PREMIER INVESTMENTS LIMITED

ABN 64 006 727 966

Appendix 4E – Preliminary Final Report

The information is given under ASX Listing Rule 4.3A

Reporting periods

Current Reporting Period:	**26 July 2020 to 31 July 2021 (53 weeks)**
Previous Corresponding Period:	**28 July 2019 to 25 July 2020 (52 weeks)**

Results for announcement to the market

	2021 $'000	2020 $'000	% change
Revenue from Ordinary Activities	**1,458,659**	**1,248,962**	**+16.79%**
Profit from ordinary activities after tax attributable to members	**271,840**	**137,753**	**+97.34%**
Net profit for the period attributable to members	**271,840**	**137,753**	**+97.34%**

Dividends	**Amount per security**	**Franked amount per security**
Final Dividend	46.0 cents	46.0 cents
Interim Dividend	34.0 cents	34.0 cents
Record date for determining entitlements to the final dividend:	6 January 2022	

Brief explanation of the figures reported above to enable the figures to be understood:

The information presented above is based upon the accompanying consolidated financial statements for the 53 weeks ended 31 July 2021 (FY20: 52 weeks ended 25 July 2020). Refer to the attached consolidated financial statements and accompanying investor presentation for further information.

Dividends

Date the final dividend is payable	27 January 2022
Record date to determine entitlements to the final dividend	6 January 2022

a) Amount per security

	Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
Final Dividend			
Current period	46.0 cents	46.0 cents	Nil
Previous corresponding period	36.0 cents	36.0 cents	Nil

	Current Reporting Period	Previous Corresponding Period
Total Dividend (interim *plus* final)		
Ordinary securities	80.0 cents	70.0 cents

b) Final dividend on all securities

	Current Reporting Period $'000	Previous Corresponding Period $'000
Ordinary securities	73,077	57,191
Preference securities	-	-
Total	**73,077**	**57,191**

c) Dividend reinvestment plans in operation

The last date(s) for receipt of election notices for the dividend plans	Not Applicable
Any other disclosures in relation to dividends:	
The dividend reinvestment plan does not apply to the final dividend.	

Net tangible assets

	Current Reporting Period	Previous Corresponding Period
Net tangible assets per ordinary security	$4.44[1]	$3.28[1]

Associates and joint venture entities

Name of Associate Entity	Current Reporting Period		Previous Corresponding Period	
	Ownership Interest in Associate (%)	Share of Net Profit After Tax $'000	Ownership Interest in Associate (%)	Share of Net Profit After Tax $'000
Breville Group Limited *(Company incorporated in Australia)*	26.27%	$23,897	26.73%	$17,696

Other Information

Foreign Entities – accounting standards:

All entities comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Commentary:

This report should be read in conjunction with the attached financial statements for the 53 weeks ended 31 July 2021. The attached financial statements do not contain a full set of disclosures as required by IFRS.

The attached financial statements are in the process of being audited.

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MARINDA MEYER
COMPANY SECRETARY
23 September 2021

[1] Calculated as net assets, less intangible assets as per the accompanying balance sheet, divided by ordinary securities on issue at the end of the period. Includes right-of-use assets and lease liabilities recognised under AASB 16 *Leases*, as disclosed in the accompanying consolidated financial statements.

PREMIER INVESTMENTS LIMITED

A.C.N. 006 727 966

APPENDIX 4E

FINANCIAL STATEMENTS

FOR THE PERIOD 26 JULY 2020 TO 31 JULY 2021

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STATEMENT OF COMPREHENSIVE INCOME

FOR THE 53 WEEKS ENDED 31 JULY 2021 AND THE 52 WEEKS ENDED 25 JULY 2020

	NOTES	CONSOLIDATED 2021 $'000	CONSOLIDATED 2020 $'000
Revenue from contracts with customers	4	1,443,174	1,216,316
Other revenue	4	1,422	2,464
Total revenue		1,444,596	1,218,780
Other income	4	14,063	30,182
Total revenue and other income		1,458,659	1,248,962
Changes in inventories		(515,271)	(474,582)
Employee expenses	5	(334,818)	(247,612)
Lease rental benefits (expenses)	5	7,544	(17,532)
Depreciation, impairment and amortisation of non-current assets	5	(178,258)	(250,060)
Advertising and direct marketing		(18,510)	(14,171)
Finance costs	5	(11,574)	(16,716)
Other expenses		(52,086)	(50,786)
Total expenses		(1,102,973)	(1,071,459)
Share of profit of associate	20	23,897	17,696
Profit from continuing operations before income tax		379,583	195,199
Income tax expense	6	(107,743)	(57,446)
Net profit for the period attributable to owners		**271,840**	**137,753**
Other comprehensive income (loss)			
Items that may be reclassified subsequently to profit or loss			
Net gain (loss) on cash flow hedges	24	12,568	(9,886)
Foreign currency translation	24	802	(868)
Net movement in other comprehensive loss of associates	24	(3,782)	(688)
Income tax on items of other comprehensive income (loss)	6	(3,772)	2,964
Other comprehensive income (loss) which may be reclassified to profit or loss in subsequent periods, net of tax		**5,816**	**(8,478)**
Items not to be reclassified subsequently to profit or loss			
Net fair value gain (loss) on listed equity investment	24	28,820	(28,747)
Income tax on items of other comprehensive income (loss)	6	(8,646)	8,623
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods, net of tax		**20,174**	**(20,124)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS		**297,830**	**109,151**
Earnings per share from continuing operations attributable to the ordinary equity holders of the parent:			
- basic, profit for the year (cents per share)	7	171.15	86.89
- diluted, profit for the year (cents per share)	7	170.39	86.56

The accompanying notes form an integral part of this Statement of Comprehensive Income.

STATEMENT OF FINANCIAL POSITION

AS AT 31 JULY 2021 AND 25 JULY 2020

	NOTES	CONSOLIDATED 2021 $'000	CONSOLIDATED 2020 $'000
ASSETS			
Current assets			
Cash and cash equivalents	21	523,356	448,832
Trade and other receivables	9	9,490	30,320
Inventories	10	208,760	156,590
Other financial instruments		7,073	-
Other current assets	11	10,326	10,531
Total current assets		759,005	646,273
Non-current assets			
Property, plant and equipment	17	137,798	155,134
Right-of-use assets	12	167,087	231,790
Intangible assets	18	827,004	826,888
Deferred tax assets	6	55,494	66,924
Listed equity investment at fair value	19	63,462	18,132
Investment in associate	20	271,372	257,391
Total non-current assets		1,522,217	1,556,259
TOTAL ASSETS		**2,281,222**	**2,202,532**
LIABILITIES			
Current liabilities			
Trade and other payables	13	164,269	208,979
Income tax payable		58,218	66,172
Interest-bearing liabilities	22	69,000	-
Lease liabilities	14	159,050	189,221
Provisions	15	45,610	38,297
Other financial instruments		815	4,008
Other current liabilities	16	15,120	8,588
Total current liabilities		512,082	515,265
Non-current liabilities			
Interest-bearing liabilities	22	77,834	146,659
Deferred tax liabilities	6	68,319	65,427
Lease liabilities	14	78,435	114,668
Provisions	15	11,421	10,603
Other financial instruments		-	2,316
Other non-current liabilities	16	226	146
Total non-current liabilities		236,235	339,819
TOTAL LIABILITIES		**748,317**	**855,084**
NET ASSETS		**1,532,905**	**1,347,448**
EQUITY			
Contributed equity	23	608,615	608,615
Reserves	24	(10,001)	(37,847)
Retained earnings		934,291	776,680
TOTAL EQUITY		**1,532,905**	**1,347,448**

The accompanying notes form an integral part of this Statement of Financial Position.

STATEMENT OF CASH FLOWS

FOR THE 53 WEEKS ENDED 31 JULY 2021 AND THE 52 WEEKS ENDED 25 JULY 2020

	NOTES	CONSOLIDATED 2021 $'000	CONSOLIDATED 2020 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		1,620,975	1,344,202
Payments to suppliers and employees (inclusive of GST)		(1,115,786)	(829,742)
Interest received		1,313	2,436
Borrowing costs paid		(4,632)	(5,422)
Interest on lease liabilities		(6,676)	(11,080)
Income taxes paid		(111,674)	(16,812)
NET CASH FLOWS FROM OPERATING ACTIVITIES	21(b)	**383,520**	**483,582**
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received from investment in associate		12,227	14,235
Payment for trademarks		(116)	(273)
Purchase of investments		(16,510)	-
Payment for property, plant and equipment		(2,917)	(7,316)
NET CASH FLOWS (USED IN) FROM INVESTING ACTIVITIES		**(7,316)**	**6,646**
CASH FLOWS FROM FINANCING ACTIVITIES			
Equity dividends paid		(165,171)	(58,636)
Payment of lease liabilities		(137,180)	(150,958)
Proceeds from borrowings		-	137,000
Repayment of borrowings		-	(158,000)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		**(302,351)**	**(230,594)**
NET INCREASE IN CASH HELD		**73,853**	**259,634**
Cash at the beginning of the financial year		448,832	190,255
Net foreign exchange difference		671	(1,057)
CASH AT THE END OF THE FINANCIAL YEAR	21(a)	**523,356**	**448,832**

The accompanying notes form an integral part of this Statement of Cash Flows.

