TFG
ANNUAL FINANCIAL
STATEMENTS
2014

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The reports and statements set out below comprise the financial statements presented to the shareholders:

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These financial statements represent the financial information of The Foschini Group Limited and have been audited in compliance with Section 30 of the Companies Act of 2008. These statements were prepared by TFG Finance and Advisory department of The Foschini Group Limited acting under supervision of Ronnie Stein CA(SA), CFO of The Foschini Group Limited.

These statements were authorised by the board of directors on 27 June 2014 and published on 30 July 2014.

DIRECTORS' RESPONSIBILITY FOR AND APPROVAL OF THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

The directors are responsible for the preparation and fair presentation of the consolidated and separate annual financial statements of The Foschini Group Limited, comprising the statements of financial position at 31 March 2014, and the income statements, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which includes a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa. In addition, the directors are responsible for preparing the directors' report.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the ability of the company and its subsidiaries to continue as going concerns and have no reason to believe that the businesses will not be going concerns in the year ahead.

The auditor is responsible for reporting on whether the consolidated and separate financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of consolidated and separate annual financial statements

The consolidated and separate annual financial statements of The Foschini Group Limited, as identified in the first paragraph, were approved by the board of directors on 27 June 2014 and signed by:

D M Nurek

Chairman

Authorised director

A D Murray

Chief Executive Officer

Authorised director

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2014

Review of activities

Nature of business

The Foschini Group Limited is an investment holding company whose subsidiaries, through their retail brands – @home, @homelivingspace, exact!, Foschini, DonnaClaire, Charles & Keith, American Swiss, Mat & May, Sterns, Markham, Fabiani, G-Star, Sportscene, Totalsports, Duesouth, Fashion Express and hi – retail clothing, jewellery, cellphones, accessories, cosmetics, sporting and outdoor apparel and equipment, and homeware and furniture across diverse LSM groupings from the value to upper end throughout Southern Africa.

The group operates almost entirely within the South African Common Monetary Area. Retail turnover emanating from Botswana, Nigeria and Zambia accounts for 1,4% of the group's turnover.

General review

The financial results are reflected in the annual financial statements on pages 14 to 71. The analysis of shareholdings and definitions are contained in the appendices on pages 72 to 74.

Authorised and issued share capital

The group's share buy-back programme commenced at the end of May 2001. At 31 March 2014, 12,0 (2013: 12,0) million shares are owned by a subsidiary of the company, 2,1 (2013: 1,5) million shares held by employees of TFG in terms of share incentive schemes, 3,6 (2013: 3,8) million shares owned by the share incentive trust and nil (2013: 1,1) million shares are held by TFG Limited. These have been eliminated on consolidation. For further details of authorised and issued share capital and treasury shares refer to notes 11 and 12.

At the annual general meeting of the company held on 2 September 2013 shareholders approved, by way of a general authority, that the company may acquire its own shares from time to time subject to the memorandum of the company, the provisions of the Companies Act and the Listings Requirements as presently constituted.

During the year, 5 385 811 ordinary shares were acquired at an average price of R111,50 per share, whereafter the shares were cancelled and restored to authorised share capital.

On 30 July 2013, 3 335 401 shares were delisted reducing the total shares in issue from 228 498 241 shares to 225 162 840 shares.

On 6 December 2013 a further 3 157 786 shares were delisted reducing the total shares in issue to 222 005 054.

Dividends

Interim ordinary

The directors declared an interim ordinary dividend of 243,0 (2013: 236,0) cents per ordinary share, which was paid on Monday, 6 January 2014 to ordinary shareholders recorded in the books of the company at the close of business on Friday, 3 January 2014.

Final ordinary

The directors declared a final ordinary dividend of 293,0 (2013: 270,0) cents per ordinary share, payable on Monday, 7 July 2014 to ordinary shareholders recorded in the books of the company at the close of business on Friday, 4 July 2014.

Preference

The company paid the following dividends to holders of 6,5% cumulative preference shares:

23 September 2013 – R13 000 (25 September 2012 – R13 000)

24 March 2014 – R13 000 (25 March 2013 – R13 000)

Directors

The names of the company's directors at the year-end are:

Independent non-executive directors

D M Nurek (Chairman)

Prof. F Abrahams

S E Abrahams

E Oblowitz

N V Simamane

B L M Makgabo-Fiskerstrand

M Lewis

Non-executive director

D Friedland

Executive directors

A D Murray (CEO)

R Stein (CFO)

P S Meiring (Group director – TFG Financial Services)

The following changes took place during the current year and up to the date of this report:

W V Cuba	Resigned 1 June 2013
D Friedland	Appointed 14 November 2013

The above changes in directors had no effect on the functions of any of the remaining directors.

The following directors retire by rotation in terms of the memorandum of incorporation ("MOI") but, being eligible, offer themselves for re-election as directors:

D M Nurek

D Friedland

M Lewis

Prof F. Abrahams

For details of directors' interests in the company's issued shares, refer to note 11. Details of directors' remuneration are set out in note 34.

Audit committee

The directors confirm that the audit committee has addressed the specific responsibilities required in terms of Section 94(7) of the Companies Act No. 71 of 2008. Further details are contained within the Board Audit Committee Report.

Subsidiaries

The names of, and certain financial information relating to, the company's key subsidiaries appear in note 35.

Special resolutions

On 2 September 2013 shareholders approved the remuneration to be paid to non-executive directors for the year ending 31 March 2014, and further approved that fees paid to directors from 1 April 2014 until the following annual general meeting on 1 September 2014 be authorised by the remuneration committee subject to the provision that the annual increase may not be more than 2% in excess of CPI.

On 2 September 2013 shareholders renewed the approval, as a general authority, of the acquisition by the company or any of its subsidiaries of the issued ordinary shares of the company, valid until the next annual general meeting. At the next annual general meeting to be held on 1 September 2014, shareholders will be asked to renew this general authority, as set out in the notice of annual general meeting.

On 2 September 2013 shareholders also approved that the company may provide direct or indirect financial assistance to a related or interrelated company or corporation (including to directors and prescribed officers of such entities) provided that such financial assistance may only be provided within two years from the date of the adoption of the special resolution and subject further to Sections 44 and 45 of the Companies Act No. 71 of 2008 and the JSE Listings Requirements.

Special resolutions passed by subsidiary companies

No special resolutions of any significance were passed during the year under review.

Staff share incentive and option schemes

Details are reflected in note 33.

Subsequent event

Details are reflected in note 23.

COMPANY SECRETARY'S CERTIFICATE

FOR THE YEAR ENDED 31 MARCH 2014

I certify that The Foschini Group Limited has lodged with the Companies and Intellectual Property Commission (CIPC) all returns as required by a public company in terms of the Companies Act of South Africa, and that all such returns appear to be true, correct and up to date.

D Sheard

Company Secretary

27 June 2014

BOARD AUDIT COMMITTEE REPORT

FOR THE YEAR ENDED 31 MARCH 2014

The board audit committee is pleased to present its report for the financial year ended 31 March 2014 to the shareholders of The Foschini Group Limited (TFG).

This report is in compliance with the requirements of the Companies Act of South Africa No. 71 of 2008 (the Act) and the King Code of Governance for South Africa 2009 (King III).

Audit committee mandate

The committee is governed by a formal audit committee charter that has been updated to incorporate the requirements of the Act. This charter guides the committee in terms of its objectives, authority and responsibilities, both statutory and those assigned by the board.

The audit committee recognises its important role as part of the risk management and corporate governance processes and procedures of TFG.

Duties of the committee

The duties of the audit committee are, *inter alia*:

Statutory duties

The committee has the following duties as prescribed in the Act:

General

- to receive and deal appropriately with any complaints.

External auditors

- to evaluate the independence, effectiveness, and performance of the external auditors and obtain assurance from the auditors that adequate accounting records are being maintained and appropriate accounting principles are in place which have been consistently applied;
- to evaluate the appointment of the external auditors on an annual basis and to ensure that such appointment is in terms of the provisions of the Act and any other legislation;
- to approve the audit fee and fees in respect of any non-audit services; and
- to determine the nature and extent of any non-audit services that the auditor may provide to the group and pre-approve any proposed agreements for non-audit services.

Financial results

- to make submissions to the board on any matter concerning the group's accounting policies, financial control, records and reporting; and
- to provide as part of the integrated report, a report by the audit committee.

Duties assigned and delegated by the board

General

- to ensure that the respective roles and functions of external audit and internal audit are sufficiently clarified and co-ordinated and that the combined assurance received is appropriate to address all significant risks; and
- to assist the board in carrying out its risk management and IT responsibilities.

External auditors

- to consider and respond to any questions from the main board and shareholders regarding the resignation or dismissal of the external auditor, if necessary;
- to review and approve the external audit plan; and
- to ensure that the scope of the external audit has no limitations imposed by management and that there is no impairment on its independence.

Internal control and internal audit

- to review the effectiveness of the group's systems of internal control, including internal financial control and risk management, and to ensure that effective internal control systems are maintained;
- to ensure that written representations on internal control are submitted to the board annually by all divisional managing directors and general managers (these being representations that provide assurance on the adequacy and effectiveness of the group's systems of internal control);
- to monitor and supervise the effective functioning and performance of the internal auditors;
- to review and approve the annual internal audit plan and the internal audit charter; and
- to ensure that the scope of the internal audit function has no limitations imposed by management and that there is no impairment on its independence.

Finance function

- to consider the appropriateness of the expertise and experience of the financial director; and
- to satisfy itself of the expertise, resources and experience of the finance function.

Financial results

- to consider any accounting treatments, significant unusual transactions, or accounting judgements that could be contentious;
- to review management's assessment of going concern and make a recommendation to the board that the going concern concept be adopted by the group; and
- to review the integrated report, as well as annual financial statements, interim reports, preliminary reports or other financial information prior to submission and approval by the board.

Committee composition and attendance at meetings

The committee comprised four independent non-executive directors and now comprises three independent non-executive directors and the chairman of the committee is not the chairman of the board.

Meeting attendance:

Name of member	Qualifications	27 May 2013	4 November 2013	10 March 2014
S E Abrahams	FCA	Present	Present	Present
	CA(SA)			
W V Cuba*	BSc (Survey)	Present	N/A	N/A
	BSc (Info.Systems)			
	MBA			
E Oblowitz	BComm	Present	Present	Apologies
	CA(SA)			
	CPA (Isr)			
N V Simamane	BSc (Biochem) (Hons)	Present	Present	Present

* Resigned 1 June 2013

The committee held three meetings during the 2014 financial year. The committee considered the draft interim and annual financial reports prepared by management and recommended their adoption to the board subject to certain amendments. The chairman provided written reports to the main board summarising the committee's findings and recommendations.

Details of fees paid to committee members appear in note 34.

The chief executive officer, the chief financial officer, the head of TFG Internal Audit, the company secretary and the external audit partner attend meetings at the invitation of the committee. David Friedland, a non-executive director also attends the meetings at the invitation of the committee. In addition, other members of executive management are invited to attend various meetings on an ad-hoc invitational basis. The chairman of the group has an open invitation to attend meetings of the audit committee.

Committee evaluation

As part of the annual board evaluation (which includes an evaluation of all sub-committees), the performance of audit committee members was assessed and found to be satisfactory. In addition, members were assessed in terms of the independence requirements of King III and the Companies Act. It is noted that all members of the committee continue to meet the independence requirements.

Re-election of committee members

The following members have made themselves available for re-election to the committee. Such re-election has been recommended by the nomination committee and will be proposed to shareholders at the upcoming annual general meeting:

- S E Abrahams
- E Oblowitz
- N V Simamane

In addition, the board, in conjunction with the committee recommends to shareholders that Mr S E Abrahams be re-elected as chairman of the committee.

Committee functioning

The committee typically meets three times a year with the main focus of each respective meeting being as follows:

- consideration of control risks and risk management (typically in February/March each year);
- approval of annual results (typically in May each year); and
- approval of interim results (typically in November each year).

Independently of management, members of the committee meet separately with the head of internal audit and the external auditors respectively. The head of internal audit reports directly to the audit committee.

Meeting dates and topics are agreed well in advance each year. Each meeting is preceded by the distribution to each attendee of an audit committee pack comprising:

- detailed agenda;
- minutes of previous meeting;
- report by the external auditors; and
- written reports by management including:
  - compliance;
  - TFG Internal Audit;
  - loss statistics; and
  - fraud.

The chairman of this committee has an open invitation to attend meetings of the risk committee.

Specific responsibilities

The committee confirms that it has carried out its functions in terms of the board audit committee charter and Section 94 (7) of the Companies Act No. 71 of 2008 by:

- confirming the nomination of KPMG Inc. as the group's registered auditor and being satisfied that they are independent of the company;
- approving the terms of engagement and fees to be paid to KPMG Inc.;
- ensuring that the appointment of KPMG Inc. complies with the provisions of the Companies Act;
- determining the nature and extent of any non-audit services which the external auditors provide to the company, or a related company;
- pre-approving any proposed agreement with KPMG Inc. for the provision of any non-audit services;
- preparing this report for inclusion in the annual financial statements as well as in the integrated report;
- receiving and dealing appropriately with any relevant concerns or complaints;
- making submissions to the board on any matter concerning the company's accounting policies, financial control, records and reporting; and
- performing such other oversight functions as may be determined by the board.

Internal financial control and internal audit

Based on the assessment of the system of internal financial controls conducted by TFG Internal Audit, as well as information and explanations given by management and discussions held with the external auditor on the results of their audit, the committee is of the opinion that TFG's system of internal financial controls is effective and forms a basis for the preparation of reliable financial statements in respect of the year under review.

In addition, during the 2014 financial year, the committee were not made aware of any:

- material breaches of any laws or legislation; or
- material breach of internal controls or procedures.

Risk management

Whilst the board is ultimately responsible for the maintenance of an effective risk management process, the committee, together with the risk committee, assist the board in assessing the adequacy of the risk management process. The chairman of this committee has an open invitation to attend risk committee meetings to ensure that relevant information is regularly shared. The committee fulfils an oversight role regarding financial reporting risks, internal financial controls, fraud risk as it relates to financial reporting and information technology risks as they relate to financial reporting.

During the course of the 2014 financial year, the committee considered the risk management approach as well as key control risks, and believe that the approach is relevant and that all key control risks are being adequately addressed by management.

Further detail on the risk management approach & process is included in the risk report which appears in our integrated report.

RCS Group

The group has had a 55% shareholding in RCS and the audit committee has been operating for many years to deal with RCS specific issues. A representative of the minority shareholder has been a member of the committee since inception. The workings of the RCS audit committee mirrored the workings of the group audit committee and has met immediately prior to these meetings. As has been advised to shareholders the group and the minority shareholder has disposed of RCS as a going concern. The finalisation of the agreement and the fulfilment of the various conditions including regulatory approval contained in the agreement are being dealt with by a specific ad hoc committee appointed by the board to overview the RCS disposal process. The RCS audit committee will remain *in situ* until the conclusion of the deal to overview compliance with the terms and conditions of the disposal.

The financial and business environment

The concern of the ability of credit retail customers to service their debts, given the tightening of credit facilities made available to these customers continued throughout the year under review. The Foschini Group Limited (TFG) recognised the need to monitor credit trends carefully and, as anticipated, bad debts continued to escalate during the year under review. Since the audit committee identified this issue as the single most significant financial risk facing TFG, considerable time was expended in questioning, assessing and evaluating the year-end carrying value of receivables (including those of RCS). The audit committee interrogated those charged with the management and administration of the various categories of accounts customers. This overview included the external auditors who independently reviewed the adequacy of the provisioning/allowance applied and therefore the efficacy of the year-end balances. From our perspective I can report that it is our view that management has made adequate provision for those of our customers who have and are experiencing credit pressures.

The other major business associated risk which is drawn to the attention of all stakeholders is the ever increasing volumes of fraud and IT associated activity, including cyber crime which continues to escalate in a significant manner. This risk is certainly not a TFG specific matter, it is of concern to all entities throughout the world.

The audit committee noted the increased trend in losses emanating from fraud related activity, burglaries, armed robberies, etc. We received regular reports analysing the losses and noted management vigilance in attempting to alleviate losses from these activities.

In addition, as required, by King III we reviewed the levels of corporate governance in relation to the IT support division.

Although we remain concerned by the increased levels of losses being incurred, we believe that the appropriate level of senior management time and effort is being devoted to bolstering and strengthening the control environment. Although senior IT skilled resources remains scarce in South Africa, our committee believes that TFG management is approaching recruitment as a high priority.

External auditors

The group's external auditors are KPMG Inc. and the designated auditor is Mr H du Plessis.

KPMG Inc. is afforded unrestricted access to the group's records and management and present any significant issues arising from the annual audit to the committee. In addition, Mr du Plessis, where necessary, raises matters of concern directly with the chairman of the committee.

The committee gave due consideration to the independence of the external auditors and is satisfied that KPMG Inc. is independent of the group and management and therefore able to express an independent opinion on the group's annual financial statements.

The committee has nominated, for approval at the annual general meeting, KPMG Inc. as the external auditor and Mr H du Plessis as the designated auditor for the 2015 financial year, having satisfied itself that the audit firm and designated auditor are accredited by the JSE.

Financial statements

The committee has reviewed the annual financial statements of the company and the group and is satisfied that they comply with International Financial Reporting Standards (IFRS).

In addition, the committee has reviewed management's assessment of going concern and recommended to the board that the going concern concept be adopted by TFG.

Integrated report

The committee fulfils an oversight role in respect of TFG's integrated report. In this regard the committee gave due consideration to the need for assurance on the sustainability information contained in this report and concluded that the obtaining of independent assurance would not be beneficial to stakeholders.

The committee has however considered the sustainability information as disclosed in the integrated report and has assessed its consistency with the annual financial statements. The committee is satisfied that the sustainability information is in no way contradictory to that disclosed in the annual financial statements.

Expertise of financial director and finance function

The committee considers the appropriateness of the expertise and experience of the financial director and finance function on an annual basis.

In respect of the above requirement, the committee believes that Mr R Stein, the chief financial officer, possesses the appropriate expertise and experience to meet his responsibilities in that position.

The committee further considers that the expertise, resources and experience of the finance function are appropriate based on the nature, complexity and size of the group's operations.

Approval

The committee recommended the approval of the annual financial statements and the integrated report to the board.

S E Abrahams

Chairman: Audit Committee

27 June 2014

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF THE FOSCHINI GROUP LIMITED

We have audited the consolidated and separate financial statements of The Foschini Group Limited, which comprise the statements of financial position at 31 March 2014, and the income statements, the statements of comprehensive income, changes in equity and cash flow statements for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, as set out on pages 14 to 71.

Directors' responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the consolidated and separate financial position of The Foschini Group Limited as at 31 March 2014, 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.

Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 31 March 2014, we have read the Directors' Report, the Board Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Other matter

The supplementary schedules set out on pages 72 to 74 do not form part of the financial statements and are presented as additional information. We have not audited these schedules and accordingly we do not express an opinion on them.

KPMG Inc.

