81**	39	**–**	1
4 076	3 863	**(172)**	(246)	**1 175**	1 010	**515**	1 423
2 507	2 461	**(172)**	(246)	**1 107**	943	**515**	1 424
1 569	1 402	**–**	–	**68**	67	**–**	(1)
5 404	4 648	**(2 231)**	(1 426)	**1 131**	945	**33**	634
3 520	3 677	**(2 231)**	(1 426)	**1 204**	1 086	**34**	611
1 884	971	**–**	–	**(73)**	(141)	**(1)**	23
(969)	(170)	**281**	8	**(55)**	(15)	**(337)**	(22)
(724)	(757)	**281**	8	**(52)**	(15)	**(337)**	(21)
(245)	587	**–**	–	**(3)**	–	**–**	(1)
6 543	6 292	**170**	165	**997**	997	**86**	(9)
4 156	4 104	**170**	165	**899**	900	**86**	(9)
2 387	2 188	**–**	–	**98**	97	**–**	–
2 387	2 188	**–**	–	**98**	97	**–**	–
1 445	1 254	**–**	–	**–**	–	**–**	–
942	934	**–**	–	**98**	97	**–**	–

Segment profit and loss

for the year ended 30 June 2019

	Group[1]		Import and Distribution[3, 4]	
	2019 Rm	2018 Rm	**2019 Rm**	2018 Rm
PROFIT OR LOSS				
Total revenue from contracts with customers	**79 711**	77 001	**18 949**	19 501
– South Africa	**53 176**	54 389	**18 949**	19 501
– International	**26 652**	22 662	**–**	–
– Eliminations between geographical regions	**(117)**	(50)	**–**	–
Operating profit	**3 620**	3 593	**810**	788
– South Africa	**3 264**	3 189	**810**	788
– International	**356**	404	**–**	–
Depreciation, amortisation and impairments net of recoupments	**(1 188)**	(751)	**(264)**	(515)
– South Africa	**(1 086)**	(1 268)	**(264)**	(515)
– International	**(102)**	517	**–**	–
Net finance costs	**(774)**	(737)	**(176)**	(347)
– South Africa	**(622)**	(620)	**(176)**	(347)
– International	**(152)**	(117)	**–**	–
Profit before tax and exceptional items	**2 690**	3 452	**645**	432
– South Africa	**2 504**	2 560	**645**	432
– International	**186**	892	**–**	–
Exceptional items	**(80)**	(242)	**(30)**	(6)
– South Africa	**(80)**	(242)	**(30)**	(6)
– International	**–**	–	**–**	–
Profit/(loss) before tax[7]	**2 610**	3 210	**615**	426
– South Africa	**2 424**	2 318	**615**	426
– International	**186**	892	**–**	–
Income tax expense	**(714)**	(897)	**(207)**	(143)

[1] *2018 has been restated. Revenue related to Aftermarket Parts decreased by R658 million with a corresponding decrease in operating expenses. Please refer to note 1.8.2 for full details.*

[2] *In the prior year, the revenue in Aftermarket Parts, as referred to in note 1 above, was included under sale of goods amounting to R682 million. With the requirements of the new revenue accounting standards, it is now an agency arrangement with only the fees being recognised as revenue amounting to R24 million, decreasing revenue by R658 million.*

[3] *Two businesses that were previously reported in the Import and Distribution segment, have been transferred to the Retail and Rental segment, in line with a change in management structure, resulting in the rendering of services revenue (R108 million), being transferred in the prior year.*

[4] *Certain revenue eliminations that were within Head Office and Eliminations have been reallocated to the underlying segments to which the source of the revenue relates, resulting in a reduction of R536 million in Head Office and Eliminations, and increases to Import and Distribution (R519 million) and Retail and Rental (R17 million).*

[5] *In the prior year, the elimination of revenue from Motus entities outside of South Africa to Motus entities within South Africa was included under the revenue from South Africa, this elimination is now being disclosed separately.*

[6] *The prior year has been re-presented for certain staff costs relating to head office (R282 million) which were allocated to the Import and Distribution segment. In the current year, these costs are now included in Head Office and Eliminations, with no change to the total group numbers.*

[7] *The prior year has been re-presented for certain exceptional gains relating to Import and Distribution (R33 million) which were allocated to the Head Office and Eliminations. In the current year, this is now included in Import and Distribution, with no change to the total group numbers.*

	Retail and Rental[3, 4]		Motor-Related Financial Services		Aftermarket Parts[1, 2, 5]		Head Office and Eliminations[1, 4]	
	2019 Rm	2018 Rm	**2019 Rm**	2018 Rm	**2019 Rm**	2018 Rm	**2019 Rm**	2018 Rm
	65 041	62 850	**2 172**	2 166	**6 442**	5 974	**(12 893)**	(13 490)
	38 759	40 318	**2 172**	2 166	**6 189**	5 894	**(12 893)**	(13 490)
	26 282	22 532	**–**	–	**370**	130	**–**	–
	–	–	**–**	–	**(117)**	(50)	**–**	–
	1 578	1 687	**937**	889	**496**	447	**(201)**	(218)
	1 291	1 312	**937**	889	**431**	420	**(205)**	(220)
	287	375	**–**	–	**65**	27	**4**	2
	(830)	(182)	**(145)**	(174)	**(52)**	(40)	**103**	160
	(732)	(699)	**(145)**	(174)	**(51)**	(40)	**106**	160
	(98)	517	**–**	–	**(1)**	–	**(3)**	–
	(586)	(429)	**(61)**	(49)	**(113)**	(68)	**162**	156
	(440)	(314)	**(61)**	(49)	**(108)**	(66)	**163**	156
	(146)	(115)	**–**	–	**(5)**	(2)	**(1)**	–
	991	1 842	**878**	844	**371**	387	**(195)**	(53)
	867	977	**878**	844	**309**	361	**(195)**	(54)
	124	865	**–**	–	**62**	26	**–**	1
	22	(24)	**(5)**	(20)	**(57)**	(197)	**(10)**	5
	22	(24)	**(5)**	(20)	**(57)**	(197)	**(10)**	5
	–	–	**–**	–	**–**	–	**–**	–
	1 013	1 818	**873**	824	**314**	190	**(205)**	(48)
	889	953	**873**	824	**252**	164	**(205)**	(49)
	124	865	**–**	–	**62**	26	**–**	1
	(201)	(509)	**(153)**	(165)	**(101)**	(84)	**(52)**	4

Segment profit and loss continued

for the year ended 30 June 2019

	Group[1]		Import and Distribution[3, 4]	
	2019 Rm	2018 Rm	**2019 Rm**	2018 Rm
Revenue by nature				
New motor vehicles sales	**36 708**	37 515	**14 159**	14 552
Used motor vehicles sales	**19 027**	17 077	**2 648**	2 721
Parts and other goods sales	**14 268**	13 659	**2 023**	2 106
Sale of goods	**70 003**	68 251	**18 830**	19 379
Vehicle workshop, maintenance, service and warranty	**5 435**	4 541	**74**	70
Motor vehicle rental	**2 564**	2 586	**9**	9
Fees on vehicles, parts and services sold	**1 709**	1 623	**36**	43
Rendering of services	**9 708**	8 750	**119**	122
Total divisional revenue	**79 711**	77 001	**18 949**	19 501
Inter-group revenue	**–**	–	**(12 006)**	(11 986)
Total external revenue	**79 711**	77 001	**6 943**	7 515
Source of internationally derived revenue				
– United Kingdom	**20 395**	17 081	**–**	–
– Other regions (Australia and South East Asia)	**6 257**	5 581	**–**	–
	26 652	22 662	**–**	–
Analysis of depreciation, amortisation and impairments	**(1 188)**	(751)	**(264)**	(515)
Depreciation and amortisation	**(1 176)**	(1 340)	**(267)**	(527)
Profit/(losses) on disposals and impairments	**5**	604	**3**	12
Amortisation and impairment of intangible assets arising on business combinations	**(17)**	(15)	**–**	–
(Costs)/income included in profit before tax and exceptional items				
Employee costs[6]	**(6 822)**	(6 425)	**(486)**	(450)
Operating lease charges	**(699)**	(559)	**(39)**	(43)
Issue of shares at a discount to a broad-based black economic empowerment partner (Ukhamba) and modification of share appreciation rights	**(160)**	–	**–**	–
Net foreign exchange (losses) and gains	**(14)**	(43)	**4**	(40)
Associate income included in pre-tax profits	**27**	39	**4**	12
Operating profit margin	**4,5%**	4,7%	**4,3%**	4,0%

1 *2018 has been restated. Revenue related to Aftermarket Parts decreased by R658 million with a corresponding decrease in operating expenses. Please refer to note 1.8.2 for full details.*

2 *In the prior year, the revenue in Aftermarket Parts, as referred to in note 1 above, was included under sale of goods amounting to R682 million. With the requirements of the new revenue accounting standards, it is now an agency arrangement with only the fees being recognised as revenue amounting to R24 million, decreasing revenue by R658 million.*

3 *Two businesses that were previously reported in the Import and Distribution segment, have been transferred to the Retail and Rental segment, in line with a change in management structure, resulting in the rendering of services revenue (R108 million), being transferred in the prior year.*

4 *Certain revenue eliminations that were within Head Office and Eliminations have been reallocated to the underlying segments to which the source of the revenue relates, resulting in a reduction of R536 million in Head Office and Eliminations, and increases to Import and Distribution (R519 million) and Retail and Rental (R17 million).*

5 *In the prior year, the elimination of revenue from Motus entities outside of South Africa to Motus entities within South Africa was included under the revenue from South Africa, this elimination is now being disclosed separately.*

6 *The prior year has been re-presented for certain staff costs relating to head office (R282 million) which were allocated to the Import and Distribution segment. In the current year, these costs are now included in Head Office and Eliminations, with no change to the total group numbers.*

7 *The prior year has been re-presented for certain exceptional gains relating to Import and Distribution (R33 million) which were allocated to the Head Office and Eliminations. In the current year, this is now included in Import and Distribution, with no change to the total group numbers.*

Retail and Rental[3, 4]		Motor-Related Financial Services		Aftermarket Parts[1, 2, 5]		Head Office and Eliminations[1, 4]	
2019 Rm	2018 Rm	**2019 Rm**	2018 Rm	**2019 Rm**	2018 Rm	**2019 Rm**	2018 Rm
31 437	31 609	**–**	–	**–**	–	**(8 888)**	(8 646)
18 294	16 441	**–**	–	**–**	–	**(1 915)**	(2 085)
7 398	7 176	**–**	–	**6 415**	5 948	**(1 568)**	(1 571)
57 129	55 226	**–**	–	**6 415**	5 948	**(12 371)**	(12 302)
3 986	3 797	**1 525**	1 500	**2**	2	**(152)**	(828)
2 274	2 267	**481**	557	**–**	–	**(200)**	(247)
1 652	1 560	**166**	109	**25**	24	**(170)**	(113)
7 912	7 624	**2 172**	2 166	**27**	26	**(522)**	(1 188)
65 041	62 850	**2 172**	2 166	**6 442**	5 974	**(12 893)**	(13 490)
(489)	(410)	**(363)**	(1 068)	**(35)**	(26)	**12 893**	13 490
64 552	62 440	**1 809**	1 098	**6 407**	5 948	**–**	–
20 395	17 081	**–**	–	**–**	–	**–**	–
5 887	5 451	**–**	–	**370**	130	**–**	–
26 282	22 532	**–**	–	**370**	130	**–**	–
(830)	(182)	**(145)**	(174)	**(52)**	(40)	**103**	160
(838)	(760)	**(146)**	(173)	**(43)**	(39)	**118**	159
13	585	**1**	(1)	**3**	6	**(15)**	2
(5)	(7)	**–**	–	**(12)**	(7)	**–**	(1)
(4 789)	(4 669)	**(514)**	(409)	**(795)**	(713)	**(238)**	(184)
(566)	(462)	**(6)**	(13)	**(85)**	(113)	**(3)**	72
–	–	**–**	–	**–**	–	**(160)**	–
–	(1)	**–**	–	**(16)**	(6)	**(2)**	4
(1)	6	**2**	4	**15**	14	**7**	3
2,4%	2,7%	**43,1%**	41,0%	**7,7%**	7,5%		

Notes to the consolidated annual financial statements

for the year ended 30 June 2019

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1. ACCOUNTING FRAMEWORK AND CRITICAL JUDGEMENTS

1.1 Basis of preparation

The consolidated and separate annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and its interpretations adopted by the International Accounting Standards Board in issue and effective for Motus at 30 June 2019 and the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee, Financial Reporting Pronouncements ("FRSC") as issued by the Financial Reporting Standards Council, the Companies Act of South Africa, No 71 of 2008, and the JSE Listings Requirements.

The preparation of the annual financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying Motus' accounting policies. Estimates and underlying assumptions are reviewed on an ongoing basis, and revisions to accounting estimates are recognised in the period in which the estimates are revised. The actual results could differ from these estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements have been disclosed in note 1.5 – Critical accounting judgements, estimates and assumptions.

The annual financial statements are presented in South African Rand ("ZAR"), the functional currency of the Group and the company and all amounts are rounded to the nearest million, except where otherwise indicated. Foreign currency exchange rates used in the preparation of converting into Rand are set out below:

	Closing rates		**Average rates**	
	2019	2018	**2019**	2018
US Dollar	**14,10**	13,71	**14,18**	12,86
British Pound	**17,95**	18,10	**18,35**	17,31
Australian Dollar	**9,90**	10,13	**10,14**	9,97
Euro	**16,06**	16,01	**16,18**	15,34

The consolidated and separate financial statements have been prepared on the historical cost basis, except for the following material items included in the statement of financial position that are measured as described below:

> Derivative financial instruments are measured at fair value, refer to note 4.4.

> Investments in preference shares (refer to note 4.1 – Investments and other financial instruments) measured at fair value.

> Common control on historical inter-group acquisitions which are measured as the differential in the purchase consideration paid and that of Motus.

1.2 Business combinations including common control transactions

Motus' businesses prior to its unbundling from Imperial Holdings Limited did not historically constitute a combined legal group. The historical annual financial statements of Motus are prepared on the assumption that the company and its subsidiaries; Motus Capital Proprietary Limited, Motus Group Limited and Motus Corporation Proprietary Limited traded together as a separate legal group.

IFRS does not provide guidance on the accounting for common control transactions. In the absence of specific guidance relating to common control transactions, entities should select an appropriate accounting policy using the hierarchy described in IAS 8 – Accounting policies, changes in accounting estimates and errors. The hierarchy permits the consideration of pronouncements of other standard-setting bodies.

The acquisition by Motus Holdings Limited of Motus Corporation Proprietary Limited, Motus Group Limited and Motus Capital Proprietary Limited in prior years meets the definition of a common control transaction as all the combining entities were ultimately controlled by the same party, being Imperial Holdings Limited, before and after the combination, and that control was not transitory. The following principles of US GAAP have been applied to the transfer of assets between entities under common control and IFRS principles for business combinations:

> When accounting for a transfer of assets or exchange of shares between entities under common control, the entity that receives the net assets or the equity interests shall initially measure the recognised assets and liabilities transferred at their carrying amounts in the accounts of the transferring entity at the date of transfer. If the carrying amounts of the assets and liabilities transferred differ from those of the parent of the entities under common control, for example, because fair value adjustments in business combinations have been recognised on consolidation; then the annual financial statements of the receiving entity shall reflect the transferred assets and liabilities at the historical cost of the transferring entity.

> As a result, the receiving entity effectively applies pushdown accounting in its consolidated annual financial statements.

> There is no change in basis for the net assets received because there is no change in control over the net assets or equity interests from the parent's perspective. Any difference between any proceeds transferred and the carrying amounts of the net assets received is recognised in equity as a common control reserve arising on common control transactions in the receiving entity's consolidated annual financial statements. No additional goodwill is created.

> Transactions with parties external to Motus where a change in shareholding occurred have been accounted for at the effective date of change in shareholding. Subsidiaries and associates which were sold to parties external to Motus have had their share of assets and profits included in the consolidated results when legal ownership was held.

> The purchase price for the acquisitions of Motus Corporation Proprietary Limited, Motus Capital Proprietary Limited, and Motus Group Limited had been compared to their historical cost in Imperial in determining the common control for the periods 30 June 2015 to the date of unbundling.

Notes to the consolidated financial statements continued

for the year ended 30 June 2019

1. ACCOUNTING FRAMEWORK AND CRITICAL JUDGEMENTS continued

1.2 Business combinations including common control transactions continued

> In the current year, at the point of unbundling, Motus acquired the final divisions of Motus Group Limited that were under the control of Imperial. This adjusted the common control reserve recognised.

> Where businesses, that were acquired via common control, are disposed of, the attributable common control relating to the underlying assets will be derecognised directly through equity, this will result in the attributable common control reserve being transferred to retained earnings.

> At the acquisition date for business combinations not under common control, the identifiable assets acquired and liabilities assumed are measured at fair values except for deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements which are recognised and measured in accordance with IAS 12 – Income Taxes and IAS 19 – Employee Benefits respectively.

> The excess of the aggregate of the consideration transferred, the non-controlling interest and the acquisition date fair value of previously held equity interest over the fair value of the identifiable net assets acquired is recognised as goodwill.

> The non-controlling interests are measured at their proportionate share of the fair value of the identifiable assets acquired and liabilities assumed.

> When the consideration transferred includes a contingent consideration, that contingent consideration is recognised as a liability and measured at its acquisition date fair value and included in the consideration transferred in a business combination. The contingent consideration is remeasured at subsequent dates to its fair value through profit or loss.

> When the business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value with the resulting gain or loss recognised in profit or loss at the acquisition date.

> If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group reports provisional amounts for the items where the accounting is incomplete. Those provisional amounts are adjusted during the measurement period where applicable.

> Any increases or decreases in ownership interests in subsidiaries without a change in control are recognised as equity transactions. The carrying amounts of Motus' interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any differences between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received are recognised directly in equity and attributed to owners of the company. These changes in ownership that have occurred in the respective historical financial years is reflected as such to present the legal ownership applicable for that period.

> The equity method of accounting for associates is adopted in the consolidated annual financial statements. In applying the equity method, account is taken of Motus' share of accumulated retained earnings and movements in reserves from the effective dates on which the companies became associates and up to the effective dates of disposal. In the event of associates making losses, Motus recognises the losses to the extent of Motus' exposure.

1.3 Going concern

The directors consider it appropriate to adopt the going concern basis in preparing the consolidated and separate annual financial statements. Based on their review of the consolidated and company budgets, cash flows and solvency and liquidity positions as at 30 June 2019, the Motus board reasonably believes that Motus has adequate resources to continue in operation for the foreseeable future. Refer to the directors' report for further going concern considerations.

1.4 Accounting polices

Accounting policies for which no choice is permitted in terms of International Financial Reporting Standards have been included only if management concluded that the disclosure would assist users in understanding the annual financial statements as a whole and considering the materiality of the item being discussed. Accounting policies which are not applicable from time to time, have been removed, but will be included if the type of transaction occurs in future or becomes material to the understanding of the annual financial statements. Accounting policies that refer to "consolidated" or "Group" apply equally to the separate annual financial statements where relevant.

The accounting policies applicable to each note are included in related notes to the financial statements.

The accounting policies adopted for this financial year are consistent with the previous financial year apart from the new accounting standards, which were adopted as outlined in 1.8 below as well as certain re-presentations as outlined in 1.9 below.

1.5 Critical accounting judgements, estimates and assumptions

Contract liabilities – measurement and revenue recognition

Service, maintenance and warranty contracts are sold with vehicles to cover the cash cost of future expenditure over specified periods. Service, maintenance and warranty contracts can be sold on a standalone basis. Revenue from vehicle maintenance, service and warranty plans is long term in nature (two to five years) and is recognised as the work is performed over the life of the plan ("over time"). This means that the revenue is recognised when the vehicle is maintained, serviced or repaired in terms of the contract. Revenue recognised is the cost of the work done plus the estimated margin which is adjusted to cater for the cost of expected future expenditure based on historical trends and includes forecast inflationary adjustments on an annual basis. Significant assumptions made to determine the stage of completion of the plan, known as burn rates of contracts, include:

> vehicle parts inflation

> foreign currency movements

> policy expiry date

> contract duration and mileage.

The balance of the unearned revenue is recognised in profit or loss on termination when the contract expires.

1. ACCOUNTING FRAMEWORK AND CRITICAL JUDGEMENTS continued

1.5 Critical accounting judgements, estimates and assumptions continued

Contract liabilities – measurement and revenue recognition continued

This contract liability which is required to cover contractual costs of service, maintenance and warranty work to be carried out in the future and the unearned margin to be recognised over the life of the plans. Actuarial experts are used to determine the inputs required to establish the adequacy of the reserve and the resulting revenue to be recognised and the final liability.

Funds for which there are insufficient claims history are recognised in profit and loss to the extent of the claims cost incurred without any profits being attributed. At the end of the plan, any remaining profits are recognised in profit and loss.

Other streams of revenue

For all other streams of revenue, the timing and the valuation is clearly established in terms of the accounting policy with limited judgement required.

