

***Bidvest***

2019

**AUDITED CONSOLIDATED  
AND SEPARATE ANNUAL  
FINANCIAL STATEMENTS**

# Contents

## Responsibility reporting

Directors' responsibility for the financial statements	1
Declaration by company secretary	1
Preparer of financial statements	1
Independent auditor's report	2
Directors' report	8
Audit committee report	11

## Group financial statements

Accounting policies	14
Consolidated income statement	28
Consolidated statement of other comprehensive income	29
Consolidated statement of cash flows	30
Consolidated statement of financial position	31
Consolidated statement of changes in equity	32
Notes to the consolidated financial statements	33

## Company financial statements

Company statement of comprehensive income	93
Company statement of cash flows	94
Company statement of financial position	95
Company statement of changes in equity	96
Notes to the Company financial position	97

## Additional information

Annexure A – Interest in subsidiaries and associates	100
Annexure B – Directors' remuneration	109
Shareholders information	112
Administration	114

# Directors' responsibility for the financial **statements**

## To the shareholders of The Bidvest Group Limited

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards (IFRS), the interpretations adopted by the International Accounting Standards Board, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and in terms of the requirements of the Companies Act of South Africa.

The directors' responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the Group's and Company's ability to continue as a going concern and there is no reason to believe that the Group and Company will not be going concerns in the year ahead.

The auditors are responsible for reporting on whether the consolidated and separate financial statements are fairly presented in accordance with IFRS and in terms of the requirements of the Companies Act of South Africa.

The consolidated and separate financial statements of the Group and Company for the year ended 30 June 2019 were approved by the board of directors and are signed on its behalf by:

**Eric Diack**  
*Chairperson*

**Lindsay Ralphs**  
*Chief executive*

**Mark Steyn**  
*Chief financial officer*

30 August 2019

# Declaration by company **secretary**

In my capacity as company secretary, I hereby confirm, in terms of Section 88(2)(e) of the Companies Act of South Africa, that for the year ended 30 June 2019, the Company has lodged with the Registrar of Companies, all such returns as are required in terms of this Act and that all such returns are true, correct and up to date.

**Ilze Roux**  
*Company secretary*

30 August 2019

# Preparer of financial **statements**

The consolidated and separate financial statements have been prepared under the supervision of the chief financial officer, MJ Steyn BCom CA (SA).

# Independent auditor's report

To the Shareholders of The Bidvest Group Limited

## Report on the audit of the consolidated and separate financial statements

### Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of The Bidvest Group Limited (the Company) and its subsidiaries (together the Group) as at 30 June 2019, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

### What we have audited

The Bidvest Group Limited's consolidated and separate financial statements set out on pages 14 to 111 comprise:

- the consolidated statement of financial position at 30 June 2019;
- the consolidated income statement for the year then ended;
- the consolidated statement of other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the notes to the consolidated financial statements;
- the company statement of financial position at 30 June 2019;
- the company statement of comprehensive income for the year then ended;
- the company statement of changes in equity for the year then ended;
- the company statement of cash flows for the year then ended;
- the accounting policies;
- the notes to the company financial statements; and
- Annexure A – Interests in subsidiaries and associates.
- Annexure B – Director's remuneration

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

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

### Independence

We are independent of the Group in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised January 2018)*, parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* respectively.

## Our audit approach

### Overview

<b>Overall Group materiality</b> <ul style="list-style-type: none"><li>Overall Group materiality: <b>R261 056 300</b>, which represents <b>5% of the consolidated profit before tax</b>.</li></ul>
<b>Group audit scope</b> <ul style="list-style-type: none"><li>We have performed full scope audits over 23 components.</li><li>The Group engagement team performed analytical review procedures on components not in audit scope.</li></ul>
<b>Key audit matters</b> <ul style="list-style-type: none"><li>Impairment assessment of indefinite useful life intangible assets and goodwill.</li><li>Accounting for the investment in Adcock Ingram Holdings Limited.</li></ul>

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

### Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

<b>Overall group materiality</b>	R261 056 300
<b>How we determined it</b>	5% of consolidated profit before tax.
<b>Rationale for the materiality benchmark applied</b>	We chose consolidated profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and it is a generally accepted benchmark. We chose 5% which is consistent with the quantitative materiality thresholds used for profit-oriented companies in this sector.

### How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Every component that contributed significantly to the consolidated revenue, operating profit, consolidated total assets or consolidated total liabilities of the Group was subject to a full scope audit. We performed full scope audits over 23 components based on their financial significance and to obtain sufficient coverage across the Group. In order to obtain audit evidence in respect of other components not subject to Group reporting, the Group engagement team performed analytical review procedures on these components.

Detailed Group audit instructions were communicated to all components in scope for purposes of group reporting. These components were audited by component audit teams, who reported the results of procedures performed to the Group engagement team. We had various interactions with our component teams in which we discussed and evaluated recent developments, the scope of audits, audit risks, materiality and our audit approaches and also reviewed selected component working papers. We discussed the reports of the component teams, the findings of their procedures and other matters which could be of relevance for the consolidated financial statements.

# Independent auditor's report (continued)

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The following key audit matters relate to the consolidated financial statements. We have determined that there are no key audit matters to communicate in our report with regard to the separate financial statements.

Key audit matter	How our audit addressed the key audit matter
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### Impairment assessment of indefinite useful life intangible assets and goodwill

This key audit matter relates to the consolidated financial statements

**Refer to the accounting policies for Goodwill, Intangibles and Impairments of non-financial assets and to notes 15, 16 and 41 to the consolidated financial statements.**

As at 30 June 2019, Bidvest Group Limited's (the Group's) consolidated statement of financial position included intangible assets with a closing carrying value of R3,4 billion, which includes indefinite useful life intangible assets of R2,1 billion.

The consolidated statement of financial position includes goodwill with a carrying value of R 5,4 billion.

Management performed its annual impairment assessment for goodwill and indefinite useful life intangible assets. The recoverable amount determined for purposes of impairment is the higher of fair value less costs of disposal and value-in-use.

Management estimated the recoverable amount of indefinite useful life intangible assets using the value-in-use method, and the recoverable amount of goodwill using the fair value less costs of disposal method. Where there were indications that goodwill may be impaired, management further assessed its value-in-use, to ensure that the recoverable amount was the higher of value-in-use and fair value less costs of disposal.

The Group's impairment assessment of indefinite useful life intangible assets and goodwill is considered to be a matter of most significance to the current year audit due to:

- the judgements made by management with regards to projected annualised earnings and price/earnings multiple included in the fair value less costs of disposal calculation; and
- the judgements made by management with regards to the determination of the key assumptions included in the value-in-use calculation i.e. the discount rate, the perpetual growth rate and projected future cash flow forecasts.

We evaluated management's allocation of assets to cash-generating units (CGUs) for testing goodwill and indefinite useful life intangible assets and found this be in line with the requirements of International Accounting Standard 36 Impairment of Assets (IAS 36).

We used our valuation expertise to assess the valuation methodology applied by management against generally accepted valuation methods and IAS 36, noting immaterial exceptions.

We tested the mathematical accuracy of the price/earnings calculation and the value-in-use, where applicable, noting no exceptions.

We independently recalculated a range of price/earnings multiples per CGU using entities in comparable industries, adjusted for size, market maturity and diversification to consider whether management's assessment is reasonable. While our range of price/earnings multiples differed from those applied by management, we concurred with the outcome that no further impairments were required.

For the value-in-use calculations performed, we obtained management's cash flow forecasts and:

- Agreed these forecasts to approved budgets.
- Assessed the reliability of the forecasts by comparing current year actual results with the prior year budgeted results.
- Compared the growth projections applied by management to historically achieved growth rates.
- Compared the perpetual growth rates used by management to long-term consensus inflation rates obtained from independent sources.

We found the cash flow forecasts to be within a reasonable range.

With the assistance of our valuation experts, we recalculated a range of discount rates, considering inputs for similar entities, industry data and entity-specific data. Where differences in discount rates were noted, we included this in our sensitivity analysis to consider whether this would lead to an impairment charge being recognised.

We performed sensitivity analyses on the key assumptions included in management's value-in-use calculations to determine the degree by which the key assumptions needed to change in order to trigger an impairment and considering the likelihood of the assumptions changing to such a degree. Based on this assessment, we concurred with management's assessment that no further impairments were required.

## Accounting for the investment in Adcock Ingram Holdings Limited

This key audit matter relates to the consolidated financial statements

Refer to notes 12, 18 and 41 to the consolidated financial statements.

Bidvest Group Limited (the Group) acquired an additional interest in Adcock Ingram Holdings Limited “Adcock Ingram” during the current financial year, which represents 6.1% of Adcock Ingrams’ net ordinary shares in issue. Prior to the current year transaction, the Group controlled the voting rights over 37.6% of the ordinary shares of Adcock Ingram. After the acquisition of the 6.1%, the Group’s voting percentage in Adcock Ingram was 43.7%. The Group’s purchase of the additional Adcock Ingram shares during the year resulted in the Group holding an effective 44.8% of the net ordinary shares in issue (total ordinary shares in issue less treasury shares).

Management of the Group determined that no effective or *de-facto* control of Adcock Ingram existed as at 30 June 2019 and therefore continues accounting for its investment in Adcock Ingram as an Investment in associates in terms of IAS 28 Investments in Associates and Joint Ventures (IAS 28).

We consider the accounting for the investment in Adcock Ingram to be a matter of most significance to our current year audit due to the following circumstances:

- The judgement applied by management that the Group had no *de-facto* control over Adcock Ingram as at 30 June 2019 in terms of International Financial Reporting Standard 10 Consolidated Financial Statements (IFRS 10), including consideration of whether the Group had the power to unilaterally direct the relevant activities of Adcock Ingram even though it held less than a majority of the voting rights. This took into account the respective size of the Group’s holding of voting rights relative to the holdings of other vote holders and voting patterns at previous annual general meetings.
- The existence of a historical broad-based empowerment arrangement within Adcock Ingram, which resulted in the Group having economic exposure to more than 50% of Adcock at year-end, but not having the related voting power of its 15% holding in the black empowerment arrangement while the black empowerment arrangement is in place.
- Subsequent to year-end, the broad-based empowerment arrangement was wound up, the result of which was that the Group obtained voting power over more than 50% of Adcock Ingram’s shares.

We consulted with our accounting technical specialists to assist us in assessing the judgement applied by management regarding whether Bidvest controls Adcock Ingram at year-end. This assessment was conducted with reference to IFRS 10 and the applicable legal agreements, as outlined below.

We considered whether the 15% shareholding by the broad-based empowerment vehicle represented voting rights exercisable by Bidvest Group Limited. We inspected the transfer of shares agreement and noted that voting rights to these shares did not vest in Bidvest Group Limited as at 30 June 2019. We therefore concluded that the Group should not include the voting power of the empowerment vehicle when determining its direct voting power.

We considered whether “*de-facto*” control, as described in International Financial Reporting Standard 10 – Consolidated Financial Statements (IFRS 10), exists by performing the following procedures:

- We inspected the historic voting patterns at annual general meetings and the shareholders’ agreement indicating the rights of shareholders to appoint directors to the board.
- We considered whether the Group held any currently exercisable potential voting rights and noted that they did not.
- We evaluated the respective size of the Groups’ holding of voting rights relative to the holdings of other vote holders and noted that a reasonable number of investors could act together to outvote the Group.

As a result of this, we concurred with management’s assessment that *de-facto* control did not exist at year-end.

Based on our assessment of the underlying facts and circumstances, we did not note evidence inconsistent with management’s decision to account for the investment in Adcock Ingram Holdings Limited as at 30 June 2019 as an associate in terms of IAS 28.

# Independent auditor's report (continued)

## Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "The Bidvest Group Limited Audited Consolidated and Separate Annual Financial Statements 2019", which includes the Declaration by company secretary, directors' report and the audit committee's report, as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor's report, and the other sections of the document titled "The Bidvest Group Limited Integrated Report 2019", which is expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going-concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Report on other legal and regulatory requirements**

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of The Bidvest Group Limited for one year.

### **PricewaterhouseCoopers Inc.**

*Director: Craig West*

*Registered Auditor*

4 Lisbon Road, Waterfall City

30 August 2019

# Directors' report

The directors have pleasure in presenting their report for the year ended 30 June 2019.

## Nature of business

The company is an investment holding company, listed on the JSE Limited, with subsidiaries operating in the services, trading and distribution industries.

## Financial results

The directors are of the opinion that the financial statements set out on pages 14 to 111 fairly present the financial position of the Company and of the Group as at 30 June 2019 and the results of their operations and cash flows for the year then ended.

The directors are satisfied that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

## Acquisitions and disposals

The Group acquired 100% of the share capital and voting rights of UAV and Drone Solutions Proprietary Limited (UDS) for R500 million (of which R154 million is contingent) effective 1 March 2019. UDS is a profit-for-purpose South African company established in 2013 to take advantage of technological developments in the world of Unmanned Airborne Systems. UDS provides solutions for environmental conservation, security services, infrastructure inspection, survey and stockpile management and blasting profiles. In-house capabilities and competencies include mechanical, electrical and software engineering. The acquisition enhances the Group's overall service offering, particularly security services. The purchase price was funded from existing cash resources and facilities.

Effective 1 February 2019, Pureau Fresh Water Company Proprietary Limited (Pureau), 82% owned by the Group, acquired 100% of the ordinary share capital and voting rights of Zanihold Proprietary Limited (Aquazania), holding company of Aquazania Proprietary Limited and Aquazania Africa Proprietary Limited, for R390 million. Aquazania supplies a range of bottled water coolers, plumbed in water dispensers (bottleless water coolers) and coffee machines to households and a wide variety of corporate customers. The acquisition increases Pureau's market share and enhances its service and technology offering. The acquisition was funded using existing cash resources and facilities.

During the year the Group acquired an additional 10 648 542 Adcock Ingram Holdings Limited (Adcock Ingram) ordinary shares for R650 million. The additional shares acquired increases the Group's interest in the Adcock Ingram associate from 37.6% to 43.7%. It is the Group's intention to gain a controlling interest in Adcock Ingram. The purchase price was funded from existing cash resources and facilities.

The Group also made a number of less significant acquisitions and disposals during the year. These acquisitions were funded from existing cash resources.

Effective 1 November 2018, the Group disposed of its entire interest in TMS Group Industrial Services Proprietary Limited (TMS), an industrial facilities cleaning and maintenance contractor, to Sekta Group for R219 million (R116 million equity and R103 million debt).

On 1 March 2019 the Group sold its entire interest in Renfreight Proprietary Limited (Renfreight) to Makana Investment Corporation (MIC) for R110 million. The transaction was completed as part of a Broad-Based Black Economic Empowerment deal, which provides MIC, via its 100% ownership of Renfreight, an 11% share of the Bidvest Panalpina Logistics (BPL) partnership. BPL is a leading South African end-to-end supply chain solutions company.

## Share capital

16 750 000 unissued ordinary shares were placed under the control of the directors at the annual general meeting (AGM) held on 28 November 2018. The Company issued 1 498 941 shares during the year (2018: 2 058 823) to settle share replacement and appreciation rights. Further details of the authorised and issued share capital appear in note 25 of the annual financial statements.

## Movement in treasury shares

In terms of general authorities granted to the Company to repurchase its ordinary shares, the latest being shareholder authority obtained at the AGM of shareholders held on 28 November 2018, a maximum of 33 763 292 ordinary shares may be acquired by the Company or any of its subsidiaries. No treasury shares were acquired or sold during the year (2018: nil).

## Special resolutions

Special resolutions were passed at the AGM held on 28 November 2018 in regard to approval of non-executive directors' remuneration for 2018/2019, a general authority to acquire (repurchase) shares, and general authority to provide direct or indirect financial assistance to all related and inter-related entities in terms of section 44 and 45 of the Companies Act.

Special resolutions were passed by certain subsidiaries to accommodate the acquisition and disposal of various businesses, for the issue and allotment of shares, general authority to provide financial assistance to related or inter-related companies and corporations in terms of section 44 and 45 of the Companies Act, and to approve the remuneration of their non-executive directors. A number of subsidiaries further passed resolutions for amendments to their MOI's.

## Dividends

The directors declared an interim gross cash dividend of 282 cents (225.6000 cents net of dividend withholding tax, where applicable) per ordinary share paid to ordinary shareholders recorded in the register on the record date, being Friday, 22 March 2019. The dividend was declared from income reserves.

Subsequent to year end, the board has declared a final gross cash dividend of 318 cents (254.4000 cents net of withholding tax, where applicable) per ordinary share for the year ended 30 June 2019 to those shareholders recorded in the register on the record date, being Friday, 20 September 2019. The salient dates are:

Declaration date	Monday, 2 September 2019
Last day to trade cum dividend	Tuesday, 17 September 2019
First day to trade ex-dividend	Wednesday, 18 September 2019
Record date	Friday, 20 September 2019
Payment date	Monday, 23 September 2019

The dividend will be paid out of income reserves. A dividend withholding tax of 20% will be applicable to all shareholders who are not exempt.

## Subsequent events

Effective 1 August 2019, following the dissolution of the Scheme, the Group attained a 50.14% controlling interest in Adcock Ingram. This investment will be consolidated from 1 August 2019.

The acquisition of Eqstra for R3.1 billion enterprise value, was announced on 15 July 2019 and is subject to normal approvals and conditions precedent.

## Directorate

The names of the directors who were in office during the period 1 September 2018 to 30 August 2019 are as follows:

Lorato Phalatse (chairman)	resigned 29 April 2019
Lindsay Ralphs (CEO)	
Doug Band	retired 28 November 2018
Anthony Dawe	
Eric Diack	
Mpumi Madisa	
Alex Maditse	
Bongi Masinga	
Gillian McMahon	
Renosi Mokate	
Nosipho Molohe	resigned 31 March 2019
Nigel Payne	
Tania Slabbert	
Mark Steyn	
Norman Thomson	
Bonang Mohale	appointed 01 July 2019

# Directors' report (continued)

## Directors' interest

The aggregate interest of the directors in the share capital of the Company at 30 June 2019 were:

	2019	2018
Beneficial	116 030	114 389
Non-beneficial	662 589	640 582
<b>Held in terms of The Bidvest Incentive Scheme</b>		
Replacement rights	99 034	330 365
Appreciation rights	80 000	80 000

## Directors' shareholdings

### Beneficial

The individual beneficial interests declared by the current directors and officers in the Company's share capital at 30 June 2019, held directly or indirectly, were:

Directors	2019 Number of shares		2018 Number of shares	
	Direct	Indirect	Direct	Indirect
AW Dawe	3 465	–	3 465	–
LP Ralphs	110 924	1 641	110 924	–
Total	114 389	1 641	114 389	–

The interests of the directors remained unchanged from the end of the financial year to date of this report.

### Non-beneficial

In addition to the aforementioned holdings:

- I Roux is a trustee of the Group's retirement funds holding 662 589 shares (2018: 640 582).

## Directors' and officers' disclosure of interest in contracts

During the financial year, no contracts were entered into in which directors and officers of the Company had an interest and which significantly affected the business of the Group. The directors had no interest in any third party or company responsible for managing any of the business activities of the Group.

## Secretary

Ms XB Makasi resigned as company secretary with effect from 30 October 2018. Ms I Roux was appointed in her stead on 30 October 2018.

During the year under review, and in compliance with paragraph 3.84(h) of the JSE Listings Requirements, the board evaluated Ms I Roux, the company secretary, and was satisfied that she was competent, suitably qualified and experienced. Furthermore, since she was not a director, nor was she related to or connected to any of the directors, thereby negating a potential conflict of interest, it was agreed that she maintained an arm's-length relationship with the board.

The business and postal addresses of the secretary, which are also the registered addresses of the Company, are Bidvest House, 18 Crescent Drive, Melrose Arch, Melrose, Johannesburg, 2196 and PO Box 87274, Houghton, 2041, respectively.

# Audit committee report

The Group audit committee (“the committee”) is pleased to present its report in terms of section 94 of the Companies Act, 71 of 2008 as amended (“the Companies Act”), the King Code of Governance for South Africa, 2016 (“King IV”) and the Johannesburg Stock Exchange (JSE) Listings Requirements for the financial year ended 30 June 2019. The committee has conducted its work in accordance with the written terms of reference approved by the board.

The Bidvest board has mandated the committee as the audit committee of all Group companies which have a statutory requirement to have an audit committee, with the exception of those which have established committees under banking or insurance legislation.

In addition to its statutory responsibilities, the committee’s main objective is to assist the board in fulfilling its oversight responsibilities, in particular with regard to the evaluation of the adequacy and effectiveness of accounting policies, internal controls and financial and corporate reporting processes, and assessing the effectiveness of the internal auditors.

## Composition

Ms CWN (Nosipho) Molope resigned from the committee with effect from 31 March 2019. As at the date of this report the committee comprises the following members, who have the necessary skills and experience to fulfil the duties of the committee:

- Mr NG Payne (Independent non-executive director and chairman) – appointed 2006
- Mr EK Diack (Lead independent non-executive director) – appointed 2012
- Ms RD Mokate (Independent non-executive director) – appointed 2018
- Mr NW Thomson (Independent non-executive director) – appointed 2018

The appointment of all members of the committee is subject to the shareholders’ approval at the next annual general meeting to be held on Thursday, 28 November 2019. The profiles of the members, including their qualifications, can be viewed in the Integrated report.

## Frequency and attendance of meetings

During the year under review, six meetings were held:

Audit	29 October 2018	26 November 2018	28 February 2019	30 May 2019	26 August 2019	29 August 2019
NG Payne (chair)	✓	✓	✓	✓	✓	✓
EK Diack	✓	A	A	✓	A	A
CWN Molope <sup>1</sup>	✓	✓	✓			
NW Thomson	✓	✓	✓	✓	✓	✓
RD Mokate	A	✓	✓	✓	✓	A

A = Apology.

<sup>1</sup> Resigned as director with effect from 31 March 2019.

## Statutory duties

The committee is satisfied that it has performed the statutory requirements for an audit committee as set out in the Companies Act as well as the functions set out in the terms of reference and that it has therefore complied with its legal, regulatory and other responsibilities.

There were no Reportable Irregularities for The Bidvest Group Limited, nor were any complaints or queries about our financial reporting brought to the attention of the audit committee.

## External auditor

In June 2017, the Independent Regulatory Board of Auditors published a rule prescribing that auditors of public interest entities in South Africa must comply with mandatory audit firm rotation whereby audit firms shall not serve as the appointed auditors of a public interest entity for more than 10 consecutive years, with effect from 1 April 2023. Given the aforementioned, increasing shareholder pressure, prevailing market practices and the fact that Deloitte & Touche (Deloitte) had been Bidvest’s external auditors for 11 years, The Bidvest Group Limited board in November 2018 mandated the audit committee to recommend a new external auditor.

Following a comprehensive tender process, PricewaterhouseCoopers Inc. (PwC) with Mr Craig West as designated audit partner, was nominated as the new external auditor with effect from 28 November 2018.

The committee nominated and recommended the re-appointment of the external auditor, PwC, to the shareholders in compliance with the Companies Act and the appointment of Mr C West as designated auditor for the 2020 financial year.

# Audit committee report (continued)

The committee satisfied itself that the audit firm is accredited, and the committee further satisfied itself that PwC was independent of the Group, which included consideration of compliance with criteria relating to independence proposed by the Independent Regulatory Board for Auditors.

The committee, in consultation with executive management, agreed to the engagement letter, terms, audit plan and budgeted audit fees.

The committee ensured that the auditors did not provide any prohibited services, nor any services that include a threat of self-review. Non-audit services are pre-approved by the chairman of the committee, are generally of an assurance nature, and are not material in relation to the external audit fee.

The committee has the following responsibilities for external audit: Recommends the appointment of external auditor and oversees the external audit process and in this regard the committee must:

- nominate the external auditor for appointment by the shareholders;
- approve the annual audit fee and terms of engagement of the external auditor;
- monitor and report on the independence of the external auditor in the annual financial statements;
- define a policy for non-audit services and pre-approve non-audit services to be provided by the external auditor;
- ensure that there is a process for the committee to be informed of any reportable irregularities as defined in the Auditing Profession Act, 2005, identified and reported by the external auditor; and
- review the quality and effectiveness of the external audit process and performance against their audit plan.

## Key audit matters

The committee has applied its mind to the key audit areas and key audit matters identified by the external auditors and is comfortable that they have been adequately addressed and disclosed. These items, which required significant judgement, were:

- key judgements and estimates used in assessing the impairment of indefinite useful life intangible assets and goodwill; and
- assessment of judgements used to assess whether Bidvest controlled Adcock Ingram Holdings Limited at year end.

## Internal audit

The committee has satisfied itself that the internal audit function was appropriately independent. The internal audit charter and the internal audit plan were approved by the committee. Internal audit has access to the committee, primarily through its chairman.

The committee has the following responsibilities for internal audit:

- the appointment, performance assessment and/or dismissal of the internal auditor;
- to approve the internal audit charter and the internal audit plan; and
- to ensure that the internal audit function is subject to an independent quality review as and when the committee determines appropriate.

The committee has reviewed the performance, qualifications and expertise of the chief audit executive, Lauren Berrington, and is satisfied with the appropriateness of her expertise.

## Internal financial control

We have considered the reports of management, internal audit and external audit in arriving at our conclusion that the Company's system of internal controls and risk management is effective and that the internal financial controls form a sound basis for the preparation of reliable financial statements. No material breakdown in controls was identified during the year.

## Risk management

The committee is responsible for reviewing the effectiveness of systems for internal control, financial reporting and financial risk management and considering the major findings of any internal investigations into control weaknesses, fraud or misconduct and management's response thereto. We have considered and relied on the work of the risk committee and the social and ethics committee on the non-financial related risk areas.

The committee, in conjunction with the risk committee, is responsible for:

- obtaining independent assurance on the effectiveness of the IT internal controls;
- overseeing the value delivery on IT and monitoring the return on investments on significant IT projects; and
- ensuring that IT forms an integral part of the Company's risk management.

An anonymous ethics line is in place. The service is managed by Deloitte and is independent of Bidvest. All calls reported are in total anonymity and without fear of discrimination. Monthly reports are provided by the independent service provider. The monitoring of reports from this service is shared between this committee and the social and ethics committee. The committee is satisfied that appropriate disciplinary, criminal and civil action has been taken.

### **Combined assurance**

The committee is of the view that the framework in place for combined assurance is adequate and is achieving the objective of an effective, integrated approach across the disciplines of risk management, compliance and audit.

### **Expertise of the financial director and finance function**

The committee has reviewed the current performance and future requirements for the financial management of the Group and concluded that the current team has the appropriate skills, experience and expertise required to fulfil the finance function. In compliance with the JSE Listings Requirements, the committee satisfied itself of the appropriateness of the expertise and experience of the financial management team as a whole.

