Motus

Audited consolidated and separate annual financial statements

for the year ended 30 June 2021

Reporting suite

The 2021 Motus integrated report

Online as PDF and HTML

The Motus integrated report provides a holistic assessment of our ability to create and preserve value for our stakeholders and guard against value destruction. It assesses our management of strategy, the risks we face, and our financial, operational, and sustainability performance against our material priorities. The report is prepared according to Johannesburg Stock Exchange (JSE) Listings Requirements (JSE Listings Requirements) and the South African Companies Act 71 of 2008, as amended (Companies Act).

Reporting frameworks applied

- King Report on Corporate Governance for South Africa™ (2016) (King IV™). The King IV application register can be found online.
- The principles of the Value Reporting Foundation's (formerly the International Integrated Reporting Council) International <IR> Framework (December 2019) (the Framework).

The 2021 Motus environmental, social and governance report

Online as PDF and HTML

Provides an in-depth assessment of our environmental, social and governance (ESG) performance for the year, including the letter from the Chairman of the social, ethics and sustainability (SES) committee.

Reporting frameworks applied

- King IV.
- The Global Reporting Initiative's (GRI) Standards (applied as a guide).

Audited consolidated and separate annual financial statements

The audited consolidated and separate annual financial statements for the year ended 30 June 2021 have been audited by the Group's independent external auditors, Deloitte & Touche. These include the report of the Audit and Risk committee, are prepared in accordance with the International Financial Reporting Standards (IFRS), the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides issued by the Accounting Practices Committee, and Financial Reporting Pronouncements issued by the Financial Reporting Standards Council (FRSC), unless otherwise specified.

Detailed online information

Stakeholders can access the Group's interim and annual financial results announcements and presentations at https://www.motus.co.za/investors/ or scan the QR code to be taken there directly.

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Key company information

Motus Holdings Limited
Incorporated in the Republic of South Africa

Motus Limited registration number:
2017/451730/06
ISIN: ZAE000261913

JSE Main Board: Specialty retailers
Listing date: 22 November 2018
Share code: MTH
(Motus or the company or the Group)

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: MotusIR@motus.co.za.

Contents

Preparer of the consolidated and separate annual financial statements

The consolidated and separate annual financial statements have been prepared under the supervision of Ms. U Singh CA(SA).

U Singh
Group Finance Executive

30 August 2021

Directors' responsibility and approval

The board of directors of Motus Holdings Limited (the board) and its consolidated subsidiaries (the Group) are responsible for the maintenance of adequate accounting records and the preparation and integrity of the consolidated and separate annual financial statements for the Group. 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 (IASB) in issue and effective for the Group at 30 June 2021 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, 2008 (No. 71 of 2008) as amended (the Companies Act) and the Listings Requirements of the JSE Limited (JSE Listings Requirements).

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 audited consolidated and separate 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 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 audited 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 Group's independent external auditors, Deloitte & Touche, have audited the consolidated and separate annual financial statements for the year ended 30 June 2021, in conformity with International Standards on Auditing. Their unmodified report is set out on pages 12 to 15.

The audited consolidated and separate annual financial statements were approved by the board, issued on 30 August 2021 and are signed on their behalf by:

GW Dempster
Chairman

OS Arbee
Chief Executive Officer (CEO)

OJ Janse van Rensburg
Chief Financial Officer (CFO)

The financial statements are available on the Group's website www.motus.co.za.

Chief Executive Officer and Chief Financial Officer Responsibility Statement

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

- the consolidated and separate annual financial statements set out on pages 2 to 116, fairly present in all material respects the financial position, financial performance and cash flows of the Group in terms of IFRS;
- no facts have been omitted or untrue statements made that would make the consolidated and separate annual financial statements false or misleading;
- internal financial controls have been put in place to ensure that material information relating to the Group have been provided to effectively prepare the audited consolidated and separate financial statements of the Group; and
- the internal financial controls are adequate and effective and can be relied upon in compiling the audited consolidated and separate annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code. Where we are not satisfied, we have disclosed to the audit committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.

O. Arbee

OS Arbee
Chief Executive Officer

30 August 2021

OJ Janse van Rensburg
Chief Financial Officer

30 August 2021

Certificate by the Company Secretary

In my capacity as Company Secretary, I hereby confirm that, in respect of the year under review, the Group 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 and that all such returns are true, correct and up to date.

NE Simelane
Company Secretary

30 August 2021

Directors' report

Nature of business

Motus Holdings Limited (the Company) 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. The Group participates in the entire automotive value chain through its four business segments, namely: Import and Distribution, Retail and Rental, Financial Services and Aftermarket Parts.

The activities of the Group's business segments are described below:

- **Import and Distribution:** Importer and distributor of passenger, light commercial vehicles (LCVs) and parts to serve a network of dealerships, car rental companies, fleets and government institutions in South Africa.
- **Retail and Rental:** Retailer of new and pre-owned passenger and commercial vehicles across all segments in South Africa and the UK and passenger vehicles in Australia. Servicing and maintenance of vehicles. Rental of passenger and LCVs.
- **Financial Services:** Manager and administrator of service, maintenance and warranty plans. Develop and sell value-added products and services (VAPS). Provider of fleet management services. Provider of business process outsourcing through sophisticated technology and call centre capabilities. Operates an innovation hub.
- **Aftermarket Parts:** Distributor, wholesaler and retailer of accessories and parts for out-of-warranty vehicles through retail and franchised stores, specialised workshops supported by distribution centres in South Africa, Taiwan and China.

Financial results and review

The Group had a profitable year despite facing challenging economic and market conditions in South Africa and abroad. There have been signs of improvement since initial lockdowns in the prior year, however, the economic environment has not returned to Pre-COVID-19 levels. The economies in the UK and Australia are expected to recover sooner than in South Africa. These economies are more mature, with a faster vaccination roll-out programme in the UK and infection levels are under control in both countries. It will take the South African economy much longer to reach Pre-COVID-19 levels.

The Group actively implemented various action plans and several initiatives focused on converting excess working capital and rental fleet into cash in response to the current crisis. This included utilising available government schemes and aligning existing cost structures to the changing economic environment. These initiatives contributed positively to the trading performance of the Group up to the date of signing this report.

In South Africa, the readiness of our dealerships, coupled with the availability of vehicles, enabled the Group to profitably trade. Our vehicle rental business which was severely impacted by the COVID-19 crisis, is now beginning to show signs of improvement. The recovery is slow as a result of the limitations placed on local and international travel. The Group received government support relating to the Temporary Employer-Employee Relief Scheme (TERS), which was paid directly to the employees.

The UK imposed various lockdown periods throughout the financial year. All the new and pre-owned vehicle sales showrooms were closed, but customers could purchase vehicles remotely with the process being conducted digitally. The aftersales businesses were permitted to operate throughout the lockdown periods. The new passenger vehicle market remains subdued, but the commercial vehicle market is strong. The Group has received government support relating to the furlough of staff, rates relief and retail government grants.

In Australia, our businesses remained open, subject to certain restrictions. We were required to intermittently close some of our dealerships based on the local government's restrictions and regulations. The Group received government support from the Job Keeper payment programme and other initiatives.

The Group's strategy, which remains unchanged in the current turbulent and uncertain environment, is to ensure the long-term sustainability of the Group and to expand operations to enhance its resilience for the future. The Group is expected to remain within the existing debt covenant levels.

Net attributable profit to the owners of the Group for the year amounted to R2 098 million (2020: R306 million). Basic earnings per share for the year was 1 153 cents (2020: 165 cents).

The financial results of the Group are set out on pages 16 to 116 and the segment financial position and profit or loss appear on pages 22 to 27.

Capital expenditure

As a result of acquisitions of property, plant and equipment, and intangible assets during the year, net capital expenditure amounted to R325 million (2020: R324 million), after proceeds on disposals of R235 million (2020: R180 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 proceeds on vehicles for hire amounted to R151 million (2020: R795 million (expenditure)).

Details on future commitments, excluding vehicles for hire, are provided in note 10.1 – Capital expenditure commitments.

Dividends

Details of dividends are set out in note 5.3 – Dividends paid.

Directors

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

	Appointment date	Resignation date	Nationality
GW Dempster (Chairman)*	01 August 2018		South African
A Tugendhaft (Deputy Chairman)**	01 August 2018		South African
OS Arbee (CEO)^	12 October 2017		South African
OJ Janse van Rensburg (CFO)^	12 October 2017		South African
KA Cassel^	01 July 2019		South African
PJS Crouse*	10 November 2020		South African
NB Duker*	10 November 2020		South African
P Langeni*	01 August 2018	10 November 2020	South African
S Mayet*	22 November 2018		South African
KR Moloko*	22 November 2018	31 May 2021	South African
MJN Njeke*	22 November 2018		South African

* *Independent non-executive*
** *Non-executive*
^ *Executive*

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

The board has satisfied itself that the CFO, 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 skill set of the finance function are appropriate.

Company Secretary

Ms. JK Jefferies tendered her resignation as the Company Secretary effective on 28 February 2021 and Mr. NE Simelane was appointed on 1 April 2021. The board is satisfied that Ms. JK Jefferies had and Mr. NE Simelane has the appropriate qualifications, expertise and experience with which to fulfil their duties.

The Company Secretary's contact details and the business and postal addresses of the Group appear on IBC.

Auditors

Deloitte & Touche were appointed as auditors of the Group and will continue in office in accordance with section 94(7) of the Companies Act.

Subsidiaries, associates and joint ventures

Details of interests in subsidiaries are shown in Annexure A – Interests in subsidiaries. Refer to note 2.3 – Investments in associates and joint ventures for additional information.

During the year, the Group acquired an additional 10% shareholding in SWT Group Proprietary Limited and the remaining shareholding in Motus Vehicles Distributor Proprietary Limited (formerly Renault South Africa Proprietary Limited). Refer to note 2.4 – Non-controlling interests.

During the year, the Group also acquired businesses that complement the existing operations. These acquisitions are not individually significant and relate to the purchase of the underlying assets and liabilities of the businesses. Refer to note 2.5 – Business combinations for details on acquisitions.

Stated Capital

Further details of the authorised and issued stated capital of the Company are provided in note 5 – Shareholders' interest.

Directors' report (continued)

Events after the reporting period

In the period subsequent to the financial year end, the following events occurred:

- The Group acquired an additional 11% shareholding with a purchase price of R6 million from the minority shareholders in Synapt Proprietary Limited, the holding company of getWorth Proprietary Limited. The Group's effective ownership has increased to 60%, therefore resulting in effective control.
- A gross dividend of 255 cents (2020: nil cents) per ordinary share is payable on 27 September 2021. The ordinary dividend is subject to the local dividend tax of 20% and the net ordinary dividend for those shareholders who are not exempt from paying tax, is therefore 204 cents (2020: nil cents) per share.
- The social unrest experienced in Gauteng and KwaZulu-Natal in South Africa subsequent to financial year end has not resulted in significant financial loss.

There were no material subsequent events, apart from those mentioned above, that occurred from the year ended 30 June 2021 to the date of these audited consolidated and separate annual financial statements.

Going concern

The consolidated statement of financial position as at 30 June 2021 reports a positive total equity balance of R12 166 million (2020: R12 452 million) and net interest-bearing debt of R3 401 million (2020: R7 442 million). The net interest-bearing debt excluding floorplans is covered by facilities of R11 900 million (R10 816 million committed) (2020: R13 681 million (R12 476 million committed)). The Group generated cash inflow from operations of R5 904 million (2020: R3 004 million) before capital expenditure on vehicles for hire and property, plant and equipment.

The board has reviewed and approved the Group and Company forecasts prepared by management and the solvency and liquidity positions. The forecast includes a detailed statement of profit or loss, cash flow and financial position and is reviewed and approved by the board.

On this basis, the board concluded that the Group would remain comfortably within the existing bank facility limits, with significant headroom, for at least the next 12 months from the date of approval of these audited consolidated and separate annual financial statements.

The board has also 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 audited consolidated and separate annual financial statements.

Refer to note 1.3 – Going concern, for additional details regarding the considerations made regarding the assessment of going concern for the Group.

The board considers it appropriate to adopt the going concern assumption in preparing the audited 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:

- The Group's treasury policy, being a target net debt to Adjusted EBITDA[1] of less than 2.3 times and Adjusted EBITDA to Adjusted net interest[1] of more than 4.0 times; and
- The Companies Act.

The Group monitors capital on the basis of its target gearing ratio of net debt to equity of 50% to 70%, under normal trading conditions.

The details of interest-bearing 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 the Group:

- approving non-executive directors' fees payable for the periods July 2020 to June 2021 and July 2021 to June 2022;
- general authority to repurchase company securities;
- authority to provide financial assistance in terms of section 44 of the Companies Act; and
- authority to provide financial assistance in terms of section 45 of the Companies Act.

Shareholders are assured that special resolutions passed by subsidiary companies, where required, were pursuant to the authority granted in terms of the above mentioned resolutions and in compliance with relevant provisions of the Companies Act.

[1] *Refer to 1.7 - Other financial definitions.*

Audit and risk committee report

The audit and risk committee has pleasure in submitting this report, which has been approved by the board and which incorporates the recommendations of the King Code of Corporate Governance™ [1] (King IV).

In summary, this committee assists the board in its responsibilities covering the:

- internal and external audit processes for the Group, considering the significant risks;
- adequacy and functioning of the Group's internal controls; and
- integrity of the financial reporting.

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

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. The members comprise Mr. S Mayet (Chairman), Ms. NB Duker and Mr. MJN Njeke.

During the year under review, four meetings were held as set out in the table below:

	Meetings attended
S Mayet (Chairman)	4/4
NB Duker[1]	2/2
KR Moloko[2]	3/4
MJN Njeke	4/4

[1] Appointed on 10 November 2020
[2] Resigned on 31 May 2021

The head of internal audit and the Group's external auditors attend and report at all audit and risk committee meetings. The Group's 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 is a finance professional with well over 30 years of experience in the Anglo American Group in South Africa. He has held several listed and unlisted board positions and brings with him extensive experience across the full spectrum of corporate activities. He currently also serves as a non-executive director at Astral Foods Limited.
- Ms. NB Duker is the Chief Operating Officer and Executive Director at Rothschild & Co South Africa. Prior to this she served as Group CFO of Ubuntu-Botho Investments. She started her career at Deloitte where she was an audit partner. In this role, she led multi-disciplinary engagement teams servicing JSE Limited (JSE) listed clients in geographies spanning Africa, Europe and America. She currently serves as a non-executive director on Imperial Logistics Limited (Imperial) and Assupol Holdings Limited.
- Mr. MJN Njeke serves as Chairman of the Hollard Foundation Trust and as a non-executive director of Clicks Group Limited, Datatec Limited and Delta Property Fund. He previously served as a non-executive director of MTN and SASOL and as Chairman of MMI Holdings 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 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 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 the Group's integrated reporting process, including the consolidated annual and separate financial statements, sustainability reporting and announcements in respect of the financial results;
- provides oversight of the Group's financial reporting controls framework implemented by management as contemplated by the JSE Listings Requirements paragraph 3.84(k), including consideration of reported deficiencies in design and operational effectiveness of internal financial reporting controls and any fraud involving directors if applicable, together with necessary remedial actions instituted;
- reviews any significant deficiencies, compensating controls and remediation plans instituted by senior management in terms of JSE Listings Requirements paragraph 3.84(k);
- ensures that an effective control environment in the Group is maintained;
- reviews and recommends to the board, the interim and audited consolidated annual and separate financial statements;

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Audit and risk committee report (continued)

Role of the audit and risk committee (continued)

- provides the CFO, 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 senior managers, executive directors and external auditors as the audit and risk committee may elect;
- meets confidentially with the internal and external auditors without executive board members or the CFO 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 consolidated annual and separate 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 2021 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. 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 auditor, respectively, to the shareholders for appointment as the auditors for the financial year ended 30 June 2021 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 for reappointment;
- reviewed the audit effectiveness and evaluated the external auditors' internal quality control procedures;
- obtained an annual confirmation from the external auditor that their independence was not impaired;
- maintained policies and controls 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, including an assessment of the independence of the external auditors. 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 the Group is required. Fees for audit related services and non-audit services incurred during the year amounted to R4 million (2020: R2 million);
- approved the external audit engagement letter, the plan and the budgeted audit fees payable to the external auditor;
- satisfied itself as to the qualifications and competence of Deloitte & Touche and the audit engagement partner;
- 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, 2005 (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 the Group after taking the following factors into account:

- representations made by Deloitte & Touche to the audit and risk committee;
- the auditor does not, except as external auditor or in the 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 external audit and management;
- Mr. JM Bierman of Deloitte & Touche has been the designated audit partner of Motus Holdings Limited for four years before the current year. In terms of the International Federation of Accountants requirements, he remains as the designated audit partner of the Group for the current financial year. Due to his involvement in the audit of a major subsidiary of the Group prior to the unbundling by Imperial, a new audit partner, Ms. SJ Nelson, will be appointed for the 2022 and 2023 financial years. In terms of the rules issued by the Independent Regulatory Board of Auditors, Deloitte & Touche may remain as the auditors of the Group until 2023;
- the audit and risk committee obtained and considered all information set out in the JSE Listings Requirements 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 auditor; 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;
- reviewed the annual audit plans and scope with regard to their adequacy to address all significant financial risks facing the business;
- considered the reports of the internal auditor on the Group's 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 the 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 CFO. The audit and risk committee is satisfied that the head of internal audit has the appropriate qualifications, expertise and experience with which to fulfil her duties. 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.

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 feedback from management, external and internal assurance providers that the combined assurance model is appropriate for the Group.

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 risk, both individually and in totality, are within the risk appetite of the Group, and that there is sufficient assurance provided to manage risk and the control environment through both internal and external assurance providers.

Adequacy and functioning of the internal controls

To meet the Group's responsibility to provide reliable financial information, the Group maintains financial and operational systems of internal control. These controls are designed to provide reasonable assurance that transactions are concluded in accordance with management's authority, that the assets are adequately protected against material losses, unauthorised acquisition, use or disposal and that those transactions are properly authorised and recorded.

The audit and risk committee received feedback from the head of risk and sustainability on the work rolled out in the current year to support the CEO and CFO sign off on internal controls, as required by paragraph 3.84(k) of the JSE Listings Requirements. This paragraph requires a statement by the CEO and CFO to confirm that the internal financial controls have been put in place to ensure that material information has been provided to effectively prepare the audited consolidated and separate annual financial statements.

The Group has adopted a "Top Down and Bottom Up" approach to internal financial reporting risks and controls whereby pertinent reporting risks and controls at the Group's reporting and those in place at underlying businesses, have been identified and documented. Internal financial reporting risks were identified and documented across key reporting processes as well as at a business level.

The audit and risk committee is satisfied that the internal financial controls are adequate and effective to assist in compiling the audited consolidated and separate annual financial statements. Where deficiencies in design and operational effectiveness of the internal financial controls have been noted, they have been disclosed, together with the necessary remedial actions taken. The audit and risk committee is satisfied that none of these deficiencies had a material effect for the purposes of the preparation and presentation of the audited consolidated and separate annual financial statements for the year ended 30 June 2021.

The Group's delegated management remain committed to ongoing improvements ensuring that the control environment remains sound for reliable audited consolidated and separate annual financial statements and safeguarding of the Group's assets.

Audit and risk committee report (continued)

Financial reporting

The audit and risk committee ensures that the financial reporting to stakeholders fairly presents the state of affairs of the Group which includes the audited consolidated and separate annual financial statements.

The audit and risk committee, among other matters:

- confirmed the going concern as the basis of preparation of the audited consolidated and separate annual financial statements;
- ensured that the audited consolidated and separate annual financial statements fairly present the financial position of the Group and of the Company as at the end of the financial year and the results of the operations and cash flows for the financial year;
- considered the basis on which the Group and the Company, 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 matter included;
- reviewed the representation letter relating to the audited consolidated and separate annual financial statements, which was signed by senior management;
- considered any problems identified and reviewed any legal and tax matters that could have a significant impact on the audited consolidated and separate annual financial statements;
- considered accounting treatments, significant unusual transactions and accounting judgements;
- had unrestricted access to the financial information of the Group and assessed whether the Group has established appropriate financial reporting procedures at the Group and subsidiary levels; and
- was able to satisfy itself that the Group has the appropriate financial reporting procedures in terms of the JSE Listings Requirements paragraph 3.84(g).

Proactive monitoring

The audit and risk committee hereby confirms that the findings contained in the JSE Proactive Monitoring reports from 2011 to 2020, thematic reviews, common findings reports, and the JSE and IASB COVID-19 letters and documents were taken into account when preparing the audited consolidated and separate annual financial statements, as well as the preliminary summarised audited consolidated financial statements for the year ended 30 June 2021.

Key audit matter

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

Significant areas of judgement

In arriving at the figures disclosed in the audited consolidated and separate 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 audited consolidated and separate 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.

The following items were considered:

- Impairment of assets as follows:
  - Goodwill and Intangible assets;
  - Properties; and
  - Investments in subsidiaries.
- Residual value of property, plant and equipment and vehicles for hire;
- Recoverability of deferred tax assets in respect of future taxable profits;
- Fair value measurement of financial instruments;
- Net realisable value assessment of inventory;
- Contract liabilities – measurement and related recognition of revenue; and
- Cash flow hedge accounting.

Key sources of estimation and uncertainty relate to:

- Future cash flows;
- Growth rates; and
- Forward looking information utilised in the expected credit loss model.

In making its assessment in each of the above areas, the Finance Risk Review Committees (FRRCs) and the audit and risk committee questioned senior management and examined the external auditors' report in arriving at their conclusions. The audit and risk committee reviewed the disclosures, considered the procedures undertaken by the senior management and were satisfied that sufficiently robust processes were followed with regards to the judgements relating to the above items.

Quality of earnings

The reconciliation of the attributable profits to headline earnings is outlined in note 8.6 – Earnings per share.

Risk management and information technology (IT) governance

The audit and risk committee, among other matters:

- reviewed the policies on risk assessment, including fraud risks and IT risks as they pertain to financial reporting and the going concern assessment;
- provides oversight and monitors the progress of material IT projects;
- provides additional oversight where any instability has been reported on key financial platforms;
- reviewed the cybersecurity minimum guidelines and assessed the impact of the emerging risk landscape; and
- reviewed and ensure alignment of IT strategies with the rest of the Group.

Based on this review the audit and risk committee found these policies to be sound.

Legal and regulatory requirements

To the extent that these may have an impact on the audited consolidated and separate annual financial statements, the audit and risk committee:

- reviewed legal matters;
- reviewed the adequacy and effectiveness of the Group's procedures, including its risk management framework, to ensure compliance with legal and regulatory responsibilities;
- monitored complaints received via the Group's 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.

Expertise and experience of the Chief Financial Officer and the finance function

As required by the JSE Listings Requirements, the audit and risk committee has satisfied itself that the CFO, 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 skill set of the finance function met the Group's 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 FRRCs.

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

Approval

Having achieved its objectives, the audit and risk committee has recommended the audited consolidated and separate annual financial statements for the year ended 30 June 2021 for approval to the board. The board has subsequently approved the reports, which will be open for discussion at the forthcoming AGM.

S Mayet
Chairman

30 August 2021

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 and Company) set out on pages 16 to 113, which comprise the consolidated and separate statements of financial position as at 30 June 2021, and the consolidated and separate statements of profit or loss, consolidated and separate statements of other comprehensive income, consolidated and separate statements of changes in equity and the consolidated and separate 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 Motus Holdings Limited and its subsidiaries as at 30 June 2021, 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 and Company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code). 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. No key audit matters have been identified in respect of the separate financial statements.

Key audit matter	How the matter was addressed in the audit

Valuation of service, maintenance and warranty contracts and related revenue recognition (Group)

The Group has a 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 2021 the value of the liability is R2 828 million (2020: R2 797 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* is complex.

There are various information technology (IT) systems which are used to manage the underlying transactions, including the capturing of new policies, automated authorisations of claims and terminations.

The liability and value recognised is based on the expected earnings curves of the contracts, which are dependent upon forecasted burn rates derived from key assumptions about the future, including:

- Vehicle parts, consumables and labour inflation;
- Foreign currency movements;
- Policy sale dates; and
- 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 3.6 of the consolidated financial statements.

We tested the design and implementation of the following controls which management has in place over the valuation of the service, maintenance and warranty contracts:

- Controls over sales of new policies;
- Unearned fund monthly reconciliation; and
- Reconciliation and review of the values determined by the director's specialists.

Our IT specialists tested the automated controls relating to the capturing of new policies, automated authorisations of claims and terminations of contracts, as well as the interfaces between the IT systems.

Our actuarial specialists assessed and challenged the key 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:

- Assessing the appropriateness of the financial models utilised by the directors' expert;
- Assessing the independence, objectivity, competence and experience of the directors' specialists;
- Testing the assumptions used in the financial models and the reasonableness of the ranges to the sensitivity of the assumptions; and
- Assessing the adequacy of the disclosures in the consolidated financial statements.

We concur with the director's actuarial assumptions applied and consequently with the measurement of the contract liabilities at 30 June 2021. We are satisfied that the consequential revenue recognised in the period is appropriate.

The related disclosures of the service, maintenance and warranty contracts (contract liabilities) is contained in notes 1.5 and 3.6 of the consolidated financial statements is 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 2021*" 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 and the Chief Executive Officer and Chief Financial Officer Responsibility Statement which we obtained prior to the date of this auditors' report, and the Integrated 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's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or 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 four years since inception. We further report that Deloitte & Touche has been the auditor of certain subsidiaries within the Motus Holdings Limited Group for 20 years.

Deloitte & Touche.