Registered Auditor

Per: Henry du Plessis
Chartered Accountant (SA)

Registered Auditor
Director

8th Floor MSC House, 1 Mediterranean Street

Cape Town, 8001

27 June 2014

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH

The Foschini Group Limited and its subsidiaries

	Note	**2014 Rm**	Restated 2013 Rm
ASSETS			
Non-current assets			
Property, plant and equipment	2	**1 696,1**	1 548,4
Goodwill and intangible assets	3	**63,4**	120,3
RCS Group card receivables		**–**	856,4
RCS Group loan receivables		**–**	643,7
Participation in export partnerships	4	**23,9**	30,0
Deferred taxation asset	5	**337,1**	304,7
		2 120,5	3 503,5
Current assets			
Inventory	6	**2 775,9**	2 444,0
Trade receivables – retail	7	**5 796,6**	5 207,7
RCS Group card receivables		**–**	2 250,0
RCS Group loan receivables		**–**	460,6
Other receivables and prepayments	8	**465,5**	816,8
Participation in export partnerships	4	**11,9**	18,4
Cash	9	**301,3**	593,4
		9 351,2	11 790,9
Assets associated with disposal group – RCS Group	10	**5 631,5**	–
Total assets		**17 103,2**	15 294,4
EQUITY AND LIABILITIES			
Equity attributable to equity holders of The Foschini Group Limited			
Share capital	11	**3,0**	3,0
Share premium		**498,7**	498,7
Treasury shares	12	**(738,7)**	(1 071,5)
Dividend reserve	13	**650,5**	616,9
Hedging surplus (deficit)	14	**13,1**	(5,2)
Share-based payments reserve	15	**435,8**	345,5
Foreign currency translation reserve	16	**7,5**	10,7
Post-retirement defined benefit plan reserve	17	**(50,3)**	–
Retained earnings		**6 409,0**	6 645,7
		7 228,6	7 043,8
Non-controlling interest	18	**861,3**	705,5
Total equity		**8 089,9**	7 749,3
LIABILITIES			
Non-current liabilities			
Interest-bearing debt	19	**1 584,7**	1 041,9
RCS Group external funding		**–**	1 651,1
Operating lease liability	20	**208,2**	187,5
Deferred taxation liability	5	**42,7**	65,6
Post-retirement defined benefit plan	17	**180,4**	104,5
		2 016,0	3 050,6
Current liabilities			
Interest-bearing debt	19	**1 375,7**	896,5
RCS Group external funding		**–**	1 298,0
Trade and other payables	21	**1 853,0**	2 234,3
Operating lease liability	20	**8,0**	9,0
Taxation payable		**59,4**	56,7
		3 296,1	4 494,5
Liabilities associated with disposal group – RCS Group	10	**3 701,2**	–
Total liabilities		**9 013,3**	7 545,1
Total equity and liabilities		**17 103,2**	15 294,4

CONSOLIDATED INCOME STATEMENT

FOR THE YEARS ENDED 31 MARCH

	Note	2014 Rm	Restated 2013 Rm
Continuing operations			
Revenue	25	**16 362,9**	14 757,0
Retail turnover		**14 159,0**	12 896,4
Cost of turnover	26	**(7 579,4)**	(6 906,1)
Gross profit		**6 579,6**	5 990,3
Interest income	27	**1 148,1**	997,9
Other revenue	28	**1 055,8**	862,7
Trading expenses		**(6 246,6)**	(5 443,6)
Operating profit before finance charges	29	**2 536,9**	2 407,3
Finance costs	30	**(161,8)**	(108,4)
Profit before taxation		**2 375,1**	2 298,9
Income tax expense	31	**(691,5)**	(669,1)
Profit from continuing operations		**1 683,6**	1 629,8
Discontinued operations			
Profit from discontinued operations, net of tax – RCS Group	10	**321,1**	296,8
Profit for the year		**2 004,7**	1 926,6
Attributable to:			
Continuing operations		**1 683,1**	1 629,1
Discontinued operations		**176,5**	162,9
Equity holders of The Foschini Group Limited		**1 859,6**	1 792,0
Non-controlling interest		**145,1**	134,6
Profit for the year		**2 004,7**	1 926,6
Earnings per ordinary share (cents)	32		
Total			
Basic		**902,8**	856,4
Headline		**908,9**	858,6
Diluted (basic)		**896,6**	849,1
Diluted (headline)		**902,7**	851,3
Continuing operations			
Basic		**817,1**	778,4
Headline		**818,7**	780,6
Diluted (basic)		**811,5**	771,8
Diluted (headline)		**813,1**	773,9
Discontinued operations			
Basic		**85,7**	78,0
Headline		**90,2**	78,0
Diluted (basic)		**85,1**	77,3
Diluted (headline)		**89,6**	77,4

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED 31 MARCH

The Foschini Group Limited and its subsidiaries

	2014 Rm	Restated 2013 Rm
Profit for the year	**2 004,7**	1 926,6
Other comprehensive income:		
Items that will never be reclassified to profit or loss		
Actuarial losses on post-retirement defined benefit plan	**(69,8)**	–
Deferred tax on items that will never be reclassified to profit or loss	**19,5**	–
Items that are or may be reclassified to profit or loss		
Movement in effective portion of changes in fair value of cash flow hedges	**40,6**	9,7
Continuing operations	**6,9**	9,7
Discontinued operations	**33,7**	–
Foreign currency translation reserve movement	**(3,2)**	9,4
Continuing operations	**(5,0)**	9,4
Discontinued operations	**1,8**	–
Deferred tax on items that are or may be reclassified to profit or loss	**(11,3)**	(2,7)
Other comprehensive income for the year before tax	**(32,4)**	19,1
Deferred tax on movement in other comprehensive income	**8,2**	(2,7)
Other comprehensive income for the year, net of tax	**(24,2)**	16,4
Total comprehensive income for the year	**1 980,5**	1 943,0
Attributable to:		
Continuing operations	**1 632,8**	1 645,5
Discontinued operations	**191,6**	162,9
Equity holders of The Foschini Group Limited	**1 824,4**	1 808,4
Non-controlling interest	**156,1**	134,6
Total comprehensive income for the year	**1 980,5**	1 943,0

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEARS ENDED 31 MARCH

	Share capital Rm	Share premium Rm	Treasury shares Rm	Other reserves Rm	Retained earnings Rm	**Attributable to equity holders of The Foschini Group Limited Rm**	Non-controlling interest Rm	**Total equity Rm**
Equity at 31 March 2012	3,0	498,7	(1 218,2)	906,1	6 103,5	**6 293,1**	571,1	**6 864,2**
Total comprehensive income for the year				16,4	1 792,0	**1 808,4**	134,6	**1 943,0**
Profit for the year								
Continuing operations					1 629,1	**1 629,1**	0,7	**1 629,8**
Discontinued operations					162,9	**162,9**	133,9	**296,8**
Other comprehensive income								
Continuing operations								
Movement in effective portion of changes in fair value of cash flow hedges				9,7		**9,7**		**9,7**
Foreign currency translation reserve movement				9,4		**9,4**		**9,4**
Deferred tax on movement in other comprehensive income				(2,7)		**(2,7)**		**(2,7)**
Contributions by and distributions to owners								
Share-based payments reserve movements				65,8		**65,8**		**65,8**
Transfer from dividend reserve				(637,3)	637,3	**–**		**–**
Dividends paid					(1 057,4)	**(1 057,4)**		**(1 057,4)**
Transfer to dividend reserve				616,9	(616,9)	**–**		**–**
Acquisition of non-controlling interest without change in control					(1,7)	**(1,7)**	(0,2)	**(1,9)**
Repurchase of shares from subsidiary	0,2		(0,2)			**–**		**–**
Cancellation of issued shares	(0,2)					**(0,2)**		**(0,2)**
Repurchase of shares			(129,3)			**(129,3)**		**(129,3)**
Proceeds on delivery of shares by share trust					186,6	**186,6**		**186,6**
Delivery of shares by share trust			397,7		(397,7)	**–**		**–**
Shares purchased in terms of share incentive schemes			(145,5)			**(145,5)**		**(145,5)**
Current tax on shares purchased			8,0			**8,0**		**8,0**
Deferred tax on shares purchased			16,0			**16,0**		**16,0**
Equity at 31 March 2013	**3,0**	**498,7**	**(1 071,5)**	**967,9**	**6 645,7**	**7 043,8**	**705,5**	**7 749,3**
Total comprehensive income for the year				**(35,2)**	**1 859,6**	**1 824,4**	**156,1**	**1 980,5**
Profit for the year								
Continuing operations					**1 683,1**	**1 683,1**	**0,5**	**1 683,6**
Discontinued operations					**176,5**	**176,5**	**144,6**	**321,1**
Other comprehensive income								
Continuing operations								
Actuarial losses on post-retirement defined benefit plan				**(69,8)**		**(69,8)**		**(69,8)**
Movement in effective portion of changes in fair value of cash flow hedges				**6,9**		**6,9**		**6,9**
Foreign currency translation reserve movement				**(5,0)**		**(5,0)**		**(5,0)**
Deferred tax on movement in other comprehensive income				**17,6**		**17,6**		**17,6**
Discontinued operations								
Movement in effective portion of changes in fair value of cash flow hedges				**18,5**		**18,5**	**15,2**	**33,7**
Foreign currency translation reserve movement				**1,8**		**1,8**		**1,8**
Deferred tax on movement in other comprehensive income				**(5,2)**		**(5,2)**	**(4,2)**	**(9,4)**
Contributions by and distributions to owners								
Share-based payments reserve movements				**90,3**		**90,3**		**90,3**
Transfer from dividend reserve				**(616,9)**	**616,9**	**–**		**–**
Dividends paid					**(1 066,9)**	**(1 066,9)**	**(0,3)**	**(1 067,2)**
Transfer to dividend reserve				**650,5**	**(650,5)**	**–**		**–**
Cancellation of issued shares	**(0,1)**					**(0,1)**		**(0,1)**
Cost of shares purchased in terms of share incentive schemes	**0,1**		**(0,1)**			**–**		**–**
Repurchase of shares			**(600,5)**			**(600,5)**		**(600,5)**
Realisation of reserves on delisting of shares			**993,6**		**(993,6)**	**–**		**–**
Proceeds on delivery of shares by share trust					**45,5**	**45,5**		**45,5**
Delivery of shares by share trust			**47,7**		**(47,7)**	**–**		**–**
Shares purchased in terms of share incentive schemes			**(127,5)**			**(127,5)**		**(127,5)**
Current tax on shares purchased			**6,5**			**6,5**		**6,5**
Deferred tax on shares purchased			**13,1**			**13,1**		**13,1**
Equity at 31 March 2014	**3,0**	**498,7**	**(738,7)**	**1 056,6**	**6 409,0**	**7 228,6**	**861,3**	**8 089,9**

	2014	2013
Dividends per ordinary share (cents)		
Interim	**243,0**	236,0
Final	**293,0**	270,0
Total	**536,0**	506,0

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEARS ENDED 31 MARCH

The Foschini Group Limited and its subsidiaries

	Note	2014 Rm	Restated 2013 Rm
Cash flows from operating activities			
Operating profit before working capital changes	36	**3 000,6**	3 466,9
Increase in working capital	36	**(930,3)**	(1 695,3)
Cash generated from operations	36	**2 070,3**	1 771,6
Interest income		**17,6**	22,7
Finance costs		**(161,8)**	(327,9)
Taxation paid	37	**(730,7)**	(808,4)
Dividends paid	38	**(1 067,2)**	(1 057,4)
Net cash inflows (outflows) from operating activities		**128,2**	(399,4)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(554,2)**	(580,7)
Acquisition of assets through business combinations	39	**–**	(19,4)
Proceeds from sale of property, plant and equipment		**4,1**	8,4
Repayment of participation in export partnerships		**12,6**	18,0
Net cash outflows from investing activities		**(537,5)**	(573,7)
Cash flows from financing activities			
Proceeds on delivery of shares by share trust		**45,5**	186,6
Repurchase of shares		**(600,5)**	(129,3)
Shares purchased in terms of share incentive schemes		**(127,5)**	(145,5)
Decrease in non-controlling interest loans		**–**	(242,4)
Increase in RCS Group external funding		**–**	1 182,7
Increase in interest-bearing debt		**1 022,0**	209,6
Net cash inflows from financing activities		**339,5**	1 061,7
Net (decrease) increase in cash during the year		**(69,8)**	88,6
Cash at the beginning of the year		**593,4**	504,7
Cash at the beginning of the year – discontinued operations		**(222,4)**	–
Effect of exchange rate fluctuations on cash held		**0,1**	0,1
Cash at the end of the year – continuing operations	9	**301,3**	593,4

CONSOLIDATED SEGMENTAL ANALYSIS

FOR THE YEARS ENDED 31 MARCH

	Retail trading divisions Rm	Customer value added products Rm	Credit Rm	Central and shared services Rm	Total Retail Rm	Discontinued operations – RCS Group Rm	Consoli -dated Rm
2014							
External revenue#	**14 159,0**	**763,1**	**287,6**	**5,1**	**15 214,8**	**634,5**	**15 849,3**
External interest income	**–**	**–**	**1 130,5**	**17,6**	**1 148,1**	**1 118,7**	**2 266,8**
Total revenue*	**14 159,0**	**763,1**	**1 418,1**	**22,7**	**16 362,9**	**1 753,2**	**18 116,1**
Inter-segment revenue				**53,5**	**53,5**	**8,3**	**61,8**
External finance costs				**(161,8)**	**(161,8)**	**(252,2)**	**(414,0)**
Depreciation and amortisation				**(365,5)**	**(365,5)**	**(17,4)**	**(382,9)**
Group profit before tax					**2 375,1**	**458,7**	**2 833,8**
Segmental profit (loss) before tax#	**3 078,4**	**453,9**	**10,1**	**(1 052,3)**	**2 490,1**	**456,9**	**2 947,0**
Other material non-cash items							
Foreign exchange transactions					**(5,0)**	**1,8**	**(3,2)**
Share-based payments					**(90,3)**	**–**	**(90,3)**
Operating lease liability adjustment					**(19,7)**	**–**	**(19,7)**
Capital expenditure					**554,2**	**22,9**	**577,1**
Segment assets					**11 471,7**	**5 631,5**	**17 103,2**
Segment liabilities					**5 312,1**	**3 701,2**	**9 013,3**
2013							
External revenue#	12 896,4	670,8	186,1	5,8	13 759,1	529,3	14 288,4
External interest income	–	–	983,6	14,3	997,9	998,7	1 996,6
Total revenue*	12 896,4	670,8	1 169,7	20,1	14 757,0	1 528,0	16 285,0
Inter-segment revenue				56,3	56,3	8,0	64,3
External finance costs				(108,4)	(108,4)	(219,5)	(327,9)
Depreciation and amortisation				(316,6)	(316,6)	(18,4)	(335,0)
Group profit before tax					2 298,9	414,8	2 713,7
Segmental profit (loss) before tax#	2 810,1	392,5	88,0	(909,5)	2 381,1	414,8	2 795,9
Other material non-cash items							
Foreign exchange transactions					8,3	–	8,3
Share-based payments					(65,8)	–	(65,8)
Operating lease liability adjustment					(24,7)	–	(24,7)
Capital expenditure					567,6	17,1	584,7
Segment assets					10 309,0	4 985,4	15 294,4
Segment liabilities					4 142,7	3 402,4	7 545,1

* Includes retail turnover, interest income and other income.

March 2014 reflects a change in reportable segments as defined by the board, being the chief operating decision-maker. TFG Financial Services have now been split to reflect credit separately from other customer value added products. In addition mobile one2one airtime income previously reported under central and shared services is now reported within customer value added products. The March 2013 comparatives have been restated accordingly.

For management purposes, the following operating divisions have been identified as the group's reportable segments:

- **Retail trading divisions**, comprising the @home division, exact!, the Foschini division, the Jewellery Division, the Markham division, the Sports division and Fashion Express, retail clothing, jewellery, cosmetics, cellphones and homeware and furniture;
- **Customer value added products** – manages the group's financial service products such as publishing and associated magazines, insurance products as well as the one2one product;
- **Credit** – manages the group's trade receivables as well as related functions with regards to the granting of credit;
- **Central and shared services** provide services to the trading divisions, including but not limited to, finance and advisory, internal audit, information technology, logistics, human resources, facilities management and real estate; and
- **Discontinued operations - RCS Group**, an operationally independent consumer finance business that provides a broad range of financial services under its own brand in South Africa, Namibia and Botswana.

The chief executive officer, identified as chief operating decision-maker, in conjunction with the board, reviews the results of these business units on a monthly basis for the purpose of allocating resources and evaluating performance.

Performance is measured based on segmental profit (loss) before tax, as included in the monthly management report reviewed by the chief operating decision-maker.

CONSOLIDATED SEGMENTAL ANALYSIS (CONTINUED)

FOR THE YEARS ENDED 31 MARCH

GEOGRAPHICAL INFORMATION

The retail trading divisions, customer value added products and credit reportable segments earn revenue from South Africa, Namibia, Botswana, Zambia, Swaziland, Lesotho and Nigeria. The RCS Group earns revenue from South Africa, Namibia and Botswana.

In presenting information on the basis of geographical segments, segment revenue is based on the location of the customers whilst segment assets are based on the location of the asset.

The geographical information is presented in the table below.

	Retail trading divisions Rm	Customer value added products Rm	Credit Rm	Central and shared services Rm	Total Retail Rm	Discontinued operations – RCS Group Rm	Consoli -dated Rm
2014							
Segment revenue							
South Africa	**13 430,6**	**755,0**	**1 369,3**	**20,4**	**15 575,3**	**1 731,8**	**17 307,1**
Namibia	**475,8**	**7,9**	**40,2**	**2,2**	**526,1**	**8,9**	**535,0**
Botswana	**119,4**	**–**	**6,0**	**–**	**125,4**	**12,5**	**137,9**
Zambia	**67,9**	**–**	**–**	**0,1**	**68,0**	**–**	**68,0**
Swaziland	**11,1**	**0,2**	**0,8**	**–**	**12,1**	**–**	**12,1**
Lesotho	**40,5**	**–**	**1,8**	**–**	**42,3**	**–**	**42,3**
Nigeria	**13,7**	**–**	**–**	**–**	**13,7**	**–**	**13,7**
Total segment revenue	**14 159,0**	**763,1**	**1 418,1**	**22,7**	**16 362,9**	**1 753,2**	**18 116,1**
Segment non-current assets							
South Africa					**2 032,3**	**–***	**2 032,3**
Namibia					**32,0**	**–***	**32,0**
Botswana					**14,9**	**–***	**14,9**
Zambia					**21,2**	**–**	**21,2**
Swaziland					**2,9**	**–**	**2,9**
Lesotho					**4,6**	**–**	**4,6**
Nigeria					**12,6**	**–**	**12,6**
Total segment non-current assets					**2 120,5**	**–**	**2 120,5**
2013							
Segment revenue							
South Africa	12 318,4	662,9	1 130,5	18,6	14 130,4	1 511,1	15 641,5
Namibia	389,7	7,7	34,6	1,5	433,5	7,2	440,7
Botswana	94,8	–	3,1	–	97,9	9,7	107,6
Zambia	51,0	–	–	–	51,0	–	51,0
Swaziland	9,7	0,2	0,7	–	10,6	–	10,6
Lesotho	25,5	–	0,8	–	26,3	–	26,3
Nigeria	7,3	–	–	–	7,3	–	7,3
Total segment revenue	12 896,4	670,8	1 169,7	20,1	14 757,0	1 528,0	16 285,0
Segment non-current assets							
South Africa					1 871,2	1 537,3	3 408,5
Namibia					23,8	9,2	33,0
Botswana					14,5	7,5	22,0
Zambia					21,3	–	21,3
Swaziland					0,2	–	0,2
Lesotho					4,7	–	4,7
Nigeria					13,8	–	13,8
Total segment non-current assets					1 949,5	1 554,0	3 503,5

*RCS Group is treated as a discontinued operation in terms of IFRS 5. The transaction is expected to take place within one year and therefore seen as current.

Non-current assets consist of property, plant and equipment, goodwill and intangible assets, deferred taxation and the non-current portions of RCS Group card receivables, RCS Group loan receivables and participation in export partnerships.

The Foschini Group Limited and its subsidiaries

1. ACCOUNTING POLICIES

REPORTING ENTITY

The Foschini Group Limited (the "company") is a company domiciled in South Africa. The address of the company's registered office is Stanley Lewis Centre, 340 Voortrekker Road, Parow East, 7500, South Africa. The consolidated financial statements of the company for the year ended 31 March 2014 comprises the company and its subsidiaries (together referred to as the "group").

Nature of business

The Foschini Group Limited is an investment holding company whose subsidiaries, through their retail brands – @home, @homelivingspace, exact!, Foschini, DonnaClaire, Charles & Keith, American Swiss, Mat & May, Sterns, Markham, Fabiani, G-Star, Sportscene, Totalsports, Duesouth, Fashion Express and hi – retail clothing, jewellery, cellphones, accessories, cosmetics, sporting and outdoor apparel and equipment, and homeware and furniture across diverse LSM groupings from the value to upper end throughout Southern Africa.

