		Group 2018 R'000	Group 2017 R'000
1	**Revenue**		
	Turnover	**29 239 688**	26 809 101
	Financial income	**25 757**	10 501
	Other income	**1 717 147**	1 523 005
	Distribution and logistics fees	**792 482**	683 022
	Rental income	**419**	437
	Advertising income, cost recoveries and other	**924 246**	839 546
		30 982 592	28 342 607
2	**Depreciation and amortisation**		
	Depreciation of property, plant and equipment (see note 9)	**289 239**	259 657
	Amortisation of intangible assets (see note 10)	**49 903**	37 409
	Total depreciation and amortisation	**339 142**	297 066
	Depreciation included in cost of merchandise sold and inventories	**(19 166)**	(13 839)
	Depreciation and amortisation included in expenses	**319 976**	283 227
3	**Occupancy costs**		
	Operating leases	**851 144**	746 130
	Turnover rental expense	**69 144**	46 255
	Movement in operating lease liability (see note 24)	**9 113**	2 617
	Movement in provision for onerous contracts (see note 26)	**(1 740)**	(206)
		927 661	794 796
4	**Employment costs**		
	Directors' emoluments (excluding incentives, see note 4.1)	**23 933**	21 630
	Non-executive fees	**3 773**	3 210
	Executive	**20 160**	18 420
	Salary	**18 685**	17 182
	Other benefits	**1 475**	1 238
	Equity-settled share option costs (see note 20)	**50 752**	58 909
	Long-term incentive scheme – TSR (see note 23)	**191 857**	149 020
	Release of gain on cash flow hedge to profit or loss (see note 21)	**(160 386)**	(123 779)
	Long-term incentive scheme – HEPS (see note 23)	**56 144**	49 113
	Staff salaries and wages	**2 731 521**	2 477 494
	Contributions to defined contribution plans	**155 178**	143 419
	Leave pay costs (see note 23)	**12 787**	16 480
	Bonuses (see note 23)	**146 727**	151 931
	Increase in liability for defined benefit plans (see note 23)	**1 304**	1 074
	Total employment costs	**3 209 817**	2 945 291
	Employment costs included in cost of merchandise sold and inventories	**(114 972)**	(99 453)
	Employment costs included in expenses	**3 094 845**	2 845 838

For further detail of directors' emoluments refer to rewarding value creation on pages 75 to 77 of the integrated annual report or note 4.1.

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

	Group 2018 R'000	Group 2017 R'000
	184 357	168 049
Short-term employee benefits	**31 895**	28 944
Post-employment benefits	**2 578**	2 217
Short-term incentive scheme	**15 940**	14 055
Long-term incentive scheme	**133 944**	122 743
Share-based payments	**–**	90
Non-executive directors' fees	**3 773**	3 210
	188 130	171 259

4 Employment costs (continued)

4.1 Directors' remuneration

Executive directors' remuneration

Director (R'000)	Salary	Pension fund	Other benefits	Total annual guaranteed pay	RONA short-term incentive	Performance-based long-term incentive*	Total variable pay	Total
2018								
Bertina Engelbrecht	**3 489**	**411**	**–**	**3 900**	**1 560**	**17 453**	**19 013**	**22 913**
Michael Fleming	**5 287**	**356**	**57**	**5 700**	**2 280**	**25 268**	**27 548**	**33 248**
David Kneale**	**9 909**	**649**	**2**	**10 560**	**6 336**	**52 800**	**59 136**	**69 696**
Total	**18 685**	**1 416**	**59**	**20 160**	**10 176**	**95 521**	**105 697**	**125 857**
2017								
Bertina Engelbrecht	3 220	380	–	3 600	1 508	17 081	18 589	22 189
Michael Fleming	4 879	284	57	5 220	2 186	25 883	28 069	33 289
David Kneale**	9 083	515	2	9 600	6 031	48 000	54 031	63 631
Total	17 182	1 179	59	18 420	9 725	90 964	100 689	119 109

* Payments relating to the performance for the year ended 31 August are paid in November. The expense is provided over the three-year vesting period in the relevant financial year

** The LTI payment to Mr Kneale has been capped at five times annual guaranteed pay, in accordance with the rules of the scheme

The total number of ordinary shares in issue is 253 948 352 (2017: 245 968 968). The percentage of issued share capital held by directors is 0.20% (2017: 0.22%).

Details of all dealings in Clicks Group Limited shares by directors during the financial year are contained in the directors' report on page 2 and directors' shareholdings are set out on page 69, which has been audited.

Non-executive directors' remuneration

Director	2018 Directors' fees (R'000)	2017 Directors' fees (R'000)
David Nurek	**1 169**	1 059
Fatima Abrahams*	**630**	459
John Bester	**647**	581
Nonkululeko Gobodo	**450**	213
Fatima Daniels**	**523**	408
Nkaki Matlala***	**–**	161
Martin Rosen	**354**	329
Total	**3 773**	3 210
Total directors' remuneration		
Executive directors	**125 857**	119 109
Non-executive directors	**3 773**	3 210
Total directors' remuneration	**129 630**	122 319

* The fees paid to Professor Abrahams include an amount of R78 150 (2017: R24 610) for performing the role of chairperson of The Clicks Group Employee Share Ownership Trust and R72 917 (2017: nil) for her appointment as director of Clicks Retailers Proprietary Limited

** The fees paid to Fatima Daniels include an amount of R72 917 (2017: nil) for her appointment as director of Clicks Retailers Proprietary Limited

*** Retired with effect from 26 January 2017

	Group 2018 R'000	Group 2017 R'000
5 Other costs		
Other operating costs include:		
Fees paid for outside services		
Technical services	**18 282**	22 024
Decrease in financial assets at fair value through profit or loss	**–**	1 161
Foreign exchange losses – realised	**–**	1 996
Impairment allowances raised – trade receivables (see note 18)	**5 115**	6 518
Water and electricity	**177 403**	165 304
Retail	**164 270**	152 562
Distribution	**13 133**	12 742
6 Net financing income/(costs)		
Recognised in profit or loss:		
Interest income on bank deposits and investments	**24 429**	9 977
Other interest income	**1 328**	524
Financial income	**25 757**	10 501
Interest expense on financial liabilities measured at amortised cost	**23 692**	47 838
Cash interest expense	**9 456**	41 591
Other interest expense	**14 236**	6 247
Financial expense	**23 692**	47 838
Net financing income/(costs)	**2 065**	(37 337)