The committee has reviewed the performance, qualifications and expertise of the chief financial officer, Mr MJ Steyn and is satisfied with the appropriateness thereof.

### **Going concern**

The committee reviewed the documents prepared by management in which they assessed the going concern status of the Company and its subsidiaries at year-end and the foreseeable future. Management has concluded that the Group is a going concern. The committee concurred with management's assessment and recommended acceptance of this conclusion to the board.

### **Recommendation of the annual financial statements for approval by the board**

The committee recommended the consolidated annual financial statements and the Company annual financial statements for approval by the board.

On behalf of the committee

**NG Payne**  
*Chairman*

30 August 2019

# Accounting policies

The consolidated and separate financial statements (financial statements) have been prepared in accordance with International Financial Reporting Standards (IFRS), the interpretations adopted by the International Accounting Standards Board (IASB), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and in terms of the requirements of the Companies Act of South Africa.

## 1. Basis of preparation

The consolidated and separate financial statements are prepared on the historical cost basis, other than certain financial instruments, which are valued at their fair value.

The preparation of consolidated and separate financial statements in conformity with IFRS requires the board of directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Although estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances (the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources), the actual outcome may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgements made in the application of IFRS that have influenced the financial statements and estimates with a risk of adjustment in the next year are discussed in note 41.

Except as detailed below, the accounting policies have been applied consistently to all periods presented in these financial statements. The financial statements are presented in South African Rands, which is the Group's functional currency. All financial information has been rounded to the nearest thousand unless stated otherwise.

The principal accounting policies set out below apply to both the consolidated and separate financial statements.

## 2. New and revised accounting standards

The Group has adopted two new accounting standards as issued by the IASB, which were effective for the Group from 1 July 2018:

- IFRS 15 Revenue from Contracts with Customers (refer note 5)
- IFRS 9 Financial Instruments (refer note 17)

The application of both IFRS 15 and IFRS 9 has had no material impact on the Group's results.

Retained earnings as at 1 July 2018 has been restated as follows:

	R'000
Retained earnings at the beginning of the period	22 486 993
Bill and hold arrangement (IFRS 15)	(40 294)
Performance obligations satisfied over time (IFRS 15)	(37 000)
Customer acceptance (IFRS 15)	3 431
Expected credit loss model (IFRS 9)	(58 280)
Taxation effect	35 042
Non-controlling interest	17 018
Restated retained earnings at the beginning of the period	22 406 910

Details of new standards and interpretations not yet effective and the expected impact on the Group results are contained in note 44 to the financial statements.

### 3. Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries. Subsidiaries are entities controlled by the Group. Control is achieved when the Company has the power over an investee, is exposed, or has rights, to a variable return from its involvement with an investee; and has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of these three elements.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders; potential voting rights held by the Company, other vote holders or other parties; rights arising from other contractual arrangements; and any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Non-controlling interest is initially measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between either the aggregate of the fair value of the consideration received and the fair value of any retained interest and the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS).

The Company carries its investments in subsidiaries at cost less accumulated impairment losses. Investments subject to group re-organisations, which are between the Company and its subsidiaries, are undertaken at fair value and increase the cost of investments.

### 4. Puttable non-controlling interests

Put options held by non-controlling interests in the Group's subsidiaries entitle the non-controlling interests to sell their interest in the subsidiary to the Group at pre-determined values and on contracted dates. In such cases the Group consolidates the non-controlling interests' share of the equity in the subsidiary and recognises the fair value of the non-controlling interest's put option, being the present value of the estimated future purchase price, as a financial liability in the statement of financial position. In raising this liability, the non-controlling interest is de-recognised and any excess or shortfall is charged or realised directly in retained earnings in the statement of changes in equity.

The unwinding of the present value discount on these liabilities is recorded within finance charges in the income statement using the effective interest rate method. The financial liability is fair valued at the end of each financial year and any changes in the value of the liability as a result of changes in assumptions used to estimate the future purchase price are recorded directly in retained income in the statement of changes in equity.

# Accounting policies (continued)

## 5. Revenue recognition

In transitioning to IFRS 15, the Group applied the cumulative effect method and retained prior period figures as reported under the previous standards, recognising the cumulative effect of applying the new standard as an adjustment to the opening balance of equity as at the date of initial application (beginning of current reporting period).

The Group principally generates revenue from providing a wide range of goods and services through its seven core trading operations, Services, Freight, Commercial Products, Office and Print, Financial Services, Automotive and Electrical (refer accounting policy 26).

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled for transferring goods and services to a customer. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

The Group recognises revenue when it transfers control over products or services to a customer.

On conclusion of a detailed assessment, the Group identified the following impact of the change in accounting policy, the prior period financial effects of which are detailed in note 2 above:

- Bill-and-hold arrangement. Upon review of the IFRS 15 requirements for satisfaction of performance obligations and acceptable measures of progress, management concluded that the Group did not fully satisfy the performance obligations at inception of the contract. Following adoption of IFRS 15 revenue is recognised at the point in time when control transfers to the customer.
- Performance obligations satisfied over time. Upon review of the IFRS 15 requirements for satisfaction of performance obligations and acceptable measures of progress, management concluded that the Group did not fully satisfy the performance obligations at inception of the contract. Following adoption of IFRS 15 revenue is recognised at the point in time when control transfers to the customer.
- Customer acceptance. Upon review management has concluded that these sales meet the IFRS 15 requirements to recognise revenue when control transfers, and although customer acceptance is required, the other determinants of control in IFRS 15 indicate that revenue should be recognised prior to customer acceptance. Therefore, revenue for these services will be recognised earlier under IFRS 15.

The Group satisfies its performance obligations at a point in time or over a short period of time as a result the Group has an immaterial balance of contract assets. The majority of the Group's revenue is generated from point-in-time or month-to-month service contracts, which means the Group has no material revenue contracts for which they have contracted but not satisfied the performance obligations. There is no material or significant financing component to Group revenue and contracts with customers do not include material amounts of variable consideration. Due to the standard nature of the Group's contracts with customers there were no significant areas of judgment required to be applied by the Group. The Group has no complex agent/principal arrangements.

The Company recognises dividend revenue from its subsidiaries and associates when the right to receive payment is established and can be estimated reliably.

Given the diverse nature of the business management believes the segmental revenue analysis presents the nature and amount of Group revenue streams with sufficiently different characteristics not obscured by insignificant detail, and therefore fulfils the disaggregation disclosure requirements of IFRS 15.

### Revenue recognition comparative period

For the comparative period the Group has applied IAS 18.

The sale of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer, recovery of the consideration is considered probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the transaction at the statement of financial position date. The stage of completion is assessed by reference to the terms of the contracts.

Revenue relating to banking activities consists primarily of margins earned on the purchase and sale of foreign exchange products and general commissions and transaction fees and is recognised when the services are provided. Net profits and losses on the revaluation of foreign currency denominated assets and liabilities are also included in revenue.

## 5. Revenue recognition (continued)

### Revenue recognition comparative period (continued)

In the event that a profit or loss arises from full maintenance motor contracts, this is recognised on termination of individual contracts after taking cognisance of any additional costs required. Provision is made for known losses during the contract period on an individual contract basis.

Insurance premiums are stated before deducting reinsurance and commission.

Finance income comprises interest receivable on funds invested. Finance income is recognised on an accrual basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group.

## 6. Distributions to shareholders

Distributions to shareholders are accounted for once they have been approved by the board of directors.

## 7. Finance charges

Finance charges comprise interest payable on borrowings calculated using the effective interest rate method. The interest expense component of finance lease payments is recognised in the income statement using the effective interest rate method.

## 8. Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held on call with banks net of bank overdrafts and investment in money market instruments, all of which are available for use by the Group unless otherwise stated.

## 9. Property, plant and equipment

Property, plant and equipment are reflected at cost to the Group, less accumulated depreciation and accumulated impairment losses. Land is stated at cost. The present value of the estimated cost of dismantling and removing items and restoring the site in which they are located is provided for as part of the cost of the asset. Depreciation is provided for on the straight-line basis over the estimated useful lives of the property, plant and equipment to anticipated residual values. Estimate useful lives are:

Buildings	Up to 50 years
Leasehold premises	Over the period of the lease
Plant and equipment	5 to 20 years
Office equipment, furniture and fittings	3 to 15 years
Vehicles and craft	3 to 15 years
Vessels	28 to 55 years
Rental and full maintenance lease assets	Over the period of the contract
Capitalised leased assets	The same basis as owned assets

Residual values, depreciation method and useful lives are reassessed annually.

Where parts of an item of property, plant and equipment have different useful lives to the item itself, these parts are depreciated over their individual estimated useful live.

## 10. Leases

Assets acquired in terms of finance leases are capitalised at the lower of fair value and the present value of the minimum lease payments at inception of the lease, and depreciated over the estimated useful life of the asset. The capital element of future obligations under the leases is included as a liability in the Statement of Financial Position. Lease payments are allocated using the effective interest rate method to determine the lease finance cost, which is charged to profit or loss over the lease period, and the capital repayment, which reduces the liability to the lessor.

Operating leases, which have a fixed determinable escalation, are charged to profit or loss on a straight-line basis. Leases with contingent escalations are expensed as and when incurred.

# Accounting policies (continued)

## 11. Goodwill

Goodwill arising on acquisition of a business is carried at cost, as established at the date of the acquisition of the business, less accumulated impairment losses.

For the purposes of impairment testing, goodwill is allocated to groups of cash-generating units that are expected to benefit from the synergies of the business combination. Goodwill is monitored at an operational segment level.

## 12. Intangible assets

Software development costs are capitalised and are stated at cost less accumulated amortisation and accumulated impairment losses.

Development costs and other intangible assets acquired by the Group are stated at cost less accumulated amortisation and accumulated impairment losses.

Expenditure on research, internally generated goodwill and brands is recognised in the income statement as an expense when incurred.

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life are tested for impairment at each statement of financial position date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are currently:

Patents, trademarks, tradenames and other intangibles	3 to 20 years or indefinite life
Computer software	3 to 8 years

Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Included in patents, trademarks, tradenames and other intangibles arising on the acquisition of businesses in the current year are indefinite life intangibles. There is no foreseeable limit to the period over which they are expected to generate net cash inflows. These are considered to have an indefinite life, given the strength and durability of the acquired brands and the level of marketing support.

## 13. Impairment of non-financial assets

The carrying value of tangible and intangible assets are reviewed annually to assess whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated. Where the carrying value exceeds the estimated recoverable amount, such assets are written down to their recoverable amount.

The recoverable amount of the groups of cash generating units or segments to which goodwill is allocated is estimated annually. For intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each statement of financial position date.

Impairment losses are recognised in the income statement.

Impairment losses recognised in respect of groups of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to groups of cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

Groups of cash-generating units for goodwill impairment testing purposes is not larger than any operational segment. Refer to Accounting policy 11.

Impairment losses in respect of goodwill are not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. Impairment losses are reversed if there has been a change in the estimates used to determine the recoverable amount.

Impairment losses are reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## 14. Taxation

Income taxation comprises current and deferred tax. An income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current taxation comprises tax payable calculated on the basis of the expected taxable income for the year, using the tax rates enacted or substantially enacted at the financial position date, and any adjustment of tax payable for previous years.

## 14. Taxation (continued)

Deferred taxation is charged to the income statement except to the extent that it relates to a transaction that is recognised directly in equity, or a business combination that is an acquisition. The effects on deferred taxation of any changes in tax rates is recognised in the income statement, except to the extent that it relates to items previously charged or credited directly to equity.

A deferred taxation asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

## 15. Associates

An associate is a company over which the Group has significant influence, but not control. Significant influence is the power to participate in the financial and operating policy decisions of a company but is not control over those policies.

The equity method of accounting for associates is applied in the consolidated financial statements. In applying the equity method, account is taken of the Group's share of accumulated retained earnings and movements in reserves from the effective dates on which the companies became associates and up to the effective dates of disposal. In the event of associates making losses, the Group recognises the losses to the extent of the Group's exposure.

The Company carries its investment in associates at cost less any accumulated impairment losses.

## 16. Foreign operations

Assets and liabilities of foreign operations, including fair value adjustments arising on consolidation, are translated into South African Rand at rates of exchange ruling at the statement of financial position date. Income, expenditure and cash flow items are translated into South African Rand at rates approximating to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on translation are recognised directly in equity as a foreign currency translation reserve. When a foreign operation is disposed of, in part or in full, the relevant amount in the foreign currency translation reserve is transferred to the income statement.

## 17. Financial instruments

A financial instrument is a contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity. The Group recognises financial assets and financial liabilities at the date when it becomes a party to the contractual provisions of the instrument.

Trade receivables without a significant financing component are initially measured at the transaction price. Other financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

As a result of the adoption of IFRS 9, the Group changed from the incurred credit loss model detailed in IAS 39 to the expected credit loss (ECL) model to calculate impairments of financial instruments. IFRS 9 also resulted in a change in the classification of the measurement categories for financial instruments. In transitioning to IFRS 9 the Group has applied the changes retrospectively but has elected not to restate comparative information.

### Classification and subsequent measurement

IFRS 9 introduces new measurement categories for financial assets. The measurement categories of IFRS 9 and IAS 39 are illustrated in the comparative table below. From 1 July 2018 the Group classifies financial assets in each of the IFRS 9 measurement categories based on the Group's business model for managing the financial asset and the cash flow characteristics of the financial asset.

<b>IAS 39 category</b>	<b>IFRS 9 category</b>
Financial assets at fair value through profit or loss (FVPL)	Financial assets at FVPL
Loans and receivables	Financial assets at amortised cost
Available for sale	Investment at fair value through other comprehensive income (FVOCI)*
Held to maturity	

\* This includes both debt and equity instruments. The biggest difference is that on derecognition of equity instruments gains and losses accumulated in OCI are not reclassified to profit or loss.

# Accounting policies (continued)

## 17. Financial instruments (continued)

### Classification and subsequent measurement (continued)

A financial asset is measured at amortised cost if the financial asset is held in order to collect contractual cash flows, the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets measured at amortised cost comprise of trade and other receivables, cash and cash equivalents, receivables from group companies (for Company only) and receivables from fellow subsidiaries of the holding company. These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairments are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

In assessing whether contractual cash flows are solely payments of principal and interest, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time for other basic lending risks and costs as well as profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of the contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers: contingent events that would change the amount or timing of the cash flows; terms that may adjust the contractual coupon rate, including variable rate features; prepayment and extension features; and terms that limit the Groups claim to cash flows from specified assets.

Debt investments are measured at fair value through other comprehensive income if the financial asset is held in order to collect contractual cash flows and to be sold, and the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. Debt Investments are subsequently measured at fair value. Interest income, foreign exchange gains and losses and impairment is recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments are measured at fair value through other comprehensive income if the Group irrevocably elects to present subsequent changes in the investments' fair value in other comprehensive income. Dividends are recognised as income in profit or loss unless the dividend represent a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not recycled through profit or loss.

This includes investments held by Bidvest Bank, who hold these investments for a longer term and generally measure these investments at fair value through OCI.

A financial asset is measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income. In certain instances where the business model is not to collect contractual cash flows, nor to sell the asset and in these cases the financial asset is held at fair value through profit and loss. These financial assets are subsequently measured at fair value and net gains and losses, including any interest or dividend income, are recognised in profit or loss. The Group may at initial recognition irrevocably designate a financial asset, that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as measured at fair value through profit or loss if doing so significantly reduces an accounting mismatch that would otherwise arise. Financial assets that are held at fair value through profit or loss comprise of derivative financial instruments.

This includes investments held by Bidvest Insurance are measured at fair value to match the related liability through profit or loss.

Financial liabilities are classified into the following categories:

- Financial liabilities at fair value through profit or loss.
- Financial liabilities at amortised cost.

A financial liability is classified as fair value through profit or loss if it is held for trading, is a derivative financial instrument or is designated as such on initial recognition. Realised and unrealised gains and losses arising from changes in the fair value of financial liabilities classified as at fair value through profit or loss are included in the profit or loss in the period in which they arise.

Other financial liabilities are classified as measured at amortised cost using the effective interest method and comprise of interest-bearing liabilities, bank overdrafts, other long-term financial liabilities, payables to fellow subsidiaries of the holding company (for company only) and trade payables.

## 17. Financial instruments (continued)

### Derecognition

Financial assets are derecognised when the Group realises the rights to the benefits specified in the contract, the rights expire, or the Group surrenders or otherwise loses control of the contractual rights that comprise the financial asset. On derecognition, the difference between the carrying amount of the financial asset and proceeds receivable and any prior adjustment to reflect fair value that had been reported in equity are recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which a new financial liability based on the modified terms is recognised at fair value. On derecognition, the difference between the carrying amount of the financial liability, including related unamortised costs, and the amount paid for it, is recognised in profit or loss.

### Impairment

Following the adoption of IFRS 9 the Group calculates allowance for credit losses as expected credit losses (ECLs) for financial assets measured at amortised cost, debt investments at fair value through other comprehensive income (FVOCI) and contract assets. ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls, the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive. ECLs are discounted at the original effective interest rate of the financial asset.

The Group measures loss allowances at an amount equal to the lifetime ECLs, except for bank balances for which the credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition. The Group applies the simplified approach to determine the ECL for trade receivables, contract assets and lease receivables (collectively, accounts receivable). This results in calculating lifetime expected credit losses for these receivables.

ECLs for accounts receivable are calculated using a provision matrix. Given the Group's decentralised structure the provision matrix is deployed for each operating entity's accounts receivable as follows: ECLs are calculated by applying a loss ratio to the aged balance of accounts receivable at each reporting date. The loss ratio is calculated according to the ageing/payment profile of sales by applying historic write-offs to the payment profile of the sales population. In instances where there was no evidence of historical write-offs, management used a proxy write-off. Accounts receivable balances have been grouped so that the ECL calculation is performed on groups of receivables with similar risk characteristics and ability to pay. Similarly, the sales population selected to determine the ageing/payment profile of the sales is representative of the entire population and in line with future payment expectations. The historic loss ratio is then adjusted for forward looking information to determine the ECL for the portfolio of accounts receivable at the reporting period to the extent that there is a strong correlation between the forward-looking information and the ECL. Due to the nature of the Group the applicable historic period and forward-looking information varies based on the relevant operating unit and the type of customer.

The gross carrying amount of the financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. However, financial assets that are written off could still be subject enforcement activities in order to comply with the Group's procedures of amounts due.

Financial assets included as part of other receivables are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

For banking advances made by Bidvest Bank Limited (the Bank) the measurement of ECLs is performed using a "three stage" model, as outlined in IFRS 9, based on changes in credit quality since initial recognition.

The following methodologies were implemented, where ECLs are calculated using three main components; a probability of default (PD); a loss given default (LGD); and the exposure at default (EAD):

#### Point-in-time PD estimates:

Calibration to the banks existing scorecard/external ratings to a 12-month PD as required for a corporate and SME corporate portfolio. Lifetime PDs for corporate and SME corporate portfolios.

#### LGD estimates:

An LGD benchmarking approach was used due to limited default and recovery data.

#### EAD estimates:

EAD estimates were determined using a combination of external benchmark studies for committed lines and regulatory estimates for financial guarantees.

# Accounting policies (continued)

## 17. Financial instruments (continued)

### Impairment (continued)

Stage 1 – A financial instrument that is not credit impaired on initial recognition is classified in “Stage 1” and has its credit risk continuously monitored by the Bank.

Stage 2 – If a significant increase in credit risk (SICR) since initial recognition is identified, the financial instrument is moved to “Stage 2” but is not yet deemed to be credit impaired.

Stage 3 – If the financial instrument is credit impaired, the financial instrument is then moved to “Stage 3”.

Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stage 2 and 3 have their ECL measured based on expected credit losses on a lifetime basis. A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward looking information. The Bank does not rebut the presumption in IFRS 9 that all financial assets which are more than 30 days past due have experienced a significant increase in credit risk, and accordingly are classified as stage 2 in the calculation of ECL. In addition, the Bank’s policy is not to rebut the presumption in IFRS 9 that financial assets which are more than 90 days past due are in default, and accordingly are classified as stage 3 in the ECL calculation.

### Derivatives and hedging

A derivative is a financial instrument whose value changes in response to an underlying variable, that requires little or no initial investment and that is settled at a future date.

The Group uses derivative financial instruments to manage its exposure to foreign exchange risk and interest rate risk. Derivative financial instruments comprise of foreign exchange contracts and interest rate swaps. Derivative financial instruments are initially measured at fair value and are subsequently re-measured at their fair value with all changes in fair value recognised in profit or loss. The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Foreign exchange contracts are entered into mainly to cover import purchases and fair values are determined using foreign exchange market rates. Interest rate swaps are acquired into in order to fix interest rates for predetermined periods.

The Group designates interest rate swaps as cash flow hedges. Hedge accounting is used for derivatives designated in this way, provided specific criteria are met. The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in the cash flow hedging reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. If the hedged firm commitment or forecast transaction results in the recognition of a non-financial asset or liability, the cumulative amount recognised in equity up to the transaction date is adjusted against the initial measurement of the non-financial asset or liability. Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting.

Certain of the Group’s financial instruments are carried at fair value through profit or loss such as derivative financial instruments. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability between market participants at the measurement date. The best evidence of the fair value of a financial instrument at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets.

### Fair value determination

The method of determining the fair value of financial instruments is analysed into the following categories:

Level 1 – Unadjusted quoted prices in active markets where the quoted price is readily available, and the price represents actual and regularly occurring market transactions on an arm’s length basis.

Level 2 – Valuation techniques using market observable inputs, including: Using recent arm’s length market transactions; reference to the current fair value of similar instruments; and discounted cash flow analysis, pricing models or other techniques commonly used by market participants.

## 17. Financial instruments (continued)

### Fair value determination (continued)

Level 3 – Valuation techniques, as described for level 2 above, for which not all inputs are market observable prices or rates. Such a financial instrument is initially recognised at the transaction price, which is the best indicator of fair value, although the value obtained from the relevant valuation model may differ. The difference between the transaction price and the model value, commonly referred to as ‘day one profit and loss’, is either amortised over the life of the transaction, deferred until the instrument’s fair value can be determined using market observable inputs, or realised through settlement. The valuation techniques in level 2 and level 3 use inputs such as interest rate yield curves, equity prices, commodity and calibrated against industry standards, economic models and against observed transaction prices, where available.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position, when there is a legally enforceable right to set off the amounts and there is an intention to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Financial instruments have been grouped into classes for the purpose of financial instrument risk disclosure. The classes are the segments as disclosed in the segmental report as the operations within each segment have similar types of risks.

### Financial instruments comparative period

For the comparative period the Group has applied IAS 39 to the measurement and disclosure of financial instruments.

Financial instruments are initially measured at fair value plus, for instruments not carried at fair value through profit and loss, any directly attributable transaction costs.

An instrument is classified as at fair value through profit or loss if it is held-for-trading, is a derivative or is designated as such upon initial recognition.

A financial asset is classified as held-for-trading if it has been acquired principally for the purpose of selling in the near future or it has been part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-making.

Financial instruments at fair value through profit or loss are measured at fair value, with any resultant gain or loss being recognised in the income statement. The gain or loss recognised in the income statement excludes the interest and dividends earned on the financial asset, which are separately disclosed as such in the income statement. Held-for-trading financial instruments are measured at cost if the fair value cannot be reliably determined.

Financial instruments classified as available-for-sale financial assets are carried at fair value with any resultant gain or loss, other than impairment losses and foreign exchange gains and losses on monetary items, being recognised directly in equity. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest bearing, interest calculated using the effective interest rate method is recognised in profit or loss.

Listed Government bonds held in terms of statutory requirements are accounted for as available-for-sale financial assets.

If the Group has the positive intent and ability to hold debt securities to maturity, then they are classified as held-to-maturity. Investments that meet the criteria for classification as held-to-maturity financial assets are carried at amortised cost.

Where the instrument is not classified as one of the above, it is carried at amortised cost.

Listed and unlisted investments are classified as held-for-trading investments at fair value through profit or loss or available-for-sale financial assets. Fair value of listed investments is calculated by reference to stock and bond exchange quoted selling prices at the close of business on the statement of financial position date. Fair value of unlisted investments is determined by using appropriate valuation models.

Trade and other receivables originated by the Group or Company are stated at amortised cost less an allowance for impairment losses.

Cash and cash equivalents are measured at fair value, based on the relevant exchange rates at statement of financial position date.

Financial liabilities other than derivatives are recognised at amortised cost using the effective interest rate method.

Derivative instruments are measured at fair value through profit and loss.

# Accounting policies (continued)

## 17. Financial instruments (continued)

### Financial instruments comparative period (continued)

Where a derivative is designated as a cash flow hedge, the effective part of the gains or losses from remeasuring the hedging instruments to fair value are initially recognised directly in equity. If the hedged firm commitment or forecast transaction results in the recognition of a non-financial asset or liability, the cumulative amount recognised in equity up to the transaction date is adjusted against the initial measurement of the non-financial asset or liability. The ineffective part of any gain or loss is recognised in the income statement immediately. For other cash flow hedges, the cumulative amount recognised in equity is included in net profit or loss in the period when the commitment or forecast transaction affects profit or loss.

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

Banking advances are stated at amortised cost after the deduction of amounts that, in the opinion of the directors, are required as specific and portfolio impairments. Specific impairments are raised for doubtful advances, including amounts in respect of interest not being serviced and after taking security values into account, and are deducted from advances where the outstanding balance exceeds the value of the security held. A portfolio impairment based on historic experience is raised to cover doubtful advances, which may not be specifically identified at the statement of financial position date. The specific and portfolio impairments made during the year are charged to the income statement.

## 18. Vehicle rental fleet

The Bidvest Car Rental fleet is stated at cost less accumulated depreciation. Depreciation is provided on a straight-line basis to write off the cost of the vehicles to their residual value over their estimated useful life of between nine and 12 months.

## 19. Inventories

Inventories are stated at the lower of cost and estimated net realisable value. Estimated net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of raw materials, finished goods, parts and accessories is determined on either the first in, first out or average cost basis. The cost of manufactured inventory and work in progress includes materials and parts, direct labour, other direct costs and includes an appropriate portion of overheads, but excludes interest expenses.

Vehicles and vehicle parts purchased in terms of manufacturers' standard franchise agreements or floorplan facilities are recognised as assets when received as this is when control has been transferred.

## 20. Treasury shares

Shares in the Company, held by its subsidiary, The Bidvest Incentive Scheme and The Bidvest Education Trust, are classified in the Group's shareholders' interest as treasury shares. These shares are treated as a deduction from the issued and weighted average number of shares. The cost price of the shares is presented as a deduction from total equity. Distributions received on treasury shares are eliminated on consolidation.

## 21. Foreign currencies

Transactions in foreign currencies are translated at the rates of exchange ruling at the transaction date. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the statement of financial position date. Translation differences are recognised in the income statement.