STATEMENT OF CHANGES IN EQUITY

FOR THE 53 WEEKS ENDED 31 JULY 2021 AND THE 52 WEEKS ENDED 25 JULY 2020

	CONSOLIDATED							
	CONTRIBUTED EQUITY $'000	CAPITAL PROFITS RESERVE $'000	PERFORMANCE RIGHTS RESERVE $'000	CASH FLOW HEDGE RESERVE $'000	FOREIGN CURRENCY TRANSLATION RESERVE $'000	FAIR VALUE RESERVE $'000	RETAINED PROFITS $'000	TOTAL $'000
At 26 July 2020 (Original)	608,615	464	19,359	(4,419)	5,781	(59,032)	776,680	1,347,448
Adjustment due to accounting policy change by associate (Note 20)	-	-	-	-	-	-	(3,024)	(3,024)
At 26 July 2020 (Adjusted)	608,615	464	19,359	(4,419)	5,781	(59,032)	773,656	1,344,424
Net profit for the period	-	-	-	-	-	-	271,840	271,840
Other comprehensive income (loss)	-	-	-	8,796	(2,980)	20,174	-	25,990
Total comprehensive income for the period	**-**	**-**	**-**	**8,796**	**(2,980)**	**20,174**	**271,840**	**297,830**
Transactions with owners in their capacity as owners:								
Performance rights issued	-	-	1,856	-	-	-	-	1,856
Dividends paid and payable	-	-	-	-	-	-	(111,205)	(111,205)
Balance as at 31 July 2021	**608,615**	**464**	**21,215**	**4,377**	**2,801**	**(38,858)**	**934,291**	**1,532,905**
At 28 July 2019	608,615	464	17,746	2,503	7,337	(38,908)	751,529	1,349,286
Net profit for the period	-	-	-	-	-	-	137,753	137,753
Other comprehensive loss	-	-	-	(6,922)	(1,556)	(20,124)	-	(28,602)
Total comprehensive income for the period	**-**	**-**	**-**	**(6,922)**	**(1,556)**	**(20,124)**	**137,753**	**109,151**
Transactions with owners in their capacity as owners:								
Performance rights issued	-	-	1,613	-	-	-	-	1,613
Dividends paid and payable	-	-	-	-	-	-	(112,602)	(112,602)
Balance as at 25 July 2020	**608,615**	**464**	**19,359**	**(4,419)**	**5,781**	**(59,032)**	**776,680**	**1,347,448**

The accompanying notes form an integral part of this Statement of Changes in Equity

1 GENERAL INFORMATION

The financial report contains the consolidated financial statements of the consolidated entity, comprising Premier Investments Limited (the 'parent entity') and its wholly owned subsidiaries ('the Group') for the 53 weeks ended 31 July 2021.

Premier Investments Limited is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The notes to the financial statements have been organised into the following sections:

(i) *Other significant group accounting policies:* Summarises the basis of financial statement preparation and other accounting policies adopted in the preparation of these consolidated financial statements. Specific accounting policies are disclosed in the note to which they relate.

(ii) *Group performance:* Contains the notes that focus on the results and performance of the Group.

(iii) *Operating assets and liabilities:* Provides information on the Group's assets and liabilities used to generate the Group's performance.

(iv) *Capital invested:* Provides information on the capital invested which allows the Group to generate its performance.

(v) *Capital structure and risk management:* Provides information on the Group's capital structure and summarises the Group's Risk Management policies.

(vi) *Group structure:* Contains information in relation to the Group's structure and related parties.

(vii) *Other disclosures:* Summarises other disclosures which are required in order to comply with Australian Accounting Standards and other authoritative pronouncements.

2 OTHER SIGNIFICANT GROUP ACCOUNTING POLICIES

The consolidated financial report is prepared for the 53 weeks from 26 July 2020 to 31 July 2021.

Below is a summary of significant group accounting policies applicable to the Group which have not been disclosed elsewhere. The notes to the financial statements, which contain detailed accounting policy notes, should be read in conjunction with the below Group accounting policies.

(a) BASIS OF FINANCIAL REPORT PREPARATION

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001,* Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has been prepared on a historical cost basis, except for other financial instruments and listed equity investments at fair value, which have been measured at fair value as explained in the relevant accounting policies throughout the notes.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000), unless otherwise stated, as the Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, dated 24 March 2016.

(b) COMPARATIVE AMOUNTS

The current reporting period, 26 July 2020 to 31 July 2021, represents 53 weeks and the comparative reporting period is from 28 July 2019 to 25 July 2020 which represents 52 weeks. From time to time, management may change prior year comparatives to reflect classifications applied in the current year.

2 OTHER SIGNIFICANT GROUP ACCOUNTING POLICIES (CONTINUED)

(c) BASIS OF CONSOLIDATION

The consolidated financial statements are those of the consolidated entity, comprising Premier Investments Limited and its wholly owned subsidiaries as at the end of each financial year. A list of the Group's subsidiaries is included in note 25.

Subsidiaries are entities that are controlled by the Group. Control is achieved when the Group has:

- Power over the investee;
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Investments in subsidiaries held by Premier Investments Limited are accounted for at cost in the separate financial statements of the parent entity less any impairment losses. Dividends received from subsidiaries are recorded as a component of other revenue in the separate statement of comprehensive income of the parent entity, and do not impact the recorded cost of the investment.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

(d) SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the results of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

Management has identified certain critical accounting policies for which significant judgements, estimates and assumptions are required. These key judgements, estimates and assumptions have been disclosed as part of the relevant note to the financial statements. Actual results may differ from those estimated under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

The Group's operations continued to be impacted during the 2021 financial year as a direct result of the ongoing COVID-19 pandemic. In particular, the Group experienced a disruption to trading conditions, mainly due to widespread temporary retail store closures. In respect of the financial statements for the 2021 financial year, the impact of COVID-19 is particularly relevant to estimates of future performance. This, in turn, has an impact on areas of impairment of assets as well as the estimation of the expected lease term of retail store leases in holdover. The extent of the impact of the pandemic on future trading performance is unclear, and estimations in this environment entail a great degree of uncertainty. In response to these estimation uncertainties, key assumptions have been critically assessed and incorporate the possibility of a level of continued COVID-19 restrictions and regulations, along with the Group's proposed responses in these circumstances. Assumptions have been based on management's best estimates and information available in respect of conditions that existed at the reporting date, amidst this global health crisis.

2 OTHER SIGNIFICANT GROUP ACCOUNTING POLICIES (CONTINUED)

(e) OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(f) CURRENT VERSUS NON-CURRENT CLASSIFICATION

The Group presents assets and liabilities in the statement of financial position based on current versus non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold in the normal operating cycle, or primarily held for the purpose of trading, or is expected to be realised within twelve months after the reporting period, or;
- Cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when it is:

- Expected to be settled in the normal operating cycle, or primarily held for the purpose of trading, or is due to be settled within twelve months after the reporting period, or;
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current. Deferred tax assets and liabilities are classified as non-current.

(g) FOREIGN CURRENCY TRANSLATION

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). Both the functional and presentation currency of the parent entity and its Australian subsidiaries is Australian dollars.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All exchange differences are taken to profit or loss in the statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

As at the reporting date the assets and liabilities of the overseas subsidiaries are translated into the presentation currency of the parent entity at the rate of exchange ruling at the reporting date and the statements of comprehensive income are translated at the weighted average exchange rates for the period. Exchange variations resulting from the translations are recognised in the foreign currency translation reserve in equity.

(h) GOODS AND SERVICES TAX (GST), INCLUDING OTHER VALUE-ADDED TAXES

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST) except:

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2 OTHER SIGNIFICANT GROUP ACCOUNTING POLICIES (CONTINUED)

(h) GOODS AND SERVICES TAX (GST), INCLUDING OTHER VALUE-ADDED TAXES (continued)

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(i) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Changes in accounting policies, disclosures, standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except for new and amended Australian Accounting Standards and AASB Interpretations relevant to the Group and its operations that are effective for the current annual reporting period, described below. These new and amended Accounting Standards did not have a material impact on the consolidated financial report of the Group.

Amendments to AASB 3: *Definition of a Business*
The amendment to AASB 3 *Business Combinations* clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs.

Amendments to AASB 7, AASB 9 and AASB 139 *Interest Rate Benchmark Reform*
The amendments to AASB 9 and AASB 139 *Financial Instruments: Recognition and Measurement* provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

Amendments to AASB 101 and AASB 108 *Definition of Material*
The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

IFRIC agenda decision – Configuration or Customisation Costs in a Cloud Computing Arrangement
In April 2021, the IFRS Interpretations Committee (IFRIC) published an agenda decision for configuration and customisation costs incurred related to a Software as a Service (SaaS) arrangement. SaaS arrangements are arrangements in which the Group does not currently control the underlying software used in the arrangement.

Where costs incurred to configure or customise SaaS arrangements result in the creation of a resource which is identifiable, and where the Group has the power to obtain the future economic benefits flowing from the underlying resource and to restrict the access of others to those benefits, such costs are recognised as a separate intangible software asset and amortised over the useful life of the software on a straight-line basis. The amortisation is reviewed at least at the end of each reporting period and any changes are treated as changes in accounting estimates.

2 OTHER SIGNIFICANT GROUP ACCOUNTING POLICIES (CONTINUED)

(i) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

Changes in accounting policies, disclosures, standards and interpretations (continued)

Where costs incurred to configure or customise do not result in the recognition of an intangible software asset, then those costs that provide the Group with a distinct service (in addition to the SaaS access) are recognised as expenses when the supplier provides the services. When such costs incurred do not provide a distinct service, the costs are recognised as expenses over the duration of the SaaS contract.

This change in accounting policy in relation to configuration and customisation costs incurred in implementing SaaS arrangements has not had a material impact on the Group.

Accounting Standards and Interpretations issued but not yet effective

Recently issued or amended Australian Accounting Standards and Interpretations that have been identified as those which may be relevant to the Group in future reporting periods, but are not yet effective, have not been early adopted by the Group for the reporting period ended 31 July 2021. The Group does not anticipate that the below amended standards and interpretations will have a material impact on the Group:

- Amendments to AASB 101: *Classification of Liabilities as Current or Non-current*;
- Reference to the Conceptual Framework – *Amendments to AASB 3*;
- Property, Plant and Equipment: Proceeds before Intended Use – *Amendments to AASB 116*; and
- Onerous Contracts – Costs of Fulfilling a Contract – *Amendments to AASB 137*

GROUP PERFORMANCE

3 OPERATING SEGMENTS

Identification of operating segments

The Group determines and presents operating segments based on the information that is internally provided and used by the chief operating decision maker in assessing the performance of the Group and in determining the allocation of resources.