Deloitte & Touche
Registered Auditor
Per: Martin Bierman
Partner

30 August 2021

5 Magwa Crescent
Waterfall City
Waterfall
Johannesburg

Consolidated statement of financial position

as at June 2021	Note	2021 Rm	2020 Rm
Assets			
Non-current assets		**12 640**	13 613
Goodwill	2.1	**1 443**	1 556
Intangible assets	2.2	**103**	115
Investments in associates and joint ventures	2.3	**278**	232
Property, plant and equipment	3.1	**6 872**	7 625
Investment properties	3.2	**152**	159
Right-of-use assets	3.3.1	**2 132**	2 279
Investments and other financial instruments	4.1	**374**	345
Deferred tax	7.2	**1 286**	1 302
Current assets		**25 168**	29 919
Vehicles for hire	3.4	**2 426**	3 167
Net investment in lease receivables	4.2	**40**	100
Investments in associates and joint ventures	2.3	**11**	–
Inventories	3.5.1	**16 528**	20 179
Trade and other receivables	3.5.2	**4 136**	4 040
Derivative financial assets	4.5	**110**	259
Taxation	7.1	**188**	53
Cash resources	6.2	**1 729**	2 121
Assets classified as held-for-sale	12	**649**	146
Total assets		**38 457**	43 678
Equity and liabilities			
Capital and reserves			
Stated capital	5.1	**22 321**	22 672
Shares repurchased	5.2	**(517)**	(411)
Common control reserve		**(19 268)**	(19 210)
Hedge accounting reserve		**(266)**	701
Other reserves		**(698)**	44
Retained income		**10 480**	8 712
Attributable to owners of Motus		**12 052**	12 508
Non-controlling interests	2.4	**114**	(56)
Total equity		**12 166**	12 452
Liabilities			
Non-current liabilities		**6 332**	11 674
Contract liabilities	3.6	**1 722**	1 633
Deferred tax	7.2	**29**	29
Lease liabilities	3.3.2	**1 963**	2 085
Interest-bearing debt	6.1	**2 158**	7 612
Provisions	3.5.5	**454**	302
Other financial liabilities		**6**	13
Current liabilities		**19 959**	19 531
Contract liabilities	3.6	**1 106**	1 164
Lease liabilities	3.3.2	**486**	573
Trade and other payables	3.5.3	**9 528**	8 385
Floorplans from suppliers	3.5.4	**4 479**	6 511
Provisions	3.5.5	**546**	555
Other financial liabilities		**50**	17
Derivative financial liabilities	4.5	**602**	210
Taxation	7.1	**190**	165
Interest-bearing debt	6.1	**2 099**	303
Floorplans from financial institutions	6.1	**873**	1 648
Liabilities classified as held-for-sale	12	**–**	21
Total liabilities		**26 291**	31 226
Total equity and liabilities		**38 457**	43 678

Consolidated statement of profit or loss

for the year ended 30 June 2021	Note	2021 Rm	2020 Rm
Revenue	8.1	87 205	73 417
Net operating expenses	8.2	(81 950)	(69 168)
Movements in expected credit losses	3.5.2	47	(167)
Earnings before interest, taxation, depreciation and amortisation		5 302	4 082
Depreciation and amortisation	8.3.1	(1 507)	(1 946)
Operating profit		3 795	2 136
Impairment of properties, net of profit/(losses) on sale	8.3.2	(7)	(60)
Net foreign exchange losses	4.5	(383)	(13)
Once-off restructuring costs	8.4.1	–	(186)
Other costs	8.4.2	(45)	(242)
Operating profit before financing costs		3 360	1 635
Finance costs	8.5.1	(666)	(1 175)
Finance income	8.5.2	123	59
Profit before shares of associates and joint ventures		2 817	519
Share of associates and joint ventures	2.3	43	22
Profit before tax		2 860	541
Income tax expense	7.1	(718)	(356)
Attributable profit for the year		2 142	185
Net profit attributable to:			
Owners of Motus		2 098	306
Non-controlling interests		44	(121)
Attributable profit for the year		2 142	185
Earnings per share (cents)			
Total earnings per share			
– Basic	8.6	1 153	165
– Diluted	8.6	1 110	160

Consolidated statement of other comprehensive income

for the year ended 30 June 2021	2021 Rm	2020 Rm
Attributable profit for the year	2 142	185
Other comprehensive (loss)/income	(1 322)	1 241
Items that may be subsequently reclassified to profit or loss		
Exchange (loss)/gain arising on translation of foreign operations	(312)	570
Movement in hedge accounting reserve (net of tax)	(1 010)	671
– Net change in the fair value of the cash flow hedges	(575)	214
– Deferred tax relating to the hedge accounting reserve movements	132	(59)
– Rolling of open hedging instruments	(567)	516
Total comprehensive income for the year	820	1 426
Total comprehensive income for the year attributable to:		
Owners of Motus	834	1 523
Non-controlling interests	(14)	(97)
Total comprehensive income for the year	820	1 426

Consolidated statement of cash flows

for the year ended 30 June 2021	Note	2021 Rm	2020 Rm
Cash flows from operating activities			
Cash receipts from customers		**86 914**	74 885
Cash paid to suppliers and employees		**(79 801)**	(70 764)
Cash generated by operations before interest, taxation paid and capital expenditure on vehicles for hire	9.1	**7 113**	4 121
Finance costs paid	8.5.1	**(716)**	(1 067)
Finance income received	8.5.2	**59**	59
Dividend income received	8.2	**142**	462
Taxation paid	7.1	**(694)**	(571)
Cash generated by operations before capital expenditure on vehicles for hire		**5 904**	3 004
Net replacement capital proceeds/(expenditure) – vehicles for hire		**151**	(795)
– Additions	3.4	**(2 098)**	(4 960)
– Proceeds on disposals	3.4	**2 249**	4 165
		6 055	2 209
Cash flows used in investing activities			
Cash outflow on acquisition of businesses	2.6	**(219)**	(583)
Cash inflow from disposal of businesses	2.7	**22**	31
Cash outflow on payment of contingent consideration	4.6.2	**(2)**	(9)
Net capital expenditure – property, plant and equipment, investment properties and intangible assets		**(325)**	(324)
Expansion of property, plant and equipment, investment properties and intangible assets	9.2	**(180)**	(167)
Net replacement capital expenditure – property, plant and equipment, investment properties and intangible assets	9.2	**(145)**	(157)
– Replacement of property, plant and equipment, investment properties and intangible assets	9.2	**(380)**	(337)
– Proceeds on disposal of property, plant and equipment	9.2	**235**	180
Movements in investments in associates and joint ventures		**(7)**	50
– Additions at cost		**(27)**	–
– Share of dividends		**23**	57
– Loans advanced		**(3)**	(7)
Additions to investments		**(9)**	(105)
Proceeds on sale of investments		**6**	16
Advances of other financial assets	4.1	**(34)**	–
Cash received on net investment in lease receivables	4.2	**44**	53
		(524)	(871)
Cash flows from operating and investing activities		**5 531**	1 338

	Note	2021 Rm	2020 Rm
Cash flows from operating and investing activities		5 531	1 338
Cash flows used in financing activities			
Repurchase of own shares		(485)	(313)
Dividends paid to equity holders of Motus		(294)	(474)
Dividends paid to non-controlling interests		(18)	(16)
Acquisition of non-controlling interests	2.4	(288)	–
Advances of loans from non-controlling interests and associates		4	2
Repayment of lease liabilities	3.3.2	(515)	(522)
Decrease in floorplan liabilities		(775)	(193)
(Repayment)/advances of banking facilities	6.3	(1 496)	2 536
Repayment of settled banking facilities	6.3	(2 563)	(1 457)
		(6 430)	(437)
Net (decrease)/increase in cash and cash equivalents		(899)	901
Non-cash adjustments on cash and cash equivalents		(253)	144
– Effects of exchange rate changes		(126)	144
– Transfer of unsecured loans to bank overdrafts		(127)	–
Cash and cash equivalents at the beginning of the year		1 985	940
Cash and cash equivalents at the end of the year	6.4	833	1 985

Consolidated statement of changes in equity

for the year ended 30 June 2021	Stated capital Rm	Shares repurchased Rm	Common control reserve Rm	Hedge accounting reserve Rm
Opening balance as at 1 July 2019	22 985	(435)	(19 191)	30
Modified retrospective adjustment of the cumulative effect on the initial application of IFRS 16 – *Leases*	–	–	–	–
Closing balance post the cumulative effect on the application of IFRS 16 as at 1 July 2019	22 985	(435)	(19 191)	30
Total comprehensive income for the year	–	–	–	671
Attributable profit for the year	–	–	–	–
Other comprehensive income	–	–	–	671
4 723 000 shares repurchased and cancelled at an average of R66.26 per share	(313)	–	–	–
Issue of treasury shares as settlement of share-based equity	–	24	–	–
Incremental interest purchased from non-controlling interests	–	–	–	–
Costs paid on share-based equity	–	–	–	–
Share-based equity costs charged to the statement of profit or loss (including the effects of taxation)	–	–	–	–
Dividends paid to Motus and non-controlling shareholders	–	–	–	–
Transfers between reserves	–	–	(19)	–
Other movements	–	–	–	–
Closing balance as at 30 June 2020	**22 672**	**(411)**	**(19 210)**	**701**
Total comprehensive income for the year	–	–	–	(967)
Attributable profit for the year	–	–	–	–
Other comprehensive income	–	–	–	(967)
1 746 397 shares repurchased and cancelled at an average of R50.96 per share	(89)	–	–	–
2 773 319 shares repurchased and cancelled subsequent to year end at an average of R94.47 per share	(262)	–	–	–
1 962 710 shares repurchased at an average of R68.27 per share	–	(134)	–	–
Issue of treasury shares as settlement of share-based equity	–	28	–	–
Incremental interest purchased from non-controlling interests^	–	–	–	–
Share-based equity (income)/costs to the statement of profit or loss (including the effects of taxation)	–	–	–	–
Dividends paid to Motus and non-controlling shareholders	–	–	–	–
Transfers between reserves*	–	–	(58)	–
Other movements	–	–	–	–
Closing balance as at 30 June 2021	**22 321**	**(517)**	**(19 268)**	**(266)**

 # Other reserves consist of the statutory reserve and valuation reserve.

^ During the year, the Group acquired the remaining shareholding in Motus Vehicles Distributor Proprietary Limited as well as an additional interest in SWT Group Proprietary Limited. Refer to note 2.4 – Non-controlling interests for additional information.

** Transfers between reserves relate to:*

[1] Shares that were initially obtained from Imperial, which resulted in common control on unbundling, were settled. This forms part of the R58 million transfer from common control to retained income.

[2] The remaining portion of vested plans in the share-based payment reserve of R98 million was transferred to retained earnings.

[3] Realisation of foreign currency translation reserve of R7 million on the closure of 13 Sharnet Circuit Pakenham Properties Proprietary Limited.

[4] Statutory reserve allocation of R4 million from retained earnings to other reserves in line with the regulatory requirements of ARCO Motor Industry Company Limited.

Share-based payment reserve Rm	Foreign currency translation reserve Rm	Other reserves# Rm	Premium paid on the purchase of non-controlling interests Rm	Total other reserves Rm	Retained income Rm	Attributable to the owners of Motus Rm	Non-controlling interests Rm	Total equity Rm
108	(247)	3	(311)	(447)	8 933	11 875	(37)	11 838
–	–	–	–	–	(105)	(105)	(3)	(108)
108	(247)	3	(311)	(447)	8 828	11 770	(40)	11 730
–	546	–	–	546	306	1 523	(97)	1 426
–	–	–	–	–	306	306	(121)	185
–	546	–	–	546	–	1 217	24	1 241
–	–	–	–	–	–	(313)	–	(313)
(24)	–	–	–	(24)	–	–	–	–
–	–	–	(93)	(93)	–	(93)	93	–
(1)	–	–	–	(1)	–	(1)	–	(1)
98	–	–	–	98	–	98	1	99
–	–	–	–	–	(474)	(474)	(16)	(490)
(39)	–	5	–	(34)	53	–	–	–
(1)	–	–	–	(1)	(1)	(2)	3	1
141	**299**	**8**	**(404)**	**44**	**8 712**	**12 508**	**(56)**	**12 452**
–	(297)	–	–	(297)	2 098	834	(14)	820
–	–	–	–	–	2 098	2 098	44	2 142
–	(297)	–	–	(297)	–	(1 264)	(58)	(1 322)
–	–	–	–	–	–	(89)	–	(89)
–	–	–	–	–	–	(262)	–	(262)
–	–	–	–	–	–	(134)	–	(134)
(28)	–	–	–	(28)	–	–	–	–
–	–	–	(490)	(490)	–	(490)	202	(288)
(19)	–	–	–	(19)	–	(19)	–	(19)
–	–	–	–	–	(294)	(294)	(18)	(312)
98	(7)	4	–	95	(37)	–	–	–
(1)	–	–	(2)	(3)	1	(2)	–	(2)
191	**(5)**	**12**	**(896)**	**(698)**	**10 480**	**12 052**	**114**	**12 166**

Segment financial position

as at 30 June 2021	Group 2021 Rm	Group 2020 Rm	Import and Distribution 2021 Rm	Import and Distribution 2020 Rm
Financial position				
Assets				
Goodwill and intangible assets	**1 546**	1 671	**–**	1
Carrying value of associates and joint ventures (excluding loans to associates)	**200**	145	**25**	16
Property, plant and equipment[1]	**6 872**	7 625	**462**	555
Investment properties	**152**	159	**138**	148
Right-of-use assets	**2 132**	2 279	**128**	161
Investments and other financial instruments	**374**	345	**4**	4
Vehicles for hire	**2 426**	3 167	**787**	1 554
Net investment in lease receivables	**40**	100	**40**	100
Inventories	**16 528**	20 179	**3 383**	4 596
Trade and other receivables[2]	**4 246**	4 299	**1 989**	1 809
Operating assets	**34 516**	39 969	**6 956**	8 944
– South Africa	**23 025**	26 263	**6 956**	8 944
– International	**11 491**	13 706	**–**	–
Liabilities				
Contract liabilities	**2 828**	2 797	**–**	–
Lease liabilities	**2 449**	2 658	**192**	274
Provisions	**1 000**	857	**219**	164
Trade and other payables[2]	**14 609**	15 106	**4 260**	4 425
Other financial liabilities	**56**	30	**–**	–
Operating liabilities	**20 942**	21 448	**4 671**	4 863
– South Africa	**13 343**	12 434	**4 671**	4 863
– International	**7 599**	9 014	**–**	–
Net working capital	**5 165**	8 515	**893**	1 816
– South Africa	**4 114**	7 387	**893**	1 816
– International	**1 051**	1 128	**–**	–
Net interest-bearing debt	**3 401**	7 442	**1 075**	1 330
– South Africa	**2 278**	5 024	**1 075**	1 330
– International	**1 123**	2 418	**–**	–
Net capital expenditure	**(174)**	(1 119)	**580**	(703)
– South Africa	**(129)**	(1 005)	**580**	(703)
– International	**(45)**	(114)	**–**	–
Non-current assets (including equity investment in associates, excluding investment, deferred tax and other financial instruments)	**10 902**	11 879	**753**	881
– South Africa	**6 659**	6 865	**753**	881
– International	**4 243**	5 014	**–**	–
Source of internationally based non-current assets	**4 243**	5 014	**–**	–
– United Kingdom	**2 675**	2 901	**–**	–
– Other regions (Australia and South East Asia)[3]	**1 568**	2 113	**–**	–

[1] *During the year, a property to the value of R196 million was transferred from Aftermarket Parts to Head Office and Eliminations and included in Assets classified as held-for-sale.*
[2] *Includes amounts pertaining to derivative financial instruments.*
[3] *Retail and Rental operates in Australia and Aftermarket Parts operates in South East Asia.*

Retail and Rental		Financial Services		Aftermarket Parts		Head Office and Eliminations	
2021 Rm	2020 Rm	**2021 Rm**	2020 Rm	**2021 Rm**	2020 Rm	**2021 Rm**	2020 Rm
1 047	1 159	**21**	23	**470**	474	**8**	14
52	26	**12**	10	**107**	88	**4**	5
5 951	6 448	**125**	129	**284**	438	**50**	55
14	11	**–**	–	**–**	–	**–**	–
1 778	1 921	**1**	1	**225**	196	**–**	–
–	–	**366**	338	**5**	–	**(1)**	3
1 581	1 613	**883**	1 628	**–**	–	**(825)**	(1 628)
–	–	**–**	–	**–**	–	**–**	–
10 941	13 382	**341**	261	**1 899**	1 976	**(36)**	(36)
2 721	2 738	**255**	477	**725**	627	**(1 444)**	(1 352)
24 085	27 298	**2 004**	2 867	**3 715**	3 799	**(2 244)**	(2 939)
13 104	14 208	**2 004**	2 867	**3 205**	3 183	**(2 244)**	(2 939)
10 981	13 090	**–**	–	**510**	616	**–**	–
136	123	**2 692**	2 674	**–**	–	**–**	–
2 006	2 156	**1**	3	**250**	225	**–**	–
199	139	**285**	268	**3**	3	**294**	283
10 550	11 735	**597**	525	**1 190**	1 042	**(1 988)**	(2 621)
28	7	**–**	–	**21**	22	**7**	1
12 919	14 160	**3 575**	3 470	**1 464**	1 292	**(1 687)**	(2 337)
5 546	5 400	**3 575**	3 470	**1 238**	1 038	**(1 687)**	(2 337)
7 373	8 760	**–**	–	**226**	254	**–**	–
2 913	4 246	**(286)**	(55)	**1 431**	1 558	**214**	950
2 043	3 347	**(286)**	(55)	**1 250**	1 329	**214**	950
870	899	**–**	–	**181**	229	**–**	–
3 953	7 065	**(3 597)**	(2 105)	**755**	1 247	**1 215**	(95)
2 871	4 720	**(3 597)**	(2 105)	**714**	1 180	**1 215**	(101)
1 082	2 345	**–**	–	**41**	67	**–**	6
(638)	(284)	**635**	(508)	**(73)**	(82)	**(678)**	458
(535)	(184)	**635**	(508)	**(83)**	(68)	**(726)**	458
(103)	(100)	**–**	–	**10**	(14)	**48**	–
8 842	9 565	**159**	163	**1 086**	1 196	**62**	74
4 710	4 738	**159**	163	**975**	1 011	**62**	72
4 132	4 827	**–**	–	**111**	185	**–**	2
4 132	4 827	**–**	–	**111**	185	**–**	2
2 675	2 901	**–**	–	**–**	–	**–**	–
1 457	1 926	**–**	–	**111**	185	**–**	2

Segment profit or loss

for the year ended 30 June 2021	Group 2021 Rm	Group 2020 Rm	Import and Distribution 2021 Rm	Import and Distribution 2020 Rm
Profit or loss				
Total revenue	**87 205**	73 417	**19 683**	17 411
– South Africa	**56 091**	48 351	**19 683**	17 411
– International (see next page)	**31 680**	25 451	**–**	–
– Eliminations between geographic regions	**(566)**	(385)	**–**	–
Operating profit	**3 795**	2 136	**912**	827
– South Africa	**3 043**	2 112	**912**	827
– International	**752**	24	**–**	–
Depreciation, amortisation and impairments net of recoupments	**(1 526)**	(2 018)	**(226)**	(419)
– South Africa	**(1 127)**	(1 653)	**(226)**	(419)
– International	**(399)**	(365)	**–**	–
Finance costs[1]	**(666)**	(1 175)	**(139)**	(346)
– South Africa	**(469)**	(942)	**(139)**	(346)
– International	**(197)**	(233)	**–**	–
Finance income[1]	**123**	59	**50**	36
– South Africa	**123**	59	**50**	36
– International	**–**	–	**–**	–
Profit/(loss) before tax and capital items	**2 893**	773	**458**	487
– South Africa	**2 306**	1 048	**458**	487
– International	**587**	(275)	**–**	–
Capital items	**(33)**	(232)	**–**	(102)
– South Africa	**(22)**	(58)	**–**	(102)
– International	**(11)**	(174)	**–**	–
Profit/(loss) before tax	**2 860**	541	**458**	385
– South Africa	**2 284**	990	**458**	385
– International	**576**	(449)	**–**	–
Income tax expense	**(718)**	(356)	**(122)**	(257)

[1] *Finance costs and finance income has been disclosed separately to enhance disclosure.*

Retail and Rental		Financial Services		Aftermarket Parts		Head Office and Eliminations	
2021 Rm	2020 Rm	**2021 Rm**	2020 Rm	**2021 Rm**	2020 Rm	**2021 Rm**	2020 Rm
70 962	59 898	**2 019**	2 173	**7 295**	6 050	**(12 754)**	(12 115)
40 124	35 099	**2 019**	2 173	**7 019**	5 783	**(12 754)**	(12 115)
30 838	24 799	**–**	–	**842**	652	**–**	–
–	–	**–**	–	**(566)**	(385)	**–**	–
1 757	332	**904**	931	**559**	322	**(337)**	(276)
1 054	370	**904**	931	**508**	260	**(335)**	(276)
703	(38)	**–**	–	**51**	62	**(2)**	–
(1 118)	(1 355)	**(118)**	(161)	**(139)**	(189)	**75**	106
(729)	(1 015)	**(118)**	(161)	**(122)**	(164)	**68**	106
(389)	(340)	**–**	–	**(17)**	(25)	**7**	–
(681)	(795)	**(67)**	(67)	**(95)**	(143)	**316**	176
(487)	(567)	**(67)**	(67)	**(92)**	(139)	**316**	177
(194)	(228)	**–**	–	**(3)**	(4)	**–**	(1)
18	23	**–**	–	**1**	18	**54**	(18)
18	23	**–**	–	**1**	18	**54**	(18)
–	–	**–**	–	**–**	–	**–**	–
1 091	(656)	**845**	866	**466**	117	**33**	(41)
557	(340)	**845**	866	**420**	76	**26**	(41)
534	(316)	**–**	–	**46**	41	**7**	–
(26)	(169)	**10**	16	**(17)**	23	**–**	–
(15)	5	**10**	16	**(17)**	23	**–**	–
(11)	(174)	**–**	–	**–**	–	**–**	–
1 065	(825)	**855**	882	**449**	140	**33**	(41)
542	(335)	**855**	882	**403**	99	**26**	(41)
523	(490)	**–**	–	**46**	41	**7**	–
(296)	115	**(198)**	(172)	**(94)**	(59)	**(8)**	17

Segment profit or loss (continued)

for the year ended 30 June 2021	Group 2021 Rm	Group 2020 Rm	Import and Distribution 2021 Rm	Import and Distribution 2020 Rm
Additional segment information				
Revenue by nature				
New motor vehicle sales	**40 167**	32 979	**15 282**	13 393
Pre-owned motor vehicle sales	**22 266**	17 751	**2 294**	2 122
Parts and other goods sales	**16 002**	13 617	**1 983**	1 772
Sale of goods	**78 435**	64 347	**19 559**	17 287
Vehicle workshops, maintenance, service and warranty	**5 555**	5 166	**61**	72
Motor vehicle rental	**1 339**	2 139	**–**	2
Fees on vehicles, parts and services sold	**1 876**	1 765	**63**	50
Rendering of services	**8 770**	9 070	**124**	124
Total revenue	**87 205**	73 417	**19 683**	17 411
Inter-group revenue	**–**	–	**(11 964)**	(11 458)
Total external revenue	**87 205**	73 417	**7 719**	5 953
Source of internationally derived revenue	**31 680**	25 451	**–**	–
– United Kingdom	**23 854**	19 172	**–**	–
– Other regions (Australia and South East Asia)[1]	**7 826**	6 279	**–**	–
Analysis of depreciation, amortisation, impairments and recoupments	**(1 526)**	(2 018)	**(226)**	(419)
Depreciation and amortisation	**(1 513)**	(1 947)	**(222)**	(457)
(Losses)/profits on disposals and impairments	**(1)**	(59)	**(4)**	38
Amortisation of intangible asset arising on business combinations	**(12)**	(12)	**–**	–
(Costs)/income included in profit before tax				
Total employee costs	**(6 606)**	(6 633)	**(410)**	(447)
Operating lease charges	**(95)**	(106)	**(15)**	(10)
Once-off restructuring costs	**–**	(186)	**–**	(8)
Net foreign exchange (losses)/gains	**(383)**	(13)	**(370)**	(70)
Associate income included in pre-tax profits	**43**	22	**10**	–
Operating margin (%)	**4,4**	2,9	**4,6**	4,7

[1] *Retail and Rental operates in Australia and Aftermarket Parts operates in South East Asia*

	Retail and Rental		Financial Services		Aftermarket Parts		Head Office and Eliminations	
	2021 Rm	2020 Rm	**2021 Rm**	2020 Rm	**2021 Rm**	2020 Rm	**2021 Rm**	2020 Rm
	34 045	28 448	**–**	–	**–**	–	**(9 160)**	(8 862)
	21 615	17 172	**–**	–	**–**	–	**(1 643)**	(1 543)
	8 172	7 016	**–**	–	**7 225**	5 985	**(1 378)**	(1 156)
	63 832	52 636	**–**	–	**7 225**	5 985	**(12 181)**	(11 561)
	4 249	3 719	**1 481**	1 534	**–**	2	**(236)**	(161)
	1 128	1 885	**373**	481	**–**	–	**(162)**	(229)
	1 753	1 658	**165**	158	**70**	63	**(175)**	(164)
	7 130	7 262	**2 019**	2 173	**70**	65	**(573)**	(554)
	70 962	59 898	**2 019**	2 173	**7 295**	6 050	**(12 754)**	(12 115)
	(440)	(248)	**(326)**	(388)	**(24)**	(21)	**12 754**	12 115
	70 522	59 650	**1 693**	1 785	**7 271**	6 029	**–**	–
	30 838	24 799	**–**	–	**842**	652	**–**	–
	23 854	19 172	**–**	–	**–**	–	**–**	–
	6 984	5 627	**–**	–	**842**	652	**–**	–
	(1 118)	(1 355)	**(118)**	(161)	**(139)**	(189)	**75**	106
	(1 108)	(1 309)	**(118)**	(161)	**(130)**	(128)	**65**	108
	(10)	(46)	**–**	–	**3**	(49)	**10**	(2)
	–	–	**–**	–	**(12)**	(12)	**–**	–
	(4 719)	(4 539)	**(490)**	(516)	**(885)**	(820)	**(102)**	(311)
	(74)	(82)	**(2)**	(2)	**(28)**	(16)	**24**	4
	–	(159)	**–**	(3)	**–**	(8)	**–**	(8)
	3	(4)	**–**	–	**(7)**	(21)	**(9)**	82
	4	3	**8**	6	**19**	12	**2**	1
	2,5	0,6	**44,8**	42,8	**7,7**	5,3		

Notes to the consolidated annual financial statements

Index

1. Accounting framework and critical judgements

1.1 Basis for 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 (IASB) in issue and effective for the Group at 30 June 2021 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, 2008 (No 71 of 2008) as amended (the Companies Act) and the Listings Requirements of JSE Limited (JSE Listings Requirements).