## 22. Share-based payments

The Bidvest Incentive Scheme grants share appreciation rights to acquire shares in the Company to employees. The fair value of appreciation rights granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the appreciation right is measured using a modified Black-Scholes model, taking into account the terms and conditions upon which the appreciation rights were granted. The amount recognised as an expense is adjusted to reflect the actual number of appreciation rights that vest except where staff are unable to meet the scheme's employment requirements.

In terms of the conditional share plan scheme, a conditional right to a share is awarded to executive directors subject to performance and vesting conditions. The fair value of services received in return for the conditional share awards has been determined by multiplying the number of conditional share awards expected to vest, by the share price at the date of the award less discounted anticipated future distribution flows.

## 23. Employee benefits

Leave benefits due to employees are recognised as a liability in the financial statements.

The Group's liability for post-retirement benefits, accruing to past and current employees in terms of defined benefit schemes, is actuarially calculated. Where the plan is funded, the obligation is reduced by the fair value of the plan assets. Unfunded obligations are recognised as a liability in the financial statements.

The Group's obligation for post-retirement medical aid to past and current employees is actuarially determined and provided for in full.

The projected unit-credit method is used to determine the present value of the defined benefit obligations and the related current service cost and, where applicable, past service cost.

Actuarial gains or losses in respect of defined benefit plans are recognised in other comprehensive income.

However, when the actuarial calculation results in a benefit to the Group, the recognised asset is limited to the net total of any unrecognised past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

Past service costs are recognised in the income statement in the period of a plan amendment.

Liabilities for employee benefits which are not expected to be settled within twelve months are discounted using the market yields at the statement of financial position date on high quality bonds with terms that most closely match the terms of maturity of the related liabilities.

Contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

## 24. Short-term insurance

Insurance contracts are those contracts under which Bidvest Insurance Limited (as insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects them. Short-term insurance is provided in terms of benefits under short-term policies which cover motor, property, liability, accident and health, and miscellaneous.

Claims incurred consists of claims paid during the financial year, together with the movement in the provision for outstanding claims and are charged to income as incurred. The provision for outstanding claims comprises Bidvest Insurance Limited's estimate of the undiscounted ultimate cost of settling all claims incurred but unpaid at statement of financial position date, whether reported or not. A provision for claims arising from events that occurred before the close of the accounting period, but which have not been reported to the Company by that date is maintained. The calculation is based on the preceding six years' insurance premium revenue per insurance category multiplied by percentages as specified in the Short-Term Insurance Act. Related anticipated reinsurance recoveries are disclosed separately as assets.

Premiums are earned from the date the risk attaches, over the indemnity period, based on the pattern of the risk underwritten. Unearned premiums, which represent the proportion of premiums written in the current year which relate to risks that have not expired by the end of the financial year, are calculated on a time proportionate basis. Deferred acquisition costs are recognised on a basis consistent with the related provisions for earned premiums.

## 25. Life assurance

Insurance contracts are those contracts under which Bidvest Life Limited (as insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects them.

Bidvest Life Limited defines significant insurance risk as the possibility of having to pay benefits, on the occurrence of an insured event, that are significantly more than the benefits payable if the insured event did not occur.

Insurance contracts are classified into two main categories, depending on the duration of the risk and the type of risk insured, individual life insurance and group life insurance.

Individual life insurance contracts insure against a comprehensive spectrum of risks, including life, disability, severe illness and income protection cover. These contracts are long-term in nature.

The actuarial value of policyholder liabilities is determined based on a prospective discounted cash flow valuation basis calculated as the difference between the present value of future benefit payments plus expenses and the present value of future premiums. Best estimate assumptions regarding the future expected claims experience, premium income, expenses and commission are used. Where the value of policyholder liabilities is negative in aggregate, this is shown as assets arising from insurance contracts.

# Accounting policies (continued)

## 25. Life assurance (continued)

For individual life insurance contracts, premiums are recognised as revenue when due. Premiums are shown before deducting reinsurance and commission.

Insurance benefits and claims relating to individual life insurance contracts are recognised in profit or loss based on the estimated liability for benefits owed to the contract holder. Death, disability and severe illness claims are accounted for when notified and paid. An estimate of the expected claim amount is charged to profit or loss and included in liabilities under insurance contracts. Liabilities are held to reflect incurred but not yet reported (IBNR) claims. The IBNR liabilities are modified to reflect actual current operating conditions. The liabilities are calculated gross of reinsurance. An asset is then raised to allow for the expected recoveries from reinsurers.

Acquisition costs for individual life insurance contracts represent commission and other costs that relate to the securing of new contracts and the renewing of existing contracts. The valuation basis for valuing insurance contracts makes implicit allowance for the deferral of acquisition costs and hence no explicit deferred acquisition cost asset is recognised in the statement of financial position. These are expensed in profit or loss.

Group life insurance contracts insure against a comprehensive spectrum of protection benefits on a group basis. Life cover, severe illness, disability and income protection benefits are offered. These contracts are short-term in nature and are renewable annually.

For group life insurance contracts, premiums are recognised as revenue when due. Premiums are shown before the deducting reinsurance and commission.

Insurance benefits and claims relating to group life insurance contracts are recognised in profit or loss based on the estimated liability for benefits owed to the contract holder. Death, disability and severe illness are accounted for when notified and paid. An estimate of the expected claim amount is charged to profit or loss and included in liabilities under insurance contracts. Liabilities are held to reflect IBNR claims. The IBNR is modified to reflect actual current operating conditions. The liabilities are calculated gross of reinsurance. An asset is then raised to allow for the expected recoveries from reinsurers.

Acquisition costs for group life insurance contracts comprise all direct costs arising from the sale of insurance contracts. Commissions are expensed as incurred.

Contracts entered into with reinsurers under which Bidvest Life Limited is compensated for insured events on one or more contracts that meet the classification requirements for insurance contracts are classified as reinsurance contracts. Contracts that do not meet these classification requirements are classified as financial assets.

Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. The amounts Bidvest Life Limited is required to pay under its reinsurance contracts held are recognised as reinsurance liabilities (liabilities arising from reinsurance contracts). Outward reinsurance premiums are recognised as an expense and are accounted for when due under the reinsurance contract.

The amounts due to Bidvest Life Limited under its reinsurance contracts are recognised as reinsurance assets.

Receipts and payments under investment contracts are not classified as insurance transactions in the income statement but instead are deposit accounted in the statement of financial position, in accordance with IAS 39.

## 26. Segmental reporting

The reportable segments of the Group have been identified based on the nature of the businesses. This basis is representative of the internal structure for management purposes and as reported to the chief operating decision maker (CODM), Lindsay Ralphs.

The CODM has identified the seven reportable segments as follows:

### **Bidvest Automotive**

An industry-leader and innovator, known for setting the national standard in technical training with its rapid adoption of online motor retailing and the development of sophisticated systems to drive customer service. It also operates in the car rental and vehicle auctioneering sectors.

## 26. Segmental reporting (continued)

### **Bidvest Commercial Products**

The industrial grouping of companies includes manufacturing and trading businesses in South Africa, representing global brands which include Hitachi Power Tools, Signode (strapping), Unicarriers (forklifts), Rational Ovens, Tajima (embroidery machines), Juki (sewing machines) and Tesa Tapes, while Plumblink supplies a full range of bathroom and plumbing products. The Consumer division comprises trading and distribution businesses representing local and global brands such as Russell Hobbs, Salton, George Foreman, Yamaha and prestigious luggage and travel accessories brands such as Cellini. Additional consumer products include motor vehicle accessories (Moto Quip), camping and outdoor equipment (Leisure Quip) and distribution of branded dinnerware, homeware and cutlery (Maxwell & Williams and Noritake) into the retail market.

### **Bidvest Electrical**

A leading distributor of a vast array of electrical, cable and allied products. Through the Voltex distribution outlets, Bidvest Electrical services the industrial, mining, contractor, construction, engineering and retail sectors.

### **Bidvest Financial Services**

Comprises Bidvest Bank, the Bidvest Insurance Group (which offers both long- and short-term insurance offerings), and Master Currency Foreign Exchange. The prevailing strategy includes diversifying a historically foreign exchange and fleet-focused customer base to one that includes business and personal banking services.

### **Bidvest Freight**

A leading private sector freight management group in sub-Saharan Africa, drawing on more than 150 years of portside experience, whose primary objective is to handle multiple products across berths and provide capacity to serve current and future demand. Independent businesses focus on terminal operations and support, international clearing and freight forwarding, integrated logistics, supply chain solutions and marine and insurance services. The segment facilitates storage, handling and movement of cargo via ocean freight, air freight, road and rail.

### **Bidvest Office and Print**

Offers a comprehensive suite of services relating to office products, office automation and office furniture, while also meeting all print, packaging, labelling and communication requirements. Offerings include the supply of stationery, paper or printer cartridges, and packaging and data services.

### **Bidvest Services**

The largest employer in the Group, whose vision is to be the leading integrated facilities management provider offering solutions that deliver one stop outsourced expertise that drives efficiencies and cost reductions. Service offerings include facilities management, security, travel and aviation services.

“Profit before finance charges and associate income” includes revenue and expenses directly relating to a business segment but excludes net finance charges and taxation, which cannot be allocated to any specific segment. Share-based payment costs are also excluded from the result as this is not a criteria used in the management of the reportable segments.

“Segmental trading profit” is defined as operating profit excluding items of a capital nature, acquisitions costs and amortisation of acquired customer contracts and is the basis on which management’s performance is assessed.

Segment operating assets and liabilities include property, plant and equipment, investments, associates, inventories, trade and other receivables, trade and other payables, banking assets and liabilities, insurance funds and post-retirement obligations but excludes cash, borrowings, vendors for acquisition, puttable non-controlling interest liabilities, current taxation, and deferred taxation.

## 27. Re-presentation of comparatives

The Group operates an equity settled share-based payment scheme. In the comparative period the Group presented the intragroup cash flows for settling the obligations as gross amounts in the cash flow statement. No external Group cash flows arise as a result of these transactions, therefore the prior year cash flow statement has been re-presented accordingly. This re-presentation had no impact on the Group’s cash and cash equivalents or statement of financial position, however cash generated by operations increased by R418 million in 2018, and the cash flow from financing activities declined by R418 million.

# Consolidated income statement

for the year ended 30 June

	Notes	2019 R'000	2018 R'000
<b>Revenue</b>	1	<b>77 152 384</b>	76 963 472
Cost of revenue		(54 142 671)	(54 716 818)
<b>Gross profit</b>		<b>23 009 713</b>	22 246 654
Operating expenses		(16 952 252)	(16 199 932)
Other income		310 208	319 558
Income from investments		368 258	142 795
<b>Trading profit</b>		<b>6 735 927</b>	6 509 075
Share-based payment expense		(190 109)	(154 986)
Acquisition costs and customer contracts amortisation		(65 858)	(82 901)
Net capital items	2	(787 102)	(351 977)
<b>Profit before finance charges and associate income</b>	2	<b>5 692 858</b>	5 919 211
Net finance charges	3	(1 054 933)	(1 020 730)
Finance income		180 461	158 709
Finance charges		(1 235 394)	(1 179 439)
Share of profit of associates		583 198	423 729
Current period earnings		592 104	431 857
Net capital items	2	(8 906)	(8 128)
<b>Profit before taxation</b>		<b>5 221 123</b>	5 322 210
Taxation	4	(1 417 193)	(1 436 597)
<b>Profit for the year</b>		<b>3 803 930</b>	3 885 613
<b>Attributable to</b>			
Shareholders of the Company		3 775 282	3 817 996
Non-controlling interests		28 648	67 617
		<b>3 803 930</b>	3 885 613
Basic earnings per share (cents)	5	1 119.4	1 137.3
Diluted basic earnings per share (cents)	5	1 116.4	1 132.4
<b>Supplementary information</b>			
Normalised headline earnings per share (cents)	5	1 320.0	1 254.9
Headline earnings per share (cents)	5	1 352.1	1 231.6
Diluted headline earnings per share (cents)	5	1 348.4	1 226.3
Dividends per share (cents)	6	600.0	556.0

# Consolidated statement of other comprehensive income

for the year ended 30 June

	2019 R'000	2018 R'000
<b>Profit for the year</b>	<b>3 803 930</b>	3 885 613
<b>Other comprehensive income (expense) net of taxation</b>		
<i>Items that may be reclassified subsequently to profit or loss</i>	<b>(38 166)</b>	(38 783)
Decrease in foreign currency translation reserve	<b>(11 044)</b>	(31 331)
Exchange differences arising during the year	<b>(12 617)</b>	(7 452)
Decrease in fair value of cash flow hedges	<b>(17 523)</b>	(10 350)
Fair value loss arising during the year	<b>4 906</b>	2 898
Taxation effect for the year	<b>(14 505)</b>	–
Share of other comprehensive income of associates		
Other comprehensive income transferred to profit or loss		
Realisation of exchange differences on disposal of subsidiaries and or associates	<b>(42 903)</b>	–
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Changes in the fair value of financial assets recognised through other comprehensive income ^	<b>23 849</b>	(3 111)
Share of other comprehensive income of associates	<b>677</b>	–
Defined benefit obligations	<b>(679)</b>	2 031
Net remeasurement of defined benefit obligations during the year	<b>(943)</b>	2 920
Taxation effect for the year	<b>264</b>	(889)
<b>Total comprehensive income for the year</b>	<b>3 746 708</b>	3 845 750
<b>Attributable to</b>		
Shareholders of the Company	<b>3 718 156</b>	3 785 885
Non-controlling interest	<b>28 552</b>	59 865
	<b>3 746 708</b>	3 845 750

^ Changes in the fair value of equity instruments elected as FVOCI have been reclassified for comparative periods.

# Consolidated statement of cash flows

for the year ended 30 June

	Notes	2019 R'000	2018 *Re-presented R'000
<b>Cash flows from operating activities</b>		<b>2 580 285</b>	<b>5 386 455</b>
Cash generated by operations	7	7 068 926	9 785 714
Finance income		180 461	158 709
Finance charges	9	(1 227 517)	(1 197 508)
Taxation paid	10	(1 422 308)	(1 297 155)
Distributions to shareholders	11	(2 019 277)	(2 063 305)
<b>Cash effects of investment activities</b>		<b>(3 281 913)</b>	<b>(5 872 506)</b>
Amounts advanced to associates		(52 500)	–
Proceeds on disposal of investments		1 027 405	390 009
Investments acquired		(856 027)	(431 933)
Additions to property, plant and equipment		(2 516 846)	(2 554 217)
Additions to vehicle rental fleet		(1 002 221)	(1 035 398)
Additions to intangible assets		(165 118)	(123 754)
Proceeds on disposal of property, plant and equipment		318 676	349 864
Proceeds on disposal of vehicle rental fleet		758 887	1 108 643
Proceeds on disposal of intangible assets		4 873	21 710
Acquisition of businesses, subsidiaries and associates	12	(1 344 920)	(3 272 999)
Proceeds on disposal of interests in subsidiaries and associates, and disposal and closure of businesses	13	545 878	(324 431)
<b>Cash effects of financing activities</b>		<b>(766 609)</b>	<b>253 211</b>
Transactions with non-controlling interests		(757 645)	–
Settlement of puttable non-controlling interest liabilities		(16 500)	–
Borrowings raised	8	3 124 004	3 669 023
Borrowings repaid	8	(3 116 468)	(3 415 812)
<b>Net decrease in cash and cash equivalents</b>		<b>(1 468 237)</b>	<b>(232 840)</b>
Cash and cash equivalents at beginning of year		3 514 398	3 886 417
Cash and cash equivalents of the Bidvest Education Trust		–	23 094
Cash and cash equivalents of disposal groups held for sale		–	(122 651)
Effects of exchange rate fluctuations on cash and cash equivalents		(11 638)	(39 622)
<b>Cash and cash equivalents at end of year</b>		<b>2 034 523</b>	<b>3 514 398</b>
<b>Cash and cash equivalents comprise</b>			
Cash and cash equivalents	24	6 617 075	6 168 293
Bank overdrafts included in short-term portion of borrowings	29	(4 582 552)	(2 653 895)
		<b>2 034 523</b>	<b>3 514 398</b>

\* Refer to note 27 of the accounting policies.

# Consolidated statement of financial position

for the year ended 30 June

	Notes	2019 R'000	2018 R'000
<b>ASSETS</b>			
<b>Non-current assets</b>		<b>31 011 664</b>	<b>28 950 541</b>
Property, plant and equipment	14	12 048 736	11 173 458
Intangible assets	15	3 378 627	3 367 806
Goodwill	16	5 424 027	4 447 769
Deferred taxation assets	17	845 421	761 368
Defined benefit pension surplus	30	241 390	224 577
Interest in associates	18	5 803 569	5 342 027
Life assurance fund	28	44 175	21 324
Investments	19	1 732 951	2 802 905
Banking and other advances	20	1 492 768	809 307
<b>Current assets</b>		<b>30 834 644</b>	<b>29 131 418</b>
Vehicle rental fleet	21	1 277 803	1 205 591
Inventories	22	8 558 967	8 515 551
Short-term portion of banking and other advances	20	1 162 407	1 082 937
Short-term portion of investments	19	1 211 481	–
Trade and other receivables	23	11 724 064	12 033 937
Taxation		282 847	125 109
Cash and cash equivalents	24	6 617 075	6 168 293
Disposal group assets held for sale		–	253 919
<b>Total assets</b>		<b>61 846 308</b>	<b>58 335 878</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>		<b>25 922 832</b>	<b>24 980 709</b>
Capital and reserves attributable to shareholders of the Company	25	25 618 212	23 957 082
Non-controlling interests		304 620	1 023 627
<b>Non-current liabilities</b>		<b>8 946 369</b>	<b>8 899 765</b>
Deferred taxation liabilities	17	1 335 156	1 209 549
Life assurance fund	28	–	10 545
Long-term portion of borrowings	29	7 008 238	7 122 485
Post-retirement obligations	30	74 317	76 943
Puttable non-controlling interest liabilities	31	82 317	90 530
Long-term portion of provisions	35	350 705	248 633
Long-term portion of operating lease liabilities	33	95 636	141 080
<b>Current liabilities</b>		<b>26 977 107</b>	<b>24 423 619</b>
Trade and other payables	34	11 991 853	12 983 511
Short-term portion of provisions	35	332 465	281 532
Vendors for acquisition		518 231	22 708
Taxation		291 042	168 844
Amounts owed to bank depositors	32	6 407 490	5 621 142
Short-term portion of borrowings	29	7 436 026	5 345 882
Disposal group liabilities held for sale		–	31 785
<b>Total equity and liabilities</b>		<b>61 846 308</b>	<b>58 335 878</b>

# Consolidated statement of changes in equity

for the year ended 30 June

	2019 R'000	2018 R'000
<b>Equity attributable to shareholders of the Company</b>	<b>25 618 212</b>	<b>23 957 082</b>
<b>Share capital</b>	<b>16 948</b>	<b>16 873</b>
Balance at beginning of the year	16 873	16 770
Shares issued during the year	75	103
<b>Share premium</b>	<b>1 099 231</b>	<b>797 717</b>
Balance at beginning of the year	797 717	379 792
Shares issued during the year	302 012	418 505
Share issue costs	(498)	(580)
<b>Foreign currency translation reserve</b>	<b>208 936</b>	<b>262 787</b>
Balance at beginning of the year	262 787	286 628
Movement during the year	(10 948)	(23 168)
Realisation of reserve on disposal of subsidiaries and associates	(42 903)	(673)
<b>Hedging reserve</b>	<b>(13 580)</b>	<b>(963)</b>
Balance at beginning of the year	(963)	6 489
Fair value loss arising during the year	(17 523)	(10 350)
Taxation recognised directly in reserve	4 906	2 898
<b>Equity-settled share-based payment reserve</b>	<b>(343 118)</b>	<b>(243 388)</b>
Balance at beginning of year	(243 388)	(14 787)
Arising during current year	191 070	155 637
Taxation recognised directly in reserve	34 289	36 540
Utilisation during the year	(324 656)	(419 756)
Realisation of reserve on disposal of subsidiaries and associates	8 049	(1 022)
Transfer of equity-settled share-based payment reserve as a result of changes in shareholding of subsidiaries	2 734	-
Transfer to retained earnings	(11 216)	-
<b>Movement in retained earnings</b>	<b>24 012 732</b>	<b>22 486 993</b>
Balance at beginning of the year	22 486 993	20 279 261
IFRS 15 adjustment to balance at beginning of the period	(38 723)	-
IFRS 9 adjustment to balance at beginning of the period	(41 360)	-
Attributable profit	3 775 282	3 817 996
Changes in the fair value of financial assets recognised through other comprehensive income	23 849	(3 111)
Net remeasurement of defined benefit obligations during the year	(679)	1 620
Net dividends paid	(1 964 229)	(1 740 197)
Net remeasurement of put option liability	(7 115)	(5 025)
Retained earnings arising on consolidation of the Bidvest Education Trust	-	222 155
Transfer of reserves as a result of changes in shareholding of subsidiaries and other transactions with subsidiaries	(218 674)	(85 706)
Share of other comprehensive income of associates	(13 828)	-
Transfer from share-based payment reserve	11 216	-
<b>Treasury shares</b>	<b>637 063</b>	<b>637 063</b>
Balance at beginning of the year	637 063	743 152
Treasury shares arising on consolidation of the Bidvest Incentive Trust	-	(106 089)
<b>Equity attributable to non-controlling interests of the Company</b>	<b>304 620</b>	<b>1 023 627</b>
Balance at beginning of the year	1 023 627	1 347 018
IFRS 15 adjustment to balance at beginning of the period	(14 506)	-
IFRS 9 adjustment to balance at beginning of the period	(2 512)	-
Total comprehensive income	28 552	59 865
Attributable profit	28 648	67 617
Movement in foreign currency translation reserve	(96)	(8 163)
Net remeasurement of defined benefit obligations during the year	-	411
Dividends paid	(51 207)	(319 984)
Movement in equity-settled share-based payment reserve	(961)	(651)
Transfer of equity-settled share-based payment reserve as a result of changes in shareholding of subsidiaries	(2 734)	-
Changes in shareholding	(894 313)	(125 405)
Grant of put options to non-controlling interests	-	(22 922)
Transfer of reserves as a result of changes in shareholding of subsidiaries	218 674	85 706
<b>Total equity</b>	<b>25 922 832</b>	<b>24 980 709</b>

# Notes to the consolidated financial statements

for the year ended 30 June

## Consolidated segmental analysis

	2019 R'000	2018 R'000	% change
<b>Segmental revenue</b>			
Services	20 836 950	18 968 423	9.9
Freight	6 419 165	6 074 971	5.7
Office and Print	9 434 827	9 304 937	1.4
Commercial Products	9 072 434	8 920 467	1.7
Automotive	23 441 764	24 701 500	(5.1)
Financial Services	2 700 993	2 562 848	5.4
Electrical	5 384 010	5 695 171	(5.5)
Properties	589 996	531 981	10.9
Corporate and investments	3 307 137	4 064 390	(18.6)
	<b>81 187 276</b>	<b>80 824 688</b>	<b>0.4</b>
Inter-group eliminations	(4 034 892)	(3 861 216)	
	<b>77 152 384</b>	<b>76 963 472</b>	<b>0.2</b>
<b>Segmental trading profit</b>			
Services	2 240 065	1 991 786	12.5
Freight	1 368 629	1 318 298	3.8
Office and Print	735 444	700 748	5.0
Commercial Products	616 943	710 492	(13.2)
Automotive	609 003	602 136	1.1
Financial Services	584 503	631 868	(7.5)
Electrical	257 666	300 257	(14.2)
Properties	545 354	475 639	14.7
Corporate and investments	(221 680)	(222 149)	(0.2)
	<b>6 735 927</b>	<b>6 509 075</b>	<b>3.5</b>
<b>Segmental profit before finance charges and associate income</b>			
Services	2 076 760	1 865 718	11.3
Freight	1 380 281	1 399 498	(1.4)
Office and Print	691 414	631 966	9.4
Commercial Products	616 727	710 196	(13.2)
Automotive	576 932	589 789	(2.2)
Financial Services	572 141	626 218	(8.6)
Electrical	257 666	290 731	(11.4)
Properties	603 390	477 905	26.3
Corporate and investments	(892 344)	(517 824)	72.3
	<b>5 882 967</b>	<b>6 074 197</b>	<b>(3.1)</b>
Share-based payment expense	(190 109)	(154 986)	
	<b>5 692 858</b>	<b>5 919 211</b>	<b>(3.8)</b>
<b>Segmental operating assets</b>			
Services	5 210 484	5 209 904	–
Freight	6 690 921	5 728 589	16.8
Office and Print	3 333 676	3 199 313	4.2
Commercial Products	3 667 654	3 762 876	(2.5)
Automotive	5 434 875	5 783 899	(6.0)
Financial Services	6 576 227	5 502 744	19.5
Electrical	2 754 975	2 629 086	4.8
Properties	3 229 688	2 801 996	15.3
Corporate and investments	9 123 945	9 283 980	(1.7)
	<b>46 022 445</b>	<b>43 902 387</b>	<b>4.8</b>
Inter-group eliminations	(724 134)	(690 773)	
	<b>45 298 311</b>	<b>43 211 614</b>	<b>4.8</b>

# Notes to the consolidated financial statements (continued)

for the year ended 30 June

## Consolidated segmental analysis (continued)

	2019 R'000	2018 R'000	% change
<b>Segmental operating liabilities</b>			
Services	2 896 395	3 060 388	(5.4)
Freight	3 117 376	3 193 082	(2.4)
Office and Print	1 449 495	1 535 893	(5.6)
Commercial Products	1 264 762	1 296 969	(2.5)
Automotive	1 969 289	2 317 409	(15.0)
Financial Services	7 564 233	6 766 924	11.8
Electrical	796 656	914 579	(12.9)
Properties	28 082	26 402	6.4
Corporate and investments	890 312	942 513	(5.5)
	<b>19 976 600</b>	<b>20 054 159</b>	<b>(0.4)</b>
Inter-group eliminations	(724 134)	(690 773)	
	<b>19 252 466</b>	<b>19 363 386</b>	<b>(0.6)</b>
<b>Segmental depreciation</b>			
Services	496 818	476 750	4.2
Freight	260 595	293 989	(11.4)
Office and Print	115 418	124 501	(7.3)
Commercial Products	100 447	97 084	3.5
Automotive	80 854	70 994	13.9
Financial Services	221 003	212 972	3.8
Electrical	33 714	32 044	5.2
Properties	4 873	4 765	2.3
Corporate and investments	65 232	96 689	(32.5)
	<b>1 378 954</b>	<b>1 409 788</b>	<b>(2.2)</b>
<b>Segmental capital expenditure</b>			
Services	573 263	558 087	2.7
Freight	737 085	860 672	(14.4)
Office and Print	87 745	89 309	(1.8)
Commercial Products	100 653	163 430	(38.4)
Automotive	99 810	121 638	(17.9)
Financial Services	378 953	294 669	28.6
Electrical	62 331	47 508	31.2
Properties	396 777	345 971	14.7
Corporate and investments	106 066	96 957	9.4
	<b>2 542 683</b>	<b>2 578 241</b>	<b>(1.4)</b>