The group operates almost entirely within the South African Common Monetary Area. Retail turnover emanating from Botswana, Nigeria and Zambia accounts for 1,4% of the group's turnover.

1.1 Basis of preparation

Statement of compliance

The consolidated financial statements are prepared in accordance with the group's accounting policies, which comply with International Financial Reporting Standards (IFRS), Financial Reporting Guides as issued by the Accounting Practice Committee of the South African Institute of Chartered Accountants, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and disclosures required by the Companies Act No. 71 of 2008 and the JSE Listings Requirements, and have been consistently applied with those adopted in the prior year except as described in note 42 and 43.

The financial statements were authorised for issue by the directors on 27 June 2014.

Basis of measurement

The consolidated financial statements are prepared on the going concern and historical cost basis, except where otherwise stated.

Functional and presentation currency

The consolidated financial statements are presented in South African Rands, which is the company's functional currency, rounded to the nearest million, unless otherwise stated.

1.2 Significant judgements and estimates

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Significant areas of estimation, uncertainty and critical judgements made in applying the group's accounting policies, that potentially have a significant effect on the amounts recognised in the financial statements are as follows:

Trade receivables impairment

Trade receivables are disclosed net of any accumulated impairment losses. The calculation of the impairment amount is performed using the internationally recognised Markov model. The Markov model is a statistical model utilised to quantify the probability of default by analysing the observed patterns of delinquency and default over an appropriate period of time, to determine the inherent rate of bad debt in a debtors' book. The probability of default is applied to the accounts receivable balance at statement of financial position date. Accounts that are known to have applied for debt review are fully impaired. The board of directors believe that the application of the Markov model results in trade receivable balances being measured reliably.

Inventory valuation

Inventory is valued at the lower of cost and net realisable value. The allowances for mark-down and obsolescence of inventory take into account historic information related to sales trends and represent the expected mark-down between the original cost and the estimated net realisable value. The net realisable value assigned to this inventory is the net selling price in the ordinary course of business less the estimated costs of completion (where applicable) less the estimated costs to make the sale.

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

Taxation

The group is subject to income tax in more than one jurisdiction. Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Other

Further estimates and judgements are made relating to residual values, useful lives and depreciation methods; goodwill impairment tests (refer to note 3); estimating the fair value of share incentives granted (refer to note 33); provisions; and pension fund and employee obligations (refer to note 33).

The Foschini Group Limited and its subsidiaries

1. ACCOUNTING POLICIES (CONTINUED)

1.3 Consolidation

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the parent company, its subsidiaries and structured entities. The financial statements of subsidiaries are prepared for the reporting period using consistent accounting policies.

Subsidiaries and structured entities are entities controlled by the group. Control exists when the group has power over the investee and is exposed to, or has rights to variable returns from its involvement with the investees and has the ability to use power over the investee to affect the amount of the investor's returns. In assessing control, potential voting rights that are presently exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Adjustments made on changes of interest in subsidiaries are recognised in equity when control is retained, and in profit or loss when control is lost. Any interest retained in the former subsidiary is measured at fair value.

The group has established a structured entity in the form of the share incentive trust. The group does not have any direct or indirect shareholding in the share incentive trust. The results of the share incentive trust that in substance are controlled by the group, are consolidated.

All intra-group transactions, intra-group balances and any unrealised gains and losses are eliminated on consolidation.

The financial statements of foreign operations are translated in terms of the accounting policy on foreign currencies.

The company's financial statements measure investments in subsidiaries at fair value.

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the group. Control exists when the group has power over the investee and is exposed to, or has rights to variable returns from its involvement with the investees and has the ability to use power over the investee to affect the amount of the investor's returns. In assessing control, potential voting rights that are presently exercisable are taken into account.

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 Business Combinations are recognised at their fair values at acquisition date, except for non-current assets (or disposal group) that are classified as held-for-sale in accordance with IFRS 5 Non-current Assets Held-for-Sale and Discontinued Operations, which are recognised at the lower of carrying value or fair value less costs to sell.

The group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interest in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the group incurs in connection with a business combination are expensed as incurred.

Non-controlling interests arising from a business combination, which are present ownership interests, and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation, are measured either at the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets or at fair value. The treatment is not an accounting policy choice but is selected for each individual business combination, and disclosed in the note for business combinations. All other components of non-controlling interests are measured at their acquisition date fair values, unless another measurement basis is required by IFRS's.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

1.4 Cost of turnover

Cost of turnover is calculated as the cost of goods sold, including all costs of purchase, costs of conversion and other costs, including costs incurred in bringing inventories to their present location and condition. Costs of purchase include royalties paid, import duties and other taxes, and transport costs. Inventory write-downs are included in cost of turnover when recognised.

1.5 Dividends

Dividends are accounted for in the period when the dividend is declared. Dividends declared on equity instruments after the reporting date, are accordingly not recognised as liabilities at the reporting date. Final dividends declared after the reporting date, are however, transferred to a dividend reserve.

1.6 Earnings per share

The group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares, which comprise share incentives granted to employees.

Headline EPS is calculated per the requirements of SAICA Circular 2/2013, using the same number of shares as the EPS and diluted EPS calculation.

1.7 Employee benefits

Short-term employee benefits

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service. The accruals for employee entitlements to wages, salaries, annual and sick leave represent the amount which the group has a present obligation to pay as a result of employees' services provided to the reporting date. The short-term employee benefits have been calculated at undiscounted amounts based on current wage and salary rates.

Post-employment benefits

The company and its subsidiaries contribute to several defined benefit and defined contribution plans.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension, provident and retirement funds are recognised as an employee benefit expense in profit or loss when the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Defined benefit plans

A defined benefit plan is a post-employment plan other than a defined contribution plan. The group's net obligation in respect of a defined benefit plan is calculated separately for each plan by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine its present value.

The Projected Unit Credit Method is used to determine the present value of the defined benefit post-retirement medical aid obligations and the related current service cost and, where applicable, past service cost. This calculation is performed by a qualified actuary. When the calculation results in a benefit to the group, the recognised asset is limited to the total of any unrecognised past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. An economic benefit is available to the group if it is realisable during the life of the plan or on settlement of the plan liabilities.

Current service cost and interest cost in respect of defined benefit plans, are recognised immediately in profit or loss. Actuarial gains and losses are recognised in the year in which they arise in other comprehensive income.

The Foschini Group Limited and its subsidiaries

1. ACCOUNTING POLICIES (CONTINUED)

1.7 Employee benefits (continued)

Post-retirement medical aid benefits

Where the group has an obligation to provide post-retirement medical aid benefits to employees, the group recognises the cost of these benefits in the year in which the employees render the services using the same accounting methodology described in respect of defined benefit plans above.

Share-based payment transactions

The group grants equity-settled share instruments to certain employees under an employee share plan. These share instruments will be settled in shares. The grant date fair value of options, share appreciation rights (SARs) and forfeitable shares granted to employees is recognised as an expense with a corresponding increase in equity in a separate reserve over the period that the employees become unconditionally entitled to the instruments. The fair value is measured at the grant date using a binomial option-pricing model and is spread over the vesting period. The amount recognised as an expense is adjusted to reflect the actual number of share instruments for which the related service and non-market vesting conditions are met such that the amount ultimately recognised as an expense is based on the number of share instruments that meet the related service and non-market performance conditions at delivery date. Costs incurred in administering the schemes are expensed as incurred.

Shares forfeited are sold and resultant gain or loss is recognised in equity.

1.8 Expenses

Finance costs

Finance costs comprises of interest paid and payable on borrowings calculated using the effective interest method. All borrowing costs are recognised in profit or loss.

Operating lease payments

Leases where the lessor retains the risks and rewards of ownership of the underlying asset are classified as operating leases.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

Contingent rent is expensed as incurred.

1.9 Financial instruments

A financial instrument is recognised when the group becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised if the group’s contractual rights to the cash flows from the financial assets expire or if the group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the group’s obligations specified in the contract expire or are discharged or cancelled.

Non-derivative financial instruments

Non-derivative financial instruments recognised on the statement of financial position include cash, trade and other receivables, RCS Group card and loan receivables, participation in export partnerships, investments, interest-bearing debt, non-controlling interest loans, RCS Group external funding and trade and other payables.

Initial measurement

Financial instruments are initially recognised at fair value. For those instruments not measured at fair value through profit and loss, directly attributable transaction costs are included on initial measurement. Subsequent to initial recognition financial instruments are measured as described below.

Cash

Cash comprises cash on hand and amounts held on deposit at financial institutions. Cash is measured at amortised cost, based on the relevant exchange rates at reporting date. Outstanding cheques are included in trade and other payables and added back to cash balances included in the statement of financial position.

Loans and receivables

RCS Group loan receivables, RCS Group card receivables, trade receivables - retail and participation in export partnerships are classified as loans and receivables and are carried at amortised cost using the effective interest method, less any accumulated impairment losses. Amortised cost for the group's participation in export partnerships is the group's cost of original participation less principal subsequent repayments received, plus the cumulative amortisation of the difference between the initial amount and the maturity amount, less any write-down for impairment as a result of uncollectibility.

The fair value of loans and receivables, determined for disclosure purposes is estimated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Financial liabilities measured at amortised cost

Non-derivative financial liabilities including interest-bearing debt, RCS Group external funding, and trade and other payables are recognised at amortised cost, comprising original debt less principal payments and amortisations.

The fair value of non-derivative financial liabilities, determined for disclosure purposes, is estimated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Gains and losses on subsequent measurement

All fair value gains and losses on subsequent measurement of financial instruments measured at fair value are recognised in profit or loss, except for hedged instruments. Hedged instruments are accounted for as described in the hedge accounting policy note (refer to note 1.13).

Derivative financial instruments

The group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the group does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are subsequently measured at fair value, with the gain or loss on remeasurement being recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any gain or loss depends on the nature of the hedge (refer to note 1.13).

The fair value of interest rate swaps is the estimated amount that the group would receive or pay to terminate the swap at the reporting date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

The fair value of forward exchange contracts is the present value of their forward price.

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Offset

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when the group has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the financial liability simultaneously.

The Foschini Group Limited and its subsidiaries

1. ACCOUNTING POLICIES (CONTINUED)

1.10 Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share instruments are recognised as a deduction from equity, net of any tax effects.

Preference share capital

Preference share capital is classified as equity. Dividends thereon are recognised as distributions within equity.

Treasury shares

The Foschini Group Limited shares purchased and held by the company or its subsidiaries are classified as treasury shares and are presented as a deduction from equity.

Dividend income on treasury shares are eliminated on consolidation.

Gains or losses on disposal of treasury shares are accounted for directly in equity.

Issued and weighted average numbers of shares are reduced by treasury shares for earnings per share purposes.

1.11 Foreign currencies

The functional currency of each entity within the group is determined based on the currency of the primary economic environment in which that entity operates.

Foreign currency transactions

Transactions in currencies other than the entity's functional currency are translated at the rates of exchange ruling on the transaction date.

Monetary assets and liabilities denominated in such currencies are translated at the rates ruling at the reporting date.

Non-monetary assets and liabilities denominated in such currencies are translated using the exchange rate at the date of the transaction.

Foreign currency gains and losses arising on translation are recognised in profit or loss.

Foreign operations

As at the reporting date, the assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency of the group at the rate of exchange ruling at the reporting date and their income statements and statements of comprehensive income are translated at the exchange rates at the dates of the transactions or the average rates if it approximates the actual rates.

Foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the transaction reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

1.12 Goodwill

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the group. Control exists when the group has power over the investee and is exposed to, or has rights to variable returns from its involvement with the investees and has the ability to use power over the investee to affect the amount of the investor's returns.

For business combinations after 1 April 2010, goodwill is measured as the difference between the aggregate of the acquisition-date fair value of the consideration transferred, the amount of any non-controlling interest, and in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held interest in the acquiree, and the net of the acquisition-date amounts of identifiable assets acquired and the liabilities assumed (measured in accordance with IFRS 3). If the difference between the above is negative, the resulting gain is recognised as a bargain purchase in profit or loss.

For business combinations prior to 1 April 2010, goodwill represents amounts arising on acquisition of subsidiaries and is the difference between the cost of the acquisition and the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the difference is negative (negative goodwill), it is recognised immediately in profit or loss.

Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment and whenever there is an indication of impairment.

1.13 Hedge accounting

Changes in the fair value of a derivative hedging instrument designated as a fair value hedge are recognised in profit or loss. The hedged item is adjusted to reflect changes in its fair value in respect of the risk being hedged; the gain or loss attributable to the hedged risk is recognised in profit or loss with an adjustment to the carrying amount of the hedged item.

To the extent that they are effective, gains and losses from remeasuring the hedging instruments relating to a cash flow hedge to fair value are initially recognised directly in other comprehensive income and presented in the hedging reserve in equity. If the hedged firm commitment or forecast transaction results in the recognition of a non-financial asset or a liability, the cumulative amount recognised in other comprehensive income up to the transaction date is adjusted against the initial measurement of the asset or liability.

For other cash flow hedges, the cumulative amount recognised in other comprehensive income is included in net profit or loss in the period when the hedged item affects profit or loss. The ineffective portion of any gain or loss is recognised immediately in profit or loss.

Where the hedging instrument or hedge relationship is terminated but the hedged transaction is still expected to occur, the cumulative unrealised gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to occur, the cumulative unrealised gain or loss is recognised in profit or loss immediately.

1.14 Impairment of assets

Financial assets

A financial asset not classified as at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset, that can be reliably measured.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in profit or loss.

Non-financial assets

The carrying values of the group's non-financial assets, other than inventories and deferred taxation assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a *pro rata* basis. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

The Foschini Group Limited and its subsidiaries

1. ACCOUNTING POLICIES (CONTINUED)

1.15 Intangible assets (excluding goodwill)

Intangible assets that are acquired by the group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation for intangible assets with finite useful lives, is recognised in profit or loss on a straight-line basis over their estimated useful lives from the date that they are available for use, at the following rate per annum:

Client lists	20%

The above amortisation rate is consistent with the comparative period.

The useful life of an intangible asset that is considered to be indefinite, is assessed annually or whenever there is an indication that the intangible asset may be impaired. Currently the Instinct, Fabiani, G-Star and Prestige trademarks are considered to have indefinite useful lives.

Amortisation methods, useful lives and residual values are reassessed at each reporting date.

1.16 Inventories

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of selling expenses.

The cost of inventories is based on the first-in-first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their present location and condition. Costs may also include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of inventories.

1.17 Property, plant and equipment

Items of property, plant and equipment are measured at cost or deemed cost less accumulated depreciation and accumulated impairment losses. The cost of self-constructed assets, including computer software, includes the cost of materials, direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Cost includes expenditures that are directly attributable to the acquisition of the asset.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Certain items of property, plant and equipment that had been revalued to fair value on or prior to transition to IFRS, are measured on the basis of deemed cost, being the fair value at the date of transition.

Items of property, plant and equipment are depreciated on a straight-line basis over the periods of their estimated useful lives, at the following rates per annum:

Shopfittings	20%
Passenger vehicle	20%
Commercial vehicles	20%
Computer equipment	8,33% – 33%
Office equipment	4% – 33,3%
Furniture and fixtures	16,67%
Buildings	3,33%
Computer software	8,33% – 20%

Land is not depreciated.

The above depreciation rates are consistent with the comparative period except for the change in useful lives of certain computer equipment and computer software. Refer note 43 detailing the change in estimate.

Depreciation of an item of property, plant and equipment commences when the item is ready for its intended use. Depreciation methods, useful lives and residual values are reassessed at each reporting date.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The day-to-day servicing costs of property, plant and equipment are recognised in profit or loss as incurred.

Gains or losses on the disposal of property, plant and equipment are recognised in profit or loss. The gain or loss is the difference between the net disposal proceeds and the carrying amount of the asset.

1.18 Revenue recognition

Revenue is defined as the sum of the items described in further detail below:

Retail turnover

Turnover represents the invoiced value of retail sales, excluding intra-group sales and Value Added Tax. Sales are recognised when significant risks and rewards of ownership are transferred to the buyer, there is no continuing management involvement with the goods, the amount of revenue can be measured reliably, costs and possible return of goods can be measured reliably and receipt of the future economic benefits is probable.

Revenue is measured at the fair value of the consideration received or receivable, net of returns and allowances and rebates.

Interest income

Interest is recognised on a time-proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is probable that such income will accrue to the group.

Dividend income

Dividends received on equity instruments are recognised when the right to receive payment is established.

Publishing income, collection cost recovery and mobile one2one airtime income

Publishing income and mobile one2one airtime income is recognised in profit or loss monthly as billed, whilst collection cost recovery is recognised in profit and loss as incurred.

Insurance and sundry income

Insurance and sundry income is recognised in profit or loss when due and no further services are required.

1.19 Segmental reporting

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the group's other components. All operating segments' operating results are reviewed regularly by the board, identified as the chief operating decision-maker, to make decisions about resources to be allocated to the segment and assess its performance and for which internal financial information is available.

Segment results that are reported to the board include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly the operating lease liability adjustment and the share-based payments reserve movements.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment.

Amounts reported in the group segmental analysis are measured in accordance with IFRS.

The group is organised into five reportable operating divisions:

- Retail trading divisions, comprising the @home division, exact!, the Foschini division, the Jewellery division, the Markham division, Fashion Express division and the Sports division, retail clothing, jewellery, cosmetics, cellphones and homeware and furniture;
- Customer value added products manages the group's financial service products such as publishing and associated magazines, insurance products as well as the mobile one2one airtime product;
- Credit manages the group's trade receivables as well as related functions with regard to the granting of credt;
- Central and shared services provide services to the trading divisions including but not limited to finance and advisory, internal audit, information technology, logistics, human resources, facilities management and real estate; and
- Discontinued operations – RCS Group, an operationally independent consumer finance business that provides a broad range of financial services under its own brand in South Africa, Namibia and Botswana.

The group operates in South Africa, Namibia, Botswana, Zambia, Swaziland, Lesotho and Nigeria. In presenting information on the basis of geographical segment, segment revenue is based on the location of the customers whilst segment assets are based on the location of the asset.

Inter-segment pricing is determined on an arm's length basis.

The Foschini Group Limited and its subsidiaries

1. ACCOUNTING POLICIES (CONTINUED)

1.20 Taxation

Income tax expense comprises current and deferred taxation.

Income tax expense is recognised in profit or loss except to the extent that it relates to a transaction that is recognised directly in other comprehensive income or in equity, in which case it is recognised in other comprehensive income or equity as appropriate.

Current tax is the expected taxation payable, calculated on the basis of taxable income for the year, using the tax rates enacted or substantively enacted at the reporting date, and any adjustment of taxation payable for previous years.

Deferred taxation is recognised in respect of temporary differences between the tax base of an asset or liability and its carrying amount. Deferred taxation is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future.

Deferred taxation is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred taxation assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realised simultaneously.

Deferred taxation assets are recognised for all deductible temporary differences and assessed losses to the extent that it is probable that taxable profit will be available against which such deductible temporary differences and assessed losses can be utilised. Deferred taxation assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

1.21 Non-current assets held for sale

Non-currrent assets or disposal groups comprised of assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than continuing use.

Non-current assets held for sale (or disposal group) are measured at the lower of its carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then the remaining assets and liabilities on a *pro rata* basis. No loss can be allocated to inventories, financial assets, deferred tax assets, employee benefit assets, which is measured in accordance with the group's accounting policies.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

1.22 Reinsurance contracts

Reinsurance contracts issued in cell captive arrangements

Reinsurance contracts issued are those contracts that transfer significant insurance risk from the insurer to the group in a cell captive arrangement. The group agrees to compensate the insurer if a specified uncertain future event adversely affects the underwriting business carried out by the insurer in the cell captive arrangement.

Reinsurance premium revenue

Reinsurance revenue consists of premiums received or receivable from the insurer. Reinsurance premiums are recognised on a straight-line basis over the period of the contract as insurance risk is covered by the group evenly throughout each year.