The preparation of the audited consolidated and separate annual financial statements are in conformity with IFRS and requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's 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 audited consolidated and separate annual financial statements have been disclosed in note 1.5 – Critical accounting judgements, estimates and assumptions.

The audited consolidated and separate 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 for the period	
	2021	2020	**2021**	2020
US Dollar	**14,27**	17,37	**15,40**	15,67
British Pound	**19,72**	21,46	**20,70**	19,73
Australian Dollar	**10,71**	11,96	**11,48**	10,49
Euro	**16,93**	19,51	**18,35**	17,31

The audited consolidated and separate annual financial statements have been prepared on the historical cost basis, except for the following significant 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 4.5 – Currency risk and hedge accounting reserve.
- Investments in preference shares, refer to note 4.1 – Investments and other financial instruments.
- Common control on historical inter-group acquisitions which are measured as the differential in the original purchase consideration paid and that of the Group.

1.2 Business combinations including common control transactions

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

Notes to the consolidated annual financial statements (continued)

1. Accounting framework and critical judgements (continued)

1.2 Business combinations including common control transactions (continued)

- As a result, the receiving entity effectively applies pushdown accounting in its audited consolidated annual financial statements.
- There is no change in the 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 audited consolidated annual financial statements. No additional goodwill is created.
- Transactions with parties external to the Group where a change in shareholding occurred, have been accounted for at the effective date of the change in shareholding. Subsidiaries and associates which were sold to external parties to the Group 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 Capital Proprietary Limited, Motus Corporation 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.
- Where businesses or assets 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 the Group's 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 and joint ventures is adopted in the audited consolidated annual financial statements. In applying the equity method, account is taken of the Group's share of accumulated retained earnings and movements in reserves from the effective dates on which the group of or separate companies became associates and up to the effective dates of disposal. In the event of associates making losses, the Group recognises losses to the extent of the Group's exposure.

1. Accounting framework and critical judgements (continued)

1.3 Going concern

The Group was significantly impacted by COVID-19 during the last quarter of the prior financial year. As a result, the business faced two significant risks, the ability to operate profitably once the lockdown ended and secondly, converting its' excess working capital and rental fleets into cash. In June 2020, the business reopened and has traded profitably since. In addition, the Group has successfully converted its excess working capital and rental fleet into cash, meeting the objectives set in the prior financial year. Throughout the financial year there have been lockdowns in various jurisdictions, however the Group has been able to adapt and trade profitability.

The Group implemented various action plans and initiatives focused on converting excess working capital and rental fleet into cash, aligned its' existing cost structures to the changing economic environment and utilised government relief programs.

When managing its cash and banking resources, the Group's objectives are to safeguard its ability to continue as a going concern and strive to create long-term value for stakeholders through strategic clarity, capital allocation, financial discipline, operational excellence, and strict cash utilisation.

The consolidated statement of financial position as at 30 June 2021 reports a positive total equity balance of R12 166 million (2020: R12 452 million) and net interest-bearing debt of R3 401 million (2020: R7 442 million). The net interest-bearing debt excluding floorplans is covered by facilities of R11 900 million (R10 816 million committed) (2020: R13 681 million (R12 476 million committed)). The Group generated cash inflow from operations of R5 904 million (2020: R3 004 million) before capital expenditure on vehicles for hire and property, plant and equipment.

The board has reviewed and approved the Group and Company forecasts prepared by management and the solvency and liquidity positions. The forecast includes a detailed statement of profit or loss, cash flow and financial position and is reviewed and approved by the board.

On this basis, the board concluded that the Group would remain comfortably within the existing bank facility limits, with significant headroom, for at least the next 12 months from the date of approval of these audited consolidated and separate annual financial statements.

Due to the inherent level of uncertainty over key assumptions used in the Group's projections, a sensitivity analysis has been performed to model the impact of adverse trends on the Group's ability to operate as a going concern. The result indicated that the Group and the Company would remain a going concern in these adverse situations.

The key assumptions applied are the likely period of restrictions on trading activity and the movement of people. The projections assumed that the Group would continue to trade with no significant restrictions over the next 12 months from signing this report and that the Group would retain its market shares in the markets in which it operates.

The Group has access to fixed and floating interest-bearing debt facilities with financial institutions and floorplan facilities with financial institutions and Original Equipment Manufacturers (OEMs).

In terms of the banking agreements, the following bank covenants are in place:

- The net debt to Adjusted EBITDA[1] must be below 3.0 times; and
- The Adjusted EBITDA to adjusted net interest[1] must be above 3.0 times.

The Group has complied with these banking covenants as at 30 June 2021, with net debt to Adjusted EBITDA at 0.8 times (2020: 2.2 times) and Adjusted EBITDA to Adjusted net interest at 10.9 times (2020: 3.6 times).

This compliance is expected to continue into the foreseeable future as the Group has sufficient unutilised banking facilities available to fund normal trading operations.

The Group is not currently involved in any significant litigation that could significantly affect the Group's ability to operate as a going concern.

The Group's assets are adequately insured or, in certain instances, self-insured where the Group considers the risks are of such a nature that it can be self-insured without creating undue risk to the Group. The full extent of the insurance cover and self-insurance arrangements have been reviewed by senior management and is considered acceptable.

The board has also 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 audited consolidated annual and separate financial statements.

The board considers it appropriate to adopt the going concern assumption in preparing the audited consolidated and separate annual financial statements.

[1] *Refer to note 1.7 – Other financial definitions.*

Notes to the consolidated annual financial statements (continued)

1. Accounting framework and critical judgements (continued)

1.4 Accounting policies

Accounting policies for which no choice is permitted in terms of the IFRS have been included only if management concluded that the disclosure would assist users in understanding the audited consolidated and separate annual financial statements as a whole and considering the materiality of the item being discussed. Accounting policies that 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 audited consolidated and separate annual financial statements. Accounting policies that refer to "consolidated" or "Group" apply equally to the consolidated annual financial statements and the separate annual financial statements of the Company, where relevant.

The accounting policies applicable to each note are included in related notes to the audited consolidated and separate annual financial statements and are consistent with the prior financial year.

1.5 Critical accounting judgements, estimates and assumptions

The following critical accounting judgements and assumptions are made in the preparation of these audited consolidated and separate annual financial statements:

- Impairment of assets as follows:
  - Goodwill and Intangible assets;
  - Properties; and
  - Investment in subsidiaries.
- Residual value of properties, plant and equipment and vehicles for hire;
- Recoverability of deferred tax assets in respect of future taxable profits;
- Fair value measurement of financial instruments;
- Net realisable value (NRV) assessment of inventory;
- Contract liabilities – measurement and related recognition of revenue; and
- Cash flow hedge accounting.

Key sources of estimation and uncertainty relate to:

- Future cash flows;
- Growth rates; and
- Forward looking information utilised in the expected credit loss model.

Impairment of assets

Goodwill and Intangible assets

Goodwill and other indeterminate 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 location and other risk factors relating to the particular cash-generating unit (CGU) being assessed. For the purpose of impairment testing, goodwill is allocated to each of the Group's CGUs (or groups of CGUs) that are expected to benefit from the synergies of the business combination.

Refer to note 2.1 – Goodwill for further details on the impairment of goodwill and the related CGU's.

1. Accounting framework and critical judgements (continued)

1.5 Critical accounting judgements, estimates and assumptions (continued)

Impairment of assets (continued)

Properties

The Group's properties are primarily located in South Africa, UK and Australia. They mainly relate to vehicle dealerships, workshops, depots, warehouses and administrative buildings.

Based on the calculations performed, the recoverable amount on certain properties was lower than the carrying value and an impairment loss of R74 million (2020: R112 million) on properties were recognised in the following segments:

- Import and Distribution – R5 million (2020: Rnil million);
- Retail and Rental – R68 million (2020: R62 million);
- Aftermarket Parts – R1 million (2020: R50 million); and
- Head office and Eliminations – Rnil million (2020: Rnil million).

These impairments were offset by reversals of impairments of R10 million (2020: R11 million) recognised in prior years. The net value of the impairments raised amounted to R64 million (2020: R101 million). No individual property impairment reversal was considered to be significant.

South Africa

In South Africa, the 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 external expert using the income approach method. Properties include owner-occupied as disclosed in property, plant and equipment as well as investment properties.

The model is utilised to assess indicators of impairment, residual values and if depreciation should be recorded.

Key inputs utilised to assess indicators of impairment include:

- Rental growth per annum: The property valuators approximated future escalations in rental income to be 6.0% (2020: 3.0%), taking into account various micro-economic and macro-economic factors. The rental growth increased in line with expected normalised trading conditions.
- 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 pre-tax discount rate of 6.9% (2020: 8.1%) over the medium to long-term was used.
- Capitalisation rate: The capitalisation rate is 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 economic risk factors into consideration. The rates used vary between 9.3% and 15.0% (2020: 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; and
- Economic useful life: 20 to 25 years. Buildings occupied for five years or longer are assumed to have been occupied for five years.

In the current year, net impairments amounting to R59 million (2020: R94 million) were raised on the South African properties.

Australia

In Australia, the properties are valued over a five-year cycle or earlier should an impairment indicator arise. The properties are assessed for impairment by an internal expert using the same approach as South Africa except for the key inputs utilised. The key inputs are determined with reference to the economic factors in Australia.

Key inputs utilised to assess indicators of impairment include:

- Rental growth per annum: The property valuators approximated future escalations in rental income to be 2.0% (2020: 2.0%), taking into account various micro-economic and macro-economic factors.
- Discount rate: An average pre-tax discount rate of 2.9% (2020: 2.9%) over the medium to long-term was used.
- Capitalisation rate: The capitalisation rate is 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 economic risk factors into consideration. The capitalisation rate used was 6.5% (2020: 6.0%).

In the current year, a net impairment reversal amounting to R2 million (2020: impairment of R1 million) was raised on an Australian property.

1. Accounting framework and critical judgements (continued)

1.5 Critical accounting judgements, estimates and assumptions (continued)

Impairment of assets (continued)

Properties (continued)

United Kingdom

In the UK, the properties are valued over a three-year cycle or earlier should an impairment indicator arise. The valuation is done by an internal expert using the income approach method. Properties include owner-occupied as disclosed in property, plant and equipment.

Key inputs utilised to assess indicators of impairment include:

- The rental income used is the current pre-tax rental given normal arm's length market conditions. The arm's length rental for the next year is determined by gaining comparable rental evidence in the nearby vicinity for properties of a similar size, use and location.
- Capitalisation rate: The capitalisation rate is 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 economic risk factors into consideration. The rates used vary between 7.0% and 13.0% (2020: 7.0% and 13.0%).

In the current year, net impairments amounting to R7 million (2020: R6 million) were raised on the UK properties.

Investments in subsidiaries

Investments in subsidiaries, including the Company's investments in its own subsidiaries, are assessed for impairment if there is an indicator of impairment. These indicators could include the share prices or net asset value of the underlying subsidiary, amongst 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.

The Company has not reversed any impairments previously raised, as:

- there has been no significant change in the estimates used to calculate the recoverable amounts of the asset or CGU since the last impairment was recognised; or
- there has been no significant change in the underlying structure of the CGU's.

This has no impact on the consolidated profit or loss as the impairments raised on investment in subsidiaries, or subsequent reversals, are eliminated on consolidation.

The critical judgements utilised to determine value in use are as follows:

- Future cash flows of the CGUs for the Group in the case of the Company;
- The discount rate applicable to the underlying subsidiaries, taking into consideration entity specific and geographical costs of debt, cost of leases and equity; and
- The terminal growth rate based on current growth patterns applicable to the underlying subsidiary.

Refer to note 2 – Investments in subsidiaries in the audited separate annual financial statements for further details and key sources of estimation and uncertainty.

Residual value of property, plant and equipment and vehicles for hire

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 assumptions and techniques utilised in determining the residual value of properties are consistent with those utilised in the impairment of properties.

Residual values are also assessed for plant, equipment and vehicles for hire. In arriving at estimated residual values, the Group 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 programs and projected disposal values.

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

1. Accounting framework and critical judgements (continued)

1.5 Critical accounting judgements, estimates and assumptions (continued)

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; and
- Competitive forces.

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 subsidiaries do not show signs of profitability in the foreseeable future. The Group's deferred tax assets primarily arise from contract liabilities in Financial Services, provisions and other timing differences in profitable subsidiaries. The profitability of these subsidiaries has been assessed and the deferred tax asset is considered recoverable.

Refer to note 7.2 – Deferred tax, regarding the utilisation of assessed losses.

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 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 4.6 – Fair value measurement of financial instruments.

Significant financial instruments referred to above are:

- Preference shares measured at fair value; and
- Derivative financial instruments measured at fair value.

Please refer to note 4.6 – Fair value measurement of financial instruments for the classification of the financial assets and liabilities of the Group.

Net realisable value assessment of inventory

A provision is raised against new, pre-owned, demonstration vehicles and parts for loss in the value of inventory held, likely to be incurred through obsolescence, damage, and future expected movement in NRV.

This is assessed as follows:

- New, pre-owned and demonstration 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.

New vehicles

The dealership's policy is generally not to raise a provision relating to new vehicle inventory as various OEMs brands are highly invested in the selling of the vehicles. The OEMs all compete for market shares which are reported monthly by The Automotive Business Council (naamsa), with the various brands being ranked and compared with each other. When inventory is moving slower than desired or anticipated due to market demand or other factors, OEMs often provide assistance to dealerships which essentially lowers the price to the customer to improve sales. This approach has proven to be an industry norm, which we expect to remain in place post lockdown and into the foreseeable future.

Where the Group is the importer of the vehicle, they provide assistance to the dealerships and therefore the provision is raised by the importers taking into account inventory ageing, which may require additional provisions to be recognised.

The additional factors that impact the NRV but not limited to include:

- Inventory shortages as a result of production delays (both local and overseas); and
- The movements of the Rand against most major trading currencies.

Notes to the consolidated annual financial statements (continued)

1. Accounting framework and critical judgements (continued)

1.5 Critical accounting judgements, estimates and assumptions (continued)

Net realisable value assessment of inventory (continued)

Pre-owned and demonstration vehicles

The Group's view is to apply the "priced right to sell" principle, which results in retailing vehicles at a reasonable margin in the open market. Therefore, where the cost of pre-owned vehicles is higher than this price, a provision must be raised accordingly. All businesses are required to assess the pricing versus the market using various methods, including the application of the M&M Auto Dealer guide in respect of published trade and retail prices.

Parts, accessories and finished goods

The Group policy is generally to provide for parts, accessories and finished goods based on ageing. Parts generally do not have an expiry date like perishable products, but could possibly become obsolete where a new vehicle model is launched while the business has ageing parts. Parts inventory is generally supplied by the various OEMs, who price the parts accordingly, which are mostly utilised in retail, maintenance and warranty repair jobs within our workshops, where the full cost is normally recouped including a reasonable margin. In addition, parts are utilised or sold through our panelshops, where prices are generally accepted per OEM standard prices, however with some settlement discounts being required in some instances.

Based on the application of the Group provisions and through the application of appropriate inventory management, the Group concludes that inventory is adequately valued.

Contract liabilities – measurement and related recognition of revenue

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 stand-alone 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:

- Vehicles parts, consumables and labour inflation;
- Foreign currency movements;
- Policy sale date; and
- Contract duration and mileage.

This contract liability is required to cover contractual costs of service, maintenance and warranty work to be carried out in the future and the unearned margin that will 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.

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

Funds for which there are insufficient claims history are recognised in profit or 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 or loss.

Other streams of revenue

Please refer to note 8.1 – Revenue, for the timing and the valuation of other streams of revenue, which require limited judgement.

Cash flow hedge accounting

The Group makes use of hedging instruments to mitigate the risks related to currency fluctuations, in the form of Foreign Exchange Contracts (FECs), Target Profit Forwards (TPFs) and Boosted Geared Forwards (BGFs). FECs are predominately utilised to achieve this risk mitigation objective. Where hedge accounting is applied, these hedges are accounted for as cash flow hedges.

The use of hedging instruments mitigates against the Group's exposure to currency risk. There is a further risk that the hedge is subsequently assessed to be ineffective. The resulting gains and losses of the hedging instrument are recognised through profit or loss under net foreign exchange losses as opposed to other comprehensive income, which impacts the profitability and earnings of the Group. This risk primarily relates to the importers who utilise cash flow hedge accounting in terms of IAS 39 – *Financial instruments: Recognition and Measurement* (IAS 39).

1. Accounting framework and critical judgements (continued)

1.5 Critical accounting judgements, estimates and assumptions (continued)

Cash flow hedge accounting (continued)

Factors that impact the effectiveness of the hedges are as follows:

- Changes in consumer demand, impacting forecast orders;
- Exchange rate volatility;
- Extension of payment terms;
- Order cancellations; and
- Delays in production.

The factors are more prevalent due to the impact of the COVID-19 crisis and the hedge effectiveness assessments are impacted by extensions or cancellations of existing cover that was in place due to the above risk factors.

The day-to-day management of foreign exchange risk is performed on a decentralised basis by the various business units within the Group's hedging policies and guidelines. These business units report to the Forex Committee monthly, which gives feedback to the Group's Asset and Liability Committee (ALCO) quarterly.

Key sources of estimation and uncertainty

Future cash flows

The Group tests its' assets for impairment when indicators of impairment exist, with goodwill and indeterminate assets tested annually. The recoverable amounts of assets (including goodwill), individual CGUs and groups of CGUs are based on the Group's best estimate of the future cash flows relating to those assets or CGUs, considering the following:

- Expected revenues, operating margins, working capital requirements and capital expenditure including replacement capital expenditure on right-of-use assets which are approved by directors using past experience but adjusting for the changes in the economic environment in which the CGU operates;
- Volume growth and price increases;
- The Group's market share assumptions in which the CGU operates in;
- Exchange rates used which are consistent with external sources of information; and
- The impact of resizing of the businesses and the corresponding impact on cash flows.

Growth rates

Growth rates applied are determined on future trends within the industry and geographical location. The growth rates used are based on sustainable earnings and a conservative growth model into perpetuity. The Group used steady growth rates to extrapolate revenue beyond the forecast period in the value in use calculations.

Where publicly available information relating to long-term average growth rates are available management will utilise the information.

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, the older accounts are considered a higher risk.
- Past default experiences of the operating segments, examples include the 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.

Notes to the consolidated annual financial statements (continued)

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 the Group as provided to the chief operating decision makers, being the CEO and the CFO. The chief operating decision makers are responsible for allocating resources and assessing the 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 intragroup 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:** Importer and distributor of passenger, LCVs and parts to serve a network of dealerships, car rental companies, fleets and government institutions in South Africa.
- **Retail and Rental:** Retailer of new and pre-owned passenger and commercial vehicles across all segments in South Africa and the UK, and passenger vehicles in Australia. Servicing and maintenance of vehicles. Rental of passenger and LCVs.
- **Financial Services:** Manager and administrator of service, maintenance and warranty plans. Develop and sell value-added products and services (VAPS). Provider of fleet management services. Provider of business process outsourcing through sophisticated technology and call centre capabilities. Operates an innovation hub.
- **Aftermarket Parts:** Distributor, wholesaler and retailer of accessories and parts for out-of-warranty vehicles through retail and franchised stores, specialised workshops supported by distribution centres in South Africa, Taiwan and China.

Revenues are recorded in the country where the sales occur. Revenues between geographical areas within the Group are eliminated.

1.7 Other financial definitions

Other financial definitions include:

- Core debt includes total interest-bearing debt (excluding the lease liabilities in terms of IFRS 16 – *Leases* (IFRS 16) and floorplans from financial institutions) less cash resources;
- Net debt includes total interest-bearing debt (excluding the lease liabilities in terms of IFRS 16 and includes floorplans from financial institutions) less cash resources;
- Net capital expenditure includes expansion and net replacement expenditure of property, plant, equipment, investment properties, intangible assets and vehicles for hire;
- Net working capital consists of inventories, trade and other receivables, derivative instruments, provisions, trade and other payables and floorplans from suppliers;
- Operating assets are all assets less loans receivable, taxation assets, cash resources and assets classified as held-for-sale;
- Operating liabilities are all liabilities less all interest-bearing debt, taxation liabilities and liabilities classified as held-for-sale;
- Depreciation, amortisation and impairments include depreciation, amortisation, impairments and profits on disposals of property, plant, equipment, investment properties and intangible assets. Impairment of goodwill and other intangible assets is included under other costs in profit or loss;
- Operating profit is the earnings before impairment of properties, profit on the sale of properties, foreign exchange adjustments for items that do not qualify for cash flow hedge accounting including non-hedged items, other costs, net finance costs, share of income from associates and joint ventures and taxes;
- Capital items relate to the impairment of goodwill, other intangible assets and investments in associates and joint ventures and profit or loss on the sale of investment in subsidiaries, associates, joint ventures and other businesses;
- Net asset value per share is the equity attributable to the owners of Motus divided by the total ordinary shares in issue net of shares repurchased;

1. Accounting framework and critical judgements (continued)

1.7 Other financial definitions (continued)

- Tangible net asset value per share is the equity attributable to the owners of Motus less goodwill and other intangible assets divided by the total ordinary shares in issue net of shares repurchased;
- Adjusted EBITDA is calculated as EBITDA less the profit attributable to non-controlling interests plus the EBITDA relating to acquisitions grossed up for a full year, if the underlying acquisitions only contributed for a portion of the year, less EBITDA relating to businesses disposed of during the current year, and adjustments relating to the impacts on the EBITDA that arose on the application of IFRS 16, adjustments include the reversal of profit on terminations of leases and includes lease payments;
- Adjusted net interest is calculated as the finance cost (excluding the finance cost on lease liabilities) less finance income (excluding interest earned on net investment in lease receivables); and
- Significance is determined by referring to qualitative and quantitative factors. Qualitative factors include providing the users of the audited consolidated and separate annual financial statements relevant information that assists with their decision-making process. These include both the nature of the transactions together with the contributions to amounts reported. Quantitative factors measure the transactions with reference to the Group's internal materiality threshold of 5% of Profit before tax under normal trading conditions.

Notes to the consolidated annual financial statements (continued)

2. Arising on consolidation

2.1 Goodwill

Goodwill is allocated to the 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 during the year is expected to be deductible for tax purposes (2020: Rnil).

Movements in goodwill are as follows:

2021	Carrying value at the beginning of the year Rm	Acquisition of businesses Rm	Impairment charge Rm	Currency adjustments Rm	Carrying value at the end of the year Rm
Rental and Retail					
United Kingdom	583	–	–	(47)	536
Motus Commercials	240	–	–	(14)	226
Mercedes Commercials	137	–	–	(17)	120
Passenger Division	206	–	–	(16)	190
Australia	556	12	(11)	(60)	497
SWT	235	–	–	(25)	210
Ballarat[1]	321	12	(11)	(35)	287
Aftermarket Parts					
South Africa	334	15	(15)	–	334
Motus Aftermarket Parts	231	15	(15)	–	231
Vehicle Canopy Operations	103	–	–	–	103
Taiwan	83	–	–	(7)	76
ARCO Motor Industry	83	–	–	(7)	76
Significant goodwill	1 556	27	(26)	(114)	1 443
Other goodwill[2]	–	24	(24)	–	–
Carrying value of goodwill	1 556	51	(50)	(114)	1 443

[1] *During the current year, the Group acquired two additional vehicle dealerships in Ballarat, which resulted in additional goodwill of R12 million being recognised. This goodwill was subsequently impaired in full with the remaining R1 million currency adjustments being recognised.*

[2] *The Group examines each individual business acquisition which results in goodwill and routinely impairs all individual amounts lower than R10 million during the year.*

2. Arising on consolidation (continued)

2.1 Goodwill (continued)

2020	Carrying value at the beginning of the year Rm	Acquisition of businesses Rm	Impairment charge Rm	Currency adjustments Rm	Reallocation from customer lists, contracts and networks Rm	Carrying value at the end of the year Rm
Rental and Retail						
United Kingdom	423	133	(88)	102	13	583
Motus Commercials	68	133	–	39	–	240
Mercedes Commercials	120	–	(13)	17	13	137
Passenger Division	235	–	(75)	46	–	206
Australia	194	340	(85)	107	–	556
SWT	194	–	–	41	–	235
Ballarat	–	340	(85)	66	–	321
Aftermarket Parts						
South Africa	334	–	–	–	–	334
Motus Aftermarket Parts	231	–	–	–	–	231
Vehicle Canopy Operations	103	–	–	–	–	103
Taiwan	69	–	–	14	–	83
ARCO Motor Industry	69	–	–	14	–	83
Significant goodwill	1 020	473	(173)	223	13	1 556
Other goodwill	–	9	(9)	–	–	–
Carrying value of goodwill	1 020	482	(182)	223	13	1 556

Goodwill relates to the operating segments below:

	2021 Rm	2020 Rm
Rental and Retail	**1 033**	1 139
Aftermarket Parts	**410**	417
	1 443	1 556

Notes to the consolidated annual financial statements (continued)

2. Arising on consolidation (continued)

2.1 Goodwill (continued)

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 Group has determined the recoverable amount using the value in use method in assessing goodwill for impairment purposes. The model uses cash flow projections based on forecasts approved by the senior management for a five-year period, with an appropriate terminal growth rate.

Summary of the related assumptions used in determining the recoverable amounts are:

	Pre-tax discount rate		Compound annual growth rate prior to terminal period[1, 2]		Terminal growth rate[3]	
	2021 %	2020 %	**2021 %**	2020 %	**2021 %**	2020 %
Rental and Retail						
United Kingdom						
Motus Commercials	**10,4**	10,7	**2,0**	5,6	**2,0**	2,0
Mercedes Commercials	**10,1**	10,2	**2,0**	6,0	**2,0**	2,0
Passenger Division	**10,2**	10,5	**2,0**	4,9	**2,0**	2,0
Australia						
SWT	**10,0**	10,3	**2,0**	3,0	**2,0**	2,0
Ballarat	**10,6**	10,7	**2,0**	2,1	**2,0**	2,0
Aftermarket Parts						
South Africa						
Motus Aftermarket Parts	**19,4**	19,8	**5,0**	5,0	**5,0**	5,0
Vehicle Canopy Operations	**21,3**	23,4	**6,1**	5,0	**5,0**	5,0
Taiwan						
ARCO Motor Industry	**11,0**	12,6	**2,5**	2,5	**2,5**	2,5

[1] *The decreases in the compound annual growth rates in Retail and Rental year-on-year is as a result of improved trading results for the current financial year. This increased the base on which the growth is measured and has resulted in lower growth rates compared to the prior year.*

[2] *The increase in the compound annual growth rates in the Vehicle Canopy Operations year-on-year is as a result of higher growth prospects due to stabilised trading results in the current financial year.*

[3] *The terminal growth rates in the current year of the businesses outside of South Africa were based on publicly available information. The terminal growth rates for Motus Aftermarket Parts and Vehicle Canopies Operations factor in price increases, exchange rate fluctuations and expected volume growth.*

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 the 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 senior management.