Inventory provision

A provision is raised against new, used, demonstration vehicles and parts for loss in the value of inventory held, likely to be incurred through obsolescence, damage, and future expected movement in net realisable value. There has been no change in the assumptions applied in the calculation of the inventory provision in the historic period presented.

This is assessed as follows:

> New and used vehicles – the carrying amount is compared to the expected sales value which is assessed based on the recent sales history, adjusted for the condition of the underlying vehicle, and market acceptance for the vehicle less its cost to sell.
> Parts – the ageing of the parts is assessed and appropriate percentage write downs are allocated based on past experience.

Fair value measurement of financial instruments

When the fair value of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be measured based on quoted prices in an active market, their fair value is measured using the discounted cash flow ("DCF") valuation techniques. The inputs to these models are taken from observable markets, but where this is not feasible, a degree of judgement is required in establishing these fair values.

Discount rates are calculated with reference to observable market data. Assumed profitability is based on historical performances adjusted for expected growth (refer to note 4.5 – Fair value measurement of financial instruments).

Significant financial instruments referred to above are:

> derivative financial instruments measured at fair value; and
> preference shares measured at fair value.

Trade receivables and trade payables are carried at amortised cost and are considered to approximate fair value due to their short-term nature and thus no fair value adjustment is recognised.

Interest-bearing debt is carried at amortised cost. As their interest rates vary in the marketplace, they are considered to approximate fair value.

Please refer to note 4.5 – Fair value measurement of financial instruments for the classification of the financial assets and liabilities of Motus.

Residual value of tangible assets

To arrive at the residual value of a building in today's values, the usage of the building and its forecast residual value at the end of its useful life needs to be assessed and thereafter present valued. The determination of forecast residual values requires the use of capitalisation rates, which vary between 9,3% and 15,0% (2018: 9,3% and 15,0%) and discount an average discount rate of 5,3% (2018: 5,3%) which require a high level of judgement. Residual values are also assessed for plant, equipment and motor vehicles for hire. In arriving at estimated residual values, Motus considers the existing condition of the asset, the expected condition of the asset at the end of its useful life, technological innovations, product lifecycles, maintenance programmes and projected disposal values.

Motus reassesses the residual values of its assets on an annual basis. Actual residual values can vary from those previously estimated.

Impairment of assets

Goodwill and other indefinite useful life intangible assets are assessed annually for impairment. The key assumptions used are cash flow projections, growth rates and discount rates applied. The growth rates and cash flow projections are approved by senior management. The discount rates are established by an independent expert taking into account the geographic and other risk factors relating to the particular cash-generating unit being assessed. For the purpose of impairment testing, goodwill is allocated to each of Motus' cash-generating units (or groups of cash-generating units) that are expected to benefit from the synergies of the business combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is first allocated to the goodwill and then to the other non-current assets of the unit on a pro rata basis on the carrying amount of each non-current asset in the unit.

Notes to the consolidated financial statements continued

for the year ended 30 June 2019

1. ACCOUNTING FRAMEWORK AND CRITICAL JUDGEMENTS continued

1.5 Critical accounting judgements, estimates and assumptions continued

Impairment of assets continued

Investments in subsidiaries, including Motus Holdings Limited company's investments in subsidiaries, are assessed for impairment if there is an indicator of impairment. These indicators could include the share price of a listed entity or net asset value of the underlying subsidiary, or net asset value of the underlying subsidiary, among other factors. If there is an indicator of impairment present, a recoverable amount is calculated based on the higher of the fair value less cost to sell and value in use. If the recoverable amount is lower than the carrying amount, the difference is deducted from the underlying investment. This has no impact on the consolidated profit and loss as the investment in subsidiaries is eliminated on consolidation.

The critical judgements utilised to determine value in use are as follows:
> Future cash flows of the subsidiaries or consolidated subsidiaries in the case of Motus Holdings Limited company.
> The pre-tax discount rate applicable to the underlying subsidiaries taking into consideration entity specific and geographical costs of debt and equity.
> The terminal growth rate based on current growth patterns applicable to the underlying subsidiaries.

Refer to the separate financial statements for further details.

Properties are valued over a five-year cycle, or earlier should an impairment indicator arise, with approximately 20% of the property portfolio being valued annually. The valuation is done by an internal expert using the income approach method. Properties include those as owner occupied disclosed in property, plant and equipment as well as investment properties.

Key inputs utilised in the valuation:
> Rental growth per annum: The property valuators approximated future escalations in rental income to 5,4% (2018: 5,4%), taking into account various micro-economic and macro-economic factors. At the level of individual properties, the rate is adjusted for conditions contractual or other, that are specific to the building under consideration.
> Discount rate: An average discount rate of 5,3% (2018: 5,3%) over the medium to long term was used.
> Capitalisation rate: Determined by taking into account the quality and location of the properties under consideration. This rate is determined with reference to market transactions of comparable properties, and takes the prevailing interest rates and risk into consideration. The rates used vary between 9,3% and 15,0% (2018: 9,3% and 15,0%).

Other assumptions used:
> Net rental income used is the current pre-tax rental given normal arm's length market conditions, after deducting property maintenance and running costs.
> The useful life of refurbishments is considered to be five years.
> Economic useful life of 20 to 25 years. Buildings occupied for five years or longer, are assumed to have been occupied for five years.

Based on the calculations performed, the recoverable amount on certain properties was lower than the carrying value and an impairment loss of R23 million (2018: R103 million) on property was recognised in the following segments:
> Import and Distribution – R4 million (2017: R8 million).
> Retail and Rental – R18 million (2018: R95 million).
> Head Office and Eliminations – R1 million (2018: Rnil).

Recoverability of deferred tax assets in respect of future taxable profits

Future taxable profits are estimated based on business plans which include estimates and assumptions regarding the following:
> economic growth
> interest rates
> inflation rates
> taxation rates
> currency risk
> competitive forces.

The deferred tax assets are reviewed at the end of the reporting period and adjusted, taking into consideration the current and forecast future results. Deferred tax assets are impaired where entities do not show signs of profitability in the foreseeable future. Motus' deferred tax assets primarily arise from contract liabilities in Motor-Related Financial Services, provisions and other timing differences in profitable subsidiaries and an assessed loss recognised in one of the vehicle importers. The profitability of these businesses has been assessed and the deferred tax asset is considered recoverable.

Key sources of estimation and uncertainty

Future cash flows

Motus tests its fixed assets for impairment when indicators of impairment exist, and goodwill and indeterminate assets are tested annually. The recoverable amounts of assets (including goodwill), individual CGUs and groups of CGUs are based on Motus' best estimate of the future cash flows relating to those assets or CGUs, discounted to reflect the time value of money and the risks specific to the asset or group of assets under consideration.

Forward looking information utilised in the expected credit loss model

The following forward looking information was utilised to estimate the expected credit loss:
> The geography and industry in which the customers operate, sales to entities based in other African countries as well as sales to panelshops are considered riskier.
> Period overdue and time taken to settle underlying receivables, with older accounts being considered a higher risk.
> Past default experiences of the operating segments, examples include the Motor-Related Financial Services operations which has a very low default experience.
> The Group's view of the economic conditions over the settlement period of the underlying receivables, and those which have worsened in the current financial year.

1. ACCOUNTING FRAMEWORK AND CRITICAL JUDGEMENTS continued

1.6 Basis of preparation of segment information

Operating segments are reported in a manner consistent with the internal reporting requirements of Motus as provided to the chief operating decision makers, being the Chief Executive Officer and the Chief Financial Officer. The chief operating decision makers are responsible for allocating resources and assessing performance of the operating segments. The operations have been allocated to each operating business segment based on management's assessment of their core operating activities, nature of the revenue streams and where they participate in the automotive value chain. Due to the integrated businesses of Retail and Rental wherein vehicles are sold to the retail business at the end of the rental term, this is regarded as one operating segment and accordingly no business segments have been aggregated. Central costs are allocated to the segment which derives the benefits from the costs.

Segment revenue reflects both sales to external parties and intra-group transactions across segments, which are eliminated under Head Office and Eliminations.

The products and services of each of the business segments are described below:

> Import and Distribution: The sale of imported international vehicle brands such as Hyundai, Kia, Renault and Mitsubishi.

> Retail and Rental: The sale of new and used passenger and commercial vehicles, parts and after-sales servicing thereof. Rents vehicles through various outlets.

> Motor-Related Financial Services: Manages and administers service, maintenance and warranty plans for vehicles and develops and sells value-added products. Provides fleet management services and deploys an innovation hub.

> Aftermarket Parts: Distributor, wholesaler and retailer of accessories and aftermarket parts.

Revenue is recorded in the country where the sales occur. Revenue between geographical areas within the Group is eliminated.

1.7 Other financial definitions

Other financial definitions include:

> Depreciation, amortisation and impairments include depreciation, amortisation, impairments and profits on disposals of property, plant, equipment and intangible assets. Impairment of goodwill is included under non-operating items in profit or loss.

> Operating assets are all assets less loans receivable, taxation assets, cash and cash equivalents and assets classified as held for sale.

> Operating liabilities are all liabilities less all interest-bearing debt, taxation liabilities and liabilities directly associated to assets classified as held for sale.

> Net working capital consists of inventories, trade and other receivables, derivative instruments, provisions and trade and other payables.

> Net debt includes total interest-bearing debt less cash resources.

> Net capital expenditure includes expansion and net replacement expenditure of property, plant, equipment, intangible assets and vehicles for hire.

1.8 Adoption of new standards issued and effective, as well as restatement of prior period

International Financial Reporting Standards that have become applicable to Motus for the first time for the 2019 financial year include IFRS 9 – Financial instruments and IFRS 15 – Revenue from contracts with customers.

1.8.1 IFRS 9 – Financial instruments

The standard requires that impairment provisions for receivables are to be calculated on an expected loss basis rather than incurred loss basis. Motus Financial Services has profit share arrangements with banks. The banks are now required to accelerate their expected credit losses ("ECL") on non-arrear stage 1 portfolios resulting in lower impairments when the loans become irrecoverable. This had a minor impact on the results of the profit share arrangements that Motus has with the banks. The change from the incurred loss to the expected loss model was applied to trade and to other receivables within the Group and due to the short-term nature of the credit policy in place for sales to external customers the impact is minor. Please refer to note 3.4.2 – Trade and other receivables for further details. All trade receivables are held to collect contractual cash flows.

Motus has adopted the simplified approach in terms of IFRS 9 – Financial instruments ("IFRS 9"), the credit loss allowance on the trade receivables is determined by the lifetime ECL for the Group and the company. The ECL on trade receivables are estimated using a provision matrix by referencing to past default experience, an analysis of the customer's current financial position and reasonable and supportable forward looking information.

In the Group's condensed interim unaudited financial statements for the six months ended 31 December 2018 and the consolidated financial statements for the year ended 30 June 2018, Motus disclosed the following in relation to the application to IFRS 9: "The standard has also resulted in a more simplified approach to hedge accounting which affects the Motus Import and Distribution segment".

However, it was erroneously omitted that the Group would still apply IAS 39 – Financial instruments for hedge accounting until such time as the macro hedging project has been concluded. The principal difference in the two standards is the hedging documentation requirements. Under IFRS 9 there is greater detail required on the Group's risk management strategy and risk management's objectives, the eligibility of more items that can be utilised as hedging instruments and determination and measurement of hedge effectiveness. Motus is still assessing the impact of the application of IFRS 9 will have on the disclosures and other factors relating to hedge accounting.

Notes to the consolidated financial statements continued

for the year ended 30 June 2019

1. ACCOUNTING FRAMEWORK AND CRITICAL JUDGEMENTS continued

1.8 Adoption of new standards issued and effective, as well as restatement of prior period continued

1.8.1 IFRS 9 – Financial instruments continued

IFRS 9 introduces new classification and measurement categories for financial assets and financial liabilities.

The impact of the classification and measurement is illustrated in the table below.

	Classification and measurement category under IFRS 9	Classification and measurement category IAS 39	Carrying amount under IFRS 9 2018 Rm	Carrying amount under IAS 39 2018 Rm
Financial assets				
Preference shares (unlisted cell captives)	Designated at fair value through profit and loss	At fair value through profit and loss	637	637
Listed investments	Designated at fair value through profit and loss	At fair value through profit and loss	15	15
Trade and other receivables	At amortised cost	Loans and receivables	4 412	4 412
Expected credit losses	At amortised cost	Loans and receivables	202	202
Derivative assets	When hedge accounting is applied, cash flow hedges are at fair value through other comprehensive income or when hedge accounting is not applied, at fair value through profit and loss – held for trading. This is in terms of IAS 39	When hedge accounting is applied, cash flow hedges are at fair value through other comprehensive income or when hedge accounting is not applied, at fair value through profit and loss – held for trading	432	432
Cash resources	At amortised cost	At amortised cost	1 737	1 737
Financial liabilities				
Interest-bearing borrowings	At amortised cost	Other financial liabilities measured at amortised cost using the effective interest method	7 637	7 637
Loans from associates and non-controlling interests included in other financial liabilities	At amortised cost	Other financial liabilities measured at amortised cost using the effective interest method	54	54
Contingent consideration included in other financial liabilities	At fair value through profit and loss	At fair value through profit and loss	–	–
Trade payables and accruals	At amortised cost	Other financial liabilities measured at amortised cost using the effective interest method	7 964	7 964
Interest-bearing floor plan from supplier	At amortised cost	Other financial liabilities measured at amortised cost using the effective interest method	4 597	4 597
Derivative liabilities	When hedge accounting is applied, cash flow hedges are at fair value through other comprehensive income or when hedge accounting is not applied, designated at fair value through profit and loss. This is in terms of IAS 39	When hedge accounting is applied, cash flow hedges are at fair value through other comprehensive income or when hedge accounting is not applied, designated at fair value through profit and loss	46	46

1.8 Adoption of new standards issued and effective, as well as restatement of prior period continued

1.8.2 IFRS 15 – Revenue from contracts with customers

All material sales contracts have been assessed for any impact in terms of the five-step approach of IFRS 15. Please refer to note 8.1 – Revenue from contracts with customers for further details.

The only change that this review resulted in, was a change to the application of the principal and agency decision processes in the recognition of revenue.

Under the previous accounting standard (IAS 18 – Revenue Recognition) one of the indicators relating to the principal and agency decision processes was who took on the credit risk. In terms of the agreements with certain of the suppliers in the Aftermarket Parts division, one of the entities agreed to carry the credit risk and reimburse the suppliers in the event of default. As this was seen as an unusual practice in the industry, it was agreed in that entity to treat the accounting as a principal arrangement and recognise the revenue accordingly.

In terms of IFRS 15, credit risk is no longer an indicator, requiring that the transactions are now accounted for on the basis of an agency relationship.

The restatement had no impact on profits and the financial position, it only affected revenue and net operating expenses in terms of the statement of profit and loss, and the cash receipts from customers and cash paid to supplier and employees as detailed below. Due to there being no impact on the statement of financial position, an additional statement of financial position was not disclosed in terms of IAS 1 – Presentation of financial statements.

Statement of profit or loss	2018 Rm
Revenue decrease	(658)
Net operating expenses decrease	658
Profit from operations before depreciation and recoupments (no impact)	–
Statement of cash flows	
Cash receipts from customers decrease	(658)
Cash paid to suppliers and employees decrease	658
Cash generated by operations before interest, tax paid and capital expenditure on vehicles for hire (no impact)	–
Reconciliation of revenue as disclosed	
As originally disclosed in the annual financial statements for the year ended 30 June 2018	77 659
Decrease in revenue due to change in accounting standards	(658)
Prior year revenue comparative now stated as	77 001

1.9 Re-presentation of prior year disclosures

The following has been re-presented from prior year to enhance disclosure. The re-presentations related to separately disclosing the floorplans that were previously disclosed in trade and other payables (note 3.4.3) and interest-bearing debt (note 6.1). Floorplans previously disclosed in trade and other payables relate to floorplans with suppliers and floorplans previously disclosed in interest-bearing debt relates to facilities with financial institutions. These re-presentations only affect the current liability allocations, however, total liabilities remain the same.

The re-presentations are as follows:

	2018 Rm
Trade and other payables as disclosed in the prior year	13 435
Now disclosed separately as:	
Trade and other payables	8 838
Floorplans from suppliers	4 597
Interest-bearing debt as disclosed in current liabilities in the prior year	7 556
Now disclosed separately as:	
Interest-bearing debt	6 236
Interest-bearing floorplans from financial institutions	1 320

Notes to the consolidated financial statements continued

for the year ended 30 June 2019

1. ACCOUNTING FRAMEWORK AND CRITICAL JUDGEMENTS continued

1.10. Additional disclosures to the condensed interim unaudited financial statements with respect to revenue from contracts with customers

In the condensed unaudited interim financial statements for the six months ended 31 December 2018, revenue was disclosed in terms of sale of goods and rendering of services. In the consolidated audited annual financial statements, further disaggregation in terms of the requirements of IFRS 15 has been provided. In order to align the disclosure between the interim and annual financial statements, the following additional disclosures relating to the source of internally derived revenue as well the eliminations of revenue between geographic regions for the full financial year have been provided:

	June 2019 Rm	December 2018 Rm
Total revenue from contracts with customers	**79 711**	39 379
– South Africa	**53 176**	26 914
– International	**26 652**	12 548
– Eliminations between geographical regions	**(117)**	(83)
Revenue by nature		
New motor vehicles sales	**36 708**	18 297
Used motor vehicles sales	**19 027**	9 279
Parts and other goods sales	**14 268**	7 159
Sale of goods	**70 003**	34 735
Vehicle workshop, maintenance, service and warranty	**5 435**	2 478
Motor vehicle rental	**2 564**	1 298
Fees on vehicles, parts and services sold	**1 709**	868
Rendering of services	**9 708**	4 644
Total revenue	**79 711**	39 379
Source of internationally derived revenue		
– United Kingdom	**20 395**	9 380
– Other regions (Australia and South East Asia)	**6 257**	3 168
	26 652	12 548

2. ARISING ON CONSOLIDATION

2.1 Goodwill

Goodwill is allocated to the cash-generating unit ("CGU") that is expected to benefit from the acquisition. Goodwill is measured and managed at an operating entity level.

None of the goodwill arising on the acquisitions is expected to be deductible for tax purposes (2018: Rnil).

	2019 Rm	2018 Rm
Carrying value at beginning of year	**953**	539
Movement during the year		
Acquisition of subsidiaries and businesses	**111**	447
Impairment charge*	**(37)**	(63)
Currency adjustments	**(7)**	30
Carrying value at end of year	**1 020**	953

* *Motus examines all new goodwill that is recognised and routinely impairs all amounts lower than R10 million.*

The carrying value of goodwill has been allocated to the following CGUs for impairment testing:

	2019 Rm	2018 Rm
Vehicle Retail and Rental		
United Kingdom		
Motus Commercials	**68**	67
Mercedes Commercials[1]	**120**	120
Passenger division[1]	**235**	158
Australia		
SWT Group Proprietary Limited	**194**	212
Aftermarket Parts		
South Africa		
Motus Aftermarket Parts[2]	**231**	231
Vehicle Canopy Operations[3]	**103**	76
Taiwan		
ARCO Motor Industry Company Limited	**69**	65
Significant goodwill	**1 020**	929
Other goodwill[2]	**–**	24
Carrying value of goodwill	**1 020**	953

[1] *During the year the operations of S&B Commercials and Orwell Trucks were combined into one CGU (Mercedes Commercials); the purchase of the new Ford dealerships were combined with the existing Pentagon division to form the Passenger division. These businesses have been combined to align to the effective management structure of the underlying businesses. The previous components are now not divisible and the Mercedes Commercials and the Passenger division operate as single entities.*

[2] *Prior year has been re-presented. Alert Engines was previously disclosed in other goodwill, as it is now a combined CGU with AAAS, it is now aggregated with AAAS for disclosure enhancement, disclosed as "Motus Aftermarket Parts".*

[3] *The purchase of Rhino Outdoor and Off-road in the current year has been combined with Beekman Super Canopies, disclosed as Vehicle Canopy Operations.*

Goodwill relates to the operating segments below:

	2019 Rm	2018 Rm
Vehicle Retail and Rental	**617**	576
Aftermarket Parts	**403**	377
	1 020	953

Goodwill impairment testing

Impairment of goodwill arises when the recoverable amount of the CGU, including goodwill is less than the carrying value. The recoverable amount is determined as the greater of the fair value less costs to sell and the value in use. The directors have determined the recoverable amount using the value-in-use method in assessing goodwill for impairment purposes and which uses cash flow projections based on budgets approved by the directors for a five-year period.