Claims

Claims incurred and reported and the movement in the provisions for claims incurred but not reported are recognised in profit or loss when the loss events occur. Claims incurred but not yet reported are estimated for compensation payable to the insurer and are recognised in profit or loss.

Underwriting fees

Underwriting fees are recognised in profit or loss when services are received from the insurer.

Amount receivable from insurer

The amount receivable from the insurer is initially recognised as the amount paid for the ordinary shares issued by the insurer to the group.

The amount receivable from the insurer represents the right to the residual interest in the cell captive and is after initial recognition measured based on the net asset position of the cell captive at the end of the reporting period. This amount is reduced by dividends declared by the insurer on the ordinary shares held by the group.

The amount receivable from the insurer is assessed for impairment at each reporting period. If there is objective evidence that the amount receivable is impaired, the carrying amount of the reinsurance asset is reduced to its recoverable amount. The impairment loss is recognised in profit or loss.

Investment income

Interest receivable on the amount receivable is calculated on a monthly basis based on the cash held in the cell and is presented as interest income in profit or loss.

The Foschini Group Limited and its subsidiaries

2. PROPERTY, PLANT AND EQUIPMENT

	2014			2013		
	Cost/ Deemed cost Rm	Accumulated depreciation Rm	Carrying value at the end of the year Rm	Cost/ Deemed cost Rm	Accumulated depreciation Rm	Carrying value at the end of the year Rm
Land and buildings	326,3	(61,0)	265,3	361,4	(90,2)	271,2
Shopfittings and furniture and fixtures	2 697,9	(1 762,2)	935,7	2 424,3	(1 576,7)	847,6
Motor vehicles	104,9	(34,5)	70,4	106,4	(32,0)	74,4
Office equipment	60,5	(38,1)	22,4	64,2	(44,1)	20,1
Computer equipment and software	806,9	(404,6)	402,3	816,2	(481,1)	335,1
Total	3 996,5	(2 300,4)	1 696,1	3 772,5	(2 224,1)	1 548,4

Reconciliation of property, plant and equipment – 2014 (Rm)

	Opening balance	Additions	Disposals	Classified as held for sale	Foreign exchange movements	Depreciation	Total
Land and buildings	271,2	3,7	–	–	–	(9,6)	265,3
Shopfittings and furniture and fixtures	847,6	376,4	(1,9)	(12,1)	3,4	(277,7)	935,7
Motor vehicles	74,4	18,3	(6,9)	(5,1)	–	(10,3)	70,4
Office equipment	20,1	7,1	–	–	–	(4,8)	22,4
Computer equipment and software	335,1	148,7	–	(18,4)	–	(63,1)	402,3
Total	1 548,4	554,2	(8,8)	(35,6)	3,4	(365,5)	1 696,1

Reconciliation of property, plant and equipment – 2013 (Rm)

	Opening balance	Additions	Additions through business combinations	Disposals	Depreciation	Total
Land and buildings	190,5	87,6	–	–	(6,9)	271,2
Shopfittings and furniture and fixtures	762,3	330,8	4,0	(4,8)	(244,7)	847,6
Motor vehicles	73,3	21,7	–	(9,9)	(10,7)	74,4
Office equipment	19,8	5,2	–	–	(4,9)	20,1
Computer equipment and software	267,3	135,4	–	–	(67,6)	335,1
Total	1 313,2	580,7	4,0	(14,7)	(334,8)	1 548,4

Included in computer equipment and software is software with a net book value of R226,5 (2013: R189,8) million.

None of the group's assets is in any way encumbered.

Registers of the land and buildings are available for inspection at the registered office of the company at Parow East.

3. GOODWILL AND INTANGIBLE ASSETS

	2014			2013		
	Cost Rm	**Accumulated amortisation Rm**	**Carrying value Rm**	Cost Rm	Accumulated amortisation Rm	Carrying value Rm
Intangible asset on acquisition of trademarks	**29,9**	**–**	**29,9**	61,6	–	61,6
Goodwill	**33,5**	**–**	**33,5**	58,7	–	58,7
Intangible asset on acquisition of client lists	**–**	**–**	**–**	2,0	(2,0)	–
Total	**63,4**	**–**	**63,4**	122,3	(2,0)	120,3

Reconciliation of goodwill and intangible assets – 2014

	Opening balance Rm	**Classified as held for sale Rm**	**Total Rm**
Intangible asset on acquisition of trademarks	**61,6**	**(31,7)**	**29,9**
Goodwill	**58,7**	**(25,2)**	**33,5**
Total	**120,3**	**(56,9)**	**63,4**

Reconciliation of goodwill and intangible assets – 2013

	Opening balance Rm	Additions through business combinations Rm	Amortisation Rm	Total Rm
Intangible asset on acquisition of trademarks	50,9	10,7	–	61,6
Goodwill	58,7	–	–	58,7
Intangible asset on acquisition of client lists	0,2	–	(0,2)	–
Total	109,8	10,7	(0,2)	120,3

The Instinct brand intangible asset represents registered rights to the exclusive use of the Instinct brand name. The useful life of the Instinct brand is considered to be indefinite. This useful life is assessed annually or whenever there is an indication of impairment.

The Fabiani brand intangible asset represents registered rights to the exclusive use of the Fabiani brand name. The useful life of the Fabiani brand is considered to be indefinite. This useful life is assessed annually or whenever there is an indication of impairment.

The G-Star brand intangible asset represents TFG's rights in terms of various franchise agreements to operate G-Star stores in South Africa. The useful life of the G-Star brand is considered to be indefinite. This useful life is assessed annually or whenever there is an indication of impairment.

The client lists are name lists purchased by the RCS Group which are used to invite individuals to apply for loans. Client lists are considered to have definite useful lives.

Goodwill is tested annually for impairment or whenever there is an indication of impairment.

Impairment testing of indefinite life intangible assets and goodwill

Goodwill acquired through business combinations has been allocated to the individual cash-generating units as follows:

	2014 Rm	2013 Rm
Continuing operations		
Totalsports	**9,3**	9,3
Prestige Clothing	**24,2**	24,2
Discontinued operations		
Massdiscounters credit business	**–**	7,5
RCS Personal Finance	**–**	17,7
	33,5	58,7

The recoverable amount of all cash-generating units has been determined based on a value-in-use calculation, using cash flow projections which cover a three-year period. The cash flows have been discounted at a rate of 9% – 10% (2013: 9% – 10%).

The Foschini Group Limited and its subsidiaries

3. GOODWILL AND INTANGIBLE ASSETS (CONTINUED)

The following significant assumptions have been applied when reviewing goodwill for impairment:

- Asset values were based on the carrying amounts for the financial period;
- Future expected profits were estimated using historical information and approved budgets;
- Totalsports' sales growths and gross margins were based on historical performance, while costs were assumed to grow in line with expansion and expected inflation.

	2014 Rm	2013 Rm
4. PARTICIPATION IN EXPORT PARTNERSHIPS		
Loans and receivables		
Participation in export partnerships	**35,8**	48,4
Deduct amount to be repaid within one year, included in current assets	**(11,9)**	(18,4)
	23,9	30,0

Certain subsidiary companies participated in various export partnerships, whose business was the purchase and export sale of shipping containers. The partnerships bought and sold the containers in terms of long-term suspensive purchase and credit sale agreements respectively, with repayment terms usually over a 10– to 15-year period.

The group's management of and exposure to credit and market risk is disclosed in note 22.

5. DEFERRED TAXATION

	2014 Rm	2013 Rm
Balance at 1 April	**239,1**	153,8
Prior year over provision	**(4,5)**	(3,7)
Amounts recognised directly in other comprehensive income		
Forfeitable shares deduction deferred	**(2,1)**	8,6
Foreign currency and financial instrument reserves	**(1,9)**	(2,3)
Current year movement in temporary differences recognised in profit or loss		
Operating leases	**4,0**	6,5
Working capital allowances	**72,2**	59,4
Capital allowances	**(24,1)**	3,8
Restraint of trade payments	**(7,1)**	(8,9)
Export partnerships (refer note 4)	**11,8**	18,2
Assessed loss	**8,2**	3,7
Post-retirement defined benefit plan reserve	**19,5**	–
RCS Group classified as held for sale	**(20,7)**	–
At 31 March	**294,4**	239,1
Arising as a result of:		
Deferred taxation assets		
Foreign currency and financial instrument reserves	**1,6**	3,7
Operating leases	**58,6**	55,0
Working capital allowances	**284,9**	245,0
Capital allowances	**(47,1)**	(22,0)
Restraint of trade payments	**(15,6)**	(8,5)
Trademarks	**0,1**	0,1
Forfeitable shares	**21,1**	23,2
Assessed loss	**14,0**	8,2
Post-retirement defined benefit plan reserve	**19,5**	–
Deferred taxation asset	**337,1**	304,7
Arising as a result of:		
Deferred taxation liability		
Capital allowances	**(2,6)**	(1,8)
Working capital allowances	**–**	(11,3)
Foreign currency and financial instrument reserves	**–**	(1,9)
Operating leases	**–**	1,3
Export partnerships (refer note 4)	**(40,1)**	(51,9)
Deferred taxation liability	**(42,7)**	(65,6)
Net deferred taxation	**294,4**	239,1

		2014 Rm	Restated 2013 Rm
6.	**INVENTORY**		
	Merchandise	**2 637,2**	2 266,6
	Raw materials	**104,3**	136,8
	Shopfitting stock	**28,6**	37,2
	Consumables	**5,8**	3,4
		2 775,9	2 444,0
	Inventory write-downs included above	**140,4**	110,8
7.	**TRADE RECEIVABLES – RETAIL**		
	6-month revolving credit	**1 015,1**	1 013,4
	12-month extended credit	**4 781,5**	4 194,3
		5 796,6	5 207,7
	The effective rate of interest earned on the above receivables during the year under review is 18,1% (2013: 18,1%). The group's management of and exposure to credit and market risk is disclosed in note 22.		
8.	**OTHER RECEIVABLES AND PREPAYMENTS**		
	Loans and receivables		
	Financial instrument asset	**–**	131,9
	Miscellaneous debtors and other receivables	**231,4**	301,2
	Other receivables		
	Prepaid expenses	**114,6**	130,7
	Insurance receivable (see note 41)	**119,5**	253,0
		465,5	816,8
	The group's management of and exposure to credit and market risk is disclosed in note 22.		
9.	**CASH**		
	Bank balances	**301,3**	593,4
	The group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 22.		

10. DISPOSAL GROUP HELD FOR SALE

As was announced on SENS on 10 April 2014, the group together with The Standard Bank of South Africa Limited (SBSA), has entered into agreements which will result in BNP Paribas Personal Finance S.A. becoming the 100% shareholder of the RCS Group. The group has a 55% shareholding in the RCS Group. The effective date of the proposed transaction is expected to be on or about 31 July 2014, subject to the fulfilment of certain conditions precedent. Accordingly, the RCS Group has been treated as a discontinued operation in terms of IFRS 5. The profits from the ordinary activities of the discontinued operations for the year together with the corresponding amounts for the prior period are presented below.

INCOME STATEMENT	2014 Rm	Restated 2013 Rm
Interest income	**1 118,7**	998,7
Other revenue	**634,5**	535,6
Total credit income	**1 753,2**	1 534,3
Net bad debt	**(373,6)**	(269,8)
Trading expenses	**(668,7)**	(622,0)
Operating profit before finance charges	**710,9**	642,5
Finance costs	**(252,2)**	(227,7)
Profit before tax	**458,7**	414,8
Income tax expense	**(137,6)**	(118,0)
Profit for the year	**321,1**	296,8

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	2014 Rm	2013 Rm
10. DISPOSAL GROUP HELD FOR SALE (CONTINUED)		
STATEMENT OF FINANCIAL POSITION		
Assets and liabilities		
Assets of disposal group		
Non-current assets		
Property, plant and equipment	**40,5**	35,6
RCS Group card receivables	**964,9**	856,4
RCS Group loan receivables	**561,8**	643,7
Deferred taxation asset	**15,1**	27,8
Goodwill and intangible assets	**56,9**	56,9
Current assets		
RCS Group card receivables	**2 820,1**	2 250,0
RCS Group loan receivables	**398,2**	460,6
Cash	**421,9**	222,4
Other receivables and prepayments	**348,7**	432,0
Taxation receivables	**3,4**	–
	5 631,5	4 985,4
Liabilities of disposal group		
Non-current liabilities		
RCS Group external funding	**2 535,0**	1 651,1
Deferred taxation liability	**–**	7,1
Current liabilities		
RCS Group external funding	**780,8**	1 298,0
Trade and other payables	**385,4**	445,8
Taxation payable	**–**	0,4
	3 701,2	3 402,4
CASH FLOW STATEMENT		
Net cash outflows from operating activities – discontinued operations	**(144,9)**	(884,6)
Net cash outflows from investing activities – discontinued operations	**(22,3)**	(16,7)
Net cash inflows from financing activities – discontinued operations	**366,7**	940,3
	199,5	39,0

11. SHARE CAPITAL

	2014 Rm	2013 Rm
Authorised		
200 000 (2013: 200 000) 6,5% cumulative preference shares of R2 each	**0,4**	0,4
600 000 000 (2013: 600 000 000) ordinary shares of 1,25 cents each	**7,5**	7,5
	7,9	7,9
Issued		
Ordinary share capital		
Ordinary shares of 1,25 cents each		
Total in issue	**2,8**	2,9
Shares held by company	**–**	–*
Shares held by subsidiary	**(0,2)**	(0,2)
Shares held in terms of the share incentive schemes	**–***	(0,1)
Total in issue at the end of the year – company	**2,8**	2,9
Total in issue at the end of the year – group	**2,6**	2,6
Preference share capital		
200 000 (2013: 200 000) 6,5% cumulative preference shares of R2 each	**0,4**	0,4
Total in issue at the end of the year – company	**3,2**	3,3
Total net issued share capital – group	**3,0**	3,0

* Zero as a result of rounding

11. SHARE CAPITAL (CONTINUED)

	Number of shares 2014	2013
Reconciliation of number of shares issued:		
Total in issue	**222 005 054**	228 498 241
Shares held by company	**–**	(1 107 376)
Shares held by subsidiary	**(12 049 824)**	(12 049 824)
Shares held in terms of share incentive schemes	**(5 701 930)**	(5 239 195)
Total in issue at the end of the year – company	**222 005 054**	228 498 241
Total in issue at the end of the year – group	**204 253 300**	210 101 846

At the annual general meeting of the company held on 2 September 2013 shareholders approved, by way of a general authority, that the company may acquire its own shares from time to time subject to the memorandum of the company, the provisions of the Companies Act and the Listings Requirements as presently constituted.

During the year, 5 385 811 ordinary shares were acquired at an average price of R111,50 per share, whereafter the shares were cancelled and restored to authorised share capital.

On 30 July 2013, 3 335 401 shares were delisted reducing the total shares in issue from 228 498 241 shares to 225 162 840 shares.

On 6 December 2013 a further 3 157 786 shares were delisted reducing the total shares in issue to 222 005 054.

Dividends and voting rights

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. Holders of the cumulative preference shares receive a cumulative dividend of 6,5 cents per share at interim (September) and year-end (March) of each year. Holders of ordinary dividends received the following dividends during the year:

Interim: 243,0 cents per share paid on 6 January 2014

Final: 293,0 cents per share payable on 7 July 2014

Unissued ordinary shares

In terms of the provisions of the Companies Act and limited to the issuing of shares in terms of the company's obligations under the staff share incentive schemes, the unissued ordinary shares are under the control of the directors only until the forthcoming annual general meeting.

Directors' Interest

At 31 March 2014, the directors had the following interests in the company's issued shares:

	Shares 000's	Options exercised 000's	Share appreciation rights accepted 000's	Price per share R	Year of delivery	**2014 Total 000's**	2013 Total 000's
Non-executive							
D M Nurek (indirect beneficial)	10,0	–	–	–		**10,0**	10,0
Prof. F Abrahams	–	–	–	–		**–**	–
S E Abrahams	–	–	–	–		**–**	–
B L M Makgabo-Fiskerstrand	–	–	–	–		**–**	–
W V Cuba* (indirect beneficial)	–	–	–	–		**–**	57,0
E Oblowitz (direct beneficial)	2,0	–	–	–		**2,0**	2,0
N V Simamane (direct beneficial)	1,5	–	–	–		**1,5**	1,5
M Lewis (associates holdings)	9 104,1	–	–	–		**9 104,1**	9 104,1
D Friedland (indirect beneficial)	27,5	–	–	–		**27,5**	–
Total non-executive	9 145,1	–	–			**9 145,1**	9 174,6

* W V Cuba resigned 1 June 2013

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11. SHARE CAPITAL (CONTINUED)

	Shares 000's	Options exercised 000's	Share appreciation rights accepted 000's	Price per share R	Year of delivery	**2014 Total 000's**	2013 Total 000's
Executive							
A D Murray (direct beneficial)	1 150,0	–	–	–		**1 150,0**	1 115,0
A D Murray (indirect beneficial)	450,0	–	–	–		**450,0**	450,0
A D Murray (performance-based restricted forfeitable shares)	60,4	–	–	–		**60,4**	38,7
A D Murray (restricted forfeitable shares)	256,7	–	–	–		**256,7**	256,7
A D Murray	–	–	–	60,55	2014	**–**	83,3
	1 917,1	–	–			**1 917,1**	1 943,7
A D Murray	–	–	173,0	64,47	2015	**173,0**	173,0
A D Murray	–	–	85,2	86,62	2015	**85,2**	85,2
A D Murray	–	–	62,8	136,22	2016	**62,8**	62,8
A D Murray	–	–	133,4	96,86	2017	**133,4**	–
	–	–	454,4			**454,4**	321,0
R Stein (direct beneficial)	697,5	–	–	–		**697,5**	697,5
R Stein (indirect beneficial)	275,7	–	–	–		**275,7**	275,7
R Stein (performance-based restricted forfeitable shares)	30,8	–	–	–		**30,8**	19,8
R Stein (restricted forfeitable shares)	13,9	–	–	–		**13,9**	13,9
	1 017,9	–	–			**1 017,9**	1 006,9
R Stein	–	–	86,0	64,47	2015	**86,0**	86,0
R Stein	–	–	43,7	86,62	2015	**43,7**	43,7
R Stein	–	–	32,2	136,22	2016	**32,2**	32,2
R Stein	–	–	67,9	96,86	2017	**67,9**	–
	–	–	229,8			**229,8**	161,9

11. SHARE CAPITAL (CONTINUED)

	Shares 000's	Options exercised 000's	Share appreciation rights accepted 000's	Price per share R	Year of delivery	**2014 Total 000's**	2013 Total 000's
Executive							
P S Meiring (direct beneficial)	196,0	–	–	–		**196,0**	196,0
P S Meiring (indirect beneficial)	294,9	–	–	–		**294,9**	294,9
P S Meiring (performance-based restricted forfeitable shares)	28,4	–	–	–		**28,4**	18,2
P S Meiring (restricted forfeitable shares)	12,7	–	–	–		**12,7**	12,7
	532,0	–	–			**532,0**	521,8
P S Meiring	–	–	77,0	64,47	2015	**77,0**	77,0
P S Meiring	–	–	40,0	86,62	2015	**40,0**	40,0
P S Meiring	–	–	29,5	136,22	2016	**29,5**	29,5
P S Meiring	–	–	62,7	96,86	2017	**62,7**	–
	–	–	209,2			**209,2**	146,5
Total executive excluding share appreciation rights	3 467,0					**3 467,0**	3 472,4
Total executive share appreciation rights			893,4			**893,4**	629,4
Total excluding share appreciation rights	12 612,1					**12 612,1**	12 647,0
Total share appreciation rights			893,4			**893,4**	629,4

The following changes have taken place since 31 March 2014:

1. On 10 June 2014 executive directors accepted the following share appreciation rights (SARs):

	SARs accepted 000's**	Price per SAR R
A D Murray	89,4	111,10
R Stein	45,5	111,10
P S Meiring	41,7	111,10

** Subject to performance criteria.

2. On 10 June 2014 executive directors accepted the following ordinary shares in terms of the group's 2010 share incentive scheme for nil consideration. The shares vest on the third anniversary of the grant date provided the recipient remains in the group's employ and the requisite performance conditions are satisfied.