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. The operating segments are identified by management based on the nature of the business conducted, and for which discrete financial information is available and reported to the chief operating decision maker on at least a monthly basis.

Segment results that are reported to the chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly of corporate assets, head office expenses and income tax assets and liabilities.

Reportable Segments

Retail

The retail segment represents the financial performance of a number of speciality retail fashion chains.

Investment

The investment segment represents investments in securities for both long and short term gains, dividend income and interest.

Accounting policies

The key accounting policies used by the Group in reporting segments internally are the same as those contained in these financial statements.

Income tax expense

Income tax expense is calculated based on the segment operating net profit using the Group's effective income tax rate.

It is the Group's policy that if items of revenue and expense are not allocated to operating segments then any associated assets and liabilities are also not allocated to the segments. This is to avoid asymmetrical allocations within segments which management believe would be inconsistent.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

The table on the following page presents revenue and profit information for operating segments for the periods ended 31 July 2021 and 25 July 2020.

GROUP PERFORMANCE

3 OPERATING SEGMENTS (CONTINUED)

(A) OPERATING SEGMENTS

	RETAIL		INVESTMENT		ELIMINATION		CONSOLIDATED	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000	2021 $'000	2020 $'000	2021 $'000	2020 $'000
REVENUE AND OTHER INCOME								
Revenue from contracts with customers	1,443,174	1,216,316	-	-	-	-	1,443,174	1,216,316
Interest revenue	392	159	756	2,131	-	-	1,148	2,290
Other revenue	240	147	165,034	53,027	(165,000)	(53,000)	274	174
Other income	4,946	14,296	9,117	15,886	-	-	14,063	30,182
Total revenue and other income	1,448,752	1,230,918	174,907	71,044	(165,000)	(53,000)	1,458,659	1,248,962
Total revenue per the statement of comprehensive income							**1,458,659**	**1,248,962**
RESULTS								
Depreciation and amortisation	24,452	42,337	1,505	1,368	-	-	25,957	43,705
Impairment – property, plant and equipment	-	31,254	-	-	-	-	-	31,254
Depreciation – right-of-use asset	155,552	175,932	-	-	(3,251)	(3,251)	152,301	172,681
Impairment – right-of-use asset	-	2,420	-	-	-	-	-	2,420
Interest expense	8,757	14,057	2,931	2,879	(114)	(220)	11,574	16,716
Share of profit of associate	-	-	23,897	17,696	-	-	23,897	17,696
Profit before income tax expense	**352,112**	**165,776**	**192,497**	**82,343**	**(165,026)**	**(52,920)**	**379,583**	**195,199**
Income tax expense							(107,743)	(57,446)
Net profit after tax per the statement of comprehensive income							**271,840**	**137,753**

	RETAIL		INVESTMENT		ELIMINATION		CONSOLIDATED	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000	2021 $'000	2020 $'000	2021 $'000	2020 $'000
ASSETS AND LIABILITIES								
Segment assets	1,006,557	970,254	1,420,029	1,381,509	(145,364)	(149,231)	2,281,222	2,202,532
Segment liabilities	622,906	733,215	187,845	242,195	(62,434)	(120,326)	748,317	855,084
Capital expenditure	8,579	19,024	-	-	-	-	8,579	19,024

GROUP PERFORMANCE

3 OPERATING SEGMENTS (CONTINUED)

(B) GEOGRAPHIC AREAS OF OPERATION

	AUSTRALIA	NEW ZEALAND	ASIA	EUROPE	ELIMINATION	CONSOLIDATED
	2021 $'000	2021 $'000	2021 $'000	2021 $'000	2021 $'000	2021 $'000
REVENUE AND OTHER INCOME						
Revenue from contracts with customers	1,171,833	160,179	34,152	77,010	-	1,443,174
Other revenue and income	18,170	3	3,962	4,622	(11,272)	15,485
Total revenue and other income	**1,190,003**	**160,182**	**38,114**	**81,632**	**(11,272)**	**1,458,659**
Segment non-current assets	1,403,407	30,990	13,483	34,512	39,815	1,522,217
Capital expenditure	7,594	878	25	82	-	8,579

	AUSTRALIA	NEW ZEALAND	ASIA	EUROPE	ELIMINATION	CONSOLIDATED
	2020 $'000	2020 $'000	2020 $'000	2020 $'000	2020 $'000	2020 $'000
REVENUE AND OTHER INCOME						
Revenue from contracts with customers	929,747	126,507	61,709	98,353	-	1,216,316
Other revenue and income	49,250	6	14,594	296	(31,500)	32,646
Total revenue and other income	**978,997**	**126,513**	**76,303**	**98,649**	**(31,500)**	**1,248,962**
Segment non-current assets	1,420,303	33,522	17,767	47,281	37,386	1,556,259
Capital expenditure	15,633	2,221	1,139	31	-	19,024

GROUP PERFORMANCE

	CONSOLIDATED	
	2021 $'000	**2020 $'000**
4 REVENUE AND OTHER INCOME		
REVENUE		
Revenue from contracts with customers	1,443,174	1,216,316
(Disaggregated revenue from contracts with customers is presented in note 3B, *Operating Segments)*		
OTHER REVENUE		
Sundry revenue	274	174
Interest received	1,148	2,290
TOTAL OTHER REVENUE	1,422	2,464
TOTAL REVENUE	**1,444,596**	**1,218,780**
OTHER INCOME		
Net gain from settlement of cash flow hedges	-	13,207
Gain on investment in associate resulting from share issue	9,117	15,886
United Kingdom COVID-19 lockdown grants	4,622	-
Other	324	1,089
TOTAL OTHER INCOME	14,063	30,182
TOTAL REVENUE AND OTHER INCOME	**1,458,659**	**1,248,962**

REVENUE RECOGNITION ACCOUNTING POLICY

Revenue recognition occurs at the point in time when control of the goods is transferred to the customer, generally at the point of sale or on delivery of the goods.

The Group estimates the value of expected customer returns that will arise as a result of the Group's returns policy, which entitles the customer to a refund of returned unused products within the specified timeframe for the respective brands. At the same time, the Group recognises a right of return asset, being the former carrying amount of the inventory, less any expected costs to recover the goods the Group expects to be returned by customers as a result of the returns policy.

The Group operates certain loyalty programmes, which allow customers to accumulate points when products are purchased, and which can be redeemed for free or discounted product once a minimum number of points have been accumulated. Loyalty points give rise to a separate performance obligation providing a material right to the customer, therefore a portion of the transaction price is allocated to the loyalty programme based on the relative stand-alone selling prices.

The Group recognises a contract liability upon the sale of gift cards and recognises revenue when the customer redeems the gift card, and the Group fulfils its performance obligation. The Group also recognises revenue on the portion of unredeemed gift cards for which redemption is unlikely, known as gift card breakage. Gift card breakage is estimated and recognised as revenue in proportion to the pattern of rights exercised by customers. On expiry of the gift card, any unused funds are recognised in full as breakage.

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

GROUP PERFORMANCE

	NOTES	CONSOLIDATED 2021 $'000	CONSOLIDATED 2020 $'000
5 EXPENSES			
LEASE RENTAL (BENEFITS) EXPENSES			
Variable lease expenses		7,501	4,135
Other lease expenses		15,986	28,410
COVID-19 related rent concessions		(19,521)	(15,013)
Other Australia and New Zealand holdover rent concessions		(9,960)	-
Other		(1,550)	-
NET LEASE RENTAL EXPENSES		**(7,544)**	**17,532**
DEPRECIATION, AMORTISATION AND IMPAIRMENT OF NON-CURRENT ASSETS			
Depreciation of property, plant and equipment	17	25,957	43,682
Depreciation of right-of-use assets	12	152,301	172,681
Impairment of right-of-use assets	12	-	2,420
Impairment of property, plant and equipment	17	-	31,254
Amortisation of leasehold premiums	18	-	23
TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT OF NON-CURRENT ASSETS		**178,258**	**250,060**
FINANCE COSTS			
Interest on lease liabilities		6,676	11,080
Interest on bank loans and overdraft		4,898	5,636
TOTAL FINANCE COSTS		**11,574**	**16,716**
OTHER EXPENSES INCLUDE:			
Net loss on disposal of property, plant and equipment		5	982

EMPLOYEE EXPENSES

Premier recognises that the Australian Federal Government's JobKeeper initiative was fundamental to keeping employees and employers connected during the once in a century health crisis. On 3 May 2021, the Group announced that it will voluntarily return the $15.6 million FY21 net JobKeeper wage subsidy benefit that it received under the scheme rules, to the Australian Taxation Office. As a result, the Group recorded no net JobKeeper benefit in its FY21 statement of comprehensive income. The Group was not eligible for the second phase of the Australian Government JobKeeper scheme from 28 September 2020 onwards. The Group continued to pay its full and part time Australian team members their contracted hours whilst these teams were unable to work during various state government mandated temporary store closures from October 2020 through to July 2021, when the Federal Government made available its temporary COVID disaster payment scheme directly to impacted team members.

For the 52 weeks ended 25 July 2020, the financial impact of COVID-19 was most severe for the period March 2020 to May 2020, when global sales were down approximately $131.1 million on the prior comparable period, with retail store sales down 78.4%. As a result of this devastating impact on the Group's FY20 global sales, the Group became eligible for $68.7 million of global wage subsidies across seven countries.

GROUP PERFORMANCE

5 EXPENSES (CONTINUED)

EMPLOYEE EXPENSES (CONTINUED)

Of the total amount, $35.5 million was passed directly through to eligible employees unable to work. In addition, in Australia, many of the Group's casual and part time work force received subsidy payments in excess of their normal working arrangements in accordance with the rules of the government scheme. The funds received were used to support standing up the Group's employees as stores gradually re-opened under COVID-19 safe plans. The Government wage subsidies have been recorded as a reduction in employee expenses in the statement of comprehensive income.