	Group 2018 R'000	Group 2017 R'000	Company 2018 R'000	Company 2017 R'000
7 Income tax expense				
South African normal tax				
Current tax				
Current year	**206 279**	513 303	**54**	31
Prior-year overprovision	**(14 679)**	(10 959)	**–**	–
Deferred tax				
Current year	**344 270**	(28 288)	**–**	–
Prior-year underprovision	**17 707**	18 431	**–**	–
Foreign tax				
Current tax				
Current year	**9 180**	4 706	**–**	–
Withholding tax	**6 223**	5 488	**–**	–
Deferred tax				
Current year	**1 224**	(5 611)	**–**	–
Prior-year overprovision	**(414)**	(440)	**–**	–
Taxation per income statement	**569 790**	496 630	**54**	31
Deferred tax – current year	**(267 916)**	(208 915)	**–**	–
Cash flow hedge recognised in other comprehensive income	**22 616**	(4 658)	**–**	–
Equity-settled transaction recognised in equity (see note 20)	**(290 532)**	(205 516)	**–**	–
Remeasurement of post-employment benefit obligations	**–**	1 259	**–**	–
Total income tax charge	**301 874**	287 715	**54**	31
Reconciliation of rate of tax	**%**	%	**%**	%
Standard rate – South Africa	**28.00**	28.00	**28.00**	28.00
Adjusted for:				
Disallowable expenditure	**0.31**	0.25	**0.02**	0.02
Exempt income and allowances	**(0.68)**	(0.97)	**(28.02)**	(28.02)
Foreign tax rate variations	**(0.24)**	–	**–**	–
Foreign withholding tax	**0.30**	0.31	**–**	–
Prior-year net underprovision	**0.17**	0.40	**–**	–
Effective tax rate	**27.86**	27.99	**–**	–

One of the subsidiaries of the group has an estimated tax loss of R51.9 million (2017: R42.2 million) available for set-off against future taxable income of that subsidiary. A deferred tax asset of R16.6 million (2017: R11.6 million) has been recognised in respect of the total estimated tax loss (see note 12).

	Group 2018 R'000	2017 R'000
8 Earnings per share		
The calculation of basic and headline earnings per share at 31 August 2018 was based on profit for the year attributable to ordinary shareholders of Clicks Group Limited of R1 475.2 million (2017: R1 277.6 million) and headline earnings of R1 476.1 million (2017: R1 268.6 million) divided by the weighted average number of ordinary shares as follows:		
Reconciliation of headline earnings		
Profit attributable to equity holders of the parent	**1 475 210**	1 277 642
Adjusted for:		
	927	(9 090)
Loss on disposal of property, plant and equipment	**1 287**	4 868
Tax on disposal of property, plant and equipment	**(360)**	(1 362)
Gain on consolidation of the New Clicks Foundation Trust	**–**	(12 596)
Headline earnings	**1 476 137**	1 268 552

	2018 cents	2017 cents
Earnings per share	**611.9**	540.2
Headline earnings per share	**612.3**	536.3
Diluted earnings per share	**577.6**	505.7
Diluted headline earnings per share	**578.0**	502.1

	2018 '000	2017 '000
Reconciliation of shares in issue to weighted average number of shares in issue		
Total number of shares in issue at the beginning of the year	**245 969**	246 138
Treasury shares held for the full year and/or cancelled	**(9 443)**	(9 612)
Ordinary shares issued during the year weighted for the period held	**4 547**	–
Weighted average number of shares in issue for the year	**241 073**	236 526
Reconciliation of weighted average number of shares to weighted average diluted number of shares in issue		
Weighted average number of shares in issue for the year (net of treasury shares)	**241 073**	236 526
Dilutive effect of share options (net of treasury shares)	**14 312**	16 115
Weighted average diluted number of shares in issue for the year	**255 385**	252 641

	Group					
	2018		2017		2016	
	Cost R'000	Accumulated depreciation and impairment losses R'000	Cost R'000	Accumulated depreciation and impairment losses R'000	Cost R'000	Accumulated depreciation and impairment losses R'000
9 Property, plant and equipment						
Land	**25 809**	**–**	25 809	–	25 809	–
Buildings	**518 511**	**58 041**	409 525	54 038	398 102	48 402
Computer equipment	**496 298**	**329 100**	463 033	290 547	439 496	295 039
Equipment	**335 736**	**196 273**	282 149	174 130	269 975	166 331
Furniture and fittings	**2 122 936**	**1 100 554**	1 812 027	963 570	1 564 466	859 538
Motor vehicles	**52 309**	**24 229**	46 061	22 384	50 213	33 727
	3 551 599	**1 708 197**	3 038 604	1 504 669	2 748 061	1 403 037

All group property is owner-occupied.

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

	Land R'000	Buildings R'000	Computer equipment R'000	Equipment R'000	Furniture and fittings R'000	Motor vehicles R'000	Total R'000
Carrying amount at 1 September 2016	25 809	349 700	144 457	103 644	704 928	16 486	1 345 024
Additions	–	11 423	83 587	29 429	318 743	12 785	455 967
Disposals	–	–	(205)	(1 552)	(4 691)	(951)	(7 399)
Depreciation	–	(5 636)	(55 353)	(23 502)	(170 523)	(4 643)	(259 657)
Carrying amount at 31 August 2017	**25 809**	**355 487**	**172 486**	**108 019**	**848 457**	**23 677**	**1 533 935**
Additions	**–**	**109 567**	**53 968**	**59 524**	**367 472**	**11 149**	**601 680**
Disposals	**–**	**(259)**	**(502)**	**(338)**	**(1 209)**	**(666)**	**(2 974)**
Depreciation	**–**	**(4 325)**	**(58 754)**	**(27 742)**	**(192 338)**	**(6 080)**	**(289 239)**
Carrying amount at 31 August 2018	**25 809**	**460 470**	**167 198**	**139 463**	**1 022 382**	**28 080**	**1 843 402**

	Group					
	2018		2017		2016	
	Cost R'000	Accumulated amortisation and impairment losses R'000	Cost R'000	Accumulated amortisation and impairment losses R'000	Cost R'000	Accumulated amortisation and impairment losses R'000
10 Intangible assets						
Clicks trademark (see note 10.1)	**272 000**	**–**	272 000	–	272 000	–
Link trademark	**6 000**	**6 000**	6 000	6 000	6 000	6 000
Other trademarks	**1 116**	**693**	1 116	581	1 116	469
Capitalised and purchased computer software development	**385 973**	**187 255**	334 974	153 826	332 749	171 313
Contractual rights (see note 10.2)	**25 633**	**20 013**	22 015	18 095	17 020	17 020
	690 722	**213 961**	636 105	178 502	628 885	194 802

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

	Clicks trademark R'000	Other trademarks and contractual rights R'000	Capitalised software development R'000	Total R'000
Carrying amount at 1 September 2016	272 000	647	161 436	434 083
Additions	–	4 995	56 888	61 883
Amortisation	–	(1 187)	(36 222)	(37 409)
Disposals	–	–	(954)	(954)
Carrying amount at 31 August 2017	**272 000**	**4 455**	**181 148**	**457 603**
Additions	**–**	**3 619**	**65 934**	**69 553**
Amortisation	**–**	**(2 031)**	**(47 872)**	**(49 903)**
Disposals	**–**	**–**	**(492)**	**(492)**
Carrying amount at 31 August 2018	**272 000**	**6 043**	**198 718**	**476 761**

Assessment of impairment of intangible assets

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

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

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

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

(i) A forecast horizon of three years was used. The forecast horizon comprises the three-year plan drafted in the last quarter of the 2018 financial year, whereafter a perpetuity growth rate of 7.0% (2017: 7.0%) is used.