The expected revenues were based on market share assumptions, volume growth, right-sizing of the underlying business and price increases. 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 market shares, margins, working capital requirements and expected capital expenditure, including the replacement of right-of-use assets.

2. Arising on consolidation (continued)

2.1 Goodwill (continued)

Growth rates

Growth rates applied are determined based on future trends within the industry and geographic location. Growth rates can fluctuate from year to year based on the assumptions used to determine these rates. A conservative growth rate was applied and was based on sustainable earnings and a growth model into perpetuity.

Where publicly available information relating to the long-term average rates are available, management will utilise these when determining the appropriate growth rate for the respective CGUs.

The Group used steady growth rates to extrapolate revenues beyond the forecast period 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 the 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 (WACC) and take into account the cost of debt, the cost of leases 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 cost of leases is based in the incremental borrowing rate applicable to the CGU.

The net debt to equity ratio, including the effect of leases, was determined by applying market value weightings based on theoretical target gearing levels, giving consideration to industry averages and using data of comparable entities.

Sensitivity analysis

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.

Management have used a reasonable possible variation of 10% in the determination of the sensitivity of the key inputs, 10% has been deemed reasonable based on management's expectation analysis of the key inputs to differ to those used and as such provides relevant and sufficient guidance on the sensitivity of goodwill.

2.2 Intangible assets

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

- Customer lists, contracts and networks vary between one and 20 years.
- Computer software varies between one and ten years.

	Customer lists, contracts and networks Rm	Computer software Rm	Total Rm
As at 30 June 2021			
Cost	98	217	315
Accumulated amortisation and impairment	(58)	(154)	(212)
Carrying value	40	63	103
Carrying value at the beginning of the year	55	60	115
Movement during the year			
Additions	1	36	37
Amortisation	–	(33)	(33)
Amortisation of intangible assets arising on business combinations	(12)	–	(12)
Currency adjustments	(4)	–	(4)
Carrying value at the end of the year	40	63	103

Intangible assets are derecognised where they have reached the end of their economic useful life. During the year, the Group derecognised intangible assets with cost and accumulated amortisation and impairment amounting to R210 million (2020: Rnil million). There was no impact on the statement of profit or loss.

Notes to the consolidated annual financial statements (continued)

2. Arising on consolidation (continued)

2.2 Intangible assets (continued)

	Customer lists, contracts and networks Rm	Computer software Rm	Total Rm
As at 30 June 2020			
Cost	291	206	497
Accumulated amortisation and impairment	(236)	(146)	(382)
Carrying value	55	60	115
Carrying value at the beginning of the year	180	73	253
Movement during the year			
Additions	1	38	39
Loss on disposal	–	(2)	(2)
Amortisation	(1)	(33)	(34)
Amortisation of intangible assets arising on business combinations	(12)	–	(12)
Impairments[1]	–	(17)	(17)
Impairment of distribution rights as a result of restructuring[1]	(107)	–	(107)
Currency adjustments	7	1	8
Reallocations to goodwill	(13)	–	(13)
Carrying value at the end of the year	55	60	115

[1] *The prior year impairments have been disclosed separately to enhance disclosure.*

2.3 Investments in associates and joint ventures

	2021 Rm	2020 Rm
Shares at cost	**74**	74
Share of post-acquisition reserves	**126**	71
Carrying value of associates and joint ventures	**200**	145
Loans advanced to associates and joint ventures	**89**	87
– Less than one year[1]	**11**	–
– More than five years[2]	**78**	87
Net investment in associates and joint ventures	**289**	232
Effective interest rate (%)	**8.0 – 9.9**	9.0 – 9.2
Maturity profile		
Less than one year	**11**	–
More than five years	**278**	232
	289	232

[1] *The loans relate to advances made to getWorth Proprietary Limited (a subsidiary of Synapt Proprietary Limited) and Auto MPA Limitada. These loans are repayable on demand.*

[2] *The loans relate to shareholder loans advanced to C2 Computer Investments Proprietary Limited and Synapt Proprietary Limited.*

During the year, the Group acquired 49.0% of Synapt Proprietary Limited for R26 million and derecognised its investment in Lereko Mobility Proprietary Limited.

2. Arising on consolidation (continued)

2.3 Investments in associates and joint ventures (continued)

The Group has assessed the significance of equity-accounted associates, with reference to the factors outlined in note 1.7 – Other financial definitions. The net asset value of the equity-accounted associates was used as a basis for the quantitative measure. Qualitative factors such as the nature of the business and contribution to the profitability of the Group were also considered when assessing the relevant information that will assist the users in their decision-making processes.

The following equity-accounted associates are significant to the Group:

	Nature of relationship with the Group	Principal place of business	Statutory year end	Ownership interest/voting rights held 2021 %	2020 %
Ukhamba Holdings Limited	B-BBEE partner who currently owns ordinary and deferred ordinary Motus shares	South Africa	30 June	**23,45**	23,45
NGK Spark Plugs South Africa Proprietary Limited	Associate that manufactures and sells spark plugs and other parts	South Africa	31 March*	**25,00**	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 based on whether the Group 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, the Group 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 (Ukhamba) was acquired when the Group unbundled from Imperial. Ukhamba has issued five different classes of shares – Class A and B – representing investment in Imperial ordinary shares, Class C representing investment in unlisted assets, Class D and E representing an investment in Motus ordinary shares.

The Group owns two types of shares in Ukhamba, namely the E Class shares and 23.45% of the C Class shares. The E Class shares entitle the Group 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. The C Class entitles the Group to share in any profits of the remaining investments held by Ukhamba.

2. Arising on consolidation (continued)

2.3 Investments in associates and joint ventures (continued)

The following is summarised financial information for these associates at 100%, based on their respective consolidated annual financial statements prepared in accordance with IFRS.

	Ukhamba Holdings Limited[1]		NGK Spark Plugs South Africa Proprietary Limited	
	2021 Rm	2020 Rm	**2021 Rm**	2020 Rm
Revenue	**41**	84	**672**	543
Net (loss)/profit for the year	**(175)**	731	**68**	39
Other comprehensive income/(loss)	**917**	(676)	**–**	–
Total comprehensive income[2]	**742**	55	**68**	39
Non-current assets	**2 893**	2 239	**39**	55
Current assets	**72**	86	**552**	415
Total assets	**2 965**	2 325	**591**	470
Non-current liabilities	**1 807**	1 543	**11**	18
Current liabilities	**–**	–	**209**	149
Total liabilities	**1 807**	1 543	**220**	167
Total equity	**1 158**	782	**371**	303
The Group's proportional interest in net assets of associate at the beginning of the year	**47**	311	**76**	74
Share of total comprehensive income	**–**	–	**17**	10
Adjustment relating to the Group's share investment	**486**	(258)	**–**	–
Dividends received	**(4)**	(6)	**–**	(8)
The Group's proportional interest in net assets of associate at the end of the year[3]	**529**	47	**93**	76
Reversal of fair value adjustment on Motus shares and losses that exceed the Group's net interest in the associate[4]	**(529)**	(47)	**–**	–
Carrying value of the interest in the associate at the end of the year	**–**	–	**93**	76

[1] The prior year revenue for Ukhamba was previously disclosed as other income and now included in revenue.
[2] The total comprehensive income or (loss) from Ukhamba relates to the fair value adjustment in the investments held in Motus and Imperial shares, the losses incurred on other investments held and finance costs relating to the financing obtained from Investec.
[3] Refer to the below table for the calculation of the Group's proportionate share of net assets in Ukhamba.
[4] The Group does not share in the fair value adjustments in Ukhamba's investments in Imperial and Motus. The remaining investments are loss-making. As the net investment in Ukhamba is Rnil, no further losses are recognised. The Group is under no obligation to fund future losses.

The unrecognised losses on Ukhamba for the year amounted to R19 million (2020: R181 million) and cumulatively the unrecognised losses are R375 million (2020: R356 million). These losses are exclusive of the fair value adjustments relating to the Imperial and Motus shares which are reversed on consolidation.

Calculation of proportionate share of net assets in Ukhamba

	2021 Rm	2020 Rm
Fair value of the investment Ukhamba holds in Motus	**1 917**	612
Less: Financing payable to Investec	**(790)**	(512)
Net investment	**1 127**	100
Attributable to the Group at 46.9%	**529**	47

2. Arising on consolidation (continued)

2.3 Investments in associates and joint ventures (continued)

Contribution from associate and joint ventures

	Significant associates and joint ventures		Individually insignificant associates and joint ventures		Total associates and joint ventures	
	2021 Rm	2020 Rm	**2021 Rm**	2020 Rm	**2021 Rm**	2020 Rm
Total comprehensive income for the year attributable to the Group	**17**	10	**26**	12	**43**	22
Carrying value of interest in associates and joint ventures	**93**	76	**107**	69	**200**	145

The following summarised financial information for the Group's interest in individually insignificant associates and joint ventures is based on their respective consolidated annual financial statements prepared in accordance with IFRS:

	Associates		Joint ventures		Total individually insignificant associates and joint ventures	
	2021 Rm	2020 Rm	**2021 Rm**	2020 Rm	**2021 Rm**	2020 Rm
Total comprehensive income for the year attributable to the Group	**26**	9	**–**	3	**26**	12
Carrying value of interest in insignificant associates and joint ventures	**100**	66	**7**	3	**107**	69

Where restrictions exist on the ability to remit funds due to regulatory or economic restrictions in the jurisdictions in which the entity operates, cash dividends are only recognised when dividend income is received.

The unrecognised profits on these associates amount to R10 million (2020: R9 million).

2.4 Non-controlling interests

The Group has assessed the significance of non-controlling interests, with reference to the factors outlined in note 1.7 – Other financial definitions. The net asset value of the non-controlling interests was used as a basis for the quantitative measure. Qualitative factors such as the nature of the business and contribution to the profitability of the Group were also considered when assessing the relevant information that will assist the users in their decision-making processes.

The following non-controlling interest are significant to the Group:

	Principal place of business	Operating segment	Ownership interest held by NCI	
			2021 %	2020 %
ARCO Motor Industry Company Limited	Taiwan	Aftermarket Parts	**40,0**	40,0
SWT Group Proprietary Limited	Australia	Retail and Rental	**10,0**	20,0
Motus Vehicles Distributor Proprietary Limited (formerly Renault South Africa Proprietary Limited)	South Africa	Import and Distribution	**–**	40,0

2. Arising on consolidation (continued)

2.4 Non-controlling interests (continued)

The following is summarised financial information for these companies based on their respective consolidated financial statements prepared in accordance with IFRS, modified for fair value adjustments made at the time of acquisition and differences in accounting policies. The information is before intercompany eliminations with other entities in the Group.

	ARCO Motor Industry Company Limited		SWT Group Proprietary Limited		Motus Vehicles Distributor Proprietary Limited[1]	
	2021 Rm	2020 Rm	2021 Rm	2020 Rm	2021 Rm	2020 Rm
Revenue	405	430	2 836	1 949	3 909	4 326
Net profit/(loss) for the period	55	60	83	(73)	19	(329)
Net profit/(loss) attributable to non-controlling interests	22	24	10	(15)	8	(132)
Other comprehensive (loss)/income	(24)	38	(7)	16	(109)	–
Other comprehensive (losses)/income attributable to non-controlling interests	(10)	15	(1)	4	(44)	–
Total comprehensive income/(loss)	31	98	76	(57)	(90)	(329)
Total comprehensive income/(loss) attributable to non-controlling interests	12	39	9	(11)	(36)	(132)
Non-current assets	11	26	665	718	214	37
Current assets	245	305	488	565	882	2 031
Total assets	256	331	1 153	1 283	1 096	2 068
Non-current liabilities	7	13	461	266	9	14
Current liabilities	65	113	591	991	1 602	2 480
Total liabilities	72	126	1 052	1 257	1 611	2 494
Total equity	184	205	101	26	(515)	(426)
Equity attributable to non-controlling interests	74	82	10	5	(206)	(170)
Purchase price allocation attributable to non-controlling interests	9	10	–	–	–	–
Total non-controlling interest	83	92	10	5	(206)	(170)

[1] *The total comprehensive income and statement of financial position is as at April 2021 when the acquisition of non-controlling interest occurred.*

2. Arising on consolidation (continued)

2.4 Non-controlling interests (continued)

Acquisition of non-controlling interests

	Effective date	Purchase consideration	Value of non-controlling interest acquired	Premium paid on the purchase of non-controlling interests
SWT Group Proprietary Limited	January 2021	**38**	**(4)**	**(34)**
Motus Vehicles Distributor Proprietary Limited	April 2021	**250**	**206**	**(456)**
		288	**202**	**(490)**

Reason for the acquisition of non-controlling interests

These acquisitions have enhanced operational synergies and will unlock value within the integrated business model.

Other details

Prior to the acquisition of the non-controlling interest in Motus Vehicles Distributor Proprietary Limited, the preference shares held in the entity amounting to R540 million, were settled. This settlement was funded by a sub-ordinated loan advanced by its parent company. This loan is included in the total liabilities outlined above.

Subsequent to the acquisition of the non-controlling interest, the entity has been recapitalised by R540 million. Since the recapitalisation of the entity, its total assets exceed its total liabilities.

Amounts attributable to non-controlling interests

The following summarised financial information for the Group's non-controlling interests is based on their respective consolidated annual financial statements prepared in accordance with IFRS:

	Significant non-controlling interest		Individually insignificant non-controlling interest		Total	
	2021 Rm	2020 Rm	2021 Rm	2020 Rm	2021 Rm	2020 Rm
Total comprehensive income/(loss) attributable to non-controlling interests	**(15)**	(104)	**1**	7	**(14)**	(97)
Carrying value of non-controlling interests[1]	**93**	(73)	**21**	17	**114**	(56)

[1] *Carrying value of non-controlling interest in the current year excludes the amounts transferred to the premium paid on the purchase of non-controlling interest on Motus Vehicles Distributor Proprietary Limited.*

Notes to the consolidated annual financial statements (continued)

2. Arising on consolidation (continued)

2.5 Business combinations

Acquisitions during the reporting period

A number of individual businesses were acquired during the year to complement existing businesses. These included:

- Six passenger vehicle dealerships in Retail and Rental South Africa, namely BMW George, Hyundai and Kia Klerksdorp, Kia Rustenburg, Nissan Centurion and Hyundai Paarl;
- Two additional vehicle dealerships in Retail and Rental Australia;
- A commercial vehicle dealership in the Retail and Rental UK; and
- Midas stores acquired in Aftermarket Parts.

In compliance with the Group's policy, all individual business acquisitions that resulted in goodwill less than R10 million was impaired during the year. The total impairment amounted to R50 million.

An assessment of control was performed based on whether the Group has the practical ability to direct the relevant activities unilaterally on these acquired businesses. 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, the Group concluded that it is able to direct the relevant activities of the businesses acquired.

The Group has assessed the significance of each of the businesses acquired with reference to aspects outlined in note 1.7 – Other financial definitions. The net asset value of the underlying business and purchase consideration was used as a basis for the quantitative measure. Qualitative factors such as the nature of the business acquired and contribution to the profitability of the Group were also considered when assessing the relevant information that will assist the users in their decision-making processes.

Based on this assessment, none of the businesses acquired was deemed significant.

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

	Retail and Rental South Africa Rm	Retail and Rental Australia Rm	Retail and Rental UK Rm	Aftermarket Parts Rm	**Total Rm**
Assets					
Property, plant and equipment	5	–	16	41	**62**
Right-of-use assets	–	–	83	–	**83**
Inventories	30	2	–	78	**110**
Trade and other receivables	2	–	–	1	**3**
	37	2	99	120	**258**
Liabilities					
Lease liabilities	–	–	83	–	**83**
Trade and other payables	2	–	–	1	**3**
	2	–	83	1	**86**
Net assets acquired	35	2	16	119	**172**
Total purchase consideration	59	14	16	134	**223**
Cash paid	59	14	16	130	**219**
Contingent consideration[1]	–	–	–	4	**4**
Goodwill	24	12	–	15	**51**
Goodwill impaired[2]	24	11	–	15	**50**

[1] *Refer to note 4.6.2 – Fair value of financial instruments for additional information*
[2] *Refer to note 2.1 – Goodwill for additional information*

2. Arising on consolidation (continued)

2.5 Business combinations (continued)

Process involved with obtaining control

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

Reasons for the acquisitions

These 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 and structures supporting the recognition of goodwill.

Acquisition costs

Acquisition costs for business acquisitions concluded during the year amounted to Rnil million and have been recognised as an expense in profit or loss in the "Other costs" line.

Impact of the acquisitions on the results of the Group

From the dates of acquisition, the businesses acquired during the period contributed revenue of R446 million and after tax profit of R3 million, including the after tax funding costs. Had all the acquisitions been consolidated from 1 July 2020, they would have contributed revenue of R742 million and an after tax profit of R27 million (including the after tax impact of funding costs). The Group's total revenue would have been R87 501 million and an after tax profit of R2 166 million (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 or exchanged separately.

Other details

Trade and other receivables had a gross contractual amount of R3 million and an allowance for expected credit losses of Rnil million.

2.6 Cash outflow on the acquisitions of businesses

	2021 Rm	2020 Rm
Non-current assets	**196**	814
Goodwill	**51**	482
Property, plant and equipment	**62**	268
Right-of-use assets	**83**	59
Deferred tax	**–**	5
Current assets	**113**	676
Inventories	**110**	497
Trade and other receivables	**3**	59
Cash resources	**–**	120
Non-current liabilities	**(87)**	(71)
Deferred tax	**–**	(12)
Lease liabilities	**(83)**	(59)
Contingent consideration	**(4)**	–
Current liabilities	**(3)**	(696)
Trade and other payables	**(3)**	(410)
Provisions	**–**	(2)
Taxation	**–**	(4)
Interest-bearing debt	**–**	(280)
Net assets acquired	**219**	723
Less: Investment in an associate now recognised as a subsidiary	**–**	(20)
Total cash purchase consideration	**219**	703
Cash resources acquired	**–**	(120)
Cash outflow on acquisition of businesses	**219**	583

Notes to the consolidated annual financial statements (continued)

2. Arising on consolidation (continued)

2.7 Cash inflow on the disposal of businesses

	2021 Rm	2020 Rm
Non-current assets	1	1
Property, plant and equipment	–	1
Right-of-use assets	1	–
Current assets	20	26
Inventories	14	25
Trade and other receivables	5	1
Cash resources	1	–
Non-current liabilities	(2)	–
Lease liabilities	(2)	–
Current liabilities	(5)	–
Trade and other payables	(5)	–
Net assets disposed of	14	27
Profit on disposal of subsidiaries	9	4
Total cash received on disposal	23	31
Cash resources disposed of	(1)	–
Cash inflow on disposal of businesses	22	31

3. Operating assets and liabilities

3.1 Property, plant and equipment

Property, plant and equipment mainly comprise of the following:

- Land, buildings and leasehold improvements;
- Equipment and furniture; and
- Motor vehicles.

These properties include vehicle dealerships, workshops, depots, warehouses and administration buildings which are currently occupied by the Group.

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 eight and 50 years;
- Leasehold improvements – varies between two and ten years;
- Equipment and furniture – varies between three and 20 years; and
- Motor vehicles – varies between three and five years.

	Land, buildings and leasehold improvements Rm	Equipment and furniture Rm	Motor vehicles Rm	Total Rm
As at 30 June 2021				
Cost	6 664	2 088	420	9 172
Accumulated depreciation and impairment	(626)	(1 443)	(231)	(2 300)
Carrying value	6 038	645	189	6 872
Carrying value at the beginning of the year	6 790	640	195	7 625
Movement during the year				
Acquisition of businesses	15	46	1	62
Additions	208	222	93	523
Re-classification to investment properties	(3)	–	–	(3)
Re-classification to assets held-for-sale	(591)	–	–	(591)
Re-classification from assets held-for-sale to owner-occupied	27	–	–	27
Re-classification from assets held-for-sale and now sold	50	–	–	50
Proceeds on disposal	(197)	(15)	(23)	(235)
Profit on disposal	57	–	6	63
Depreciation	(76)	(223)	(74)	(373)
Impairments	(64)	–	–	(64)
Currency adjustments	(178)	(25)	(9)	(212)
Carrying value at the end of the year	6 038	645	189	6 872

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 2020				
Cost	7 433	2 293	409	10 135
Accumulated depreciation and impairment	(643)	(1 653)	(214)	(2 510)
Carrying value	6 790	640	195	7 625
Carrying value at the beginning of the year	6 353	514	156	7 023
Movement during the year				
Acquisition of businesses	158	41	69	268
Disposal of businesses	–	(1)	–	(1)
Additions	99	266	99	464
Re-classification from assets held-for-sale and now sold	43	–	–	43
Re-classification from investment properties	8	–	–	8
Proceeds on disposal	(101)	(5)	(74)	(180)
Profit/(loss) on disposal	41	(1)	4	44
Depreciation	(58)	(218)	(72)	(348)
Impairments	(101)	–	–	(101)
Impairment of equipment and furniture as a result of business closure	–	(1)	–	(1)
Currency adjustments	348	45	13	406
Carrying value at the end of the year	6 790	640	195	7 625

Refer to note 3.2 – Investment properties and note 12 – Assets and liabilities classified as held-for-sale.

Impairment losses recognised during the year

In the current year, the net impairment loss of R64 million (2020: R101 million) represented the write-down of properties to their recoverable amounts when compared to the external valuations performed. Included in the net impairment loss were reversals of a prior year impairment, limited to the original cost, amounting to R10 million (2020: R11 million). The recoverable amount of the properties impaired in the current year was R1 168 million (2020: R1 032 million).

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

Security

No property, plant and equipment has been held as security for interest-bearing debt.

3. Operating assets and liabilities (continued)

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; and
- Carports – 10 years.

Rental income amounting to R24 million (2020: R27 million) was earned during the year and direct costs of R17 million (2020: R15 million) were incurred.

Please refer to note 3.3.3 – Short-term and low value leases for further disclosure of the rental income.

	2021 Rm	2020 Rm
Cost	**208**	205
Accumulated depreciation and impairment	**(56)**	(46)
Carrying value	**152**	159
Carrying value at the beginning of the year	**159**	175
Movement during the year		
Additions	**–**	1
Depreciation	**(10)**	(9)
Transfer to property, plant and equipment	**–**	(8)
Transfer from property, plant and equipment	**3**	–
Carrying value at the end of the year	**152**	159

Investment properties are valued annually by an external expert using the income approach method. These properties include:

	Segment	Location	External utilisation rate		Capitalisation rate	
			2021 %	2020 %	**2021 %**	2020 %
Bond stores	Importer and Distribution	South Africa	**77,3**	65,4	**10,0 – 10,5**	10,0 – 10,5
Vehicle dealerships	Retail and Rental	South Africa	**100,0**	100,0	**10,3 – 11,5**	10,0

The bond stores are used to store vehicles on behalf of the Importers until they are distributed to the dealership. These bond stores also store vehicles owned by third-parties. The vehicle dealerships relate to premises that are solely being leased out to third-parties.

3. Operating assets and liabilities (continued)

3.2 Investment properties (continued)

Movement in fair values of investment properties

The movement in the fair value is as follows:

	2021 Rm	2020 Rm
Opening balance	287	237
Transfer to property, plant and equipment due to a change in use	–	(8)
Transfer from property, plant and equipment due to a change in use	3	–
Fair value adjustment of properties	(64)	58
	226	287

No individual property is carried at a value that is higher than its fair value.

Sensitivity analysis

Management have used a reasonable possible variation of 10% of net operating income and 1.5% of capitalisation rate in the determination of the sensitivity of the key inputs. These possible variations have been deemed reasonable based on management's expectation analysis of the key inputs to differ to those used and as such provides relevant and sufficient guidance on the sensitivity of fair value of investment properties.

The impact of the sensitivity analysis is as follows:

	Fair value Rm	Decrease in carrying value Rm	Increase in carrying value Rm
Fair value of investment properties	226	(48)	67

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

3.3 Leases

The Group leases properties, motor vehicles and equipment. The lease terms vary between two and 13 years and, in some cases, have an option to renew for an additional period after the end of the contractual term.

The following are applicable for leases:

- Where leases are renegotiated, either in terms of payment per month, lease term, or both, the liability is remeasured based on the new parameters at an appropriate incremental borrowing rate. The difference between the previous value of the lease liability and the revised value is then adjusted to the lease liability as well as to the right-of-use asset. The revised values are then amortised over the lease term with regards to the lease liability and depreciated over the updated useful life in terms of the right-of-use assets.
- Extension and termination options are included in various lease agreements in the Group. The Group has applied judgement to determine the lease term for some of the lease contracts. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, affecting the value of the right-of-use assets and the lease liabilities at initial recognition.
- Where leases are terminated earlier as agreed or negotiated with the relevant lessor, the remaining right-of-use asset and the related lease liability is derecognised and any termination costs, in terms of penalties, is recognised in profit or loss.
- Where right-of-use assets are impaired in terms of IAS 36 – *Impairment of Assets* (IAS 36), the carrying amount is reduced by the value of the impairment. The related lease liability is assessed as to whether the obligation still exists. If the obligation still exists, the lease liability is maintained and will unwind in terms of the expected future lease payments.
- Leases that are either short-term in nature or less than R100 000 in value (low-value) are not capitalised. However, they are expensed on a straight-line basis through profit or loss.

3. Operating assets and liabilities (continued)

3.3 Leases (continued)

3.3.1 Right-of-use assets

Depreciation is calculated on a straight-line basis to write off the cost of each component of an asset over the shorter of the lease term or estimated economical useful life as follows:

- Buildings – varies between two and 13 years;
- Equipment and furniture – varies between three and six years; and
- Motor vehicles – varies between one and four years.