Notes to the consolidated financial statements continued

for the year ended 30 June 2019

2. ARISING ON CONSOLIDATION continued

2.1 Goodwill continued

A summary of the related assumptions used in determining the recoverable amounts are:

	Pre-tax discount rate		Compound annual growth rate prior to terminal period		Terminal growth rate	
	2019	2018	**2019**	2018	**2019**	2018
	%	%	**%**	%	**%**	%
Retail and Rental						
United Kingdom						
Motus Commercials	**9,7**	10,9	**2,5**	2,5	**2,0**	2,5
Mercedes Commercials[1]	**9,4**	10,7	**2,5**	2,5	**2,0**	2,5
Passenger division[1]	**9,6**	10,7	**2,5**	2,5	**2,0**	2,5
Australia						
SWT Group Proprietary Limited	**10,5**	13,5	**2,5**	3,4	**2,0**	2,3
Aftermarket Parts						
South Africa						
Motus Aftermarket Parts[2]	**20,2**	18,0	**5,0**	6,3	**5,1**	5,3
Vehicle Canopy Operations[3]	**23,3**	22,8	**10,7**	12,3	**5,1**	5,4
Taiwan						
ARCO Motor Industry Company Limited	**13,9**	18,4	**2,5**	2,0	**2,5**	2,0

[1] *During the year the operations of S&B Commercials and Orwell Trucks were combined into one CGU (Mercedes Commercials); the purchase of the new Ford dealerships were combined with the existing Pentagon division to form the Passenger division. These businesses have been combined to align to the effective management structure of the underlying businesses. The previous components are now not divisible and the Mercedes Commercials and the Passenger division operates as single entities.*

[2] *Prior year has been re-presented. Alert Engines was previously disclosed in other goodwill, as it is now a combined CGU with AAAS, it is now aggregated with AAAS for disclosure enhancement, disclosed as "Motus Aftermarket Parts".*

[3] *The purchase of Rhino Outdoor and Off-road in the current year has been combined with Beekman Super Canopies, disclosed as Vehicle Canopy Operations.*

There were no CGUs that required an impairment.

Key assumptions applied are as follows:

Cash flow projections

The value in use is calculated using the forecast cash inflows and outflows which are expected to be derived from continuing use of the CGU and its ultimate disposal. Cash flow projections for financial forecasts are based on expected revenue, operating margins, working capital requirements and capital expenditure, which were approved by the directors.

The expected revenues were based on market share assumptions, volume growth and price increases. No significant change in market share was assumed during the forecast period of five years and is based on the average market share in the period immediately before the forecast period. Volume growth was based on average growth experienced in recent years. The exchange rates used in the cash flow projections were consistent with external sources of information. Operating margins reflect past experience, but are adjusted for any expected changes for the individual CGU arising from changes in volumes, margins, working capital requirements and expected capital expenditure.

In arriving at the future cash flows, assumptions applied are market share assumptions, operating margins and the impact of foreign exchange rates.

Growth rates

Growth rates applied are determined based on future trends within the industry, geographic location and past experience within the operating divisions. Growth rates can fluctuate from year to year based on the assumptions used to determine these rates.

Motus used steady growth rates to extrapolate revenues beyond the forecast period, which were consistent with publicly available information relating to long-term average growth rates for each of the markets in which each of the respective CGUs operates.

Discount rates

The discount rates present the current market assessment of the risks for each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow projections. The discount rate calculations are derived from the CGU's weighted average cost of capital and takes into account both the cost of debt and the cost of equity.

Cost of equity was arrived at by using the capital asset pricing model ("CAPM") which, where necessary, takes into account an equity risk premium and a small stock premium. The CAPM uses market betas of comparable entities in arriving at the cost of equity. The cost of debt is based on the interest-bearing debt the CGU is obliged to service.

The debt-to-equity ratio was determined by applying market value weights based on theoretical target gearing levels, giving consideration to industry averages and using data of comparable entities.

2. ARISING ON CONSOLIDATION continued

2.1 Goodwill continued

Change in key assumptions

The estimated recoverable amounts of all the CGUs exceeded their carrying values and due to the significant headroom, they are not impacted by a 10% variation in the cash flow projections, growth rates and discount rates when comparing the carrying value to the recoverable amount.

2.2 Intangible assets

The assumptions regarding estimated useful lives for the financial year were as follows:

> customer lists, contracts and networks vary between one and 10 years; and

> computer software varies between two and five years.

	Customer lists, contracts and networks Rm	Computer software Rm	Total Rm
As at 30 June 2019			
Cost	**353**	**239**	**592**
Accumulated depreciation and impairment	**(173)**	**(166)**	**(339)**
Carrying amount	**180**	**73**	**253**
Net carrying value at beginning of year	**197**	**80**	**277**
Movement during the year			
Additions	**1**	**45**	**46**
Proceeds on disposal	**–**	**(4)**	**(4)**
Loss on disposal	**–**	**(13)**	**(13)**
Amortisation	**–**	**(34)**	**(34)**
Amortisation of intangible assets arising on business combinations	**(17)**	**–**	**(17)**
Currency adjustments	**(1)**	**(1)**	**(2)**
Net carrying value at end of year	**180**	**73**	**253**

Included in customer lists, contracts and networks are the distribution rights relating to Renault South Africa Proprietary Limited of R107 million (2018: R107 million). The distribution rights are regarded as having an indeterminate useful life as there is no foreseeable limit to the period over which the operations of Renault South Africa Proprietary Limited will not generate net cash inflows. These distribution rights therefore have an indeterminate useful life and are not amortised, but tested annually for impairment.

The key assumptions utilised to calculate the recoverable amount for the distribution rights of Renault is a terminal growth rate of 5,0% (2018: 5,3%) and pre-tax discount rate of 12,9% (2018: 12,3%). No impairment loss (2018: Rnil) was recognised on these distribution rights as at 30 June 2019.

	Customer lists, contracts and networks Rm	Computer software Rm	Total Rm
As at 30 June 2018			
Cost	353	267	620
Accumulated depreciation and impairment	(156)	(187)	(343)
Carrying amount	197	80	277
Net carrying value at beginning of year	161	98	259
Movement during the year			
Acquisition of subsidiaries	51	1	52
Additions	2	31	33
Proceeds on disposal	–	(1)	(1)
Loss on disposal	–	(5)	(5)
Amortisation	–	(44)	(44)
Amortisation of intangible assets arising on business combinations	(15)	–	(15)
Currency adjustments	4	–	4
Re-classifications	(6)	–	(6)
Net carrying value at end of year	197	80	277

Notes to the consolidated financial statements continued

for the year ended 30 June 2019

2. ARISING ON CONSOLIDATION continued

2.3 Investments in associates and joint ventures

	2019 Rm	2018 Rm
Shares at cost	**65**	108
Share of post-acquisition reserves	**112**	152
Carrying value of associates and joint ventures	**177**	260
Indebtedness by associates and joint ventures	**81**	88
Less than one year	**–**	4
More than one year	**–**	–
More than five years	**81**	84
Net investment in associates and joint ventures	**258**	348

The following equity accounted associates are material to Motus:

	Ukhamba Holdings Limited	NGK Spark Plugs South Africa Proprietary Limited
Nature of relationship with Motus	Broad-based black empowerment partner that currently owns ordinary and deferred ordinary Motus shares	Associate that manufactures and sells spark plugs and other parts
Principal place of business/ country of incorporation	South Africa	South Africa
Year end	30 June 2019	31 March 2019*
Ownership interest/ voting rights held	23,45%	25,00%

** The results are adjusted to align with the Group's financial year-end.*

Investments in associates and joint ventures are equity accounted. An assessment of control is performed by Motus based on whether Motus has the practical ability to direct the relevant activities unilaterally. In making the judgement, the relative size and dispersion of other vote holders, potential voting rights held by them or others and rights from other contractual arrangements were considered. After the assessment, Motus concluded that it did not have a dominant interest to direct the relevant activities of associates and joint ventures. The investment in Ukhamba Holdings Limited was acquired when Motus unbundled from Imperial. Motus owns two types of shares in Ukhamba, the E Class shares entitle Motus to receive 46,9% of any remaining listed Motus ordinary shares owned by Ukhamba after the sale of shares to settle bank financing due by Ukhamba. Motus owns 23,45% of the C Class shares which participate in the remaining investments held by Ukhamba.

Ukhamba has issued five different classes of shares – Class A and B – representing investment in Imperial Logistics ordinary shares, C representing investment in unlisted assets, D and E representing an investment in Motus ordinary shares.

The following is summarised financial information for these associates at 100%, based on their respective consolidated annual financial statements prepared in accordance with IFRS, modified for fair value adjustments made at the time of acquisition and differences in accounting policies.

	Ukhamba Holdings Limited		NGK Spark Plugs South Africa Proprietary Limited	
	2019 Rm	2018 Rm	2019 Rm	2018 Rm
Revenue	**–**	–	**582**	542
Net (loss)/profit for the year	**(437)**	(65)	**53**	54
Other comprehensive (loss)/income	**(754)**	378	**–**	–
Total comprehensive (loss)/income[1]	**(1 191)**	313	**53**	54
Non-current assets	**2 450**	4 014	**59**	50
Non-current liabilities	**1 814**	2 228	**22**	4
Current assets	**78**	73	**397**	344
Current liabilities	**1**	1	**138**	146
Total assets	**2 528**	4 087	**456**	394
Total liabilities	**1 815**	2 229	**160**	150
Total equity	**713**	1 858	**296**	244

2. ARISING ON CONSOLIDATION continued

2.3 Investments in associates and joint ventures continued

	Ukhamba Holdings Limited 2019 Rm	Ukhamba Holdings Limited 2018 Rm	NGK Spark Plugs South Africa Proprietary Limited 2019 Rm	NGK Spark Plugs South Africa Proprietary Limited 2018 Rm
Group's proportional interest in net assets of associate at beginning of year	**435**	367	**75**	62
Share of total comprehensive income	**–**	73	**14**	13
Adjustment relating to change in equity structure in Ukhamba post-unbundling[2]	**(118)**	–	**–**	–
Transfer to common control reserve	**–**		**(15)**	–
Dividends received from associate	**(6)**	(5)	**–**	–
Group's proportional interest in net assets of associate	**311**	435	**74**	75
Reversal of fair value adjustment on shares and losses that exceed Motus' net interest in the associate[3]	**(311)**	(435)	**–**	–
Carrying value of the interest in the associate at the end of the year	**–**	–	**74**	75

The unrecognised losses on Ukhamba Holdings Limited for the year under review amounted to R9 million (2018: R32 million); cumulatively the unrecognised losses are R175 million[4].

[1] *The total comprehensive loss from Ukhamba relates to the fair value adjustment in the investments held in Motus and Imperial shares, losses incurred on other investments held and finance costs relating to the financing obtained from Investec.*

[2] *With the ownership now obtained in the new E Class shares in Ukhamba as a result of the unbundling, Motus is entitled to 46,9% of any remaining listed Motus shares owned by Ukhamba after the sale of shares to settle the bank financing due by Ukhamba. This adjustment deals with the impact on the attributable equity to Motus. It also means that the attributable equity will not equate to the total equity.*

[3] *Motus does not share in the fair value adjustments in Ukhamba's investments in Imperial Logistics and Motus. The remaining investments are loss-making. As the investment in Ukhamba is nil, no further losses are recognised.*

[4] *Prior year was adjusted to reflect the shareholding of 23,45% post-unbundling.*

Immaterial associates and joint ventures

The following summarised financial information for Motus' interest in immaterial associates and joint ventures is based on the amounts reported in Motus' consolidated financial statements:

	Associates 2019 Rm	Associates 2018 Rm	Joint ventures 2019 Rm	Joint ventures 2018 Rm
Net profit/(loss) for the year	**16**	71	**(3)**	1
Other comprehensive income	**–**	1	**–**	–
Total comprehensive income/(loss)	**16**	72	**(3)**	1
Carrying value of interest in immaterial associates	**167**	254	**17**	19

Where restrictions exist on Motus' ability to remit funds due to regulatory restrictions or other circumstances from associates and joint ventures, cash dividends are only recognised when dividend income is received.

Due to the unavailability of foreign currency for the remittance of capital and dividends Motus impaired its Zimbabwean associates amounting to R56 million in the current financial year.

The unrecognised profits on these associates amounts to R77 million (2018: R23 million).

Notes to the consolidated financial statements continued

for the year ended 30 June 2019

2. ARISING ON CONSOLIDATION continued

2.4 Non-controlling interests

The following subsidiaries have non-controlling interests that are material to Motus:

Subsidiary	Principal place of business	Operating segment	Ownership interest held by NCI (%) 2019	2018
Renault South Africa Proprietary Limited	South Africa	Import and Distribution	**40**	40
ARCO Motor Industry Company Limited	Taiwan	Aftermarket Parts	**40**	40
SWT Group Proprietary Limited[1]	Australia	Retail and Rental	**20**	25

[1] *During the year Motus purchased an additional 5% shareholding in SWT Group Proprietary Limited thus reducing the non-controlling interest to 20%.*

The following is summarised financial information for above mentioned companies based on their respective consolidated financial statements prepared in accordance with IFRS, modified for fair value adjustments made at time of acquisition and differences in accounting policies. The information is before inter-company eliminations with other entities in Motus.

	Renault South Africa Proprietary Limited[1]		ARCO Motor Industry Limited		SWT Group Proprietary Limited	
	2019 Rm	2018 Rm	**2019 Rm**	2018 Rm	**2019 Rm**	2018 Rm
Revenue	**4 612**	4 663	**397**	130	**1 808**	1 404
Net profit/(loss) for the year	**2**	(88)	**60**	21	**16**	21
Net profit/(losses) attributable to non-controlling interests	**1**	(35)	**24**	8	**3**	5
Other comprehensive (loss)/income	**–**	(25)	**6**	17	**(3)**	(4)
Total comprehensive income/(loss)	**2**	(113)	**66**	38	**13**	17
Income/(loss) attributable to non-controlling interests	**1**	(45)	**26**	15	**3**	4
Non-current assets	**222**	223	**21**	5	**47**	42
Non-current liabilities	**40**	958	**7**	–	**–**	–
Total current assets	**2 509**	2 042	**213**	247	**371**	352
Total current liabilities	**2 785**	1 404	**90**	43	**333**	313
Total assets	**2 731**	2 265	**234**	252	**418**	394
Total liabilities	**2 825**	2 362	**97**	43	**333**	313
Total equity	**(94)**	(97)	**137**	209	**85**	81
Equity attributable to non-controlling interests	**(38)**	(39)	**55**	84	**17**	20
Purchase price allocation attributable to non-controlling interest	**–**	–	**8**	13	**–**	–
Total non-controlling interest	**(38)**	(39)	**63**	97	**17**	20
Capital injected by non-controlling interests	**–**	220	**–**	–	**–**	–
Cash paid for non-controlling interests	**–**	–	**–**	–	**17**	18

[1] *Included in the liabilities of Renault South Africa Proprietary Limited are preference shares with an amortised cost of R542 million (2018: R542 million) which rank behind other liabilities.*

The following balances relate to immaterial non-controlling interests:

	2019 Rm	2018 Rm
Total comprehensive loss	**(3)**	(16)
Carrying value of interest in immaterial non-controlling interests	**(79)**	(75)
Total non-controlling interests	**(37)**	4

2. ARISING ON CONSOLIDATION continued

2.5 Business combinations

Acquisitions during the reporting period

A number of businesses were acquired during the year to complement existing businesses. An assessment of control was performed by Motus based on whether Motus has the practical ability to direct the relevant activities unilaterally. In making the judgement, the relative size and dispersion of other vote holders, potential voting rights held by them or others and rights from other contractual arrangements were considered. After the assessment, Motus concluded that it did have a dominant interest to direct the relevant activities of the subsidiaries acquired.

The fair value of assets acquired and liabilities assumed at the acquisition date were as follows:

Business acquired	Nature of business	Operating segment	Effective date	Interest acquired (%)	Purchase consideration transferred Rm
Pentagon Ford	Three dealerships that primarily retail Ford motor vehicles in the United Kingdom	Vehicle Retail and Rental	December 2018	100%	**266**
Other individually immaterial acquisitions					**129**
					395

	Pentagon Ford Rm	Individually immaterial acquisitions Rm	Total Motus Rm
Fair value of assets acquired and liabilities assumed at date of acquisition			
Assets			
Property, plant and equipment	103	14	**117**
Investments and other financial instruments	–	35	**35**
Deferred tax assets	–	27	**27**
Inventories	127	70	**197**
Trade and other receivables	1	4	**5**
Income tax assets	–	207	**207**
Cash resources	–	2	**2**
	231	359	**590**
Liabilities			
Trade and other payables	–	114	**114**
Other non-current financial liabilities	–	3	**3**
Contract liabilities	–	42	**42**
Interest-bearing debt	15	118	**133**
	15	277	**292**
Acquiree's fair value of net assets at acquisition	216	82	**298**
Non-controlling interests	–	(2)	**(2)**
Common control reserve acquired	–	(12)	**(12)**
Net assets acquired	216	68	**284**
Total purchase consideration	266	129	**395**
Cash paid	266	103	**369**
Contingent consideration (refer to note 4.5.2)	–	26	**26**
Goodwill	50	61	**111**

Notes to the consolidated financial statements continued

for the year ended 30 June 2019

2. ARISING ON CONSOLIDATION continued

2.5 Business combinations continued

Type of acquisitions

The acquisitions related to the purchase of the underlying assets and liabilities of the businesses, which were absorbed into Motus as operating divisions.

Reasons for the acquisitions

The acquisitions are strategically in line with the Group's objective of achieving economies of scale via selective bolt-on acquisitions in local and international markets that complement the Group's existing networks.

The acquisition of these businesses complement the Group's existing structures and create synergies supporting the recognition of goodwill.

Acquisition costs

Acquisition costs for business acquisitions concluded during the year amounted to R7 million (2018: R7 million) and have been recognised as an expense in profit or loss in the "Other non-operating items" line.

Impact of the acquisition on the results of the Group

From the dates of acquisition, the businesses acquired during the period contributed revenue of R1 363 million and after tax loss of R14 million including the after tax funding costs. Had all the acquisitions been consolidated from 1 July 2018, they would have contributed revenue of R2 348 million and an after tax loss of R19 million (including the after tax impact of funding costs). The Group's total revenue would have been R80 696 million and an after tax profit of R1 891 million (also including the after tax impact of funding costs).

Separately identifiable intangible assets

The full excess purchase price is recognised as goodwill, as the distribution rights from the suppliers only transfer upon certain terms and conditions being met and do not automatically transfer as a part of the acquisition. These assets are not controlled resources that are separable in nature as the rights cannot be sold, transferred, licensed or rented/exchanged separately.

Other details

Trade and other receivables had a gross contractual amount of R5 million.

Non-controlling interests have been calculated based on the proportionate share of the fair value of the acquiree's net assets.

Please refer to note 13.1 for business combinations after the reporting period.

2.6 Cash outflow on acquisition of businesses

Rm	2019 Rm	2018 Rm
Non-current assets	**290**	853
Goodwill	**111**	447
Intangible assets	**–**	53
Property, plant and equipment	**117**	353
Deferred tax assets	**27**	–
Investments and other financial instruments	**35**	–
Current assets	**411**	2 678
Inventories	**197**	1 976
Income tax assets	**207**	–
Trade and other receivables	**5**	489
Cash resources	**2**	213
Non-current liabilities	**(3)**	(3)
Deferred tax	**–**	(3)
Other non-current financial liabilities	**(3)**	–
Current liabilities	**(315)**	(2 469)
Trade and other payables	**(114)**	(2 183)
Contingent consideration	**(26)**	–
Contract liabilities	**(42)**	–
Interest-bearing debt	**(133)**	(283)
Taxation	**–**	(3)
Common control reserve	**(12)**	–
Non-controlling interests	**(2)**	(115)
Total purchase consideration	**369**	944
Cash resources acquired	**(2)**	(213)
Cash outflow on acquisition of businesses	**367**	731

2. ARISING ON CONSOLIDATION continued

2.7 Cash inflow from disposals of businesses

Rm	2019 Rm	2018 Rm
Non-current assets	**–**	17
Property, plant and equipment	**–**	9
Deferred tax	**–**	8
Current assets	**9**	98
Inventories	**9**	29
Trade and other receivables	**–**	69
Current liabilities	**(1)**	(57)
Trade and other payables	**(1)**	(53)
Interest-bearing debt	**–**	(4)
Non-controlling interests	**–**	(5)
Net assets disposed	**8**	53
Profit on disposal of subsidiaries	**1**	4
Cash generated by disposals	**9**	57
Cash inflow from disposals of businesses	**9**	57

Notes to the consolidated financial statements continued

for the year ended 30 June 2019

3. OPERATING ASSETS AND LIABILITIES

3.1 Property, plant and equipment

Property, plant and equipment mainly comprise the following:
> vehicle dealerships
> workshops
> depots
> administration buildings
> leasehold improvements
> equipment
> furniture
> motor vehicles.

Land is stated at cost less accumulated impairment and is not depreciated. All other assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. Assets that are classified as held for sale are not depreciated. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Depreciation commences when the assets are ready for their intended use and is recognised in profit or loss.

Depreciation is calculated on a straight-line basis to write off the cost of each component of an asset to its residual value over its estimated useful life as follows:
> land – indefinite
> buildings – varies between 20 and 100 years
> leasehold improvements – varies between 2 and 50 years
> equipment and furniture – varies between 3 and 20 years
> motor vehicles – varies between 3 and 10 years.