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

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

(iv) A discount rate of 13.7% (2017: 14.0%) per annum, being the group's pre-tax weighted average cost of capital, was used. The group's pre-tax weighted average cost of capital is deemed appropriate as, together with the Distribution business, both businesses largely operate within South Africa and are subject to similar market risks.

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

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

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

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

	Group 2018 R'000	2017 R'000
11 Goodwill		
Goodwill	**103 510**	103 510
Goodwill comprises:		
United Pharmaceutical Distributors Proprietary Limited ("UPD") (see note 11.1)	**96 277**	96 277
Kalahari Medical Distributors Proprietary Limited ("Kalahari") (see note 11.2)	**704**	704
Amalgamated Pharmacy Group Proprietary Limited ("Amalgamated Pharmacy Group") (see note 11.3)	**6 529**	6 529

Assessment of impairment of goodwill

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

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

(i) A forecast horizon of three years was used. The forecast horizon comprises the three-year plan drafted in the last quarter of the 2018 financial year, whereafter a perpetuity growth rate of 6.5% (2017: 6.5%) is used.

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

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

(iv) A discount rate of 13.7% (2017: 14.0%) per annum, being the group's pre-tax weighted average cost of capital, was used. The group's pre-tax weighted average cost of capital is deemed appropriate as, together with the Clicks business, both businesses largely operate within South Africa and are subject to similar market risks.

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

11.2 The same assumptions were applied to Kalahari as this company is in the same business as UPD and accordingly none of the assumptions would change significantly. The fact that Kalahari operates out of Botswana was considered, but this is also not expected to change the assumptions. The goodwill relating to Kalahari has been attributed to the UPD business as a cash-generating unit.

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

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

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

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

(i) A forecast horizon of three years was used. The forecast horizon comprises the three-year plan drafted in the last quarter of the 2018 financial year, whereafter a perpetuity growth rate of 7.0% (2017: 7.0%) is used.

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

11. Goodwill (continued)

Assessment of impairment of goodwill (continued)

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

(iv) A discount rate of 13.7% (2017: 14.0%) per annum, being the group's pre-tax weighted average cost of capital, was used. The group's pre-tax weighted average cost of capital is deemed appropriate as, together with the Clicks business, both businesses largely operate within South Africa and are subject to similar market risks.

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

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

	Group		Company	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
12 Deferred tax assets/(liabilities)				
Deferred tax assets	**477 352**	572 223	**–**	–
	477 352	572 223	**–**	–
Balance at the beginning of the year	**572 223**	347 400	**–**	–
Current deferred tax (debit)/credit to profit or loss (see note 7)	**(362 787)**	15 908	**–**	–
Current deferred tax credit to other comprehensive income or equity (see note 7)	**267 916**	208 915	**–**	–
Balance at the end of the year	**477 352**	572 223	**–**	–
Arising as a result of:				
Capital gains tax	**(48 110)**	(48 110)	**–**	–
Derivative financial assets and liabilities	**(122 892)**	(106 893)	**–**	–
Employee obligations	**646 188**	718 112	**–**	–
Income and expense accrual	**115 715**	125 767	**–**	–
Inventory	**36 447**	30 628	**–**	–
Onerous leases	**1 878**	1 940	**–**	–
Operating lease liability	**56 998**	54 471	**–**	–
Prepayments	**(20 995)**	(19 225)	**–**	–
Property, plant and equipment	**(120 993)**	(112 696)	**–**	–
Tax losses	**16 552**	11 665	**–**	–
Trademarks	**(76 172)**	(76 172)	**–**	–
Other	**(7 264)**	(7 264)	**–**	–
Balance at the end of the year	**477 352**	572 223	**–**	–

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

Derivative financial assets and liabilities include a debit of R22.6 million (2017: R4.7 million credit) recognised in other comprehensive income (see note 21).

Employee obligations include an asset of R414.8 million (2017: R471.7 million) recognised in equity.

In respect of the deferred tax asset recognised by one (2017: one) subsidiary company, the directors consider that sufficient future taxable income will be generated by that subsidiary company to utilise the deferred tax assets recognised.

13 Investment in an associate

The group acquired a strategic 25% interest in Sorbet Brands Proprietary Limited ("Sorbet Brands") on 1 September 2015. R15 million was paid on signing of the contract with two contingent payments of R2.5 million each, paid during 2016 and 2017 respectively on achievement of turnover targets.

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

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

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

	Group	
	2018 R'000	**2017 R'000**
Assets		
Non-current assets	**80 000**	80 000
Current assets	**6 253**	2 744
Liabilities		
Current liabilities	**6 077**	2 146
Equity	**80 176**	80 598
Group's carrying amount of the investment	**20 044**	20 039
Summarised statement of comprehensive income		
Income	**19 428**	16 490
Expenses	**(5 691)**	(380)
Profit before taxation	**13 737**	16 110
Income tax expense	**(3 572)**	(4 511)
Profit for the year	**10 165**	11 599
Total comprehensive income for the year	**10 165**	11 599
Group's proportionate share of profit for the year	**2 541**	2 900
Dividends received from associate	**2 233**	3 143

14 Loans receivable

	Group	
	2018 R'000	**2017 R'000**
Sign and Seal Trading 205 Proprietary Limited ("Style Studio") (see note 14.1)	**4 500**	4 500
AfroBotanics Proprietary Limited (see note 14.1)	**1 500**	–
Brian Philippe Thomas Proprietary Limited shareholders (see note 14.2)	**1 971**	–
UPD Owner-driver Initiative (see note 14.3)	**6 728**	–
JGB Couriers Proprietary Limited (see note 14.4)	**304**	–
Non-current loans receivable	**15 003**	4 500
Brian Philippe Thomas Proprietary Limited shareholders (see note 14.2)	**588**	–
JGB Couriers Proprietary Limited (see note 14.4)	**87**	–
Triton Pharmacare Capital Investments Proprietary Limited ("Triton") (see note 14.5)	**9 000**	9 000
Current loans receivable	**9 675**	9 000
Total loans receivable	**24 678**	13 500

14 Loans receivable (continued)

14.1 These loans are unsecured, interest free and repayable within 10 business days of demand.

14.2 The shareholders of Brian Philippe Thomas Proprietary Limited are indebted to Clicks Retailers Proprietary Limited for the amount of R3 000 000. The loan is interest free and is repayable in five instalments. The loan is secured via a second mortgage bond.

14.3 The amount relates to loans to various couriers who participate in the UPD owner-driver initiative. The loans are interest free, were advanced on 1 August 2018 and are expected to be repaid after five years.

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

14.5 The loan to Triton is interest free and carried at amortised cost. A second mortgage bond over property purchased by Triton and a special notarial bond over movable assets serve as security for the loan. The loan was repaid on 9 October 2018.