	2019 R'000	2018 R'000	% change
<b>Segmental amortisation and impairments on intangible assets</b>			
Services	55 400	46 705	18.6
Freight	15 572	17 437	(10.7)
Office and Print	11 712	14 131	(17.1)
Commercial Products	9 743	8 716	11.8
Automotive	7 603	5 897	28.9
Financial Services	34 304	24 802	38.3
Electrical	7 783	8 712	(10.7)
Corporate and investments	7 447	11 488	(35.2)
	<b>149 564</b>	<b>137 888</b>	<b>8.5</b>
<b>Segmental goodwill and intangible assets</b>			
Services	5 229 345	4 424 966	18.2
Freight	143 355	132 398	8.3
Office and Print	368 868	282 754	30.5
Commercial Products	1 872 578	1 837 841	1.9
Automotive	283 886	272 740	4.1
Financial Services	456 200	437 710	4.2
Electrical	141 533	144 544	(2.1)
Properties	21 034	21 034	–
Corporate and investments	285 855	261 588	9.3
	<b>8 802 654</b>	<b>7 815 575</b>	<b>12.6</b>
<b>Employee benefits and remuneration</b>			
Services	12 255 064	11 116 376	10.2
Freight	1 592 521	1 535 414	3.7
Office and Print	1 577 071	1 569 998	0.5
Commercial Products	1 289 268	1 230 498	4.8
Automotive	1 976 034	1 992 924	(0.8)
Financial Services	767 688	670 790	14.4
Electrical	634 626	638 332	(0.6)
Properties	17 386	23 151	(24.9)
Corporate and investments	807 824	979 345	(17.5)
	<b>20 917 482</b>	<b>19 756 828</b>	<b>5.9</b>
Share-based payment expense	190 109	154 986	
	<b>21 107 591</b>	<b>19 911 814</b>	<b>6.0</b>
<b>Number of employees</b>			
Services	93 710	99 990	(6.3)
Freight	4 623	4 284	7.9
Office and Print	6 543	6 434	1.7
Commercial Products	6 303	6 237	1.1
Automotive	5 488	5 597	(1.9)
Financial Services	1 796	1 810	(0.8)
Electrical	2 355	2 502	(5.9)
Properties	14	14	–
Corporate and investments	3 009	4 009	(24.9)
	<b>123 841</b>	<b>130 877</b>	<b>(5.4)</b>

# Notes to the consolidated financial statements (continued)

for the year ended 30 June

	2019 R'000	2018 R'000
<b>1. Revenue</b>		
Sale of goods	47 225 819	48 875 808
Rendering of services	28 520 442	26 751 473
Commissions and fees earned	2 646 942	2 497 425
Billings relating to clearing and forwarding transactions	2 295 850	2 252 914
Insurance	498 223	447 068
	<b>81 187 276</b>	<b>80 824 688</b>
Inter-group eliminations	<b>(4 034 892)</b>	<b>(3 861 216)</b>
Revenue	<b>77 152 384</b>	<b>76 963 472</b>
<p>Included in commissions and fees earned is R1.9 billion (2018: R1.9 billion) which does not relate to revenue from contracts with customers but commissions and fees from rendering financial services. Included in rendering of services is R1.13 billion (2018: R1.10 billion) of rental income which does not relate to revenue from contracts with customers but vehicle rentals in the scope of IAS 17. All other categories other than Insurance relate to revenue from contracts with customers.</p>		
<i>Disaggregation of revenue</i>		
Services	19 790 012	18 056 553
Freight	6 125 486	5 735 582
Office and Print	8 523 373	8 369 290
Commercial Products	8 511 954	8 481 968
Automotive	23 158 618	24 403 008
Financial Services	2 502 604	2 376 997
Electrical	5 247 272	5 490 650
Properties	55 145	55 810
Corporate and investments	3 237 920	3 993 614
	<b>77 152 384</b>	<b>76 963 472</b>

	2019 R'000	2018 R'000
<b>2. Profit before finance charges and associate income</b>		
<i>Determined after charging (crediting)</i>		
Auditor's remuneration (PricewaterhouseCoopers Inc./Deloitte prior)	67 997	78 527
Audit fees	64 104	68 565
Audit-related expenses	86	781
Consulting fees	2 346	6 270
Taxation services	817	1 240
Other attest services	644	1 671
Auditors' remuneration (other auditors)	15 517	12 218
Audit fees	11 728	9 022
Audit-related expenses	273	55
Consulting fees	698	155
Taxation services	1 853	840
Other attest services	965	2 146
Depreciation of property, plant and equipment	1 378 954	1 409 788
Buildings	4 354	2 188
Leasehold premises	91 355	84 579
Plant and equipment	323 374	400 158
Office equipment, furniture and fittings	303 976	291 532
Vehicles, vessels and craft	258 876	257 361
Rental assets	219 636	202 522
Capitalised leased assets	1 546	351
Full maintenance lease assets	175 837	171 097
Depreciation of vehicle rental fleet	171 144	134 077
Amortisation of intangible assets	147 916	136 773
Patents, trademarks, tradenames and other intangibles	53 779	46 672
Computer software	94 137	90 101
Impairment of assets	46 899	110 541
Property, plant and equipment #	9 580	3 311
Intangible assets #	1 648	1 115
Goodwill #	–	15 258
Banking and other advances	3 273	16 108
Trade receivables	32 398	74 749
<i>Determined after charging (crediting)</i>		
Compensation received on scrapping, loss or impairment of property, plant and equipment #	(16 835)	(85 702)
Remeasurement to recoverable fair value of associates #	623 941	248 709
Executive directors*	76 369	64 408
Basic remuneration	30 777	25 329
Retirement and medical benefits	2 078	2 214
Other benefits and costs	1 882	1 891
Cash incentives	41 632	34 974
Non-executive directors*	10 827	8 566
Fees – Company	8 127	6 587
– subsidiaries	2 700	1 979

# Notes to the consolidated financial statements (continued)

for the year ended 30 June

	2019 R'000	2018 R'000
<b>2. Profit before finance charges and associate income</b> (continued)		
Employer contributions to	<b>1 192 701</b>	1 122 165
Defined contribution pension funds	<b>93 225</b>	77 920
Provident funds	<b>668 490</b>	648 321
Retirement funds	<b>84 927</b>	70 922
Social securities	<b>14 137</b>	6 052
Medical aids	<b>331 922</b>	318 950
Net expense related to post-retirement obligations for current service costs	<b>3 774</b>	2 515
Defined benefit pension plans	<b>4 018</b>	5 017
Post-retirement medical aid obligations	<b>(244)</b>	(2 502)
Share-based payment expense	<b>190 109</b>	154 986
Staff	<b>154 121</b>	131 729
Executive directors	<b>35 988</b>	23 257
Fees for administrative, managerial and technical services	<b>4 390</b>	7 182
Research and development expenditure	<b>1 407</b>	1 233
Foreign exchange (gains) losses on hedging activities	<b>(30 207)</b>	(40 675)
Forward exchange contracts	<b>(32 312)</b>	(40 004)
Foreign bank accounts	<b>2 105</b>	(671)
Other foreign exchange losses	<b>36 209</b>	15 514
Realised	<b>15 695</b>	13 470
Unrealised	<b>20 514</b>	2 044
Income from investments	<b>(368 258)</b>	(142 795)
Dividends received from listed investments	<b>(20 881)</b>	(22 274)
Dividends received from unlisted investments	<b>(50 512)</b>	(28 637)
Profit on disposal	<b>(66 930)</b>	(18 608)
Fair value adjustments on investments held-for-trading	<b>(229 935)</b>	(73 276)
Net capital loss <sup>#</sup>	<b>168 768</b>	169 286
Net profit on disposal of property, plant and equipment	<b>(28 192)</b>	(39 796)
Net loss on disposal of interests in subsidiaries and associates, and disposal and closure of businesses	<b>201 209</b>	185 654
Impairment of disposal groups held for sale	<b>-</b>	39 323
Net (profit) loss on disposal of intangible assets	<b>(4 249)</b>	(15 895)
Operating lease charges	<b>1 739 980</b>	1 651 715
Land and buildings	<b>1 368 011</b>	1 317 433
Equipment and vehicles	<b>371 969</b>	334 282
<sup>#</sup> Items above included as capital items on consolidated income statement	<b>787 102</b>	351 977

\* Refer Annexure B for detailed disclosure.

	2019 R'000	2018 R'000
<b>3. Net finance charges</b>		
Finance income	<b>688 436</b>	603 909
Interest income on banking and other advances	<b>568 394</b>	443 386
Interest income on bank balances	<b>69 832</b>	114 953
Interest imputed on post-retirement assets	<b>21 509</b>	19 796
Interest income on financial instruments held at fair value through other comprehensive income	<b>28 701</b>	25 774
Finance charges	<b>(1 549 598)</b>	(1 459 856)
Interest expense on amounts owed to bank depositors	<b>(332 927)</b>	(317 059)
Interest expense on bank overdrafts	<b>(75 930)</b>	(71 904)
Interest expense on listed bonds and commercial paper	<b>(273 195)</b>	(238 918)
Interest expense on financed assets	<b>(4 267)</b>	(5 074)
Interest expense on vehicle lease creditors and floorplan creditors	<b>(65 331)</b>	(82 327)
Interest expense on other borrowings	<b>(663 119)</b>	(546 813)
Interest imputed on post-retirement obligations	<b>(6 170)</b>	(6 190)
Unwinding of discount on puttable non-controlling interest liabilities	<b>(5 013)</b>	(4 717)
Dividends on preference shares included in borrowings	<b>(149 483)</b>	(210 878)
Less borrowing costs capitalised to property, plant and equipment**	<b>25 837</b>	24 024
	<b>(861 162)</b>	(855 947)
Less net finance income from banking operations included in operating profit	<b>(193 771)</b>	(164 783)
Income	<b>(507 975)</b>	(445 200)
Charges	<b>314 204</b>	280 417
	<b>(1 054 933)</b>	(1 020 730)

\*\* The applicable weighted average interest rate is used to determine the amount of borrowing costs eligible for capitalisation.

# Notes to the consolidated financial statements (continued)

for the year ended 30 June

	2019 R'000	2018 R'000
<b>4. Taxation</b>		
Current taxation	1 351 311	1 416 788
Current year	1 344 137	1 432 909
Prior years' underprovision (overprovision)	7 174	(16 121)
Deferred taxation	59 897	14 927
Current year	92 404	35 091
Prior years' (overprovision) underprovision	(32 507)	(20 164)
Foreign withholding taxation	5 985	4 882
<b>Total taxation per consolidated income statement</b>	<b>1 417 193</b>	<b>1 436 597</b>
Comprising		
South African taxation	1 351 808	1 325 750
Foreign taxation	65 385	110 847
	<b>1 417 193</b>	<b>1 436 597</b>
	%	%
The reconciliation of the effective taxation rate with the South African company taxation rate is:		
Taxation for the year as a percentage of profit before taxation	27.1	27.0
Net change in remeasurement and changes in shareholding of associates	(3.3)	(1.2)
Associates	3.1	2.2
Effective rate excluding associate income	26.9	28.0
Dividend and exempt income	3.2	3.3
Foreign taxation rate differential	0.4	0.4
Impairment of goodwill	–	(0.1)
Preference share funding	(0.8)	(1.1)
Other non-deductible expenses	(2.3)	(1.8)
Changes in recognition of deferred tax assets	0.1	(1.5)
Changes in prior years' estimation	0.5	0.8
Rate of South African company taxation	28.0	28.0
	R'000	R'000
Estimated tax losses available for offset against future taxable income	1 621 857	1 432 442
Utilised in the computation of deferred taxation	(865 369)	(777 256)
Not accounted for in deferred taxation	756 488	655 186

Deferred taxation assets have not been recognised in respect of certain tax losses as the directors believe it is not probable that the relevant companies will generate taxable profit in the near future, against which the benefits can be utilised.

	2019 R'000	2018 R'000
<b>5. Earnings per share</b>		
<i>Weighted average number of shares ('000)</i>		
Weighted average number of shares in issue for basic earnings per share and headline earnings per share calculations	337 245	335 718
Potential dilutive impact of outstanding staff share appreciation rights and conditional awards	919	1 443
Number of outstanding staff share appreciation right equivalent shares	4 048	5 668
Number of shares deemed to be issued at fair value	(3 255)	(4 324)
Contingent issuable shares in terms of conditional share plan to be issued at fair value	126	99
Weighted average number of shares in issue used for the calculation of diluted earnings and diluted headline earnings per share	338 164	337 161
<b>Attributable earnings</b>		
Basic earnings per share and diluted earnings per share are based on profit attributable to shareholders of the Company (R'000)	3 775 282	3 817 996
Basic earnings per share (cents)	1 119.4	1 137.3
Diluted basic earnings per share (cents)	1 116.4	1 132.4
Dilution (%)	0.3	0.4
	R'000	R'000
<b>Headline earnings</b>		
Profit attributable to shareholders of the Company	3 775 282	3 817 996
Impairment of property, plant and equipment; goodwill and intangible assets	10 299	12 840
Property, plant and equipment	9 580	3 311
Goodwill	–	15 258
Intangible assets	1 648	1 115
Taxation effect	(196)	–
Non-controlling interest	(733)	(6 844)
Net loss on disposal of interests in subsidiaries and disposal and closure of businesses	175 030	155 828
Loss on disposal and closure	202 250	188 635
Impairment of disposal group assets held for sale	–	39 323
Taxation effect	(23 947)	(37 407)
Non-controlling interest	(3 273)	(34 723)
Net loss (profit) on disposal and remeasurement to recoverable fair value of associates	622 900	234 338
Net change in shareholding in associates	(1 041)	(2 981)
Remeasurement to recoverable fair value of associates	623 941	248 709
Non-controlling interest	–	(11 390)
Net profit on disposal of property, plant and equipment and intangible assets	(19 016)	(24 185)
Property, plant and equipment	(28 192)	(39 796)
Intangible assets	(4 249)	(15 895)
Taxation effect	11 554	1 400
Non-controlling interest	1 871	30 106
Compensation received on loss or impairment of property, plant and equipment	(13 630)	(70 263)
Compensation received	(16 835)	(85 702)
Taxation effect	3 205	15 439
Non-headline earnings items included in equity accounted earnings of associated companies	8 906	8 128
Headline earnings	4 559 771	4 134 682

# Notes to the consolidated financial statements (continued)

for the year ended 30 June

	2019	2018
<b>5. Earnings per share</b> (continued)		
Headline earnings per share (cents)	1 352.1	1 231.6
Diluted headline earnings per share (cents)	1 348.4	1 226.3
Dilution (%)	0.3	0.4
<b>Normalised headline earnings per share</b>	R'000	R'000
<p>Normalised headline earnings per share is a measurement used by the chief operating decision maker, Lindsay Ralphs. The calculation of normalised headline earnings per share excludes acquisition costs and amortisation of acquired customer contracts and is based on the normalised headline profit attributable to ordinary shareholders, divided by the weighted average number of ordinary shares in issue during the year. The Group's non-cash share of Comair's SAA travel agent incentive scheme settlement has been included in the calculation of normalised headline earnings in the current period. The presentation of normalised headline earnings is not an IFRS requirement.</p>		
Headline earnings	4 559 771	4 134 682
Acquisition costs	22 940	50 190
Amortisation of acquired customer contracts	42 918	32 711
Non-cash share of Comair's SAA travel agent incentive scheme settlement	(167 950)	–
Taxation effect	(5 883)	(4 522)
Normalised headline earnings	4 451 796	4 213 061
Normalised headline earnings per share (cents)	1 320.0	1 254.9
<b>6. Dividends per share</b>		
Interim distribution (cents)		
Dividend paid to shareholders on 25 March 2019 (2018: Dividend paid to shareholders on 19 March 2018)	282.0	255.0
Final dividend (cents)		
Dividend payable to shareholders on 23 September 2019 (2018: Dividend paid to shareholders on 25 September 2018)	318.0	301.0
	600.0	556.0
	R'000	R'000
<b>7. Cash generated by operations</b>		*Re-presented
Profit before taxation	5 221 123	5 322 210
Costs incurred in respect of acquisitions	22 940	50 190
Net finance charges	1 054 933	1 020 730
Share of current year earnings of associates	(427 309)	(217 004)
Depreciation and amortisation	1 698 014	1 680 638
Share-based payment expense	190 109	154 986
Impairment of property, plant and equipment and intangible assets	11 228	4 426
Impairment of goodwill	–	15 258
Remeasurement to recoverable fair value of associate	623 941	248 709
Loss on disposal of interests in subsidiaries and associates, and disposal and closure of businesses	201 209	185 654
Other non-cash items	(376 321)	(147 387)
Remeasurement of post-retirement obligations	(20 382)	(19 025)
Decrease in life assurance fund	(22 851)	(36 929)
Working capital changes	(1 107 708)	1 523 258
Decrease in inventories	44 123	45 270
Increase in trade and other receivables	(99 242)	(776 913)
Increase in banking and other advances	(764 085)	(421 236)
(Decrease) increase in trade and other payables and provisions	(1 074 852)	1 467 099
Increase in amounts owed to bank depositors	786 348	1 209 038
Cash generated by operations	7 068 926	9 785 714

\* Refer note 27 of the accounting policies.

	2019 R'000	2018 R'000
<b>8. Net debt reconciliation</b>		
Cash and cash equivalents	6 617 075	6 168 293
Borrowings	(9 861 712)	(9 814 472)
Listed bonds	(3 339 000)	(2 250 000)
Cumulative redeemable preference shares	(2 080 000)	(3 080 000)
Syndicated EURO facility	(3 190 563)	(3 182 552)
Other borrowings including unsecured, call accounts and asset backed borrowings	(611 060)	(635 816)
Interest-bearing floor plan creditors	(641 089)	(666 104)
Overdraft facilities	(4 582 552)	(2 653 895)
<b>Net borrowings</b>	<b>(7 827 189)</b>	<b>(6 300 074)</b>
Cash and cash equivalents	6 617 075	6 168 293
Gross borrowings at fixed interest rates	(2 168 977)	(1 632 464)
Gross borrowings at variable interest rates	(12 275 287)	(10 835 903)
<b>Net borrowings</b>	<b>(7 827 189)</b>	<b>(6 300 074)</b>
	<b>R'000</b>	
Borrowings at 30 June 2017	(9 470 308)	
Cash outflow	3 415 812	
Cash inflow	(3 669 023)	
Capitalised interest	(1 238)	
Net acquisitions	(16 545)	
Other	–	
Foreign exchange adjustment	(73 170)	
Borrowings at 30 June 2018	(9 814 472)	
Cash outflow	3 116 468	
Cash inflow	(3 124 004)	
Capitalised interest	(28 701)	
Net acquisitions	(15 916)	
Foreign exchange adjustment	4 913	
<b>Borrowings at 30 June 2019</b>	<b>(9 861 712)</b>	
	<b>2019 R'000</b>	<b>2018 R'000</b>
<b>9. Finance charges</b>		
Charge per income statement	(1 235 394)	(1 179 439)
Unwinding of discount on puttable non-controlling interest liabilities	5 013	4 717
Amounts capitalised to borrowings	28 701	1 238
Amounts capitalised to property, plant and equipment	(25 837)	(24 024)
Amounts paid	(1 227 517)	(1 197 508)

# Notes to the consolidated financial statements (continued)

for the year ended 30 June

	2019 R'000	2018 R'000
<b>10. Taxation paid</b>		
Net amounts receivable at beginning of year	(43 735)	73 262
Current taxation charge	(1 357 296)	(1 421 670)
Businesses acquired	(15 082)	5 749
Businesses disposed of	(14 222)	3 151
Arising on consolidation of the Bidvest Education Trust	-	92
Exchange rate adjustments	(168)	(1 474)
Amounts payable at end of year	291 042	168 844
Amounts receivable at end of year	(282 847)	(125 109)
Amounts paid	(1 422 308)	(1 297 155)
<b>11. Distributions to shareholders</b>		
Dividends paid to shareholders	(1 968 272)	(1 743 812)
Dividends received by subsidiaries on treasury shares	4 043	3 615
Dividends paid to non-controlling interests	(51 207)	(319 984)
Dividends paid to put-call option holders	(3 841)	(3 124)
Amounts paid	(2 019 277)	(2 063 305)
<b>12. Acquisition of businesses, subsidiaries and associates</b>		
Property, plant and equipment	(98 586)	(138 031)
Deferred taxation	280	224 249
Interest in associates	(654 033)	(35 221)
Investments and advances	(4 167)	-
Inventories	(53 563)	(56 318)
Trade and other receivables	(254 210)	(1 165 623)
Cash and cash equivalents	(73 982)	(127 069)
Borrowings	15 916	34 966
Trade and other payables and provisions	281 676	947 292
Taxation	15 082	(5 749)
Net fair value of assets	(825 587)	(321 504)
Goodwill	(1 042 845)	(1 340 215)
Intangible assets	(3 090)	(1 666 779)
Non-controlling interest	(19 963)	(27 487)
Total value of acquisitions	(1 891 485)	(3 355 985)
Less: Cash and cash equivalents acquired	73 982	127 069
Vendors for acquisition at beginning of year	(22 708)	(39 523)
Vendors for acquisition at end of year	518 231	22 708
Transfer to NCI put option liability	-	22 922
Costs incurred in respect of acquisitions	(22 940)	(50 190)
Net amounts paid	(1 344 920)	(3 272 999)

## 12. Acquisition of businesses, subsidiaries and associates (continued)

The Group acquired 100% of the share capital and voting rights of UAV and Drone Solutions Proprietary Limited (UDS) for R500 million (of which R154 million is contingent) effective 1 March 2019. UDS is a profit-for-purpose South African company established in 2013 to take advantage of technological developments in the world of Unmanned Airborne Systems. UDS provides solutions for environmental conservation, security services, infrastructure inspection, survey and stockpile management and blasting profiles. In-house capabilities and competencies include mechanical, electrical and software engineering. The acquisition enhances the Group's overall service offering, particularly security services. The purchase price was funded from existing cash resources and facilities.

Effective 1 February 2019, Pureau Fresh Water Company Proprietary Limited (Pureau), 82% owned by the Group, acquired 100% of the ordinary share capital and voting rights of Zanihold Proprietary Limited (Aquazania), holding company of Aquazania Proprietary Limited and Aquazania Africa Proprietary Limited, for R390 million. Aquazania supplies a range of bottled water coolers, plumbed in water dispensers (bottleless water coolers) and coffee machines to households and a wide variety of corporate customers. The acquisition increases Pureau's market share and enhances its service and technology offering. The acquisition was funded using existing cash resources and facilities.

During the year the Group acquired an additional 10 648 542 Adcock Ingram Holdings Limited (Adcock Ingram) ordinary shares for R650 million. The additional shares acquired increases the Group's interest in the Adcock Ingram associate from 37.6% to 43.7%. It is the Group's intention to gain a controlling interest in Adcock Ingram. The purchase price was funded from existing cash resources and facilities.

The Group also made a number of less significant acquisitions during the year. These acquisitions were funded from existing cash resources.

The goodwill and intangible values represented for UDS and Aquazania are provisional, as the acquisitions were completed close the Group's reporting date. The remaining values represent the final at acquisition fair values consolidated by the Group.

The Group also made a number of less significant acquisitions and disposals during the year. These acquisitions were funded from existing cash resources.

Goodwill arose on the acquisitions as the anticipated value of future cash flows that were taken into account in determining the purchase consideration exceeded the net assets acquired at fair value. The directors believe that the goodwill of the acquisitions reflects, the expectation that the businesses will continue to generate new customers over time, the acquired workforce (which is not an identifiable asset for financial reporting purposes), and the growth opportunities. The acquisitions have enabled the Group to expand its range of complementary products and services and, as a consequence, has broadened the Group's base and geographic reach in the market place.

Trade receivables acquired are stated net of impairment allowances of R11.5 million (2018: R18.0 million). There were no significant contingent liabilities identified in the businesses acquired.

The impact of these acquisitions on the Group's results can be summarised as follows:

	UDS R'000	Aquazania R'000	Other acquisitions R'000	Total R'000
<b>Identifiable assets and liabilities acquired</b>				
Property, plant and equipment	2 782	28 319	67 485	98 586
Deferred taxation	–	584	(864)	(280)
Interest in associates	–	–	654 033	654 033
Investments and advances	–	–	4 167	4 167
Inventories	827	7 493	45 243	53 563
Trade and other receivables	19 444	26 387	208 379	254 210
Cash and cash equivalents	975	20 990	52 017	73 982
Borrowings	–	–	(15 916)	(15 916)
Trade and other payables and provisions	(2 079)	(23 351)	(256 246)	(281 676)
Taxation	(924)	(7 086)	(7 072)	(15 082)
Intangible assets	–	–	3 090	3 090
Total net identifiable assets	21 025	53 336	754 316	828 677
<b>Contribution to results for the year</b>				
Revenue	46 508	87 271	261 813	395 592
Profit or loss	28 177	26 458	29 334	83 969
<b>Contribution to results for the year if the acquisitions had been effective on 1 July 2018</b>				
Revenue	101 186	128 988	316 491	546 665
Profit or loss	45 754	47 233	43 441	136 428

# Notes to the consolidated financial statements (continued)

for the year ended 30 June

	2019 R'000	2018 R'000
<b>13. Proceeds on disposal of interest in subsidiaries and associates, and disposal and closure of businesses</b>		
Property, plant and equipment	82 535	213 049
Intangibles	6 491	86
Goodwill	66 578	44 868
Deferred taxation	33 122	(97 789)
Interest in associates	32 651	17 645
Investments and advances	–	2 745
Inventories	4 070	75 957
Trade and other receivables	373 016	281 449
Cash and cash equivalents	98 790	331 412
Post-retirement obligations	–	–
Borrowings	–	(18 421)
Trade and other payables and provisions	(150 863)	(379 346)
Taxation	14 222	(3 151)
Disposal group assets held for sale	253 921	–
Disposal group liabilities held for sale	(31 785)	–
Carrying value of net assets	782 748	468 504
Non-controlling interest	(116 705)	(120 840)
Realisation of foreign currency translation reserves	(42 903)	(673)
Realisation of share-based payments reserves	8 049	(1 022)
Net profit (loss) on disposal of interest in subsidiaries and associates, and disposal and closure of businesses	(177 262)	(148 247)
Less cash and cash equivalents disposed of	(98 790)	(331 412)
Settlement of other receivables arising on disposal of subsidiaries and associates	190 741	–
Less other receivables arising on disposal of subsidiaries and associates (see note 23)	–	(190 741)
Net cash impact	545 878	(324 431)

Effective 1 November 2018 the Group disposed of its entire interest in TMS Group Industrial Services Proprietary Limited (TMS), an industrial facilities cleaning and maintenance contractor, to Sekta Group for R219 million (R116 million equity and R103 million debt).