6 INCOME TAX

The major components of income tax expense are:

	CONSOLIDATED 2021 $'000	CONSOLIDATED 2020 $'000
(a) INCOME TAX RECOGNISED IN PROFIT OR LOSS		
CURRENT INCOME TAX		
Current income tax charge	106,275	68,047
Adjustment in respect of current income tax of previous years	475	(479)
DEFERRED INCOME TAX		
Relating to origination and reversal of temporary differences	993	(10,122)
INCOME TAX EXPENSE REPORTED IN THE STATEMENT OF COMPREHENSIVE INCOME	**107,743**	**57,446**
(b) STATEMENT OF CHANGES IN EQUITY		
Deferred income tax related to items credited directly to equity:		
Net deferred income tax on movements on cash-flow hedges	3,772	(2,964)
Net deferred income tax on unrealised gain (loss) on listed equity investment at fair value	8,646	(8,623)
INCOME TAX EXPENSE (BENEFIT) REPORTED IN EQUITY	**12,418**	**(11,587)**
(c) RECONCILIATION BETWEEN TAX EXPENSE AND THE ACCOUNTING PROFIT BEFORE TAX MULTIPLIED BY THE GROUP'S APPLICABLE AUSTRALIAN INCOME TAX RATE		
Accounting profit before income tax	379,583	195,199
At the Parent Entity's statutory income tax rate of 30% (2020: 30%)	113,875	58,560
Adjustment in respect of current income tax of previous years	475	(479)
Expenditure not allowable for income tax purposes	697	544
Effect of different rates of tax on overseas income	(1,345)	2,203
Effect of tax losses not recognised	-	693
Income not assessable for tax purposes	(5,791)	(4,175)
Other	(168)	100
AGGREGATE INCOME TAX EXPENSE	**107,743**	**57,446**

GROUP PERFORMANCE

6 INCOME TAX (CONTINUED)

(d) RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES

	CONSOLIDATED 2021 $'000	CONSOLIDATED 2020 $'000
DEFERRED TAX RELATES TO THE FOLLOWING:		
Foreign currency balances	192	1,162
Potential capital gains tax on financial investments	(42,516)	(30,654)
Deferred gains and losses on financial instruments	(1,877)	1,910
Inventory provisions	1,748	878
Lease arrangements	8,153	11,001
Employee provisions	9,400	7,519
Other receivables and prepayments	-	(1,679)
Property, plant and equipment	3,546	(3,195)
Impairment of store plant and equipment	-	6,822
Other provisions	2,769	3,461
Other	5,760	4,272
NET DEFERRED TAX (LIABILITIES) ASSETS	**(12,825)**	**1,497**
REFLECTED IN THE STATEMENT OF FINANCIAL POSITION AS FOLLOWS:		
Deferred tax assets	55,494	66,924
Deferred tax liabilities	(68,319)	(65,427)
NET DEFERRED TAX (LIABILITIES) ASSETS	**(12,825)**	**1,497**

INCOME TAX ACCOUNTING POLICY

Income tax expense comprises current tax (amounts payable or receivable within 12 months) and deferred tax (amounts payable or receivable after 12 months). Tax expense is recognised in profit or loss, unless it relates to items that have been recognised in equity as part of other comprehensive income or directly in equity. In this instance, the related tax expense is also recognised in other comprehensive income or directly in equity.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities based on the current and prior period taxable income. The tax rates and tax laws used to calculate tax amounts are those that are enacted or substantially enacted by the reporting date.

Deferred income tax

Deferred income tax is recognised on taxable temporary differences at the reporting date between the tax base of the assets and liabilities and their carrying amounts for financial reporting purposes based on the expected manner of recovery of the carrying value of an asset or liability.

GROUP PERFORMANCE

6 INCOME TAX (CONTINUED)

INCOME TAX ACCOUNTING POLICY (CONTINUED)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the reporting date.

Deferred income tax liabilities are recognised for all temporary differences except:

- When the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss: and
- When the taxable temporary difference is associated with investments in subsidiaries, associates and interest in joint ventures, and the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all taxable temporary differences, except for the following:

- When the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction affects neither the accounting profit nor taxable profit;
- When the deductible temporary difference is associated with investments in subsidiaries, associates and interest in joint ventures, in which case the deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available to utilise the deferred tax asset.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Tax assets and tax liabilities are offset only if a legally enforceable right exists to set off and the tax assets and tax liabilities relate to the same taxable entity and the same taxation authority.

Tax consolidation

Premier Investments Limited and its wholly owned Australian controlled entities have implemented a tax consolidation group. The head entity, Premier Investments Limited and the controlled entities continue to account for their own current and deferred tax amounts. The Group has applied the Group allocation approach to determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. The agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At reporting date the possibility of default is remote.

In addition to its own current and deferred tax amounts, Premier Investments Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

Deferred tax assets are recognised for taxable temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

GROUP PERFORMANCE

6 INCOME TAX (CONTINUED)

KEY ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future sales volumes, operating costs, capital expenditure, dividends and other capital management transactions. Judgements are also required about the application of income tax legislation.

These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised in the statement of financial position and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to profit or loss in the statement of comprehensive income.

7 EARNINGS PER SHARE

	CONSOLIDATED	
	2021 $'000	2020 $'000
The following reflects the income and share data used in the calculation of basic and diluted earnings per share:		
Net profit for the period	271,840	137,753
	NUMBER OF SHARES '000	NUMBER OF SHARES '000
Weighted average number of ordinary shares used in calculating:		
- basic earnings per share	158,829	158,540
- diluted earnings per share	159,538	159,134

There have been no other conversions to, calls of, or subscriptions for ordinary shares or issues of potential ordinary shares since the reporting date and before the completion of this financial report.

EARNINGS PER SHARE ACCOUNTING POLICY

Basic earnings per share are calculated as net profit attributable to members of the parent divided by the weighted average number of ordinary shares.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for costs of servicing equity, the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses, and other non-discretionary changes in revenue or expenses during the period that would result from the dilution of potential ordinary shares, divided by the weighted average number of ordinary shares and dilutive potential ordinary shares.

GROUP PERFORMANCE

	CONSOLIDATED 2021 $'000	CONSOLIDATED 2020 $'000
8 A) DIVIDENDS		
DIVIDENDS APPROVED AND/ OR PAID		
Approved during the year:		
Interim franked dividends:		
2021 Approved and paid: 34 cents per share	54,014	-
2020 Approved: 34 cents per share (i)	-	53,966
Approved and paid during the year:		
Final franked dividends for 2020:		
36 cents per share (2019: 37 cents)	57,191	58,636
TOTAL FOR THE YEAR	**111,205**	**112,602**

(i) The 2020 interim dividend was paid on 30 September 2020.

DIVIDENDS APPROVED AND NOT RECOGNISED AS A LIABILITY:		
Final franked dividend for 2021:		
46 cents per share (2020: 36 cents)	73,077	57,191

The Directors of Premier Investments Limited approved a final dividend in respect of the 2021 financial year. The total amount of the dividend is $73,077,000 (2020: $57,191,000) which represents a fully franked dividend of 46 cents per share (2020: 36 cents per share).

	CONSOLIDATED 2021 $'000	CONSOLIDATED 2020 $'000
B) FRANKING CREDIT BALANCE		
The amount of franking credits available for the subsequent financial year are:		
franking account balance as at the end of the financial year at 30% (2020: 30%)	231,271	196,701
franking credits that will arise from the payment of income tax payable as at the end of the financial year	56,181	59,205
franking debits that will be used on the payment of dividends subsequent to the end of the financial year	(31,319)	(47,639)
TOTAL FRANKING CREDIT BALANCE	**256,133**	**208,267**

The tax rate at which paid dividends have been franked is 30% (2020: 30%). Dividends proposed will be franked at the rate of 30% (2020: 30%).

OPERATING ASSETS AND LIABILITIES

9 TRADE AND OTHER RECEIVABLES (CURRENT)

	CONSOLIDATED	
	2021 $'000	2020 $'000
Sundry debtors	9,490	30,320
TOTAL CURRENT TRADE AND OTHER RECEIVABLES	**9,490**	**30,320**

(a) *Impairment losses*

Receivables are non-interest-bearing and are generally on 30 to 60 day terms. An allowance for credit losses is recognised based on the expected credit loss from the time the financial asset is initially recognised. Bad debts are written off when identified. No material allowance for credit losses has been recognised by the Group during the financial year ended 31 July 2021 (2020: $nil). During the year, no material bad debt expense (2020: $nil) was recognised. It is expected that sundry debtor balances will be received when due.

(b) *Fair value*

Due to the short-term nature of these receivables, their carrying value is considered to approximate their fair value.

TRADE AND OTHER RECEIVABLES ACCOUNTING POLICY

Trade and other receivables are classified as non-derivative financial assets and are recognised initially at their transaction value. After initial measurement, these assets are measured at amortised cost, less any allowance for any expected credit losses.

10 INVENTORIES

	CONSOLIDATED	
	2021 $'000	2020 $'000
Finished goods	208,760	156,590
TOTAL INVENTORIES AT COST	**208,760**	**156,590**

INVENTORIES ACCOUNTING POLICY

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- Finished goods and work-in-progress - purchase cost plus a proportion of the purchasing department, freight, handling and warehouse costs incurred to deliver the goods to the point of sale.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated direct costs necessary to make the sale.