	Group	
	2018 R'000	2017 R'000
15 Financial assets at fair value through profit or loss		
Investment in Guardrisk Insurance Company Limited (Cell number 171) (see note 15.1)	**16 850**	11 279
Listed equity instruments (see note 15.2)	**–**	10 941
Collective investment schemes (see note 15.2)	**65 632**	3 896
Listed preference shares (see note 15.2)	**–**	1 464
Total financial assets at fair value through profit or loss	**82 482**	27 580

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

15.2 In the prior year New Clicks Foundation Trust was consolidated in the group for the first time in accordance with IFRS 10. The trust primarily invests in collective investment schemes.

	Group			
	2018		2017	
	Assets R'000	**Liabilities R'000**	Assets R'000	Liabilities R'000
16 Derivative financial instruments				
Non-current				
Equity derivative hedge	**214 110**	**–**	134 891	–
Current				
Equity derivative hedge	**199 814**	**–**	190 848	–
Forward exchange contracts	**39 242**	**–**	–	(9 142)
	239 056	**–**	190 848	(9 142)

All derivatives noted above are classified as held for trading and measured at fair value through profit or loss.

Equity derivative hedge
European call options have been purchased to hedge the cash-settled share-based payment obligation relating to tranches 10, 11 and 12 of the total shareholder return long-term incentive scheme (refer to note 23.1). The expiration date of these hedging instruments and the vesting dates of the hedged items coincide on 31 August 2018, 2019 and 2020 respectively.

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

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

Forward exchange contracts
For currency derivatives, fair values are calculated using standard market calculation conventions with reference to the relevant closing market spot rates, forward foreign exchange and interest rates. The notional principal amounts of the outstanding forward foreign exchange contracts at 31 August 2018 was R372.0 million (2017: R623.5 million). Refer to note 21 detailing the foreign exchange hedging impact on profit or loss and other comprehensive income.

17 Inventories

	Group 2018 R'000	Group 2017 R'000
Inventories comprise:		
Goods for resale	**4 088 593**	3 636 496
Goods in transit	**138 743**	117 298
	4 227 336	3 753 794
Inventories stated at net realisable value	**49 033**	40 685

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

18 Trade and other receivables

	Group 2018 R'000	Group 2017 R'000
Trade and other receivables comprise:		
Trade receivables	**1 770 139**	1 732 032
Less: impairment of trade receivables	**(27 610)**	(30 599)
Trade receivables – net	**1 742 529**	1 701 433
Prepayments	**152 285**	101 281
Income accruals	**272 446**	177 972
Logistics fees receivable	**138 080**	223 251
Other (refer to note 18.1)	**26 191**	8 782
	2 331 531	2 212 719

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

The movement in the doubtful debt provision in respect of trade receivables during the year was as follows:

	Group 2018 R'000	Group 2017 R'000
Balance at 1 September	**30 599**	24 081
Impairment provision raised	**5 115**	6 518
Impairment loss utilised	**(8 104)**	–
Balance at 31 August	**27 610**	30 599

18.1 Other receivables consist primarily of sundry customer receivables.

	Group and Company	
	2018 R'000	2017 R'000
19 Share capital and share premium		
Authorised – group and company		
600 million (2017: 600 million) ordinary shares of one cent each	**6 000**	6 000
50 million (2017: 50 million) "A" ordinary shares of one cent each	**500**	500
Issued ordinary shares – group and company		
253.948 million (2017: 245.969 million) ordinary shares of one cent each and 14.577 million (2017: 29.153 million) "A" ordinary shares of one cent each	**2 686**	2 752
Share premium – group	**513 848**	3 497
Share premium – company	**1 581 634**	14 089

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

			Group and Company	
	Ordinary shares '000	"A" ordinary shares '000	Total 2018 '000	Total 2017 '000
Reconciliation of total number of shares in issue to net number of shares in issue				
Total number of shares in issue at the end of the year	253 948	14 577	**268 525**	275 122
Treasury shares held at the end of the year	(9 443)	(14 577)	**(24 020)**	(38 596)
Net number of shares in issue at the end of the year	244 505	–	**244 505**	236 526

	R'000	R'000
Of the shares in issue, the group holds the following treasury shares:		
Shares held by a subsidiary – 9.443 million (2017: 9.443 million) ordinary shares of one cent each – cost	**702 556**	702 556
Shares held by the Clicks Group Employee Share Ownership Trust – 14.577 million (2017: 29.153 million) "A" ordinary shares of one cent each – cost	**147**	292
	702 703	702 848

No ordinary shares were cancelled during the current financial year (2017: 168 795).

In terms of the unwind of 50% of the Clicks Group Employee Share Ownership Scheme, 7 979 384 ordinary shares were issued to beneficiaries of the scheme and 14 576 647 ordinary "A" shares were repurchased by Clicks Group Limited from the Employee Share Ownership Trust. The New Clicks Foundation Trust sold 284 155 Clicks Group Limited ordinary shares subsequent to acquiring them through the unwind of the scheme. No other equity share transactions occurred during the year.

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

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

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

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

20 Share option reserve

Equity-settled share-based payment

Options issued in terms of the Employee Share Ownership Programme ("ESOP")

In October 2010 Clicks Group Limited announced an employee share ownership programme.

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

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

	Group	
	Number of shares 2018	Number of shares 2017
"A" shares issued in terms of the ESOP	**14 576 648**	29 153 295

Details of share option allocations

Grant date	Option price	Balance at the beginning of the year	Granted during the year	Delivered during the year	Forfeited during the year	Balance at the end of the year
2018						
February 2011	**R41.54**	**12 857 307**	**–**	**(6 385 759)**	**(85 789)**	**6 385 759**
February 2012	**R41.11**	**1 917 329**	**–**	**(912 282)**	**(92 765)**	**912 282**
February 2013	**R60.00**	**3 084 161**	**–**	**(1 508 220)**	**(67 721)**	**1 508 220**
February 2014	**R56.78**	**2 121 432**	**–**	**(1 024 937)**	**(71 558)**	**1 024 937**
February 2015	**R90.32**	**2 091 394**	**–**	**(999 342)**	**(92 710)**	**999 342**
February 2016	**R86.75**	**336 098**	**–**	**(168 049)**	**–**	**168 049**
February 2017	**R120.29**	**209 163**	**–**	**(92 272)**	**(24 619)**	**92 272**
Unallocated share options						**3 485 787**
						14 576 648
2017						
February 2011	R41.54	13 031 548	–	–	(174 241)	12 857 307
February 2012	R41.11	2 186 475	–	–	(269 146)	1 917 329
February 2013	R60.00	3 736 083	–	–	(651 922)	3 084 161
February 2014	R56.78	2 526 052	–	–	(404 620)	2 121 432
February 2015	R90.32	2 337 431	–	–	(246 037)	2 091 394
February 2016	R86.75	385 383	–	–	(49 285)	336 098
February 2017	R120.29	–	209 163	–	–	209 163
Unallocated share options						6 536 411
						29 153 295