	Land and buildings Rm	Equipment Rm	Motor vehicles Rm	Total Rm
As at 30 June 2021				
Cost	3 162	26	69	3 257
Accumulated depreciation and impairment	(1 074)	(13)	(38)	(1 125)
Carrying value	2 088	13	31	2 132
Carrying value at the beginning of the year	2 234	18	27	2 279
Movement during the year				
Acquisition of businesses	83	–	–	83
Disposal of businesses	(1)	–	–	(1)
New leases entered into or renegotiated	497	2	25	524
Provision for costs to be incurred for the restoration of property[1]	6	–	–	6
Derecognition of right-of-use assets	(104)	–	–	(104)
Depreciation	(484)	(7)	(20)	(511)
Currency adjustments	(143)	–	(1)	(144)
Carrying value at the end of the year	2 088	13	31	2 132

[1] *During the current year, the Group entered into an agreement whereby the Group will be liable to restore the underlying property to the conditions as set out in the lease agreement.*

	Land and buildings Rm	Equipment Rm	Motor vehicles Rm	Total Rm
As at 30 June 2020				
Cost	2 778	24	44	2 846
Accumulated depreciation and impairment	(544)	(6)	(17)	(567)
Carrying value	2 234	18	27	2 279
Carrying value at the beginning of the year	–	–	–	–
Movement during the year				
Recognition of right-of-use asset on the modified retrospective approach	1 988	24	24	2 036
Acquisition of businesses	59	–	–	59
New leases entered into or renegotiated	498	–	15	513
Derecognition of right-of-use assets	(29)	–	–	(29)
Depreciation	(496)	(6)	(16)	(518)
Impairment as a result of restructuring	(14)	–	–	(14)
Currency adjustments	228	–	4	232
Carrying value at the end of the year	2 234	18	27	2 279

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

The Group does not have any leases that contain variable lease payments linked to sales generated from the leased premises.

3. Operating assets and liabilities (continued)

3.3 Leases (continued)

3.3.2 Lease liabilities

The lease liabilities is the present value of the minimum lease payments using the appropriate incremental borrowing rate.

The incremental borrowing rate is defined as an appropriate discount rate as either the rate implicit in the lease or the entity's incremental borrowing rate. The entity's incremental borrowing rate is the rate that is defined as the interest rate at which the entity can borrow funds of a similar amount to the lease term; secured by the right-of-use asset associated with the lease; for a similar term to the lease and in a similar economic environment.

The Group has applied judgement in assessing the incremental borrowing rate taking the following into account:

- the lease terms;
- nature of the lease;
- the geography and currencies in which the leases are denominated;
- an appropriate base risk-free rate; and
- credit spread and credit risk.

	2021 Rm	2020 Rm
Carrying value at the beginning of the year	**2 658**	–
Movement during the year		
Recognition of the lease liabilities on the modified retrospective approach	**–**	2 389
Acquisition of businesses	**83**	59
Disposal of businesses	**(2)**	–
New leases entered into or renegotiated	**524**	513
Derecognition	**(127)**	(47)
Repayment of lease liabilities	**(515)**	(522)
– Finance costs	**155**	175
– Lease payments	**(670)**	(697)
Currency adjustments	**(172)**	266
Carrying value at the end of the year	**2 449**	2 658

	Future lease commitments 2021 Rm	Finance charges 2021 Rm	Net present value 2021 Rm	Net present value 2020 Rm
Current liabilities expected to be settled within one year	607	(121)	**486**	573
Non-current liabilities expected to be settled in more than one year	2 422	(459)	**1 963**	2 085
Between one and two years	481	(97)	**384**	377
Between two and three years	416	(77)	**339**	343
Between three and four years	362	(58)	**304**	297
Between four and five years[1]	275	(44)	**231**	272
More than five years[1]	888	(183)	**705**	796
Net present value	3 029	(580)	**2 449**	2 658

[1] *Year four and five onwards have been disclosed separately to enhance disclosure.*

The Group does not face a significant liquidity risk with regard to its lease liabilities. The Group has sufficient banking facilities available to fund normal trading operations including these lease liabilities.

3. Operating assets and liabilities (continued)

3.3 Leases (continued)

3.3.3 Short-term and low value leases

The Group has entered into various lease agreements on properties, plant and equipment and motor vehicles that fall into the category of short-term leases and those that are deemed as low value assets:

- Leases on properties would include those that are short-term leases. Rental escalations on properties generally vary between 0.0% and 9.0% per annum however escalations in excess of the ranges are noted in other geographies.
- Leases on plant and equipment are contracted for periods between one and four years with rental escalations varying from no escalations to 4.0% per annum. These are included as they are low value leases.
- Leases on motor vehicles are generally short-term leases.

Lease charges incurred during the year amounted to:

	2021 Rm	2020 Rm
Property	(76)	(69)
Plant and equipment	(17)	(19)
Motor vehicles	(2)	(18)
	(95)	(106)
Allocation of lease expenses between short-term and low value:		
Short-term leases	(88)	(103)
Low value leases	(7)	(3)
	(95)	(106)

There are lease charges contingent upon turnover in terms of short-term leases however they are not significant to the Group.

At 30 June 2021 the future non-cancellable minimum lease rentals during the following financial years are:

	More than five years Rm	One to five years Rm	Less than one year Rm	2021 Rm	2020 Rm
Operating lease payables					
Property	–	–	–	–	(15)
Plant and equipment	–	–	(1)	(1)	(12)
Motor vehicles	–	–	–	–	(8)
	–	–	(1)	(1)	(35)
Operating lease receivables					
Property	6	9	23	38	41
Motor vehicles	–	5	1	6	–
	6	14	24	44	41

3. Operating assets and liabilities (continued)

3.4 Vehicles for hire

Vehicles for hire have an operating lifecycle averaging 12 months, after which they are sold to dealerships, who in turn, sell these vehicles as part of inventory. This lifecycle is the reason vehicles for hire are classified as current assets. While extensions are available, they are not provided for a prolonged period of time.

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 to five years.

	2021 Rm	2020 Rm
Cost	3 056	3 746
Accumulated depreciation and impairment	(630)	(579)
Carrying value	2 426	3 167
Carrying value at the beginning of the year	3 167	3 385
Movement during the year		
Additions	2 098	4 960
Proceeds on disposal	(2 249)	(4 165)
Depreciation	(586)	(1 019)
Impairments	–	(2)
Currency adjustments	(4)	8
Carrying value at the end of the year	2 426	3 167

Security

Certain vehicles for hire have been encumbered as security for interest-bearing debt as follows: 2021: R76 million (2020: R426 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.

3.5 Net working capital

Assets that the Group 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.

Liabilities that the Group expects to settle in its normal operating cycle, would include trade and other payables, floorplans from suppliers and provisions. The operating cycles for these liabilities are generally not more than 12 months except for long-term provisions.

3.5.1 Inventories

The cost of inventory is determined as follows:
- Vehicles – specific cost; and
- Parts, accessories and finished goods – weighted average cost.

	2021 Rm	2020 Rm
New vehicles	7 785	10 853
Goods in transit	1 172	372
Pre-owned vehicles	2 907	4 357
Demonstration vehicles	1 708	1 441
Parts accessories and finished goods	2 906	3 105
Other	50	51
	16 528	20 179
Inventories carried at net realisable value included above	3 353	3 032
Inventories expensed to the statement of profit or loss during the year	69 626	56 785

Refer to note 1.5 – Critical accounting judgements, estimates and assumptions for additional information.

3. Operating assets and liabilities (continued)

3.5 Net working capital (continued)

3.5.1 Inventories (continued)

Security

The carrying value of inventories that have been encumbered as security for interest-bearing debt amounts to R810 million (2020: R1 108 million). Refer to note 6.1 – Interest-bearing debt.

3.5.2 Trade and other receivables

The directors consider the carrying amount of the trade and other receivables to approximate 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 the Group's financial risk management policies.

	2021 Rm	2020 Rm
Trade receivables	**3 304**	2 994
Gross receivables	**3 579**	3 356
Expected credit loss allowance	**(275)**	(362)
Prepayments[1]	**470**	536
Value added taxation (VAT)	**93**	89
Sundry receivables[2]	**269**	421
	4 136	4 040

[1] The prepayments 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.
[2] Sundry receivables include warranty debtors due from OEMs and deposits paid to various government and other authorities. These are considered to be 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 receivables consist of a large, widespread customer base. The Group's businesses monitor the financial position of its 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 2021. None were given as collateral for any security provided.

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

	2021 Rm	2020 Rm
Carrying value at the beginning of the year	**(362)**	(211)
Movement during the year		
Acquisition of businesses	**–**	(1)
Net movements of the expected credit losses charged to the statement of profit or loss	**78**	(167)
Amounts reversed to profit or loss	**328**	173
Amounts charged to profit or loss	**(250)**	(340)
Amounts utilised during the year	**–**	25
Currency adjustments	**9**	(8)
Carrying value at the end of the year	**(275)**	(362)
Expected credit loss ratio (%)	**7,7**	10,8

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

3. Operating assets and liabilities (continued)

3.5 Net working capital (continued)

3.5.2 Trade and other receivables (continued)

Credit risk (continued)

Reconciliation of movements in expected credit losses

	2021 Rm	2020 Rm
Movements in expected credit losses on trade and other receivables	**78**	(167)
Movements in expected credit loss on other financial assets[1]	**(31)**	–
Movements in expected credit losses recognised in profit or loss	**47**	(167)

[1] *Refer to 4.1 – Investments and other financial instruments*

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. Credit risk on vehicles supplied to external dealerships is generally secured by a dealer floorplan with a financial institution, 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 or confirmation of financing from a respected financial institution 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 service will be performed in terms of the contract until payment is received from the customer or financial institution.

Expected credit loss model

The Group has adopted the simplified approach in terms of IFRS 9 – *Financial Instruments* (IFRS 9), the loss allowance on the trade receivables is determined by the lifetime expected credit loss (ECL) for the Group and the Company. As 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 with reference to past default experience, an analysis of the customers' 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.

The allowance raised covers both credit defaults and credit notes passed for agreed changes to the sales values that may become an issue.

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

The expected credit loss allowance has reduced from 10.8% to 7.7% taking into consideration the improvement of the factors disclosed below and in note 1.5 – Critical accounting judgements, estimates and assumptions under forward looking information.

There has been no change in the estimation techniques applied in determining the ECLs from the prior year.

The gross receivables, as disclosed below, are inclusive of VAT applicable to various jurisdictions and the allowance for credit losses excludes VAT.

The Group 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, e.g. when the customer has been placed under liquidation or has entered into bankruptcy proceedings or where the Group has exercised all legal possibilities.

The directors do not consider there to be any significant 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 the Group's revenue.

3. Operating assets and liabilities (continued)

3.5 Net working capital (continued)

3.5.2 Trade and other receivables (continued)

Expected credit loss matrix

The tables below analyse the resulting credit loss impairment into the four operating segments.

	2021			2020		
Past due debtors	Gross receivables Rm	Expected credit loss allowance Rm	Loss ratio %	Gross receivables Rm	Expected credit loss allowance Rm	Loss ratio %
Total[1]	**3 579**	**275**	**7,7**	3 356	362	10,8
Current (not past due)	**2 951**	**48**	**1,6**	1 820	15	0,8
30 days past due	**388**	**42**	**10,8**	918	16	1,7
60 days past due	**66**	**32**	**48,5**	173	21	12,1
90 days past due	**174**	**153**	**87,9**	445	310	69,7
Import and Distribution	**472**	**83**	**17,6**	364	52	14,3
Current (not past due)	**411**	**37**	**9,0**	217	–	–
30 days past due	**24**	**11**	**45,8**	56	3	5,4
60 days past due	**1**	**1**	**100,0**	12	–	–
90 days past due	**36**	**34**	**94,4**	79	49	62,0
Retail and Rental	**2 294**	**158**	**6,9**	2 224	255	11,5
Current (not past due)	**1 931**	**8**	**0,4**	1 017	14	1,4
30 days past due	**205**	**30**	**14,6**	746	12	1,6
60 days past due	**56**	**30**	**53,6**	153	16	10,5
90 days past due	**102**	**90**	**88,2**	308	213	69,2
Financial Services	**110**	**2**	**1,8**	141	7	5,0
Current (not past due)	**107**	**1**	**0,9**	113	1	0,9
30 days past due	**1**	**–**	**–**	19	1	5,3
60 days past due	**1**	**–**	**–**	2	1	50,0
90 days past due	**1**	**1**	**100,0**	7	4	57,1
Aftermarket Parts	**699**	**32**	**4,6**	627	48	7,7
Current (not past due)	**498**	**2**	**0,4**	473	–	–
30 days past due	**158**	**1**	**0,6**	97	–	–
60 days past due	**8**	**1**	**12,5**	6	4	66,7
90 days past due	**35**	**28**	**80,0**	51	44	86,3

[1] *Includes Head Office and Eliminations trade receivables amounting to R4 million (2020: Rnil million) with no corresponding expected credit loss allowance.*

3. Operating assets and liabilities (continued)

3.5 Net working capital (continued)

3.5.3 Trade and other payables

The directors consider 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 the Group's financial risk management policies.

	2021 Rm	2020 Rm
Trade payables	6 278	5 493
Value added taxation	192	470
Payroll accruals	993	725
Accruals	1 883	1 523
Deferred income	182	174
	9 528	8 385

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. The Group has financial risk management policies in place to ensure that all the payables are within the pre-agreed credit terms.

3.5.4 Floorplans from suppliers

	2021 Rm	2020 Rm
Import and Distribution		
Interest-bearing floorplan from suppliers	–	344
Retail and Rental		
Interest-free floorplan from suppliers	3 082	2 597
Interest-bearing floorplan from suppliers	1 397	3 570
	4 479	6 511
Effective interest rates (%)	2.4 – 8.8	2.1 – 8.8

Floorplans from suppliers consist of interest-bearing and interest-free facilities provided by the finance providers. The floorplans are secured over the vehicles that are included under inventory. These terms and conditions are outlined by the supplier and in some instances, take into account the vehicle model. 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 4.4 – Liquidity risk, for further details on liquidity risk and the fair value hierarchy.

3. Operating assets and liabilities (continued)

3.5 Net working capital (continued)

3.5.5 Provisions

Maintenance and warranty provision

Present obligations arising under maintenance and warranty contracts, not funded by the 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 the Group 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, service fees, property related provisions, present obligations arising under roadside assistance contracts and the losses accrued on joint ventures with banks.

	Maintenance and warranty Rm	Onerous Contracts Rm	Other Rm	2021 Rm	2020 Rm
Carrying value at the beginning of the year	396	180	281	**857**	797
Movement during the year					
Acquisition of businesses	–	–	–	**–**	2
Charged to profit or loss	52	74	172	**298**	73
Amounts raised	54	74	259	**387**	176
Unused amounts reversed	(2)	–	(87)	**(89)**	(103)
Amounts utilised	(26)	(25)	(123)	**(174)**	(23)
Transfer from contract liabilities[1]	–	24	–	**24**	–
Provision for costs to be incurred for the restoration of property[2]	–	–	6	**6**	–
Currency adjustments	(10)	(1)	–	**(11)**	8
	412	252	336	**1 000**	857
Maturity profile					
Less than one year	170	164	212	**546**	555
One to five years	242	88	124	**454**	302
	412	252	336	**1 000**	857

[1] *The onerous portion of the contract liability relating to a medium- to long-term fleet agreement was transferred from contract liabilities.*
[2] *The Group entered into an agreement whereby the Group will be liable to restore the underlying property to the conditions set out in the lease agreement.*

3. Operating assets and liabilities (continued)

3.6 Contract liabilities

Contract liabilities relate to the unearned revenue from vehicle maintenance, service and warranty plans which 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.

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

There have been no significant changes in the assumptions utilised and measurement basis of the contract liabilities from the prior year.

	2021 Rm	2020 Rm
Carrying value at the beginning of the year	**2 797**	2 818
Movement during the year		
Amounts recognised in revenue	**(1 286)**	(1 278)
Prior year contracts	**(1 155)**	(1 126)
Current year contracts	**(131)**	(152)
Transfer to provisions[1]	**(24)**	–
New business written	**1 341**	1 257
	2 828	2 797
Maturity profile		
Current liability expected to be settled within one year	**1 106**	1 164
Non-current liabilities expected to be settled in more than one year	**1 722**	1 633
Between one and two years	**784**	762
Between two and three years	**504**	451
Between three and four years	**283**	252
Between four and five years[2]	**131**	148
More than five years[2]	**20**	20
	2 828	2 797

[1] *The onerous portion of the contract liability relating to a medium- to long-term fleet agreement was transferred to provisions.*
[2] *Year four and five onwards have been disclosed separately to enhance disclosure.*

Refer to note 8.1 – Revenue, for recognition of revenue related to the satisfaction of performance obligations.

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

4. Financial management and instruments

4.1 Investments and other financial instruments

	2021 Rm	2020 Rm
Preference shares (Level 3 in the fair value hierarchy)	366	338
Listed investments (Level 1 in the fair value hierarchy)	–	7
Unlisted investments (Level 3 in the fair value hierarchy)	5	–
Other financial assets	3	–
Gross other financial assets	34	–
Expected credit loss allowance	(31)	–
	374	345

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

Credit risk on other financial assets

The carrying value of the other financial assets represents the Group's maximum credit risk exposure. Senior management has assessed the recoverability of the amounts due taking into consideration the nature of the transactions and the underlying performance of the counterparties. Based on these assessments an expected credit loss allowance has been recognised.

Movements in preference shares (level 3 financial instrument) carried at fair value

	2021 Rm	2020 Rm
Carrying value at the beginning of the year	338	474
Movement during the year		
Additional investments in underlying preference share	–	105
Proceeds on disposal	(6)	–
Fair value movements on the preference share arrangements	34	(241)
Dividends received	(142)	(449)
Fair value through profit or loss as unrealised gains	176	208
Carrying value at the end of the year	366	338

4. Financial management and instruments (continued)

4.2 Net investments in lease receivables

These leases relate to contracts in which an entity within the Group is an intermediate lessor. It accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance lease receivable by reference to the right-of-use asset arising from the head lease. The Group recognised the present value of future lease payments under the head lease as a lease liability and capitalised the present value of the future lease receivables under its sub-lease contracts as a net investment in lease receivables.

The Group has no residual interest in the underlying assets of the sub-lease.

	2021 Rm	2020 Rm
Carrying value at the beginning of the year	100	–
Movement during the year		
Recognition of net investment in lease receivables on the modified retrospective approach	–	133
Cash received on net investment in lease receivable	(44)	(53)
Interest accrued	9	23
Payments received	(53)	(76)
Currency adjustments	(16)	20
Carrying value at the end of the year	40	100

The carrying value relates to the residual value of the vehicles and no expected credit loss has been raised, as once the vehicles are returned, they will be delivered to the lessor of the head lease.

4.3 Financial risk factors

The treasury activities are aligned to the Group's ALCO strategies and decentralised business model. ALCO is a board sub-committee responsible for recommending best practice asset and liability risk management with its main objectives being the management of liquidity, interest rate, price and currency risk. ALCO meets every quarter and follows a comprehensive risk management process. The treasury department implements risk management policies and directives recommended by ALCO and provides financial risk management services to the various divisional businesses. The treasury department co-ordinates access to domestic and international financial markets, as well as debt capital markets funding. The treasury department monitors and manages the financial risks relating to the operations of the Group 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 and interest rate risk is performed mainly on a centralised basis by the treasury department by applying the Group's hedging policies and guidelines.

The Group 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.

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

	Note
Liquidity risk	4.4
Currency risk and hedge accounting reserve	4.5
Interest rate risk	6.1
Credit risk	3.5.2, 4.1, 4.2 and 6.2

4. Financial management and instruments (continued)

4.4 Liquidity risk

Liquidity risk arises should the Group have insufficient funds or marketable assets available to fulfil its future cash flow obligations. The Group's 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 ALCO, which has developed an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding requirements. The Group manages liquidity risk by monitoring forecast cash flows in compliance with bank 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 by the sale of inventory and utilisation of financial assets.

The undiscounted cash flow of the Group's 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	366	–	–	366
Unlisted investments	5	–	–	5
Other financial asset	3	–	3	–
Net investment in lease receivables	40	40	–	–
Trade and other receivables[1]	3 573	3 573	–	–
Derivative financial assets	110	110	–	–
Cash resources	1 729	1 729	–	–
2021	5 826	5 452	3	371
2020	6 250	5 912	–	338

[1] *Trade and other receivables exclude VAT amounting to R93 million (2020: R89 million) and prepayments amounting to R470 million (2020: R536 million) as these are not financial instruments.*

The undiscounted cash flows of the Group's 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	5 130	5 467	3 178	2 289	–
Lease liabilities	2 449	3 029	607	1 534	888
Loans from associates and non-controlling interests included in other financial liabilities	23	23	21	2	–
Contingent consideration included in other financial liabilities	33	33	29	4	–
Trade and other payables[1]	8 161	8 161	8 161	–	–
Floorplans from suppliers	4 479	4 479	4 479	–	–
Derivative financial liabilities	602	602	602	–	–
2021	20 877	21 794	17 077	3 829	888
2020	25 988	27 604	17 149	9 463	992

[1] *Trade and other payables exclude VAT amounting to R192 million (2020: R470 million), staff costs accrued amounting to R993 million (2020: R725 million) and deferred income amounting to R182 million (2020: R174 million) as these are not financial instruments.*

4. Financial management and instruments (continued)

4.5 Currency risk and hedge accounting reserve

The Group enters into FEC's and options in order to hedge its exposure to foreign exchange risk. These are classified as cash flow hedges where hedging criteria are met. The Group 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.

Foreign exchange losses amounting to R99 million (2020: R13 million) relate to the revaluation of balances denominated in foreign currencies that do not qualify for cash flow hedge accounting in the normal course of business. These include FECs and options (through profit or loss), trade receivables, trade payables and Customer Foreign Currency (CFC) accounts. The severe volatility of the Rand during the year negatively impacted mark-to-market measurements.

During the year, the Group also experienced abnormal losses amounting to R284 million, due to the cancellation of FECs. As a consequence of the erratic global inventory supply constraints due to the COVID-19 crisis, initial production orders that had been placed could not be fulfilled as scheduled, leading to the breakage of the hedge relationships. Subsequently, new orders were placed and new hedge instruments were subsequently entered into.

In the current year, R1 010 million (2020: R671 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 liabilities being hedged will be recognised within the next 12 months, at which time the amount of the deferred equity will be reclassified to inventory. When the vehicle is sold, the related hedging reserve is recognised in profit or loss as part of the cost of the vehicle.

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 Group's policy is to maintain a fully covered foreign exchange risk position in respect of foreign currency commitments. Under current South African Reserve Bank limits, the forward cover is limited to 12 months ahead at any point in time.

The Group has entered into certain financial instruments authorised by 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. The policies are as follows:

- Hyundai Automotive South Africa Proprietary Limited enter into hedging instruments for all actual liabilities and for forecast instruments on a seven-month rolling hedging basis;
- Kia South Africa Proprietary Limited enter into hedging instruments for all actual liabilities and for forecast instruments on a seven-month rolling hedging basis on US Dollar forecasted transactions and on Euro forecasted firm commitments;
- Motus Vehicles Distributor Proprietary Limited enter into hedging instruments for all actual liabilities and for forecast instruments on a seven-month rolling hedging basis with effect from January 2021;
- Brietta Trading Proprietary Limited enter into hedging instruments for all firm commitments as and when required; and
- Aftermarket Parts acquires US Dollars and Euros for forecasted transactions up to six months forward. All other currencies are acquired once the firm commitment is established.

4. Financial management and instruments (continued)

4.5 Currency risk and hedge accounting reserve (continued)

Currency risk (continued)

The day-to-day management of foreign exchange risk is performed on a decentralised basis by the various business units by applying the Group's hedging policies and guidelines. Import exposures are managed through the use of natural hedges arising from foreign assets, as well as FEC's 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
2021					
US Dollar	581	14,91	8 660	8 419	(241)
Euro	204	18,13	3 689	3 505	(184)
Japanese Yen	497	0,14	70	64	(6)
Chinese Yuan	16	2,21	36	36	–
Pound Sterling	–	19,78	1	1	–
Net FECs and structured products as per the statement of financial position			12 456	12 025	(431)
Revaluation of currency options					(10)
Interest rate derivative contracts[1]					(51)
Net derivative liability carried on the statement on financial position					(492)
The net derivative liability carried of the statement of financial position comprises of:					
Derivative financial assets					110
Derivative financial liabilities					(602)
					(492)

[1] *Refer to note 6.1 – Interest-bearing debt for further details*

	Foreign amount (millions)	Average exchange rate	Contract value Rm	Market value Rm	Net derivative asset/ (liability) Rm
2020					
US Dollar	254	17,09	4 342	4 443	101
Euro	66	18,64	1 222	1 284	62
Japanese Yen	78	0,16	13	13	–
Chinese Yuan	13	2,48	31	31	–
Pound Sterling	–	22,08	1	1	–
Net FECs and structured products as per the statement of financial position			5 609	5 772	163
Interest rate derivative contracts[1]					(114)
Net derivative asset carried on the statement on financial position					49
The net derivative asset carried of the statement of financial position comprises of:					
Derivative financial assets					259
Derivative financial liabilities					(210)
					49

[1] *Refer to note 6.1 – Interest-bearing debt for further details*

Refer to note 10.2 – Contingent liabilities 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.

Notes to the consolidated annual financial statements (continued)

4. Financial management and instruments (continued)

4.5 Currency risk and hedge accounting reserve (continued)

Foreign exchange sensitivity

The impact of a 10% movement in the value of the Rand would approximately have a R866 million after tax (2020: R416 million) impact on the underlying hedge which would be offset by the revaluation of the underlying liability, resulting in minimal impact on the profit or loss. The 10% sensitivity rate is based on the management's 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 remeasurement of foreign denominated financial assets and liabilities translated at spot rates and is offset by equivalent gains or losses in currency derivatives.

4.6 Fair value measurements of financial instruments

4.6.1 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.