	Shares accepted 000's**	Estimated value Rm#
A D Murray	38,3	4,3
R Stein	19,5	2,2
P S Meiring	17,9	2,0

Estimated value based on closing share price of R111,47 on 10 June 2014.

** Subject to performance criteria.

3. During June 2014, associates of M Lewis (indirect beneficiary) purchased 80 800 ordinary shares to the value of R9,1 million.
4. On 4 June 2014, A D Murray sold 58 615 ordinary shares previously granted on 1 June 2011 with time restricted conditions in terms of the group's 2010 share incentive scheme. The total value of the transaction was R6,4 million.

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11. SHARE CAPITAL (CONTINUED)

5. On 4 June 2014 the executive directors sold ordinary shares previously granted on 3 June 2011 with performance based restrictions in terms of the group's 2010 share incentive scheme:

	Shares sold 000's	Value Rm
A D Murray	8,9	1,0
R Stein	4,6	0,5
P S Meiring	4,2	0,5

6. On 4 June 2014 the executive directors sold ordinary shares previously granted on 3 June 2011 with time restricted conditions in terms of the group's 2010 share incentive scheme:

	Shares sold 000's	Value Rm
R Stein	3,2	0,3
P S Meiring	2,9	0,3

12. TREASURY SHARES

In terms of a special resolution passed at the annual general meeting of the company on 2 September 2013 shareholders renewed the approval, as a general authority, of the acquisition by the company or any of its subsidiaries, of the issued ordinary shares of the company, not exceeding 5% in aggregate in any one financial year. The general authority is subject to the Listings Requirements of the JSE Limited and the Companies Act No. 71 of 2008, and is valid only until the company's next annual general meeting.

	Number of shares	
	2014	2013
Foschini Stores Proprietary Limited	**12 049 824**	24 049 824
The Foschini Group Limited	**1 107 376**	–
The Foschini Share Incentive Trust	**3 776 438**	9 150 399
Employees of TFG in terms of share incentive schemes	**1 462 757**	893 735
Balance at the beginning of the year	**18 396 395**	34 093 958
The Foschini Share Incentive Trust	**516 659**	500 000
Employees of TFG in terms of share incentive schemes	**732 500**	602 400
Shares purchased during the year in terms of share incentive schemes	**1 249 159**	1 102 400
The Foschini Share Incentive Trust	**(171 633)**	(575 610)
Employees of TFG in terms of share incentive schemes	**(38 940)**	(33 378)
Shares sold during the year	**(210 573)**	(608 988)
The Foschini Share Incentive Trust	**(507 969)**	(5 298 351)
Employees of TFG in terms of share incentive schemes	**(67 882)**	–
Shares delivered during the year	**(575 851)**	(5 298 351)
Foschini Stores Proprietary Limited – sale of shares	**–**	(12 000 000)
The Foschini Group Limited – purchase of shares from subsidiary	**–**	12 000 000
The Foschini Group Limited – cancellation of shares	**(6 493 187)**	(12 000 000)
The Foschini Group Limited – purchase of shares on open market	**5 385 811**	1 107 376
Share transactions during the year in terms of repurchase arrangement	**(1 107 376)**	1 107 376
Foschini Stores Proprietary Limited	**12 049 824**	12 049 824
The Foschini Group Limited	**–**	1 107 376
The Foschini Share Incentive Trust	**3 613 495**	3 776 438
Employees of TFG in terms of share incentive schemes	**2 088 435**	1 462 757
Balance at the end of the year	**17 751 754**	18 396 395

As at 31 March 2014 a subsidiary, Foschini Stores Proprietary Limited, held 12 049 824 (2013: 12 049 824) shares, representing 5,4% (2013: 5,3%) of the company's share capital. The Foschini Group Limited held nil (2013: 1 107 376) shares. The Foschini Share Incentive Trust held 3 613 495 (2013: 3 776 438) shares, representing 1,6% (2013: 1,6%) of the company's share capital, and employees of TFG held 2 088 435 (2013: 1 462 757) shares representing 0,9% (2013: 0,6%) of the company's share capital. The Foschini Share Incentive Trust and employees of TFG hold shares in terms of share incentive schemes.

	2014 Rm	2013 Rm

13. DIVIDEND RESERVE

A liability for cash dividends is recognised in the period when the dividend is declared. An amount equal to dividends declared subsequent to the reporting date is transferred to the dividend reserve.

A final dividend of 293,0 (2013: 270,0) cents per ordinary share was declared on 29 May 2014 payable on 7 July 2014.

No liability has been raised, as this dividend was declared subsequent to the reporting date.

	2014 Rm	2013 Rm
Balance at 1 April	**616,9**	637,3
Transfer from dividend reserve to distributable earnings	**(616,9)**	(637,3)
Transfer to dividend reserve from distributable earnings	**650,5**	616,9
Balance at 31 March	**650,5**	616,9

14. HEDGING SURPLUS (DEFICIT)

The hedging deficit comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

	2014 Rm	2013 Rm
Balance at 1 April	**(5,2)**	(12,2)
Effective portion of changes in fair value of cash flow hedges	**25,4**	9,7
Deferred tax on movement in effective portion of cash flow hedges	**(7,1)**	(2,7)
Balance at 31 March	**13,1**	(5,2)
Comprised as follows:		
Interest rate swaps (asset) – fair value (net of non-controlling interest)	**25,4**	12,5
Interest rate swaps (liability) – fair value (net of non-controlling interest)	**(0,2)**	(6,0)
Forward exchange contracts – fair value	**(6,5)**	(13,4)
Total fair value of cash flow hedges	**18,7**	(6,9)
Deferred tax on interest rate swaps	**(7,1)**	(1,8)
Deferred tax on forward exchange contracts	**1,5**	3,5
Total deferred tax on cash flow hedges	**(5,6)**	1,7
Balance at 31 March	**13,1**	(5,2)

The opening balance of R5,2 million was realised during the year and recycled to profit or loss. The forward exchange contracts are used to hedge the estimated foreign currency exposure to forecast purchases over the next six months.

15. SHARE-BASED PAYMENTS RESERVE

Share-based payments reserve comprises the cumulative fair value of options, share appreciation rights and forfeitable shares granted to employees after 7 November 2002.

	2014 Rm	2013 Rm
Balance at 1 April	**345,5**	279,7
Fair value of share instruments granted in prior years	**64,9**	42,5
Fair value of share instruments granted during the year	**25,4**	23,3
Balance at 31 March	**435,8**	345,5

16. FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve comprises gains and losses arising on translation of the assets, liabilities, income and expenses of foreign operations.

	2014 Rm	2013 Rm
Balance at 1 April	**10,7**	1,3
Foreign currency translation differences	**(3,2)**	9,4
Balance at 31 March	**7,5**	10,7

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	2014 Rm	Restated 2013 Rm
17. POST-RETIREMENT DEFINED BENEFIT PLAN		
Defined benefit plan		
At March 2014, the group had an obligation to provide post-retirement health care to 872 members (2013: 919). These members belong to the TFG Medical Aid Scheme, registered in terms of the Medical Schemes Act No. 131 of 1998, as amended.		
Movements for the year		
Balance at 1 April	**104,5**	97,9
Settlements	**(6,8)**	(5,7)
One year service cost	**2,2**	2,0
Interest cost	**10,7**	10,3
Actuarial losses	**69,8**	–
Balance at 31 March	**180,4**	104,5
Net expense recognised in profit or loss		
Curtailment or settlement	**(6,8)**	(5,7)
Current service cost	**2,2**	2,0
Interest cost	**10,7**	10,3
	6,1	6,6
Post-retirement defined benefit plan reserve		
Balance at 1 April	**–**	–
Actuarial losses	**69,8**	–
Deferred tax on actuarial losses	**(19,5)**	–
Balance at 31 March	**50,3**	–
Key assumptions used		
Gross discount rates used	**9,5%**	8,5%
Interest rate	**9,5%**	8,5%
Implied allowances for medical scheme contribution inflation	**8,9%**	6,9%

Other assumptions: Mortality assumptions:

- Pre-retirement Male “SA85–90 (Light)” (2013: “SA72-77”)
- Pre-retirement Female ”SA85–90 (Light)” (2013: “SA72-77” – rated down by 3 years)
- Post-retirement Male “PA90” males – rated down by 1 year (2013: “PA90” males – rated down by 1 year)
- Post-retirement Female “PA90” females – rated down by 1 year (2013: “PA90” females – rated down by 1 year)

“SA85–90 (Light)” (2013: “SA72–77”) and “PA85–90 (Light)” (2013: “PA90”) are standard actuary mortality tables used as the basis for the assumptions regarding the life expectancy of employees and pensioners in the valuation.

Withdrawal and retirement assumptions:

- Employees are assumed to retire at their normal retirement date of 60 or 65, dependent on the employee.
- Withdrawal assumptions: 0% – 20,3% depending on age of employee.

The same assumptions were used for 2013.

It was also assumed that no significant changes would occur in the structure of the medical arrangements or in the subsidy scales for members (except for adjustments above).

Sensitivity analysis

Possible changes at the reporting date to one of the relevant actuarial assumptions, holding the other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Total Actuarial liability 31 March 2014:	Defined benefit obligation	
	Increase Rm	Decrease Rm
Health cost inflation (1% movement)	**206,5**	**158,4**
Discount rate (1% movement)	**158,9**	**207,0**

	2014 Rm	Restated 2013 Rm

18. NON-CONTROLLING INTEREST

The Standard Bank of South Africa Limited (SBSA) has a 45% (2013: 45%) shareholding in the RCS Group. Certain other minorities have an insignificant shareholding in an entity which is majority-owned by the group.

19. INTEREST-BEARING DEBT

	2014 Rm	Restated 2013 Rm
Non-current liabilities		
Unsecured fluctuating loans in terms of long-term bank facilities	**1 584,7**	1 041,9
Current liabilities		
At amortised cost	**1 375,7**	896,5
Balance at 31 March	**2 960,4**	1 938,4

Included in interest-bearing debt is an amount of Rnil (2013: R500,0) million which bears variable interest at a margin of 1,37% above one-month Johannesburg Interbank Agreed Rate (JIBAR), R400,0 million (2013: Rnil) which bears variable interest at a margin of 1,30% above three-month Johannesburg Interbank Agreed Rate JIBAR and R500,0 million (2013: Rnil) which bears variable interest at a margin of 1,60% above three-month JIBAR. The effective rate for 2014 was 5,875% Nominal Annual Compounded Monthly (NACM) (2013: 6,513% NACM). The balance of interest-bearing debt bears interest at 6,20% NACM (2013: 5,50% NACM) at 31 March.

The group's borrowing powers in terms of its memorandum of incorporation are unlimited.

The group's management of and exposure to credit and market risk is disclosed in note 22.

20. OPERATING LEASE LIABILITY

	2014 Rm	Restated 2013 Rm
Accrual for straight-lining of operating leases:		
Non-current liabilities	**208,2**	187,5
Current liabilities	**8,0**	9,0
Balance at 31 March	**216,2**	196,5

The group leases most of its trading premises under operating leases.

Leases on trading premises are contracted for periods of between five and 10 years, with renewal options for a further five years, wherever possible. The lease agreements for certain stores provide for a minimum annual rental payment and additional payments determined on the basis of turnover. Turnover rentals, where applicable, average approximately 4,5% of turnover. Rental escalations vary, but average at a rate of approximately 8% per annum.

At 31 March, future non-cancellable minimum lease rentals are as follows:

	2014 Rm	Restated 2013 Rm
Less than 1 year	**1 229,6**	1 197,6
More than 1 year and less than 5 years	**2 566,4**	2 464,1
More than 5 years	**464,4**	482,8

21. TRADE AND OTHER PAYABLES

	2014 Rm	Restated 2013 Rm
Financial liabilities		
Trade payables	**1 398,5**	1 299,9
Other liabilities		
Other payables and accruals	**299,3**	634,9
Employee-related accruals	**103,2**	120,6
Gift card liability	**46,4**	40,9
Financial instrument liability	**5,6**	138,0
	1 853,0	2 234,3

The group's management of and exposure to market and cash flow and liquidity risk is disclosed in note 22.

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22. RISK MANAGEMENT

Overview

The group has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

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

Risk management framework

The board of directors has overall responsibility for the establishment and oversight of the group's risk management framework. The board has established the risk committee, which is responsible for developing and monitoring the group's risk management policies. The committee reports quarterly to the board of directors on its activities.

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

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

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 on trade and other receivables, cash, participation in export partnerships, RCS Group loan receivables and RCS Group card receivables. The group does not consider there to be any significant concentration of credit risk in respect of which adequate impairment has not been raised.

Trade receivables

The group does not have any balances which are past due date and have not been provided for, as the provisioning methodology applied takes the entire debtor population into consideration.

The risk arising on retail trade receivables is managed through a stringent group policy on the granting, continual review and monitoring of credit facilities. The group has established a credit policy under which each application for a new credit facility is analysed individually for creditworthiness. This process applies information submitted by the applicant as well as external bureau data (where this is available) to statistical credit scoring models and includes an assessment of affordability, before terms and conditions are offered. A credit facility is established for each customer, which represents the maximum possible exposure to any account holder. The facility is made available to the account holder over time depending on the displayed ability of a customer to manage their current credit allocation with us and their credit commitments at the Bureau (quality of the account management displayed by the customer). These credit facilities are reviewed annually, subject to the requirements of the National Credit Act. The scorecards are monitored regularly and redeveloped as appropriate. Account holders who are more than one cycle delinquent will be unable to spend. Depending on the duration of the delinquency credit limits may be adjusted downwards. The group does not typically require collateral for lending. However, certain categories of customers may be required to make a deposit with each purchase. There is a large, diverse and widely distributed customer base. Therefore, the group does not consider there to be any significant concentration of credit risk.

The group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables. The allowance is calculated using the internationally-recognised Markov model. The Markov model is a statistical model utilised to quantify the probability of default by analysing the observed patterns of delinquency and default over an appropriate period of time to determine the inherent rate of bad debt in a debtors' book. The probability of default is applied to the account receivable balance at balance sheet date. Accounts that are known to have applied for the debt review are fully impaired. The board of directors believe that the application of these techniques result in trade receivables balances being measured reliably. There is a large, diverse and widely distributed customer base. Therefore, the group does not consider there to be any significant concentration of credit risk in respect of which any further impairment of accounts receivable is required.

22. RISK MANAGEMENT (CONTINUED)

Other receivables

Other receivables are neither past due nor impaired. Accordingly the group is not exposed to significant credit risk.

Cash and investments

The group limits its exposure to credit risk through dealing with well-established financial institutions with high credit standing, and thus management does not expect any counterparty to fail to meet its obligations.

Participation in export partnership

A company listed on the JSE Limited has warranted certain important cash flow aspects of the subsidiary companies' participation in export partnerships. This company is considered creditworthy and no risk of loss is expected.

RCS Group loan receivables and RCS Group card receivables

The risk arising on loan and card receivables is managed through a stringent policy on the granting of credit limits, continual review and monitoring of these limits.

The RCS Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of card and loan receivables. The allowance is calculated using the internationally-recognised Markov model and other statistical indicators. Management aims to maintain a certain level of non-performing loan coverage, which can be influenced by the delinquency and underlying performance of the card receivables. The Markov model uses delinquency roll rates on customer balances to determine the inherent bad debt in a card book. The RCS Group board of directors believe that loan and card receivables balances are being measured fairly.

Exposure

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

In determining the recoverability of trade receivables, the group considers any changes in credit quality of the receivables up to reporting date. The concentration of credit risk is limited, as the customer base is large and unrelated.

The maximum exposure to credit risk at the reporting date was:

	2014 Rm	Restated 2013 Rm
Continuing operations		
Loans and receivables		
Participation in export partnerships	**35,8**	48,4
Trade receivables – retail	**5 796,6**	5 207,7
Other receivables	**465,5**	384,8
Cash	**301,3**	371,0
Discontinued operations		
Loans and receivables		
RCS Group card receivables	**3 785,0**	3 106,4
RCS Group loan receivables	**960,0**	1 104,3
Other receivables	**348,7**	432,0
Cash	**421,9**	222,4
Interest rate swaps used for hedging		
Assets	**40,4**	12,5
	12 155,2	10 889,5

Other receivables are neither past due nor impaired. The group believes that there is no significant concentration of credit risk.

The Foschini Group Limited and its subsidiaries

22. RISK MANAGEMENT (CONTINUED)

Impairment losses: trade receivables – retail

The group manages the ageing of its trade receivables book on both a contractual and recency basis, but uses the recency basis to calculate write-off and impairment losses. Recency refers to the number of payment cycles that have elapsed since the last qualifying payment was received.

Recency categories range from 0 to 5, at which point the account will be written off, unless the payment profile score is above a fixed level.

The ageing of past due unimpaired trade receivables at 31 March was:

	Carrying amount	
	2014 Rm	2013 Rm
Recency 1	**744,8**	724,6
Recency 2	**201,6**	216,2
Recency 3	**98,8**	107,1
Recency 4	**34,0**	43,2
Recency 5	**12,4**	13,5
	1 091,6	1 104,6
The movement in the allowance for impairment in respect of trade receivables during the year was as follows:		
Balance at 1 April	**604,1**	469,5
Impairment raised	**1 147,4**	805,4
Impairment loss recognised	**(935,5)**	(670,8)
Balance at 31 March	**816,0**	604,1

Customers that are not past due and have a good track record with the group make up 76,8% of the trade receivables book (2013: 75,1%).

Impairment losses: RCS Group loan receivables

The group manages the ageing of its RCS Group loan receivables on a contractual basis.

The ageing of past due unimpaired loan receivables at 31 March was:

	2014 Rm	2013 Rm
Past due 0 – 30 days	**45,3**	46,2
Past due 31 – 60 days	**13,5**	12,2
Past due 61 – 90 days	**6,5**	5,1
Past due more than 91 days	**9,4**	4,3
	74,7	67,8
The movement in the allowance for gross impairment in respect of loan receivables during the year was as follows:		
Balance at 1 April	**102,5**	80,2
Impairment raised	**79,0**	51,0
Impairment loss recognised	**(66,7)**	(28,7)
Balance at 31 March	**114,8**	102,5

Impairment losses: RCS Group card receivables

The group manages the ageing of its RCS Group card receivables on a contractual basis.

The ageing of past due unimpaired card receivables at 31 March was:

	2014 Rm	2013 Rm
Past due 0 – 30 days	**515,6**	483,9
Past due 31 – 60 days	**163,8**	135,1
Past due 61 – 90 days	**68,5**	48,6
Past due more than 91 days	**59,6**	16,4
	807,5	684,0
The movement in the allowance for gross impairment in respect of card receivables during the year was as follows:		
Balance at 1 April	**288,5**	208,2
Impairment raised	**326,9**	226,5
Impairment loss recognised	**(264,6)**	(146,2)
Balance at 31 March	**350,8**	288,5

Customers that are not past due and have a good track record with the RCS Group make up 82,5% of loan receivables (2013: 87,7%) and 71,6% of the card receivables (2013: 72,9%).

22. RISK MANAGEMENT (CONTINUED)

Cash flow and liquidity risk

Liquidity risk is the risk that the group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The group's approach to managing liquidity is to ensure that it will always have sufficient cash flow to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

This risk is managed through cash flow forecasts, the optimisation of daily cash management and by ensuring that adequate borrowing facilities are maintained. In terms of its memorandum of incorporation, the group's borrowing powers are unlimited.