20 Share option reserve (continued)

Fair value of share-based payments in respect of options

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

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

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

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

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

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

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

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

	Group	
	2018 R'000	2017 R'000
Share option reserve		
Balance at the beginning of the year	**747 613**	483 188
	(169 429)	264 425
Equity-settled share-based payment expense	**50 752**	58 909
Transferred to share premium	**(510 713)**	–
Deferred tax recorded directly in equity arising on consolidation	**290 532**	205 516
Balance at the end of the year	**578 184**	747 613
	163 356	275 959
Equity-settled share-based payment expense in opening retained earnings	**275 959**	217 050
Equity-settled share-based payment expense	**50 752**	58 909
Transferred to share premium	**(163 355)**	–
Deferred tax recorded directly in equity arising on consolidation	**414 828**	471 654
Estimate of options not yet vested but expected to vest	**578 184**	747 613

	Group 2018 R'000	Group 2017 R'000
21 Cash flow hedge reserve		
The cash flow hedge reserve represents the effective portion of fair value gains or losses in respect of cash flow hedges.		
Reconciliation of cash flow hedging reserve		
Balance at the beginning of the year	**15 382**	28 616
Movement in cash flow hedge	**80 770**	(17 892)
Movement in cash flow hedge relating to forward exchange contracts	**45 238**	22 145
Movement in cash flow hedge relating to the equity derivative hedge	**35 532**	(40 037)
Deferred tax recognised in other comprehensive income	**(22 616)**	4 658
Balance at the end of the year	**73 536**	15 382

The cash flow hedge reserve represents the cumulative portion of gains or losses on hedging instruments deemed effective in cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is reclassified to profit or loss only when the hedged transaction affects profit or loss. During the year there was a mark-to-market gain of R249.9 million (2017: R48.3 million) and R169.1 million was recycled to profit or loss (2017: R66.2 million). R8.8 million gain (2017: R57.6 million loss) of the recycled amount is included in cost of merchandise sold and R160.4 million gain (2017: R123.8 million gain) is included under employment costs. R47.5 million gain (2017: R2.2 million gain) will be recycled to profit or loss in 2019 relating to forward exchange contracts and R54.7 million gain (2017: R19.1 million gain) will be recycled to profit or loss as and when the related employment costs affect profit or loss relating to the equity derivative hedge.

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

	Group 2018 R'000	Group 2017 R'000
22 Foreign currency translation reserve		
Unrealised gain/(loss) on the translation of assets and liabilities of subsidiaries whose financial statements are denominated in foreign currencies	**8 486**	(756)
	8 486	(756)
Reconciliation of foreign currency translation reserve		
Balance at the beginning of the year	**(756)**	5 805
Exchange differences on translation of foreign subsidiaries	**9 242**	(6 561)
Balance at the end of the year	**8 486**	(756)

	Group 2018 R'000	Group 2017 R'000
23 Employee benefits		
Long-term incentive schemes	**182 170**	150 628
Post-retirement medical obligations	**63 237**	58 603
Total long-term employee benefits	**245 407**	209 231
Accounted for as follows:		
Long-term employee benefits recognised in terms of IFRS 2 – Share-based Payments (see note 23.1)	**108 167**	98 567
Long-term employee benefits recognised in terms of IAS 19 – Employee Benefits (see note 23.2)	**137 240**	110 664
Total long-term employee benefits	**245 407**	209 231

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

Long-term cash-settled share-based payment liability	Long-term incentive scheme – TSR (note 23.1) R'000
Balance at 1 September 2016	116 947
Expense from cash-settled share-based payment	149 020
Early settlement	(1 751)
Reclassification to short-term benefits	(165 649)
Balance at 31 August 2017	**98 567**
Expense from cash-settled share-based payment	**191 857**
Reclassification to short-term benefits	**(182 257)**
Balance at 31 August 2018	**108 167**

23 Employee benefits (continued)

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

During 2018 the group issued 0.9 million (2017: 0.9 million) cash-settled appreciation rights to management. The value of these appreciation rights are linked to the TSR (capital gain plus dividends) over a three-year vesting period. These appreciation rights are classified as cash-settled share-based payment benefits and the liability has been valued using the Monte Carlo option pricing model by an independent, external valuator.

The September 2014 options were settled during the year.

The September 2015 options outstanding at year-end are due for settlement.

The contractual life of the September 2016 options outstanding at year-end was one year.

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

Details of share option allocations – 2018

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

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

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

Details of share option allocations – 2017

	Option price	Balance at the beginning of the year	Granted during the year	Delivered during the year	Forfeited during the year	Balance at the end of the year
September 2014 options	R159.52	1 225 514	–	–	(49 657)	1 175 857
September 2015 options	R114.72	1 012 390	–	–	(48 370)	964 020
September 2016 options	R53.51	–	861 807	–	(40 537)	821 270

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

	Share price at grant date	Risk-free rate (%)	Expected dividend yield (%)	Expected volatility (%)	Expected forfeiture rate (%)
September 2014 options – three-year vesting period	R66.34	6.75	1.92	20.10	4.00
September 2015 options – three-year vesting period	R93.82	6.75	1.92	20.10	4.00
September 2016 options – three-year vesting period	R126.03	6.75	1.92	20.10	4.00

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

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

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

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

23 Employee benefits (continued)

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

Long-term employee benefits	Long-term incentive scheme – HEPS (note 23.3) R'000	Post-retirement medical obligations (note 23.4) R'000	Total R'000
Balance at 1 September 2016	39 541	58 644	98 185
Current service cost	49 733	1 074	50 807
Benefit payments	(516)	(1 170)	(1 686)
Interest cost	6 710	4 550	11 260
Actuarial gain recognised in profit or loss	(620)	–	(620)
Actuarial gain recognised in other comprehensive income	–	(4 495)	(4 495)
Reclassification to short-term employee benefits	(42 787)	–	(42 787)
Balance at 31 August 2017	**52 061**	**58 603**	**110 664**
Current service cost	**62 038**	**1 304**	**63 342**
Benefit payments	**–**	**(1 800)**	**(1 800)**
Interest cost	**9 106**	**5 130**	**14 236**
Actuarial gain recognised in profit or loss	**(5 894)**	**–**	**(5 894)**
Reclassification to short-term employee benefits	**(43 308)**	**–**	**(43 308)**
Balance at 31 August 2018	**74 003**	**63 237**	**137 240**

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

During 2018 the group issued 2.1 million (2017: 2.1 million) cash-settled appreciation rights to management. The value of these appreciation rights are linked to the performance of diluted HEPS over a three-year period. The amount to be provided in the current year is based on a three-year projection of diluted HEPS.

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

The exercise price of each appreciation right was determined as R60.25 (2017: R52.62) per right ("base value"). In order to determine the amount to be provided a fixed factor of 12 is applied to the HEPS at the end of the three-year period. The differential between the factor multiplied by HEPS and the base value is the amount that will be paid out per right.