On 1 March 2019 the Group sold its entire interest in Renfreight Proprietary Limited (Renfreight) to Makana Investment Corporation (MIC) for R110 million. The transaction was completed as part of a Broad-Based Black Economic Empowerment deal, which provides MIC via its 100% ownership of Renfreight an 11% share of the Bidvest Panalpina Logistics (BPL) partnership. BPL is a leading South African end-to-end supply chain solutions company.

The previously recognised disposal group, Comet Investments Capital Inc. (Comet), was sold during the year.

	TMS R'000	Renfreight R'000	Other smaller disposals R'000	Total R'000
<b>Identifiable assets and liabilities disposed</b>				
Property, plant and equipment	(43 400)	–	(39 135)	(82 535)
Deferred taxation	(65 653)	–	32 531	(33 122)
Interest in associates	–	–	(32 651)	(32 651)
Investments and advances	–	–	–	–
Inventories	(3 360)	–	(710)	(4 070)
Trade and other receivables	(109 196)	(98 353)	(165 467)	(373 016)
Cash and cash equivalents	(100 166)	(43)	1 419	(98 790)
Borrowings	–	–	–	–
Trade and other payables and provisions	61 797	364	88 702	150 863
Taxation	–	(1 512)	(12 710)	(14 222)
Intangible assets	(6 491)	–	–	(6 491)
Goodwill	(37 004)	(15 332)	(14 242)	(66 578)
Disposal group assets held for sale	–	–	(253 921)	(253 921)
Disposal group liabilities held for sale	–	–	31 785	31 785
<b>Total net assets disposed</b>	(303 473)	(114 876)	(364 399)	(782 748)

	2019 R'000	2018 R'000
<b>14. Property, plant and equipment</b>		
Freehold land and buildings	<b>3 740 523</b>	3 252 468
Cost	<b>3 893 826</b>	3 396 574
Accumulated depreciation and impairments	<b>(153 303)</b>	(144 106)
Leasehold premises	<b>1 114 589</b>	1 200 859
Cost	<b>1 825 990</b>	1 877 299
Accumulated depreciation and impairments	<b>(711 401)</b>	(676 440)
Plant and equipment	<b>2 380 179</b>	2 203 542
Cost	<b>5 120 726</b>	4 998 442
Accumulated depreciation and impairments	<b>(2 740 547)</b>	(2 794 900)
Office equipment, furniture and fittings	<b>999 995</b>	907 664
Cost	<b>3 153 812</b>	2 982 391
Accumulated depreciation and impairments	<b>(2 153 817)</b>	(2 074 727)
Vehicles, vessels and craft	<b>946 605</b>	953 112
Cost	<b>2 572 407</b>	2 511 699
Accumulated depreciation and impairments	<b>(1 625 802)</b>	(1 558 587)
Rental assets	<b>478 689</b>	435 537
Cost	<b>1 236 809</b>	1 076 041
Accumulated depreciation and impairments	<b>(758 120)</b>	(640 504)
Capitalised leased assets	<b>4 616</b>	999
Cost	<b>27 285</b>	22 122
Accumulated depreciation and impairments	<b>(22 669)</b>	(21 123)
Full maintenance leased assets	<b>1 498 399</b>	1 687 127
Cost	<b>2 182 898</b>	2 316 149
Accumulated depreciation and impairments	<b>(684 499)</b>	(629 022)
Capital work-in-progress	<b>885 141</b>	532 150
	<b>12 048 736</b>	11 173 458

Property, plant and equipment with an estimated carrying value of R140 million (2018: R83 million) is pledged as security for borrowings of R126 million (2018: R62 million) (refer note 29).

A register of land and buildings is available for inspection by shareholders at the registered office of the Company.

# Notes to the consolidated financial statements (continued)

for the year ended 30 June

	2019 R'000	2018 R'000
<b>14. Property, plant and equipment</b> (continued)		
<i>Movement in property, plant and equipment</i>		
Carrying value at beginning of year	11 173 458	10 474 205
Capital expenditure	2 542 683	2 578 241
Freehold land and buildings	555 625	358 772
Leasehold premises	64 816	242 538
Plant and equipment	532 043	574 204
Office equipment, furniture and fittings	406 274	382 982
Vehicles, vessels and craft	289 985	305 525
Rental assets	256 511	262 464
Capitalised leased assets	5 163	382
Full maintenance leased assets	81 536	254 080
Capital work-in-progress	350 730	197 294
Expenditure	517 982	311 709
Transfers to other categories	(167 252)	(114 415)
Acquisition of businesses	98 586	138 031
Freehold land and buildings	56 431	24 233
Leasehold premises	268	5 574
Plant and equipment	13 383	56 175
Office equipment, furniture and fittings	1 913	23 366
Vehicles, vessels and craft	3 933	28 683
Rental assets	20 324	–
Capital work-in-progress	2 334	–
Disposals	(290 483)	(310 069)
Freehold land and buildings	(74 881)	(3 754)
Leasehold premises	(60 038)	(6 565)
Plant and equipment	(2 579)	(37 232)
Office equipment, furniture and fittings	(8 955)	(10 047)
Vehicles, vessels and craft	(35 476)	(126 776)
Rental assets	(14 053)	(20 729)
Full maintenance leased assets	(94 428)	(103 283)
Capital work-in-progress	(73)	(1 683)
Disposal of businesses and or disposal group held for sale	(82 535)	(316 494)
Freehold land and buildings	(37 282)	(44 648)
Plant and equipment	(40 435)	(58 238)
Office equipment, furniture and fittings	(2 773)	(11 101)
Vehicles, vessels and craft	(2 045)	(194 280)
Rental assets	–	(8 227)
Exchange rate adjustments	(4 439)	22 643
Freehold land and buildings	(139)	1 499
Leasehold premises	184	2 634
Plant and equipment	(462)	2 575
Office equipment, furniture and fittings	(120)	848
Vehicles, vessels and craft	(3 907)	14 766
Rental assets	5	297
Capital work-in-progress	–	24
Depreciation	(1 378 954)	(1 409 788)
Impairment (losses) recoupments – (refer note 2)	(9 580)	(3 311)
Carrying value at end of year	12 048 736	11 173 458

	2019 R'000	2018 R'000
<b>15. Intangible assets</b>		
Patents, trademarks, trade names and other intangibles	2 957 606	2 996 158
Cost	3 880 337	3 872 610
Accumulated amortisation and impairments	(922 731)	(876 452)
Computer software	389 291	344 502
Cost	1 098 140	1 022 550
Accumulated amortisation and impairments	(708 849)	(678 048)
Capital work-in-progress	31 730	27 146
	<b>3 378 627</b>	<b>3 367 806</b>
<b><i>Movement in intangible assets</i></b>		
Carrying value at beginning of year	3 367 806	1 667 710
Additions	165 118	123 754
Patents, trademarks, trade names and other intangibles	14 581	8 919
Computer software	145 953	138 811
Capital work-in-progress	4 584	(23 976)
Expenditure	17 293	18 510
Transfers to other categories	(12 709)	(42 486)
Acquisition of businesses	3 090	1 666 779
Patents, trademarks, trade names and other intangibles	2 980	1 663 528
Computer software	110	3 251
Disposals	(623)	(5 816)
Patents, trademarks, trade names and other intangibles	(8)	(2 922)
Computer software	(615)	(2 772)
Capital work-in-progress	-	(122)
Disposal of businesses and disposal groups held for sale	(6 491)	(9 870)
Patents, trademarks, trade names and other intangibles	-	(9 870)
Computer software	(6 491)	-
Exchange rate adjustments	(709)	63 137
Patents, trademarks, trade names and other intangibles	(679)	63 137
Computer software	(30)	-
Amortisation (refer note 2)	(147 916)	(136 773)
Impairment (refer note 2)	(1 648)	(1 115)
Carrying value at end of year	<b>3 378 627</b>	<b>3 367 806</b>
<b><i>Indefinite life intangibles</i></b>		

No indefinite life intangibles were recognised on the acquisition of businesses in the current year as the Purchase Price Allocation (PPA) reviews had not been completed on the UDS and Aquazania acquisitions at the time of reporting (refer note 12). Indefinite life intangibles arising on previous acquisitions amount to R2 138 million, R964 million relating to Bidvest Commercial Products and R1 174 million to Bidvest Services. These intangibles were subject to review for impairment based on value-in-use. For South African domiciled operations the Group used a pre-tax discount rate of between 18% and 23.6% with a perpetual growth rate of 5.8%, whereas for the European operations a pre-tax discount rate of 11.4% and a perpetual growth rate of 2% was used. Significant surpluses were identified over the carrying values of the CGU's and thus the directors believe that a reasonably possible change in the multiples, would not result in an impairment of the carrying value of these intangibles.

The amortisation and impairment charges are included in operating expenses in the consolidated income statement.

# Notes to the consolidated financial statements (continued)

for the year ended 30 June

	2019 R'000	2018 R'000
<b>16. Goodwill</b>		
Carrying value at beginning of year	4 447 769	3 167 700
Exchange rate adjustments	(9)	(20)
Acquisition of businesses	1 042 845	1 340 215
Disposal of businesses	(66 578)	(44 868)
Impairment of goodwill	–	(15 258)
Carrying value at end of year	<b>5 424 027</b>	4 447 769
<p>Goodwill acquired through business combinations, is allocated for impairment testing purposes to cash-generating units (“CGU”) which reflect how it is monitored for internal management purposes, namely the various segments of the Group. The carrying amount of goodwill was subject to an annual impairment test using either the fair value less costs to sell method or a value-in-use method.</p> <p>The carrying amount of goodwill was allocated to CGUs as follows:</p>		
Services	3 285 049	2 443 508
Freight	47 840	58 132
Office and Print	325 533	239 717
Commercial Products	883 811	843 822
Automotive	249 420	249 420
Financial Services	237 388	231 870
Electrical	128 623	128 223
Properties	21 034	21 034
Corporate and investments	245 329	232 043
	<b>5 424 027</b>	4 447 769

The recoverable amounts of the CGUs were determined using the fair value less cost to sell method, except for Electrical and Automotive which were evaluated using the value-in-use method.

The fair value less cost to sell calculation used projected annualised earnings based on actual operating results. A price/earnings multiple ranging from 8.2 – 19.2 (2018: 8.0 – 18.1) was applied to obtain the recoverable amount for the business units. The earnings yield is considered to be consistent with similar companies within the various industries in which the CGUs operate. The most significant portion of the Group's goodwill, relates to the Bidvest Services and Bidvest Commercial Products CGUs. A price/earnings multiple of 18.2 (2018: 10.0) was used for the Bidvest Services valuation and 16.2 (2018: 10.0) for the Bidvest Commercial Products valuation. The valuations resulted in a significant surplus over the carrying values of the CGUs and thus the directors believe that a reasonably possible change in the multiple, would not result in an impairment of the carrying value of goodwill.

The recoverable amount for the Electrical and Automotive segments was calculated using the value-in-use method. Projected future cash flows were discounted at a pre-tax rate of 16.4% and perpetuity growth rate of 5.8%, no impairments were noted.

	2019 R'000	2018 R'000	
<b>17. Deferred taxation</b>			
Deferred taxation assets	845 421	761 368	
Deferred taxation liabilities	<b>(1 335 156)</b>	(1 209 549)	
Net deferred taxation liability	<b>(489 735)</b>	(448 181)	
<b><i>Movement in net deferred taxation assets and liabilities</i></b>			
Balance at beginning of year	<b>(448 181)</b>	(285 792)	
Per consolidated income statement	<b>(59 897)</b>	(14 927)	
Arising on consolidation of the Bidvest Education Trust	–	(22 830)	
Items recognised directly in equity, other comprehensive income	<b>74 501</b>	38 549	
On acquisition of businesses	<b>(280)</b>	(224 249)	
On disposal of businesses	<b>(33 122)</b>	97 789	
Exchange rate adjustments	<b>(22 756)</b>	(36 721)	
Balance at end of year	<b>(489 735)</b>	(448 181)	
	<b>Assets</b>	<b>Liabilities</b>	<b>Net</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b><i>Temporary differences</i></b>			
<b>2019</b>			
Differential between carrying values and tax values of property, plant and equipment	30 309	(718 159)	(687 850)
Differential between carrying values and tax values of intangible assets	(2 777)	(589 134)	(591 911)
Estimated taxation losses	106 725	62 418	169 143
Staff related allowances and liabilities	441 165	20 391	461 556
Operating lease liabilities	40 112	4 705	44 817
Inventories	50 714	(9 083)	41 631
Investments	26 036	(111 045)	(85 009)
Trade and other receivables	16 546	(13 331)	3 215
Trade, other payables and provisions	136 591	18 082	154 673
	<b>845 421</b>	<b>(1 335 156)</b>	<b>(489 735)</b>
<b>2018</b>			
Differential between carrying values and tax values of property, plant and equipment	(11 788)	(609 759)	(621 547)
Differential between carrying values and tax values of intangible assets	(14 423)	(582 863)	(597 286)
Estimated taxation losses	120 789	30 324	151 113
Staff related allowances and liabilities	449 545	55 357	504 902
Operating lease liabilities	43 837	2 055	45 892
Inventories	41 771	6 156	47 927
Investments	(1 189)	(166 479)	(167 668)
Trade and other receivables	25 976	(22 306)	3 670
Trade, other payables and provisions	106 850	77 966	184 816
	761 368	(1 209 549)	(448 181)

Deferred taxation has been provided at rates ranging between 10% – 45% (2018: 10% – 45%). The variance in rates arises as a result of the differing taxation and capital gains taxation rates present in the various countries in which the Group operates.

# Notes to the consolidated financial statements (continued)

for the year ended 30 June

	2019 R'000	2018 R'000
<b>18. Interest in associates</b>		
Listed associates	4 551 484	4 469 751
Net asset value at acquisition	1 734 216	1 430 447
Inherent goodwill	4 428 883	4 083 041
Remeasurement allowances	(1 611 615)	(1 043 737)
Unlisted associates	41 229	54 841
Net asset value at acquisition	166 484	199 272
Inherent goodwill	1 575	6 584
Remeasurement allowances	(126 830)	(151 015)
Investments in associates at cost net of remeasurement allowances	4 592 713	4 524 592
Attributable share of post-acquisition reserves of associates	1 210 837	817 416
At beginning of year	817 416	608 790
Share of IFRS 9 adjustment to balance at beginning of the period	(1 882)	–
Share of current year earnings net of dividend	427 309	217 004
Share of current year movement in other comprehensive income	(13 828)	–
Share of movement in other reserves	–	(19 172)
Reversal of prior year reserves on unbundling, disposal, and or change in shareholding	(18 178)	10 794
Net advances to associates	19	19
Advances to associates	52 519	19
Impairments	(52 500)	–
	<b>5 803 569</b>	<b>5 342 027</b>

Except for the R53 million advance made to Strait Access Technologies Holdings Proprietary Limited, which attracts interest at the South African prime interest rate (10.25%), all unsecured advances to associates are interest free and have no fixed terms of repayment.

A list of the Group's significant associates, their country of incorporation and principal place of business, the Group's percentage shareholding and an indication of their nature of business is included on Annexure A to these financial statements.

The Group's most significant associate is Adcock Ingram Holdings Limited (Adcock Ingram). Adcock Ingram is a leading South African pharmaceutical manufacturer, listed on the Johannesburg Stock Exchange. The company manufactures, markets and distributes a wide range of healthcare products to both the private and public sectors of the market.

The Group purchased an additional 10.6 million Adcock Ingram ordinary shares during the year which resulted in the Group holding an effective 44.8% (2018: 38.5%) of the net ordinary shares in issue (total ordinary shares in issue less treasury shares). The Group's economic interest in Adcock Ingram is 51.4% (2018: 45.2%) as a consequence of treating the 2015 sale of 15% of its holding, in terms of the Adcock Ingram Broad-Based Black Empowerment Scheme (Scheme), to Ad-izinyosi as a deferred sale.

Full details of Adcock Ingram's results can be found at [www.adcock.co.za](http://www.adcock.co.za).

2019  
R'000

2018  
R'000

## 18. Interest in associates (continued)

### Summarised aggregated financial information of Adcock Ingram:

Revenue	7 089 058	6 562 865
Profit for the year	687 986	637 943
Other comprehensive income for the year	(32 841)	7 040
Total comprehensive income for the year	655 145	644 983
Dividends received from Adcock Ingram during the year	122 880	106 848
Current assets	3 558 617	3 617 934
Non-current assets	2 692 176	2 652 791
Current liabilities	(1 834 629)	(2 220 552)
Non-current liabilities	(117 970)	(135 254)
Non-controlling interests	(2 762)	(2 413)
<b>Reconciliation of the above summarised financial information to the carrying amount of Adcock Ingram recognised in the consolidated financial statements:</b>		
Net assets of Adcock Ingram	4 295 432	3 912 506
Proportion of Group's interest in Adcock Ingram	2 207 999	1 767 699
Inherent goodwill	4 122 176	3 734 763
Provision for impairment of carrying value	(1 078 410)	(842 742)
Carrying value of Group's interest in Adcock Ingram	5 251 765	4 659 720
Market value as at 30 June	5 251 765	4 659 720

The investment in Adcock Ingram forms part of the corporate and investments operating segment. The recoverable amount of the investment has been assessed with reference to the fair value determined based on the quoted market price at the year ended 30 June 2019. This measurement is considered to be "level 1" in the fair value hierarchy. The Group assessed the carrying value and remeasured the investment to recoverable fair value.

The same impairment considerations have been applied to other listed investments in associates.

### Summarised aggregated financial information of associates that are not individually material:

The Group's share of profit	267 188	141 223
The Group's share of other comprehensive loss	–	(830)
The Group's share of total comprehensive income	267 188	140 393
Aggregate carrying amount of the Group investment in these associates	551 804	682 307

## 19. Investments

### Investments are measured as follows:

Amortised cost	135 207	–
Fair value through other comprehensive income	563 990	–
Fair value through profit or loss	2 245 235	–
Listed held-for-trade	–	1 337 689
Unlisted held-for-trade	–	1 049 559
Listed available-for-sale	–	376 072
Unlisted available-for-sale	–	39 585
	2 944 432	2 802 905
Long-term portion of listed investments	1 500 828	1 713 761
Long-term portion of unlisted investments	232 123	1 089 144
Short-term portion of unlisted investments	1 211 481	–
	2 944 432	2 802 905

# Notes to the consolidated financial statements (continued)

for the year ended 30 June

	2019 R'000	2018 R'000
<b>19. Investments</b> (continued)		
<b>Fair value hierarchy of investments</b>		
Investments and loans held at cost or amortised cost	135 207	31 542
Investments held at fair value as determined on inputs based on:	2 809 225	2 771 363
Unadjusted quoted prices in an active market for identical assets	1 498 093	1 714 376
Factors that are not based on observable market data	1 311 132	1 056 987
	<b>2 944 432</b>	<b>2 802 905</b>
<b>Analysis of investments at a fair value not determined by observable market data</b>		
Balance at the beginning of year	1 056 988	995 961
On acquisition of business	3 798	–
Purchases, loan advances or transfers from other categories	10 540	5 434
Fair value adjustment recognised through other comprehensive income	5	–
Fair value adjustment arising during the year recognised in the income statement	248 830	56 559
Proceeds on disposal, repayment of loans or transfers to other categories	(12 906)	–
Profit (loss) on disposal of investments	2 085	–
Exchange rate adjustments	1 792	(967)
	<b>1 311 132</b>	<b>1 056 987</b>

Investments measured at fair value through other comprehensive income includes an interest-bearing listed Government bond (R186) which amounts to R341 million (2018: R331 million Government bond R186), with a coupon interest rate of 10.5% (2018: 10.5%) which matures on 21 December 2027 (2018: 21 December 2027). This investment is held by Banking operations and may be realised prior to its maturity date.

In August 2018 the Group sold 1.3 million shares in Bid Corporation Limited (Bidcorp) for R406 million, the Group's entire holding save for 389 thousand shares (R118 million) held by the Bidvest Education Trust. Bidcorp is a listed investment held for trading and classified as a financial asset at fair value through profit or loss, where the fair value is determined on inputs based on unadjusted quoted prices in an active market for identical assets (Level 1).

The Group's effective beneficial interest in the Indian-based Mumbai International Airport Private Limited (MIAL) is an unlisted investment held for trading and classified as a financial asset at fair value through profit or loss, the fair value is not based on observable market data (Level 3). Based on the directors' valuation of 30 June 2019 the carrying value of this investment is R1.2 billion (US\$86 million) (2018: R988 million (US\$72 million)). The valuation of MIAL is fair value less cost to sell and is based on a signed sale agreement, which is subject to suspensive and conditions precedent. The investment has been reclassified as a current asset and is expected to be sold within the next 12 months.

Bidvest Insurance and Bidvest Life hold portfolios of listed investments held for trading, which are measured and classified at fair value through profit or loss of R660 million (2018: R694 million) and unlisted investments held for trading, which are measured and classified at fair value through profit or loss of R92 million (2018: R55 million).

The valuations of all listed investments are considered Level 1 type valuations in accordance with IFRS 13 *Fair Value Measurement*.

MIAL is also a foreign-based asset and the ruling year-end exchange rate, US\$1 = 14.09 (2018: US\$1 = R13.72), is another factor that affects the carrying value. The valuation is considered a Level 3 type valuation in accordance with IFRS 13 *Fair Value Measurement*.

A register of investments is available for inspection by shareholders at the registered office of the Company.

	2019 R'000	2018 R'000
<b>20. Banking and other advances</b>		
Instalment finance	1 019 246	715 004
Mortgages	584 267	403 587
Call and term loans	463 368	120 093
Other advances	612 056	672 123
	<b>2 678 937</b>	1 910 807
Expected credit losses/Impairment allowances	<b>(23 762)</b>	(18 563)
Specific provision for doubtful advances	–	(13 271)
General provision for doubtful advances	–	(5 292)
Expected credit losses	<b>(23 762)</b>	–
	<b>2 655 175</b>	1 892 244
<b><i>Maturity analysis</i></b>		
Maturing in one year	1 162 407	1 082 937
Maturing after one year but within five years	1 200 911	658 191
Maturing after five years	291 857	151 116
	<b>2 655 175</b>	1 892 244
Interest rates are based on contractual agreements with customers.		
Refer note 38 for further disclosure.		
<b>21. Vehicle rental fleet</b>		
Cost	1 417 993	1 316 540
Accumulated depreciation	(140 190)	(110 949)
	<b>1 277 803</b>	1 205 591
<b><i>Movement in vehicle rental fleet</i></b>		
Carrying value at beginning of year	1 205 591	992 942
Additions	1 002 221	1 035 398
Disposals	(758 887)	(688 851)
Depreciation	(171 144)	(134 077)
Exchange rate adjustments	22	179
Carrying value at end of year	<b>1 277 803</b>	1 205 591
<b>22. Inventories</b>		
Raw materials	410 555	374 401
Work-in-progress	108 120	107 617
Finished goods	4 657 456	4 316 201
New vehicles and motor cycles	1 279 591	1 258 541
Used vehicles	901 876	1 145 804
Demonstration vehicles	870 860	944 042
Parts and accessories	330 509	368 945
	<b>8 558 967</b>	8 515 551
New and used motor vehicle inventory acquired under floorplan arrangements, remains as security to the respective floorplan provider until the purchase price has been paid.		
Amounts included in borrowings relating to these assets (refer note 29)	641 089	666 104
Amounts included in trade and other payables relating to these assets (refer note 34)	683 520	946 088
	<b>1 324 609</b>	1 612 192
Write down of inventory to net realisable value charged to the income statement	<b>218 487</b>	233 183

# Notes to the consolidated financial statements (continued)

for the year ended 30 June

	2019 R'000	2018 R'000
<b>23. Trade and other receivables</b>		
Trade receivables	9 722 955	9 359 995
Impairment allowances	(285 129)	(288 687)
Net trade receivables	9 437 826	9 071 308
Forward exchange contracts asset	1 093	53 845
Receivables relating to customer contracts	233 981	–
Deposits and prepayments	590 031	493 041
Value added tax receivable	168 454	169 022
Vehicles purchased with guaranteed buy backs from OEMs	44 005	287 398
Dividend receivable from disposed subsidiary	–	188 494
Receivables arising on disposal of subsidiaries and or associates	–	190 741
Other receivables	1 248 674	1 580 088
	<b>11 724 064</b>	<b>12 033 937</b>
<p>The majority of trade and other receivables are fixed in the subsidiaries' local currency. As trade and other receivables have limited exposure to exchange rate fluctuations, a currency analysis has not been included.</p> <p>Refer note 38 for further disclosure on trade receivables, impairment allowances, forward exchange contracts and interest rate swaps.</p>		
<b>24. Cash and cash equivalents</b>		
Cash on hand and at bank	6 617 075	6 168 293
Amounts included in cash on hand and at bank relating to banking and insurance subsidiaries where the balances form part of the reserving requirements as required by the Financial Services Act	654 813	605 372
Amounts included in cash on hand and at bank relating to customer contracts	37 094	38 905
<p>The majority of the cash on hand is held by the major South African and reputable European banks as a result the expected credit loss is considered immaterial.</p>		
<b>25. Capital and reserves attributable to shareholders of the Company</b>		
<b>Share capital</b>		
Issued share capital	16 948	16 873
Share premium	1 099 231	797 717
<b>Reserves</b>	23 864 970	22 505 429
Foreign currency translation reserve	208 936	262 787
Hedging reserve	(13 580)	(963)
Equity-settled share-based payment reserve	(343 118)	(243 388)
Retained earnings	24 012 732	22 486 993
<b>Shares held by subsidiary as treasury shares</b>	637 063	637 063
Share capital	(35)	(35)
Share premium	637 098	637 098
<b>Capital and reserves attributable to shareholders of the Company</b>	<b>25 618 212</b>	<b>23 957 082</b>

2019  
R'000

2018  
R'000

## 25. Capital and reserves attributable to shareholders of the Company (continued)

### Reserves comprise

Company and subsidiaries	22 654 133	21 688 013
Associates	1 210 837	817 416
	<b>23 864 970</b>	<b>22 505 429</b>

### Share capital

#### Authorised

540 000 000 (2018: 540 000 000) ordinary shares of 5 cents each	27 000	27 000
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**Number**                      Number

#### Issued

Number of shares in issue	<b>338 961 976</b>	337 463 035
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Balance at beginning of year	<b>337 463 035</b>	335 404 212
Issued in settlement share incentive scheme obligations	<b>1 498 941</b>	2 058 823

Less: Shares held by subsidiary as treasury shares	<b>(579 939)</b>	(696 625)
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Balance at beginning of year	<b>(696 625)</b>	(310 024)
Borrowed in settlement of share incentive obligations	<b>116 686</b>	–
Shares held by the Bidvest Education Trust	<b>–</b>	(386 601)

Net shares in issue	<b>338 382 037</b>	336 766 410
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16 750 000 (2018: 30 000 000) of the unissued ordinary shares are under the control of the directors until the next annual general meeting.