	Land, buildings and leasehold improvements Rm	Equipment and furniture Rm	Motor vehicles Rm	Total Rm
As at 30 June 2019				
Cost	6 867	1 902	300	9 069
Accumulated depreciation and impairments	(514)	(1 388)	(144)	(2 046)
Carrying amount	6 353	514	156	7 023
Net carrying value at beginning of year	6 188	453	145	6 786
Movement during the year				
Acquisition of subsidiaries	96	21	–	117
Additions	452	236	164	852
Proceeds on disposal	(183)	(15)	(104)	(302)
Profit/(loss) on disposal	38	(1)	4	41
Depreciation	(45)	(178)	(54)	(277)
Impairments	(23)	–	–	(23)
Currency adjustments	(29)	(2)	1	(30)
Transfers to investment properties	(184)	–	–	(184)
Impairment of asset classified as held for sale	(10)	–	–	(10)
Re-classification from assets held for sale	109	–	–	109
Re-classification to assets held for sale	(56)	–	–	(56)
Closing balance	6 353	514	156	7 023

3. OPERATING ASSETS AND LIABILITIES continued

3.1 Property, plant and equipment continued

	Land, buildings and leasehold improvements Rm	Equipment and furniture Rm	Motor vehicles Rm	Total Rm
As at 30 June 2018				
Cost	6 798	1 798	276	8 872
Accumulated depreciation and impairments	(610)	(1 345)	(131)	(2 086)
Carrying amount	6 188	453	145	6 786
Net carrying value at beginning of year	5 869	426	170	6 465
Movement during the year				
Acquisition of subsidiaries	287	48	9	344
Additions	317	172	90	579
Proceeds on disposal	(1 285)	(15)	(67)	(1 367)
Profit/(loss) on disposal	720	(7)	3	716
Depreciation	(49)	(177)	(61)	(287)
Impairments	(103)	(1)	–	(104)
Currency adjustments	47	7	1	55
Re-classification from assets held for sale for disposal	620	–	–	620
Re-classification to assets held for sale	(235)	–	–	(235)
Closing balance	6 188	453	145	6 786

Impairment losses recognised during the year

During 2019, the impairment loss of R23 million (2018: R103 million) represents the write down of properties to their recoverable amounts when compared to the internal valuations performed. The recoverable amount of the properties impaired was R1 068 million (2018: R615 million). Further there was an impairment of R10 million (2018: Rnil) that relates to a property held for sale, this was an adjustment relating to the net realisable value expected on sale of the property.

The process and parameters used are outlined in determining impairments and residual values are in note 1.5 – Critical accounting judgements, estimates and assumptions.

Security

Property, plant and equipment with a carrying value of Rnil million (2018: R42 million) have been encumbered as security for interest-bearing debt (refer to note 6.1 – Interest-bearing debt).

3.2 Investment properties

Investment properties are initially measured at cost, and subsequently measured in accordance with the cost model as set out in IAS 16 – Property, Plant and Equipment.

Depreciation is calculated on a straight-line basis to write off the cost of each component of an asset to its residual value over its estimated useful life as follows:

> land – indefinite
> buildings – 20 years.

Rental income amounting to R27 million (2018: R22 million) was earned during the year and direct costs of R10 million (2018: R8 million) were incurred.

Please refer to note 10.1 – Leases for further disclosure in the rental income.

Notes to the consolidated financial statements continued

for the year ended 30 June 2019

3. OPERATING ASSETS AND LIABILITIES continued

3.2 Investment properties continued

	2019 Rm	2018 Rm
Cost	215	–
Accumulated depreciation and impairments	(40)	–
Carrying amount	**175**	–
Net carrying value at beginning of year	–	–
Movement during the year		
Transfer from property, plant and equipment	184	–
Depreciation	(9)	–
Closing balance	**175**	–
Properties are valued over a five-year cycle, or earlier should an impairment indicator arise, with approximately 20% of the property portfolio being valued annually. The valuation is performed by an internal expert using the income approach method.		
Fair value of investment properties		
Movement in fair values		
Opening balance	–	–
Transfer from property, plant and equipment, due to a change in use	237	–
Closing balance of fair value of investment properties	**237**	–

The following table shows how the fair value of the level 3 disclosures of the fair value of investment properties as at 30 June 2019 would change if the significant assumptions were to be replaced by a reasonable possible alternative.

The process and parameters used in determining impairments and residual values are outlined in note 1.5 – Critical accounting judgements, estimates and assumptions.

	Fair value Rm	Increase in carrying value Rm	Decrease in carrying value Rm
Fair value of investment properties	237	31	(27)

3.3 Vehicles for hire

Depreciation is calculated on a straight-line basis to write off the cost of the vehicle to its residual value over its estimated useful life of between one and five years. Vehicles for hire have an operating lifecycle of 12 months and are therefore classified as current assets. While extensions are available, they are not provided for a prolonged period of time.

	2019 Rm	2018 Rm
Cost	4 145	4 670
Accumulated depreciation	(760)	(746)
Carrying amount	**3 385**	3 924
Net carrying value at beginning of year	3 924	3 859
Movements during the year		
Additions	4 367	4 345
Proceeds on disposal	(4 049)	(3 266)
Depreciation	(856)	(1 009)
Currency adjustments	(1)	–
Re-classifications	–	(5)
Closing balance	**3 385**	3 924

Security

Certain vehicles for hire have been encumbered as security for interest-bearing debt as follows: 2019: R418 million (2018: R414 million), refer to note 6.1 – Interest-bearing debt.

The process and parameters used in determining residual values are outlined in note 1.5 – Critical accounting judgements estimates and assumptions.

3. OPERATING ASSETS AND LIABILITIES continued

3.4 Net working capital

Assets that Motus expects to realise, or intends to sell or consume in its normal operating cycle, would include inventory and trade and other receivables. The operating cycles for these assets are generally not more than 12 months.

3.4.1 Inventories

The cost of inventory is determined as follows:

> vehicles – specific cost
> parts, accessories and finished goods – weighted average cost

	2019 Rm	2018 Rm
New vehicles	**9 799**	7 101
Goods-in-transit	**1 526**	801
Used vehicles	**3 231**	3 477
Demonstration vehicles	**1 788**	1 781
Parts, accessories and finished goods	**2 675**	2 426
Other	**50**	47
	19 069	15 633
Inventories carried at net realisable value included above	**3 729**	3 554
Inventories expensed to profit or loss during the year	**61 068**	61 025

Please refer to note 1.5 – Critical accounting judgements, estimates and assumptions for details on the provisions raised.

Security

The carrying value of inventories that have been encumbered as security for interest-bearing debt amounts to R1 478 million (2018: R605 million) (refer to note 6.1 – Interest-bearing debt).

3.4.2 Trade and other receivables

The directors consider that the carrying amount of the trade and other receivables approximates their fair value, as the carrying amount is based on contractual rights and obligations and is short term in nature. Refer to note 4 – Financial management for Motus' financial risk management policies.

	2019 Rm	2018 Rm
Trade receivables	**3 730**	3 759
Gross receivables	**3 941**	3 961
Expected credit loss allowance	**(211)**	(202)
Prepayments[1, 2]	**421**	494
Valued added taxation[1]	**195**	117
Sundry receivables[1, 3]	**398**	451
	4 744	4 821

[1] *Prepayments and value added taxation have been disclosed separately to enhance disclosure, previously this was aggregated with sundry receivables.*

[2] *The prepaid expenses relate to production rebate credit certificates used to reduce import duties and prepayments for insurance, service and other contracts. These are expensed when utilised or over the period of the contract and do not exceed 12 months.*

[3] *Sundry debtors include warranty debtors due from original equipment manufacturers and deposits paid to various government and other authorities. These are not past due and considered recoverable.*

Credit risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Counterparty credit limits are in place and are reviewed and approved by the respective subsidiary boards.

Trade accounts receivable consist of a large, widespread customer base. Group companies monitor the financial position of their customers on an ongoing basis. Creditworthiness of trade receivables is assessed when credit is first extended and is reviewed regularly thereafter. The granting of credit is controlled by the application of account limits. Where considered appropriate, use is made of credit guarantee insurance.

The carrying amount of trade and other receivables represents the maximum credit exposure at 30 June. None were given as collateral for any security provided.

Notes to the consolidated financial statements continued

for the year ended 30 June 2019

3. OPERATING ASSETS AND LIABILITIES continued

3.4 Net working capital continued

3.4.2 Trade and other receivables continued

The movement in the expected credit loss allowance for the year was:

	2019 Rm	2018 Rm
Carrying value at beginning of year	**(202)**	(190)
Net acquisition of subsidiaries	**–**	(3)
Amounts reversed to profit or loss	**8**	–
Amounts charged to profit or loss	**(61)**	(78)
Amounts utilised during the year	**46**	71
Currency adjustments	**(2)**	(2)
Carrying value at end of year	**(211)**	(202)
Expected credit loss ratio	**5,4%**	5,1%

The movement in the expected credit loss allowance primarily relates to non-credit impaired trade receivables, with immaterial movements in credit impaired trade receivables.

Credit risk exposure

Credit risk exposure relating to the sale of goods and rendering of services

Each of the Group's operating segments has credit terms appropriate for their industry. The credit terms as per segment and category are as follows. Credit risk on vehicles supplied to external dealerships are generally secured by a dealer floorplan with a bank, who settle within the credit terms. The average credit period on these sales ranges from 30 to 90 days. When dealing with sales to external retail customers, full settlement is required before delivery. These measures minimise the credit risk. Credit risk exposures to customers for parts, services and vehicle rental and are managed by monthly review of trade receivables ageing. The risk is mitigated by stringent background checks and credit limits for all customers, continuous review of credit limits, as well as legal action against defaulting customers. The average credit period on these sales is 30 days, however, extended credit terms may be negotiated during the account application process. Apart from certain corporate customers, vehicle services need to be settled before the vehicle is released. The credit risk relating to the sale of financial products is minimised as no payments will be made in terms of the contract until payment is received from the customer. The tables below analyse the resulting credit loss impairment into the four operating segments.

Expected credit loss model

Motus has adopted the simplified approach in terms of IFRS 9, the loss allowance on the trade receivables is determined by the lifetime expected credit loss ("ECL") for the Group and the company, because no credit term extends beyond 12 months, the 12-month ECL would be the same as the lifetime ECL. The ECL on trade receivables is estimated using a provision matrix by referencing to past default experience, an analysis of the customer's current financial position and supportable forward looking information. Refer to note 1.5 – Critical accounting judgements, estimates and assumptions, for the assumptions used for the forward looking information.

Due to the short-term nature of the credit terms given, the expected credit loss allowance can be assessed upfront and on an ongoing basis with little change arising from changes in general economic circumstances, because of this there was no material impact on the prior year allowance requiring a prior year adjustment.

Motus considers a receivable to be in default from 90 days past due.

The expected credit loss allowance has increased from 5,1% to 5,4% taking into consideration the worsening of the factors disclosed in note 1.5 – Critical accounting judgements, estimates and assumptions under forward looking information.

3. OPERATING ASSETS AND LIABILITIES continued

3.4 Net working capital continued

3.4.2 Trade and other receivables continued

The gross receivables as disclosed below are inclusive of valued added taxation applicable to various jurisdictions and the allowance for credit losses excludes value added taxation.

Expected credit loss matrix Motus Holdings Group

Past due debtors	Gross receivables Rm	Allowance for credit loss Rm	Loss ratio %
Total – Group	**3 941**	**211**	**5,4**
Current (not yet due)	2 930	9	0,3
30 days past due	669	12	1,8
60 days past due	155	39	25,2
90 days past due	187	151	80,7
Expected credit loss matrix importer and distribution	**449**	**30**	**6,7**
Current (not yet due)	283	–	0,0
30 days past due	99	–	0,0
60 days past due	28	–	0,0
90 days past due	39	30	76,9
Expected credit loss matrix retail and rental	**2 650**	**158**	**6,0**
Current (not yet due)	1 965	9	0,5
30 days past due	443	12	2,7
60 days past due	117	33	28,2
90 days past due	125	104	83,2
Expected credit loss matrix financial services	**153**	**2**	**1,3**
Current (not yet due)	146	–	0,0
30 days past due	2	–	0,0
60 days past due	1	–	0,0
90 days past due	4	2	50,0
Expected credit loss matrix aftermarket parts	**684**	**18**	**2,6**
Current (not yet due)	534	–	0,0
30 days past due	124	–	0,0
60 days past due	9	3	33,3
90 days past due	17	15	88,2

Motus writes off a trade receivable when there is information indicating that the customer has defaulted and is in severe financial difficulty and there is no realistic prospect of recovery, eg when the customer has been placed under liquidation or has entered into bankruptcy proceedings or where Motus has exercised all legal possibilities.

The directors do not consider there to be any material credit risk exposure not already covered by the expected credit loss allowance. There is no significant concentration of risk in respect of any particular customer or industry segment. There is no single customer whose revenue streams exceed 5% of Motus' revenue.

3.4.3 Trade and other payables

The directors consider that the carrying amount of the trade and other payables approximates their fair value, as the carrying amount is based on contractual rights and obligations and is short term in nature. Refer to note 4 – Financial management for Motus' financial risk management policies.

	2019 Rm	2018 Rm
Trade payables	**7 247**	5 445
Other accruals	**2 283**	3 247
Deferred income	**186**	146
	9 716	8 838

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 60 days. For most suppliers, interest is not charged on the trade payables for the first 30 days from the date of the invoice. Thereafter, interest is charged on the outstanding balances at various interest rates. Motus has financial risk management policies in place to ensure that all the payables are paid within the pre-agreed credit terms.

Notes to the consolidated financial statements continued

for the year ended 30 June 2019

3. OPERATING ASSETS AND LIABILITIES continued

3.4 Net working capital continued

3.4.4 Floorplans from suppliers

	2019 Rm	2018 Rm
Interest-free floorplan from suppliers	**3 656**	3 657
Interest-bearing floorplan from suppliers	**1 963**	940
Floorplans from suppliers*	**5 619**	4 597

* *The floorplans from suppliers relate to Vehicle Retail and Rental only.*

Floorplans from suppliers are made up of interest-bearing and interest-free facilities provided by the suppliers. The amounts outstanding become interest-bearing after one to 60 days. These terms and conditions are outlined by the supplier and vary between suppliers. Interest-bearing floorplans taken directly from financial institutions have been classified as interest-bearing debt. Refer to note 6.1 – Interest-bearing debt.

See note 4.3 for further details on liquidity risk and the fair value hierarchy.

3.4.5 Provisions and commitments

Maintenance and warranty provision

Present obligations arising under maintenance and warranty contracts, not funded by the original equipment manufacturer ("OEM"), are recognised and measured as provisions.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where Motus has a contract under which the unavoidable cost of meeting the obligation under the contract exceeds the economic benefits expected from the contract.

Other provisions

Other provisions consist mainly of legal fees, training fees, service fees, property-related provisions and present obligations arising under roadside assistance contracts.

	Maintenance and warranty Rm	Onerous contracts Rm	Other Rm	2019 Rm	2018 Rm
At 30 June					
Carrying value at beginning of year	75	265	334	**674**	577
Charged to profit or loss	179	38	62	**279**	138
Amount raised	181	38	62	**281**	189
Unused amounts reversed	(2)	–	–	**(2)**	(51)
Amounts raised/(utilised)	87	(121)	(123)	**(157)**	(41)
Currency adjustments	1	(1)	1	**1**	–
Carrying value at end of year	342	181	274	**797**	674
Maturity profile					
Less than one year	149	131	135	**415**	373
One to five years	193	50	139	**382**	301
	342	181	274	**797**	674

3. OPERATING ASSETS AND LIABILITIES continued

3.5 Contract liabilities

Contract liabilities relate to the unearned revenue from vehicle maintenance, service and warranty plans is long term in nature (two to five years) and are recognised as the work is performed over the life of the plan ("over time"). Revenue is recognised when the vehicle is maintained, serviced or repaired in terms of the contract. Revenue recognised is the cost of the work done plus the estimated margin which is adjusted to cater for the cost of expected future expenditure based on historical trends and includes forecast inflationary adjustments on an annual basis.

The customer pays upfront in full as part of the cost of the vehicle or as a separate standalone purchase and this is released over the period of the performance obligations.

	2019 **Rm**	2018 Rm
Carrying value at beginning of year	**2 724**	2 807
Acquisition of subsidiaries	**42**	–
Amounts recognised in revenue (prior year contracts)	**(1 127)**	(1 077)
Amounts recognised in revenue (current year contracts)	**(109)**	(74)
New business written	**1 288**	1 068
Carrying value at end of year	**2 818**	2 724
Allocated as follows between current and non-current liabilities:		
Current liabilities expected to be settled within one year	**1 169**	1 277
Non-current liabilities expected to be settled in more than one year	**1 649**	1 447
between one and two years	**799**	701
between two and three years	**455**	399
between three and four years	**236**	207
between four and five years	**159**	140
	2 818	2 724

Refer to note 1.5 – Critical accounting judgements, estimates and assumptions for disclosure on critical judgements.

Notes to the consolidated financial statements continued

for the year ended 30 June 2019

4. FINANCIAL MANAGEMENT AND INSTRUMENTS

4.1 Investments and other financial instruments

	2019 Rm	2018 Rm
Preference shares (level 3 in the fair value hierarchy)	474	637
Listed investments (level 1 in the fair value hierarchy)	35	15
Loans and receivables at amortised cost	–	1
Total	**509**	653

The preference shares are cell captive arrangements. Investment revenue received from preference shares has been disclosed in note 8.2 – Net operating expenses, being dividend income and fair value gains (losses) on cell captive arrangements. The shares are carried at fair value through profit and loss. The asset has been assessed for impairment based on the historical and forecast dividends received and no impairment is required.

Included in the listed investments is an investment in Imperial Logistics Limited to the value of R19 million, which was acquired at unbundling for the value of R21 million. Refer to note 11.7 – Related parties for further details of this transaction.

Movement in preference shares (level 3 financial instruments) carried at fair value

The following table shows a reconciliation of the opening and closing balances of level 3 financial instruments carried at fair value at 30 June 2019:

	2019 Rm	2018 Rm
Carrying value at beginning of year	637	648
Additional investment in underlying preference shares	77	–
Movement in dividends receivable	(436)	(78)
Fair valued through profit or loss as unrealised gains	196	67
Carrying value at the end of the year	**474**	637

4.2 Financial risk factors

Motus' treasury activities are aligned to the Group's assets and liabilities committees ("ALCOs") strategies and decentralised business model. ALCO is a board sub-committee responsible for implementing best practice asset and liability risk management with its main objectives being the management of liquidity, interest rate, price and currency risk. The ALCO meets every quarter and follows a comprehensive risk management process. The treasury department implements the ALCO's risk management policies and directives and provides financial risk management services to the various divisional businesses. The ALCO co-ordinates access to domestic and international financial markets for banks, as well as debt capital markets funding. The treasury department monitors and manages the financial risks relating to the operations of Motus through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk, and credit risk) and liquidity risk.

The day-to-day management of currency risk and credit risk is performed on a decentralised basis by the various business units within Motus' hedging policies and guidelines.

Motus seeks to minimise the effects of these risks by matching assets and liabilities as far as possible and by using derivative financial instruments to hedge the foreign exchange risk exposures.

Motus' objectives, policies and processes for measuring and managing these risks are detailed in the following notes:

	Note
Liquidity risk	4.3
Currency risk and hedge accounting reserve	4.4
Interest rate risk	6.1
Credit risk	3.4.2 and 6.2

4. FINANCIAL MANAGEMENT AND INSTRUMENTS continued

4.3 Liquidity risk

Liquidity risk arises should Motus have insufficient funds or marketable assets available to fulfil its future cash flow obligations. Motus' liquidity risk management framework is designed to identify, measure and manage liquidity risk such that sufficient liquid resources are always available to fund operations and commitments.

The responsibility for liquidity risk management rests with the ALCO, which has developed an appropriate liquidity risk management framework for the management of Motus' short, medium and long-term funding requirements. Motus manages liquidity risk by monitoring forecast cash flows in compliance with loan covenants and ensuring that adequate unutilised borrowing facilities are maintained. Appropriate probability factors are applied to cash flow forecasts, when forecasts are not certain monthly, quarterly and three-year cash flows are updated on a regular basis.

The financial liabilities will be funded on the sale of inventory and utilisation of financial assets.