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

23 Employee benefits (continued)

23.4 Post-retirement medical obligations

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

An actuarial valuation of the Clicks post-retirement medical aid scheme has determined that the unfunded liability in respect of pensioner post-retirement medical benefits amounts to R63.2 million (2017: R58.6 million). Provision has been made for the full unfunded liability.

The principal actuarial assumptions at the last valuation date (31 August 2017) are:

(i) a discount rate of 8.7% per annum;
(ii) general increases to medical aid contributions of 7.2%;
(iii) a retirement age of 65;
(iv) husbands are on average four years older than their spouses;
(v) mortality of pensioners determined in accordance with PA90 ultimate tables; and
(vi) mortality of in-service members determined in accordance with SA 85-90 ultimate table.

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

	2018 R'000	2017 R'000
– Medical aid inflation increases by 1% per annum over assumptions made	**7 641**	10 163
– Medical aid inflation decreases by 1% per annum over assumptions made	**(5 460)**	(8 258)
– Discount rate increases by 1% per annum over assumptions made	**(5 998)**	(7 990)
– Discount rate decreases by 1% per annum over assumptions made	**6 927**	9 975
– Retirement age decreases by two years	**7 156**	6 920
– Life expectancy of male pensioners increases by one year	**964**	1 171
– Life expectancy of male pensioners decreases by one year	**(943)**	(1 176)
– Life expectancy of female pensioners increases by one year	**1 299**	1 349
– Life expectancy of female pensioners decreases by one year	**(1 286)**	(1 332)
The following undiscounted payments are expected contributions in future years from post-retirement medical obligations.		
Within 12 months	**2 094**	1 800
Between 2 and 5 years	**10 619**	9 330
Between 5 and 10 years	**21 051**	18 397
Between 10 and 20 years	**99 421**	89 631
Between 20 and 30 years	**164 344**	159 301
Between 30 and 40 years	**144 943**	148 732
Beyond 40 years	**86 783**	98 278
Total expected payments	**529 255**	525 469

The average duration of the post-retirement medical obligations at year-end is 18.5 years (2017: 19.2 years).

23 Employee benefits (continued)

23.4 Post-retirement medical obligations (continued)

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

	Post-retirement medical obligations				
	2018 R'000	2017 R'000	2016 R'000	2015 R'000	2014 R'000
Defined benefit obligation	**63 237**	58 603	58 644	53 903	49 380
Experience adjustments on plan liabilities	**–**	–	–	(1 063)	–

Short-term employee benefits	Long-term incentive scheme – TSR (note 23.1) R'000	Long-term incentive scheme – HEPS (note 23.3) R'000	Leave pay accrual (note 23.5) R'000	Bonus accrual (note 23.6) R'000	Overtime accrual (note 23.7) R'000	Total R'000
Balance at 1 September 2016	–	68 936	61 328	108 733	2 989	241 986
Reclassification from long-term employee benefits	165 649	42 787	–	–	–	208 436
Benefit payments	–	(71 022)	(8 316)	(143 954)	(8 067)	(231 359)
Charge included in profit or loss	–	–	16 480	151 931	6 986	175 397
Balance at 31 August 2017	**165 649**	**40 701**	**69 492**	**116 710**	**1 908**	**394 460**
Reclassification from long-term employee benefits	**182 257**	**43 308**	**–**	**–**	**–**	**225 565**
Benefit payments	**(165 649)**	**(38 277)**	**(10 435)**	**(148 738)**	**(7 000)**	**(370 099)**
Charge included in profit or loss	**–**	**–**	**12 787**	**146 727**	**8 776**	**168 290**
Balance at 31 August 2018	**182 257**	**45 732**	**71 844**	**114 699**	**3 684**	**418 216**

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

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

23 Employee benefits (continued)

23.7 The overtime accrual is in respect of overtime worked in August 2018 which is paid in September 2018.

Pension and provident funds

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

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

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

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

The funds are all defined contribution schemes and the group carries no liability in relation to these funds. All funds provide death and disability cover, while the negotiated funds also include a funeral benefit. Combined membership across the funds was 14 816 (2017: 14 307) at year-end.

Medical aid funds

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

At year-end 2 416 (2017: 2 464) South African employees were principal members of a medical aid scheme, of whom 1 832 (2017: 1 817) were principal members with Horizon, 528 (2017: 535) were principal members of a Discovery Health medical aid scheme, and 56 (2017: 112) were principal members of various other medical aid schemes.

At year-end six (2017: six) Botswana employees were principal members with BOMaid and one with PULA, 13 (2017: 15) Namibian employees were principal members of Namibia Health Plan and 17 (2017: 17) Swaziland employees were principal members of Swazimed.

At year-end 30.0% (2017: 29.4%) of the permanent full-time employees were members of a medical aid scheme. Increasing the health benefits available to employees will be a focus area for the group in the years ahead.

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

	Group 2018 R'000	Group 2017 R'000
24 Lease commitments		
Operating lease liability	**202 139**	193 026
Operating leases with fixed escalations are charged to profit or loss on a straight-line basis.		
The associated provision will reverse during the latter part of each lease term when the actual cash flow exceeds the profit or loss charge.		
Operating lease commitments The group leases all its retail premises and certain of its pharmaceutical distribution centre sites under operating leases. The lease agreements provide for minimum payments together, in certain instances, with contingent rental payments determined on the basis of achieving a specified threshold turnover.		
Future minimum lease payments under non-cancellable operating leases due*:		
– Not later than one year	**733 697**	652 212
– Later than one year, not later than five years	**1 629 639**	1 613 413
– Later than five years	**57 531**	120 842
	2 420 867	2 386 467
Future minimum lease payments receivable under non-cancellable operating leases due, which relate to Intercare Management Healthcare Proprietary Limited:		
– Not later than one year	**3 405**	3 183
– Later than one year, not later than five years	**2 374**	5 779
	5 779	8 962
The net future minimum lease payments under non-cancellable operating leases due*:		
– Not later than one year	**730 292**	649 029
– Later than one year, not later than five years	**1 627 265**	1 607 634
– Later than five years	**57 531**	120 842
	2 415 088	2 377 505

* Comparative operating lease commitments have been restated to exclude optional lease terms when it is not reasonably certain, at the inception of the lease, that the option will be exercised.