No cash flows outside of the Group, when share incentive obligations are settled. To facilitate the orderly settlement of its share incentive obligations The Bidvest Share Incentive Trust borrows Bidvest ordinary shares from the Group's treasury stock. The treasury stock is periodically replenished via a new issue. The number of outstanding treasury shares borrowed in settlement of share incentive obligations at 30 June 2019 was 116 686 (2018: Nil).

### Foreign currency translation reserve

The translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations.

### Hedging reserve

The hedging reserve represents the effective portion of gains or losses arising on changes in fair value of hedging instruments entered into as cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognised and accumulated under the hedging reserve will be reclassified to profit or loss when the hedged transaction takes place. Where the hedged transaction is for the acquisition of non-monetary assets, the relevant hedging reserve will be offset against the acquisition cost.

### Equity-settled share-based payment reserve

The equity-settled share-based payment reserve includes the fair value of the share appreciation rights granted and conditional share awards made to staff and executive directors, which have been recognised over the vesting period at fair value with a corresponding expense recognised in the income statement.

# Notes to the consolidated financial statements (continued)

for the year ended 30 June

## 26. Subsidiaries

A list of the Group's significant subsidiaries, their country of incorporation and principal place of business, the Group's percentage shareholding and an indication of their nature of business is included on Annexure A of these financial statements.

During the current year the Group's 2009 deferred sale of 13.7% of Bidvest Namibia to local empowerment partners was dismantled and 29 million Bidvest Namibia ordinary shares were returned to the Group in settlement of the outstanding debt.

In June 2019 the Group acquired the 72 million ordinary shares it did not own in Bidvest Namibia Limited (Bidvest Namibia) for R758 million. Following the acquisition, the Group owns 100% of the share capital and voting rights of Bidvest Namibia, which has been delisted from the Namibian Stock Exchange (NSE). The acquisition and delisting follows the sale of the Namibian fishing business, in the prior year, and constitutes another step in the restructure of the Group's investment in the Republic of Namibia. The purchase price was funded from existing cash resources and facilities.

None of the Group's subsidiaries had a material non-controlling interests at year-end.

## 27. Share-based payments

The Bidvest Share Incentive Scheme (BIS) grants options to employees of the Group to acquire shares in the Company. The share options scheme has been classified as equity-settled schemes, and therefore an equity-settled share-based payment reserve has been recognised.

The Bidvest Group Share Appreciation Rights (SARs) Plan was adopted in 2016 to replace the BIS and has been classified as an equity-settled scheme, therefore an equity-settled share-based payment reserve has been recognised. Executive directors do not participate in the SARs Plan.

A Conditional Share Plan (CSP), which awards executive directors with a conditional right to receive shares in the Company, free of any cost, is also operated by the Group. As it is anticipated that the participants will receive shares in settlement of their awards, a share-based payment reserve has been recognised.

### ***Replacement rights scheme (previously share option scheme)***

Following the unbundling of Bidcorp (30 May 2016), Bidvest option holders exchanged each one of their existing options for one right over one Bidcorp share and one Bidvest share (replacement right). In terms of the amended scheme rules, the original option price was not adjusted, but on exercise of the replacement right, the original option price will be deducted from the combined value of the Bidcorp share and the Bidvest share. The vesting date and lapse dates of the replacement rights will be the same as those of the original options.

The terms and conditions of the replacement rights are:

Replacement right holders are only entitled to exercise their rights if they are in the employment of the Group in accordance with the terms referred to hereafter, unless otherwise recommended by the board of the Company to the Trustees of the Bidvest Share Incentive Trust.

Replacement right holders may exercise the rights at such times as the right holder deems fit, but not so as to result in the following proportions of the holder's total number of instruments being purchased prior to: 50% of total number of instruments at the expiry of three years; 75% of total number of instruments at the expiry of four years; and 100% of total number of instruments at the expiry of five years from the date of the holder's acceptance of an option. All rights must be exercised no later than the 10th anniversary on which they were granted unless approval is obtained from the trustees of the Bidvest Share Incentive Trust.

## 27. Share-based payments (continued)

The number and weighted average exercise prices of replacement rights are:

	2019 Number	Average price R	2018 Number	Average price R
Beginning of the year	3 438 923	257.73	5 098 397	247.06
Lapsed	(84 605)	272.60	(139 144)	269.22
Exercised	(1 344 563)	189.77	(1 520 330)	220.89
End of the year	2 009 755	258.67	3 438 923	257.73

The replacement rights outstanding at 30 June 2019 have an exercise price in the range of R135.00 to R301.54 (2018: R100.00 to R301.54) and a weighted average contractual life of 1.4 to 6.4 (2018: 0.3 to 7.4) years.

The average combined value of the Bidvest and Bidcorp shares during the year was R485.41 (2018: R486.59).

Replacement rights outstanding at 30 June by year of grant are:

2009	–	–	1 500	100.00
2011	33 515	135.00	72 590	135.00
2012	95 000	134.56	129 500	134.00
2013	162 625	208.91	261 875	208.91
2014	380 499	234.74	807 079	235.40
2015	485 741	251.65	798 154	252.67
2016	852 375	301.54	1 368 225	301.54
	2 009 755	258.67	3 438 923	257.73

The fair value of services received in return for shares allotted is measured based on a modified Black-Scholes model. The contractual life of the replacement right is used as an input into this model.

### Share Appreciation Rights Plan

The terms and conditions of the SARs Plan are:

SAR holders are only entitled to exercise their rights if they are in the employment of the Group in accordance with the terms referred to hereafter, unless otherwise recommended by the board of the Company to the Trustees of the Bidvest Share Incentive Trust.

SAR holders in the Scheme may exercise the SARs at such times as the holder deems fit, but not so as to result in the following proportions of the holder's total number of instruments being purchased prior to: 50% of total number of instruments at the expiry of three years; 75% of total number of instruments at the expiry of four years; and 100% of total number of instruments at the expiry of five years from the date of the holder's acceptance of an appreciation right. All SARs must be exercised no later than the 7th anniversary on which they were granted unless approval is obtained from the trustees of the Bidvest Share Incentive Trust.

The number and weighted average exercise prices of share appreciation rights are:

	2019 Number	Average price R	2018 Number	Average price R
Beginning of the year	7 335 500	152.96	3 585 000	146.55
Granted	4 151 500	188.42	3 854 000	158.75
Lapsed	(338 310)	151.55	(103 500)	146.61
Exercised	(41 015)	150.58	–	–
End of the year	11 107 675	166.27	7 335 500	152.96

Share appreciation rights outstanding at 30 June by year of grant are:

2017	3 253 350	146.55	3 481 500	146.55
2018	3 702 825	158.75	3 854 000	158.75
2019	4 151 500	188.42	–	–
	11 107 675	166.27	7 335 500	152.96

# Notes to the consolidated financial statements (continued)

for the year ended 30 June

## 27. Share-based payments (continued)

The SARs outstanding at 30 June 2019 have an exercise price in the range of R138.48 to R188.42 (2018: R138.48 to R158.75) and a weighted average contractual life of 4.4 to 6.4 (2018: 5.4 to 6.4) years. The average value of the Bidvest share during the year was R197.05 (2018: R200.88).

The fair value of services received in return for shares allotted is measured based on a modified Black-Scholes model. The contractual life of the SARs is used as an input into this model.

The fair value of the SARs allotted during the current year and the assumptions used are:

	2019	2018
Fair value at measurement date (Rand)	209.35	176.39
Exercise price (Rand)	188.42	158.75
Expected volatility (%)	29.16	24.83
Option life (years)	4.00 – 6.00	4.00 – 6.00
Distribution yield (%)	2.83	2.96
Risk-free interest rate (based on the ZAR Bond static yield curve) (%)	7.60	7.93

The volatility is based on the recent historic volatility.

### Conditional share plan

In terms of the CSP scheme, a conditional right to a share is awarded to executive directors subject to performance and vesting conditions. The vesting period is as follows: 75% of total number of awards vest at the expiry of three years and 25% of total number of awards vest at the expiry of four years from the date of the award, unless otherwise determined by the Board. These share awards do not carry voting rights attributable to ordinary shareholders.

The fair value of services received in return for the conditional share awards has been determined by multiplying the number of conditional share awards expected to vest, by the share price at the date of the award less discounted anticipated future distribution flows. A total number of 576 201 (2018: 323 842) of the 711 280 (2018: 451 280) shares are expected to vest, taking into account the performance of the Group to date and forecasts to the end of the performance period, against the targets set at the time of the award. The average discounted share price used in the calculation of the share-based payment charge on the conditional share awards allotted during the year is R174.94 (2018: R154.55) per share. These awards will vest in the next three years.

Nil (2018: Nil) conditional share awards were forfeited as a result of performance conditions not being met, 15 456 conditional share awards were forfeited as a result of accelerated vesting.

The number of conditional share awards in terms of the conditional share plan are:

	2019 Number	2018 Number
Beginning of the year	451 280	256 280
Allotted during the year	282 000	195 000
Awarded during the year as result of accelerated vesting	(6 544)	–
Forfeited during the year	(15 456)	–
End of the year	711 280	451 280

The maximum number of shares which may be allocated at any one time under the SAR and existing Conditional Share Plan shall not exceed 16 900 000 shares (5% of shares in issue). A total number of 5 081 045 (2018: 8 963 220) remain available for allocation.

2019	2018
R'000	R'000

## 28. Life assurance fund

The carrying value of the assurance funds agree with the amount of the actuarial values of liabilities under life insurance policies and contracts at that date. Policyholder liabilities include liabilities for insurance contracts and investment contracts.

Insurance contract (assets) liabilities	(44 175)	(21 324)
Balance at beginning of year	(21 324)	15 605
Movement during the year	(22 851)	(36 929)
Investment contract liabilities	-	10 545
Balance at beginning of year	10 545	295 750
Movement during the year	(10 545)	(285 205)
Net assurance fund at end of year	(44 175)	(10 779)
Gross assurance fund	(180 106)	(46 643)
Reinsurer's share	135 931	35 864
Net assurance fund	(44 175)	(10 779)

### **Insurance contracts**

Insurance contracts are predominantly credit life policies sold by motor dealerships and life insurance policies, distributed by independent financial advisors, that provide for death, disability and critical illness benefits.

The insurance contract reserves are established by discounting future expected net claims, net expense and commission outgo less the future net office premiums (if any) on a policy-by-policy basis using the following main assumptions (before the compulsory margins required by SAP104):

- FSB SAM Nominal yield curve is used to determine investment returns;
- Inflation curve as derived from the FSB SAM yield curves;
- Mortality and disability assumptions are set with reference to standard tables or reinsurance rates where appropriate (mortality and morbidity investigations are conducted annually to confirm assumptions);
- Per policy expense assumptions are based on the medium term projected level of expenses and volume of business; and
- Lapse rates are based on the most recent lapse experience investigation.

IBNR (incurred but not recorded) provisions have been created for both Individual and Group business. IBNR's are calculated based on the run-off period on claims reported in the last 12 months. A combination of the basic chain ladder method and simplistic deterministic methods are used depending on the product and the statistical significance of data available.

Policyholder reasonable benefit expectations have been allowed for, all contractual obligations have been considered and all business is written on a non-profit-sharing basis.

### **Investment contracts**

Investment contracts are linked living annuities sold by independent financial advisors. The Group has exited this business completely during the year.

# Notes to the consolidated financial statements (continued)

for the year ended 30 June

	2019 R'000	2018 R'000
<b>29. Borrowings</b>		
Loans secured by <i>lien</i> over certain property, plant and equipment in terms of financial leases and suspensive sale agreements (refer note 14)	47 023	62 072
Unsecured borrowings	9 173 600	9 086 296
Listed bonds	3 339 000	2 250 000
Cumulative redeemable preference shares	2 080 000	3 080 000
Syndicated EURO facility	3 190 563	3 182 552
Other borrowings	564 037	573 744
Floorplan creditors secured by pledge of inventories (refer note 22)	641 089	666 104
Borrowings	9 861 712	9 814 472
Bank overdrafts	4 582 552	2 653 895
Total borrowings	14 444 264	12 468 367
Less short-term portion of borrowings	(7 436 026)	(5 345 882)
Long-term portion of borrowings	7 008 238	7 122 485
<b>Schedule of repayment of borrowings</b>		
Year to June 2019	–	2 691 987
Year to June 2020	2 853 474	2 649 313
Year to June 2021	4 091 727	4 095 631
Year to June 2022	1 490 733	309 134
Year to June 2023	4 936	–
Thereafter	1 420 842	68 407
	9 861 712	9 814 472
<b>Total borrowings comprise</b>		
Borrowings	9 861 712	9 814 472
Local subsidiaries	6 483 939	6 433 559
Foreign subsidiaries	3 377 773	3 380 913
Overdrafts	4 582 552	2 653 895
Local subsidiaries	4 361 241	2 444 538
Foreign subsidiaries	221 311	209 357
	14 444 264	12 468 367
<b>Effective weighted average rate of interest on</b>	%	%
Local borrowings excluding overdrafts	7.9	7.6
Foreign borrowings excluding overdrafts	2.2	2.3

				2019	2018
	Nominal			Carrying	Carrying
Currency	interest	Financial	year of	value	value
	rate	maturity		R'000	R'000
	%				
<b>29. Borrowings</b> (continued)					
<i>Terms and debt repayment schedule</i>					
Terms and conditions of outstanding loans were:					
<b>Borrowings of local subsidiaries</b>				<b>6 483 939</b>	<b>6 433 559</b>
Loans secured by <i>lien</i> over certain property, plant and equipment in terms of financial leases and suspensive sale agreements					
	ZAR	10.8	2021	<b>71</b>	294
Listed bonds	ZAR	8.3 – 9.6	2020 – 2024	<b>3 339 000</b>	2 250 000
Cumulative redeemable preference shares	ZAR	6.8 – 6.9	2020 – 2021	<b>2 080 000</b>	3 080 000
Other borrowings	ZAR	0.0 – 10.7	2020 – 2023	<b>558 152</b>	566 135
Floorplan creditors secured by pledge of inventories and property bonds	ZAR	8.8 – 9.0	2020	<b>506 716</b>	537 130
<b>Borrowings of foreign subsidiaries</b>				<b>3 377 773</b>	<b>3 380 913</b>
Loans secured by <i>lien</i> over certain property, plant and equipment in terms of financial leases and suspensive sale agreements					
	GBP	2.8 – 12.6	2023 – 2025	<b>34 412</b>	41 035
	EUR	7.4 – 16.4	2021 – 2023	<b>12 163</b>	19 871
	NAD	10.5	2021	<b>305</b>	722
	MUR	12.0	2020	<b>72</b>	149
Floorplan creditors secured by pledge of inventories and/or property	ZAR	11.3	2020	<b>80 364</b>	64 610
	NAD	10.0 – 10.5	2020	<b>54 009</b>	64 364
Other borrowings	EUR	1.8	2021	<b>3 190 563</b>	3 182 552
	BWP	–	2020	<b>2 189</b>	2 184
	Other	–	2020	<b>3 696</b>	5 426
<b>Total interest bearing borrowings</b>				<b>9 861 712</b>	<b>9 814 472</b>

The expected maturity dates are not expected to differ from the contractual maturity dates. Refer note 38 for further disclosure.

# Notes to the consolidated financial statements (continued)

for the year ended 30 June

	2019 R'000	2018 R'000
<b>30. Post-retirement obligations</b>		
Post-retirement assets		
Defined benefit pension surplus	(241 390)	(224 577)
Post-retirement obligations		
Post-retirement medical aid obligations	74 317	76 943
	<b>(167 073)</b>	<b>(147 634)</b>
<b><i>Pension and provident funds</i></b>		
The Group provides retirement benefits for its permanent employees through pension funds with defined benefit and defined contribution categories.		
There are also a number of small funds within various employers of the Group. All funds are administered independently of the Group and are subject to the relevant pension fund legislation.		
The Group operates a defined benefit fund through The Bidvest South Africa Pension Fund.		
Employer contributions to defined contribution funds are set out in note 2.		
<b>Summarised details of the defined benefit pension fund</b>		
<i>Defined benefit pension obligations (assets) of the fund</i>		
The Bidvest South Africa Pension Fund	(241 390)	(224 577)
	<b>(241 390)</b>	<b>(224 577)</b>
<b><i>Contributions to the fund</i></b>		
Employee contributions	356	337
<b><i>Total pension fund asset</i></b>		
Fair value of plan assets	625 295	623 979
Actuarial present value of defined benefit obligations	(381 253)	(390 780)
Net surplus in the plans	244 042	233 199
Amounts not recognised due to ceiling adjustments and other limitations	(2 652)	(8 622)
	<b>241 390</b>	<b>224 577</b>
<b><i>Movement in the liability for defined benefit obligations</i></b>		
Balance at beginning of year	(390 780)	(382 356)
Benefits paid	25 496	27 938
Risk premiums and expenses	999	1 042
Current service costs	(2 296)	(2 403)
Interest expense	(37 000)	(36 966)
Member contributions	(356)	(337)
Actuarial gains	22 684	2 302
Balance at end of year	<b>(381 253)</b>	<b>(390 780)</b>
<b><i>Movement in the plans' assets</i></b>		
Balance at beginning of year	623 979	601 441
Transfer in to pensioner pool in respect of ex-gratia payments	101	–
Contributions paid into the plans	356	337
Benefits paid	(25 496)	(27 938)
Risk premiums and expenses	(1 986)	(2 052)
Interest income	59 345	58 366
Return on plan assets in excess of interest income	(31 004)	(6 175)
Balance at end of year	<b>625 295</b>	<b>623 979</b>

	2019 R'000	2018 R'000
<b>30. Post-retirement obligations</b> (continued)		
<i>The plans' assets comprise</i>		
Cash	64 405	38 687
Equity securities	310 772	460 497
Bills, bonds and securities	108 801	94 845
Property	18 759	25 583
International	117 555	–
Other	5 003	4 367
	<b>625 295</b>	<b>623 979</b>
<i>Amounts recognised in the income statement</i>		
Current service costs	2 296	2 403
Transfer into pensioner pool in respect of ex-gratia payments	(101)	–
Interest on obligations	37 000	36 966
Interest income on plan assets	(59 345)	(58 366)
Ceiling adjustments and other limitations	836	1 604
Risk premiums and expenses	987	1 010
	<b>(18 327)</b>	<b>(16 383)</b>
<i>Amounts recognised in other comprehensive income</i>		
Return on plan assets in excess of interest income	31 004	6 175
Actuarial (gains) losses	(22 684)	(2 302)
Ceiling adjustments and other limitations	(6 806)	(9 181)
	<b>1 514</b>	<b>(5 308)</b>
<i>Key actuarial assumptions used in the actuarial valuations:</i>		
The Bidvest South Africa Pension Fund		
Number of in service members 30 June	19	20
Number of pensioners 30 June	537	572
Discount rate (%)	9.3	9.7
Inflation rate (%)	5.6	6.2
Salary increase (%)	6.6	7.2
Pension increase allowance (%)	3.9	4.3
Date of valuation of all funds	<b>30 June 2019</b>	30 June 2018

Assumptions regarding future mortality are based on published statistics and mortality tables.

#### **Sensitivity analysis**

The table below summarises the impact that a reasonably possible change in the respective assumption, occurring at the end of the year, would have, by increasing (decreasing) the net surplus in the plan, while holding all the other assumptions constant.

# Notes to the consolidated financial statements (continued)

for the year ended 30 June

	2019 Impact of an increase in assumption R'000	2018 Impact of an increase in assumption R'000
<b>30. Post-retirement obligations (continued)</b>		
The Bidvest South Africa Pension Fund		
Discount rate – 1%	7 497	6 366
Pension increase – 1%	(12 060)	(12 450)
Salary increase –1%	(4 650)	(3 833)
The sensitivity analyses presented above may not be representative of the actual change in the net surplus in the plans as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.		
<b>Post-retirement medical aid obligations</b>		
The Group provides post-retirement medical benefit subsidies to certain retired employees and is responsible for the provision of post-retirement medical benefit subsidies to a limited number of current employees.		
<b>Provision for post-retirement medical aid obligations</b>		
Opening provision raised against unfunded obligation	76 943	77 197
Current service costs (relief)	(244)	(2 502)
Interest expense	6 170	6 632
Benefits paid	(7 981)	(6 772)
Actuarial adjustments recognised in other comprehensive income	(571)	2 388
Closing provision raised against unfunded obligation	74 317	76 943
	%	%
<i>Key actuarial assumptions</i>		
Discount rate	8.7	8.7
Inflation rate (CPI)	5.7	5.7
Healthcare cost inflation	7.7	7.7
Date of valuation	30 June 2019	30 June 2018

A change in the medical inflation rates will not have a significant impact on the post-retirement medical aid cost and related obligations.

## 31. Puttable non-controlling interest liabilities

The acquisition of certain subsidiaries in prior years, resulted in put options being agreed with certain of the non-controlling shareholders. The put options entitle the non-controlling shareholders to sell their holdings in the subsidiaries to the Group at contracted dates and amounts.

No new put options were entered into during the period.

	2019 R'000	2018 R'000
The effect of granting these put options on the Group's results can be summarised as follows:		
Balance at beginning of the year	90 530	60 990
Arising on the granting of put options to non-controlling interests during the year	–	22 922
Fair value adjustments recorded directly in retained income	7 115	5 025
Unwinding of present value discount recognised in the income statement	5 013	4 717
Put options settled	(16 500)	–
Dividends paid	(3 841)	(3 124)
	82 317	90 530
Discount rate	6.0% – 7.0%	6.0% – 7.0%
Expected settlement dates	1 July 2020 – 1 July 2022	1 July 2019 – 1 July 2022

	2019 R'000	2018 R'000
<b>32. Amounts owed to bank depositors</b>		
Call deposits	3 549 795	3 067 760
Fixed and notice deposits	2 857 695	2 553 382
	<b>6 407 490</b>	<b>5 621 142</b>
All amounts owed to bank depositors mature within one year.		
<b>Effective rates of interest</b>	%	%
Call deposits	3.4	2.6
Fixed and notice deposits	8.4	8.1

Amounts owed to bank depositors other than fixed and notice deposits are at floating interest rates. Refer note 38 for further disclosure.

	2019 R'000	2018 R'000
<b>33. Operating leases</b>		
Leases which have fixed determinable escalations are charged to the income statement on a straight-line basis and liabilities are raised for the difference between the actual lease expense and the charge recognised in the income statement. The liabilities are classified based on the timing of the reversal which will occur when the actual cash flow exceeds the income statement amounts.		
<b>Operating lease liabilities</b>	153 888	160 946
Less short-term portion included in trade and other payables	(58 252)	(19 866)
Long-term portion	95 636	141 080
<b>Operating lease commitments</b>		
Land and buildings	5 703 599	5 687 205
Due in one year	1 151 193	959 870
Due after one year but within five years	2 495 569	2 327 236
Due after five years	2 056 837	2 400 099
Equipment and vehicles	373 487	647 539
Due in one year	140 352	269 936
Due after one year but within five years	198 126	332 263
Due after five years	35 009	45 340
	<b>6 077 086</b>	<b>6 334 744</b>
Less amounts raised as liabilities	(153 888)	(160 946)
	<b>5 923 198</b>	<b>6 173 798</b>

<b>34. Trade and other payables</b>		
Trade payables	6 505 465	7 229 842
Non-interest-bearing floorplan creditors	683 520	946 088
Forward exchange contracts liability	18 000	2 645
Interest rate swap liabilities	18 857	1 334
Payables relating to customer contracts	222 139	37 948
Value added tax liability	442 234	439 961
Salary and wage-related accruals	2 274 236	1 927 175
Other payables and accrued expenses	1 827 402	2 398 518
	<b>11 991 853</b>	<b>12 983 511</b>

The majority of trade and other payables are fixed in the subsidiaries' local currency. Since trade and other payables have limited exposure to exchange rate fluctuations, a currency analysis has not been included.

Refer note 38 for further disclosure.

# Notes to the consolidated financial statements (continued)

for the year ended 30 June

	2019 R'000	2018 R'000
<b>35. Provisions</b>		
Long-term portion	350 705	248 633
Short-term portion	332 465	281 532
	<b>683 170</b>	<b>530 165</b>

	Onerous contracts R'000	Insurance liabilities R'000	Legal claims R'000	Other R'000	Total R'000
Balance at 1 July 2017	9 821	329 263	25 374	64 031	428 489
Created	19 596	28	5 658	17 435	42 717
Utilised	(10 126)	(5 588)	(2 873)	(37 341)	(55 928)
Net acquisition of businesses	3 306	–	106 698	(399)	109 605
Exchange rate adjustments	–	–	4 995	287	5 282
Balance at 30 June 2018	22 597	323 703	139 852	44 013	530 165
Created	16 099	171 745	394 048	23 980	605 872
Utilised	(23 346)	(191 127)	(223 301)	(38 592)	(476 366)
Net acquisition of businesses	10 238	–	15 954	–	26 192
Exchange rate adjustments	–	–	(2 577)	(116)	(2 693)
Balance at 30 June 2019	<b>25 588</b>	<b>304 321</b>	<b>323 976</b>	<b>29 285</b>	<b>683 170</b>

## **Onerous contracts**

Onerous contracts are identified through regular reviews of the terms and conditions of contracts as well as on the acquisition of businesses. A provision for onerous contracts is calculated as the present value of the portion which management deem to be onerous in light of the current market conditions, discounted using market-related rates. An annual expense is recognised over the life of the contracts.

## **Insurance liabilities**

Insurance liabilities include amounts provided for under IFRS 4 and include: unearned premiums, which represent the proportion of premiums written in the current year which relate to risks that have not expired by the end of the financial year and are calculated on a time proportionate basis; deferred acquisition costs, which are recognised on a basis consistent with the related provisions for unearned premiums; claims, which are calculated on the settlement amount outstanding at year end; and, claims incurred but not reported, for claims arising from events that occurred before the close of the accounting period but which had not been reported to the Group by that date, and are calculated based on the preceding six years' insurance premium revenue multiplied by percentages specified in the Short Term Insurance Act.

## **Legal claims**

Legal claims include provisions raised under IAS 37 for the estimated cost of claims not covered by the Group's insurance policies and in certain instances for the cost of claims below the Group's inner deductibles. Legal claims have long lead times and the provision is determined using actuarial assumptions.

## **Other**

Included in other is a provision raised for the estimated cost of honouring warranties on certain products sold where the manufacturers' warranty is inadequate or not available, R21 million (2018: R32 million).