Cash flow and liquidity risk

The following are the contractual maturities of financial liabilities, including interest payments:

	Carrying amount Rm	Cash flows Rm	Less than 1 year Rm	1 – 2 years Rm	More than 2 years Rm
31 March 2014					
Non-derivative financial liabilities					
Interest-bearing debt	**2 960,4**	**3 134,5**	**1 456,6**	**1 148,5**	**529,4**
RCS Group external funding (note 10)	**3 315,8**	**3 847,1**	**1 027,6**	**1 326,6**	**1 492,9**
Trade and other payables	**2 238,4**	**2 238,4**	**2 238,4**	**–**	**–**
Derivative financial liabilities					
Interest rate swaps used for hedging	**0,3**	**0,3**	**0,3**	**–**	**–**
Forward exchange contracts used for hedging	**6,5**	**673,2**	**673,2**	**–**	**–**
	8 521,4	**9 893,5**	**5 396,1**	**2 475,1**	**2 022,3**
31 March 2013					
Non-derivative financial liabilities					
Interest-bearing debt	1 938,4	2 049,4	947,9	1 101,5	–
RCS Group external funding	2 949,1	3 174,1	1 389,6	575,8	1 208,7
Trade and other payables	2 234,3	2 234,3	2 234,3	–	–
Derivative financial liabilites					
Interest rate swaps used for hedging	6,0	7,7	5,4	2,1	0,2
Forward exchange contracts used for hedging	13,4	397,3	397,3	–	–
	7 141,2	7 862,8	4 974,5	1 679,4	1 208,9

The following table indicates the periods in which the cash flows associated with derivatives that are cash flow hedges are expected to occur and impact profit or loss:

	Carrying amount Rm	Cash flows Rm	Less than 1 year Rm	1 – 2 years Rm	More than 2 years Rm
31 March 2014					
Interest rate swaps					
Liability	**(0,3)**	**(0,3)**	**(0,3)**	**–**	**–**
Asset	**40,4**	**13,9**	**6,9**	**5,8**	**1,2**
Forward exchange contracts					
Liability	**(6,5)**	**(673,2)**	**(673,2)**	**–**	**–**
	33,6	**(659,6)**	**(666,6)**	**5,8**	**1,2**
31 March 2013					
Interest rate swaps					
Liability	(6,0)	(7,7)	(5,4)	(2,1)	(0,2)
Asset	12,5	(1,4)	(0,6)	(0,5)	(0,3)
Forward exchange contracts					
Liability	(13,4)	(397,3)	(397,3)	–	–
	(6,9)	(406,4)	(403,3)	(2,6)	(0,5)

The Foschini Group Limited and its subsidiaries

22. RISK MANAGEMENT (CONTINUED)

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, whilst optimising the return.

The group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the group does not hold or issue derivative financial instruments for trading purposes.

Currency risk

The group is exposed to currency risk as operating subsidiaries undertake transactions that are denominated in foreign currencies. These currencies are the Euro, US Dollar (USD) and British Pound (GBP).

Cash flow hedge accounting is applied to all open FEC's. As indicated above, the hedging instrument used is forward exchange contracts. The risk being hedged is the risk of foreign currency fluctuations and the hedge effectiveness is between 80% – 125%. All FEC's have a maturity date of less than one year, and thus the cash flows are expected to occur within one year.

Exposure to currency risk

Exposure to currency risk is hedged through the use of forward exchange contracts. At 31 March the group had forward exchange contracts in various currencies in respect of future commitments to acquire inventory not yet recorded as assets on the statement of financial position.

	Foreign currency 000's	Rand equivalent (at forward cover rate) R'000
31 March 2014*		
USD	**61 970**	**670 042**
Euro	**214**	**3 193**
		673 235
31 March 2013		
USD	42 894	390 060
Euro	591	7 150
GBP	5	68
		397 278

* FEC contracts at 31 March 2014.

The following significant exchange rates applied during the year:

	Average rate		31 March spot rate	
	2014	2013	**2014**	2013
USD	**10,13**	8,54	**10,61**	9,21
Euro	**13,60**	11,05	**14,62**	11,94
GBP	**16,13**	13,51	**17,69**	13,86

22. RISK MANAGEMENT (CONTINUED)

Sensitivity analysis

The group is primarily exposed to the US Dollar, Euro and British Pound currencies. The following analysis indicates the group's sensitivity at year-end to the indicated movements in these currencies on financial instruments, assuming that all other variables, in particular interest rates, remain constant. The rates of sensitivity are the rates used when reporting the currency risk to the board and represents management's assessment of the potential change in foreign currency exchange rates at the reporting date.

A 10% strengthening of the Rand against the following currencies at 31 March would have increased equity and profit or loss by the amounts shown below.

	Equity Rm	Profit or loss Rm
31 March 2014		
USD	**66,4**	**–**
Euro	**0,3**	**–**
31 March 2013		
USD	40,3	–
Euro	0,7	–
GBP	0,1	–

A 10% weakening of the Rand against the above currencies at 31 March would have had the equal but opposite effect on equity and profit or loss to the amounts shown above, on the basis that all other variables remain constant.

The methods and assumptions used to calculate the above sensitivity analysis is consistent with the prior year.

Interest rate risk

The group is exposed to interest rate risk as it both borrows and invests funds. This risk is managed by maintaining an appropriate mix of fixed and floating rate instruments with reputable financial institutions.

In addition, interest rate swap contracts are entered into for the purposes of cash flow hedging. The RCS Group loan receivables largely bear interest at fixed rates whilst borrowings bear interest at variable rates.

There is no interest rate risk on trade payables or participation in export partnerships.

Profile

At 31 March the interest rate profile of the group's interest-bearing financial instruments was:

	Interest rate at 31 March		Carrying amount	
	2014	2013	**2014**	2013
	%	%	**Rm**	Rm
Fixed rate instruments				
RCS Group loan receivables	**26,2**	29,4	**1 636,2**	1 357,5
			1 636,2	1 357,5
Variable rate instruments				
RCS Group card receivables	**20,2**	20,8	**3 108,8**	2 853,2
Trade receivables – retail (6 months)	**–**	–	**644,8**	634,0
Trade receivables – retail (12 months)	**22,1**	21,0	**5 151,8**	4 573,7
Cash	**9,0**	8,5	**723,2**	593,4
			9 628,6	8 654,3
Financial liabilities				
Interest-bearing debt	**6,4**	5,7	**(2 960,4)**	(1 938,4)
RCS Group external funding	**6,7 – 10,7**	6,2 – 10,1	**(3 315,8)**	(2 949,1)
			(6 276,2)	(4 887,5)

The total RCS Group loan receivables of R1 636,2 (2013: R1 357,5) million attracts interest at floating rates as interest swaps have been taken out.

The Foschini Group Limited and its subsidiaries

22. RISK MANAGEMENT (CONTINUED)

Fair value sensitivity analysis for fixed rate instruments

The group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at 31 March would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

An increase (decrease) of 100 basis points in interest rates at 31 March would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis was performed on the same basis for 2013.

	Profit or loss Rm	Equity Rm
31 March 2014		
Variable rate instruments	**70,4**	**–**
Interest rate swaps	**2,7**	**–**
Cash flow sensitivity (net)	**73,1**	**–**
31 March 2013		
Variable rate instruments	55,9	–
Interest rate swaps	7,2	–
Cash flow sensitivity (net)	63,1	–

Capital risk management

The board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence, and to sustain future development of business. The group primarily makes use of equity for capital management purposes.

Equity consists of ordinary share capital, retained earnings and non-controlling interests of the group. The board of directors monitors the return on equity, which the group defines as profit for the year divided by total average equity, including non-controlling interests. The board of directors also monitors the level of dividends to ordinary shareholders.

The board seeks to maintain a balance between the higher returns that might be attained with higher levels of borrowings and the advantages and security afforded by a sound capital position. The group's medium-term target is to achieve a return on equity of 35,0% – 40,0% in our retail business. In 2014 the return was 27,4% (2013: 27,8%) in our retail business.

From time to time the group purchases its own shares on the market, either in the form of a general or specific repurchase or in order to meet the group's obligation in terms of its share incentive schemes (refer to note 33).

There were no other changes in the group's approach to capital management during the year.

Insurance risk

The group is the cell owner in a cell captive arrangements with an insurer. The short-term insurance business of TFG customers is housed in the cell captives which were purchased by the group by subscribing for ordinary shares in the insurer.

The liabilities in the cell captives represent the insurance claims paid or payable to the group's customers. The assets represent the assets allocated to the cell captives by the insurer. The underwriting management of the cell captives are performed by the insurer for a fee payable by the group to the insurer.

The group is exposed to insurance risk in the event that the cell captive's liabilities exceed its assets. This could occur when the frequency or severities of claims lodged by the customers of the insurer are greater than the estimation incorporated in the calculation of insurance premiums. The actual number of claims may vary from year to year to the historical claims patterns as insurance events are random.

The group manages its insurance risk by reviewing the underwriting management performed by the insurer. This will include a review of the insurer's methodology for estimating claims and a review of the adequacy of the assets allocated to the cell captives by the insurer. Claims development in the cell captives are also reviewed by the group.

The group will change the cell captive agreements or insurer if the underwriting of claims are not performed adequately.

22. RISK MANAGEMENT (CONTINUED)

Fair value hierarchy of financial assets at fair value through profit or loss

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 – Quoted prices (unadjusted) in an active market for identical assets or liabilities.

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

	2014 Rm	2013 Rm
Level 2		
Interest rate swaps – asset	**40,4**	12,5
Interest rate swaps – liability	**(0,3)**	(6,0)
Forward exchange contracts – liabilities	**(6,5)**	(13,4)
	33,6	(6,9)

There are no Level 1 or 3 financial instruments in the group.

There were no transfers between levels during the current year.

Measurement of fair values:

The following valuation techniques were used for measuring Level 2 fair values:

Forward exchange contracts and interest rate swaps:

The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.

Non-recurring fair value measurements

Level 2

As was announced on SENS on 10 April 2014, the group together with The Standard Bank of South Africa Limited, has entered into agreements which will result in BNP Paribas Personal Finance S.A. becoming the 100% shareholder of the RCS Group. The group has a 55% shareholding in the RCS Group. The effective date of the proposed transaction is expected to be on or about 31 July 2014, subject to the fulfilment of certain conditions precedent. Accordingly, the RCS Group has been treated as a discontinued operation in terms of IFRS 5.

At 31 March 2014, the RCS Group had a net asset value of R1,9 billion. The fair value of the transaction is based on a net asset value of R1,7 billion as at 31 July 2013. The increase or decrease (as the case may be) of the tangible net asset value of RCS during the period from 31 July 2013 to the Effective Date. The closing date of the proposed transaction is expected to be on or about 1 September 2014 ("Closing Date"). The total consideration is expected to be approximately R2,65 billion and will be settled in cash. TFG's share of net proceeds is estimated to be approximately R1,4 billion. Discontinued operations are measured at the lower of carrying value or fair value less cost to sell. Profit and loss on the transaction will only be recognised at the Effective Date.

23. POST-BALANCE SHEET EVENTS

Other than the significant event referred to in the paragraph immediately above, no further significant events took place between the end of the financial year and the date these financial statements were authorised for issue.

24. COMMITMENTS AND CONTINGENT LIABILITIES

	2014 Rm	2013 Rm
Authorised capital expenditure		
Authorised capital commitments	**14,0**	9,5

Contingent liabilities

The Foschini Group has provided RCS Group with a facility of R835,3 (2013: R835,3) million in respect of their domestic medium-term notes (DMTN) programme. As at 31 March, the utilised portion of this facility was Rnil (2013: Rnil). The unused liquidity facility at this date was R835,3 (2013: R835,3) million, which constitutes a contingent liability. This facility is only available until the effective date of the proposed transaction referred to in note 10.

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	Notes	2014 Rm	Restated 2013 Rm
25. REVENUE			
Retail turnover		**14 159,0**	12 896,4
Interest income	27	**1 148,1**	997,9
Other revenue	28	**1 055,8**	862,7
		16 362,9	14 757,0
26. COST OF TURNOVER			
Cost of turnover comprises:			
Cost of goods sold		**(7 537,6)**	(6 824,0)
Cost of purchases, conversion and other costs		**(41,8)**	(82,1)
		(7 579,4)	(6 906,1)
27. INTEREST INCOME			
Trade receivables – retail		**1 130,5**	983,6
Sundry		**17,6**	14,3
		1 148,1	997,9
28. OTHER REVENUE			
Publishing income		**379,0**	336,2
Collection cost recovery		**287,6**	186,1
Insurance income		**299,6**	267,1
Mobile one2one airtime income		**84,5**	67,4
Sundry income		**5,1**	5,9
		1 055,8	862,7
29. OPERATING PROFIT BEFORE FINANCE CHARGES			
Operating profit before finance charges has been arrived at after taking account of:			
Trading expenses			
Depreciation		**(365,5)**	(316,6)
Employee costs		**(2 048,3)**	(1 885,2)
Occupancy costs		**(1 393,0)**	(1 230,0)
Net bad debts		**(935,5)**	(670,8)
Other operating costs		**(1 504,3)**	(1 341,0)
		(6 246,6)	(5 443,6)
The following disclosable amounts are included above:			
Auditors remuneration			
Fees		**(4,5)**	(4,2)
Profit and loss on sale of assets and liabilities		**(4,7)**	(6,4)
Retirement fund expenses (refer to note 33)		**(141,5)**	(144,7)
Staff discount (refer to note 33)		**(25,9)**	(23,8)
30. FINANCE COSTS			
Finance costs on financial liabilities measured at amortised cost		**(161,8)**	(108,4)

	2014 Rm	Restated 2013 Rm
31. TAXATION		
Income tax expense		
South African current taxation		
Current year	**715,0**	684,5
Prior year over provision	**(7,7)**	(4,3)
Dividends withholding tax	**2,5**	–
South African deferred taxation		
Current year	**(56,5)**	(45,5)
Prior year (over) under provision	**(2,7)**	4,5
Non-South African current taxation		
Current year	**45,9**	31,8
Assessed loss impairment	**–**	5,6
Non-South African deferred taxation		
Current year	**(4,2)**	(6,2)
Prior year over provision	**(1,8)**	(1,3)
Assessed loss impairment	**1,0**	–
	691,5	669,1
Reconciliation of the tax expense		
Effective tax rate	**29,1**	29,1
Exempt income	**0,1**	0,1
Non-deductible expenditure	**(1,3)**	(0,9)
Non-South African tax rate	**(0,2)**	(0,1)
Prior year over (under) provision	**0,3**	–
Dividends withholding tax	**(0,1)**	–
Assessed loss impairment	**0,1**	(0,2)
South African statutory rate	**28,0**	28,0

32. EARNINGS PER SHARE

Basic and headline earnings per share

The calculation of basic and headline earnings per share at 31 March 2014 was based on profit for the year attributable to ordinary shareholders of The Foschini Group Limited of R1 859,6 (2013: R1 792,0) million and headline earnings of R1 872,3 (2013: R1 796,6) million divided by the weighted average number of ordinary shares as follows:

	2014 Rm		2013 Rm	
	Gross	Net of taxation	Gross	Net of taxation
Profit attributable to equity holders of The Foschini Group Limited		**1 859,6**		1 792,0
Adjusted for:				
Profit on disposal of property, plant and equipment	**(0,1)**	**(0,1)**	(0,2)	(0,1)
Loss on disposal of property, plant and equipment	**4,8**	**3,4**	6,7	4,7
Impairment of loan receivables	**12,9**	**9,4**	–	–
Headline earnings		**1 872,3**		1 796,6

The Foschini Group Limited and its subsidiaries

32. EARNINGS PER SHARE (CONTINUED)

	2014		2013	
	Number of shares		Number of shares	
	Gross	Weighted	Gross	Weighted
Gross number of ordinary shares in issue	228 498 241	228 498 241	240 498 241	240 498 241
Treasury shares	(18 396 395)	(18 396 395)	(34 093 958)	(34 093 958)
Net number of ordinary shares in issue at the beginning of the year	210 101 846	210 101 846	206 404 283	206 404 283
Shares purchased in terms of share incentive schemes	(1 249 159)	(853 707)	(1 102 400)	(839 004)
Shares sold	210 573	85 626	608 988	10 254
Shares delivered	575 851	295 940	5 298 351	3 678 908
Share transactions in terms of repurchase arrangements	(5 385 811)	(3 638 102)	(1 107 376)	(6 169)
Net number of ordinary shares in issue at the end of the year	204 253 300	205 991 603	210 101 846	209 248 272

	2014	2013
Weighted average number of ordinary shares in issue	205 991 603	209 248 272
Earnings per ordinary share – total (cents)	902,8	856,4
Continuing operations (cents)	817,1	778,4
Discontinued operations (cents)	85,7	78,0
Headline earnings per ordinary share – total (cents)	908,9	858,6
Continuing operations (cents)	818,7	780,6
Discontinued operations (cents)	90,2	78,0

Diluted earnings and headline earnings per share

The calculation of diluted earnings and diluted headline earnings per share at 31 March 2014 is based on profit for the year attributable to ordinary shareholders of The Foschini Group Limited of R1 859,6 (2013: R1 792,0) million and headline earnings of R1 872,3 (2013: R1 796,6) million divided by the fully diluted weighted average number of ordinary shares as follows:

	2014	2013
Weighted average number of ordinary shares as above	205 991 603	209 248 272
Number of shares that would have been issued for no consideration	1 423 320	1 806 610
Weighted average number of ordinary shares used for dilution	207 414 923	211 054 882
Diluted earnings per ordinary share – total (cents)	896,6	849,1
Continuing operations (cents)	811,5	771,8
Discontinued operations (cents)	85,1	77,3
Diluted headline earnings per ordinary share – total (cents)	902,7	851,3
Continuing operations (cents)	813,1	773,9
Discontinued operations (cents)	89,6	77,4

33. EMPLOYEE BENEFITS

Share incentive schemes

Executive directors and key management personnel of the group participate in its share incentive schemes.

Options (Foschini 1997 Share Option Scheme)

The scheme rules of the 1997 scheme provide that delivery and payment for the shares take place in three equal tranches on the second, fourth and sixth anniversary of the date on which the options were exercised.

33. EMPLOYEE BENEFITS (CONTINUED)

Share appreciation rights (Foschini 2007 Share Incentive Scheme)

The scheme rules of the 2007 scheme provide that, upon fulfilment of certain performance conditions, the share appreciation rights (SARs) may upon request, be converted from the third anniversary of the grant date. Participants are entitled to receive shares in equal value to the growth in the share price on a defined number of shares between the date of grant and the date of conversion. The entitlement to these shares is subject to group performance criteria, linked to inflation. All rights expire after six years.

Forfeitable shares (Foschini 2010 Share Incentive Scheme)

Two forfeitable share (FS) instruments form part of this scheme, namely performance and restricted shares. Performance shares vest after a minimum of three years, subject to inflation-linked group performance criteria. Shares lapse after five years if performance criteria have not been achieved. Restricted shares are issued with the specific objective of improving the retention of key senior talent, whilst still utilising an instrument that aligns the interests of recipients with that of shareholders.

	2014	2013
Share instruments granted and accepted for the financial year ended 31 March		
19 July 2012 – TFG 2007 Share Incentive Scheme		
Grant price		R136,22
Expected volatility		24,26%
Expected dividend yield		4,19%
Risk-free interest rate		7,0%
19 July 2012 – TFG 2010 Share Incentive Scheme		
Consideration		nil
Estimated value on grant date		R141,28
Expected volatility		0%
Expected dividend yield		0%
Risk-free interest rate		0%
13 June 2013 – TFG 2007 Share Incentive Scheme		
Grant Price	**R96,86**	
Expected volatility	**25,40%**	
Expected divided yield	**3,75%**	
Risk–free interest rate	**6,5%**	
13 June 2013 – TFG 2010 Share Incentive Scheme		
Consideration	**nil**	
Estimated value on grant date	**R96,51**	
Expected volatility	**0%**	
Expected dividend yield	**0%**	
Risk-free interest rate	**0%**	

The expected volatilities above were calculated as rolling volatilities matching the expected life of the instrument. TFG's historical daily closing share price was used for the calculation.

The group recognised total expenses of R90,3 (2013: R65,8) million relating to equity-settled share-based payment transactions.

Details of the share instruments outstanding at the end of the year are set out below.