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

	Group 2018 R'000	Group 2017 R'000
25 Trade and other payables		
The following are included in trade and other payables:		
Trade payables	**5 019 885**	4 500 821
Loyalty programme deferred income (see note 25.1)	**66 084**	97 190
Non-trade payables and accruals (see note 25.2)	**1 112 466**	877 171
	6 198 435	5 475 182

25.1 **Loyalty programme deferred income**

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

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

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

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

	Group 2018 R'000	Group 2017 R'000
26 Provisions		
Provision for onerous contracts		
Balance at the beginning of the year	**6 733**	6 939
Movement in provision during the year recognised in occupancy costs	**(1 740)**	(206)
Balance at the end of the year	**4 993**	6 733
Current	**4 993**	6 733
Non-current	**–**	–
	4 993	6 733

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

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

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

	Group	
	2018 R'000	2017 R'000
27 Dividends to shareholders		
Previous year final cash dividend out of distributable reserves – 234 cents per share paid 29 January 2018 (2017: 196 cents per share paid 30 January 2017 out of distributable reserves)	**575 568**	482 430
Current year interim cash dividend out of distributable reserves – 102.5 cents per share paid 2 July 2018 (2017: 88 cents per share paid 3 July 2017 out of distributable reserves)	**260 297**	216 452
"A" shares – previous year final cash dividend out of distributable reserves – 32.2 cents per share paid 29 January 2018 (2017: 27.2 cents per share paid 30 January 2017)	**9 387**	7 930
Total dividends to shareholders	**845 252**	706 812
Dividends on treasury shares	**(31 777)**	(28 507)
Dividends on "A" shares held in trust	**(1 897)**	(906)
Dividends paid outside the group	**811 578**	677 399

On 23 October 2018 the directors approved the final proposed dividend of 277.5 cents per share and 38.0 cents per "A" share.

The source of such a dividend will be from distributable reserves and paid in cash and will be recognised in the statement of changes in equity in 2019.

Dividend payout ratio
The dividend payout ratio is 62%.

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

28 Financial risk management

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

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

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

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

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

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

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

28 Financial risk management (continued)

Currency risk

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

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

Interest rate risk

The group has interest-bearing assets and liabilities in the form of call deposits, money market investments and short-term borrowings.

Interest-bearing assets and liabilities have variable rates which are impacted by market factors and expose the group to cash flow interest rate risk.

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

Price risk

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

Credit risk

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

Trade and other receivables

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

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

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

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

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

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

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

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

28 Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due.

The group's approach is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk damage to the group's reputation. Due to the dynamic nature of the underlying businesses, group treasury maintains flexibility in funding by holding availability through credit lines. At year-end the group's total uncommitted facilities available was R2 092 million and USD44 million (2017: R2 173 million and USD46 million) of which the full balance remained undrawn (2017: nil drawn down).

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

Capital risk management

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

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

In 2018 the shareholders' interest to total assets was 38.3% (2017: 34.0%).

29 Financial instruments

Market risk

29.1 Treasury risk management

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

29.2 Foreign exchange risk management

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

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

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

	31 August 2018				31 August 2017			
Exposure to currency risk – foreign exchange contracts	**USD '000**	**GBP '000**	**EUR '000**	**CNY '000**	USD '000	GBP '000	EUR '000	CNY '000
Forecast purchases and payables due at the end of the year	**15 550**	**1 278**	**3 322**	**73 611**	27 634	4 653	4 913	90 941
Forward exchange contracts subject to cash flow hedging	**12 288**	**1 968**	**2 525**	**69 526**	26 574	2 382	2 785	87 153
Net exposure	**3 262**	**(690)**	**797**	**4 085**	1 060	2 271	2 128	3 788

The following exchange rates applied during the year:

	Average rate		Reporting date mid-spot rate	
	2018	2017	**2018**	2017
USD	**12.97**	13.46	**14.71**	13.02
GBP	**17.61**	17.24	**18.89**	16.98
EUR	**15.62**	14.99	**17.01**	15.79
CNY	**1.99**	1.97	**2.15**	1.97

29 Financial instruments (continued)

29.2 Foreign exchange risk management (continued)

Foreign exchange rate sensitivity analysis

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

	USD impact		GBP impact		EUR impact		CNY impact	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000	2018 R'000	2017 R'000	2018 R'000	2017 R'000
Decrease in pre-tax other comprehensive income	**(15 974)**	(36 640)	**(3 474)**	(4 130)	**(3 964)**	(4 236)	**(13 791)**	(17 344)
Increase/(decrease) in profit before tax	**4 798**	1 392	**(1 304)**	3 857	**1 355**	3 359	**878**	830

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

29.3 Fair values of financial instruments

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

		31 August 2018		31 August 2017	
		Carrying value R'000	Fair value R'000	Carrying value R'000	Fair value R'000
Financial assets					
Trade receivables (see note 18)	Loans and receivables	**1 742 529**	**1 742 529**	1 701 433	1 701 433
Logistics fees receivable (see note 18)	Loans and receivables	**138 080**	**138 080**	223 251	223 251
Other receivable (see note 18)	Loans and receivables	**26 191**	**26 191**	8 782	8 782
Loans receivable (see note 14)	Loans and receivables	**24 678**	**24 678**	13 500	13 500
Financial assets at fair value through profit or loss (see note 15)	Assets at fair value	**82 482**	**82 482**	27 580	27 580
Cash and cash equivalents	Loans and receivables	**1 523 815**	**1 523 815**	700 473	700 473
Equity derivative contracts used for cash flow hedging (see note 16)	Assets at fair value	**413 924**	**413 924**	325 739	325 739
Forward exchange contracts used for cash flow hedging (see note 16)	Assets at fair value	**39 242**	**39 242**	–	–
Financial liabilities					
Forward exchange contracts used for cash flow hedging (see note 16)	Financial liabilities measured at fair value	**–**	**–**	9 142	9 142
Trade and other payables (see note 25)	Financial liabilities measured at amortised cost	**5 961 490**	**5 961 490**	5 260 353	5 260 353

29 Financial instruments (continued)

29.3 Fair values of financial instruments (continued)

Basis for determining fair values

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

Derivatives

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

Non-derivative financial assets and liabilities

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

The fair value of investments held by the New Clicks Foundation Trust is determined by reference to the quoted price in an active market.

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

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

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

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

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

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

29 Financial instruments (continued)

29.3 Fair values of financial instruments (continued)

Financial assets and financial liabilities measured at fair value

Group	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
2018				
Financial assets				
Financial assets at fair value through profit or loss (see note 15)	**–**	**16 850**	**–**	**16 850**
Financial assets at fair value through profit or loss (see note 15)	**65 632**	**–**	**–**	**65 632**
Equity derivative contracts used for cash flow hedging (see note 16)	**–**	**413 924**	**–**	**413 924**
Forward exchange contracts used for cash flow hedging (see note 16)	**–**	**39 242**	**–**	**39 242**
Total	**65 632**	**470 016**	**–**	**535 648**
2017				
Financial assets				
Financial assets at fair value through profit or loss (see note 15)	16 301	11 279	–	27 580
Equity derivative contracts used for cash flow hedging (see note 16)	–	325 739	–	325 739
Total	16 301	337 018	–	353 319
Financial liabilities				
Forward exchange contracts used for cash flow hedging (see note 16)	–	9 142	–	9 142
Total	–	9 142	–	9 142