	2021 Carrying amount Rm	At fair value level 1 Rm	At fair value level 2 Rm	At fair value level 3 Rm	At amortised cost Rm	2020 Carrying amount Rm
Financial assets						
Preference shares	366	–	–	366	–	338
Listed investments	–	–	–	–	–	7
Unlisted investments	5	–	–	5	–	–
Other financial asset	3	–	–	–	3	–
Net investment in lease receivables	40	–	–	–	40	100
Trade and other receivables	3 573	–	–	–	3 573	3 415
Derivative financial assets	110	–	110	–	–	259
Cash resources	1 729	–	–	–	1 729	2 121
	5 826	–	110	371	5 345	6 240
Financial liabilities						
Interest-bearing borrowings	5 130	–	–	–	5 130	9 563
Lease liabilities	2 449	–	–	–	2 449	2 658
Loans from associates and non-controlling interests included in other financial liabilities	23	–	–	–	23	13
Contingent consideration included in other financial liabilities	33	–	–	33	–	17
Trade and other payables	8 161	–	–	–	8 161	7 016
Floorplans from suppliers	4 479	–	–	–	4 479	6 511
Derivative financial liabilities	602	–	602	–	–	210
	20 877	–	602	33	20 242	25 988

4. Financial management and instruments (continued)

4.6 Fair value measurements of financial instruments (continued)

4.6.2 Fair value of financial instruments

Refer to note 4.5 – 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 R371 million (2020: R338 million) consists of the investments in preference shares and an unlisted investment.

The fair value of the preference shares of R366 million (2020: R338 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 and takes into account organic portfolio growth, discounted at a WACC of 18.2% specifically linked to Financial Services. The projections are limited to five years as the investment structures are reviewed on an ongoing basis in light of changes to the regulatory and economic landscape.

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

The carrying value of the unlisted investment amounting to R5 million (2020: Rnil million) closely approximates its fair value. Consideration has been given of the sensitivity of the fair value however this is deemed to have an insignificant impact on the Group.

The fair value of the level 3 financial liabilities of R33 million (2020: R17 million) is the contingent consideration which relates to the purchase of Rhinoman Outdoor and Off-road Proprietary Limited, Ballarat Motor Holdings Proprietary Limited and a Midas store in Motus Group Limited. The purchase price is contingent on requirements being met as per the agreements. It is anticipated that the amounts due to the former owners of Rhinoman Outdoor and Off-road Proprietary Limited and Ballarat Motor Holdings Proprietary Limited will be paid early in the next financial year whereas the amounts to the former owner of the Midas store will be settled in three years. Consideration has been given as to the impact on the present valuing the future payment. This impact was insignificant.

The following table shows how the fair value of the level 3 financial assets as at 30 June 2021 would change if the discount rate used to present value future cash flows were to reduce or increase by 1%.

	Valuation technique	Main assumption	Carrying value Rm	Increase in carrying value Rm	Decrease in carrying value Rm
Financial asset					
Preference shares	Cashflow projections	Present value of expected dividend flows	**366**	9	(9)

Transfers between hierarchy levels

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

Movements in level 3 financial instruments measured at fair value

Financial assets

Refer to note 4.1 – Investments and other financial instruments for movements in the fair value level 3 financial assets (preference shares).

Financial liabilities	2021 Rm	2020 Rm
Carrying value at the beginning of the year	**17**	26
Movement during the year		
Acquisition of business	**4**	–
Payment made to former equity holder of the subsidiary acquired	**(2)**	(9)
Remeasurement through profit or loss	**14**	–
Carrying value at the end of the year	**33**	17

5. Shareholders' interest

5.1 Stated capital

Ordinary shares

Each ordinary share is entitled to one vote and to participate in the dividend distribution. These shares are listed on the JSE.

Deferred ordinary shares

The deferred ordinary shares are unlisted, entitled to one vote per share and are not entitled to participate in the dividend distribution. They have been issued to Ukhamba, the Group's 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 on a one-for-one basis into ordinary shares annually at a fixed rate of 831 469 shares. The last conversion will be on 30 June 2025, any shares not converted into ordinary shares will be converted into redeemable preference shares in 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 non-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 AGM.

Redeemable preference shares

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 or to amend the preference rights, limitations and other terms associated with such preference shares. 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 AGM.

Directors' authority to issue ordinary shares

The directors have been given general authority until the next AGM to issue not more than 5% of the issued ordinary stated capital at 30 June 2020.

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 (2020: 394 999 000) ordinary shares of no par value
10 000 000 (2020: 10 000 000) deferred ordinary shares of no par value
40 000 000 (2020: 40 000 000) preference shares of no par value
2 000 000 (2020: 2 000 000) redeemable preference shares of no par value

	2021 Rm	2020 Rm
Issued and fully paid stated capital		
188 933 942 (2020: 192 622 189) ordinary shares of no par value	**22 321**	22 672
5 204 953 (2020: 6 036 422) deferred ordinary shares of no par value	**–**	–
Stated capital	**22 321**	22 672

5. Shareholders' interest (continued)

5.1 Stated capital (continued)

Ordinary shares in issue	Number of shares	Rm
As at 30 June 2019	196 513 720	22 985
Cancellation of shares repurchased at an average of R66.26 per share	(4 723 000)	(313)
Conversion of deferred ordinary shares	831 469	–
As at 30 June 2020	192 622 189	22 672
Cancellation of shares repurchased at an average of R50.96 per share	(1 746 397)	(89)
Cancellation of repurchased shares subsequent to year end at an average of R94.47 per share	(2 773 319)	(262)
Conversion of deferred ordinary shares	831 469	–
As at 30 June 2021	**188 933 942**	**22 321**

Deferred ordinary shares in issue	Number of shares	Rm
As at 30 June 2019	6 867 891	–
Conversion of shares into ordinary shares	(831 469)	–
As at 30 June 2020	6 036 422	–
Conversion of shares into ordinary shares	(831 469)	–
As at 30 June 2021	**5 204 953**	**–**

5.2 Shares repurchased (Treasury shares)

The movement in the shares repurchased was as follows:

	Repurchased number of shares	Rm
As at 30 June 2019	4 644 623	435
Issue of treasury shares as settlement of share-based equity at an average of R105.02 per share	(233 622)	(24)
As at 30 June 2020	4 411 001	411
1 962 710 shares repurchased at an average of R68.27 per share	1 962 710	134
Issue of treasury shares as settlement of share-based equity at an average of R95.98 per share	(295 922)	(28)
As at 30 June 2021	**6 077 789**	**517**

The treasury shares are repurchased by a wholly-owned subsidiary of the Company for share schemes as hedges.

5.3 Dividends paid

Interim

In the current year, a gross dividend of 160 cents (2020: nil cents) per ordinary share was paid on 29 March 2021. The ordinary dividend was subject to the local dividend tax of 20% and the net ordinary dividend for those shareholders who are not exempt from paying tax, was therefore 128 cents (2020: nil cents) per share.

Final

A gross dividend of 255 cents (2020: nil cents) per ordinary share is payable on 27 September 2021. The ordinary dividend is subject to the local dividend tax of 20% and the net ordinary dividend for those shareholders who are not exempt from paying tax, is therefore 204 cents (2020: nil cents) per share.

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

Notes to the consolidated annual financial statements (continued)

6. Interest-bearing funding

6.1 Interest-bearing debt

The components of the debt facilities are as follows:

	Current year interest rates %	2021 Rm	2020 Rm
Long-term			
Syndicated bank term loans	9,1 – 9,3	1 000	2 000
Revolving credit loans		885	5 312
Rand denominated loans	8,2 – 8,5	500	3 200
Foreign currency denominated loans	1,2	385	2 112
15-month notice loans	5,0 – 8,5	273	300
		2 158	7 612
Short-term			
Call borrowings	5,0 – 8,5	1 203	–
Bank overdrafts	2,0 – 14,4	896	136
Unsecured loans[1]	–	–	127
Non-redeemable, non-participating, cumulative preference shares	–	–	40
Total short-term debt		2 099	303
Interest-bearing floorplans from financial institutions		873	1 648
Rand denominated floorplans	5,0 – 5,7	89	501
Foreign currency denominated floorplans	1,9 – 2,4	784	1 147
		2 972	1 951
Interest-bearing borrowings		5 130	9 563

[1] *The unsecured loans are now shown as part of bank overdrafts as the ultimate shareholder has provided a guarantee for the amounts due.*

The Group settled and cancelled syndicated bank term loans and Rand denominated revolving credit loan facilities amounting to R2 500 million during the year. These facilities have been replaced with a new variable rate Rand revolving credit loan facility of R1 500 million which expires in September 2025. The Group has not utilised the new facility in the current financial year.

The foreign denominated revolving credit loans are a £120 million three-year multi-currency revolving credit facility with a consortium of seven banks. The Group has the option to apply for two 1-year extensions on the repayment of these facilities. During the year, the Group applied for and received a 1-year extension on £65 million of the revolving credit facility to January 2024. This is a sustainability linked loan aimed at reducing the fuel and water consumption of the Group.

During the current year, Motus Vehicles Distributor Proprietary Limited settled the non-redeemable, non-participating, cumulative preference shares of R40 million held by Renault SAS France.

The interest-bearing floorplans from financial institutions relate to the operating segments below:

	2021 Rm	2020 Rm
Retail and Rental	797	1 182
Financial Services	76	466
	873	1 648

6. Interest-bearing funding (continued)

6.1 Interest-bearing debt (continued)

Interest rate risk

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

The Group considers the impact on profit or loss of defined interest rate shifts – taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. ALCO reviews appropriate exposure levels and recommends 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.

	Variable effective rate %	Fixed derivative rate %	2021 Rm	2020 Rm
Fixed rate borrowings	5,3 – 5,4	8,2 – 9,3	2 750	2 750
Floating rate borrowings			2 380	6 813
			5 130	9 563

In the prior year, the Group entered into interest rate derivative contracts designated as hedging instruments, amounting to R750 million. The fair value adjustment through other comprehensive income relating to these hedged instruments amounted to R1 million. These interest rate derivative contracts are no longer designated as hedging instruments. They are now fair valued through the statement of profit or loss along with the other interest rate derivative contracts.

The adjustment to the statement of profit or loss for the year amounted to a gain of R64 million (2020: a loss of R73 million). This arose as a result of the unwinding of the interest rate derivative contracts.

If interest rates had been 0,5% higher or lower, holding all other variables constant, the Group's profit or loss and equity would decrease or increase by Rnil million (2020: R10 million). This decline is attributable to the interest rate derivative contracts which will mature early in the next and following financial years.

Interest rate sensitivity

The interest rate profile of the interest-bearing borrowings is reflected above.

If interest rates had been 0,5% higher or lower, holding all other variables constant, the Group's profit or loss and equity would decrease or increase by R7 million (2020: R38 million). This is attributable to the Group's exposure to interest rates on its variable rate borrowings which have not been fixed through the use of fixed-for-floating interest rate derivative contracts.

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	Vehicles for hire Rm	Inventories Rm
Rand denominated floorplans	89	87	76	11
Foreign currency denominated floorplans	784	799	–	799
2021	873	886	76	810
2020	1 648	1 534	426	1 108

6. Interest-bearing funding (continued)

6.1 Interest-bearing debt (continued)

Maturity analysis of interest-bearing debt by geographical location

	2024 Rm	2023 Rm	2022 Rm	**2021 Rm**	2020 Rm
South Africa	1 885	273	1 424	**3 582**	8 363
International	–	–	1 548	**1 548**	1 200
	1 885	273	2 972	**5 130**	9 563

Maturity analysis of interest-bearing debt by denominated currency

	2024 Rm	2023 Rm	2022 Rm	**2021 Rm**	2020 Rm
SA Rand	1 500	273	1 291	**3 064**	6 040
British Pound	190	–	1 007	**1 197**	2 103
Australian Dollar	195	–	541	**736**	1 156
US Dollar	–	–	–	**–**	35
Other[1]	–	–	133	**133**	229
	1 885	273	2 972	**5 130**	9 563

[1] *Other relates to interest-bearing debt primarily in Taiwan, Kenya, Malawi, Tanzania and Zambia.*

Borrowing facilities

In terms of the MOI, the borrowing powers of the Group are unlimited. The Group's borrowing facilities Include:

	2021 Rm	2020 Rm
Total direct borrowing facilities	**15 447**	17 540
Banking facilities[1]	**11 900**	13 681
Floorplan facilities (total)	**3 547**	3 859
***Less:* Utilised facilities**	**(5 484)**	(9 985)
Banking facilities	**(4 257)**	(7 915)
Floorplan facilities from financial institutions	**(873)**	(1 648)
Floorplan facilities from suppliers[2]	**(354)**	(422)
Unutilised borrowing facilities	**9 963**	7 555
Banking facilities	**7 643**	5 766
Floorplan facilities (total)	**2 320**	1 789
The total available banking facilities are:	**9 372**	7 887
Unutilised banking facilities	**7 643**	5 766
Available cash resources	**1 729**	2 121

[1] *The banking facilities comprise of committed facilities amounting to R10 816 million (2020: R12 476 million) and uncommitted facilities amounted to R1 084 million (2020: R1 205 million).*

[2] *These facilities relate to floorplan facilities from financial institutions which are underwritten by OEMs, due to this underwriting, the utilisation forms part of the total value in note 3.5.4 – Floorplans from suppliers.*

6. Interest-bearing funding (continued)

6.1 Interest-bearing debt (continued)

Capital management

The Group's 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. The Group maintains an appropriate mix of equity and equity like instruments and debt in order to optimise the WACC within an appropriate risk profile. Capital allocation is evaluated against the expected return on invested capital (ROIC) against the appropriate WACC for that division or business and appropriate gearing ratios.

As is consistent with others in the industry, the Group monitored capital on the basis of its gearing ratio. This ratio is calculated as net debt divided by total equity. The target gearing ratio is 50% to 70% under normal trading conditions.

	2021 Rm	2020 Rm
Interest-bearing borrowings	**5 130**	9 563
Less: Cash resources	**(1 729)**	(2 121)
Net debt	**3 401**	7 442
Total equity	**12 166**	12 452
Gearing ratio (%)	**28,0**	60,0

Bank covenants

In terms of the requirements set out in the banking facility agreements and the Group's treasury policies, the target set for the Group are:

	Bank facility agreement threshold Times	Internal threshold Times	2021 Times	2020 Times
Net debt to Adjusted EBITDA	**Below 3,0**	**Below 2,3**	**0,8**	2,2
Adjusted EBITDA to Adjusted net interest	**Above 3,0**	**Above 4,0**	**10,9**	3,6

Refer to 1.7 – Other financial definitions for further information relating to the calculation parameters.

Refer to note 4.4 – Liquidity risk, for further disclosure related to interest-bearing debt with regards to liquidity risk.

6.2 Cash resources

	2021 Rm	2020 Rm
Deposits and funds at call	**1 719**	2 110
Cash on hand	**10**	11
	1 729	2 121
Effective interest rates (%)	**0,0 – 5,4**	0,0 – 9,2

Credit risk

It is the Group's 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 2021. None of the financial assets above were given as collateral for any security provided. The Group has assessed the availability of the cash resources and have noted that all balances are liquid and readily convertible.

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 4.4 – Liquidity risk and 4.6 – Fair value measurement of financial instruments, respectively.

Notes to the consolidated annual financial statements (continued)

6. Interest-bearing funding (continued)

6.3 Cash (outflows)/inflows on banking facilities

	2021 Rm	2020 Rm
Banking facilities at the beginning of the year	(7 779)	(5 717)
– Total interest-bearing borrowings	(9 563)	(7 660)
– *Less:* Bank overdrafts	136	102
– *Less:* Interest-bearing floorplans from financial institutions	1 648	1 841
Acquisition of businesses	–	(280)
Reclassification from liabilities classified as held-for-sale and now settled	(23)	(1)
Reclassification of unsecured loans to bank overdrafts	127	–
Revaluation of foreign denominated facilities charged to the statement of profit or loss	(12)	4
Currency adjustments	267	(706)
Banking facilities at the end of the year	3 361	7 779
– Total interest-bearing borrowings	5 130	9 563
– *Less:* Bank overdrafts	(896)	(136)
– *Less:* Interest-bearing floorplans from financial institutions	(873)	(1 648)
	(4 059)	1 079
The cash (outflows)/inflows on banking facilities for the year comprises of:		
(Repayment)/advances of banking facilities	(1 496)	2 536
Repayment of settled banking facilities	(2 563)	(1 457)
	(4 059)	1 079

Refer to note 6.1 – Interest-bearing debt for additional information.

The Group follows a centralised cash management process, including cash management systems to minimise risk and related interest costs across bank accounts. The cash management systems ensure that any excess cash held in the business units is transferred through the sweeping processes to the treasury departments in the various jurisdictions. The consolidated borrowing position of the Group is assessed daily and any excess cash is transferred to or withdrawn from banking facilities as required.

Based on the processes utilised, any repayments or settlements of banking facilities are reflected on an aggregated basis in the audited consolidated and separate annual financial statements except where facilities are settled and no longer available.

6.4 Cash and cash equivalents

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

	2021 Rm	2020 Rm
Cash resources	1 729	2 121
Bank overdrafts	(896)	(136)
	833	1 985

7. Tax

7.1 Current tax

	2021 Rm	2020 Rm
Income tax	**(591)**	(623)
Current year	**(597)**	(519)
Prior year overprovision/(under provision)	**11**	(102)
Capital gains tax	**(5)**	(2)
Deferred tax	**(127)**	267
Current year	**(139)**	281
Prior year under provision	**19**	90
Write down of deferred tax assets	**(7)**	(104)
	(718)	(356)

Reconciliation of effective tax rate (%)

	2021 %	2020 %
South African normal tax rate	**28,0**	28,0
Adjusted for		
– Dividends received	**(1,7)**	(11,8)
– Share-based equity permanent differences	**(0,6)**	(0,8)
– Profit on sale of properties	**(0,2)**	(2,1)
– Impairment of non-financial assets	**0,7**	3,6
– Impairment of other financial assets	**0,3**	10,9
– Impairment of goodwill	**0,5**	9,8
– Impairment of distribution rights	**–**	5,8
– Reversal of impairment of investment in associates and joint ventures transactions	**(0,1)**	(1,2)
– Assessed losses recognised	**(0,4)**	(1,9)
– Prior year (overprovision)/underprovisions	**(1,1)**	2,1
– Impairment of deferred tax assets	**0,2**	20,1
– Foreign tax rate differential	**(1,3)**	4,2
– Other[1]	**1,2**	1,9
Effective tax rate[2]	**25,5**	68,6

[1] *Other includes learnerships allowances received and other non-deductible expenses such as legal fees and donations.*
[2] *Effective tax is calculated on profit before tax excluding the share of income from associates and joint ventures.*

	2021 Rm	2020 Rm
Taxation paid		
Amounts payable at the beginning of the year	**(112)**	(60)
Acquisition of businesses	**–**	(4)
Charge per the statement of profit or loss (excluding deferred taxation)	**(591)**	(623)
Direct tax charge from share-based equity	**8**	6
Currency adjustments	**(1)**	(2)
Amounts payable at the end of the year	**2**	112
	(694)	(571)
The amounts payable at the end of the year comprises of:		
Current tax assets	**(188)**	(53)
Current tax liabilities	**190**	165
	2	112

7. Tax (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, based on approved forecasts, 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 arises from disallowed provisions and accruals which are 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.

Deferred tax raised in foreign tax jurisdictions is at the tax rate applicable to those jurisdictions.

Refer to note 1.5 – Critical accounting judgements, estimates and assumptions, for significant judgements with regards to deferred tax.

Reconciliation of movement

	2021 Rm	2020 Rm
Balance receivable at the beginning of the year	**1 273**	1 021
Movement during the year		
Modified retrospective adjustment in terms of IFRS 16	**–**	41
Acquisition of businesses	**–**	(7)
Charge per the statement of profit or loss	**(127)**	267
Direct tax charge from share-based equity	**(10)**	(3)
Amounts recognised in hedge accounting reserve	**132**	(59)
Currency adjustments	**(11)**	13
Balance receivable at the end of the year	**1 257**	1 273
The balance receivable at the end of the year comprises of:		
Deferred tax asset	**1 286**	1 302
Deferred tax liability	**(29)**	(29)
	1 257	1 273

Analysis of deferred tax

	2021 Rm	2020 Rm
Property, plant and equipment	**(137)**	(135)
Right-of-use assets	**(186)**	(263)
Net investment in lease receivables	**(11)**	(28)
Intangible assets	**(9)**	(16)
Vehicles for hire	**(8)**	(24)
Inventories	**213**	272
Contract liabilities	**377**	343
Lease liabilities	**192**	343
Trade and other payables	**393**	300
Provisions	**264**	223
Net derivative instruments	**94**	142
Tax losses	**44**	75
Other	**31**	41
	1 257	1 273

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. There are no deductible temporary differences, unused tax losses, unused tax credits and permanent differences that will expire from tax authorities.

7. Tax (continued)

7.2 Deferred tax (continued)

Estimated tax losses

	2021 Rm	2020 Rm
Unused tax losses available for set-off against future taxable income	1 572	1 755
Deferred tax asset recognised in respect of such losses	(157)	(267)
Remaining tax losses not recognised	**1 415**	1 488

Deferred tax assets on assessed losses are only recognised when it has been ascertained that there will be sufficient taxable profit in the future periods that will be available, based on approved forecasts, against which the assessed losses can be utilised.

Refer to note 1.5 – Critical accounting judgements, estimates and assumptions for further details regarding the assessment of the recoverability of the deferred tax assets in respect of future taxable profits.

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

8. Profit or loss

8.1 Revenue

Included in revenue are invoiced sales, net of discounts, to customers for:

- vehicles and parts;
- workshop and panelshop;
- maintenance, service and warranty contracts;
- rentals on vehicles for hire; and
- fees on vehicles, parts and services sold.

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

The Group recognises revenue from contracts with customers in accordance to the five-step approach outlined in IFRS 15 – *Revenue from contracts with customers*. On this basis, revenue is recognised either at a point in time or over time in the statement of profit or loss.

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 (short-term leases) – when the vehicle is returned and the total revenue value can be established;
- Motor vehicle rental (longer term leases) – revenue is recognised based on the stage of completion on lease term, on the contractual rate per day;
- Fees on vehicles and parts sold – once payment from the customer has been secured and the vehicles and parts have been delivered; and
- Fees on value added products – when the sales contract is concluded.

Notes to the consolidated annual financial statements (continued)

8. Profit or loss (continued)

8.1 Revenue (continued)

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 or 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 or 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 FRRC which has an independent Chairman who is an actuary.

Guaranteed buy-back arrangements where control has not transferred to the purchaser, is 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, no revenue is recognised and the loss is recognised upfront in operating expenses.

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. Please refer to note 3.6 – 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 an agent) by dealerships 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.
- 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 OEM, the exception to this would be for pre-owned 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 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.

8. Profit or loss (continued)

8.1 Revenue (continued)

Revenue by nature

	2021 Rm	2020 Rm
Sale of goods	**78 435**	64 347
– New motor vehicles sales	**40 167**	32 979
– Pre-owned vehicles sales	**22 266**	17 751
– Parts and other goods sales	**16 002**	13 617
Rendering of services	**8 770**	9 070
– Vehicle workshop, maintenance, service and warranty	**5 555**	5 166
– Motor vehicle rental	**1 339**	2 139
– Fees on vehicles, parts and services sold[1]	**1 876**	1 765
	87 205	73 417
Split as follows between a point in time and over a period of time:		
– Revenue recognised at a point in time	**85 919**	72 139
– Revenue recognised over a period of time (maintenance, service and warranty of Financial Services)	**1 286**	1 278

[1] *Included in fees received on vehicles, parts and services sold, is rental received from investment properties, in terms of IFRS 16.*

Revenue from the Group's 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 or loss.

8.2 Net operating expenses

	2021 Rm	2020 Rm
Direct cost of sales	**(71 520)**	(59 006)
Auditors' remuneration	**(48)**	(45)
Dividend income	**142**	462
Fair value movements on preference share arrangements	**34**	(241)
Fair value adjustment on listed shares	**3**	(2)
Employee costs (including directors remuneration)	**(6 325)**	(6 181)
Contributions to retirement funds	**(298)**	(357)
Share-based equity income/(costs) charged to profit or loss	**17**	(95)
Profit recognised on termination of lease contracts	**23**	18
– Loss on derecognition of right-of-use assets	**(104)**	(29)
– Profit on derecognition of lease liabilities	**127**	47
Remeasurement of contingent consideration	**(14)**	–
Operating lease charges	**(95)**	(106)
Other operating expenses[1]	**(3 869)**	(3 615)
	(81 950)	(69 168)

[1] *Other includes expenses relating to the operating of the Group's businesses, including vehicle expenses, marketing, telecommunication expenses, property related expenditure and IT costs.*

8. Profit or loss (continued)

8.3 Depreciation, amortisation, impairments and recoupments

8.3.1 Depreciation and amortisation

	2021 Rm	2020 Rm
Depreciation and amortisation	(1 513)	(1 928)
– Intangible assets	(33)	(34)
– Property, plant and equipment	(373)	(348)
– Investment properties	(10)	(9)
– Right-of-use assets	(511)	(518)
– Vehicles for hire	(586)	(1 019)
Impairment	–	(19)
– Intangible assets	–	(17)
– Vehicles for hire	–	(2)
Depreciation and amortisation	(1 513)	(1 947)
Profit/(loss) on disposal	6	1
– Intangible assets	–	(2)
– Property, plant and equipment	6	3
	(1 507)	(1 946)

Refer to note 8.4.1 – Once-off restructuring costs and 3.1 – Property, plant and equipment for additional information in relation to once-off restructuring costs incurred in the prior year.

Refer to note 2.2 – Intangible assets, 3.1 – Property, plant and equipment, 3.2 – Investment properties, 3.3.1 – Right-of-use assets and 3.4 – Vehicles for hire for additional information.

8.3.2 Impairment of properties, net of profit/(losses) on sale

	2021 Rm	2020 Rm
Impairment	(64)	(101)
Profit on sale	57	41
	(7)	(60)
Reconciliation to (losses)/profit on disposals and impairments		
Profit on disposal of plant and equipment[1]	6	1
Impairment of properties, net of profit/(losses) on sale	(7)	(60)
	(1)	(59)

[1] *Refer to 8.3.1 – Depreciation and amortisation for additional information.*

8.4 Once-off restructuring costs and other costs

8.4.1 Once-off restructuring costs

	2021 Rm	2020 Rm
Once-off restructuring costs incurred as a result of the impact of COVID-19	–	(186)
	–	(186)

8. Profit or loss (continued)

8.4 Once-off restructuring costs and other costs (continued)

8.4.2 Other costs

	2021 Rm	2020 Rm
Impairment of goodwill	(50)	(182)
Impairment of intangible assets	–	(107)
Profit on disposal of businesses	9	4
Profit on sale of an associate	–	31
Reversal of impairment of investments in associates and joint ventures	8	22
– Reversal of impairments on investments in associates and joint ventures	10	22
– Impairment of a loan to an associate	(2)	–
Total capital items	(33)	(232)
Amortisation of intangible assets arising on business combinations	(12)	(12)
Gain on derecognition on financial instruments	–	10
Business acquisition costs	–	(8)
	(45)	(242)

8.5 Finance costs and finance income

8.5.1 Finance costs

	2021 Rm	2020 Rm
Finance costs on facilities, including floorplans from financial institutions	(511)	(927)
Finance costs on lease liabilities	(155)	(175)
Fair value loss on interest rate derivative contracts	–	(73)
	(666)	(1 175)
Reconciliation to finance costs paid		
Total finance costs	(666)	(1 175)
Less: Fair value adjustment on interest rate derivative contracts	–	73
Less: Movement in interest rate accruals	(50)	35
	(716)	(1 067)

Refer to note 6.1 – Interest-bearing debt, for further details on the underlying debt instruments.