OPERATING ASSETS AND LIABILITIES

	CONSOLIDATED	
	2021 $'000	2020 $'000
11 OTHER ASSETS (CURRENT)		
Deposits and prepayments	10,326	10,531
TOTAL OTHER CURRENT ASSETS	**10,326**	**10,531**
12 RIGHT-OF-USE ASSETS		
Opening balance	231,790	-
Recognition of asset on initial application of AASB 16	-	364,643
Additions / Remeasurements	86,621	43,700
Depreciation expense	(152,301)	(172,681)
Impairment expense	-	(2,420)
Exchange differences	977	(1,452)
TOTAL RIGHT-OF-USE ASSETS	**167,087**	**231,790**

RIGHT-OF-USE ASSETS ACCOUNTING POLICY

The Group recognises right-of-use assets at the commencement date of the lease, being the date that the underlying asset is available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date of the lease less any lease incentives received and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

KEY ACCOUNTING ESTIMATES AND ASSUMPTIONS

Impairment of right-of-use assets

The carrying values of the right-of-use assets are reviewed for impairment annually. If an indication of impairment exists, and where the carrying value of the asset exceeds the estimated recoverable amount, the assets or cash-generating units (CGU) are written down to their recoverable amount. The recoverable amount is the greater of fair value less costs of disposal and value-in-use. Value-in-use refers to an asset's value based on the expected future cash flows arising from its continued use, discounted to present value using a post-tax discount rate that reflect current market assessments of the risks specific to the asset.

The recoverable amount was estimated on an individual store basis, as this has been identified as the CGU of the Group's retail segment. No impairment loss was recognised in relation to the Group's right-of-use assets during the current financial year (2020: $2,420,000). The impairment loss recognised in 2020 relates to the closure of certain retail stores ahead of their contracted lease end dates, therefore writing down the associated right-of-use assets to their recoverable amount.

OPERATING ASSETS AND LIABILITIES

13 TRADE AND OTHER PAYABLES (CURRENT)

	CONSOLIDATED 2021 $'000	CONSOLIDATED 2020 $'000
Trade creditors	76,231	69,637
Interim dividend payable	-	53,966
Other creditors and accruals	88,038	85,376
TOTAL CURRENT TRADE AND OTHER PAYABLES	**164,269**	**208,979**

(a) Fair values

Due to the short-term nature of these payables, their carrying values approximate their fair values.

TRADE AND OTHER PAYABLES ACCOUNTING POLICY

Trade and other payables are recognised and carried at original invoice cost, which is the fair value of the consideration to be paid in the future for goods and services received whether or not billed to the Group.

14 LEASE LIABILITIES

	CONSOLIDATED 2021 $'000	CONSOLIDATED 2020 $'000
Opening balance	303,889	-
Recognition of liability on initial application of AASB 16	-	410,193
Additions / Remeasurements	87,569	50,315
Interest expense	6,676	11,080
Payments	(137,180)	(150,958)
COVID-19 related rent concessions	(19,521)	(15,013)
Other Australia and New Zealand holdover rent concessions	(4,527)	-
Other	(1,550)	-
Exchange rate differences	2,129	(1,728)
TOTAL LEASE LIABILITIES	**237,485**	**303,889**
COMPRISING OF:		
Current lease liability	159,050	189,221
Non-current lease liability	78,435	114,668
TOTAL LEASE LIABILITIES	**237,485**	**303,889**

LEASE LIABILITIES ACCOUNTING POLICY

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate initially measured using the index or rate as at the commencement date, and amount expected to be paid under residual value guarantees. The variable lease payments which are not included in the measurement of the lease liability are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

OPERATING ASSETS AND LIABILITIES

14 LEASE LIABILITIES (CONTINUED)

LEASE LIABILITIES ACCOUNTING POLICY (CONTINUED)

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date, if the rate implicit in the lease cannot be readily determined, using inputs such as government bond rates for the lease period and the Group's expected borrowing margin. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments, a change in the assessment to purchase the underlying asset, or a change in the amounts expected to be payable under a residual value guarantee.

The Group applies the low-value assets recognition exemption to leases of certain office equipment that are considered of low value. Lease payments on low-value assets are recognised as a lease expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

After the lease commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew.

Where a lease enters holdover, the Group estimates the expected lease term based on reasonably certain information available as at balance date. Any adjustments required due to changes in estimates or entering into a new lease agreement are recognised in the period in which the adjustments are made.

Significant judgement in determining the incremental borrowing rate

The Group has applied judgement to determine the incremental borrowing rate, which affects the amount of lease liabilities and right-of-use assets recognised. The Group assesses and applies the incremental borrowing rate on a lease by lease basis at the relevant lease commencement date, based on the term of the lease. The incremental borrowing rate is determined using inputs including the Group's expected lending facility margin and applicable government bond rates at the time of entering into the lease, which reflects the expected lease term.

COVID-19 related rent concessions

The Group has adopted the practical expedient issued by the Australian Accounting Standards Board whereby it has not accounted for rent concessions which are a direct consequence of the COVID-19 pandemic as lease modifications. Instead, the Group recognised these concessions in the statement of comprehensive income for the year ended 31 July 2021 and 25 July 2020 as a variable amount as and when incurred.

The practical expedient may be applied where the following conditions apply:

- The changed lease payments were substantially the same or less than the payments prior to the rent concession;
- The reductions only affect payments which fall due before 30 June 2021; and
- There has been no substantive change in the terms and conditions of the lease.

OPERATING ASSETS AND LIABILITIES

15 PROVISIONS

	CONSOLIDATED	
	2021 $'000	**2020 $'000**
CURRENT		
Employee entitlements – Annual Leave	16,359	12,591
Employee entitlements – Long Service Leave	10,363	9,297
Provision for make-good in relation to leased premises	12,490	13,091
Refund liability	2,088	2,088
Other provisions	4,310	1,230
TOTAL CURRENT PROVISIONS	**45,610**	**38,297**
NON-CURRENT		
Employee entitlements – Long Service Leave	2,469	2,061
Provision for make-good in relation to leased premises	4,595	4,764
Other provisions	4,357	3,778
TOTAL NON-CURRENT PROVISIONS	**11,421**	**10,603**
MOVEMENT IN PROVISIONS		
Provision for make-good in relation to leased premises		
Opening balance	17,855	6,087
Charged to profit or loss	-	11,988
Utilised during the period	(770)	(220)
CLOSING BALANCE (CURRENT AND NON-CURRENT)	**17,085**	**17,855**

PROVISIONS ACCOUNTING POLICIES

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time-value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects the risks specific to the liability and the time value of money. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

EMPLOYEE ENTITLEMENTS ACCOUNTING POLICIES

Current annual leave

The provisions for employee entitlements to wages, salaries and annual leave (which are expected to be settled wholly within 12 months of the reporting date) represent the amount which the Group has a present obligation to pay, resulting from employees' services provided up to the reporting date. The provisions have been calculated at nominal amounts based on current wage and salary rates, and include related on-costs.

OPERATING ASSETS AND LIABILITIES

15 PROVISIONS (CONTINUED)

EMPLOYEE ENTITLEMENTS ACCOUNTING POLICIES (CONTINUED)

Long service leave and non-current annual leave

The liability for long service leave and non-current annual leave (which are not expected to be settled wholly within 12 months of the reporting date) is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Related on-costs have also been included in the liability.

Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity that match as closely as possible the estimated cash outflow.

Retirement benefit obligations

All employees of the Group are entitled to benefits from the Group's superannuation plan on retirement, disability or death. The Group operates a defined contribution plan. Contributions to the plan are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payment is made available.

PROVISION FOR MAKE-GOOD IN RELATION TO STORE PLANT AND EQUIPMENT ACCOUNTING POLICY

A provision has been recognised in relation to make-good costs arising from contractual obligations in lease agreements, in regions where the Group has such a present obligation. The provision recognised represents the present value of the estimated expenditure required to remove these store plant and equipment.

16 OTHER LIABILITIES

	CONSOLIDATED	
	2021 $'000	2020 $'000
CURRENT		
Deferred income	15,120	8,588
TOTAL CURRENT	**15,120**	**8,588**
NON-CURRENT		
Deferred income	226	146
TOTAL NON-CURRENT	**226**	**146**

DEFERRED INCOME ACCOUNTING POLICY

Unredeemed gift cards are expected to be largely redeemed within a year.

CAPITAL INVESTED

17 PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED					
	LAND $'000	BUILDINGS $'000	PLANT AND EQUIPMENT $'000	LEASED PLANT AND EQUIPMENT $'000	CAPITAL WORKS IN PROGRESS $'000	TOTAL $'000
AT 31 JULY 2021						
Cost	21,953	59,577	463,737	343	4,753	550,363
Accumulated depreciation and impairment	-	(7,370)	(404,852)	(343)	-	(412,565)
NET CARRYING AMOUNT	**21,953**	**52,207**	**58,885**	**-**	**4,753**	**137,798**
RECONCILIATIONS:						
Carrying amount at beginning of the financial year	21,953	48,855	72,866	-	11,460	155,134
Additions	-	-	3,285	-	5,294	8,579
Transfers between classes	-	4,857	7,074	-	(11,931)	-
Depreciation	-	(1,505)	(24,452)	-	-	(25,957)
Disposals	-	-	(5)	-	-	(5)
Exchange differences	-	-	117	-	(70)	47
Carrying amount at end of the financial year	**21,953**	**52,207**	**58,885**	**-**	**4,753**	**137,798**
AT 25 JULY 2020						
Cost	21,953	54,720	469,790	343	11,460	558,266
Accumulated depreciation and impairment	-	(5,865)	(396,924)	(343)	-	(403,132)
NET CARRYING AMOUNT	**21,953**	**48,855**	**72,866**	**-**	**11,460**	**155,134**
RECONCILIATIONS:						
Carrying amount at beginning of the financial year	21,953	50,223	128,702	-	9,977	210,855
Additions	-	-	15,696	-	3,328	19,024
Transfers between classes	-	-	1,845	-	(1,845)	-
Depreciation	-	(1,368)	(42,314)	-	-	(43,682)
Disposals	-	-	(982)	-	-	(982)
Impairment	-	-	(31,254)	-	-	(31,254)
Exchange differences	-	-	1,173	-	-	1,173
Carrying amount at end of the financial year	**21,953**	**48,855**	**72,866**	**-**	**11,460**	**155,134**

LAND AND BUILDINGS

The land and buildings with a combined carrying amount of $74,160,000 (2020: $70,808,000) have been pledged to secure certain interest-bearing borrowings of the Group (refer to note 22).

