17. INVENTORIES

	2021 R'm	2020 R'm
Ethical drugs and consumable products (including surgicals consumed as well as consumables related to the production of doses relating to the diagnostic services business)	**653**[1]	873
"Drugs and consumables" represents the cost of inventories recorded as an expense in the statement of profit or loss.		
The cost of inventories written off as expired stock is recognised as an expense and is included in 'drugs and consumables' in profit or loss. Inventories written off amounted to:	**15**	11

[1] *Decreased mainly due to utilisation of personal protective equipment (PPE) during the current year. The PPE balance at 30 September 2021 amounted to R235 million (2020: R317 million).*

18. STATED CAPITAL

Stated capital comprises:		
Share capital	**10 507**	10 507
Share premium	**3 373**	3 373
Treasury shares	**(315)**	(349)
	13 565	13 531

Reconciliation of number of shares		
Ordinary shares	**'000**	'000
Authorised (Share capital of R0.000001 each)	**4 149 980**	4 149 980
Total value = R4 149 (2020: R4 149)		
Issued and fully paid: Balance at 30 September	**1 467 349**	1 467 349
Total value = R1 467 (2020: R1 467)		

	Number of shares		Value of shares	
	2021 '000	2020 '000	**2021 R'm**	2020 R'm
Treasury shares				
Balance at 1 October	**13 613**	12 856	**(349)**	(365)
Granted	**1 399**	2 536	**(31)**	(44)
Forfeited	**–**	(112)	**–**	3
Transferred	**–**	112	**–**	(3)
Vested	**(1 907)**	(1 779)	**65**	60
Balance at 30 September	**13 105**	13 613	**(315)**	(349)

Treasury shares are shares in Life Healthcare Group Holdings Limited that are held for the purpose of the staff benefit schemes (Life Healthcare employee share trust and long-term incentive schemes). Refer note 19.

19. OTHER RESERVES

	2021 R'm	2020 R'm
Life Healthcare employee share trust	**137**	137
Long-term incentive schemes	**121**	79
Transactions with non-controlling interest reserve	**(945)**	(959)
Other[2]	**–**	(44)
	(687)	(787)

[2] *Comprise distributable reserves and retirement benefit asset and post-employment medical aid reserves.*

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19. OTHER RESERVES continued

Terms and conditions

	Life Healthcare employee share trust	Long-term incentive scheme – Group CEO
Type	An equity-settled scheme	An equity-settled scheme
Background	In terms of the scheme, the employer acquired Life Healthcare shares in the market at the ruling market price. The number of shares acquired for the scheme is limited to the value as approved by the Group's remuneration and human resources committee.	The Board wanted the Group CEO to own unencumbered shares in the Company. In terms of this arrangement the Company matched a maximum investment of R5 million by the Group CEO in Life Healthcare with a share purchase to a maximum value of R15 million in the market at the ruling market price.
Qualifying employees	All permanent employees employed by the employer in South Africa for a continuous period of at least one year as at the date of the allocation and who (i) is a member of an employer supported retirement scheme and who (ii) does not participate in the long-term incentive schemes are beneficiaries of the trust and participate in the scheme. Voting rights and dividends vest with the qualifying employees.	Available to Group CEO
Vesting requirements	Qualifying employees will need to be in service on the fifth (25%), sixth (25%) and seventh (50%) anniversaries when the shares are delivered.	The Company matched shares will vest in equal tranches on 31 December 2023, 31 December 2024 and 31 December 2025 respectively and are subject to the following conditions: ◆ Growth on total shareholder return (TSR) over predetermined thresholds relative to the TSR of listed comparator groups – In the case of unusual market conditions, the vesting will be subject to Board discretion ◆ The employee will be required to retain a level of investment in Company shares of at least the initial investment over the vesting period
Method of settlement	Shares	Shares
Leavers	Employees who leave, other than good leavers, forfeit their beneficial interest in the trust and their rights will be distributed equally among the remaining employees.	If the employee leaves, other than as a good leaver, he will be entitled to all his co-investment shares but will forfeit the entire Company matched shares that have not vested.
2020 granted shares	1 166 917 shares at R17.14	862 706 @ R17.39 (existing CEO)
2021 granted shares	827 042 shares at R24.18	None
Forfeited (number of shares)	None	None (2020: 112 365 (previous CEO))
Exercised (number of shares)	None	None
Vested (number of shares)	1 863 324 (2020: 1 666 859)[1]	None (2020: 112 365 (previous CEO))
Contribution	An annual contribution is made by each employer company in the Group for its qualifying employees. The charge and contribution reflected is for the Company's proportionate share only.	