The undiscounted cash flow of Motus' financial assets fall into the following maturity profiles:

	Contractual cash flows Rm	Less than one year Rm	One to five years Rm	More than five years Rm
Preference shares	474	–	474	–
Listed investments	35	28	7	–
Trade and other receivables[1]	4 128	4 128	–	–
Derivative financial assets	34	34	–	–
Cash resources	1 042	1 042	–	–
2019	**5 713**	**5 232**	**481**	**–**
2018	7 031	6 647	5	379

[1] *Trade and other receivables exclude value added tax amounting to R195 million (2018: R117 million) and prepaid expenditure amounting to R421 million (2018: R494 million) as these are not financial instruments.*

The undiscounted cash flows of Motus' financial liabilities fall into the following maturity profiles:

	Carrying amount Rm	Contractual cash flows Rm	Less than one year Rm	One to five years Rm	More than five years Rm
Interest-bearing borrowings	7 660	8 771	3 377	5 394	–
Loans from associates and non-controlling interests	27	27	27	–	–
Contingent consideration included in other financial liabilities	26	26	8	18	–
Trade payables and other payables[1]	8 440	8 440	8 440	–	–
Secured floorplans from suppliers	5 619	5 619	5 619	–	–
Derivative financial liabilities	135	135	135	–	–
2019	**21 907**	**23 018**	**17 606**	**5 412**	**–**
2018*	20 298	20 298	20 207	41	50

[1] *Trade and other payables exclude value added tax amounting to R129 million (2018: R157 million), staff costs accrued amounting to R961 million (2018: R571 million) and deferred income amounting to R186 million (2018: R146 million) as these are not financial instruments.*

* *Prior year has been restated, deferred income of R146 million was included in trade and other payables, this has been removed.*

4.4 Currency risk and hedge accounting reserve

For the year ended 30 June 2019, R168 million (2018: R222 million) has been recognised in other comprehensive income relating to the net change in the fair value of the cash flow hedges net of tax and the rolling of open hedging instruments. It is anticipated that the liability being hedged will be raised in the next 12 months, at which time the amount of the deferred equity will be reclassified to inventory. When the inventory is sold, the related hedging reserve will be released to profit and loss.

Motus enters into forward exchange contracts and options in order to hedge its exposure to foreign exchange risk. These are classified as cash flow hedges where hedging criteria are met. Motus does not use derivative financial instruments for speculative purposes. Changes in the fair value of derivative instruments that are not formally designated in a hedge relationship are recognised immediately in profit or loss. Level 2 financial instruments are fair valued using future cash flows estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at the rate that reflects the credit risk of the various counterparties at the date of entering into the contract. The cash flow hedge reserve comprises the effective portion or the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet matured, net of taxation.

Notes to the consolidated financial statements continued

for the year ended 30 June 2019

4. FINANCIAL MANAGEMENT AND INSTRUMENTS continued

4.4 Currency risk and hedge accounting reserve continued

Currency risk

This is the risk of losses arising from the effects of adverse movements in exchange rates on foreign currency asset or liability positions. The policy of Motus is to maintain a fully covered foreign exchange risk position in respect of foreign currency commitments. The exceptions to this are Renault South Africa Proprietary Limited where the impact of any currency movements are shared jointly with the OEM and for the Aftermarket Parts where their ability to reprice the related inventory being acquired. Automotive spare parts may be settled in the spot markets and where specific South African Exchange Control authorisation has been obtained from authorised dealers in foreign exchange, up to 75% of forecast annual sales can be covered.

Motus has entered into certain financial instruments authorised by the ALCO to cover currency risk relating to actual liabilities arising from obligations relating to inventories at 30 June and specific foreign commitments not yet due. Hyundai Automotive South Africa Proprietary Limited and Kia South Africa Proprietary Limited enter into hedging instruments for all actual liabilities and for forecast instruments on a seven-month rolling hedging basis. Mitsubishi Motors South Africa Proprietary Limited enters into hedging instruments for all firm commitments as and when required.

The day-to-day management of foreign exchange risk is performed on a decentralised basis by the various business units within Motus' hedging policies and guidelines. Import exposures are managed through the use of natural hedges arising from foreign assets, as well as forward exchange contracts and the option structures authorised by ALCO.

The details of these contracts are as follows:

	Foreign amount (millions)	Average exchange rate	Contract value Rm	Market value Rm	Net derivative asset/ (liability) Rm
2019					
FEC bought					
US Dollar	**357**	**14,39**	**5 143**	**5 098**	**(45)**
Euro	**182**	**16,41**	**2 986**	**2 965**	**(21)**
Japanese Yen	**477**	**0,13**	**62**	**63**	**1**
Pound Sterling	**–**	**18,79**	**3**	**3**	**–**
Chinese Yuan	**4**	**2,14**	**8**	**8**	**–**
Total of FECs			**8 202**	**8 137**	**(65)**
Revaluation of currency options					**6**
Net liabilities for FECs and structured products					**(59)**
Interest rate swaps, refer to note 6.1 – Interest-bearing debt for further details					**(42)**
Net derivative liability					**(101)**
Split as follows:					
Derivative financial assets					**34**
Derivative financial liabilities					**(135)**

	Foreign amount (millions)	Average exchange rate	Contract value Rm	Market value Rm	Net derivative asset/ (liability) Rm
2018					
FEC bought					
US Dollar	252	13,45	3 227	3 480	253
Euro	164	15,45	2 564	2 677	113
Pound Sterling	–	17,61	5	5	–
Japanese Yen	681	0,12	79	86	7
Total of FECs			5 875	6 248	373
Revaluation of currency options					13
Net derivative asset					386
Split as follows:					
Derivative financial assets					432
Derivative financial liabilities					(46)

4. FINANCIAL MANAGEMENT AND INSTRUMENTS continued

4.4 Currency risk and hedge accounting reserve continued

Fair value is calculated as the difference between the contracted value and the value to maturity.

Refer to note 10.3 – Contingent liabilities and contingent assets for further details on future commitments relating to the hedging instruments above. The letters of credit relate to the future irrevocable commitments made by the importers for future purchases of inventory.

Foreign exchange sensitivity

The impact from a 10% movement in the value of the Rand would have approximately a R586 million after tax (2018: R450 million) on the underlying hedge which would be offset by the revaluation of the underlying liability, which would have a minimal impact on the profit and loss. The 10% sensitivity rate is based on the directors' assessment of a reasonable possible change in foreign exchange rates over the foreseeable future, with regards to market value.

The sensitivity of profits to changes in exchange rates is a result of the foreign exchange gains or losses on re-measurement of foreign denominated financial assets and liabilities translated at spot rates offset by equivalent gains or losses in currency derivatives.

4.5 Fair value measurement of financial instruments

4.5.1 Fair value hierarchy

Financial instruments measured at fair value are grouped into the following levels based on the significance of the inputs used in determining fair value:

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

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

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

	2019 Carrying value Rm	At fair value Level 1 Rm	At fair value Level 2 Rm	At fair value Level 3 Rm	At amortised cost Rm	2018 Carrying amount Rm
Financial assets						
Preference shares	474	–	–	474	–	637
Listed investments	35	35	–	–	–	15
Loans and other receivables	–	–	–	–	–	1
Trade and other receivables	4 128	–	–	–	4 128	4 210
Derivative financial assets	34	–	34	–	–	432
Cash resources	1 042	–	–	–	1 042	1 737
	5 713	35	34	474	5 170	7 032
Financial liabilities						
Interest-bearing borrowings	7 660	–	–	–	7 660	7 637
Loans from associates and non-controlling interests	27	–	–	–	27	54
Contingent consideration included in other financial liabilities	26	–	–	26	–	–
– Trade payables and accruals	8 440	–	–	–	8 440	7 964
– Floorplans from supplier	5 619	–	–	–	5 619	4 597
Derivative financial liabilities	135	–	135	–	–	46
	21 907	–	135	26	21 746	20 298

Notes to the consolidated financial statements continued

for the year ended 30 June 2019

4. FINANCIAL MANAGEMENT AND INSTRUMENTS continued

4.5 Fair value measurement of financial instruments continued

4.5.2 Fair value of financial instruments

Refer to note 4.4 – Currency risk and hedge accounting reserve for details regarding the valuation of level 2 financial instruments.

The fair value of the level 3 financial assets of R474 million (2018: R637 million) consists of investments in cell captives through unlisted preference share instruments in insurance companies. These fair values were estimated by applying a discounted cash flow projection technique. Cash flow projections are based on expected dividends receivable which are subject to regulation. The cash flow projections cover a five-year forecast period, discounted at a WACC of 18% specifically linked to Motor-Related Financial Services. The projections are limited to five years as the underlying business will be run off over this period with reducing dividend pay outs and the settlement of the capital. A new preference share structure with a new underwriter will be established post-year-end.

The fair value measurement is based on significant inputs that are not observable in the market. Key assumptions used in the valuation include underwriting risk, operational risk and investment risk. The dividends receivable are calculated from the assumed profits after taking into account the above mentioned risk inputs.

The fair value of the level 3 financial liability of R26 million (2018: Rnil) is the contingent consideration payable in respect of the Rhino Outdoor and Off-road Proprietary Limited acquisition and is payable over the next two years. The amount payable is based on a multiple of operating profit after tax as required in the purchase agreement.

The following table shows how the fair value of the level 3 financial assets and liabilities as at 30 June 2019 would change if the significant assumptions were to be replaced by a reasonable possible alternative.

	Valuation technique	Main assumption	Carrying value Rm	Increase in carrying value Rm	Decrease in carrying value Rm
Financial asset					
Preference shares	Cash flow projections	Present value of expected dividend flows	474	7	(6)
Financial liability					
Contingent liability	Multiples of future net operating profits after tax	Future expected profits	26	0,3	(0,3)

Transfers between hierarchy levels

There were no transfers between the fair value hierarchies during the current and the prior year.

5. SHAREHOLDERS' INTEREST

5.1 Stated capital

Ordinary shares

The ordinary shares carry one vote per share, are entitled to an ordinary dividend and are listed on the Johannesburg Stock Exchange.

Deferred ordinary shares

The deferred ordinary shares are unlisted, carry one vote per share and are not entitled to dividends. They have been issued to Ukhamba, the Group's broad-based black economic empowerment ("B-BBEE") partner and have the right to repayment of the par value thereof pari passu with holders of ordinary shares, but have no further right to participate in the profits or assets of the company. The shares convert into ordinary shares annually at a fixed rate of 831 469 shares. The last conversion will be on 30 June 2025.

Non-redeemable preference shares

These are preference shares that are non-redeemable, cumulative, non-participating, no par value preference shares in the stated capital of the company. Preference shares carry one vote per share. Each preference share ranks with regards to dividends and repayment of capital, prior to ordinary shares. There are no redeemable preference shares in issue, nor is there currently any authority given to the directors to issue any non-redeemable preference shares until at least the next annual general meeting.

Redeemable preference shares

These are preference shares that are redeemable, non-participating, no par value preference shares in the stated capital of the company. Redeemable preference shares do not confer on the holder the right to vote at meetings of the company, except where a dividend or any part of any such dividend on such share or redemption payment remains in arrears and unpaid. Each preference share ranks with regards to dividends and repayment of capital, prior to ordinary shares. There are no redeemable preference shares in issue, nor is there currently any authority given to the directors to issue any redeemable preference shares until at least the next annual general meeting.

Directors' authority to issue ordinary shares

The directors have been given general authority until the next annual general meeting to issue not more than 5% of the issued ordinary stated capital at 30 June 2019.

Directors' interests in issued stated capital

The aggregate shareholdings of the directors in the issued ordinary stated capital of the company are outlined in note 11.5 – Directors' and prescribed officers' interest in shares.

Authorised stated capital

394 999 000 (2018: 394 999 000) ordinary shares of no par value

10 000 000 (2018: 10 000 000) deferred ordinary shares of no par value

40 000 000 (2018: 40 000 000) non-redeemable preference shares of no par value

2 000 000 (2018: 2 000 000) redeemable preference shares of no par value

	2019 Rm	2018 Rm
Issued and fully paid share capital		
196 513 720 (2018: 201 971 450) ordinary shares of no par value	**22 985**	23 358
6 867 891 (2018: Nil) deferred ordinary shares of no par value	**–**	–
Stated capital	**22 985**	23 358

	Number of shares	Rm
Ordinary shares in issue		
At 30 June 2018	**201 971 450**	23 358
Issue of additional share to former shareholder prior to unbundling	**1**	167
Cancellation of shares repurchased	**(6 289 200)**	(540)
Conversion of deferred ordinary shares	**831 469**	–
At 30 June 2019	**196 513 720**	22 985
Deferred ordinary shares in issue		
Share issue	**7 699 360**	–
Conversion of 831 469 shares to ordinary shares	**(831 469)**	–
At 30 June 2019	**6 867 891**	–

Notes to the consolidated financial statements continued

for the year ended 30 June 2019

5. SHAREHOLDERS' INTEREST continued

5.2 Shares repurchased

The movement in the shares repurchased was as follows:

	Repurchased number of shares	Rm
1 853 342 shares acquired at an average price of R105,02 per share	**1 853 342**	195
2 791 281 shares repurchased at an average price of R85,98 per share	**2 791 281**	240
At 30 June 2019	**4 644 623**	435

5.3 Dividends paid since listing

Interim

In the current year, a gross dividend of 240 cents per share was paid on 25 March 2019, the ordinary dividend was subject to a local dividend tax of 20%, the net ordinary dividend, to those shareholders who are not exempt from paying tax, was therefore 192 cents per share.

Final

In the current year, a gross dividend of 250 cents per share is payable on 23 September 2019, the ordinary dividend is subject to a local dividend tax of 20%, the net ordinary dividend, to those shareholders who are not exempt from paying tax, is therefore 200 cents per share.

Dividends in the prior year were paid to the holding company, Imperial Holdings by the various entities and divisions that now form Motus Holdings.

The company's income tax number is 983 671 2167.

6. INTEREST-BEARING FUNDING

6.1 Interest-bearing debt

The debt composition of Motus Holdings Limited has changed year on year. On 22 November 2018, Motus repaid its inter-company funding from Imperial and drew down on its new debt facilities with financial institutions. The composition of the debt facilities is as follows:

	2019 Rm	2018 Rm
Long term		
Syndicated bank term loans	**2 000**	–
Bilateral term loan	**250**	–
Rand denominated revolving credit loans	**1 250**	–
Foreign currency denominated revolving credit loans	**684**	–
15-month term loans	**416**	–
Non-redeemable, non-participating, cumulative preference shares	**40**	40
Call borrowings	**–**	41
	4 640	81
Short term		
Inter-company loan from a subsidiary of Imperial Holdings Limited	**–**	5 686
Interest-bearing floorplans from financial institutions	**1 841**	1 320
Rand denominated floorplans secured by inventory and vehicles for hire	**468**	539
Foreign currency denominated floorplans secured by inventory and vehicles for hire	**1 373**	781
Total other short-term debt	**1 179**	550
Call borrowings	**970**	–
Bank overdrafts and unsecured loans	**209**	550
Total borrowings at amortised cost	**7 660**	7 637
Less: Current portion of interest-bearing borrowings	**(1 179)**	(6 236)
Less: Interest-bearing floorplans from financial institutions	**(1 841)**	(1 320)
Long-term borrowings	**4 640**	81

The non-redeemable, non-participating, cumulative preference shares relate to Renault South Africa Proprietary Limited. The preference shares are repayable on 15 January 2021 to Renault SAS France. These bear interest at a rate of 58,6% of the prime interest rate in South Africa and are paid twice a year.

Allocation of interest-bearing floorplans from financial institutions per segment

	2019 Rm	2018 Rm
Vehicle Retail and Rental	**1 416**	900
Motor-Related Financial Services	**425**	420
Total	**1 841**	1 320

Interest rate analysis	Current year interest rates (%)	2019 Rm	2018 Rm
Fixed			
Syndicated bank term loans[1]	9,1 – 9,3	**2 000**	–
Bilateral term loan	9,8	**250**	–
Inter-company loan from a subsidiary of Imperial Holdings Limited	–	**–**	5
Variable linked			
Rand denominated revolving credit loans	8,9	**1 250**	–
Foreign currency denominated revolving credit loans	3,1	**684**	
15-month term loans	7,7	**416**	–
Non-redeemable, non-participating, cumulative preference shares	6,0	**40**	40
Inter-company loan from a subsidiary of Imperial Holdings Limited	–	**–**	5 681
Rand denominated floorplans secured by inventory and vehicles for hire	8,0 – 11,5	**468**	539
Foreign currency denominated floorplans secured by inventory and vehicles for hire	3,8 – 4,2	**1 373**	781
Call borrowings	7,8	**970**	41
Bank overdrafts and unsecured loans	2,8 – 17,0	**209**	550
		7 660	7 637

[1] *The amounts disclosed in the interest rate analysis above are the swapped rates (refer to table below).*

Notes to the consolidated financial statements continued

for the year ended 30 June 2019

6. INTEREST-BEARING FUNDING continued

6.1 Interest-bearing debt continued

Interest rate risk

Borrowings issued at floating rates expose Motus to cash flow and interest rate risk, while fixed rate borrowings expose Motus to fair value interest rate risk. Cash flow interest rate risk arises from movements in market rates.

Motus analyses the impact on profit or loss of defined interest rate shifts – taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. The ALCO reviews appropriate exposure levels and implements hedges where required.

The Group has entered into interest rate derivative contracts that amend the interest rates from variable to fixed as outlined in the table below. They entitle the Group to receive interest at floating rates on notional principal amounts and oblige it to pay interest at fixed rates on the same amounts.

	Notional amount Rm	Variable effective rate %	Fixed derivative rate %
Syndicated bank term loan – three year	1 000	8,5	9,1
Syndicated bank term loan – five year	1 000	8,7	9,3
	2 000		

The interest rate swaps were fairly valued and the adjustment amounted to R42 million. This arose as a result of market interest rates declining below the rates on the date the swaps were put in place.

If interest rates had been 0,5% higher/lower holding all other variables constant, Motus' profit/loss and equity would decrease/increase by R7 million (2018: Rnil). This is attributable to Motus' exposure to the interest rate swap.

Motus' treasury follows a centralised cash management process including cash management systems across bank accounts in South Africa to minimise risk and related interest costs. Motus' international cash management is managed by the treasury departments in the respective businesses.

Interest rate sensitivity

The interest rate profile of total borrowings is reflected above.

If interest rates had been 0,5% higher/lower holding all other variables constant, Motus' profit/loss and equity would decrease/increase by R21 million (2018: R14 million). This is attributable to Motus' exposure to interest rates on its variable rate borrowings which have not been fixed through the use of fixed-for-floating interest rate swap instruments.

This analysis was prepared on the assumption that the amount outstanding at the end of the year was outstanding for the entire year.

Details of encumbered assets

	Carrying value of debt secured Rm	Carrying value of encumbered assets Rm	Property, plant and equipment Rm	Vehicles for hire Rm	Inventories Rm
Rand denominated floorplans	468	455	–	418	37
Foreign currency denominated floorplans	1 373	1 441	–	–	1 441
2019	**1 841**	**1 896**	**–**	**418**	**1 478**
2018	1 320	1 061	42	414	605

Maturity analysis of interest-bearing debt by geographical location

	2024 Rm	2023 Rm	2022 Rm	2021 Rm	2020 Rm	2019 Rm	2018 Rm
South Africa	1 500	250	1 750	1 140	1 647	**6 287**	6 821
International	–	–	–	–	1 373	**1 373**	816
	1 500	250	1 750	1 140	3 020	**7 660**	7 637

6. INTEREST-BEARING FUNDING continued

6.1 Interest-bearing debt continued

Maturity analysis of interest-bearing debt by denominated currency

	2024 Rm	2023 Rm	2022 Rm	2021 Rm	2020 Rm	2019 Rm	2018 Rm
SA Rand	1 500	250	1 750	240	1 457	**5 197**	4 885
British Pound	–	–	–	900	556	**1 456**	237
European Union	–	–	–	–	–	**–**	1 428
Australian Dollar	–	–	–	–	857	**857**	781
US Dollar	–	–	–	–	–	**–**	224
Other	–	–	–	–	150	**150**	82
	1 500	250	1 750	1 140	3 020	**7 660**	7 637

Borrowing facilities

In terms of the MOI, the borrowing powers of Motus is unlimited. The borrowing facilities have been established.

	2019 Rm	2018 Rm
Total directed borrowing facilities established	**15 185**	–
Less: Utilised	**(7 660)**	–
Unutilised borrowing capacity	**7 525**	–

In the prior years Motus' funding was arranged by Imperial Holdings. Motus funded its liquidity requirements through an inter-company loan from Imperial.

Capital management

Motus' objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns and growth for shareholders and benefits for other stakeholders. Motus maintains an appropriate mix of equity and equity like instruments and debt in order to optimise the weighted average cost of capital ("WACC") within an appropriate risk profile. Capital allocation is evaluated against the expected return on invested capital against the appropriate WACC for that division or business and appropriate debt-to-equity ratios.

Consistent with others in the industry, Motus monitors capital on the basis of its gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings less cash resources. The target debt-to-equity ratio is 55,0% to 75,0%.

	2019 Rm	2018 Rm
Interest-bearing borrowings	**7 660**	7 637
Less: Cash resources	**(1 042)**	(1 737)
Net debt	**6 618**	5 900
Total equity	**11 838**	11 644
Gearing ratio	**56%**	51%

Bank covenants

In terms of the bank facility agreements, the Group has the following major covenants:

> The net debt to EBITDA must be below 3,0 times (actual 1,38 times).
> The EBITDA to interest must be above 3,0 times (actual 6,19 times).

The Group has complied with these covenants which only became applicable post the unbundling.

See note 4.3 for further disclosure relating to interest-bearing debt with regards to liquidity risk.

Notes to the consolidated financial statements continued

for the year ended 30 June 2019

6. INTEREST-BEARING FUNDING continued

6.2 Cash resources

	2019 Rm	2018 Rm
Deposits and funds at call	**1 034**	1 726
Cash on hand and at bank	**8**	11
Total cash resources	**1 042**	1 737
Effective interest rates	**0,0% – 6,0%**	0,0% – 6,0%

Credit risk

It is Motus' policy to deposit short-term cash with reputable financial institutions with investment grade credit ratings assigned by international or recognised credit-rating agencies or counterparties authorised by ALCO.