CAPITAL INVESTED

17 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

PROPERTY, PLANT AND EQUIPMENT ACCOUNTING POLICY

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated on a systematic basis over the estimated useful life of the asset as follows:

-	Buildings	40 years
-	Store plant and equipment	3 to 10 years
-	Other plant and equipment	2 to 20 years

Freehold land is not depreciated.

KEY ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimation of useful lives of assets

The estimation of useful lives of assets has been based on historical experience as well as manufacturers' warranties (for plant and equipment). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary and are accounted for as a change in accounting estimate, in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. Depreciation methods used reflect the pattern in which the asset's future economic benefits are expected to be consumed and are reviewed at least at each financial year-end. Adjustments to depreciation methods are made when considered necessary and are accounted for as a change in accounting estimate, in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

Impairment testing of Property, Plant and Equipment and key accounting estimates and assumptions

The carrying values of property, plant and equipment are reviewed for impairment annually. If an indication of impairment exists, and where the carrying value of the asset exceeds the estimated recoverable amount, the assets or cash-generating units (CGU) are written down to their recoverable amount. The recoverable amount is the greater of fair value less costs of disposal and value-in-use. Value-in-use refers to an asset's value based on the estimated future cash flows arising from its continued use, discounted to present value using a post-tax discount rate that reflect current market assessments of the risks specific to the asset. These value-in-use calculations use cash flow projections based on financial estimates covering a period of up to five years, discounting using a post-tax discount rate of 10.5%.

If an asset does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. The recoverable amount was estimated for certain items of plant and equipment on an individual store basis, as this has been identified as the CGU of the Group's retail segment.

No impairment loss was recognised during the current financial year (2020: $31,254,000).

During the 2020 financial year, the temporary global closures of stores and ongoing government implementation of social distancing measures due to COVID-19 had significantly impacted customer shopping behaviour. Customers increasingly chose to shop online in this highly uncertain macro-environment.

CAPITAL INVESTED

17 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Impairment testing of Property, Plant and Equipment and key accounting estimates and assumptions (continued)

Given these changed consumer behaviours, the Group reviewed each retail store's future estimated cash flows, using financial estimates covering a period of up to five years, discounted using a post-tax discount rate of 10.5%. These estimated cash flows considered the possibility of a continued adverse impact on future estimated cash flows as a result of the COVID-19 pandemic. Furthermore, consideration was given to the fact that the Group has maximum flexibility within its current retail store portfolio, given that over 70% of its Australian and New Zealand store leases are currently in holdover, or are due to expire within 2020. As a result of the uncertain future trading environment of traditional bricks-and-mortar stores due to COVID-19, together with the accelerating growth of the online channel the Group has recognised an impairment loss on store plant and equipment during the 2020 financial year.

18 INTANGIBLES

RECONCILIATION OF CARRYING AMOUNTS AT THE BEGINNING AND END OF THE PERIOD

	CONSOLIDATED				
	GOODWILL $'000	BRAND NAMES $'000	TRADEMARKS $'000	LEASEHOLD PREMIUMS $'000	TOTAL $'000
YEAR ENDED 31 JULY 2021					
As at 26 July 2020 net of accumulated amortisation and impairment	477,085	346,179	3,624	-	826,888
Trademark registrations	-	-	116	-	116
As at 31 July 2021 net of accumulated amortisation and impairment	**477,085**	**346,179**	**3,740**	**-**	**827,004**
AS AT 31 JULY 2021					
Cost (gross carrying amount)	477,085	376,179	3,740	979	857,983
Accumulated amortisation and impairment	-	(30,000)	-	(979)	(30,979)
NET CARRYING AMOUNT	**477,085**	**346,179**	**3,740**	**-**	**827,004**
YEAR ENDED 25 JULY 2020					
As at 28 July 2019 net of accumulated amortisation and impairment	477,085	346,179	3,351	24	826,639
Trademark registrations	-	-	273	-	273
Amortisation	-	-	-	(23)	(23)
Exchange differences	-	-	-	(1)	(1)
As at 25 July 2020 net of accumulated amortisation and impairment	**477,085**	**346,179**	**3,624**	**-**	**826,888**
AS AT 25 JULY 2020					
Cost (gross carrying amount)	477,085	376,179	3,624	979	857,867
Accumulated amortisation and impairment	-	(30,000)	-	(979)	(30,979)
NET CARRYING AMOUNT	**477,085**	**346,179**	**3,624**	**-**	**826,888**

CAPITAL INVESTED

18 INTANGIBLES (CONTINUED)

GOODWILL ACCOUNTING POLICY

Goodwill acquired in a business combination is initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but is subject to impairment testing.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Goodwill acquired in a business combination is, from the date of acquisition, allocated to each of the Group's cash-generating units (CGUs) that are expected to benefit from the synergies of the combination. Impairment is determined by assessing the recoverable amount of the CGU to which the goodwill relates.

Where the recoverable amount of the CGU is less than the carrying amount, an impairment loss is recognised. Impairment losses recognised for goodwill are not subsequently reversed.

OTHER INTANGIBLE ASSETS (excluding goodwill) ACCOUNTING POLICY

Intangible assets acquired separately are initially measured at cost. Intangible assets acquired in a business combination are initially recognised at fair value. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

A summary of the key accounting policies applied to the Group's intangible assets are as follows:

	Brands	***Leasehold Premiums***	***Trademarks & Licences***
Useful life assessment?	Indefinite	Finite	Indefinite
Method used?	Not amortised or revalued	Amortised over the term of the lease	Not amortised or revalued
Internally generated or acquired?	Acquired	Acquired	Acquired
Impairment test/recoverable amount testing	Annually or more frequently if there are indicators of impairment	Amortisation method reviewed at each financial year end; reviewed annually for indicators of impairment	Annually or more frequently if there are indicators of impairment

Brand names, trademarks and licences are assessed as having an indefinite useful life, as this reflects management's intention to continue to operate these to generate net cash inflows into the foreseeable future. These assets are not amortised but are subject to impairment testing.

Intangible assets are tested for impairment where an indicator of impairment exists, or in the case of indefinite life intangibles, impairment is tested annually and where an indicator of impairment exists.

Where the carrying amount of an intangible asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The recoverable amount is the higher of the asset's value-in-use and fair value less costs of disposal. Value-in-use refers to an asset's value based on the expected future cash flows arising from its continued use, discounted to present value using a post-tax discount rate that reflect current market assessments of the risks specific to the asset.

If an asset does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs.

CAPITAL INVESTED

18 INTANGIBLES (CONTINUED)

SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The recoverable amounts of CGUs are determined based on the higher of value-in-use calculations or fair value less costs of disposal. These calculations depend on management estimates and assumptions. In particular, significant estimates and judgements are made in relation to the key assumptions used in forecasting future cash flows and the expected growth rates used in these cash flow projections, as well as the discount rates applied to these cash flows. Management assesses these assumptions each reporting period and considers the potential impact of changes to these assumptions.

IMPAIRMENT TESTING OF GOODWILL

The key factors contributing to the goodwill relate to the synergies existing within the acquired business and also synergies expected to be achieved as a result of combining Just Group Limited with the rest of the Group. Accordingly, goodwill is assessed at a retail segment level, which is also an operating segment for the Group.

The COVID-19 pandemic has had a significant impact on the Group's operations. The extent of the impact of the pandemic on future trading performance is unclear, and an assessment of the impacts as they relate to estimated future cash flow projections entail a significant degree of estimation uncertainty. In response to these estimation uncertainties, the recoverable amount of the CGU has been determined based upon a range of value-in-use calculations, using estimated cash flow scenarios for a period of five years plus a terminal value.

The value-in-use calculations have been determined based on scenarios of cash flows using financial estimates for the 2022 financial year (FY22) and are projected for a further four years (FY23 – FY26) based on estimated growth rates. As part of the annual impairment test for goodwill, management assesses the reasonableness of profit margin assumptions by reviewing historical cash flow projections as well as future growth objectives.

The financial estimates for FY22 include a COVID-19 overlay, whereby the cash flow estimates have been adjusted to reflect the possibility of a continued COVID-19 impact in FY22 on the Group's Sales and Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA). These financial estimates are projected for a further four years based on average annual estimated growth rates for FY23 to FY26 of 0.875% (2020: 0.6% to 1.6%). Cash flow estimates beyond the five year period have been extrapolated using a growth rate ranging from 2% to 2.5% (2020: 2% to 2.5%), which reflects the long-term growth expectations beyond the five year period.

The post-tax discount rate applied to these cash flow projections is 9.4% (2020: 9.5%). The discount rate has been determined using the weighted average cost of capital which incorporates both the cost of debt and the cost of capital and adjusted for risks specific to the CGU.

In determining the possible scenarios of cash flows, management considered the reasonably possible changes in estimated sales growth, estimated EBITDA and discount rates applied to the CGU to which goodwill relates. These reasonably possible adverse change in key assumptions on which the recoverable amount is based would not cause the carrying amount of the CGU to exceed its recoverable amount.

IMPAIRMENT TESTING OF BRAND NAMES

Brand names acquired through business combinations have been allocated to the following CGU groups ($'000) as no individual brand name is considered significant:

- Casual wear - $158,975
- Women's wear - $137,744
- Non Apparel - $49,460

CAPITAL INVESTED

18 INTANGIBLES (CONTINUED)

IMPAIRMENT TESTING OF BRAND NAMES (CONTINUED)

The recoverable amounts of brand names acquired in a business combination have been determined on an individual brand basis based upon value-in-use calculations. The value-in-use calculations have been determined based upon the relief from royalty method using cash flow estimates for a period of five years plus a terminal value

The COVID-19 pandemic has had a significant impact on the Group's operations. The extent of the impact of the pandemic on future trading performance is unclear, and an assessment of the impacts as they relate to estimated future cash flow projections entail a significant degree of estimation uncertainty. In response to these estimation uncertainties, the recoverable amount of brand names has been determined based upon a range of value-in-use calculations, using estimated cash flow scenarios for a period of five years plus a terminal value.