	2019 R'000	2018 R'000
<b>36. Commitments</b>		
Capital expenditure approved		
Contracted for	739 175	1 285 138
Not contracted for	456 801	378 926
	<b>1 195 976</b>	<b>1 664 064</b>

Capital expenditure amounting to R1 120 million (2018: R1 579 million) is in respect of property, plant and equipment and the remaining balance is in respect of computer software. It is anticipated that capital expenditure will be financed out of existing cash resources.

Bidvest Freight is in the process of constructing an LPG tank farm in the port of Richards Bay, to 30 June 2019 R489 million has been spent with an additional R460 million committed to complete the project. The estimated completion date is July 2020.

### 37. Contingent liabilities

Guarantees issued in respect of obligations of associates and investments	-	79 000
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The Group has outstanding legal and other claims arising out of its normal ongoing operating activities which have to be resolved. None of these claims are significant.

Refer note 38 for further disclosure in respect of guarantees.

### 38. Nature and extent of risks arising from financial instruments

#### 38.1 Risk management overview

The Group has exposure to the following risks from its use of financial instruments: credit risk; liquidity risk; foreign currency risk; interest rate risk and market price risk.

This note presents information about the Group's exposure to each of the aforementioned risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. IFRS 7 requires certain disclosures by class of instrument which the Group has determined would be the segments as disclosed in the segmental report.

The Group's major financial risks are mitigated in the way that it operates firstly through diversification of industry and secondly through decentralisation. Bidvest is an international group with operations in South Africa, United Kingdom, Republic of Ireland, Namibia, and various other Southern African countries. The Group also comprises a variety of businesses within the services, trading and distribution industries. As a result of this diversification in terms of industry, the Group is exposed to a range of financial risks, each managed in appropriate ways. However, the impact of any one particular financial risk within any of these industries, is not considered to be material to the Group.

The Group's philosophy has always been to empower management through a decentralised structure thereby making them responsible for the management and performance of their operations, including managing the financial risks of the operation. The operational management report to divisional management who in turn report to the Group's board of Directors. The divisional management are also held responsible for managing financial risks of the operations within the divisions. Operational management's remuneration is based on their operation's performance and divisional management based on their division's performance resulting in a decentralised and entrepreneurial environment.

Due to the diverse structure and decentralised management of the Group, the Group risk committee has implemented guidelines of acceptable practices and basic procedures to be followed by divisional and operational management. The information provided below for each financial risk has been collated for disclosure based on the manner in which the business is managed and what is believed to be useful information for shareholders.

The total process of risk management in the Bidvest Group, which includes the related system of control, is the responsibility of the board of Directors. The Group risk committee has been constituted as a committee of the Group board of Directors in the discharge of its duties and responsibilities in this regard. The Group risk committee has a charter and reports regularly to the board of Directors on its activities.

# Notes to the consolidated financial statements (continued)

for the year ended 30 June

## 38. Nature and extent of risks arising from financial instruments (continued)

### 38.1 Risk management overview (continued)

The primary purposes of the Group risk committee are:

- to establish and maintain a common understanding of the risk universe (framework), which needs to be addressed in order to meet Bidvest Corporate objectives;
- to identify the risk profile and agree the risk appetite of the Group;
- to satisfy the risk management reporting requirements;
- to coordinate the Group's risk management and assurance efforts;
- to report to the board of Directors on the risk management work undertaken and the extent of any action taken by management to address areas identified for improvement; and
- to report to the board of Directors on the Company's process for monitoring compliance with laws and regulations.

The Group risk committee has documented a formal policy framework in order to achieve the following:

- to place accountability on management for designing, implementing and monitoring the process of risk management;
- to place responsibility on management for integrating the risk management process into the day-to-day activities and operations of the Group; and
- to ensure that the risk strategy is communicated to all stakeholders so that it may be incorporated into the culture of the Group.

The Group has operations trading in the banking, short-term insurance and life assurance industries (Financial Services segment). These operations are exposed to financial risks which are unique to these industries and differ significantly to the remainder of the Group's operations operating within the services, trading and distribution sectors. Whilst the financial risks to which these particular operations are exposed could have a significant effect on the individual operations, they would not have a significant impact on the Group. For this reason, the information provided below mainly provides qualitative and quantitative information regarding the management and exposure to financial risks to which the trading operations of the Group are exposed based on what is believed to be useful to shareholders. Bidvest Bank Limited is a public company for which financial statements are prepared including detailed disclosure in accordance with the requirements of IFRS 7.

The Bidvest Group has, due to the diversity of its operations in nature and geography, determined that it would be better to develop an in-house strategy, as opposed to adopting a recognised strategy and forcing its operations to adapt to the constraints of the strategy selected. The Group has determined that utilising a common framework for the identification of risk would assist the divisions to reduce the implementation time and cost and would give some assurance that all inherent risks have been considered. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Group activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and responsibilities.

To assist the Group risk committee in discharging its responsibilities, it has:

- assigned risk management responsibilities to Divisional/Operational risk committees; and
- determined that each division should appoint risk/compliance officers on a divisional (operational) level as nominated by the Divisional risk committees.

The role of the risk officer is to develop, communicate, coordinate and monitor the enterprise-wide risk management.

### 38.2 Credit risk

Through the Divisional risk committees, each division has a forum for the discussion and identification of risks relevant to the particular division. Only risk matters that affect the Group as a whole are escalated to the Group risk committee. The minutes of the Divisional risk committees are submitted to the Group risk committee.

Each division has its own audit committee, which subscribes to the same philosophies and practices as the Group audit committee. The Divisional audit committees report to both the Divisional board and the Group audit committee. The Group audit committee reviews the Divisional audit committee reports. The Divisional audit committees oversee how divisional management monitors compliance with the Group's policies and guidelines in respect of the financial reporting process, the system of internal control, the management of financial risks, the audit process (both internal and external) and code of business conduct. The Divisional audit committees are assisted in their oversight role by the Group's internal audit department. Divisional internal audit undertakes both regular and *ad hoc* reviews of financial and operational risk management controls and procedures, the results of which are reported to the relevant Divisional audit committee.

## 38. Nature and extent of risks arising from financial instruments (continued)

### 38.2 Credit risk (continued)

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, banking advances, investments and guarantees.

The Group risk committee with the assistance of internal audit has implemented a "Delegation of authority matrix" which provides guidelines by division, as to the level of authorisation required for various types of transactions.

Except as detailed below in respect of guarantees issued, the carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk after taking into account the value of any collateral obtained. The carrying values, net of impairment allowances, amount to R9 438 million (2018: R9 071 million) for trade receivables (refer note 23), R2 655 million (2018: R1 892 million) for banking and other advances (refer note 20).

The impairment allowance account in respect of trade receivables and banking advances are used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point, the amount which is considered irrecoverable is written off directly against the respective assets.

Impairments of investments classified as at fair value through other comprehensive income and at fair value through profit or loss are written off against the investment directly and an impairment allowance account is not utilised.

The Group has a general credit policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. In accordance with the decentralised structure, the operational management, under the guidance of the divisional management, are responsible for implementation of policies to meet the above objective. This includes credit policies under which new customers are analysed for credit worthiness before the operation's standard payment and delivery terms and conditions are offered, determining whether collateral is required, and if so the type of collateral to be obtained, and setting of credit limits for individual customers based on their references and credit ratings. Certain operations in the Group have a policy of taking out credit insurance to cover a portion of their risk. Operational management are also held responsible for monitoring the operations' credit exposure.

#### 38.2.1 Trade receivables

Refer note 23 for further disclosure.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed by the operational management on the financial condition of the operation's customers.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. It was noted that the Group's largest exposure to a single customer group, across multiple geographies is R487 million (2018: R199 million). Management, in the various geographies, have assessed the recoverability of these amounts due in their geographies, and believe that the amounts due and not impaired are recoverable in full.

The total number of debtors per reporting division was obtained and the average turnover per trade debtor was calculated for each reporting division. Based on the average turnover per trade debtor in comparison to the Group's total turnover for the year, there was no significant concentration of credit risk to any single trade debtor. The concentration of credit risk is therefore limited due to the customer base being large and independent.

Please refer to the accounting policy note 17 financial instruments for further details on impairments.

As a result of the decentralised structure, operational management have the responsibility of determining the loss allowances in respect of trade receivables. This is done under the oversight of the Divisional audit committees, and ultimately the Group audit committee. The operations' average credit period depends on the type of industry in which they operate as well as the credit worthiness of their customers. The majority of the customers are given credit terms ranging from cash on delivery to 60 days from statement. The largest loss allowance for a specific trade receivable was obtained for each reporting operation and calculated as a percentage of the Group's total loss allowance. It was determined that such percentage did not exceed 3.1% (2018: 3.7%) of the total allowance raised at year-end.

# Notes to the consolidated financial statements (continued)

for the year ended 30 June

	2019 R'000	2018 R'000
<b>38. Nature and extent of risks arising from financial instruments</b>		
(continued)		
<b>38.2 Credit risk</b> (continued)		
<b>38.2.1 Trade receivables</b> (continued)		
Movement in expected credit losses (2018: impairment allowance) in respect of trade receivables		
Balance at 1 July	288 687	298 557
IFRS 9 adjustment at beginning of the period	55 355	–
Services	17 600	–
Freight	6 000	–
Office and Print	3 300	–
Commercial Products	3 800	–
Automotive	8 300	–
Financial Services	2 555	–
Electrical	13 800	–
Allowances raised during the year	132 438	168 016
Services	23 999	27 299
Freight	2 908	897
Office and Print	14 866	17 592
Commercial Products	21 506	21 936
Automotive	11 872	29 765
Financial Services	4 900	–
Electrical	29 903	55 404
Corporate	22 484	15 123
Bad debts written off during the year	(100 040)	(93 267)
Services	(13 254)	(7 373)
Freight	(414)	(2 000)
Office and Print	(5 888)	(4 037)
Commercial Products	(18 963)	(22 157)
Automotive	(27 828)	(37 889)
Financial Services	(261)	–
Electrical	(30 823)	(17 431)
Corporate	(2 609)	(2 380)
Net acquisition of businesses and inter-class transfers	(2 841)	12 760
Services	(11 628)	17 505
Freight	8 717	–
Office and Print	49	(464)
Commercial Products	21	–
Corporate	–	(4 281)
Allowances reversed during the year	(88 281)	(100 171)
Services	(27 419)	(9 362)
Freight	(2 365)	–
Office and Print	(12 645)	(12 615)
Commercial Products	(8 441)	(5 933)
Automotive	(8 814)	(6 597)
Financial Services	–	(33 439)
Electrical	(22 007)	(21 399)
Corporate	(6 590)	(10 826)
Exchange rate adjustments	(189)	2 792
Balance at 30 June	285 129	288 687

### 38. Nature and extent of risks arising from financial instruments (continued)

#### 38.2 Credit risk (continued)

##### 38.2.1 Trade receivables (continued)

Collateral held on past due amounts

	2019		2018	
	Fair value of collateral held R'000	Trade receivables net of expected credit losses R'000	Fair value of collateral held R'000	Trade receivables net of impairment allowance R'000
Personal surety	*	120 217	*	73 746
Freight		–		1 997
Office and Print		2 648		2 010
Commercial Products		473		–
Automotive		13 056		9 311
Financial Services		3 864		–
Electrical		100 176		60 428
Cover by credit insurance	365 980	431 256	368 941	369 051
Freight	6 784	6 784	1 997	1 997
Commercial Products	76 765	77 038	74 194	74 304
Automotive	–	–	1 543	1 543
Electrical	270 149	335 152	257 885	257 885
Corporate	12 282	12 282	33 322	33 322
Pledge of assets	17 964	17 964	30 953	30 953
Services	14 555	14 555	25 412	25 412
Commercial Products	3 058	3 058	445	445
Office and Print	351	351	14	14
Electrical	–	–	5 082	5 082
Other	56 239	76 220	39 920	39 920
Freight	35 310	35 310	31 982	31 982
Commercial Products	1 442	1 442	7 938	7 938
Electrical	19 487	39 468	–	–
<b>Total</b>	<b>440 183</b>	<b>645 657</b>	<b>439 814</b>	<b>513 670</b>

\* An accurate fair value cannot be attached to personal surety.

In certain instances, the Group's operations reserve the right to collect inventory sold when the outstanding debt is not settled by the customer. Where it is the business of the operation to finance assets, the assets are held as collateral in respect of the outstanding debt. The collateral detailed above is in addition to these aforementioned measures taken to reduce credit risk in respect of trade receivables.

# Notes to the consolidated financial statements (continued)

for the year ended 30 June

## 38. Nature and extent of risks arising from financial instruments (continued)

### 38.2 Credit risk (continued)

#### 38.2.1 Trade receivables (continued)

Ageing of trade receivables at 30 June

	2019				2018		
	ECL as % of total ECL %	Gross trade receivables R'000	Expected credit losses R'000	Net trade receivables R'000	Gross trade receivables R'000	Impairment allowance R'000	Net trade receivables R'000
Not past due *	10.3	6 304 103	(29 489)	6 274 614	6 212 997	(30 140)	6 182 857
Services	10.1	1 478 063	(7 652)	1 470 411	1 608 584	(13 730)	1 594 854
Freight	12.6	1 886 976	(3 224)	1 883 752	1 473 259	(1 202)	1 504 357
Office and Print	13.7	794 836	(3 164)	791 672	803 619	(227)	803 392
Commercial Products	3.3	869 848	(912)	868 936	922 478	(1 827)	920 651
Automotive	11.1	329 607	(5 020)	324 587	330 010	(2 474)	327 536
Financial Services	–	134 781	–	134 781	177 337	–	177 337
Electrical	16.3	513 266	(8 548)	504 718	451 116	(10 595)	440 521
Corporate	3.5	296 726	(969)	295 757	446 594	(85)	414 209
Past due							
0 – 30 days *	3.6	1 732 178	(10 360)	1 721 818	1 607 447	(13 995)	1 593 452
Services	3.8	818 523	(2 876)	815 647	658 815	(1 070)	657 745
Freight	1.0	145 488	(253)	145 235	222 045	–	236 925
Office and Print	5.1	204 180	(1 173)	203 007	127 442	(168)	127 274
Commercial Products	7.9	133 471	(2 163)	131 308	132 938	(7 211)	125 727
Automotive	3.5	115 645	(1 583)	114 062	95 867	(1 215)	94 652
Financial Services	0.4	13 887	(30)	13 857	37 800	–	37 800
Electrical	1.9	213 897	(1 007)	212 890	209 856	(1 235)	208 621
Corporate	4.6	87 087	(1 275)	85 812	122 684	(3 096)	104 708
31 – 180 days*	35.2	1 359 567	(100 100)	1 259 467	1 053 524	(102 562)	950 962
Services	34.5	394 355	(26 162)	368 193	447 752	(42 116)	405 636
Freight	62.1	423 352	(15 910)	407 442	130 357	(185)	141 175
Office and Print	37.9	111 327	(8 783)	102 544	55 384	(7 928)	47 456
Commercial Products	50.4	81 587	(13 825)	67 762	80 995	(17 116)	63 879
Automotive	51.9	92 126	(23 461)	68 665	60 942	(10 867)	50 075
Financial Services	5.2	24 919	(377)	24 542	27 997	–	27 997
Electrical	8.6	173 773	(4 509)	169 264	171 069	(18 671)	152 398
Corporate	25.3	58 128	(7 073)	51 055	79 028	(5 679)	62 346
181 + days *	50.9	327 107	(145 180)	181 927	486 027	(141 990)	344 037
Services	51.6	54 665	(39 241)	15 424	102 982	(29 791)	73 191
Freight	24.3	16 466	(6 221)	10 245	21 281	(6 845)	14 436
Office and Print	43.3	27 707	(10 031)	17 676	15 172	(15 145)	27
Commercial Products	38.4	21 603	(10 555)	11 048	16 187	(3 426)	12 761
Automotive	33.5	28 750	(15 179)	13 571	71 550	(47 150)	24 400
Financial Services	94.4	8 620	(6 786)	1 834	21 897	–	21 897
Electrical	73.2	136 972	(38 473)	98 499	222 529	(31 153)	191 376
Corporate	66.6	32 324	(18 694)	13 630	14 429	(8 480)	5 949
<b>Total</b>		<b>9 722 955</b>	<b>(285 129)</b>	<b>9 437 826</b>	<b>9 359 995</b>	<b>(288 687)</b>	<b>9 071 308</b>

\* Total expected loss rate for each category denoted with \* adds up to 100%.

### 38. Nature and extent of risks arising from financial instruments (continued)

#### 38.2 Credit risk (continued)

##### 38.2.2 Banking and other advances

Refer note 20 for further disclosure.

The impairment allowance account comprises a specific and portfolio impairment allowance. Specific impairments are raised for doubtful advances, including amounts in respect of interest not being serviced and after taking security values into account, and are deducted from advances where the outstanding balance exceeds the value of the security held. A portfolio impairment allowance based on historic experience is raised to cover doubtful advances, which may not be specifically identified at the statement of financial position date. The specific and portfolio impairments made during the year are charged to the income statement. Refer accounting policies note 17 for further disclosure on the methodology of determining expected credit losses for banking advances.

	2019 R'000	2018 R'000
<i>Movement in expected credit losses/impairment allowance in respect of banking and other advances</i>		
Financial Services		
Balance at 1 July	18 563	29 918
IFRS 9 cumulative catch-up adjustment	1 155	–
Allowance raised during the year	7 317	4 753
Allowance utilised during the year	–	(9 638)
Impairment written off against banking and other advances	(3 273)	(6 470)
Balance at 30 June	23 762	18 563

Ageing of banking and other advances at 30 June

	2019			2018		
	Gross banking and other advances R'000	Expected credit losses R'000	Net banking and other advances R'000	Gross banking and other advances R'000	Impairment allowance R'000	Net banking and other advances R'000
Financial Services						
Not past due	2 672 486	(23 762)	2 648 724	1 897 339	(9 822)	1 887 517
Past due	6 451	–	6 451	13 468	(8 741)	4 727
0 – 30 days	15	–	15	32	–	32
31 – 180 days	1 472	–	1 472	297	–	297
181 + days	4 964	–	4 964	13 139	(8 741)	4 398
Total	2 678 937	(23 762)	2 655 175	1 910 807	(18 563)	1 892 244

Collateral held on past due amounts

	2019		2018	
	Fair value of collateral held R'000	Banking and other advances net of impairment allowance R'000	Fair value of collateral held R'000	Banking and other advances net of impairment allowance R'000
Pledge of assets	6 451	6 451	4 727	4 727

# Notes to the consolidated financial statements (continued)

for the year ended 30 June

## 38. Nature and extent of risks arising from financial instruments (continued)

### 38.2 Credit risk (continued)

#### 38.2.2 Banking and other advances (continued)

Expected credit losses at 30 June

	Effective interest rate %	Gross value R'000	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000
Instalment finance	11.3	1 019 245	(1 965)	(176)	(3 882)
Mortgages	10.4	584 267	(876)	(2)	(57)
Call and term loans	11.2	463 368	(1 816)	-	(16)
Negotiable securities	9.7	343 082	(1)	-	(14 764)
Overdrafts and other advances	10.0	268 974	(152)	-	(55)
		2 678 936	(4 810)	(178)	(18 774)
Expected losses on banking advances		(23 762)			
Carrying value		2 655 174			

#### 38.2.3 Guarantees

Over and above the guarantees issued to subsidiaries of the Group, the Group has provided guarantees for fixed amounts in respect of obligations of associates as disclosed in note 37.

The maximum exposure to credit risk in respect of guarantees at the reporting date was as follows:

	2019 R'000	2018 R'000
Guarantees issued in respect of obligations of associates	-	79 000

## **38. Nature and extent of risks arising from financial instruments** (continued)

### **38.3 Liquidity risk**

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

The Group manages its borrowings centrally for each of the following countries and regions: South Africa, United Kingdom and Namibia. The divisions within each region are therefore not responsible for the management of liquidity risk but rather senior management for each of these regions are responsible for implementing procedures to manage the regional liquidity risk.

# Notes to the consolidated financial statements (continued)

for the year ended 30 June

## 38. Nature and extent of risks arising from financial instruments (continued)

### 38.3 Liquidity risk (continued)

#### 38.3.1 Contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements

	Undiscounted contractual cash flows						
	Carrying amount R'000	Total R'000	6 months or less R'000	6 – 12 months R'000	1 – 2 years R'000	2 – 5 years R'000	More than 5 years R'000
<b>2019</b>							
Puttable non-controlling liabilities (refer to note 31)	82 317	89 749	58 316	–	–	31 433	–
Borrowings (refer note 29)							
Loans secured by <i>lien</i> over certain property, plant and equipment in terms of financial leases and suspensive sale agreements	47 023	55 552	12 756	9 767	15 661	17 368	–
Unsecured loans	9 173 600	10 359 176	1 958 292	706 648	4 359 212	3 327 634	7 389
Floorplan creditors secured by pledge of inventories and bonded property	641 089	641 089	641 089	–	–	–	–
Bank overdrafts	4 582 552	4 582 552	–	4 582 552	–	–	–
	14 444 264	15 638 369	2 612 137	5 298 967	4 374 874	3 345 002	7 389
Trade and other payables (refer to note 34)							
Trade and other payables (excluding forward exchange contracts)	11 973 853	11 973 853	11 973 853	–	–	–	–
	11 973 853	11 973 853	11 973 853	–	–	–	–
Amounts owed to bank depositors (refer to note 32)							
Call deposits	3 549 795	3 572 064	3 572 064	–	–	–	–
Fixed and notice deposits	2 857 695	2 984 804	1 506 884	1 477 920	–	–	–
	6 407 490	6 556 868	5 078 948	1 477 920	–	–	–

The expected maturity of financial liabilities is not expected to differ from the contractual maturities as disclosed above.

There were no defaults or breaches of any of the borrowing terms or conditions.

	Undiscounted contractual cash flows						
	Carrying amount R'000	Total R'000	6 months or less R'000	6 – 12 months R'000	1 – 2 years R'000	2 – 5 years R'000	More than 5 years R'000
2018							
Puttable non-controlling liabilities (refer to note 31)	90 530	103 414	–	–	58 912	44 502	–
Borrowings (refer note 29)							
Loans secured by <i>lien</i> over certain property, plant and equipment in terms of financial leases and suspensive sale agreements	62 072	70 110	19 292	14 872	18 792	17 154	–
Unsecured loans	9 086 296	9 828 840	734 780	1 729 749	2 861 105	4 434 482	68 724
Floorplan creditors secured by pledge of inventories	666 104	666 104	666 104	–	–	–	–
Bank overdrafts	2 653 895	2 653 895	–	2 653 895	–	–	–
	12 468 367	13 218 949	1 420 176	4 398 516	2 879 897	4 451 636	68 724
Trade and other payables (refer to note 34)							
Trade and other payables (excluding forward exchange contracts)	12 980 866	12 980 866	12 980 866	–	–	–	–
	12 980 866	12 980 866	12 980 866	–	–	–	–
Amounts owed to bank depositors (refer to note 32)							
Call deposits	3 067 760	3 067 995	3 067 995	–	–	–	–
Fixed and notice deposits	2 553 382	2 638 145	1 735 525	902 620	–	–	–
	5 621 142	5 706 140	4 803 520	902 620	–	–	–

# Notes to the consolidated financial statements (continued)

for the year ended 30 June

	2019 R'000	2018 R'000
<b>38. Nature and extent of risks arising from financial instruments</b>		
(continued)		
<b>38.3 Liquidity risk</b> (continued)		
<b>38.3.2 Trade and other payables by class segment</b>		
<i>Trade payables</i>		
Services	665 135	996 904
Freight	2 604 314	2 655 266
Office and Print	816 885	896 171
Commercial Products	708 413	742 957
Automotive	633 394	736 801
Financial Services	195 435	157 593
Electrical	537 182	619 950
Corporate	344 707	424 200
	<b>6 505 465</b>	<b>7 229 842</b>
Refer note 34 for further disclosure.		
<b>38.3.3 Undrawn facilities</b>		
The Group has the following undrawn facilities at its disposal to further reduce liquidity risk:		
Unsecured bank overdraft facility, reviewed annually and payable on 360 days' notice	<b>8 977 098</b>	9 291 731
Utilised	<b>4 582 552</b>	2 653 895
Unutilised	<b>4 394 546</b>	6 637 836
Unsecured loan facility with various maturity dates through to 2021 and which may be extended by mutual agreement	<b>9 205 380</b>	10 259 766
Utilised	<b>5 834 600</b>	6 836 296
Unutilised	<b>3 370 780</b>	3 423 470
Secured loan facilities with various maturity dates through to 2025 and which may be extended by mutual agreement	<b>4 038 172</b>	3 277 622
Utilised	<b>688 112</b>	728 176
Unutilised	<b>3 350 060</b>	2 549 446
Other banking facilities	<b>3 487 030</b>	3 307 760
Utilised	<b>6 194</b>	92 837
Unutilised	<b>3 480 836</b>	3 214 923
Unsecured Domestic Medium Term Notes Programme	<b>9 000 000</b>	9 000 000
Utilised	<b>3 339 000</b>	2 250 000
Unutilised	<b>5 661 000</b>	6 750 000
Total facilities	<b>34 707 680</b>	<b>35 136 879</b>
Utilised	<b>14 450 458</b>	12 561 204
Unutilised	<b>20 257 222</b>	22 575 675

## **38. Nature and extent of risks arising from financial instruments** (continued)

### **38.4 Market risk**

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

#### **38.4.1 Investments**

Refer to note 19 for further disclosure.

The classes for investments are amortised cost, fair value through profit or loss and fair value through other comprehensive income, refer to note 19 for the carrying amounts for each of these categories.

There were no impairment losses recognised in respect of investments (2018: Nil).

#### **38.4.2 Foreign currency risk**

The Group's financial instruments are not significantly exposed to currency risk for the reasons provided below. A sensitivity analysis has therefore not been performed.

Borrowings are matched to the same foreign currency as the division raising the loan thereby limiting the divisions' exposure to changes in a foreign currency which differs to their functional currency. Interest on borrowings is denominated in currencies that match the cash flows generated by the underlying divisions of the Group thereby providing an economic hedge for each class of borrowing.

Banking advances (refer to note 20), amounts owed to bank depositors (refer to note 32) and investments, with the exception of the Group's investment in the Indian based Mumbai International Airport Private Limited, (refer to note 19) are all denominated in the same functional currency as the operation in which they are held, thus these financial instruments are not exposed to currency risk.

The Group incurs currency risk as a result of purchases and sales which are denominated in a currency other than the Group entities' functional reporting currency. It is Group policy that Group entities hedge all trade receivables and trade payables denominated in a foreign currency which differs to its functional currency. At any point in time the entities also take out economic hedges over their estimated foreign currency exposure resulting from sales and purchases. The Group entities hedge their foreign currency risk exposure either by taking out forward exchange contracts (FECs) or alternatively by purchasing in advance the foreign currency which will be required to settle the trade payables. Most of the forward exchange contracts have maturities of less than one year after the balance sheet date. Where necessary, the forward exchange contracts are rolled over at maturity. It is the Group's policy not to trade in derivative financial instruments for speculative purposes with the exception of Bidvest Bank Limited whose business is to trade in derivatives.