	Number of share options	
TFG 1997 Share Option Scheme	**2014**	2013
Options exercised, subject to future delivery, at 1 April	**108 336**	1 176 414
Options forfeited during the year	**–**	(17 334)
Options delivered during the year	**(108 336)**	(1 050 744)
Options exercised, subject to future delivery, at 31 March	**–**	108 336

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33. EMPLOYEE BENEFITS (CONTINUED)

TFG 2007 Share Incentive Scheme	Number of SARs 2014	2013
SARs granted, subject to fulfilment of conditions, at 1 April	**3 618 400**	10 119 800
SARs granted during the year, subject to fulfilment of conditions	**1 126 850**	570 700
SARs forfeited during the year	**(135 200)**	(89 300)
SARs delivered during the year	**(1 038 600)**	(6 982 800)
SARs granted, subject to fulfilment of conditions, at 31 March	**3 571 450**	3 618 400

SARs delivered during the year equates to 399 633 (2013: 4 234 919) ordinary shares.

TFG 2010 Share Incentive Scheme	Number of FS 2014	2013
FS granted, subject to fulfilment of conditions, at 1 April	**1 475 635**	881 435
FS granted during the year, subject to fulfilment of conditions	**764 800**	594 200
FS forfeited during the year	**(76 900)**	–
FS delivered during the year	**(77 700)**	–
FS granted, subject to fulfilment of conditions at 31 March	**2 085 835**	1 475 635

Upon request, SARs in terms of the 2007 scheme may be converted from the following financial years:

Grant date	Price	Year of conversion	Number of SARs
3 November 2008	R40,00	2015	19 000
25 March 2009	R42,28	2015	61 000
10 November 2009	R58,37	2015	50 000
2 June 2010	R64,47	2015	1 121 000
3 June 2011	R86,32	2015	653 600
19 July 2012	R136,22	2016	564 200
13 June 2013	R96,86	2017	1 102 650
			3 571 450

Upon request, FS in terms of the 2010 scheme vest from the following financial years:

Grant date	Price	Year of vesting	Number of FS
3 June 2011	R87,09	2015	229 635
3 June 2011	R86,32	2015	574 600
19 July 2012	R141,98	2016	549 800
13 June 2013	R96,51	2017	731 800
			2 085 835

These schemes are administered by The Foschini Share Incentive Trust which holds shares in The Foschini Group Limited as follows:

	2014	2013
Shares held at the beginning of the year	**3 776 438**	9 150 399
Shares purchased during the year	**516 659**	500 000
Shares sold during the year	**(171 633)**	(575 610)
Shares delivered during the year	**(507 969)**	(5 298 351)
Shares held at the end of the year	**3 613 495**	3 776 438

Retirement funds

TFG funds

TFG Retirement Fund: Defined contribution plan

The Foschini Group Retirement Fund, which is governed by the provisions of the Pension Funds Act No. 4 of 1956, is a defined contribution plan. It provides comprehensive retirement and associated benefits for members and their dependants. The employer and the members make equivalent contributions in respect of retirement benefits. In addition, the employer covers death and disability benefits, reinsurance, and administration and management costs.

An actuarial valuation of the fund was performed at 31 December 2012, in which the valuator reported that the fund was in a sound financial position.

The actuarial valuation as at 31 December 2015 is due to be performed during the 2016 financial year.

Investment Solutions Pension Fund: Defined contribution plan

All employees above an annually determined pensionable salary threshold are required to be members of this fund. The employer contributes 1,5% of employee's earnings to this fund.

33. EMPLOYEE BENEFITS (CONTINUED)

Namflex Pension Fund: Defined contribution plan

All permanent employees in Namibia under normal retirement age are required to be members of the Namflex Pension Fund. This fund is a money purchase arrangement whereby the members pay 7,5% of their pensionable salary as contributions towards retirement benefits.

The employer and the members make equivalent contributions in respect of retirement benefits. In addition, the employer covers death and disability benefits, reinsurance, and administration and management costs.

Sibaya Pension Fund: Defined contribution plan

All permanent employees in Swaziland under normal retirement age are required to be members of the Sibaya Pension Fund, whereby members pay 7,5% of their pensionable salary as contributions to this fund.

The employer and the members make equivalent contributions in respect of retirement benefits. In addition, the employer covers death and disability benefits, reinsurance, and administration and management costs.

	Number of members		Employer contributions	
	2014	2013	**2014 Rm**	2013 Rm
Summary per fund: TFG Funds				
TFG Retirement Fund	**11 610**	11 690	**136,4**	140,1
Investment Solutions Provident Fund	**214**	209	**2,8**	2,4
Namflex Pension Fund	**321**	287	**2,3**	2,2
Sibaya Provident Fund	**10**	10	**–***	–*
	12 155	12 196	**141,5**	144,7

*Zero as a result of rounding to millions.

Medical aid

TFG funds

TFG Medical Aid Scheme: Defined contribution plan

The company and its wholly-owned subsidiaries operate a medical aid scheme for the benefit of their permanent South African employees. Membership of the scheme is voluntary, except for senior employees.

Total membership currently stands at 2 837 (2013: 2 885) principal members.

These costs are charged against income as incurred and amounted to R49,1 (2013: R44,8) million with employees contributing a further R47,7 (2013: R43,8) million to the fund.

In respect of the year ended 31 December 2013, the scheme earned contributions of R94,0 million and reflected a net surplus of R10,6 million after the deduction of all expenses. The fund had net assets totalling R62,4 million.

The budgeted projected surplus in respect of the year ending 31 December 2014 is R6,8 million.

Bankmed Medical Aid Scheme: Defined contribution plan

Permanent employees in Namibia are voluntary members of the Bankmed Medical Aid Scheme.

These costs are charged against income as incurred and amounted to R0,7 (2013: R0,8) million with employees contributing a further R0,7 (2013: R0,8) million to the fund. There are currently 52 (2013: 51) members of this fund.

Momentum Health Group Medical Aid Scheme: Defined contribution plan

An external medical aid scheme, Momentum Health Plan is also available to group employees and is subsidised by the group in the same way as the schemes mentioned above. The plans offered cater for lower income earners, and 23 (2013: 29) employees are currently members. Costs charged to income total R0,7 (2013: R0,8) million.

Liberty Blue Medical Aid Scheme: Defined contribution plan

Permanent employees in Nigeria and Zambia are voluntary members of the Liberty Blue Health Scheme.

These costs are charged against income as incurred and amounted to R0,1 (2013: R0,1) million with employees contributing a further R0,1 (2013: R0,1) million to the fund. There are currently 34 (2013: 37) members of this fund.

Post-retirement defined medical aid

Qualifying retired employees are entitled to medical aid benefits, which have been fully provided for (refer to note 17).

Other

Group employees and pensioners are entitled to a discount (on selling price) on purchases made at stores within the group.

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34. DIRECTORS' REMUNERATION

2014	Fees R'000	Remu-neration R'000	Pension fund R'000	Travel allowance R'000	Other benefits* R'000	Perfor-mance# bonus R'000	Total R'000	IFRS Share allocation fair value R'000
Non-executive								
D M Nurek	**1 277,0**	**–**	**–**	**–**	**–**	**–**	**1 277,0**	**–**
Prof. F Abrahams	**383,2**	**–**	**–**	**–**	**–**	**–**	**383,2**	**–**
S E Abrahams	**414,9**	**–**	**–**	**–**	**–**	**–**	**414,9**	**–**
M Lewis	**251,4**	**–**	**–**	**–**	**–**	**–**	**251,4**	**–**
E Oblowitz	**355,0**	**–**	**–**	**–**	**–**	**–**	**355,0**	**–**
N V Simamane	**284,6**	**–**	**–**	**–**	**–**	**–**	**284,6**	**–**
B L M Makgabo-Fiskerstrand	**238,2**	**–**	**–**	**–**	**–**	**–**	**238,2**	**–**
D Friedland**	**140,7**	**–**	**–**	**–**	**–**	**–**	**140,7**	**–**
W V Cuba***	**57,4**	**–**	**–**	**–**	**–**	**–**	**57,4**	**–**
Total	**3 402,4**	**–**	**–**	**–**	**–**	**–**	**3 402,4**	**–**
Executive								
A D Murray	**–**	**5 203,3**	**702,4**	**379,2**	**51,2**	**4 615,1**	**10 951,2**	**11 878,5**
R Stein	**–**	**2 955,1**	**396,3**	**290,7**	**44,6**	**2 096,8**	**5 783,5**	**2 768,9**
P S Meiring	**–**	**2 680,7**	**361,9**	**290,7**	**44,6**	**1 712,0**	**5 089,9**	**2 520,7**
Total	**–**	**10 839,1**	**1 460,6**	**960,6**	**140,4**	**8 423,9**	**21 824,6**	**17 168,1**
Total remuneration 2014	**3 402,4**	**10 839,1**	**1 460,6**	**960,6**	**140,4**	**8 423,9**	**25 227,0**	**17 168,1**

Performance bonus included in 2014 remuneration is paid in 2015 and accrued in 2014
** D Friedland appointed as an non-executive director – 14 November 2013
*** W V Cuba resigned 1 June 2013

2013	Fees R'000	Remu-neration R'000	Pension fund R'000	Travel allowance R'000	Other benefits* R'000	Perfor-mance bonus R'000	Total R'000	IFRS Share allocation fair value R'000
Non-executive								
D M Nurek	1 210,0	–	–	–	–	–	1 210,0	–
Prof. F Abrahams	363,0	–	–	–	–	–	363,0	–
S E Abrahams	393,0	–	–	–	–	–	393,0	–
W V Cuba	269,5	–	–	–	–	–	269,5	–
M Lewis	238,0	–	–	–	–	–	238,0	–
E Oblowitz	317,5	–	–	–	–	–	317,5	–
N V Simamane	269,5	–	–	–	–	–	269,5	–
K N Dhlomo****	15,9	–	–	–	–	–	15,9	–
B L M Makgabo-Fiskerstrand*****	83,3	–	–	–	–	–	83,3	–
Total	3 159,7	–	–	–	–	–	3 159,7	–
Executive								
A D Murray	–	5 064,0	683,6	359,4	49,3	–	6 156,3	11 036,6
R Stein	–	2 876,0	388,3	275,5	42,3	–	3 582,1	2 112,8
P S Meiring	–	2 609,0	352,2	275,5	42,3	–	3 279,0	1 904,7
Total	–	10 549,0	1 424,1	910,4	133,9	–	13 017,4	15 054,1
Total remuneration 2013	3 159,7	10 549,0	1 424,1	910,4	133,9	–	16 177,1	15 054,1

*Other benefits comprise medical benefits and housing allowance
****K N Dhlomo resigned 14 May 2012
*****B L M Makgabo-Fiskerstrand appointed 12 November 2012

In the prior year amounts of R12,3 million, R3,1 million and R5,7 million was paid to Messrs A D Murray, R Stein and P S Meiring respectively. During the current year no restraint of trade payments were made to executive directors.

35. RELATED PARTIES

Shareholders

An analysis of the principal shareholders of the company is provided in Appendix 1. For details of directors' interests refer to note 11.

Subsidiaries

During the year, in the ordinary course of business, certain companies within the group entered into arm's length transactions. These intra-group transactions have been eliminated on consolidation.

Other related parties

The Foschini Group Retirement Fund

The Foschini Group Retirement Fund is administered by Foschini Retail Group Proprietary Limited, a subsidiary of The Foschini Group Limited.

	2014	2013
Administration fee earned from The Foschini Group Retirement Fund	**2,9**	2,5

An executive director of The Foschini Group Limited (Mr R Stein) is also a trustee of The Foschini Group Retirement Fund.

Directors

Remuneration

Details relating to executive and non-executive directors' remuneration are disclosed in note 34.

Interest of directors in contracts

No directors have any interests in contracts that are in contravention of section 75 of the Companies Act No. 71 of 2008 of South Africa. Executive directors are bound by service contracts.

Loans to directors

No loans have been made to directors.

Employees

Remuneration paid to key management personnel other than the executive directors is as follows:

	2014	2013
Short-term employee benefits		
Remuneration	**105,1**	90,5
Performance bonus	**25,5**	6,3
Travel allowance	**16,4**	13,7
Post-employment benefits		
Pension fund	**14,0**	10,8
Other long-term benefits		
Other benefits	**3,9**	1,8
Share-based payments		
Fair value of share instruments granted	**51,4**	50,8
Restraint of trade payments	**8,4**	98,9
Total remuneration	**224,7**	272,8

Refer to note 34 for further disclosure regarding remuneration paid to executive directors of the company.

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36. CASH GENERATED FROM OPERATIONS

	2014 Rm	Restated 2013 Rm
Operating profit before working capital changes		
Profit before taxation	2 375,1	2 713,7
Adjustments for:		
Interest income – sundry	(17,6)	(22,7)
Finance costs	161,8	327,9
Non-cash items	481,3	448,0
Depreciation	365,5	334,8
Amortisation	–	0,2
Operating lease liability adjustment	19,7	24,7
Share-based payment	90,3	65,8
Post-retirement defined benefit medical aid movement	6,1	6,6
Foreign currency translation reserve movement	(5,0)	9,4
Loss on disposal of property, plant and equipment	4,8	6,7
Profit on disposal of property, plant and equipment	(0,1)	(0,2)
	3 000,6	3 466,9
Changes in working capital:		
Inventory	(331,9)	(284,3)
Trade and other receivables	(669,8)	(1 748,3)
Trade and other payables	71,4	337,3
	(930,3)	(1 695,3)
Total cash generated from operations	2 070,3	1 771,6

37. TAXATION PAID

	2014 Rm	Restated 2013 Rm
Balance at the beginning of the year	(56,7)	(57,3)
Current tax for the year recognised in profit or loss	(755,7)	(866,5)
Classified as held for sale	0,4	–
Insurance cell net asset movement	–	44,0
Current tax effect of other items in equity	21,9	14,7
Balance at the end of the year	59,4	56,7
	(730,7)	(808,4)

38. DIVIDENDS PAID

	2014 Rm	Restated 2013 Rm
Dividends paid during the year	(1 066,9)	(1 057,4)
Dividends paid by subsidiary to non-controlling interest	(0,3)	–
	(1 067,2)	(1 057,4)

39. BUSINESS COMBINATIONS

Prior year acquisitions

As a consequence of the group's acquisition of Fabiani, with effect from 1 April 2012, the group has acquired two G-star franchise stores in South Africa. These stores will be managed together with the Fabiani stores. The fair value of assets acquired and liabilities assumed through these business combinations was R8,7 million. A trademark of R10,7 million was recognised on the acqusition and the total cash outflow as a result of these combinations was R19,4 million.

40. INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES

40.1 TFG Foundation

The TFG Foundation is an unconsolidated structured entity of the group. The trust earns dividends and interest from investments held in the trust. The funds earned are disbursed to a number of non-profit organisations (NPO's)/non-governmental organisation (NGO's) across South Africa. The TFG Foundation disbursed funds totaling R5,3 million across 72 organisations nationally this past year. The group is not required to provide any financial assistance. There is no loan or receivable outstanding between the trust and the group at year-end.

40. INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES (CONTINUED)

40.2 The Feel Good Project

The project is run in partnership with one of our long-standing NPO partners, Learn 2 Earn and aims to create opportunities for employment in the South African retail sector. The project generated R9,2 million turnover in the current financial year which is used to fund the project. The group is not required to provide any financial assistance. There is no loan or receivable outstanding between the Learn 2 Earn and the group at year-end.

41. INSURANCE RECEIVABLE

	2014 Rm	Restated 2013 Rm
Balance at 1 April	**253,0**	148,9
Transfer to discontinued operations	**(159,4)**	–
Increase in working capital of cell captive receivable	**110,1**	171,6
Dividends received	**(84,2)**	(67,5)
	119,5	253,0

42. CHANGE IN ACCOUNTING POLICIES

42.1 Accounting for insurance cells

Previously the group consolidated the cell captives in terms of SIC 12 Special Purpose Entities. In terms of IFRS 10 Consolidated Financial Statements, the cell captives do not meet the definition of a deemed separate entity, i.e. it is not legally ring-fenced from the insurer and will therefore no longer be consolidated. The cell captive arrangement with the insurer is accounted for as an in-substance reinsurance contract issued by the group. In terms of IFRS 4 the group therefore changed its accounting policy for the year ended 31 March 2014 for the accounting of cell captive arrangements. The net assets of the insurance cells are included as part of other receivables and prepayments and are no longer consolidated.

The change in accounting policy had no effect on basic or headline earnings per share, or on diluted basic or diluted headline earnings per share.

The effect of the change is as follows:

	As reported 31 March 2012 Rm	31 March 2012 Adjustment Rm	As restated 31 March 2012 Rm
Other receivables and prepayments	226,4	140,4	366,8
Cash	710,9	(206,2)	504,7
Trade and other payables	(1 827,0)	35,3	(1 791,7)
Taxation payable	(57,3)	30,5	(26,8)

	As reported 31 March 2013 Rm	31 March 2013 Adjustment Rm	As restated 31 March 2013 Rm
Other receivables and prepayments	594,3	222,5	816,8
Cash	908,1	(314,7)	593,4
Trade and other payables	(2 282,5)	48,2	(2 234,3)
Taxation payable	(100,7)	44,0	(56,7)

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42. CHANGE IN ACCOUNTING POLICIES (CONTINUED)

42.2 Cost of turnover

During the year under review, the group refined its calculation of cost of turnover to only include those costs directly related to the cost of merchandise. Certain costs (promotional and related) previously included in cost of turnover have now been included in trading expenses. This change was done for easier comparison with others in the industry. Accordingly, the gross profit previously reported at March 2013 changes from 41,9% to 46,4% on the new basis. This change in accounting policy had no effect on basic or headline earnings per share, or on diluted basic or diluted headline earnings per share. There is also no impact on the statement of financial position.

The effect of the change is as follows:

	As reported 31 March 2013* Rm	31 March 2013 Adjustment Rm	As restated 31 March 2013 Rm
Cost of turnover	7 492,3	(586,2)	6 906,1
Trading expenses	4 857,4	586,2	5 443,6

* The 31 March 2013 reported figures exclude the RCS Group.

42.3 IAS 19 Employee Benefits: Defined benefits plan

During the year under review, the group adopted IAS 19 Employee Benefits: Defined benefits plan. The group has adopted the standard retrospectively and all actuarial gains and losses which would have been recognised through profit and loss have been recognised through other comprehensive income. The group raised a R69,8 million actuarial loss in the current financial year. The change had no effect on the prior years as there were no actuarial gains or losses recognised through profit and loss.

43. CHANGE IN ESTIMATE

Property, plant and equipment

During the year, the group reassessed the useful lives of its property, plant and equipment. The group determined that certain asset categories had generally longer useful lives than the useful life for depreciation purposes. In the current year management revised the useful lives of certain computer equipment and software assets from 9 to 12 years, effective 1 April 2013. The change in estimate has resulted in a decrease in the depreciation expense for the current and future periods by R7,6 million for the remaining useful lives of the assets.

44. ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED IN THE CURRENT YEAR

The financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year except for the adoption of the following new or revised standards.

IFRS 10 Consolidated Financial Statements

During the current year the group adopted IFRS 10 Consolidated Financial Statements.

IFRS 10 introduces a single control model to assess whether an investee should be consolidated. This control model requires entities to perform the following in determining whether control exists:

- identify how decisions about the relevant activities are made;
- assess whether the entity has power over the relevant activities by considering only the entity's substantive rights;
- assess whether the entity is exposed to variability in returns; and
- assess whether the entity is able to use its power over the investee to affect returns for its own benefit.

The change has been applied retrospectively.

The group has assessed all current investees which has resulted in the insurance cells no longer being consolidated. Refer note 42 for more detail on the accounting policy change.

IFRS 11 Joint Arrangements

During the current year the group adopted IFRS 11 Joint Arrangements.

- The groups' interest in a joint operation, which is an arrangement in which the parties have rights to the assets and obligations for the liabilities, will be accounted for on the basis of the group's interest in those assets and liabilities.
- The groups' interest in a joint venture which is an arrangement in which the parties have rights to the net assets, will be equally accounted.

The adoption of the standard had no material effect on these financial statements.

44. ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED IN THE CURRENT YEAR (CONTINUED)

IFRS 12 Disclosure of Interests in Other Entities

During the current year the group adopted IFRS 12 Disclosure of Interests in Other Entities.

IFRS 12 combines, in a single standard, the disclosure requirements for subsidiaries, associates and joint arrangements, as well as unconsolidated structured entities.

The required disclosures aim to provide information to enable users to evaluate:

- the nature of, and risks associated with, an entity's interests in other entities; and
- the effects of those interests on the entity's financial position, financial performance and cash flows.

The adoption of the standard had no material effect on these financial statements.

IFRS 13 Fair Value Measurement

During the current year the group adopted IFRS 13 Fair Value Measurement.

IFRS 13 introduces a single source of guidance on fair value measurement for both financial and non-financial assets and liabilities by defining fair value, establishing a framework for measuring fair value and setting out disclosure requirements for fair value measurements. The key principles in IFRS 13 are as follows:

- Fair value is an exit price;
- Measurement considers characteristics of the asset or liability and not entity-specific characteristics;
- Measurement assumes a transaction in the entity's principal (or most advantageous) market between market participants;
- Price is not adjusted for transaction costs;
- Measurement maximises the use of relevant observable inputs and minimises the use of unobservable inputs;
- The three-level fair value hierarchy is extended to all fair value measurements.

The adoption of the standard had no material effect on these financial statements.

IAS 1 Presentation of Financial Statements

During the current year the group adopted IAS 1 Presentation of Financial Statements.

The group will present those items of other comprehensive income that may be reclassified to profit or loss in the future separately from those that would never be reclassified to profit or loss. The related tax effects for the two sub-categories will be shown separately.

This amendment will be applied retrospectively and the comparative information will be restated.

IFRS 7 Financial Instruments: Disclosures (offsetting financial assets and financial liabilities)

During the current year the group adopted IFRS 7 Financial Instruments: Disclosure.

In terms of the amendments, new disclosure requirements apply to:

- Financial assets and financial liabilities that are offset in the statement of financial position; or are subject to enforceable master netting arrangements or similar agreements. The group does not currently apply offsetting in the financial statements.

The adoption of the standard had no material effect on these financial statements.

IAS 19 Employee Benefits: Defined Benefit Plans

During the current year the group adopted IAS 19 Employee Benefits: Defined Benefit Plans.

IAS 19 (2011) changes the definition of short-term and long-term employee benefits to clarify the distinction between the two. For defined benefit plans the group will have to change its accounting policy for the recognition of actuarial gains and losses. These will be recognised immediately in other comprehensive income and no longer in profit or loss.

This amendment will be applied retrospectively and the comparative information will be restated. Refer note 42 for further information on the change in accounting policy.

IAS 28 (2011) Investments in Associates and Joint Ventures

During the current year the group adopted IAS 28 (2011) Investment in Associates and Joint Ventures.

IAS 28 (2011) supersedes IAS 28 (2008) and carries forward the existing accounting and disclosure requirements with limited amendments.

These include:

- IFRS 5 is applicable to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and
- On cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture or vice versa, the group does not remeasure the retained interest.

The adoption of the standard had no material effect on these financial statements.

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45. ACCOUNTING STANDARDS AND INTERPRETATIONS TO BE ADOPTED IN FUTURE YEARS

There are standards and interpretations in issue that are not yet effective. These include the following standards and interpretations that are applicable to the group and may have an impact on future financial statements:

IFRS 9 Financial Instruments

IFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 (2010) introduces additions relating to financial liabilities.

On 19 November 2013, the IASB issued a new general hedge accounting standard, part of IFRS 9 Financial Instruments (2013). The new standard removed the 1 January 2015 effective date of IFRS 9. A new mandatory effective date will be determined once the classification and measurement and impairment phases of IFRS 9 are finalised.

The group will adopt the standard in the first annual period beginning on or after the mandatory effective date (once specified). The impact of the adoption of IFRS 9 has not yet been estimated as the standard is still being revised and impairment and macro-hedge accounting guidance is still outstanding.

The group will assess the impact once the standard has been finalised and the effective date is known.

IFRS 10, IFRS 12 and IAS 27 Investment Entities

The amendments to IFRS 10, IFRS 12 and IAS 27 will be adopted by the company for the first time for its financial reporting period ending 31 March 2015. The amendments to the standards will be applied retrospectively, subject to transitional provisions.

In terms of the amendment a qualifying investment company is required to account for investments in controlled companies, as well as investments in associates and joint ventures, at fair value through profit or loss; the only exception would be subsidiaries that are considered an extension of the investment company's investment activities.

No impact on the financial statements for the group is expected.

IAS 32 Financial Instruments: Presentation (Offsetting Financial Assets and Financial Liabilities)

The amendment to IAS 32 will be adopted by the company for the first time for its financial reporting period ending 31 March 2015. The amendments to the standards will be applied retrospectively, subject to transitional provisions.

The amendments clarify when a company can offset financial assets and financial liabilities. This amendment will result in the company no longer offsetting two of its master netting arrangements.

No impact on the financial statements for the group is expected.

IAS 36 Impairment of assets (Recoverable Amount Disclosures for Non-Financial Assets)

The amendment to IAS 36 will be adopted by the company for the first time for its financial reporting period ending 31 March 2015. The amendments to the standards will be applied retrospectively, subject to transitional provisions.

The amendments reverse the unintended requirement in IFRS 13 Fair Value Measurement to disclose the recoverable amount of every cash-generating unit to which significant goodwill or indefinite-lived intangible assets have been allocated. Under the amendments, the recoverable amount is required to be disclosed only when an impairment loss has been recognised or reversed.

No impact on the financial statements for the group is expected.

45. ACCOUNTING STANDARDS AND INTERPRETATIONS TO BE ADOPTED IN FUTURE YEARS (CONTINUED)

IAS 39 Financial Instruments: Recognition and Measurement (Novation of Derivatives and Continuation of Hedge Accounting)

The amendment to IAS 39 will be adopted by the company for the first time for its financial reporting period ending 31 March 2015. The amendments to the standards will be applied retrospectively, subject to transitional provisions.

In terms of the amendment a company should discontinue hedge accounting if the derivative hedging instrument is novated to a clearing counterparty, unless the hedging instrument is being replaced as part of the entity's original documented hedging strategy.

The amendments add a limited exception to IAS 39, to provide relief from discounting an existing hedging relationship, when a novation was not contemplated in the original hedging documentation that meets specific criteria.

No impact on the financial statements for the group is expected.

IAS 19 Employee Benefits: Defined benefits plan (Employee Contributions)

The amendment to IAS 39 will be adopted by the company for the first time for its financial reporting period ending 31 March 2016. The amendments to the standards will be applied retrospectively, subject to transitional provisions.

The amendments introduce relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. Such contributions are eligible for practical expedient if they are:

- set out in the formal terms of the plan;
- linked to service; and
- independent of the number of years of service.

When contributions are eligible for the practical expedient, a company is permitted (but not required) to recognise them as a reduction of the service cost in the period in which the related service is rendered.

The impact on the financial statements for the company has not yet been estimated.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles-based five-step model to be applied to all contracts with customers.

IFRS 15 was issued in May 2014 and applies to an annual reporting period beginning on or after 1 January 2017.

The impact on the financial statements for the group has not yet been estimated.

STATEMENT OF FINANCIAL POSITION: COMPANY

	Note	2014 Rm	2013 Rm
ASSETS			
Non-current assets			
Interest in subsidiaries	2	**24 851,8**	26 769,1
		24 851,8	26 769,1
Current assets			
Interest in subsidiaries	2	**30,9**	30,0
Other receivables		**0,2**	0,3
Cash		**1,9**	1,8
Taxation receivable		**–**	3,7
		33,0	35,8
Total assets		**24 884,8**	26 804,9
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	11	**3,2**	3,3
Share premium		**498,7**	498,7
Dividend reserve	13	**650,5**	616,9
Revaluation reserve		**23 788,1**	25 774,7
Own shares held		**–**	(129,3)
Distributable reserve		**(64,9)**	(989,8)
		24 875,6	25 774,5
Current liabilities			
Other payables		**5,6**	126,3
Taxation payable		**2,7**	–
Interest in subsidiaries	2	**0,9**	904,1
		9,2	1 030,4
Total equity and liabilities		**24 884,8**	26 804,9
Guarantee: The company has guaranteed the overdraft facilities of subsidiary companies. The amounts utilised amounted to		**2 824,0**	1 842,0

INCOME STATEMENT: COMPANY

	2014 Rm	2013 Rm
Profit before taxation*	**2 834,4**	711,9
Taxation – current year	**(17,4)**	(14,5)
Profit attributable to ordinary shareholders	**2 817,0**	664,6
*after taking account of:		
Dividend income – subsidiary companies	**2 790,0**	644,7

STATEMENT OF COMPREHENSIVE INCOME: COMPANY

	2014 Rm	2013 Rm
Profit attributable to ordinary shareholders	**2 817,0**	697,4
Fair value loss on revaluation of interest in subsidiaries	**(1 986,6)**	(1 913,2)
Total comprehensive income (loss) for the year	**830,4**	(1 215,8)

STATEMENT OF CHANGES IN EQUITY: COMPANY

	2014 Rm	2013 Rm
Equity at the beginning of the year	**25 774,5**	29 744,8
Total comprehensive income for the year	**830,4**	(1 215,8)
Repurchase of shares in the open market	**–**	(129,3)
Repurchase of shares from subsidiary	**(729,8)**	(1 432,7)
Loss on cancellation of issued shares	**(0,1)**	–
Cancellation of shares	**129,3**	–
Dividends paid	**(1 128,7)**	(1 192,5)
Equity at the end of the year	**24 875,6**	25 774,5

NOTES TO THE FINANCIAL STATEMENTS

1. The company financial statements have been prepared using the accounting policies disclosed in note 1 of the group consolidated annual financial statements to the extent relevant and where indicated therein. Note references to the group consolidated financial statements are equally applicable to the company financial statements where indicated.

2. SUBSIDIARY COMPANIES

Name of subsidiary	Note	Issued share capital R	**2014 Fair value Rm**	2013 Fair value Rm	**2014 Indebted-ness Rm**	2013 Indebted-ness Rm
Trading subsidiaries						
Fashion Retailers (Pty) Ltd	4	250 006	**0,2**	0,2	**–**	–
Fashion Retailers Zambia Limited	6, 10	75	**–**	–	**24,0**	24,0
Foschini Finance (Pty) Ltd	2	6	**–**	–	**–**	–
Foschini Investments (Pty) Ltd	2	10	**–**	–	**–**	–
Foschini Lesotho (Pty) Ltd	7	2	**–**	–	**–**	–
Foschini Retail Group (Pty) Ltd	2, 3, 10	2	**102,5**	102,5	**957,0**	887,7
Foschini Services (Pty) Ltd	2	10	**–**	–	**–**	–
Foschini Stores (Pty) Ltd	2, 9	1	**–**	–	**–**	(904,1)
Foschini Swaziland (Pty) Ltd	5	2	**–**	–	**–**	–
Markhams (Pty) Ltd	2	1	**–**	–	**–**	–
Pienaar Sithole and Associates (Pty) Ltd	2	100	**–**	–	**–**	–
Retail Credit Solutions (Pty) Ltd	2	18 200	**–**	–	**–**	–
TFG Apparel Supply Company (Pty) Ltd	2	1	**–**	–	**–**	–
What U Want To Wear (Pty) Ltd	2	66 200	**0,1**	0,1	**–**	–
Foschini Nigeria Limited	8, 10	2 840 769	**2,8**	2,8	**6,9**	6,9
Total trading subsidiaries at cost			**105,6**	105,6	**987,9**	14,5
Other at cost*			**1,1**	1,1	**(0,9)**	(0,9)
Adjustment to fair value			**23 788,1**	25 774,7	**–**	–
Total			**23 894,8**	25 881,4	**987,0**	13,6
Summary						
Investment in shares at fair value					**23 894,8**	25 881,4
Amounts owing by subsidiaries – non-current portion					**957,0**	887,7
Total non-current portion					**24 851,8**	26 769,1
Amounts owing by subsidiaries – current portion					**30,9**	30,9
Amounts owing to subsidiaries – current portion					**(0,9)**	(905,0)
Total interest in subsidiaries					**24 881,8**	25 895,0

Notes

1. The company owns, directly or indirectly, all the ordinary shares in the subsidiaries listed above.
2. Incorporated in South Africa
3. Included is an amount of R102,5 (2013: R102,5) million representing the fair value of 102 500 R1 preference shares issued on 28 February 2002. The directors' valuation thereof at 31 March 2014 is R102,5 (2013: R102,5) million.
4. Incorporated in Namibia.
5. Incorporated in Swaziland.
6. Incorporated in Zambia.
7. Incorporated in Lesotho.
8. Incorporated in Nigeria.
9. The loan to subsidiary is unsecured, interest free and no fixed date for repayment has been determined.
10. The loan to subsidiary is unsecured, bears interest at rates determined from time to time and no fixed date for repayment has been determined. By mutual agreement the loan will not be repayable within the next 12 months.

* A schedule of these details is available on request.

Earnings of subsidiaries

The total profit (losses) of consolidated subsidiaries after elimination of intra-group transactions, are as follows:

	2014 Rm	2013 Rm
Profits	**1 820,6**	1 777,9
Losses	**(14,5)**	(18,6)
Net consolidated profit after taxation	**1 806,1**	1 759,3

3. RELATED PARTY INFORMATION

Loans to and from related parties are disclosed in note 2.

	2014 Rm	2013 Rm
Interest was received from the following related parties:		
Foschini Retail Group (Pty) Ltd	**53,0**	52,7
Pienaar Sithole and Associates (Pty) Ltd	**–**	0,1
	53,0	52,8
Dividends were received from the following related parties:		
Fashion Retailers (Pty) Ltd	**50,0**	–
Foschini Finance (Pty) Ltd	**760,0**	8,5
Foschini Retail Group (Pty) Ltd	**1 000,0**	530,0
Foschini Stores (Pty) Ltd	**965,0**	120,7
Pienaar Sithole and Associates (Pty) Ltd	**0,4**	–
What U Want To Wear (Pty) Ltd	**9,4**	–
	2 784,8	659,2
Preference dividends were received from the following related party:		
Foschini Retail Group (Pty) Ltd	**5,2**	5,4
Dividends were paid to the following related parties:		
Foschini Stores (Pty) Ltd	**61,8**	120,5
Foschini Retail Group (Pty) Ltd	**–**	14,2
Retail Credit Solutions (Pty) Ltd	**–**	0,1
TFG Apparel Supply Company (Pty) Ltd	**–**	0,4
	61,8	135,2

Also refer to note 35 for related party disclosure.

APPENDIX 1: SHAREHOLDINGS

ANALYSIS OF SHAREHOLDINGS

Compiled by JP Morgan Cazenove utilising the company's transfer secretaries' records as at 28 March 2014.

SPREAD ANALYSIS	Number of holders	% of total shareholders	Number of shares held	% of shares in issue
1 – 1 000 shares	4 786	64,3	1 760 600	0,8
1 001 – 10 000 shares	1 828	24,6	5 578 328	2,5
10 001 – 100 000 shares	596	8,0	20 580 319	9,3
100 001 – 1 000 000 shares	187	2,5	54 174 464	24,4
1 000 001 shares and over	48	0,6	139 911 343	63,0
	7 445	100,0	222 005 054	100,0

DISTRIBUTION OF SHAREHOLDINGS

Category	Number of shares held	% of shares in issue
Unit trusts/mutual funds and other managed funds	91 687 801	41,3
Pension funds	67 252 419	30,3
Corporate holding*	14 100 059	6,4
Private investors	21 334 034	9,6
Sovereign wealth	9 002 999	4,1
Insurance companies	8 285 118	3,7
Investment and employee trusts*	3 837 837	1,7
Custodians	3 325 761	1,5
Other	3 179 026	1,4
	222 005 054	100,0

* Includes shareholdings of Foschini Stores Proprietary Limited and The Foschini Share Incentive Trust

BENEFICIAL SHAREHOLDINGS GREATER THAN 3%

Beneficial interests – direct and indirect, as per share register and information supplied by nominee companies as at 28 March 2014.

	Holding	% of shares in issue
Government Employees Pension Fund (PIC)	34 938 567	15,8
Foschini Stores (Pty) Ltd	12 049 824	5,4
Lewis family	9 100 000	4,1
Coronation Top 20 Fund	6 755 115	3,0
	62 843 506	28,3

APPENDIX 1: SHAREHOLDINGS (CONTINUED)

FUND MANAGERS' HOLDINGS GREATER THAN 3%

According to disclosures made, the following fund managers administered client portfolios which included more than 3% of the company's issued shares

	Holding	% of shares in issue
Coronation Asset Management (Pty) Ltd	46 838 799	21,1
Government Employees Pension Fund (PIC)	27 032 928	12,2
Foord Asset Management	9 015 309	4,1
Allan Gray Investment Council	7 260 901	3,2
	90 147 937	40,6

SHAREHOLDING SPREAD

Category	Number of holders	% of total shareholders	Number of shares held	% of shares in issue
Public	7 161	96,2	192 044 007	86,5
Directors	9	0,1	12 612 228	5,7
Trust	1	0,0	3 613 495	1,6
Subsidiary	1	0,0	12 049 824	5,4
Employees of TFG	273	3,7	1 685 500	0,8
Total	7 445	100,0	222 005 054	100,0

APPENDIX 2: DEFINITIONS

Current ratio	Current assets divided by current liabilities
Debt: equity ratio	Net borrowings expressed as a percentage of total equity
Dividend cover	Basic earnings per share divided by dividend declared
Doubtful debt provision as a % of debtors' book	Provision for doubtful debts expressed as a percentage of gross receivables
EBITDA	Earnings before finance cost, tax, depreciation and amortisation.
EBITDA finance charge cover	EBITDA divided by finance cost
Finance charge cover	Operating profit before finance charges divided by finance cost
Gross square metres	Comprises the total leased store area including stock rooms
Headline earnings	Net income attributable to ordinary shareholders adjusted for the effect, after tax, of exceptional items
Headline earnings per ordinary share	Headline earnings divided by the weighted average number of shares in issue for the year
Market capitalisation	The market price per share at the year-end multiplied by the number of ordinary shares in issue at the year-end
Net bad debt and provision movement	VAT exclusive bad debts including provision movement, net of recoveries
Net bad debt write-off – retail	VAT inclusive bad debts, net of recoveries and excluding movement in provision
Net bad debt write-off – RCS Group	VAT exclusive bad debts, net of recoveries and excluding movement in provision
Net bad debt write-off as a % of credit transactions	Net bad debt write-off expressed as a percentage of credit transactions
Net bad debt write-off as a % of debtors' book	Net bad debt write-off expressed as a percentage of gross receivables
Net borrowings	Interest-bearing debt reduced by preference share investment and cash
Operating margin	Operating profit before finance charges expressed as a percentage of retail turnover
Operating profit	Profit earned from normal business operations
Recourse debt: equity ratio	Recourse debt reduced by preference share investment and cash, expressed as a percentage of total equity
Tangible net asset value per ordinary share	Total net asset value, after non-controlling interest, excluding goodwill and intangible assets , divided by the net number of ordinary shares in issue at the year-end
Trading expenses	Trading expenses are costs incurred in the normal course of business and includes amongst other depreciation, amortisation, employee costs, occupancy costs, net bad debt and other operating costs

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ADMINISTRATION

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Reg. No 1937/009504/06
JSE codes: TFG – TFGP
ISIN: ZAE000148466 – ZAE000148516

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SHAREHOLDERS' CALENDAR

Financial year-end		31 March 2014
Annual report mailing date		30 July 2014
Annual general meeting (77th)		1 September 2014
Interim profit announcement (2015)		6 November 2014
Dividend payments during 2014		
Ordinary	– final 2014	July 2014
	– interim 2015	January 2015
Preference	– interim 2015	September 2014
	– final 2015	March 2015

Queries regarding this report to be addressed to:
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