The value-in-use calculations have been determined based on scenarios of cash flows using financial estimates for the 2022 financial year (FY22) and are projected for a further four years (FY23 – FY26) based on estimated growth rates.

The financial estimates for FY22 include a COVID-19 overlay, whereby the cash flow estimates have been adjusted to reflect the possibility of a continued COVID-19 impact in FY22 in relation to sales. These financial estimates are projected for a further four years based on average annual estimated growth rates for FY23 to FY26. These extrapolated growth rate ranges at which cash flows have been estimated for the individual brands within each of the CGU groups were 0.875% (2020: a range of 0.6% - 6.1%).

Cash flow estimates beyond the five year period have been extrapolated using a growth rate ranging from 2% to 2.5% (2020: 2% to 2.5%), which reflects the long-term growth expectations beyond the five year period.

The post-tax discount rate applied to the cash flow projections for each of the three CGU groups is 8.3% (2020: 8.5%). The discount rate has been determined using the weighted average cost of capital which incorporates both the cost of debt and cost of capital adjusted for risks specific to the CGU.

Royalty rates have been determined for each brand within the CGU groups by considering the brand's history and future expected performance. Factors such as the profitability of the brand, market share, brand recognition and general conditions in the industry have also been considered in determining an appropriate royalty rate for each brand. Consideration is also given to the industry norms relating to royalty rates by analysing market derived data for comparable brands and by considering the notional royalty payments as a percentage of the divisional earnings before interest and taxation generated by the division in which the brand names are used. Net royalty rates applied across the three CGU groups range between 3.5% and 8% (2020: 3.5% and 8%).

In addition to the range of cash flow scenarios, management has considered reasonably possible adverse changes in key assumptions applied to brands within the relevant CGU groups, each of which have been subjected to sensitivities. Key assumptions relate to estimated sales growth, net royalty rates and discount rates applied. Based upon the reasonably possible adverse changes in key assumptions, no brands within a CGU group indicated that its carrying value exceed its recoverable value.

CAPITAL INVESTED

	CONSOLIDATED	
	2021 $'000	2020 $'000
19 LISTED EQUITY INVESTMENT AT FAIR VALUE		
INVESTMENT		
Investment in listed securities at fair value	63,462	18,132
TOTAL INVESTMENTS	**63,462**	**18,132**

FAIR VALUE LISTED EQUITY INVESTMENT ACCOUNTING POLICY

The listed equity investment comprises a non-derivative equity instrument not held for trading and relates to an equity investment in Myer Holdings Limited. The Group has made the irrevocable election to designate the listed equity investment as 'fair value through other comprehensive income', without subsequent reclassification of gains or losses nor impairment to profit or loss, as it is not held for trading, with only dividends recognised in profit or loss.

The fair value of equity investments in listed securities is determined by reference to quoted market bid prices at the close of business on the reporting date.

	CONSOLIDATED	
	2021 $'000	2020 $'000
20 INVESTMENT IN ASSOCIATE		
Movements in carrying amounts		
Carrying amount at the beginning of the financial year	257,391	238,732
Share of profit after income tax	23,897	17,696
Gain resulting from associate share issue	9,117	15,886
Share of other comprehensive income	(3,782)	(688)
Adjustment due to associate accounting policy change	(3,024)	-
Dividends received	(12,227)	(14,235)
TOTAL INVESTMENT IN ASSOCIATE	**271,372**	**257,391**

As at 31 July 2021, Premier Investments Limited holds 26.27% (2020: 26.73%) of Breville Group Limited ("BRG"), a company incorporated in Australia whose shares are quoted on the Australian Securities Exchange. The principal activities of BRG involves the innovation, development, marketing and distribution of small electrical appliances.

There were no impairment losses relating to the investment in associate and no capital commitments or other commitments relating to the associate. The Group's share of the profit after tax in its investment in associate for the year was $23,897,294 (2020: $17,695,527). As at 31 July 2021, the fair value of the Group's interest in BRG as determined based on the quoted market price was $1,173,460,147 (2020: $947,893,002).

During the 2021 financial year, BRG reconsidered its accounting treatment with regards to accounting for capitalised costs incurred in configuring or customising a supplier's application software in a cloud computing arrangement. The change in accounting policy led to a decrease in BRG's opening retained earnings. The Group share of this retained earnings adjustment due to a change in accounting policy was $3,024,000.

CAPITAL INVESTED

20 INVESTMENT IN ASSOCIATE (CONTINUED)

During the period, a gain of $9,117,000 (25 July 2020: $15,886,000) was recorded in other income resulting from an issue of shares by the associate, and the corresponding impact on the Group's method of equity accounting.

The financial year end date of BRG is 30 June. For the purpose of applying the equity method of accounting, the financial statements of BRG for the year ended 30 June 2021 have been used. The accounting policies applied by BRG in their financial statements materially conform to those used by the Group for like transactions and events in similar circumstances.

The following table illustrates summarised financial information relating to the Group's investment in BRG:

EXTRACT OF BRG'S STATEMENT OF FINANCIAL POSITION	30 JUNE 2021 $'000	30 JUNE 2020 $'000
Current assets	473,464	443,328
Non-current assets	297,176	200,836
Total assets	770,640	644,164
Current liabilities	(219,085)	(181,517)
Non-current liabilities	(45,070)	(36,247)
Total liabilities	(264,155)	(217,764)
NET ASSETS	506,485	426,400
Group's share of BRG net assets	**133,054**	**113,977**

EXTRACT OF BRG'S STATEMENT OF COMPREHENSIVE INCOME	30 JUNE 2021 $'000	30 JUNE 2020 $'000
Revenue	1,187,659	952,244
Profit after income tax	90,968	66,201
Other comprehensive income	(9,884)	62
Group's share of BRG profit after income tax	**23,897**	**17,696**

INVESTMENT IN ASSOCIATE ACCOUNTING POLICY

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

The Group accounts for its investments in associate using the equity method of accounting in the consolidated financial statements. Under the equity method, the investment in the associate is initially recognised at cost. Thereafter, the carrying amount of the investment is adjusted to recognise the Group's share of profit after tax of the associate, which is recognised in profit or loss, and the Group's share of other comprehensive income, which is recognised in other comprehensive income in the statement of comprehensive income. Dividends received from the associate generally reduces the carrying amount of the investment.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in an associate. At each reporting period, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the impairment loss in profit or loss in the statement of comprehensive income.

CAPITAL STRUCTURE AND RISK MANAGEMENT

21 NOTES TO THE STATEMENT OF CASH FLOWS

(a) *RECONCILIATION OF CASH AND CASH EQUIVALENTS*

	CONSOLIDATED	
	2021 $'000	2020 $'000
Cash at bank and in hand	385,815	305,960
Short-term deposits	137,541	142,872
TOTAL CASH AND CASH EQUIVALENTS	**523,356**	**448,832**

(b) *RECONCILIATION OF NET PROFIT AFTER INCOME TAX TO NET CASH FLOWS FROM OPERATIONS*

	2021 $'000	2020 $'000
Net profit for the period after tax	271,840	137,753
Adjustments for:		
Amortisation	-	23
Depreciation	178,258	216,363
Impairment of non-current assets	-	33,674
Share of profit of associate	(23,897)	(17,696)
Gain on investment in associate resulting from share issue	(9,117)	(15,886)
Borrowing costs	174	166
Net loss on disposal of property, plant and equipment	5	982
Share-based payments expense	1,856	1,613
Movement in cash flow hedge reserve	8,796	(6,922)
Net exchange differences	132	188
Changes in assets and liabilities:		
Decrease (increase) in trade and other receivables	20,830	(7,309)
Decrease in other current assets	205	4,157
(Increase) decrease in inventories	(52,170)	14,575
(Increase) decrease in other financial assets	(7,073)	6,119
Decrease (increase) in deferred tax assets	2,784	(16,626)
Increase in provisions	8,901	1,786
Increase in deferred tax liabilities	2,892	1,552
(Decrease) increase in trade and other payables	(14,045)	73,075
(Decrease) increase in other financial liabilities	(5,509)	3,776
Increase (decrease) increase in deferred income	6,612	(1,382)
(Decrease) increase in income tax payable	(7,954)	53,601
NET CASH FLOWS FROM OPERATING ACTIVITIES	**383,520**	**483,582**

CAPITAL STRUCTURE AND RISK MANAGEMENT

21 NOTES TO THE STATEMENT OF CASH FLOWS (CONTINUED)

(c) FINANCE FACILITIES

	CONSOLIDATED 2021 $'000	CONSOLIDATED 2020 $'000
Working capital and bank overdraft facility		
Used	-	-
Unused	9,800	9,800
	9,800	9,800
Finance facility		
Used	147,000	147,000
Unused	82,000	82,000
	229,000	229,000
Bank guarantee facility		
Used	-	-
Unused	200	200
	200	200
Interchangeable facility		
Used	4,268	6,169
Unused	8,732	6,831
	13,000	13,000
Total facilities		
Used	151,268	153,169
Unused	100,732	98,831
TOTAL	**252,000**	**252,000**

CASH AND CASH EQUIVALENTS ACCOUNTING POLICY

Cash and cash equivalents in the statement of financial position comprise cash on hand and in banks, money market investments readily convertible to cash within two working days and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

CAPITAL STRUCTURE AND RISK MANAGEMENT

22 INTEREST-BEARING LIABILITIES

	CONSOLIDATED	
	2021 $'000	2020 $'000
CURRENT		
Bank loans ** secured	69,000	-
TOTAL INTEREST-BEARING LIABILITIES	**69,000**	**-**
NON-CURRENT		
Bank loans* unsecured	77,834	77,659
Bank loans ** secured	-	69,000
TOTAL INTEREST-BEARING LIABILITIES	**77,834**	**146,659**

* Bank loans are subject to a negative pledge and cross guarantee within the Just Group Ltd group. Premier Investments Limited is not a participant or guarantor of the Just Group Ltd financing facilities.