The carrying amount of these cash resources represents the maximum credit exposure on 30 June. None of the financial assets above were given as collateral for any security provided.

The directors consider that the carrying amount of the cash resources closely approximates their fair value due to their short-term nature.

For further details on liquidity risk and the fair value hierarchy refer to notes 4.3 – Liquidity risk, and 4.5 – Fair value measurement of financial instruments respectively.

6.3 Cash and cash equivalents

Cash and cash equivalents are Motus' short-term cash resources and overdrafts readily converted into cash under Motus' cash management facility and is calculated as follows:

	2019 Rm	2018 Rm
Cash resources	**1 042**	1 737
Bank overdrafts	**(102)**	(550)
Total cash and cash equivalents	**940**	1 187

7. TAXATION

7.1 Current taxation

	2019 Rm	2018 Rm
Income tax	**(867)**	(939)
Current year	**(799)**	(955)
Prior year (under)/overprovision	**(61)**	21
Capital gains tax	**(7)**	(5)
Deferred taxation release	**153**	42
Current year	**79**	48
Prior year overprovision	**68**	13
Impairments	**6**	(19)
Income tax expense	**(714)**	(897)
Reconciliation of effective tax rate (%)		
South African normal tax rate	**28,0**	28,0
Adjusted for:		
Impairments of goodwill	**0,4**	0,6
Impairment of other financial assets	**0,9**	1,5
Impairment of investment in associates and joint ventures	**0,8**	–
Non-deductible share-based equity expense on broad-based black economic empowerment transactions	**1,5**	–
Share-based equity permanent differences	**0,3**	–
Impairment of non-financial assets treated as permanent differences[1]	**0,3**	0,3
Dividends received	**(2,7)**	(1,9)
Profit on sale of properties	**(0,4)**	(0,9)
Derecognition of loans on deregistration of dormant companies	**(0,4)**	–
Assessed losses (recognised)/not recognised	**(0,8)**	1,9
Prior year's underprovision	**(0,3)**	(1,0)
(Reversal of)/impairment of deferred tax assets	**(0,2)**	0,6
Foreign tax rate differential	**(0,5)**	–
Other (includes impairment of assets classified as held for sale and non-deductible expenditure)	**0,7**	(0,8)
Effective tax rate[2]	**27,6**	28,3

[1] *Impairment of non-financial assets treated as permanent differences were disclosed under "other" in the previous year, and have now been disclosed separately for disclosure enhancement.*

[2] *Effective tax is calculated on profit before tax excluding the share of income from associates and joint ventures.*

	2019 Rm	2018 Rm
Taxation paid		
Amounts payable at beginning of year (net)	**(315)**	(249)
Charge per the statement of profit or loss (excluding deferred taxation)	**(867)**	(939)
Net acquisitions/disposals of subsidiaries	**207**	(3)
Direct current tax charge from share-based equity	**6**	31
Translation of foreign entities	**(1)**	(16)
Amounts payable at end of year (net)	**60**	315
	(910)	(861)
Amounts payable at end of year (net) consisting of the following:		
Current tax assets	**(130)**	(135)
Current tax liabilities	**190**	450
	60	315

Notes to the consolidated financial statements continued

for the year ended 30 June 2019

7. TAXATION continued

7.2 Deferred tax

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset and where it relates to taxes levied by the same revenue authority and legal entity. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the unused tax losses and unused credits can be utilised. It is expected that the assessed losses will be utilised within five years based on the projected taxable income. The balance of the deferred tax assets largely arise from disallowed provisions and accruals only deductible when paid as well as timing differences on contract liabilities. As these amounts become deductible, they are replaced with new amounts that are deductible in the future. There are no deductible temporary differences, unused tax losses, unused tax credits and permanent differences that will expire from tax authorities. Deferred tax raised in foreign tax jurisdictions are at the taxation rate applicable to those jurisdictions. Refer to note 1.5 for significant judgements with regards to deferred tax.

	2019 Rm	2018 Rm
Reconciliation of movement		
Balance receivable at beginning of year	**751**	792
Current year charge		
Per the statement of profit or loss	**153**	42
Amounts recognised in hedge accounting reserve	**94**	(81)
Direct charges into equity	**(3)**	–
Net acquisitions/(disposals) of subsidiaries	**27**	(11)
Translation of foreign entities	**(1)**	9
Balance receivable at end of year	**1 021**	751
Comprising:		
Deferred tax assets	**1 048**	782
Deferred tax liabilities	**(27)**	(31)
	1 021	751
Analysis of deferred tax		
Property, plant and equipment	**(104)**	(145)
Intangible assets	**(24)**	(31)
Vehicles for hire	**(46)**	(42)
Inventories	**103**	129
Contract liabilities	**362**	398
Trade and other payables[1]	**218**	163
Provision for liabilities and other charges	**338**	230
Net derivative instruments[1]	**33**	(110)
Tax losses	**124**	125
Other[1]	**17**	34
	1 021	751

[1] *To enhance disclosure temporary differences relating to trade and other payables, and derivative instruments have been disclosed separately from "other".*

There are no taxable temporary differences relating to investments in subsidiaries, investments in associates and joint ventures for which deferred tax liabilities have not been recognised.

	2019 Rm	2018 Rm
Estimated taxation losses		
Unused tax losses available for set-off against future taxable income	**1 920**	1 796
Deferred tax asset recognised in respect of such losses	**(444)**	(446)
Remaining tax losses not recognised	**1 476**	1 350

The remaining tax losses that are not recognised are as a result of uncertainty regarding the timing of the future taxable profits in the subsidiary where the losses were incurred.

8. PROFIT AND LOSS

8.1 Revenue from contracts with customers

Included in revenue are net invoiced sales to customers for:
> vehicles and parts
> workshop and panelshop
> maintenance, service and warranty contracts
> rentals on vehicles for hire
> fees on vehicles, parts and services sold.

Where Motus acts as principal, the total value of the transaction is included in revenue. Where Motus acts as an agent for vehicles, parts and value-added products and is remunerated on a commission basis, the commission is included in fees received from goods and services.

In accordance with the IFRS 15 – Revenue from contracts with customers (IFRS 15), Motus recognises revenue from contracts with customers, being the consideration that Motus is entitled to in relation to the transfer of the goods and services, once the requirements of the five-step approach outlined below have been met:
> Identify the contract(s) with the customer
> Identify the performance obligations in the contract(s)
> Determine the transaction price
> The transaction price is allocated to the performance obligations of the contract
> Revenue is recognised when the performance obligations are satisfied.

This means that revenue should be recognised either "at a point in time" or "over time".

Revenue recognised at a point in time

Revenue where performance conditions are fulfilled "at a point in time" is recognised, as follows:
> Sales of vehicles – once the payment from the customer has been secured and the vehicle has been delivered
> Sales of parts – once the parts have been delivered
> Workshop and panelshop sales – when the work has been completed
> Motor vehicle rental – when the vehicle is returned and the total revenue value can be established
> Fees on vehicles and parts sold – once payment from the customer has been secured and the vehicles and parts have been delivered
> Fees on value-added products – when the sales contract is concluded.

Revenue recognised over a period of time

Revenue from vehicle maintenance, service and warranty plans is long-term in nature (two to five years) and is recognised as the work is performed over the life of the plan ("over time"). Revenue is recognised when the vehicle is maintained, serviced or repaired in terms of the contract. Revenue recognised is the cost of the work done plus the estimated margin which is adjusted to cater for the cost of expected future expenditure based on historical trends and includes forecast inflationary adjustments on an annual basis. However, funds for which there are insufficient claims history are recognised in profit and loss to the extent of the claims cost incurred without any profits being attributed. At the end of the plan, any remaining profits are recognised in profit and loss. The balance of the unearned revenue is recognised in profit or loss on termination when the contract expires. The inputs are established by actuaries and agreed to by the Financial Services Finance Risk Review Committee which has an independent chairman who is an actuary.

Guaranteed buyback arrangements where control has not transferred to the purchaser, are accounted for as a lease. These arrangements relate to vehicles rented to car rental operations. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Where there is a loss on the transaction this is recorded upfront in operating expenses which means no revenue is recognised.

There are no significant financing arrangements applicable to revenue from contracts with customers. Revenue recognised at a point in time have short payment terms, and revenue recognised over a period of time have the funds received in advance. Refer to note 3.5 – Contract liabilities for further details on these.

Returns and refunds

In general, it is not common to have returns and refunds, they mostly arise due to terms imposed by legislation (the Consumer Protection Act of South Africa being an example) as well as specific terms in contracts. Broadly the following is applicable per revenue type:
> Vehicles sold by importers to external dealers can be returned due to damages or the incorrect vehicle having been supplied. There is a very short time limit for a refund on a returned vehicle.
> For vehicles sold (either as a principal or agent) by retailers to external customers, vehicles are generally returned due to legislation. The dealership will repair the vehicle and in rare circumstances the vehicle can be returned with a substitution vehicle being delivered or a refund being made.

Notes to the consolidated financial statements continued

for the year ended 30 June 2019

8. PROFIT AND LOSS continued

8.1 Revenue from contracts with customers continued

For parts supplied, returns must be made within a short-term period with the undamaged parts in its original packaging. Either a substitution or a refund is done.

Refunds of vehicles and parts to customers are generally backed by a corresponding right of recovery from the manufacturer, the exception to this would be for used vehicles. The impact on profitability would be the margin made on the vehicle or part.

Returns on workshop and panelshop sales are unlikely. In rare circumstances a reduced price may be given to the customer.

Vehicle rental refunds are also unlikely due to the nature of the business. The motor vehicle is most likely to be substituted with a similar product without a refund being required.

It is rare there will be any returns on maintenance, service and warranty contracts, as these are sold with the underlying vehicle. Revenue is only recognised as costs are incurred through the payment to the dealer doing the work on our behalf.

Due to the nature of the revenue, as noted above, it is rare for refunds to be issued, and as such, no right of return liability has been required to be recognised.

Revenue by nature

The basis of revenue recognition in the prior year complied with the requirements of IFRS 15, with the exception of the application of the principal and agency requirements, refer to the note below.

	2019 Rm	Restated* 2018 Rm
Sale of goods	**70 003**	68 251
New motor vehicles sales	**36 708**	37 515
Used motor vehicles sales	**19 027**	17 077
Parts and other goods sales	**14 268**	13 659
Rendering of services	**9 708**	8 750
Vehicle workshop, maintenance, service and warranty	**5 435**	4 541
Motor vehicle rental	**2 564**	2 586
Fees on vehicles, parts and services sold	**1 709**	1 623
Total revenue	**79 711**	77 001
Split as follows between a point in time and over a period of time:		
Revenue recognised at a point in time	**78 475**	75 850
Revenue recognised over a period of time (maintenance, service and warranty of Motor-Related Financial Services)	**1 236**	1 151

* *The revenue for the comparative period has been restated for the change in accounting policy, refer to note 1.8.2.*

Revenue from Motus' associates and joint ventures and revenue between Group entities is disclosed in note 11.7 – Related parties.

Disclosure in terms of segments and geographic locations is included in the segmental statement of profit and loss.

8.2 Net operating expenses

	2019 Rm	Restated 2018 Rm
Direct cost of sales[1]	**(63 158)**	(61 026)
Auditors' remuneration	**(40)**	(36)
Dividend income	**496**	230
Fair value movements on preference share arrangements	**(240)**	67
Fair value adjustment on listed investments	**(2)**	–
Employee costs (including directors)	**(6 371)**	(6 037)
Contributions to retirement funds	**(335)**	(298)
Share-based equity costs charged to profit and loss[2]	**(116)**	(90)
Operating lease charges	**(699)**	(559)
Other operating expenses[3]	**(4 440)**	(4 306)
Total net operating expenses	**(74 905)**	(72 055)

[1] *The direct cost of sales for the comparative period has been restated for the change in accounting policy, please refer to note 1.8.2.*

[2] *Share-based equity has been disclosed separately to enhance disclosure, previously this was included in employee costs.*

[3] *Other includes expenses relating to the operating of the Motus businesses, including vehicle expenses, marketing, telecommunication expenses, property-related expenditure and IT costs.*

8. PROFIT AND LOSS continued

8.3 Once-off share-based equity costs and other non-operating items

Once-off share-based equity costs	2019 Rm	2018 Rm
Issue of shares at a discount to a broad-based black economic empowerment partner (Ukhamba)[1]	**(141)**	–
Modification of share appreciation rights on unbundling	**(19)**	–
	(160)	–

[1] *The once-off costs of issuing unlisted deferred ordinary shares issued at a discount to their fair value to a broad-based black economic empowerment partner (Ukhamba).*

	2019 Rm	2018 Rm
Other non-operating items		
Impairment of goodwill	**(37)**	(63)
Derecognition of loans on deregistration of dormant companies	**36**	–
Loss on derecognition of financial instruments	**–**	(173)
Impairment of investments in associates and joint ventures	**(72)**	(8)
Impairment of asset classified as held for sale	**(10)**	–
Other non-operating items	**3**	2
Total exceptional items	**(80)**	(242)
Gain on derecognition of financial instruments	**–**	5
Business acquisition costs	**(7)**	(7)
Total	**(87)**	(244)

8.4 Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing net profit attributable to owners of Motus by the weighted average number of ordinary shares in issue during the year, net of shares repurchased and the Group's share of an associate's (Ukhamba) holding of Motus shares.

Headline earnings per share

The presentation of headline earnings per share is mandated under the JSE Listings Requirements and is calculated in accordance with Circular 4/2018 – Headline Earnings, as issued by the South African Institute of Chartered Accountants ("SAICA").

Diluted earnings per share

For diluted earnings per share, the weighted average number of ordinary shares in issue, net of shares repurchased and our share of an associate's (Ukhamba) holding of Motus shares, is adjusted for the dilutive effect of potential ordinary shares under the share incentive schemes and Ukhamba's obligation to deliver shares. Potential ordinary shares are treated as dilutive when they are expected to be issued and would decrease basic earnings per share. The effect of anti-dilutive potential ordinary shares is excluded from the calculation of diluted earnings per share. No adjustments were made to reported earnings attributable to shareholders in the computation of diluted earnings per share.

Normalised earnings per share

Normalised earnings per share is a non-IFRS measure and is calculated by dividing the net profit attributable to owners of Motus adjusting for the once-off effects of the share-based equity costs that have no cash flow effect by the weighted average number of ordinary shares in issue during the year. Normalised headline earnings per share is calculated by dividing the headline earnings adjusting for the once-off effects of the share-based equity costs that have no cash flow effect by the weighted average number of ordinary shares.

Notes to the consolidated financial statements continued

for the year ended 30 June 2019

8. PROFIT AND LOSS continued

8.4 Earnings per share continued

Earnings and headline earnings for basic and diluted earnings per share

The profit used in the calculation of basic earnings per share is as follows:

	2019 Rm	2018 Rm
Profit attributable to the owners of the parent for basic earnings	**1 868**	2 346
Headline earnings (refer reconciliation below)	**1 977**	1 991
Normalised earnings (refer reconciliation below)	**2 028**	2 346
Normalised headline earnings (refer reconciliation below)	**2 137**	1 991
Weighted average number of ordinary shares for basic earnings (millions)	**196**	202
Weighted average number of ordinary shares for diluted earnings (millions)	**201**	202
Reconciliation of weighted average number shares to diluted number of shares		
Weighted average number of ordinary shares	**196**	202
Ordinary shares pledged to Investec via Ukhamba Holdings	**4**	–
Potential issue of shares to settle share-scheme obligations	**1**	–
Weighted average number of diluted shares	**201**	202
Basic earnings per share (cents)	**953**	1 162
Diluted basic earnings per share (cents)	**929**	1 162
Normalised earnings per share (cents)	**1 035**	1 162
Headline earnings per share (cents)	**1 009**	986
Diluted headline earnings per share (cents)	**984**	986
Normalised headline earnings per share (cents)	**1 090**	986

Headline earnings

Headline earnings is determined as follows:

	Before tax Rm	Tax and non-controlling interest Rm	2019 Rm	2018 Rm
Earnings used in the calculation of basic earnings per share			**1 868**	2 346
Adjusted for:				
– Profit on disposal of property, plant and equipment	**(41)**	**9**	**(32)**	(508)
– Loss on disposal of intangible assets	**13**	**(4)**	**9**	4
– Impairment of property, plant and equipment	**23**	**(7)**	**16**	85
– Impairment of assets classified as held for sale	**10**	**–**	**10**	–
– Impairment of goodwill	**37**	**–**	**37**	63
– Impairment loss on assets of disposal groups	**–**	**–**	**–**	(3)
– Impairment of investments in associates and joint ventures	**72**	**–**	**72**	8
– Profit on disposal of subsidiaries and businesses and other	**(3)**	**–**	**(3)**	(4)
Headline earnings			**1 977**	1 991
Issue of shares at a discount to a broad-based black economic empowerment partner (Ukhamba) and modification of share appreciation rights			**160**	–
Normalised earnings			**2 028**	2 346
Normalised headline earnings			**2 137**	1 991

	2019	2018
Net asset value per share		
Equity attributable to owners of Motus (Rm)	**11 875**	11 640
Shares in issue net of shares repurchased (million)	**192**	202
Net asset value (NAV) per ordinary share (cents)	**6 185**	5 762
Tangible net asset value (TNAV) per ordinary share (cents)	**5 522**	5 153

9. CASH FLOWS

9.1 Cash generated by operations before interest, tax paid and capital expenditure on vehicles for hire

	2019 Rm	2018 Rm
Profit before net financing costs	**3 357**	3 908
Adjusted for:		
Depreciation, amortisation, impairments and recoupments	**1 186**	1 353
Profit on disposal of properties, net of impairment	**(15)**	(617)
Amortisation of intangible assets arising on business combinations	**17**	15
Impairment of goodwill	**37**	63
Derecognition of loans on deregistration of dormant companies	**(36)**	–
Impairment of investments in associates and joint ventures	**72**	8
Profit on disposal of subsidiaries	**(1)**	(4)
Profit on disposal of investments in associates and joint ventures	**–**	(1)
Impairment of other financial assets	**–**	173
Impairment of asset classified as held for sale	**10**	–
Dividend income	**(496)**	(230)
Unrealised gains on preference share arrangements	**240**	(67)
Fair value adjustment on listed investments	**2**	–
Recognition of share-based payment expenses costs	**276**	90
Foreign exchange losses	**14**	13
Net movement in contract liabilities	**52**	(175)
Net movement in provisions	**104**	78
Cash generated by operations before changes in working capital	**4 819**	4 607
Movements in working capital	**(636)**	2 141
(Increase)/decrease in inventories	**(3 198)**	1 841
Increase in trade and other receivables	**(38)**	(353)
Decrease in derivative financial assets	**374**	132
Increase in trade and other payables	**2 494**	700
Decrease in derivative financial liabilities	**(268)**	(179)
Cash generated by operations before interest, tax paid and capital expenditure on vehicles for hire	**4 183**	6 748

Notes to the consolidated financial statements continued

for the year ended 30 June 2019

9. CASH FLOWS continued

9.2 Capital expenditure

In the current year, net capital expenditure incurred in investing activities amounted to R592 million. As a result of significant disposals of property, plant and equipment and intangible assets in the prior year, net cash generated was R756 million. During the year, proceeds were received from disposals of R306 million (2018: R1 368 million).

	2019 Rm	2018 Rm
Replacement capital expenditure		
Property, plant and equipment	**(444)**	(216)
Intangible assets	**(13)**	(6)
Total	**(457)**	(222)
Proceeds from disposals		
Property, plant and equipment	**302**	1 367
Intangible assets	**4**	1
Total	**306**	1 368
Net replacement capital expenditure		
Property, plant and equipment	**(142)**	1 151
Intangible assets	**(9)**	(5)
Total	**(151)**	1 146
Expansion capital expenditure		
Property, plant and equipment	**(408)**	(363)
Intangible assets	**(33)**	(27)
Total	**(441)**	(390)
Total net capital expenditure		
Property, plant and equipment	**(550)**	788
Intangible assets	**(42)**	(32)
Total	**(592)**	756

The above table does not include vehicles for hire, which are treated in operating cash flows and are disclosed in note 3.3.

Details on future capital commitments are provided for in note 10.2 – Capital expenditure commitments.

10. LEASES, COMMITMENTS AND CONTINGENCIES

10.1 Leases

Motus has entered into various operating lease agreements on properties, motor vehicles and equipment.

> Leases on properties, excluding those in the United Kingdom, are contracted for periods between one year and 17,5 years with renewal options. Rental escalations on properties vary between 6% and 10% per annum.
> Lease on properties in the United Kingdom are contracted for periods between one and 99 years.
> Motor vehicle leases are contracted for periods between one and 36 months with rental linked to the prime interest rate.
> Leases on plant and equipment are contracted for periods between one and five years with rental escalations varying from no escalations to 15% per annum.

Motus has entered into an operating lease agreement whereby a property is being leased to an external party for a period of seven years. The rental charge escalates at 7% per annum and the tenant has the option to renew the lease for another five years. Rental income for these leases are disclosed in note 3.2 – Investment properties.

