

Spar seeking legal opinion on loan allegations

By [Ngobile Dlodla](#)

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Spar Group is seeking legal opinion on media allegations it took part in "fictitious" and "fraudulent" loans, the grocery retailer and wholesaler said on Friday, 9 December, while also announcing its chairman would step aside.



Source: Reuters/Siphiwe Sibeko

Local online newspapers *Business Day*, *News24* and news magazine *Financial Mail* have been reporting various allegations of [fraud](#), [fictitious loans](#) and [racial bias](#) brought by independent retailers who use the Spar brand.

Spar denied the financial allegations were symptomatic of "dodgy" accounting or that it discriminated against some of its retailers based on race or store location.

Board shake-up

The media reports also raised questions around the independence of non-executive chairman Graham O'Connor.

"Mr Graham O'Connor ... believes that it is in the best interests of the company to step aside from his role as chairperson of the board in order to allow the board to focus on the current allegations facing the company," Spar said.

Andrew Waller, currently a lead independent director at SPAR, will become interim chair until a permanent replacement is

found, it added.



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One allegation reported by *Business Day* involved Spar selling one of its corporate-owned stores for a book value of just under R11m to a group of independent retailers, who were advanced the loan by Spar to buy and refurbish the store in 2018.

Citing a report conducted on behalf of Spar's board by a law firm, the news outlet said the retailers paid only R8m, with the arrangement meaning that "Spar wouldn't have to record the difference between the lower payment and higher book value of the store as a write-off on its books."

Spar said in a statement: "The board takes allegations of fictitious and fraudulent loans extremely seriously and is seeking legal opinion thereon. Spar wishes to assure shareholders that this was an isolated matter and is neither Spar's accounting policy nor practice."

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