8.5.2 Finance income

	2021 Rm	2020 Rm
Finance income earned on cash resources	50	36
Interest earned on net investment in lease receivables	9	23
Fair value income on interest rate derivative contracts	64	–
	123	59
Reconciliation to finance income received		
Total finance income	123	59
Less: Fair value adjustment on interest rate derivative contracts	(64)	–
	59	59

Refer to note 6.1 – Interest-bearing debt, for further details on the underlying debt instruments, note 6.2 – Cash resources, for further details of the cash resources and note 4.2 – Net investment in lease receivables, for further details on the net investment in lease receivables.

8. Profit or loss (continued)

8.6 Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the 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 in 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 1/2021 – *Headline Earnings*, as issued by the South African Institute of Chartered Accountants (SAICA). The implementation of the new circular has had no impact on the Group's results.

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 in 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 antidilutive 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.

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:

	2021 Rm	2020 Rm
Profit attributable to the owners of Motus for basic earnings	**2 098**	306
Headline earnings (see reconciliation below)	**2 145**	550

The weighted average number of ordinary shares used in the calculations is as follows:

	2021 Million	2020 Million
Weighted average number of ordinary shares for basic	**182**	186
Weighted average number of ordinary shares for diluted	**189**	191
Reconciliation of weighted average number shares to a diluted number of shares		
Weighted average number of ordinary shares	**182**	186
Ordinary shares pledged to Investec via Ukhamba	**5**	5
Potential issue of shares to settle share-scheme obligations	**2**	–
Weighted average number of diluted shares	**189**	191

	2021 Cents	2020 Cents
Basic earnings per share	**1 153**	165
Diluted basic earnings per share	**1 110**	160
Headline earnings per share	**1 179**	296
Diluted headline earnings per share	**1 135**	288

8. Profit or loss (continued)

8.6 Earnings per share (continued)

Headline earnings per share

	Before tax Rm	Tax and NCI Rm	2021 Rm	2020 Rm
Earnings used in the calculation of basic earnings per share			2 098	306
Adjusted for:				
– Impairment of goodwill (IAS 36)	50	–	50	165
– Impairment of other intangible assets (IAS 36)	–	–	–	64
– Impairment of intangible assets (IAS 36)	–	–	–	12
– Loss on disposal of intangible assets (IAS 38)	–	–	–	1
– Reversal of impairment of associates and joint ventures (IAS 28)	(8)	–	(8)	(22)
– Impairment of property, plant and equipment (IAS 36)	64	–	64	86
– Profit on disposal of property, plant and equipment (IAS 16)	(63)	11	(52)	(41)
– Impairment of right-of-use assets (IAS 36)	–	–	–	10
– Impairment of vehicles for hire	–	–	–	1
– Profit on disposal of businesses and associates	(9)	2	(7)	(34)
– Adjustments included in result of associates and joint ventures	–	–	–	2
Headline earnings			2 145	550

	2021	2020
Equity attributable to owners of Motus (Rm)	12 052	12 508
Shares in issue net of shares repurchased (million)	183	188
Net asset value (NAV) per ordinary share (cents)	6 586	6 653
Tangible net asset value (TNAV) per ordinary share (cents)	5 741	5 764

Notes to the consolidated annual financial statements (continued)

9. Cashflows

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

	2021 Rm	2020 Rm
Operating profit before financing costs	3 360	1 635
Adjusted for:		
– Movements in expected credit losses of other financial assets	31	–
– Dividend income	(142)	(462)
– Unrealised gains on preference share arrangements	(34)	241
– Fair value adjustment on listed shares	(3)	2
– Impairment of unlisted investments	4	–
– Recognition of share-based payment (income)/costs	(17)	95
– Costs paid on share-based equity	–	(1)
– Profit on derecognition of right-of-use assets and lease liabilities on termination of lease contracts	(23)	(18)
– Remeasurement of contingent consideration	14	–
– Depreciation, amortisation, impairments and recoupments	1 507	1 946
– Impairment of properties, net of profit/(losses) on sale	7	60
– Net foreign exchange losses	383	13
– Impairment of right-of-use assets due to restructuring	–	14
– Impairment of plant and equipment due to restructuring	–	1
– Impairment of goodwill	50	182
– Impairment of intangible assets	–	107
– Profit on disposal of businesses	(9)	(4)
– Profit on disposal of investments in associates and joint ventures	–	(31)
– Reversal of impairment of investments in associates and joint ventures	(8)	(22)
– Amortisation of intangible assets arising on business combinations	12	12
– Gain on derecognition of financial instruments	–	(10)
– Net movement in contract liabilities	55	(21)
– Net movement in provisions	148	49
Cash generated by operations before changes in working capital	5 335	3 788
Movements in working capital	1 778	333
Decrease in inventories	2 614	1 181
(Increase)/decrease in trade and other receivables	(346)	1 489
Decrease in derivative financial assets	146	102
Decrease in trade and other payables	(480)	(2 430)
Decrease in derivative financial liabilities	(156)	(9)
Cash generated by operations before interest, taxation paid and capital expenditure on vehicles for hire	7 113	4 121

9. Cashflows (continued)

9.2 Capital expenditure

In the current year, net capital expenditure incurred in investing activities amounted to R325 million (2020: R324 million) and the proceeds received from disposals amounted to R235 million (2020: R180 million).

	2021 Rm	2020 Rm
Replacement capital expenditure		
– Property, plant and equipment	(345)	(313)
– Investment properties	–	(1)
– Intangible assets	(35)	(23)
Total	(380)	(337)
Proceeds from disposals		
– Property, plant and equipment	235	180
Total	235	180
Net replacement capital expenditure		
– Property, plant and equipment	(110)	(133)
– Investment properties	–	(1)
– Intangible assets	(35)	(23)
Total	(145)	(157)
Expansion capital expenditure		
– Property, plant and equipment	(178)	(151)
– Intangible assets	(2)	(16)
Total	(180)	(167)
Total net capital expenditure		
– Property, plant and equipment	(288)	(284)
– Investment properties	–	(1)
– Intangible assets	(37)	(39)
Total	(325)	(324)

The above table does not include capital expenditure on vehicles for hire, which is treated as operating cash flows and is disclosed in note 3.4 – Vehicles for hire.

Details on future capital commitments are provided for in note 10.1 – Capital expenditure commitments.

Notes to the consolidated annual financial statements (continued)

10. Commitments and contingencies

10.1 Capital expenditure commitments

The commitments are substantially for the construction of buildings to be used by the Group, 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.

	2021 Rm	2020 Rm
Contracted	184	45
Authorised by the directors, but not contracted	27	56
	211	101

10.2 Contingent liabilities

The Group 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

	2021 Rm	2020 Rm
Letters of credit	3 071	1 473
Guarantees	693	862
	3 764	2 335

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

Included in the guarantees above, is a guarantee on banking facilities issued for the benefit of getWorth Proprietary Limited, a subsidiary of Synapt Proprietary Limited, amounting to R11 million.

There are no financial guarantee contracts in place that require recognition in the statement of financial position.

Litigation

	2021 Rm	2020 Rm
Subsidiary companies have received summons for claims. The Group and its legal advisers believe that these claims are unlikely to succeed.	9	22
	9	22

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

11. Our people

11.1 Directors' and prescribed officers remuneration

R 000	Salary	Bonus	Retirement and medical aid contributions	Other fringe benefits	Directors fees paid by the Company	**Total 2021[5]**	Total 2020	**Expected value of long-term incentive awards made in 2021[1]**	Expected value of long-term incentive awards made in 2020[1]
Executive directors									
OS Arbee	9 745	16 139	469	386	–	**26 739**	18 948	**11 130**	11 130
OJ Janse van Rensburg	5 027	8 410	411	170	–	**14 018**	9 958	**5 800**	5 800
KA Cassel	4 068	4 900	389	210	–	**9 567**	7 709	**3 675**	4 900
Total executive directors	18 840	29 449	1 269	766	–	**50 324**	36 615	**20 605**	21 830
Non-executive directors									
GW Dempster	–	–	–	–	1 857	**1 857**	1 914	**–**	–
A Tugendhaft	–	–	–	–	1 207	**1 207**	1 229	**–**	–
PJS Crouse[2]	–	–	–	–	250	**250**	–	**–**	–
NB Duker[2]	–	–	–	–	285	**285**	–	**–**	–
P Langeni[3]	–	–	–	–	141	**141**	518	**–**	–
S Mayet	–	–	–	–	977	**977**	977	**–**	–
KR Moloko[3]	–	–	–	–	598	**598**	598	**–**	–
MJ Njeke	–	–	–	–	1 023	**1 023**	854	**–**	–
Total non-executive directors	–	–	–	–	6 338	**6 338**	6 090	**–**	–
Prescribed officers									
JK Jefferies[3]	782	–	70	83	–	**935**	2 913	**–**	770
NW Lynch	2 868	3 800	421	255	–	**7 344**	5 919	**1 775**	2 485
C Venter	3 432	3 957	453	263	–	**8 105**	6 277	**2 150**	3 010
NE Simelane[4]	683	1 000	66	1	–	**1 750**	–	**–**	–
Total prescribed officers	7 765	8 757	1 010	602	–	**18 134**	15 109	**3 925**	6 265

[1] *This is a future expected value over a period of three and four years and is subject to certain performance obligations being met.*
[2] *Appointed as a non-executive director during the year.*
[3] *Resigned during the year.*
[4] *Appointed as a prescribed officer from April 2021.*
[5] *The non-executive directors are remunerated by the Company and the executive and prescribed officers are remunerated by a subsidiary company.*

11. Our people (continued)

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 the Group 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 onward, the value is based solely on the Motus share price.

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

	Motus only		Motus and Imperial combined			
	2020[1]	2019	2017	2016	2015	2014
Volatility (%)	34,30	29,00	35,60	34,00	32,00	28,41
Weighted average share price (Rand)	72,05	89,67	152,65	127,77	174,65	193,77
Weighted average exercise price (Rand)	72,05	89,67	152,65	127,77	174,65	193,77
Weighted average fair value (Rand)	17,31	22,10	44,25	39,08	48,76	46,67
Expected life (years)	4,27	4,27	4,30	4,39	4,27	4,28
Average risk-free rate (%)	7,22	8,20	7,59	8,75	7,47	7,75
Expected dividend yield (%)	5,50	4,50	4,00	3,75	3,50	4,34

[1] *No SARs were issued during 2018 and 2021.*

The volatilities were determined by calculating the historical volatility of Motus' share price over the prior three years. In the prior years, this was based on Imperial and Motus' share price volatility. The expected life is determined by the rules of the schemes which dictate the final expiry date.

Details of rights by year of grant

	2021		2020			
	Remaining number of rights	Average exercise price Rand	Remaining number of rights	Average exercise price Rand	Vesting date	Expiry date
Historical Imperial Share Scheme						
June 2014	–	193,77	341 555	193,77		June 2021
October 2015	904 979	174,65	1 086 462	174,65		June 2022
May 2016	–	127,77	1 712 531	127,77	September 2019	June 2021
June 2017	478 886	152,65	2 329 646	152,65	September 2020	June 2022
	1 383 865	167,04	5 470 194	151,80		
Motus Share Scheme						
November 2018	2 735 290	89,67	3 042 383	89,67	September 2021	June 2023
September 2019	3 232 359	72,05	3 605 308	72,05	September 2022	June 2024
	5 967 649	80,13	6 647 691	80,11		
Total unexercised rights at the end of the year	7 351 514	96,49	12 117 885	112,47		

11. Our people (continued)

11.2 Share appreciation rights (continued)

Movement in number of rights

	2021 Number of rights	2021 Weighted average exercise price Rand	2020 Number of rights	2020 Weighted average exercise price Rand
Historical Imperial Share Scheme				
Unexercised rights granted at the beginning of the year	**5 470 194**	**151,80**	7 004 824	152,64
– Exercised during the year	**(1 488 745)**	**127,77**	(162 787)	127,77
– Forfeited during the year	**(2 597 584)**	**157,45**	(1 371 843)	158,96
Unexercised rights at the end of the year	**1 383 865**	**167,04**	5 470 194	151,80
Motus Share Scheme				
Unexercised rights granted at the beginning of the year	**6 647 691**	**80,11**	3 449 620	89,67
– Allocated during the year	**–**	**–**	3 746 041	72,05
– Forfeited during the year	**(680 042)**	**79,93**	(547 970)	85,19
Unexercised rights at the end of the year	**5 967 649**	**80,13**	6 647 691	80,11
Total unexercised rights at the end of the year	**7 351 514**	**96,49**	12 117 885	112,47

The SARs for executive directors and prescribed officers are set out below:

	Allocation date	Price on allocation date Rand	Vesting date	Expiry date	Number of rights	Number of allocated rights	Number of forfeited rights	Number of exercised rights	Number of remaining rights[1]
Executive directors									
OJ Janse van Rensburg	06 Oct 15	174,65	18 Sep 18	23 Jun 22	32 900	–	–	–	32 900
	18 May 16	127,77	16 Sep 19	22 Jun 21	50 878	–	–	(50 878)	–
	21 Jun 17	152,65	16 Sep 20	22 Jun 22	91 188	–	(70 060)	–	21 128
KA Cassel	06 Oct 15	174,65	18 Sep 18	23 Jun 22	20 576	–	–	–	20 576
	18 May 16	127,77	16 Sep 19	22 Jun 21	76 553	–	–	(76 553)	–
	21 Jun 17	152,65	16 Sep 20	22 Jun 22	125 352	–	(96 308)	–	29 044
	30 Nov 18	89,67	15 Sep 21	22 Jun 23	182 450	–	–	–	182 450
Prescribed officers									
JK Jefferies	30 Nov 18	89,67	15 Sep 21	22 Jun 23	33 933	–	(33 933)	–	–
	04 Sep 19	72,05	15 Sep 22	22 Jun 24	53 752	–	(53 752)	–	–
NW Lynch	06 Oct 15	174,65	18 Sep 18	23 Jun 22	19 829	–	–	–	19 829
	18 May 16	127,77	16 Sep 19	22 Jun 21	42 019	–	–	(42 019)	–
	21 Jun 17	152,65	16 Sep 20	22 Jun 22	50 461	–	(38 769)	–	11 692
	30 Nov 18	89,67	15 Sep 21	22 Jun 23	74 138	–	–	–	74 138
	04 Sep 19	72,05	15 Sep 22	22 Jun 24	99 127	–	–	–	99 127
C Venter	06 Oct 15	174,65	18 Sep 18	23 Jun 22	26 808	–	–	–	26 808
	18 May 16	127,77	16 Sep 19	22 Jun 21	42 827	–	–	(42 827)	–
	21 Jun 17	152,65	16 Sep 20	22 Jun 22	54 260	–	(41 688)	–	12 572
	30 Nov 18	89,67	15 Sep 21	22 Jun 23	74 138	–	–	–	74 138
	04 Sep 19	72,05	15 Sep 22	22 Jun 24	120 070	–	–	–	120 070

[1] *The number of rights that will eventually vest is subject to the achievement of performance conditions linked to core earnings per share targets relative to a peer group of 20 JSE listed companies and ROIC targets relative to WACC. The rights which vest could be fewer than the number granted.*

11. Our people (continued)

11.2 Share appreciation rights (continued)

Net gains on SARs and Deferred Bonus Plans

	2021 R 000	2020 R 000
OS Arbee	**4 682**	7 049
OJ Janse van Rensburg	**859**	708
KA Cassel	**391**	–
NW Lynch	**553**	584
C Venter	**636**	–
	7 121	8 341

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 the Group 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
Volatility (%)	29,00	35,60	34,00
Weighted average share price (Rand)	89,67	152,65	127,77
Weighted average fair value (Rand)	77,60	134,09	112,76
Expected life (years)	3,21	3,20	3,30
Average risk-free rate (%)	8,20	7,60	8,80
Expected dividend yield (%)	4,50	4,00	3,80

No deferred bonus plans (DBPs) were issued in 2018, 2020 and 2021.

There is no weighted average exercise price on the DBPs.

The volatilities were determined by calculating the historical volatility of Motus' share price over the prior three years. In the prior years, this was based on Imperial and Motus' share price volatility. 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

	Expiry date	Remaining number of rights 2021	Remaining number of rights 2020
September 2017	September 2020	**–**	164 877
November 2018	September 2021	**240 097**	240 097
Total unexercised rights at the end of the year		**240 097**	404 974

Movement in the number of rights granted

	Number of rights 2021	Number of rights 2020
Unexercised rights at the beginning of the year	**404 974**	616 981
– Exercised during the year	**(164 877)**	(207 855)
– Forfeited during the year	**–**	(4 152)
Total unexercised rights at the end of the year	**240 097**	404 974

11. Our people (continued)

11.3 Deferred bonus plan (continued)

The DBPs 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 directors					
OS Arbee	21 Jun 17	16 Sep 20	62 234	(62 234)	–
	30 Nov 18	16 Sep 21	118 211	–	118 211
OJ Janse van Rensburg	21 Jun 17	16 Sep 20	7 959	(7 959)	–
	30 Nov 18	16 Sep 21	61 336	–	61 336
Prescribed officers					
NW Lynch	21 Jun 17	16 Sep 20	3 834	(3 834)	–
	30 Nov 18	16 Sep 21	10 706	–	10 706
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 is included in note 11.2 – Share appreciation rights.

11.4 Conditional share plan

Employees receive grants of conditional share plan awards (CSPs) and the vesting is subject to performance conditions. The performance conditions for the CSPs are based on performance targets set by the board. The current performance conditions applicable to annual CSP allocations are the same as those used in respect of SARs. CSPs are only awarded to the most senior employees and replaced 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:

	2021	2020	2019
Volatility (%)	**40,00**	34,30	29,00
Weighted average share price (Rand)	**30,45**	72,05	89,67
Weighted average fair value (Rand)	**25,52**	57,15	77,60
Expected life (years)	**3,21**	4,21	3,21
Average risk-free rate (%)	**4,15**	7,22	8,20
Expected dividend yield (%)	**5,50**	5,50	4,50

There is no weighted average exercise price on the CSPs.

The volatilities were determined by calculating the historical volatility of Motus' share price over the prior three years. In the prior years, this was based on Imperial and Motus' share price volatility. The expected life is determined by the rules of the schemes which dictate the final expiry date.

Details of conditional awards taken up that will vest by year of grant

	Vesting date	**Remaining number of conditional awards 2021**	Remaining number of conditional awards 2020
November 2018	September 2021	**356 864**	356 864
November 2018	September 2022	**535 296**	535 296
September 2019	September 2022	**506 603**	506 603
July 2020	September 2023	**2 148 306**	–
Total unexercised awards at the end of the year		**3 547 069**	1 398 763

11. Our people (continued)

11.4 Conditional share plan (continued)

Movement in the number of conditional awards granted

	Number of conditional awards 2021	Number of conditional awards 2020
Unexercised conditional awards granted at the beginning of the year	**1 398 763**	892 160
– Awarded during the year	**2 274 950**	506 603
– Exercised during the year	**(3 411)**	–
– Forfeited during the year	**(123 233)**	–
Total unexercised conditional awards at the end of the year	**3 547 069**	1 398 763

The CSPs for executive directors and prescribed officers are set out below.

	Date of grant	Vesting date	Conditional awards	Forfeited during the year	Vested during the year	Balance
Executive directors						
OS Arbee	30 Nov 18	15 Sep 21	133 824	–	–	133 824
	30 Nov 18	15 Sep 22	200 736	–	–	200 736
	04 Sep 19	15 Sep 22	205 968	–	–	205 968
	01 Jul 20	15 Sep 23	288 884	–	–	288 884
OJ Janse van Rensburg	30 Nov 18	15 Sep 21	78 064	–	–	78 064
	30 Nov 18	15 Sep 22	117 096	–	–	117 096
	04 Sep 19	15 Sep 22	107 333	–	–	107 333
	01 Jul 20	15 Sep 23	264 840	–	–	264 840
KA Cassel	30 Nov 18	15 Sep 21	55 760	–	–	55 760
	30 Nov 18	15 Sep 22	83 640	–	–	83 640
	04 Sep 19	15 Sep 22	90 678	–	–	90 678
	01 Jul 20	15 Sep 23	167 808	–	–	167 808
Prescribed officers						
NW Lynch	30 Nov 18	15 Sep 21	44 608	–	–	44 608
	30 Nov 18	15 Sep 22	66 912	–	–	66 912
	04 Sep 19	15 Sep 22	19 709	–	–	19 709
	01 Jul 20	15 Sep 23	81 050	–	–	81 050
C Venter	30 Nov 18	15 Sep 21	44 608	–	–	44 608
	30 Nov 18	15 Sep 22	66 912	–	–	66 912
	04 Sep 19	15 Sep 22	23 872	–	–	23 872
	01 Jul 20	15 Sep 23	98 174	–	–	98 174

11. Our people (continued)

11.5 Directors' and prescribed officers interest in shares

The interest of directors and prescribed officers in the ordinary shares of Motus are:

	Direct holdings		Indirect holdings		Total holdings	
	2021 Number of shares	2020 Number of shares	**2021 Number of shares**	2020 Number of shares	**2021 Number of shares**	2020 Number of shares
Executive directors						
OS Arbee	**125 211**	128 211	**223 474**	168 240	**348 685**	296 451
OJ Janse van Rensburg	**108 096**	100 137	**–**	–	**108 096**	100 137
KA Cassel	**694**	694	**–**	–	**694**	694
Non-executive directors						
GW Dempster	**99**	99	**–**	–	**99**	99
A Tugendhaft	**15 000**	15 000	**–**	–	**15 000**	15 000
Prescribed officers						
JK Jefferies		61		–		61
NW Lynch	**10 706**	14 540	**8 112 157**	7 871 074	**8 122 863**	7 885 614
NE Simelane	**–**		**–**		**–**	
C Venter	**19 440**	15 073	**–**	–	**19 440**	15 073
	279 246	273 815	**8 335 631**	8 039 314	**8 614 877**	8 313 129

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 audited consolidated and separate annual financial statements.

11.6 Key management

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

Remuneration paid to key management personnel is as follows:

	2021 Rm	2020 Rm
Salaries and allowances	**41**	41
Bonuses	**53**	29
Company contributions	**4**	4
Share-based equity costs	**14**	50
Other fringe benefits	**1**	1
	113	125
Number of key management personnel	**12**	11
Net gain on share options and cash retention bonuses	**9**	11

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.

The Group has many different operations where the Group's 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 the Group in excess of R100 000.

Notes to the consolidated annual financial statements (continued)

11. Our people (continued)

11.6 Key management (continued)

The total value of the goods and services supplied to or from key management, on an arm's length basis amounted to:

	2021 Rm	2020 Rm
Total value of the goods and services supplied to or from key management	**3**	1

During the year, the Group paid for direct services amounting to R13 million (2020: R5 million) on an arm's length basis to a firm of attorneys in which Mr. A Tugendhaft has an interest. An additional payment of R5 million was made for senior counsel services outsourced by the firm.

11.7 Related parties

Subsidiaries, associates, joint ventures, the Group's 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 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:

Revenues between Group entities

This relates to revenue between different legal entities within the Group. This differs from the segment report on the basis that revenue between two divisions may occur across two different segments, examples include an importer selling goods to one of its owned dealerships or a division in aftermarket parts selling goods to a dealership, where both entities form part of Motus Group Limited.

The following intra-group revenue has been eliminated:

	2021 Rm	2020 Rm
Sale of goods	**5 573**	5 811
Rendering of services	**1 140**	1 223
	6 713	7 034

Subsidiaries

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

Interest of directors in contracts

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

During the year, the Group sold R61 million (2020: R103 million) worth of goods and purchased R31 million (2020: R112 million) on an arm's length basis from Mr. J Johnson, a director of a subsidiary of the Group. In addition, R38 million (2020: R24 million) was paid to Mr. J Johnson at an arm's length basis for the rental of properties.

The Group also acquired an additional 10% shareholding in SWT Group Proprietary Limited from Mr. J Johnson. The purchase consideration paid amounted to R38 million.

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 the Group are disclosed in note 2.3 – Investments in associates and joint ventures.

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

	2021 Rm	2020 Rm
Sale of goods	5	28
Rendering of services	1	–
	6	28

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

	2021 Rm	2020 Rm
Lereko Motors Proprietary Limited	6	5
Car Hire Brokers Proprietary Limited	8	7
	14	12
Effective interest rate (%)	8,0 – 9,9	9,0 – 9,2

The loans are unsecured and repayable on demand.

Shareholders

The top ten shareholders of the Company as at June 2021 are as follows:

		Number of shares 000	% of issued voting capital
Ordinary shares			
Public Investment Corporation	South Africa	23 329	12,0
Ukhamba Holdings[1]	South Africa	17 550	9,0
M&G Investment Management	United Kingdom	13 923	7,2
Ninety One	South Africa	11 972	6,2
Visio Capital Management	South Africa	10 518	5,4
Coronation Fund Managers	South Africa	10 135	5,2
Mr. NW Lynch (Lynch Family Holding)	South Africa	8 123	4,2
Fairtree Capital	South Africa	7 281	3,8
Mr. MP De Canha (Wooddale Investments)	South Africa	6 454	3,3
Vanguard Group	United States of America	6 098	3,1
Deferred ordinary shares			
Ukhamba Holdings[1]	South Africa	5 205	2,7

[1] *In total, Ukhamba Holdings owns 11.7% of the voting shares in the Group.*

Notes to the consolidated annual financial statements (continued)

12. Assets and liabilities classified as held-for-sale

Assets and liabilities classified as held-for-sale includes assets and liabilities that currently do not align to the Group's long term strategies. In the current year, the assets classified as held-for-sale relate to dealership and importer properties in South Africa, UK and Australia. There are no businesses classified as held-for-sale. Disposals are expected to occur within the next 12 months and therefore the properties have been classified as held-for-sale. The proceeds from disposal are expected to exceed or equal the carrying amount of the assets.