Lease charges incurred during the year amounted to:

	2019 Rm	2018 Rm
Property	**652**	508
Plant and equipment	**24**	24
Vehicles	**23**	27
Total lease charges	**699**	559

There are no lease charges contingent upon turnover.

At 30 June 2019 future non-cancellable minimum lease rentals are payable during the following financial years:

	More than five years Rm	**One to five years Rm**	**Less than one year Rm**	**2019 Rm**	2018 Rm
Operating lease payables					
Property	875	1 148	534	**2 557**	1 700
Plant and equipment	–	11	8	**19**	6
Vehicles	–	110	85	**195**	86
	875	1 269	627	**2 771**	1 792
Operating lease receivables					
Property	–	170	130	**300**	289
	–	170	130	**300**	289

Refer to note 14 – New issued standards not yet effective for the disclosure in the application of IFRS 16 – Leases.

10.2 Capital expenditure commitments

The commitments are substantially for the construction of buildings to be used by Motus, which will be financed from proceeds from disposals and existing facilities.

Capital commitments exclude vehicles for hire as these are short term in nature and are treated as operating assets.

	2019 Rm	2018 Rm
Contracted	**95**	32
Authorised by directors but not contracted	**159**	311
Total capital expenditure commitments	**254**	343

Notes to the consolidated financial statements continued

for the year ended 30 June 2019

10. LEASES, COMMITMENTS AND CONTINGENCIES continued

10.3 Contingent liabilities and contingent assets

Motus does not recognise contingent liabilities in the statement of financial position until future events indicate that it is probable that an outflow of resources will take place and a reliable estimate can be made, at which time a provision is raised.

Financial guarantees

	2019 Rm	2018 Rm
Letters of credit	2 940	2 567
Guarantees	839	1 128
Uvundlu Investment (Proprietary) Limited (Uvundlu)	–	5
	3 779	3 700

The letters of credit and guarantees issued by banks on behalf of the Group to suppliers have corresponding guarantees by the Group to the bank. The letters of credit relate to commitments to foreign suppliers for the purchase of inventory.

There are no financial guarantee contracts in place that require recognition in the statement of financial position. This is as a result of past experiences and collaterals held that can offset any potential future economic losses.

Litigation

	2019 Rm	2018 Rm
Subsidiary companies have received summons for claims. The Group and its legal advisers believe that these claims are unlikely to succeed.	23	22

Except for the above claims, there is no current or pending litigation that is considered likely to have a material adverse effect on Motus.

Contingent assets

Motus holds collateral over a receivable relating to the sale of Jurgens business that was impaired to nil in the prior year. The collateral relates to a property with a fair value of R27 million (2018: R27 million).

11. OUR PEOPLE

11.1 Directors' remuneration and prescribed officers

R000	Salary	Bonus	Retirement and medical con-tributions	Other benefits	Directors' fees paid by company[1]	Directors' fees paid by Imperial[2]	Total 2019	Total 2018	Expected value of long-term incentive awards made in 2019[8]
Executive directors									
OS Arbee	9 781	12 500	459	379	–	–	**23 119**	21 748	**40 600**
OJ Janse van Rensburg	4 948	8 250	408	166	–	–	**13 772**	8 600	**23 000**
Total executive directors	14 729	20 750	867	545	–	–	**36 891**	30 348	**63 600**
Non-executive directors									
GW Dempster[3]	–	–	–	–	1 105	42	**1 147**	1 180	**–**
P Langeni[3]	–	–	–	–	380	59	**439**	975	**–**
S Mayet[5]	–	–	–	–	564	–	**564**	–	**–**
K Moloko[5]	–	–	–	–	345	–	**345**	–	**–**
MJN Njeke[5]	–	–	–	–	412	–	**412**	–	**–**
A Tugendhaft[3]	–	–	–	–	710	42	**752**	1 019	**–**
T Skweyiya[4]	–	–	–	–	–	39	**39**	634	**–**
RJA Sparks[4]	–	–	–	–	–	39	**39**	1 835	**–**
Total non-executive directors	–	–	–	–	3 516	221	**3 737**	5 643	**–**
Prescribed officers									
P Michaux	5 668	4 000	452	255	–	–	**10 375**	11 759	**–**
KA Cassel[6]	3 907	4 250	358	232	–	–	**8 747**	7 315	**15 650**
C Venter[7]	2 864	3 000	447	75	–	–	**6 386**	–	**12 240**
Total prescribed officers	12 439	11 250	1 257	562	–	–	**25 508**	19 074	**27 890**

[1] *Fees paid to non-executive directors for seven months since separate listing.*

[2] *Fees paid to non-executive directors by Imperial Holdings prior to separate listing. This was allocated between Motus and Imperial.*

[3] *Director appointed 1 August 2018.*

[4] *Director appointed 17 September 2018 and resigned 22 November 2018.*

[5] *Director appointed 22 November 2018.*

[6] *Appointed as director on 1 July 2019.*

[7] *Appointed as prescribed officer on 1 March 2019.*

[8] *This is a future expected value over a period of three and four years and subject to certain performance obligations being met.*

Remuneration paid by Imperial

In recognition of the significant additional work and input required to achieve the portfolio rationalisation, Group-wide restructuring and successful unbundling of Motus from Imperial, the board and the remuneration committee of Imperial had resolved to pay special incentives to OS Arbee and OJ Janse van Rensburg of R3 million each. These payments are not included in the above.

11.2 Share appreciation rights

The selected participants receive annual grants of share appreciation rights ("SARs"), which are conditional rights to receive shares equal to the difference between the exercise price and the grant price. The SARs in existence prior to the unbundling from Imperial will be settled in the shares of Motus only. Vesting of rights is subject to performance conditions being met and participants remaining employed with Motus for the vesting period. These performance conditions will be based on the combined values of both Imperial and Motus. The value created will need to be settled in shares compared to the combined share prices of Imperial and Motus to the original strike price. For grants from November 2018 onwards, the value will be based solely on the Motus share price.

Notes to the consolidated financial statements continued

for the year ended 30 June 2019

11. OUR PEOPLE continued

11.2 Share appreciation rights continued

The fair values for the share-based payment expense is calculated using a Black-Scholes pricing model. The inputs into the model established at the grant dates, which have not changed, were as follows:

Share appreciation rights	Motus only 2019	Motus and Imperial combined 2017	2016	2015	2014
Volatility (%)	**29,00**	35,60	34,00	32,00	28,41
Weighted average share price (Rand)	**89,67**	152,65	127,77	174,65	193,77
Weighted average exercise price (Rand)	**89,67**	152,65	127,77	174,65	193,77
Weighted average fair value (Rand)	**22,10**	44,25	39,08	48,76	46,67
Expected life (years)	**4,27**	4,30	4,39	4,27	4,28
Average risk-free rate (%)	**8,20**	7,59	8,75	7,47	7,75
Expected dividend yield (%)	**4,50**	4,00	3,75	3,50	4,34

** No SARs were issued during 2018.*

The volatilities were determined by calculating the historical volatility of Motus' and Imperial's share price over the previous three years. The expected life is determined by the rules of the schemes which dictate the final expiry date.

Details of rights by year of grant

Grant date	Number of rights	Average exercise price (Rand)	Vesting date	Expiry date
Historical Imperial Share Scheme				
June 2013	392 844	195,20	Vested	June 2020
June 2014*	382 790	193,77	Vested	June 2021
June 2015*	1 224 404	174,65	Vested	June 2022
May 2016*	2 389 453	127,77	September 2019	June 2021
June 2017*	2 615 333	152,65	September 2020	June 2022
	7 004 824	152,64		
Motus Share Scheme				
November 2018	3 449 620	89,67	September 2021	June 2023
Total unexercised rights at the end of the year	10 454 444	131,86		

** The expiry dates for the grants issued June 2014, June 2015, May 2016 and June 2017 have been updated from the dates previously disclosed.*

Movement in number of rights

	2019 Number of rights	2019 Weighted average exercise price (Rand)	2018 Number of rights	2018 Average from the dates previous disclosed exercise price (Rand)
Historical Imperial Share Scheme				
Rights granted at beginning of year	**6 829 538**	**153,79**	9 597 681	160,70
– Rights transferred from Imperial Holdings	**605 921**	**152,70**	–	–
– Exercised during the year	**–**	**–**	(2 017 270)	179,16
– Forfeited during the year	**(430 635)**	**170,96**	(750 873)	173,89
Unexercised rights at end of year	**7 004 824**	**152,64**	6 829 538	153,79
Motus Share Scheme				
Rights granted at beginning of year	**–**	**–**	–	–
– Allocated during the year	**3 449 620**	**89,67**	–	–
Unexercised rights at end of year	**3 449 620**	**89,67**	–	–
Unexercised rights at end of year	**10 454 444**	**131,86**	6 829 538	153,79

11. OUR PEOPLE continued

11.2 Share appreciation rights continued

The share appreciation rights for executive directors and prescribed officers are set out below.

	Allocation date	Price on allocation date (R)	Vesting date	Expiry date	Number of rights*	Number of rights exercised	Number of rights remaining
Executive director							
OS Arbee	15-Jun-13	195,20	15-Sep-16	10-Jun-20	49 986	–	49 986
OJ Janse van Rensburg	6-Oct-15	174,65	18-Sep-18	23-Jun-22	32 900	–	32 900
	18-May-16	127,77	16-Sep-19	30-Jun-21	57 975	–	57 975
	21-Jun-17	152,65	16-Sep-20	30-Jun-22	91 188	–	91 188
Prescribed officers							
KA Cassel	6-Oct-15	174,65	18-Sep-18	23-Jun-22	20 576	–	20 576
	18-May-16	127,77	16-Sep-19	30-Jun-21	87 230	–	87 230
	21-Jun-17	152,65	16-Sep-20	30-Jun-22	125 352	–	125 352
	30-Nov-18	89,67	15-Sep-21	30-Jun-23	182 450	–	182 450
C Venter	6-Oct-15	174,65	18-Sep-18	23-Jun-22	26 808	–	26 808
	18-May-16	127,77	16-Sep-19	30-Jun-21	48 801	–	48 801
	21-Jun-17	152,65	16-Sep-20	30-Jun-22	54 260	–	54 260
	30-Nov-18	89,67	15-Sep-21	30-Jun-23	74 138	–	74 138

* *The number of rights that will eventually vest is subject to the achievement of performance conditions linked to core (earnings per share) EPS targets relative to a peer group of 20 JSE listed companies and return on invested capital ("ROIC") targets relative to weighted cost of capital ("WACC"). The rights vested could be fewer than the number granted.*

Net gains on share appreciation rights and deferred bonus plans

	2019 R'000	2018 R'000
OS Arbee	**6 494**	8 520
OJ Janse van Rensburg	**584**	1 132
PB Michaux	**5 106**	6 207
KA Cassel	**89**	1 214
	12 273	17 073

11.3 Deferred bonus plan

These rights entitle participants to invest in Imperial and Motus shares which, if held for three years, will be matched by Motus on a one-for-one basis by the allocation of an equal number of Imperial and Motus shares for no consideration.

The fair values for the share-based payment expense is calculated using a Black-Scholes pricing model. The inputs into the model established at the grant dates, and which have not changed, were as follows:

	2019	2017	2016	2015	2014
Volatility (%)	**29,00**	35,60	34,00	32,00	28,40
Weighted average share price (Rand)	**89,67**	152,65	127,77	174,65	193,77
Weighted average fair value (Rand)	**77,60**	134,09	112,76	156,08	168,45
Expected life (years)	**3,21**	3,20	3,30	3,20	3,20
Average risk-free rate (%)	**8,20**	7,60	8,80	7,50	7,80
Expected dividend yield (%)	**4,50**	4,00	3,80	3,50	4,30

* *No deferred bonus plans were issued during 2018.*

Notes to the consolidated financial statements continued

for the year ended 30 June 2019

11. OUR PEOPLE continued

11.3 Deferred bonus plan continued

There is no weighted average exercise price for the deferred bonus plans.

The volatilities were determined by calculating the historical volatility of Imperial's share price over the previous three years. The expected life is determined by the rules of the schemes which dictate the final expiry date.

Details of rights taken up that will vest by year of grant

	2018 Number of rights	Expiry date
Rights taken up		
September 2016	205 110	September 2019
September 2017	168 474	September 2020
November 2018	243 397	September 2021
Total unexercised rights at the end of the year	616 981	

Movement in the number of rights granted

	2019 Number of rights	2018 Number of rights
Rights granted at beginning of year	**482 458**	443 475
– Transferred from Imperial	**18 470**	–
– Allocated during the year	**243 397**	164 331
– Exercised during the year	**(127 344)**	(121 909)
– Forfeited during the year	**–**	(3 439)
Unexercised rights at end of year	**616 981**	482 458

The deferred bonus plans for executive directors and prescribed officers are set out below.

	Allocation date	Vesting date	Number of shares committed to the plan	Vested during the year	Balance remaining
Executive director					
OS Arbee	6-Oct-15	15-Sep-18	36 416	(36 416)	–
	18-May-16	16-Sep-19	54 003	–	54 003
	21-Jun-17	16-Sep-20	62 234	–	62 234
	30-Nov-18	16-Sep-21	118 211	–	118 211
OJ Janse van Rensburg	6-Oct-15	15-Sep-18	3 277	(3 277)	–
	18-May-16	16-Sep-19	5 421	–	5 421
	21-Jun-17	16-Sep-20	7 959	–	7 959
	30-Nov-18	16-Sep-21	61 336	–	61 336
Prescribed officers					
P Michaux	6-Oct-15	15-Sep-18	28 629	(28 629)	–
	18-May-16	16-Sep-19	43 046	–	43 046
	21-Jun-17	16-Sep-20	39 306	–	39 306
KA Cassel	6-Oct-15	15-Sep-18	500	(500)	–
C Venter	21-Jun-17	16-Sep-20	4 367	–	4 367
	30-Nov-18	16-Sep-21	10 706	–	10 706

Net gains or losses on rights are included in note 11.2 – Share appreciation rights on page 77.

11. OUR PEOPLE continued

11.4 Conditional share plan

Employees receive grants of conditional share plan awards ("CSPs") and the vesting is subject to performance conditions being met and participants remaining employed by Motus for the vesting period. CSPs are only awarded to the most senior employees and replace annual DBP allocations from 1 July 2019.

The fair values for the share-based payment expense is calculated using a Black-Scholes pricing model. The inputs into the model established at the grant dates, and which have not changed, were as follows:

	2019
Volatility (%)	**29,00**
Weighted average share price (Rand)	**89,67**
Weighted average fair value (Rand)	**77,60**
Expected life (years)	**3,21**
Average risk-free rate (%)	**8,20**
Expected dividend yield (%)	**4,50**

There is no weighted average exercise price for the conditional share plans.

The volatilities were determined by calculating the historical volatility of Imperial's share price over the previous three years. The expected life is determined by the rules of the schemes which dictate the final expiry date.

The following CSPs were granted to the directors and prescribed officers:

	Date of grant	Conditional awards	Vesting date	Forfeited	Vested during the year	Balance
Executive directors						
OS Arbee	30-Nov-18	133 824	15-Sep-21	–	–	133 824
	30-Nov-18	200 736	15-Sep-22	–	–	200 736
OJ Janse van Rensburg	30-Nov-18	78 064	15-Sep-21	–	–	78 064
	30-Nov-18	117 096	15-Sep-22	–	–	117 096
Prescribed officers						
KA Cassel	30-Nov-18	55 760	15-Sep-21	–	–	55 760
	30-Nov-18	83 640	15-Sep-22	–	–	83 640
C Venter	30-Nov-18	44 608	15-Sep-21	–	–	44 608
	30-Nov-18	66 912	15-Sep-22	–	–	66 912

11.5 Directors' and prescribed officers' interest in shares

The beneficial and non-beneficial interests of directors and prescribed officers in the ordinary shares of Motus were:

	2019		2018	
	Beneficial Number of shares	**Non-beneficial Number of shares**	Beneficial Number of shares	Non-beneficial Number of shares
Executive directors				
OS Arbee	**234 448**	**–**	161 476	–
OJ Janse van Rensburg	**74 716**	**–**	16 657	–
Non-executive directors				
GW Dempster	**99**	**–**	–	–
RJA Sparks	**–**	**–**	40 000	–
Prescribed officers				
PB Michaux	**–**	**–**	95 931	–
KA Cassel	**744**	**–**	11 288	–
C Venter	**15 073**	**–**	–	–
	325 080	**–**	325 352	–

All shares disclosed are beneficial shares directly held by directors.

There has been no change in the directors and prescribed officers' interest in shares between the end of the financial year and to the date of approval of the annual financial statements.

Notes to the consolidated financial statements continued

for the year ended 30 June 2019

11. OUR PEOPLE continued

11.6 Key management

Key management personnel are directors and executives having authority and responsibility for planning, directing and controlling the activities of Motus. Directors of Motus and certain senior management personnel have been classified as key management personnel.

Remuneration paid to key management personnel is as follows:

	2019 Rm	2018 Rm
Salaries and allowances	**51**	48
Bonuses	**56**	46
Company contributions	**5**	4
Directors' fees	**–**	6
Share-based expenses	**57**	90
Other benefits	**1**	1
	170	195
Number of key management personnel	**14**	17
Net gains on share options and cash retention bonuses	**14**	24

Details relating to the remuneration of executive and non-executive directors and prescribed officers, as well as information pertaining to directors' and prescribed officers' interest in the stated capital of the company, share options outstanding and benefits in terms of share options exercised are disclosed in note 11.2 – Share appreciation rights to 11.5 – Directors' and prescribed officers' interest in shares.

Motus has many different operations where Motus' personnel may be transacting. Transactions entered into during the year with key management personnel were on terms and conditions no more favourable than those available to other employees, customers or suppliers and include transactions in respect of the employee option plans, contracts of employment and reimbursement of expenses, as well as other transactions. Key management are required to report any transactions with Motus in excess of R100 000. The total value of the goods and services supplied to or from key management, on an arm's-length basis, amounted to:

	2019 Rm	2018 Rm
Total value of the goods and services supplied to or from key management	**5**	4

During 2019, Motus paid for services amounting to R3 million (2018: R3 million), on an arm's length basis to a firm of attorneys in which Mr A Tugendhaft has an interest.

Mr N Lynch is part of the key management of Motus and is an indirect beneficiary of Lynch Family Holdings, a shareholder of Motus.

11.7 Related parties

Subsidiaries, associates, joint ventures, Motus pension and provident funds, directors and prescribed officers are defined as key management and are considered to be related parties. Refer to note 11.6 – Key management for disclosure of transactions with key management personnel. During the year, the company and its subsidiaries, associates and joint ventures, in the ordinary course of business, entered into various sale and purchase transactions with each other including:

> sale of new vehicles and parts between importers, dealerships and car rental;
> servicing of vehicles under vehicle service and maintenance plans by the dealerships;
> administration by Motor-Related Financial Services of the vehicle plans sold by the importers and dealerships; and
> administration fees, interest, dividends and rental income.

These transactions are eliminated on consolidation and, accordingly, are not disclosed below. These transactions occurred under terms that are no less favourable than those arranged with third parties.

Revenues between Group entities

The following intra-group revenue has been eliminated:

	2019 Rm	Re-presented* 2018 Rm
Sale of goods	**8 938**	9 710
Rendering of services	**1 063**	1 074
Total revenue	**10 001**	10 784

** The prior year comparatives have been re-presented to enhance disclosure. In the prior year, all eliminations of inter-group revenue within Motus was disclosed. However, this also included revenue within individual entities, such as divisions of Motus Group Limited to themselves. For the current year, only eliminations between legal entities are disclosed, examples being Motus Group Limited with Motus Corporation Proprietary Limited.*

11. OUR PEOPLE continued

11.7 Related parties continued

Subsidiaries

Details of interests in principal subsidiaries are disclosed in Annexure A – Interests in subsidiaries.

Transactions between Imperial Holdings and Motus up to the date of unbundling (30 October 2018)

Included in total revenue is the revenue earned from businesses in Imperial that do not form part of Motus, amounting to R183 million (2018: R279 million).

Included in trade receivables are amounts owed by Imperial and its subsidiaries amounting to Rnil (2018: R9 million). Included in trade payables are amounts owed to Imperial and its subsidiaries amounting to Rnil (2018: R14 million).

The following amounts that were due in the prior year to Imperial and its subsidiaries and have now been settled and are included in note 6.1 – Interest-bearing debt.

	2019 Rm	2018 Rm
Brian Porter Holdings Proprietary Limited	–	26
Imperial Capital Proprietary Limited	–	360
Imperial Group Limited	–	5 284
Murnau Holdings Proprietary Limited	–	12
Premier Auto Kimberley Proprietary Limited	–	(1)
Tannery Panelbeaters Proprietary Limited	–	(2)
Total	–	5 679

Interest incurred on the above amounts due to Imperial and its subsidiaries and which has been included in finance costs amounts to:

	2019 Rm	2018 Rm
Imperial Capital Proprietary Limited	–	3
Imperial Group Limited	**167**	553
Imperial Mobility Finance BV	–	4
Total	**167**	560

Included in operating expenses are administration fees paid to Imperial and its subsidiaries amounting to R37 million (2018: R163 million).