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

29.4 Credit risk management

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

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

	Carrying amount	
	2018 R'000	2017 R'000
Derivative financial assets (see note 16)	**453 166**	325 739
Trade receivables (see note 18)	**1 742 529**	1 701 433
Logistics fees receivable (see note 18)	**138 080**	223 251
Other receivable (see note 18)	**26 191**	8 782
Cash and cash equivalents	**1 523 815**	700 473
Loans receivable (see note 14)	**24 678**	13 500
	3 908 459	2 973 178

29 Financial instruments (continued)

29.4 Credit risk management (continued)

Trade receivables

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

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

The maximum exposure to credit risk, after impairment, for trade receivables at the reporting date by type of customer was:

	Carrying amount	
	2018 R'000	2017 R'000
Retail customers	101 725	103 035
Distribution customers	1 640 804	1 598 398
	1 742 529	1 701 433

Retail customers

The ageing of trade receivables at the reporting date was:

	2018			2017		
	Gross R'000	Impairment R'000	Net R'000	Gross R'000	Impairment R'000	Net R'000
Not past due	110 738	(9 013)	101 725	101 605	(4 700)	96 905
Past due 0 – 30 days	–	–	–	2 347	(100)	2 247
Past due more than 31 days	–	–	–	7 083	(3 200)	3 883
Total	110 738	(9 013)	101 725	111 035	(8 000)	103 035

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

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

Distribution customers

The ageing of trade receivables at the reporting date was:

	2018			2017		
	Gross R'000	Impairment R'000	Net R'000	Gross R'000	Impairment R'000	Net R'000
Not past due	1 530 085	–	1 530 085	1 431 141	–	1 431 141
Past due 0 – 30 days	111 477	(758)	110 719	145 774	–	145 774
Past due more than 31 days	17 839	(17 839)	–	44 082	(22 599)	21 483
Total	1 659 401	(18 597)	1 640 804	1 620 997	(22 599)	1 598 398

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

Distribution customers are primarily hospitals and independent pharmacists.

The Distribution business minimises its exposure to credit risk by insuring debtors with balances greater than a predetermined amount.

There is an excess (which varies between hospitals and independent pharmacists) that is carried by the Distribution business with the balance being covered by Credit Guarantee Insurance Corporation of Africa Limited.

29 Financial instruments (continued)

29.4 Credit risk management (continued)

The split between insured and uninsured gross distribution debtors is as follows:

	Gross amount	
	2018 R'000	2017 R'000
Insured	**1 654 919**	1 563 908
Uninsured	**4 482**	57 089
	1 659 401	1 620 997

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

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

Impairment loss
The impairment is determined based on information regarding the financial position of each trade receivable at year-end.

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

	Retail		Distribution	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
Balance at the beginning of the year	**(8 000)**	(4 300)	**(22 599)**	(19 781)
Additional allowances made	**(1 013)**	(3 700)	**(4 102)**	(2 818)
Trade receivables written off during the year as uncollectible	**–**	–	**8 104**	–
Balance at the end of the year	**(9 013)**	(8 000)	**(18 597)**	(22 599)

The creation of impairment losses have been included in "other costs" in profit or loss (see note 5).

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

Cash and cash equivalents
The group's current accounts, short-term deposits and money market fund are with reputable institutions, all of which have a strong credit rating.

Other loans
Other loans are reviewed at least on an annual basis to assess their recoverability. None of the loans are considered to be impaired at the end of the financial year.

29.5 Liquidity risk management

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

29 Financial instruments (continued)

29.5 Liquidity risk management (continued)

Liquidity and interest risk tables

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

	Carrying amount R'000	Contractual cash flows R'000	One year or less R'000
2018			
Liabilities			
Trade and other payables (see note 25)	**5 961 490**	**5 961 490**	**5 961 490**
	5 961 490	**5 961 490**	**5 961 490**
2017			
Liabilities			
Derivative financial liabilities (see note 16)	9 142	9 142	9 142
Trade and other payables (see note 25)	5 260 353	5 260 353	5 260 353
	5 269 495	5 269 495	5 269 495

30 Capital commitments

	Group	
	2018 R'000	2017 R'000
Capital expenditure approved by the directors		
Contracted	**133 337**	184 028
Not contracted	**565 612**	496 485
	698 949	680 513

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

31 Financial guarantees

Group companies provide surety for other group companies to the value of R2 092 million and USD44 million (2017: R2 173 million and USD46 million) with respect to facilities held with various banks. At year-end these facilities had no drawings by group companies (2017: nil). The fair values of the financial guarantees are considered negligible.

32 Related party transactions

32.1 Group

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

Transactions between group subsidiaries

During the year, in the ordinary course of business, certain companies within the group entered into transactions with one another. These intragroup transactions have been eliminated on consolidation. For a list of the group's main subsidiaries, see page 67.

Related party transactions include:

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

Directors and key management

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

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

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

Shares held by directors and their related entities

The audited percentage of shares held by directors of the company at year-end is disclosed on page 69.

	Group	
	2018 R'000	2017 R'000
Transactions with Sorbet Brands Proprietary Limited		
Dividends received	**2 233**	3 143
Management fee received	**1 688**	–
Royalties paid	**4 105**	2 984
Other related parties The group has identified The Clicks Helping Hand Trust as a related party because of the group's involvement in the charitable and developmental activities of the trust. The group has not consolidated the trust as it is not exposed to variable returns and any non-financial benefit is considered to be insignificant. The total net assets for the trust is R33 457 (2017: R2.5 million) and a net loss of R2.4 million (2017: R5.4 million) was incurred. Donations to the trust during the year from subsidiary companies were:		
The Clicks Helping Hand Trust	**9 562**	4 087

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

Contributions to pension and provident fund

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

	Company 2018 R'000	Company 2017 R'000
32 Related party transactions (continued)		
32.2 Company		
The company has the following related party transactions:		
32.2.1 Dividends received		
New Clicks South Africa Proprietary Limited	**845 300**	706 812
Total dividends received from related parties	**845 300**	706 812
32.2.2 Dividends paid		
New Clicks South Africa Proprietary Limited	**31 777**	28 507
Clicks Group Employee Share Ownership Trust	**9 387**	7 930
New Clicks Holdings Share Trust	**–**	331
Total dividends paid to related parties	**41 164**	36 768
32.2.3 Loans to/(by) subsidiary companies		
New Clicks South Africa Proprietary Limited	**1 165 199**	(217 997)
Clicks Group Employee Share Ownership Trust	**146**	291
Clicks Centurion Proprietary Limited	**9 000**	9 000
New Clicks Holding Share Trust	**–**	(19 682)
	1 174 345	(228 388)

32.2.4 Repurchase of 14 576 647 ordinary "A" shares from the Employee Share Ownership Trust.

32.2.5 Issue of 284 155 Clicks Group Limited ordinary shares to the New Clicks Foundation Trust through the unwind of the scheme.

A schedule of the loans and investments in related parties is included on page 67.

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

33 Borrowing powers

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

34 Operating segments

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

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

Retail

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

Distribution

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

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

Major customers

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