** Premier Investments Limited obtained bank borrowings amounting to $69 million. A $19 million borrowing is secured by a mortgage over Land and Buildings, representing the National Distribution Centre in Truganina, Victoria, and is repayable in full in January 2022. Premier Investments Limited obtained a further $50 million borrowing which is secured by a mortgage over Land and Buildings, representing an office building in Melbourne, Victoria, and is repayable in full in December 2021.

(a) *Fair values*

The carrying values of the Group's current and non-current interest-bearing liabilities approximate their fair values.

(b) *Defaults and breaches*

During the current and prior years, there were no defaults or breaches on any of the loans.

(c) *Changes in interest-bearing liabilities arising from financing activities*

	CONSOLIDATED			
	25 JULY 2020 $'000	CASH FLOWS $'000	OTHER $'000	31 JULY 2021 $'000
Non-current interest-bearing liabilities	146,659	-	175	146,834
TOTAL INTEREST-BEARING LIABILITIES	**146,659**	**-**	**175**	**146,834**

'Other' includes the effect of the amortisation of the capitalised borrowing costs, which are amortised over the life of the facility.

INTEREST-BEARING LIABILITIES ACCOUNTING POLICY

Interest-bearing liabilities are initially recognised at the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, such items are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Fees paid on the establishment of loan facilities are amortised over the life of the facility while on-going borrowing costs are expensed as incurred.

CAPITAL STRUCTURE AND RISK MANAGEMENT

23 CONTRIBUTED EQUITY

	CONSOLIDATED 2021 $'000	CONSOLIDATED 2020 $'000
Ordinary share capital	608,615	608,615

(a) *MOVEMENTS IN SHARES ON ISSUE*

	NO. ('000)	$'000
Ordinary shares on issue 26 July 2020	158,724	608,615
Ordinary shares issued during the year (i)	140	-
Ordinary shares on issue at 31 July 2021	**158,864**	**608,615**
Ordinary shares on issue 28 July 2019	158,430	608,615
Ordinary shares issued during the year (i)	294	-
Ordinary shares on issue at 25 July 2020	**158,724**	**608,615**

Fully paid ordinary shares carry one vote per share and carry the rights to dividends.

(i) A total of 139,524 ordinary shares (2020: 294,579) were issued in relation to the performance rights plan.

(b) *CAPITAL MANAGEMENT*

The Group's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders. The Group also aims to maintain a capital structure that ensures the lowest cost of capital available to the Group.

The capital structure of the Group consists of debt which includes interest-bearing borrowings, cash and cash equivalents and equity attributable to the equity holders of Premier Investments Limited, comprising of contributed equity, reserves and retained earnings.

The Group operates primarily through its two business segments, investments and retail. The investments segment is managed and operated through the parent company. The retail segment operates through subsidiaries established in their respective markets and maintains a central borrowing facility through a subsidiary, to meet the retail segment's funding requirements and to enable the Group to find the optimal debt and equity balance.

The Group's capital structure is reviewed on a periodic basis in the context of prevailing market conditions, and appropriate steps are taken to ensure the Group's capital structure and capital management initiatives remain in line with the Board's objectives.

(c) *EXTERNALLY IMPOSED CAPITAL REQUIREMENTS*

Just Group Ltd, a subsidiary of Premier Investments Limited, is subject to a number of financial undertakings as part of its financing facility agreement. These undertakings have been satisfied during the period.

The Group is not subject to any capital requirements imposed by regulators or other prudential authorities.

CAPITAL STRUCTURE AND RISK MANAGEMENT

	CONSOLIDATED 2021 $'000	CONSOLIDATED 2020 $'000
24 RESERVES		
RESERVES COMPRISE:		
Capital profits reserve	464	464
Foreign currency translation reserve (a)	2,801	5,781
Cash flow hedge reserve (b)	4,377	(4,419)
Performance rights reserve (c)	21,215	19,359
Fair value reserve (d)	(38,858)	(59,032)
TOTAL RESERVES	**(10,001)**	**(37,847)**

(a) *FOREIGN CURRENCY TRANSLATION RESERVE*

Nature and purpose of reserve

Reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

- *Movements in the reserve*

	2021 $'000	2020 $'000
Opening balance	5,781	7,337
Foreign currency translation of overseas subsidiaries	802	(868)
Net movement in associate entity's reserves	(3,782)	(688)
CLOSING BALANCE	**2,801**	**5,781**

(b) *CASH FLOW HEDGE RESERVE*

Nature and purpose of reserve

Reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge.

- *Movements in the reserve*

	2021 $'000	2020 $'000
Opening balance	(4,419)	2,503
Net loss on cash flow hedges	(3,258)	(3,387)
Transferred to statement of financial position/ profit or loss	15,826	(6,499)
Deferred income tax movement on cash flow hedges	(3,772)	2,964
CLOSING BALANCE	**4,377**	**(4,419)**

CAPITAL STRUCTURE AND RISK MANAGEMENT

24 RESERVES (CONTINUED)

	CONSOLIDATED 2021 $'000	CONSOLIDATED 2020 $'000
(c) PERFORMANCE RIGHTS RESERVE		
Nature and purpose of reserve		
Reserve is used to record the cumulative amortised value of performance rights issued to key senior employees, net of the value of performance shares acquired under the performance rights plan.		
- *Movements in the reserve*		
Opening balance	19,359	17,746
Performance rights expense for the year	1,856	1,613
CLOSING BALANCE	**21,215**	**19,359**
(d) FAIR VALUE RESERVE		
Nature and purpose of reserve		
Reserve is used to record unrealised gains and losses on fair value revaluation of listed equity investment at fair value.		
- *Movements in the reserve*		
Opening balance	(59,032)	(38,908)
Unrealised gain (loss) on revaluation of listed investment at fair value	28,820	(28,747)
Net deferred income tax movement on listed equity investment at fair value	(8,646)	8,623
CLOSING BALANCE	**(38,858)**	**(59,032)**

GROUP STRUCTURE

25 SUBSIDIARIES

The consolidated financial statements include that of Premier Investments Limited (ultimate parent entity) and the subsidiaries listed in the following table. (* Indicates not trading as at the date of this report)

	COUNTRY OF INCORPORATION	2021 INTEREST	2020 INTEREST
Kimtara Investments Pty Ltd	Australia	100%	100%
Premfin Pty Ltd	Australia	100%	100%
Springdeep Investments Pty Ltd	Australia	100%	100%
Prempref Pty Ltd	Australia	100%	100%
Metalgrove Pty Ltd	Australia	100%	100%
Just Group Limited	Australia	100%	100%
Just Jeans Group Pty Limited	Australia	100%	100%
Just Jeans Pty Limited	Australia	100%	100%
Jay Jays Trademark Pty Limited	Australia	100%	100%
Just-Shop Pty Limited	Australia	100%	100%
Peter Alexander Sleepwear Pty Limited	Australia	100%	100%
Old Blues Pty Limited	Australia	100%	100%
Kimbyr Investments Limited	New Zealand	100%	100%
Jacqui E Pty Limited	Australia	100%	100%
Jacqueline-Eve Fashions Pty Limited *	Australia	100%	100%
Jacqueline-Eve (Hobart) Pty Limited *	Australia	100%	100%
Jacqueline-Eve (Retail) Pty Limited *	Australia	100%	100%
Jacqueline-Eve (Leases) Pty Limited *	Australia	100%	100%
Sydleigh Pty Limited *	Australia	100%	100%
Old Favourites Blues Pty Limited *	Australia	100%	100%
Urban Brands Retail Pty Ltd *	Australia	100%	100%
Portmans Pty Limited	Australia	100%	100%
Dotti Pty Ltd	Australia	100%	100%
Smiggle Pty Limited	Australia	100%	100%
Just Group International Pty Limited *	Australia	100%	100%
Smiggle Group Holdings Pty Limited *	Australia	100%	100%
Smiggle International Pty Limited *	Australia	100%	100%
Smiggle Singapore Pte Ltd	Singapore	100%	100%
Just Group International HK Limited*	Hong Kong	100%	100%
Smiggle HK Limited	Hong Kong	100%	100%
Just Group USA Inc.*	USA	100%	100%
Peter Alexander USA Inc.*	USA	100%	100%
Smiggle USA Inc.*	USA	100%	100%
Just UK International Limited*	UK	100%	100%
Smiggle UK Limited	UK	100%	100%
Peter Alexander UK Limited*	UK	100%	100%
Smiggle Ireland Limited	Ireland	100%	100%
Smiggle Netherlands B.V.*	Netherlands	100%	100%
ETI Holdings Limited*	New Zealand	100%	100%
Roskill Hill Limited*	New Zealand	100%	100%
RSCA Pty Limited*	Australia	100%	100%
RSCB Pty Limited*	Australia	100%	100%
Just Group Singapore Private Ltd *	Singapore	100%	100%
Peter Alexander Singapore Private Ltd *	Singapore	100%	100%
Smiggle Stores Malaysia SDN BHD	Malaysia	100%	100%

OTHER DISCLOSURES

26 EVENTS AFTER THE REPORTING DATE

The Directors of Premier Investments Limited approved a final dividend in respect of the 2021 financial year. The total amount of the dividend is $73,077,000 (2020: $57,191,000) which represents a fully franked dividend of 46 cents per share (2020: 36 cents per share). The dividend has not been provided for in the 2021 financial statements.

Subsequent to 31 July 2021, the Group's retail store network continues to be impacted by various Government mandated retail store closures related to COVID-19. The Group has had 661 stores temporarily closed across Australia and New Zealand through the majority of the month of August 2021, noting it has since progressively been able to reopen over 170 of these stores in the past two weeks. During the temporary store closures, the Group continues to operate through its online channel.

27 CONTINGENT LIABILITIES

The Group has bank guarantees and outstanding letters of credit totalling $4,267,668 (2020: $6,168,632).