[1] *Relates to shares vested and shares transferred to good leavers.*

Long-term incentive scheme – Group CFO	Long-term incentive scheme – southern Africa CEO and international CEO
An equity-settled scheme	An equity-settled scheme
The Board wanted the Group CFO to own unencumbered shares in the Company. In terms of this arrangement the Company matched a maximum investment of R2 million by the Group CFO in Life Healthcare with a share purchase to a maximum value of R6 million in the market at the ruling market price.	The Board wanted the SA and international CEO to own unencumbered shares in the Company. In terms of this arrangement the Company matched a maximum investment of R1.25 million by the SA CFO and GBP100 000 by the international CEO in Life Healthcare with a share purchase to a maximum value of R3.75 million (SA CEO) and GBP300 000 (international CEO) in the market at the ruling market price. In the prior year the Company bought shares to the value of R1.5 million for the SA CEO and shares to the value of GBP165 000 for the international CEO.
Available to Group CFO	Available to southern Africa and international CEOs
The Company matched shares will vest in equal tranches on 31 December 2023, 31 December 2024 and 31 December 2025 respectively and are subject to the following conditions: ◆ Growth on TSR over predetermined thresholds relative to the TSR of listed comparator groups – In the case of unusual market conditions, the vesting will be subject to Board discretion ◆ The employee will be required to retain a level of investment in Company shares of at least the initial investment over the vesting period	**2021 scheme:** The Company matched shares will vest in equal tranches on 31 December 2023, 31 December 2024 and 31 December 2025 respectively and are subject to the following conditions: ◆ Growth on TSR over predetermined thresholds relative to the TSR of listed comparator groups – In the case of unusual market conditions, the vesting will be subject to Board discretion ◆ The employee will be required to retain a level of investment in Company shares of at least the initial investment over the vesting period **2020 scheme[1]:** SA CEO ◆ The vesting of the shares is subject to continued employment and will vest on 30 September 2021. International CFO ◆ The shares will vest on 31 March 2022 and are conditional on achievement of performance conditions; such as to achieve key strategic objectives in growing the international business.
Shares	Shares
If the employee leaves, other than as a good leaver, he will be entitled to all his co-investment shares but will forfeit the entire Company matched shares that have not vested.	If the employees leave, other than as a good leaver, they will be entitled to all their co-investment shares but will forfeit the entire Company matched shares that have not vested.
350 000 @ R17.11	268 377 @ R21.97
600 @ R16.45	532 148 @ R18.59
None	None
None	None
None	None (due to closed period)
An annual contribution is made by each employer company in the Group for its qualifying employees. The charge and contribution reflected is for the Company's proportionate share only.	

[1] *Due to the impact of COVID-19 the vesting dates were extended by 6 months.*

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for the year ended 30 September 2021

19. OTHER RESERVES continued

Terms and conditions continued

	Long-term incentive schemes effective from 2019
Type	Equity-settled performance share schemes
Background	The value of awards will be tier-based and linked to individual performance. Each award will be converted into notional performance shares. In terms of the scheme the value of the awards and the performance conditions for vesting will be approved by the Group's remuneration and human resources committee. The value of the notional performance shares will be determined by the price of the Life Healthcare shares on the JSE Limited using the 30 day VWAP. Life Healthcare shares will be purchased on vesting date. A modifier of between 0.5 and 2 for the 2021 scheme and between 1 and 2 for the 2019 and 2020 schemes can be applied to the allocation for key talent retention, this is applicable to all participants at the discretion of the Group CEO. The employees are not entitled to any dividends declared on the shares underlying the awards over the period from the grant date to the vesting date.
Qualifying employees	Available to all executives and senior managers in southern Africa.
Vesting requirements	Vesting in terms of this scheme takes place in three years from allocation. The vesting of the awards is subject to the following performance conditions:

	weighting %		
	2021	2020	2019
Group executives:			
◆ Capital efficiency	**n/a**	40	40
◆ Normalised Group HEPS	**60**	40	40
◆ Life core purpose outcome	**20**	20	20
◆ Retention shares	**20**	n/a	n/a
Country executives:			
◆ Capital efficiency	**n/a**	35	30
◆ Normalised country EBIT	**n/a**	35	30
◆ Life core purpose outcome	**40**	30	40
◆ Normalised Group HEPS	**60**	n/a	n/a
Group senior managers:			
◆ Capital efficiency	**n/a**	35	30
◆ Normalised country EBIT	**n/a**	35	30
◆ Life core purpose outcome	**30**	30	40
◆ Normalised Group HEPS	**70**	n/a	n/a
Other senior managers:			
◆ Capital efficiency	**n/a**	20	15
◆ Normalised country EBIT	**n/a**	40	35
◆ Life core purposes outcome	**40**	40	50
◆ Normalised Group HEPS	**60**	n/a	n/a

Capital efficiency is measured as return on capital employed compared to WACC.

Normalised Group HEPS is based on growth of HEPS in excess of CPI.

Normalised country EBIT is based on growth of EBIT in excess of CPI.

Life core purpose outcomes is based on country-specific non-financial measures that drive long-term sustainability of the Group.

Retention shares are not subject to performance conditions and will vest on the vesting date, subject to continued employment.

19. OTHER RESERVES continued

Terms and conditions continued

	Long-term incentive schemes effective from 2019 continued
Method of settlement	Shares
Leavers	If a participant ceases to be employed by the Group prior to the vesting of the grant, the following will apply: ◆ Good leavers with a date of termination of employment: – that is more than one year before the vesting date of the grant: • 2019 scheme: will result in all notional performance shares held by the participant being forfeited and cancelled for no consideration; • 2020 and 2021 schemes: the participant shall retain a pro rata number of notional performance shares based on number of months completed service relative to the vesting period of 36 months, the balance of notional performance shares shall be forfeited and cancelled for no consideration; or – that is one year or less before the vesting date of the grant, will retain all notional performance shares and he/she shall continue to be treated as a participant as if his/her employment had not been terminated (2019 to 2021 schemes). ◆ Bad leavers with a date of termination of employment prior to vesting date, will result in all notional performance shares held by the participant being forfeited and cancelled for no consideration. (2019 to 2021 schemes)
2020 granted shares	Life Healthcare shares will be purchased on vesting date
2021 granted shares	Life Healthcare shares will be purchased on vesting date
Forfeited (number of shares)	None
Exercised (number of shares)	None
Vested (number of shares)	None
Contribution	An annual contribution is made by each employer company in the Group for its qualifying employees. The charge and contribution reflected is for the Company's proportionate share only.