Dividends amounting to R567 million (2018: R3 139 million) were paid to Imperial prior to the unbundling.

Interest of directors in contracts

The directors have confirmed that they had no interest in any transaction of any significance with Motus or any of its subsidiaries. Accordingly, a conflict of interest with regard to directors' interest in contracts does not exist.

Transactions with directors of subsidiaries

During 2019, Motus sold R175 million worth of goods and purchased R45 million on an arm's length basis from Mr J Johnson, a director of a subsidiary of Motus Holdings. In addition, R26 million was paid to Mr J Johnson at an arm's length basis for rental of properties.

Unbundling from Imperial Holdings Limited

As part of the final unbundling from Imperial, the following was transferred from Imperial, resulting in common control:

	Net asset value Rm
The treasury, finance and property divisions of Motus Group Limited that were transferred to Motus on unbundling	**(9)**
Acquisition of listed shares in Imperial Logistics to hedge share scheme obligations	**21**
Common control reserve acquired as a result	**12**
Acquisition of Motus Holdings Limited shares to hedge share scheme obligations and are included in shares repurchased	**195**

For the period ended June 2019, Motus paid its former parent, Imperial, for services relating to treasury, tax and secretarial amounting to R9 million. Previously, Imperial recovered these costs through the administration fee.

Notes to the consolidated financial statements continued

for the year ended 30 June 2019

11. OUR PEOPLE continued

11.7 Related parties continued

Associates and joint ventures

Details of investments in associates and joint ventures that are material to Motus are disclosed in note 2.3 – Investments in associates and joint ventures.

The following intra-group revenue has been included in external revenue:

	2019 Rm	2018 Rm
Sale of goods	43	61
Rendering of services	15	11
Total	**58**	72

The following amounts are due to associates and are included in other financial liabilities:

	2019 Rm	2018 Rm
Lereko Motors Proprietary Limited	2	35
Car Hire Brokers Proprietary Limited	10	11
Total	**12**	46

Shareholders

The top 10 shareholders of the company as at June 2019 are as follows:

Shareholder	Number of shares (000)	% of issued voting capital
Ordinary shares		
Public Investment Corporation (South Africa)	22 551	11,09
Lazard Asset Management (United States of America)	19 295	9,49
M&G Investment Management (United Kingdom)	17 156	8,44
Ukhamba Holdings (South Africa)*	15 887	7,81
Visio Capital Management (South Africa)	9 499	4,67
Mr NW Lynch (South Africa)	7 910	3,89
Mr Manuel P De Canha (South Africa)	6 265	3,08
Vanguard Group (United States of America)	5 870	2,89
PSG Asset Management (South Africa)	4 580	2,25
Fidelity Management & Research (United States of America)	4 451	2,19
Deferred ordinary shares		
Ukhamba Holdings (South Africa)*	6 868	3,38

* *In total, Ukhamba Holdings owns 11,19% of the voting shares in Motus.*

12. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

Assets and liabilities held for sale includes asset and liabilities considered to be non-core. In the current year, the assets held for sale relate to dealership and importer properties. As part of the Motus strategy, all non-strategic properties will be disposed of. This disposal is expected to occur within the next 12 months and has therefore been classified as held for sale. The proceeds from disposal are expected to exceed or equal the net carrying amount of the assets.

	2019 Rm	2018 Rm
Major classes of assets comprising the assets held for sale		
Property, plant and equipment	**182**	235
	182	235
Major classes of liabilities directly associated with the assets held for sale		
Interest-bearing debt*	**19**	21
	19	21

* *The interest-bearing debt relates to a property held for sale, which has a carrying amount of R38 million (2018: R50 million).*

The assets and liabilities held for sale arise from the following segments:

	2019 Rm	2018 Rm
Import and Distribution	**51**	58
Retail and Rental	**93**	126
Head Office and Eliminations	**19**	30
	163	214

Notes to the consolidated financial statements continued

for the year ended 30 June 2019

13. EVENTS AFTER THE REPORTING PERIOD

13.1 Business combinations after the reporting period

On 1 July 2019 Motus acquired 100% shareholding in F&G Holdings Group and F&G Commercial in the United Kingdom for R281 million. The Group comprises four DAF dealerships along with a commercial body-building operation and a vehicle repair centre.

	Rm
Fair value of assets acquired and liabilities assumed at date of acquisition:	
Assets	
Property, plant and equipment	**233**
Inventories	**299**
Trade and other receivables	**28**
Cash resources	**69**
	629
Liabilities	
Deferred tax liability	**3**
Provisions	**10**
Trade and other payables	**359**
Income tax liability	**7**
Interest-bearing debt	**101**
	480
Net assets acquired	**149**
Total purchase consideration	**281**
Goodwill	**132**

Due to the recent nature of this acquisition, all numbers are treated as provisional.

13.2 Dividend declarations after the reporting period

On 26 August 2019 Motus Holdings Limited declared a dividend of R491 million (250 cents per share) to its shareholders.

14. NEW ISSUED STANDARDS NOT YET EFFECTIVE

The following new and revised International Financial Reporting Standards could have an impact on Motus' future annual financial statements.

The International Financial Reporting Standard that will become applicable to the Group in future reporting periods is IFRS 16 – Leases (effective for Motus from 1 July 2019). Details of this standard was outlined in the 31 December 2018 interim results. An update of the Group's assessment of the potential impacts of the new standard on the Group's annual financial statements is as follows:

Based on an assessment of operating leases that would be raised as assets and liabilities on 30 June 2019, adopting IFRS 16 – Leases, would have the following indicative impact, with the Retail and Rental segment being the main contributor:

As at 30 June 2019 the right-of-use asset for the leases would amount to R1 983 million. This balance is the take-on balance at inception of the leases being the present value of the minimum lease payments less the amortisation to 30 June 2019. The related lease liability would amount to R2 349 million, being the present value of the minimum lease payments plus the related interest less the rental payments to 30 June 2019. The difference between the asset and the liability will be adjusted to retained income.

In total, operating expenses will decrease due to a reduced rental expense partially offset by an increased amortisation on the right-of-use asset. Interest will be increased by the interest on the lease liability. The impact on net profit before tax is immaterial.

There are various other amendments and interpretations as listed below which have been issued and will be effective for Motus in the 2020 financial year.

> IFRIC 23 – Uncertainty over Income Tax payments.
> Amendment to IFRS 9 for Negative Compensation Prepayment Features.
> Amendment to IAS 28 for Long Term Interests in Associates and Joint Ventures.
> Amendments to IAS 19 for Plan Amendments, Curtailments or Settlements.
> 2015 to 2017 Annual Improvements.

The following will be effective for Motus in the 2021 financial year Motus is still to assess the impact of the amendments and new standards:

> Amendments for references to Conceptual Framework.
> Amendments to IFRS 3 for definition of a business.
> Amendments to IAS 1 and IAS 8 for definition of "material".
> IFRS 17 – Insurance Contracts.

IFRS 9 – Financial instruments, with regards to hedge accounting, remains issued but not required until such time as the macro-hedging project is finalised. Please refer to note 1.8.1 – IFRS 9 – Financial instruments for further details.

Company financial statements

Notes included in the consolidated financial statements pertaining to related parties, going concern and subsequent events are applicable to the company financial statements.

Contents

Financial statements

Company statement of financial position

at 30 June 2019

	Notes	2019 Rm	2018 Rm
ASSETS			
Non-current assets		**23 027**	22 860
Investments in subsidiaries	2	**23 027**	22 860
Current assets		**14**	498
Loans due by affiliated companies	3	**14**	498
Total assets		**23 041**	23 358
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	5	**22 985**	23 358
Retained earnings		**52**	–
Total equity		**23 037**	23 358
Current liabilities		**4**	–
Trade and other payables	4	**4**	–
Total liabilities		**4**	–
Total equity and liabilities		**23 041**	23 358

Company statement of comprehensive income

for the year ended 30 June 2019

	Notes	2019 Rm	2018 Rm
Revenue	7	**1 024**	–
Net operating expenses	8	**(22)**	–
Earnings before interest, taxation, depreciation and amortisation		**1 002**	–
Depreciation, amortisation and impairments		**–**	–
Operating profit		**1 002**	–
Issue of shares at a discount to a broad-based black economic empowerment partner (Ukhamba)[1]		**(141)**	–
Profit before tax		**861**	–
Income tax expense		**–**	–
Profit for the year and comprehensive income for the year		**861**	–

There have been no movements in other comprehensive income in the current and prior year.

[1] *The once-off costs of issuing unlisted deferred ordinary shares issued at a discount to their fair value to a broad-based black economic empowerment partner (Ukhamba).*

Company statement of cash flows

for the year ended 30 June 2019

	Note	2019 Rm	2018 Rm
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash paid to suppliers and employees		(18)	–
Cash utilised by operations before interest and dividends received	9	(18)	–
Dividends received		994	–
Cash generated by operations		976	–
CASH FLOWS FROM FINANCING ACTIVITIES			
Repurchase of own shares		(540)	–
Dividends paid to Imperial Holdings Limited		(435)	–
Dividends paid to equity holders of Motus		(485)	–
Utilisation of inter-group loans		484	–
		(976)	–
Net increase/(decrease) in cash and cash equivalents		–	–
Cash and cash equivalents at beginning of year		–	–
Cash and cash equivalents at end of year		–	–

Company statement of changes in equity

for the year ended 30 June 2019

Rm	Stated capital	Share-based payment reserve	Retained income	Total equity
Opening balance as at 1 July 2017	–	–	–	–
Issue of shares	23 358	–	–	23 358
As at 30 June 2018	23 358	–	–	23 358
Total comprehensive income for the year	**–**	**–**	**861**	**861**
Additional share issued	**167**	**–**	**–**	**167**
6 289 200 shares repurchased and cancelled at an average of R85,83 per share	**(540)**			**(540)**
Issue of shares at a discount to a broad-based black economic empowerment partner (Ukhamba)	**–**	**141**	**–**	**141**
Dividends paid to Imperial Holdings prior to unbundling	**–**	**–**	**(465)**	**(465)**
Dividends paid	**–**	**–**	**(485)**	**(485)**
Transfer between reserves	**–**	**(141)**	**141**	**–**
As at 30 June 2019	**22 985**	**–**	**52**	**23 037**

Notes to the company annual financial statements

for the year ended 30 June 2019

1. ACCOUNTING POLICIES

The company has adopted the accounting policies as outlined in the consolidated financial statements.

2. INVESTMENTS IN SUBSIDIARIES

	2019 Rm	2018 Rm
Motus Corporation Proprietary Limited	**10 822**	10 822
Motus Group Limited	**8 808**	8 808
Motus Capital Proprietary Limited	**3 397**	3 230
Total	**23 027**	22 860

Critical accounting judgements, estimates and assumptions relating to investments in subsidiaries

One of the critical accounting judgements is the valuation of the investments that Motus Holdings holds in its subsidiaries, Motus Corporation Proprietary Limited, Motus Group Limited and Motus Capital Proprietary Limited. Consideration is given to external factors, the primary one being the share price of Motus Holdings Limited.

Based on the current share price of Motus Holdings Limited, it was concluded that there was an indicator of possible impairment of the underlying investments. Thus a recoverable amount was calculated as the higher of value in use and fair value less cost to sell, since there is no active market for the underlying subsidiaries, the total market capitalisation of Motus Holdings is considered to be a close approximation of the fair value for the three subsidiaries combined.

The value-in-use is calculated using the forecast cash inflows and outflows for a five-year period which are expected to be derived from continuing use of the CGUs, being each subsidiary as consolidated. Cash flow projections for financial forecasts are based on expected revenue, operating margins, working capital requirements and capital expenditure, which were approved by the directors.

The value-in-use calculated was higher than the fair value less cost to sell and was also higher than the cost of the underlying investments. There was sufficient headroom on the value in use over the carrying amount ensuring that no impairment was required.

The table below is the pre-tax WACC rate and terminal growth rate applicable per subsidiary; management applied a conservative approach on the future growth rates, and are lower than those management would anticipate going forward.

	Pre-tax discount rate	**Terminal growth rate**
Motus Corporation Proprietary Limited	13,5%	2,0%
Motus Group Limited	13,4%	2,0%
Motus Capital Proprietary Limited	9,2%	1,0%

In the prior year, prior to the unbundling, the services of independent external advisers were utilised to determine the fair value of Motus. A five-year cash flow projection was prepared per business segment and per geographical region considered to be material by management.

The earnings before interest, tax, depreciation and amortisation ("EBITDA") multiple approach was utilised to perform the valuation, giving consideration to the prevailing market conditions and peers. The enterprise value arrived at was adjusted for equity loans, net debt, non-controlling interests, and investments in associates to calculate the resultant equity value.

The estimated recoverable amounts of all the consolidated subsidiaries exceeded their carrying values and due to the significant headroom, they are not impacted by a 10% variation in the cash flow projections, growth rates and discount rates when comparing the carrying value to the recoverable amount.

Notes to the company annual financial statements continued

for the year ended 30 June 2019

3. LOANS DUE BY AFFILIATED COMPANIES

	2019 Rm	2018 Rm
Motus Corporation Proprietary Limited	5	152
Motus Group Limited	9	–
Brietta Trading Proprietary Limited	–	161
Africa Automotive Aftermarket Solutions (a division of Motus Group Limited)	–	185
Total	**14**	498

The loans are unsecured with no fixed terms of repayment. These loans are also interest-free. These loans are carried at amortised cost.

4. NET WORKING CAPITAL

4.1 Trade and other payables

	2019 Rm	2018 Rm
Accrued expenses	4	–

The directors consider that the carrying amount of the trade and other payables approximates their fair value, as the carrying amount is based on contractual rights and obligations and is short term in nature. Refer to note 4 – Financial management and instruments for Motus' financial risk management policies in the consolidated financial statements.

5. STATED CAPITAL

	2019 Rm	2018 Rm
Ordinary stated capital issued	22 985	23 358

For further disclosures on stated capital refer to note 5.1 – Share capital in the consolidated financial statements.

6. DEFERRED TAXATION

Arising on the acquisition of investments in subsidiaries are taxable temporary differences amounting to R4 396 million as at 30 June 2018. These taxable temporary differences have not been recognised in terms of IFRS 3 – Business combinations.

7. REVENUE

	2019 Rm	2018 Rm
Dividends received from subsidiaries	1 013	–
Motus Corporation Proprietary Limited	983	–
Motus Group Limited*	30	–
Dividends received from associates – Ukhamba Holdings Limited	6	–
Dividends received from Motus Corporate Services Proprietary Limited	5	–
Total dividends received	**1 024**	–

* *The dividend received from Motus Group Limited was a dividend in specie, and there was no cash received. The underlying assets received was an investment in Imperial Holdings, which was also declared as a dividend in specie to Imperial Holdings.*

8. NET OPERATING INCOME/(EXPENSE)

	2019 Rm	2018 Rm
Admin fees paid to Group entities		
– Motus Corporation Proprietary Limited	(10)	–
– Other operating expenses	(12)	–
Total net operating expenses	(22)	–

9. CASH UTILISED BY OPERATIONS BEFORE INTEREST AND DIVIDENDS RECEIVED

	2019 Rm	2018 Rm
Profit before net financing costs	861	–
Adjusted for:		
Issue of shares at a discount to a broad-based black economic empowerment partner (Ukhamba)	141	–
Dividend income	(1 024)	–
Cash utilised by operations before changes in working capital	**(22)**	–
Increase in trade and other payables	4	–
Cash utilised by operations before interest and dividends received	**(18)**	–

10. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

	2019 Rm	2018 Rm
Motus Holdings Limited in its own name has signed guarantees in an obligor arrangement over the interest-bearing debt of Motus Corporation Proprietary Limited, Motus Group Limited and Motus Capital Proprietary Limited ("the subsidiaries") excluding the floorplan facilities of the United Kingdom and Australia. The subsidiaries in turn have signed the same guarantees, therefore Motus Holdings would have both a contingent liability and a contingent asset due to the recovery from its subsidiaries.		
The contingent liabilities are as follows:		
Total Group debt excluding foreign denominated floorplans	**6 287**	–
The contingent assets are as follows:		
Recovery of contingent liabilities from subsidiaries	**6 287**	–

There are no financial guarantee contracts in place that require recognition in the statement of financial position. This is as a result of past experiences and collaterals held that can offset any potential future economic losses.

Annexure A – Interests in subsidiaries

Motus is a diversified international group of companies that is a non-manufacturing service provider to the automotive sector. The consolidated financial statements include the accounts of Motus Holdings Limited ("the company") and all of its subsidiaries at 30 June 2019.

Motus holds majority voting rights in all of its subsidiaries. There are no significant judgements or assumptions made in determining whether Motus has control, joint control or significant influence.

Motus has 82 wholly owned subsidiaries and six non-wholly owned subsidiaries as at 30 June 2019.

THE PRINCIPAL SUBSIDIARIES OF THE COMPANY AND THEIR ACTIVITIES ARE:

Subsidiary	Place of incorporation	Ownership interest (%)	Nature of business
Motus Corporation Proprietary Limited	South Africa	**100**	Motus Corporation Proprietary Limited imports and distributes passenger, light and heavy commercial vehicles and automotive products in Southern Africa. It also sells service, maintenance and warranty products and has investments in property companies. Further details on the composition of Motus Corporation Proprietary Limited and its subsidiaries are provided below.
Motus Group Limited	South Africa	**100**	Business conducted by Motus Group Limited comprises vehicle rental, motor trading, automotive parts, property investments and group services. Details on the businesses included are provided below.
Motus Capital Proprietary Limited	South Africa	**100**	Motus Capital Proprietary Limited is a registered Domestic Treasury Management Company ("DTMC"). It holds the interest in our operations in Africa, Dubai, United Kingdom, Australia, China and Taiwan. Details on the businesses included are provided below.

THE PRINCIPAL OPERATING SUBSIDIARIES OF MOTUS CORPORATION PROPRIETARY LIMITED AND THEIR ACTIVITIES ARE:

Subsidiary	Place of incorporation	Ownership interest (%)	Nature of business
Hyundai Auto South Africa Proprietary Limited	South Africa	**100**	Hyundai Auto South Africa Proprietary Limited is an importer and distributor of Hyundai vehicles and parts for Southern Africa. Motus has established a network of dealerships in South Africa, Namibia and Botswana.
Renault South Africa Proprietary Limited	South Africa	**60**	Renault South Africa Proprietary Limited, through distribution agreements with Renault SAS France, imports and distributes Renault motor vehicles and parts in South Africa. Imperial Car Imports, a wholly owned subsidiary of Motus, has a 60% interest in Renault South Africa Proprietary Limited.
Kia Motors South Africa Proprietary Limited	South Africa	**100**	Kia Motors South Africa Proprietary Limited is an importer and distributor of Kia vehicles and parts for South Africa.

THE PRINCIPAL BUSINESS OF MOTUS GROUP LIMITED IS:

Motus Group Limited is divisionalised as follows:

Division	Place of incorporation	Nature of business
Vehicle Retail	South Africa	The Vehicle Retail business within Motus Group Limited comprises motorcycles, passenger, light, medium and heavy (including extra heavy) commercial vehicle dealerships in South Africa. The franchise dealerships represent the major OEM brands.
Car Rental	South Africa	The Car Rental operations housed within Motus Group Limited comprise two business units: Car Rental (Europcar and Tempest) and Used Car Sales (Auto Pedigree). This division operates in South Africa and neighbouring countries.
Aftermarket Parts	South Africa	The Aftermarket Parts business markets and distributes quality automotive parts and accessories and D.I.Y. products through selected channels. The business comprises the following franchises: AAAS (previously Midas), Motolek, ADCO, CBS and Auto Care & Diagnostics.
Finance	South Africa	Provides the treasury function of Motus.

THE PRINCIPAL OPERATING SUBSIDIARIES OF MOTUS CAPITAL PROPRIETARY LIMITED AND THEIR ACTIVITIES ARE:

Subsidiary	Place of incorporation	Ownership interest (%)	Nature of business
Motus Group (UK) Limited (formerly Imperial Commercials UK Proprietary Limited)	United Kingdom	**100**	Motus Group (UK) is involved in the passenger and commercial vehicle market, the commercial vehicles range from light to extra-heavy commercial vehicles. It sells new and used vehicles as well as related financial services, parts and servicing. The underlying businesses of S&B Commercials PLC and Pentagon Motor Holdings Limited were divisionalised into Motus Group (UK) in the current financial year.
SWT Group Proprietary Limited	Australia	**80**	Retail and distribution of passenger vehicles in Australia through 15 dealerships.
Australian Automotive Group Proprietary Limited	Australia	**100**	Retail of passenger vehicles in Australia through 13 dealerships.
Arco Motor Industry Company Limited	Taiwan	**60**	An international wholesale distributor of aftermarket parts.

NON-CONTROLLING INTEREST IN MOTUS' ACTIVITIES

Subsidiaries with non-controlling shareholding are outlined in note 2.4 – Non-controlling interests in the consolidated financial statements.

Corporate information

Company registration number
Registration number: 2017/451730/06

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