	2021 Rm	2020 Rm
Major classes of assets comprising the assets held-for-sale		
Property, plant and equipment	**649**	146
	649	146
Major classes of liabilities directly associated with the assets held-for-sale		
Interest-bearing debt[1]	**–**	21
	–	21

[1] *The interest-bearing debt in the prior year relates to the mortgage loan on the property held-for-sale. The property held-for-sale had a carrying value of R45 million.*

The movements in assets held-for-sale are:

	2021 Rm	2020 Rm
Carrying value at the beginning of the year	**146**	182
Movement during the year		
Re-classification from property, plant and equipment	**591**	–
Re-classification to property, plant and equipment as owner-occupied	**(27)**	–
Re-classification to property, plant and equipment and now sold	**(50)**	(43)
Currency adjustments	**(11)**	7
Carrying value at the end of the year	**649**	146

The movements in liabilities directly associated with the assets held-for-sale are:

	2021 Rm	2020 Rm
Carrying value at the beginning of the year	**21**	19
Movement during the year		
Repayment included in interest-bearing debt	**(23)**	(1)
Currency adjustments	**2**	3
Carrying value at the end of the year	**–**	21

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

	2021 Rm	2020 Rm
Import and Distribution	**28**	38
Retail and Rental	**425**	63
Head Office and Eliminations	**196**	24
	649	125

13. Events after the reporting period

In the period subsequent to the financial year end, the following events occurred:

- The Group acquired an additional 11% shareholding with a purchase price of R6 million from the minority shareholders in Synapt Proprietary Limited, the holding company of getWorth Proprietary Limited. The Group's effective ownership has increased to 60%, therefore resulting in effective control.
- A gross dividend of 255 cents (2020: nil cents) per ordinary share is payable on 27 September 2021. The ordinary dividend is subject to the local dividend tax of 20% and the net ordinary dividend for those shareholders who are not exempt from paying tax, is therefore 204 cents (2020: nil cents) per share.
- The social unrest experienced in Gauteng and KwaZulu-Natal in South Africa subsequent to financial year end has not resulted in significant financial loss.

There were no material subsequent events, apart from those mentioned above, that occurred from the year ended 30 June 2021 to the date of these audited consolidated and separate annual financial statements.

14. New issued standards not yet effective

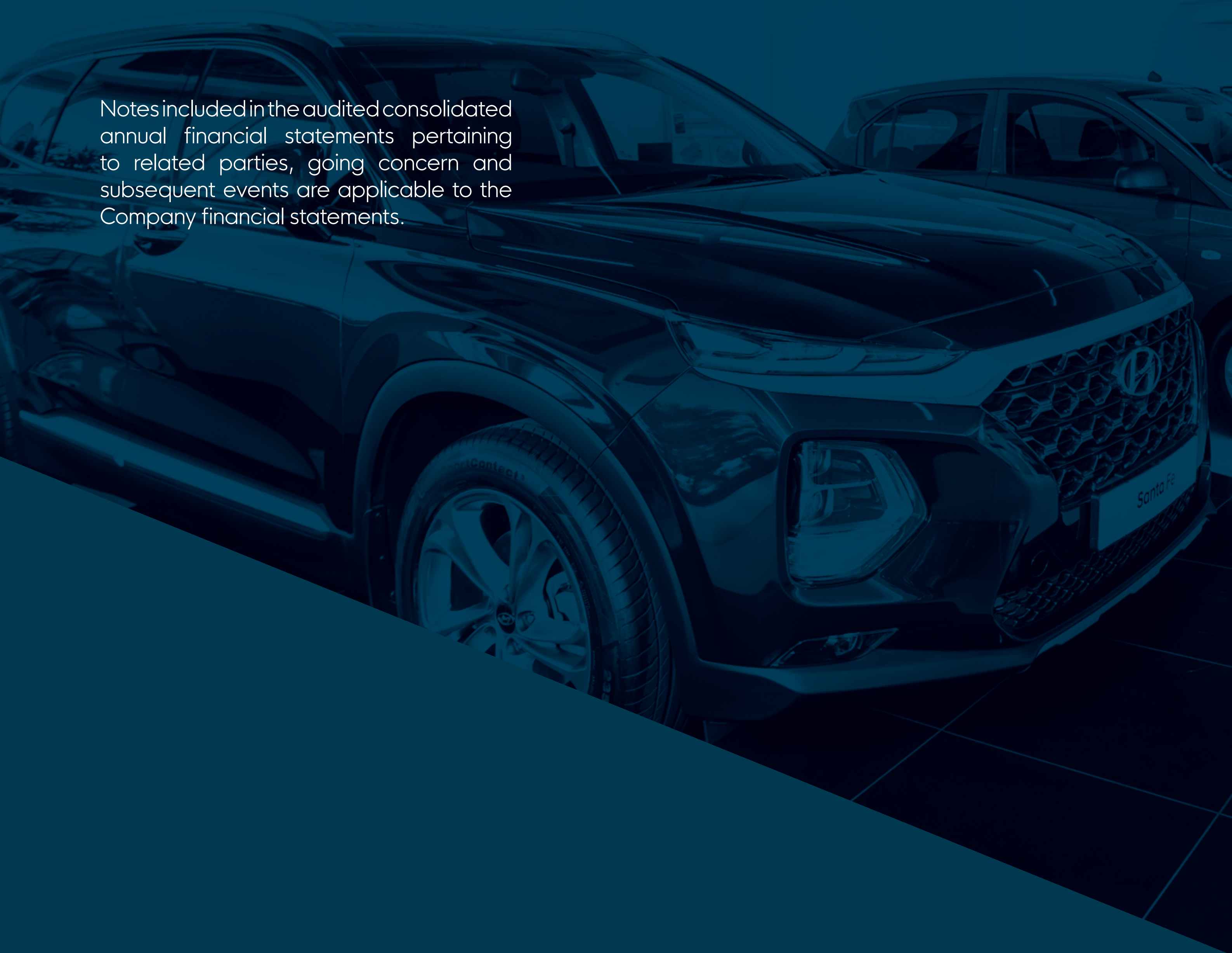
The following new and revised International Financial Reporting Standards that could have an impact on the Group's future consolidated annual and separate financial statements. These standards are effective in the 2022 financial year and beyond and the impact on the financial results is still being assessed.

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, determination of interest rate benchmarks (2022 financial year);
- Amendments to IAS 1, classification of liabilities as current or non-current (2023 financial year);
- Amendments to IAS 16, property, plant and equipment, proceeds before intended use (2023 financial year);
- Annual improvements to IFRS 2018 to 2020 (2023 financial year);
- Amendments to IFRS 3, reference to the conceptual framework (2023 financial year);
- Amendments to IAS 37 – *Onerous Contracts* – the cost of fulfilling a contract (2023 financial year);
- Amendments to IFRS 10 and IAS 28, sale or contribution of assets between an investor and its associate or joint venture (2023 financial year);
- Amendments to IAS 1, disclosures of accounting policies (2024 financial year);
- Amendments to IAS 8, definitions of accounting estimates (2024 financial year);
- IAS 12 Income Taxes – *Deferred Tax related to Assets and Liabilities arising from a Single transaction* (2024 financial year); and
- IFRS 17 – *Insurance Contracts* (2024 financial year).

The Group has elected not to early adopt any of the abovementioned standards.

Separate annual financial statements

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



Contents

The reports and statements set out below comprise the separate annual financial statements for the year ended 30 June 2021, which have been audited by the Group's independent external auditors, Deloitte & Touche.

Company statement of financial position

as at June 2021	Note	2021 Rm	2020 Rm
Assets			
Non-current assets		**13 413**	12 737
Investment in subsidiaries	2	**13 413**	12 737
Current assets		**64**	12
Loans due by affiliated company	3	**64**	12
Total assets		**13 477**	12 749
Equity and liabilities			
Capital and reserves			
Stated capital	5	**22 321**	22 672
Retained losses		**(8 847)**	(9 926)
Total equity		**13 474**	12 746
Liabilities			
Current liabilities		**3**	3
Trade and other payables	4	**3**	3
Total liabilities		**3**	3
Total equity and liabilities		**13 477**	12 749

Company statement of comprehensive income

for the year ended 30 June 2021	Note	2021 Rm	2020 Rm
Revenue	7	**1 413**	827
Net operating expenses	8	**(28)**	(23)
Operating profit		**1 385**	804
Impairment of investment in subsidiaries	2	**–**	(10 290)
Profit/(loss) before tax		**1 385**	(9 486)
Income tax expense		**–**	(1)
Profit/(loss) and comprehensive profit/(loss) for the year		**1 385**	(9 487)

There have been no movements in other comprehensive profit/(loss) in the current and prior year.

Company statements of cash flows

for the year ended 30 June 2021	Note	2021 Rm	2020 Rm
Cash flows from operating activities			
Cash paid to suppliers and employees		**(28)**	(24)
Cash generated by operations before interest, taxation paid and dividends received	9	**(28)**	(24)
Dividend income received	7	**1 413**	827
Taxation paid		**–**	(1)
		1 385	802
Cash flows used in investing activities			
Increase in investment in subsidiary	2	**(676)**	–
Advances on affiliated company loan		**(52)**	–
		(728)	–
Cash flows used in financing activities			
Repurchase of own shares		**(351)**	(313)
Dividends paid to equity holders of Motus		**(306)**	(491)
Utilisation of affiliated company loans		**–**	2
		(657)	(802)
Net increase in cash and cash equivalents		**–**	–
Cash and cash equivalents at the beginning of the year		**–**	–
Cash and cash equivalents at the end of the year		**–**	–

Company statement of changes in equity

for the year ended 30 June 2021	Stated capital Rm	Retained losses Rm	Total equity Rm
Opening balance as at 1 July 2019	22 985	52	23 037
Total comprehensive loss for the year	–	(9 487)	(9 487)
4 723 000 shares repurchased and cancelled at an average of R66.26 per share	(313)	–	(313)
Dividends paid to external equity holders of Motus	–	(491)	(491)
Closing balance as at 30 June 2020	**22 672**	**(9 926)**	**12 746**
Total comprehensive income for the year	–	1 385	1 385
1 746 397 shares repurchased and cancelled at an average of R50.96 per share	(89)	–	(89)
2 773 319 shares repurchased and cancelled subsequent to year end at an average of R94.47 per share	(262)	–	(262)
Dividends paid to external equity holders of Motus	–	(306)	(306)
Closing balance as at 30 June 2021	**22 321**	**(8 847)**	**13 474**

Notes to the company annual financial statements

Index

Notes to the company annual financial statements (continued)

1. Accounting policies

The Company has adopted the accounting policies as outlined in the audited consolidated annual financial statements.

2. Investment in subsidiaries

The investments are carried at cost less accumulated impairments.

	Motus Capital Proprietary Limited Rm	Motus Corporation Proprietary Limited Rm	Motus Group Limited Rm	**2021 Rm**	2020 Rm
Investment at cost	4 073	10 822	8 808	**23 703**	23 027
Accumulated impairments	(527)	(3 717)	(6 046)	**(10 290)**	(10 290)
	3 546	7 105	2 762	**13 413**	12 737
Carrying value at the beginning of the year	2 870	7 105	2 762	**12 737**	23 027
Movement during the year					
Additional investment in subsidiary	676	–	–	**676**	–
Impairments	–	–	–	**–**	(10 290)
Carrying value at the end of the year	3 546	7 105	2 762	**13 413**	12 737

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

A significant amount of judgement is used when determining the value in use of the investments held by Motus Holdings Limited in its subsidiaries Motus Capital Proprietary Limited, Motus Corporation Proprietary Limited and Motus Group Limited.

Consideration is given to external factors, primarily the share price and the resultant market capitalisation of Motus Holdings Limited and the financial performance of the underlying CGU's.

During the current year, there has been an improvement in the share price of the Group, the resultant market capitalisation and financial performance in the underlying CGU's compared to the prior year. This improvement indicated that no additional impairments were required.

Consideration was given as to whether the prior year impairments should be reversed. No impairment reversals were recognised as:

- there has been no significant change in the estimates used to calculate the recoverable amounts of the CGU since the last impairment was recognised; and
- there has been no significant change in the underlying structure of the CGU's.

Refer to note 1.5 – Critical accounting judgements, estimates and assumptions in the consolidated annual financial statements for the critical judgements used to determine the value in use of these investments.

3. Loan due by affiliated company

	2021 Rm	2020 Rm
Motus Group Limited	**64**	12

The loan bears no interest and is unsecured with no fixed terms of repayment. The loan is carried at amortised cost. The loan was assessed for recoverability and it has been concluded that the underlying loan can be recovered in cash if required and therefore a provision for expected credit losses is not required.

4. Trade and other payables

The directors consider 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 the Group's financial risk management policies.

	2021 Rm	2020 Rm
Accruals	**3**	3

5. Stated capital

	2021 Rm	2020 Rm
Ordinary stated capital issued	**22 321**	22 672

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

6. Deferred tax

Arising on the acquisition of investments in subsidiaries are taxable temporary differences amounting to R4 396 million. These taxable temporary differences have not been recognised in terms of IFRS 3 – *Business Combinations*.

7. Revenue

	2021 Rm	2020 Rm
Dividends received from subsidiary	**1 230**	777
– Motus Corporation Proprietary Limited	**1 230**	777
Dividends received from associate	**4**	6
– Ukhamba Holdings Proprietary Limited	**4**	6
Dividends received from Motus Corporate Services Proprietary Limited[1]	**179**	44
	1 413	827

[1] *There is no underlying investment in Motus Corporate Services Proprietary Limited, the dividends received relate to a silo that is consolidated within the greater Group. The dividends relate to distributions of funds relating to dividends received from the Company as well as proceeds on shares sold to Motus Corporation Proprietary Limited for settlement of the retirement obligations and share-based equity. All the distributions have taken place in the current year.*

Notes to the company annual financial statements (continued)

8. Net operating expenses

	2021 Rm	2020 Rm
Administration fees paid to affiliated company	**(10)**	(10)
– Motus Corporation Proprietary Limited	**(10)**	(10)
Other operating expenses	**(18)**	(13)
	(28)	(23)

9. Cash generated by operations before interest, taxation paid and dividends received

	2021 Rm	2020 Rm
Profit/(loss) before net financing costs	**1 385**	(9 486)
Adjusted for:		
– Dividend income	**(1 413)**	(827)
– Impairment of investment in subsidiaries	**–**	10 290
Cash utilised by operations before changes in working capital	**(28)**	(23)
Decrease in trade and other payables	**–**	(1)
Cash generated by operations before interest, taxation paid and dividends received	**(28)**	(24)

10. Contingent liabilities and contingent assets

Motus Holdings Limited, in its own name, has signed guarantees in an obligor arrangement, along with Motus Capital Proprietary Limited, Motus Corporation Proprietary Limited, Motus Group Limited and Hyundai Auto South Africa Proprietary Limited (the obligor companies) over the Group's interest-bearing debt. The interest-bearing debt excludes the foreign currency denominated floorplans from financial institutions of the operations in the United Kingdom and Australia. The obligor companies, in turn, have signed the same guarantees, therefore the Company would have both a contingent liability and a contingent asset due to the recovery from other obligor companies.

	2021 Rm	2020 Rm
The contingent liabilities are as follows:		
Group obligor guarantees		
Interest-bearing debt for the Group	**5 130**	9 563
Less: Cash resources for the Group	**(1 729)**	(2 121)
Less: Foreign currency denominated floorplans	**(784)**	(1 147)
Add: Loan due by affiliated company (held in the Company)	**64**	12
Group interest-bearing debt as guaranteed by the Company	**2 681**	6 307
Additional guarantee obligations of the Company	**1 082**	1 180
Total contingent liabilities	**3 763**	7 487
The contingent assets are as follows:		
Recovery of contingent liabilities from subsidiaries	**2 681**	6 307

There are no financial guarantee contracts in place that require recognition in the statement of financial position.

11. Directors remuneration

Refer to notes 11.1 to 11.5 in the audited consolidated annual financial statements for details regarding directors' and prescribed officers remuneration.

12. Events after the reporting date

Refer to note 13 in the audited consolidated annual financial statements for details regarding events after the reporting period.

Annexure A – Interests in subsidiaries

The Group is a diversified international group of companies that is a non-manufacturing service provider to the automotive sector. The consolidated annual financial statements include the accounts of Motus Holdings Limited and all of its subsidiaries as at 30 June 2021.

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

The Group has 64 wholly-owned operating subsidiaries and five non-wholly owned subsidiaries as at 30 June 2021.

The principal subsidiaries of the Company and their activities are:

Subsidiary	Place of incorporation	Ownership interest %	Nature of business
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 Southern Africa, Dubai, United Kingdom, Australia, China and Taiwan. Details on the businesses included are provided below.
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.

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) Proprietary Limited	United Kingdom	100	Motus Group (UK) Proprietary Limited participates in the passenger and commercial vehicle market. The commercial vehicles range from light to extra-heavy commercial vehicles. It sells new and pre-owned vehicles as well as related financial services, parts and servicing.
Australian Automotive Group Proprietary Limited	Australia	100	Australian Automotive Group Proprietary Limited retails new and pre-owned passenger vehicles as well as related, parts and servicing in Sydney.
SWT Group Proprietary Limited	Australia	90	SWT Group Proprietary Limited retails and distributes new and pre-owned passenger vehicles as well as related, parts and servicing in Traralgon and Ballarat, Victoria.
ARCO Motor Industry Company Limited	Taiwan	60	An international wholesale distributor of aftermarket parts.
Motus Trading Shanghai Company Limited	China	100	An international distribution centre of aftermarket parts that sources parts in Far East Asia and wholesales to South Africa.

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. The Group has established a network of dealerships in South Africa, Namibia and Botswana.
Kia South Africa Proprietary Limited	South Africa	**100**	Kia South Africa Proprietary Limited is an importer and distributor of Kia vehicles and parts for South Africa.
Motus Vehicles Distributor Proprietary Limited (Formerly known as Renault South Africa Proprietary Limited)	South Africa	**100**	Motus Vehicles Distributor Proprietary Limited, through distribution agreements with Renault SAS France, imports and distributes Renault motor vehicles and parts in South Africa.
Brietta Trading Proprietary Limited	South Africa	**100**	Brietta Trading Proprietary Limited is an importer and distributor of Mitsubishi vehicles and parts for South Africa as well as selected African countries.

The principal business of Motus Group Limited includes the following divisions:

Subsidiary	Place of incorporation	Nature of business
Vehicle Retail	South Africa	The Vehicle Retail business within Motus Group Limited comprises new and pre-owned 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 comprises of Europcar and Tempest.
Aftermarket Parts	South Africa	The Aftermarket Parts business markets and distributes quality automotive parts and accessories and DIY products through selected channels. The business comprises the following franchises; AAAS (previously Midas), Motolek, ADCO, CBS, Alert Engine Parts and Auto Care & Diagnostics.
Finance	South Africa	Provides the treasury function of the Group.

Non-controlling interest in the Group's activities

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

Annexure B – Shareholders analysis

1. Analysis of registered ordinary shareholders

Spread of registered ordinary shareholders

In accordance with the JSE Listings Requirements, the following table confirms the spread of registered ordinary shareholders as at June 2021:

Spread of listed holdings

	Number of shareholders	% of total shareholders	Number of shares 000	% of ordinary shares listed
1 – 1000	4 529	75,98	802	0,42
1001 – 10 000	785	13,17	2 804	1,48
10 001 – 100 000	456	7,65	15 687	8,30
Over 100 000	191	3,20	169 641	89,80
Total	5 961	100,00	188 934	100,00

Distribution of shareholders (Listed ordinary shares)

	Number of shareholders	Number of shares 000	% of ordinary shares listed
Public shareholders	5 952	150 912	79,87
Non-public shareholders			
– Shareholder holding more than 10%	1	23 329	12,35
– Shareholder entitled to appoint a director	–	–	–
– Directors and prescribed officers	7	8 615	4,56
– Treasury shares	1	6 078	3,22
Total	5 961	188 934	100,00

Shareholder type

	Number of shares 000	% of voting shares net of treasury shares
Financial institutions, pension and provident funds	124 802	66,36
Unit trusts	18 923	10,06
Individuals	5 546	2,95
Directors and prescribed officers	8 615	4,58
Corporate holdings	24 970	13,28
Listed ordinary shares (net of treasury shares)	182 856	97,23
Unlisted deferred ordinary shares	5 205	2,77
Total voting shares in issue (net of treasury shares)	188 061	100,00
Treasury shares	6 078	
Total shares in issue	194 139	

2. Substantial investment management and beneficial interests

Through regular analysis of registered ordinary holdings, and with reference to the provisions set out in section 56 of the Companies Act, shareholders who held ordinary shares of the Company equal to or in excess of 3% of the issued share capital as at June 2021 is outlined in the audited consolidated and separate annual financial statements.

The direct and non-direct interest of directors and prescribed officers in the shares of the Company is outlined in note 11.5 – Directors and prescribed officers interest in shares in the audited consolidated and separate annual financial statements. Refer to note 11.7 – Related parties for the details of the top ten shareholders of the Company.

Corporate information

Corporate information

Key company information
Motus Holdings Limited
Incorporated in the Republic of South Africa
Registration number: 2017/451730/06
ISIN: ZAE000261913
Share code: MTH

Business address and registered office

Motus Holdings Limited
1 Van Buuren Road
Corner Geldenhuis and Van Dort Streets
Bedfordview
2008

PO Box 1719
Edenvale
1610

Group investor relations manager

J Oosthuizen
MotusIR@motus.co.za

Sponsor

Merchantec Capital
13th Floor, Illovo Point
68 Melville Road
Illovo
Sandton
2196

PO Box 41480
Craighall
2024

Customer call centre

+27(10) 493 4335

Selected websites

www.motus.co.za

Company secretary

NE Simelane
nsimelane@motus.co.za

Auditors

Deloitte & Touche
5 Magwa Crescent
Waterfall City
Waterfall
2090

Principal bankers

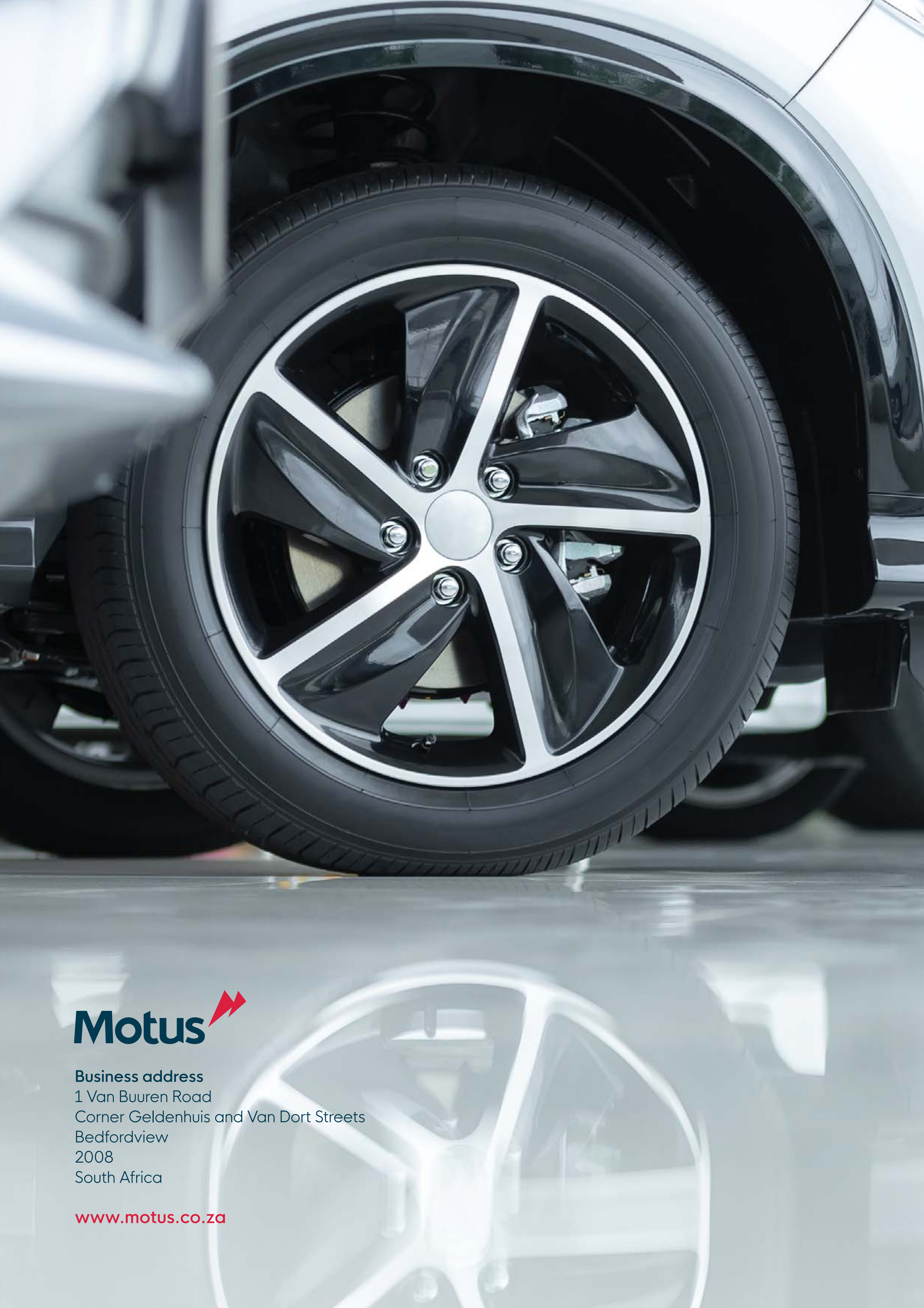
First National Bank Limited
Nedbank Limited
The Standard Bank of South Africa Limited

Share transfer secretaries

Computershare Investor Services Proprietary Limited
1st Floor Rosebank Towers
15 Biermann Avenue
Rosebank
Johannesburg
2196

Tip-off line

0800 20 35 80
motus@tip-offs.com



Motus

Business address
1 Van Buuren Road
Corner Geldenhuis and Van Dort Streets
Bedfordview
2008
South Africa

www.motus.co.za