Changes in the fair value of forward exchange contracts that economically hedge monetary assets and liabilities in foreign currencies (in relation to the operations' functional currency) and for which no hedge accounting is applied are recognised in the income statement. Both the changes in fair value of the forward exchange contracts and the foreign exchange gains and losses relating to the monetary items are recognised in operating profit (refer to note 2).

The periods in which the cash flows associated with the forward exchange contracts are expected to occur are detailed below under the heading 'Settlement'. The periods in which the cash flows are expected to impact the income statement are believed to be in the same time frame as when the actual cash flows occur.

# Notes to the consolidated financial statements (continued)

for the year ended 30 June

## 38. Nature and extent of risks arising from financial instruments (continued)

### 38.4. Market risk (continued)

#### 38.4.2. Foreign currency risk (continued)

	Settlement	Contract value	
		Foreign amount R'000	Rand amount R'000
<b>2019</b>			
<i>In respect of forward exchange contracts relating to foreign liabilities as at 30 June 2019</i>			
Japanese yen	July 2019 – October 2019	(2 023 517)	(270 607)
US dollar	July 2019 – October 2019	(18 183)	(262 847)
Euro	July 2019 – September 2019	(3 781)	(62 133)
Sterling	July 2019 – September 2019	(108)	(1 969)
Australian dollar	July 2019	(64)	(642)
Other	July 2019	(98)	(313)
			(598 511)
<i>In respect of forward exchange contracts relating to foreign assets as at 30 June 2019</i>			
US dollar	July 2019 – December 2019	3 598	53 125
			53 125
<i>In respect of forward exchange contracts relating to goods and services ordered not accounted for as at 30 June 2019</i>			
US dollar	July 2019 – September 2019	(17 081)	(243 695)
Japanese yen	July 2019	(7 423)	(1 012)
Euro	July 2019 – January 2020	(1 125)	(18 219)
Sterling	August 2019	(117)	(2 124)
Other	July 2019	(112)	(207)
			(265 257)

	Settlement	Contract value	
		Foreign amount R'000	Rand amount R'000
2018			
<i>In respect of forward exchange contracts relating to foreign liabilities as at 30 June 2018</i>			
Japanese yen	July 2018 – October 2018	(2 440 276)	(284 292)
US dollar	July 2018 – December 2018	(19 052)	(255 192)
Euro	July 2018 – October 2018	(2 371)	(36 772)
Sterling	July 2018 – August 2018	(107)	(1 926)
Australian dollar	July 2018	(13)	(125)
Other	July 2018 – August 2018	(120)	(248)
			(578 555)
<i>In respect of forward exchange contracts relating to foreign assets as at 30 June 2018</i>			
US dollar	July 2018 – December 2018	1 533	20 254
Euro	July 2018 – October 2018	150	2 310
			22 564
<i>In respect of forward exchange contracts relating to goods and services ordered not accounted for as at 30 June 2018</i>			
Japanese yen	July 2018 – August 2018	(9 040)	(1 098)
US dollar	July 2018 – November 2018	(7 438)	(101 179)
Euro	July 2018 – December 2018	(977)	(15 163)
Sterling	July 2018 – September 2018	(252)	(4 603)
Other	July 2018 – September 2018	(248)	(438)
			(122 480)

The total value of trade receivables and trade payables, whose payment terms are fixed in foreign currency other than its operational currency, are R311 million (2018: R294 million) and R801 million (2018: R935 million), respectively.

# Notes to the consolidated financial statements (continued)

for the year ended 30 June

## 38. Nature and extent of risks arising from financial instruments (continued)

### 38.4. Market risk (continued)

#### 38.4.3 Interest rate risk

The Group is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. This risk is managed by maintaining an appropriate mix between fixed and floating borrowings and by the use of interest rate swap contracts. The Group's investments in listed bonds, accounted for as fair value through other comprehensive income and fair value through profit or loss financial assets, banking advances and liabilities are exposed to a risk of change in fair value due to movements in interest rates. Investments in equity securities accounted for as held for trading financial assets and trade receivables and payables are not exposed to interest rate risk.

At the reporting date the interest rate profile of the Group's interest bearing financial instruments was:

	2019 R'000	2018 R'000
Fixed rate instruments		
Financial assets		
Fair value through other comprehensive income listed bonds	341 456	330 706
Fair value through profit or loss listed bonds	162 910	156 574
Banking and other advances	64 432	335 266
Financial liabilities		
Borrowings	(2 168 977)	(1 632 464)
Amounts owed to bank depositors	(2 340 672)	(1 960 723)
Derivative instruments in designated hedge accounting relationships	(18 857)	(1 334)
Variable rate instruments		
Financial assets		
Cash and cash equivalents	6 617 075	6 168 293
Banking and other advances	2 590 743	1 556 978
Financial liabilities		
Borrowings	(7 692 735)	(8 182 008)
Puttable non-controlling interest liabilities	(82 317)	(90 530)
Amounts owed to bank depositors	(4 066 818)	(3 660 419)
Overdrafts	(4 582 552)	(2 653 895)

The Group's exposure to interest rates on financial assets and liabilities are detailed in the various notes within the financial statements.

The variable rates are influenced by movements in the prime borrowing rates.

#### Sensitivity analysis

The effect of a change in interest rate on the fair value of the listed bonds accounted for as held for trading and available for sale is not believed to have a significant effect on the Group's profit for the year and equity.

It is estimated that 0.5% (2018: 0.5%) increase in interest rates would decrease profit after tax by R19 million (2018: R13 million). This sensitivity analysis has been prepared using the average net borrowings for the financial year as the actual net borrowings at 30 June are not representative of the net borrowings during the year.

This analyses assumes that all other variables, in particular foreign currency rates, remain constant. The analyses are performed on the same basis as 2018. A decrease in interest rates would have an equal and opposite effect on profit after taxation.

#### Interest rate swap contracts

The Group has entered into interest rate swap contracts, in order to fix the interest rates on variable rate corporate bonds and loans as summarised below.

## 38. Nature and extent of risks arising from financial instruments (continued)

### 38.4. Market risk (continued)

#### 38.4.3. Interest rate risk (continued)

Bonds – The variable three-month JIBAR interest rate plus a spread specific to each bond has been fixed using fixed for floating interest rate swaps at rates set out below. The swap contracts match the duration and expiry dates of the bonds. The difference between the fixed and floating interest rates are settled on a quarterly basis simultaneously with the payment of interest to bondholders. The interest rate swap contracts have enabled the Group to mitigate the risk of fluctuating interest rates on the fair value of the bonds issued. The interest rate swaps have been designated as hedging instruments and accounted for as a cash flow hedge. The fair value of the bond linked interest rate swaps at the reporting date, is determined by discounting the future cash flows using the interest rate curves at the reporting date and the credit risk inherent in the contract, resulting in a fair value liability of R18.9 million (2018: R1.3 million).

Hedged items – three-year bonds/stock code	BID07	BID09
Principal Bond and Swap notional value – R'000	450 000	568 000
Bond issue date, swap start date	1 April 2019	15 May 2019
Bond redemption date, swap termination date	30 June 2020	15 November 2021
Spread (bps) above three-month JIBAR	160	123
Fixed swap rate, including spread	8.70%	8.35%
Interest settlement periods	Quarterly	Quarterly
Hedged items – five-year bonds/stock code	BID08	BID10
Principal Bond and Swap notional value – R'000	300 000	543 000
Bond issue date, swap start date	1 April 2019	15 May 2019
Bond redemption date, swap termination date	30 June 2022	15 November 2023
Spread (bps) above three-month JIBAR	180	140
Fixed swap rate, including spread	9.00%	8.78%
Interest settlement periods	Quarterly	Quarterly

#### 38.4.4 Market price risk

Equity price risk arises from investments classified as fair value through profit or loss and fair value through other comprehensive income (refer to note 19). Fair value through other comprehensive income financial assets includes a listed bond held by the Group's wholly-owned subsidiary Bidvest Bank Limited. Fair value through profit or loss investments comprise a listed share portfolio whose performance is monitored closely by senior management and the Group actively trades in these shares. The Group's subsidiaries, Bidvest Insurance Limited and Bidvest Life Limited hold investment portfolios with a fair value of R708 million (2018: R642 million) and R46 million (2018: R109 million), respectively, for the purpose of being utilised to cover liabilities arising from insurance contracts. These portfolios comprise domestic and international equity investments and money market funds. Unlisted investments comprise unlisted shares and loans which are classified as fair value through profit or loss and fair value through other comprehensive income, and are valued at fair value using a price/earnings model.

# Notes to the consolidated financial statements (continued)

for the year ended 30 June

## 38. Nature and extent of risks arising from financial instruments (continued)

### 38.5 Fair values

The carrying amounts of all financial assets and liabilities approximate their fair values, with the exception of borrowings which have been accounted for at amortised cost. The fair value of borrowings, together with the carrying amounts shown in the statement of financial position, classified by class (being geographical location), are as follows:

	2019		2018	
	Carrying amount R'000	Fair value R'000	Carrying amount R'000	Fair value R'000
Borrowings (refer to note 29)				
Southern Africa	10 983 108	10 994 331	9 022 676	9 031 304
Loans secured by <i>lien</i> over certain property, plant and equipment in terms of financial leases and suspensive sale agreements	448	448	1 165	1 195
Unsecured loans	5 980 330	5 991 553	5 903 744	5 912 342
Floorplan creditors secured by pledge of inventories	641 089	641 089	666 104	666 104
Bank overdrafts	4 361 241	4 361 241	2 451 663	2 451 663
United Kingdom and Europe	3 461 157	3 461 157	3 445 691	3 445 691
Loans secured by <i>lien</i> over certain property, plant and equipment in terms of financial leases and suspensive sale agreements	46 575	46 575	60 907	60 907
Unsecured loans	3 193 270	3 193 270	3 182 552	3 182 552
Bank overdrafts	221 311	221 311	202 232	202 232
	14 444 265	14 455 488	12 468 367	12 476 995
Unrecognised gain	(11 223)		(8 628)	

The methods used to estimate the fair values of financial instruments are discussed in note 42.

The interest rates used to discount cash flows, in order to determine fair values, are based on market-related rates at 30 June 2019 plus an adequate constant credit spread, and range from 1.0% to 10.25% (2018: 1.0% to 10.0%).

## 39. Capital management

The board of directors' policy is to maintain a strong capital base so as to maintain investor, supplier and market confidence, whilst also being able to sustain future development of the businesses. The board of directors monitors both the demographic spread of shareholders, as well as the return on capital, which the Group defines as total shareholders' equity, excluding minority interests and the level of distributions to ordinary shareholders. The Group's objective is to maintain a distribution cover of approximately two and a quarter times normalised headline earnings for the foreseeable future. The methods of distribution include dividends, return of share premium, capitalisation issues as well as share buy-backs *in lieu* of distributions. The level of cover of distributions takes into account prevailing market conditions, future cash requirements of the businesses, Group liquidity requirements, as well as capital adequacy ratios.

The board seeks to maintain a balance between the higher returns that might be possible with higher levels of gearing and the advantages and security afforded by a sound equity position. The Group's target is to achieve a return on shareholders' interest of between 20% and 25%. In 2019 the return was 15.2% (2018: 16.7%). The return has been impacted by the significant net capital items in the year. If these capital items are excluded the return would be 18.4% (2018: 18.1%).

In the early days of the Group, acquisition activity was generally funded via the raising of equity capital however over the past five years, far more favourable credit markets have enabled the use of debt as a far more effective tool of capital. The current credit markets have been extremely volatile, increasing the cost of debt in the weighted average cost of capital for the Group thereby enabling a potential return to tapping the equity markets to fund future growth.

From time-to-time the Group purchases its own shares on the market, the timing of these purchases depends on market prices. Primarily the shares are intended to be used for issuing shares under the Bidvest Share Incentive Scheme, Conditional Share Plan or the Share Appreciation Rights Plan (refer to note 27). The maximum number of shares which can be allocated under the Share Appreciation Rights Plan and the Conditional Share Plan is limited to 16 900 000 shares. The Group does not have a defined share buy-back plan. These shares are currently held as treasury shares.

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

## 40. Related parties

### *Identification of related parties*

The Group has a related party relationship with its subsidiaries, associates and joint ventures. Key management personnel have been defined as the executive and non-executive directors of the Company. The definition of key management includes the close members of family of key management personnel and any other entity over which key management exercise control. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with the Group. They may include the individual's domestic partner and children, the children of the individual's domestic partner, and dependents of the individual or the individual's domestic partner.

### *Transactions with key management personnel*

Independent non-executive directors do not participate in the Group's share appreciation rights schemes or conditional share awards.

Details pertaining to executive and non-executive directors' compensations are set out in Annexure B. Directors' remuneration in total is included in note 2.

The Group encourages its employees to purchase goods and services from Group companies. These transactions are generally conducted on terms no more favourable than those entered into with third parties on an arm's-length basis, although in some cases, nominal discounts are granted. Transactions with key management personnel are conducted on similar terms. No abnormal or non-commercial credit terms are allowed, and no impairments were recognised in relation to any transactions with key management personnel during the year, nor have they resulted in any non-performing debts at the year end.

Similar policies are applied to key management personnel at subsidiary level who are not defined as key management personnel at the Group level.

Certain of the directors of the Group are also non-executive directors of other public companies which may transact with the Group. The relevant directors do not believe they have significant influence over the financial or operational policies of those companies. Those companies are thus not regarded as related parties.

The following transactions were made on terms equivalent to those that prevail in arm's-length transactions between subsidiaries of the Group and key management personnel (as defined above) and/or organisations in which key management personnel have significant influence:

	2019 R'000	2018 R'000
<b><i>Transactions with associates</i></b>		
The following transactions were made on terms equivalent to those that prevail in arm's-length transactions between subsidiaries and associates of the Group		
Sales and services provided by the Group	314 281	294 572
Purchases	7	12 968
Outstanding amounts due to the Group at year end included in advances to associates	19	19
Outstanding amounts due to the Group at year end included in trade receivables	41 354	42 163
Guarantees issued	–	16 000

Details of effective interest, investments and loans to associates are disclosed in note 18.

## 41. Accounting estimates and judgements

The board of directors has considered the Group's critical accounting policies, key sources of uncertainty and areas where critical accounting judgements were required in applying the Group's accounting policies.

### **1. Critical accounting policies**

The Group audit committee is satisfied that the critical accounting policies are appropriate to the Group.

### **2. Key sources of estimation uncertainty**

#### ***Post-retirement obligations***

The Trustees have agreed to allocate any future surplus (deficit) arising from experience of the Defined Benefit in-service member pool to the employer surplus account. We have not made any allowance for the allocation as at 30 June 2019. The amount to be allocated can only be determined at a statutory valuation date and must be allocated to the employer surplus account by the Trustees. The amount allocated will come through as a gain or loss in the next valuation period. This is consistent with the methodology applied at the previous valuation date.

# Notes to the consolidated financial statements (continued)

for the year ended 30 June

## 41. Accounting estimates and judgements (continued)

### 2. Key sources of estimation uncertainty (continued)

#### **Property, plant and equipment, and rental fleet**

The residual values of these assets are reviewed annually after considering future market conditions, the remaining life of the asset and projected disposal values. The estimation of the useful lives is based on historic performance as well as expectation about future use and, therefore, requires a degree of judgement to be applied. The depreciation rates represent management's current best estimate of the useful lives of the assets. Certain properties are accounted for as own use assets and are thus held at cost less depreciation. Market indicators reflect that these properties could realise more than their carrying values if disposed of, in which case depreciation is halted.

#### **Goodwill and indefinite life intangible assets**

The Group has assessed the carrying value of goodwill and indefinite life intangible assets to determine whether any of the amounts have been impaired. The carrying values were assessed using price/earnings methods and the actual results and forecasts for future years (refer note 16 for further disclosure).

#### **Investments**

The Group reflects its investments at amortised cost, fair value through profit or loss and fair value through other comprehensive income. The directors' value of unlisted investments was determined using a combination of discounted cash flow, net asset value and price/earnings methods. MIAL, an unlisted investment held for trading, is recorded at fair value less cost to sell and is based on a signed sale agreement, which is subject to private shareholders not exercising their pre-emptive rights, and written approvals from the Airports Authority of India, the Indian Government and lenders. MIAL is classified as fair value through profit or loss and has been disclosed as a current asset as it is expected to be sold within the next twelve months. Certain investments are of a long term nature and uncertainty surrounds their valuation, which may result in a significant change in value over time (refer note 19).

Impairment allowances are raised against inventory when it is considered that the amount realisable from such inventory's sale is considered to be less than its carrying amount. The impairment allowances are made with reference to an inventory age analysis.

#### **Trade receivables and banking advances**

The Group applies the simplified approach to determine the expected credit losses (ECLs) for trade receivables, contract assets and lease receivables (collectively, accounts receivable). ECLs for accounts receivable are calculated using a provision matrix. For banking advances, the measurement of ECLs is performed using a three stage model, based on changes in credit quality since initial recognition.

### 3. Critical accounting judgements in applying the Group's accounting policies

Judgements made in the application of IFRS that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

#### **Deferred taxation**

Deferred taxation assets are recognised to the extent it is probable that the taxable income will be available against which they can be utilised. Future taxable profits are estimated based on business plans which include estimates and assumptions regarding economic growth, interest, inflation and taxation rates and competitive forces.

#### **Control assessment**

In determining whether a substantial holding in an entity should be treated as an associate or subsidiary, management reviews the size of its holding, the voting rights it holds, the spread of shareholders and whether it has any arrangement to act in concert with any other investors.

The Group's purchase of 10.6 million additional Adcock Ingram shares during the year resulted in the Group holding an effective 44.8% (2018: 38.5%) of the net ordinary shares in issue (total ordinary shares in issue less treasury shares). The Group's economic interest in Adcock Ingram is 51.4% (2018: 45.2%) as a consequence of treating the 2015 sale of 15% of its holding, in terms of the Adcock Ingram Broad-Based Black Empowerment Scheme (Scheme), to Ad-izinyosi as a deferred sale. For the year ending 30 June 2019 the Group equity accounted, rather than consolidated, its 51.4% economic interest in Adcock Ingram as Management concluded that the requirements for de facto control detailed in IFRS 3 Business Combinations had not been met. In its assessment of control, Management analysed shareholder attendance at previous AGMs, reviewed the relative size of the Group's holding compared to other individual shareholdings and evaluated the dispersion of other shareholders.

#### **Provisions**

Refer to note 35 for further disclosure.

## 41. Accounting estimates and judgements (continued)

### 3. Critical accounting judgements in applying the Group's accounting policies (continued)

#### *Post-retirement obligations*

The Group provides retirement benefits for its permanent employees through pension funds with defined benefit and defined contribution categories. Actuarial valuations are based on assumptions which include the discount rate, inflation rate, salary increase rate, expected return on plan assets and the pension increase allowance rate.

#### *Puttable non-controlling interest liabilities*

The Group has entered into put arrangements where non-controlling interests are entitled to sell certain of their holdings in subsidiaries to the Group at future contracted dates. The puttable non-controlling interest liability is calculated as the present value of the expected redemption value, discounted from the expected redemption date to the reporting date. There are two main assumptions used in the calculation of the liability; the expected redemption value at the expected redemption date and the discount rate used to discount the expected redemption value to the reporting date.

The discount rate is derived from an applicable government bond yield curve, in the country in which the subsidiary operates, and is applied over the number of years between the reporting date and the redemption date, plus an appropriate credit spread.

## 42. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair values, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

#### *Property, plant and equipment*

The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The market values of other assets are based on the quoted market prices for similar items.

#### *Intangible assets*

The fair value of intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

#### *Inventory*

The fair value of inventory acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the efforts required to complete and sell the inventory.

#### *Investments*

Fair value of listed investments is calculated by reference to stock exchange quoted selling prices at the close of business on the report date. Fair value of unlisted investments is determined by using appropriate valuation models. (refer note 19)

#### *Forward exchange contracts*

The fair value of forward exchange contracts is based on their market prices.

#### *Borrowings*

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements. The carrying value of the bank overdrafts is the fair value.

#### *Share-based payments*

The fair value of the share options is measured using a modified Black-Scholes method. Measurement inputs include share price at measurement date, exercise price of the instrument, expected volatility (based on the historic volatility), option life, distribution yield and the risk-free interest rate (based on the ZAR bond static yield curve).

## 43. Subsequent events

Effective 1 August 2019 following the dissolution of the Adcock Ingram Broad-Based Black Empowerment Scheme, the Group attained a 50.14% voting rights controlling interest in Adcock Ingram. This investment will be consolidated from 1 August 2019.

The acquisition of Eqstra for R3.1 billion enterprise value, was announced on 15 July 2019 and is subject to normal approvals and conditions precedent.

# Notes to the consolidated financial statements (continued)

for the year ended 30 June

## 44. Accounting standards and interpretations not effective at 30 June 2019

At the date of approval of the annual financial statements, the following new standards, interpretations and amendments that apply to the Group were in issue but not yet effective:

Standard/ interpretation	Description	Reporting period beginning on or after
IAS 1: (Amendment to) 'Presentation of financial statements' and IAS 8: (Amendment to) 'Accounting policies, changes in accounting estimates and errors' on the definition of material.	<p>These amendments to IAS 1 and IAS 8 and consequential amendments to other IFRSs:</p> <ul style="list-style-type: none"> <li>• use a consistent definition of materiality through IFRSs and the Conceptual Framework for Financial Reporting;</li> <li>• clarify the explanation of the definition of material; and</li> <li>• incorporate some of the guidance in IAS 1 about immaterial information.</li> </ul> <p>The amended definition is:</p> <p><i>"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."</i></p>	1 January 2020
IAS 19: (Amendments to) 'Employee benefits' on plan amendment, curtailment or settlement.	<p>These amendments require an entity to:</p> <ul style="list-style-type: none"> <li>• use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and</li> <li>• Recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus (recognised or unrecognised). This reflects the substance of the transaction, because a surplus that has been used to settle an obligation or provide additional benefits is recovered. The impact on the asset ceiling is recognised in other comprehensive income, and it is not reclassified to profit or loss. The impact of the amendments is to confirm that these effects are not offset.</li> </ul>	1 January 2019
IFRS 3: (Amendment to) 'Business combinations' Definition of a business	<p>This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations. More acquisitions are likely to be accounted for as asset acquisitions.</p> <p>To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. The new guidance provides a framework to evaluate when an input and a substantive process are present (including for early stage companies that have not generated outputs). To be a business without outputs, there will now need to be an organised workforce.</p>	1 January 2020
IFRS 9: (Amendments to) 'Financial instruments' on prepayment features with negative compensation and modification of financial liabilities.	<p>The narrow-scope amendment covers two issues:</p> <ul style="list-style-type: none"> <li>• The amendments allow companies to measure particular prepayable financial assets with so-called negative compensation at amortised cost or at fair value through other comprehensive income if a specified condition is met—instead of at fair value through profit or loss. It is likely to have the biggest impact on banks and other financial services entities.</li> <li>• How to account for the modification of a financial liability. The amendment confirms that most such modifications will result in immediate recognition of a gain or loss. This is a change from common practice under IAS 39 today and will affect all kinds of entities that have renegotiated borrowings.</li> </ul>	1 January 2019
IFRIC 23: Uncertainty over income tax treatment	<p>The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 and specifically considers:</p> <ul style="list-style-type: none"> <li>• whether tax treatments should be considered collectively;</li> <li>• assumptions for taxation authorities' examinations;</li> <li>• the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and</li> <li>• the effect of changes in facts and circumstances.</li> </ul>	1 January 2019

#### 44. Accounting standards and interpretations not effective at 30 June 2019 (continued)

Standard/interpretation	Description	Reporting period beginning on or after
IAS 28: (Amendments to) 'Investments in associates and joint ventures' – long-term interests in associates and joint ventures.	<p>The amendments clarified that companies account for long-term interests in an associate or joint venture, to which the equity method is not applied, using IFRS 9.</p> <p>The amendments are effective from 1 January 2019, with early application permitted.</p>	1 January 2019
IFRS 16: Leases	<p>A new standard that introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying IAS 7.</p> <p>The standard contains expanded disclosure requirements for lessees. Lessees will need to apply judgement in deciding upon the information to disclose to meet the objective of providing a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the lessee.</p> <p>IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.</p> <p>The statement also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk.</p> <p>IFRS 16 will be adopted using a modified retrospective approach, where the right-of-use asset is recognised at the date of initial application as an amount equal to the lease liability, using the entity's prevailing incremental borrowing rate as at the date of initial application, adjusted for any prepaid or accrued lease payments relating to that lease that were recognised in the statement of financial position immediately before the date of initial application.</p> <p>The Group will apply the following practical expedients allowed under IFRS 16:</p> <ul style="list-style-type: none"> <li>• the Group will rely on its onerous lease assessments under IAS 37 to impair right-of-use assets recognised on adoption instead of performing a new impairment assessment for those assets on adoption; and</li> <li>• the Group will be taking advantage of the short-term and low value expedients.</li> </ul> <p>The Group estimates the recognition at 1 July 2019 of additional lease liabilities of between R5.3bn and R5.8bn and additional right-of-use assets of between R5.3bn and R5.8bn.</p> <p>Attributable income is expected to decrease by between R100 million and R150 million for the year ending 30 June 2020.</p> <p>The application of IFRS 16 will have no impact on net cash flows, however there will be a re-allocation of the non-interest portion of lease payments from 'cash flows from operating activities' to 'cash effects of financing activities'.</p>	1 January 2019
IFRS 17: Insurance Contracts	<p>"IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.</p> <p>IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on or after 1 January 2021.</p>	1 January 2021

# Notes to the consolidated financial statements (continued)

for the year ended 30 June

## 45. Foreign currency exchange rates

The following exchange rates were used in the conversion of foreign interests and foreign transactions at 30 June

	2019	2018
<b>Rand/Sterling</b>		
Closing rate	17.89	18.12
Average rate	18.37	17.30
<b>Rand/Euro</b>		
Closing rate	16.02	16.04
Average rate	16.19	15.34
<b>Rand/US Dollar</b>		
Closing rate	14.09	13.72
Average rate	14.19	12.86
<b>Rand/Japanese Yen</b>		
Closing rate	0.131	0.124
Average rate	0.128	0.117

# Company statement of comprehensive income

for the year ended 30 June

	Notes	2019 R'000	2018 R'000
<b>Dividend revenue</b>		<b>2 043 934</b>	<b>1 745 157</b>
Subsidiaries		<b>2 039 034</b>	<b>1 666 228</b>
Associates		<b>4 900</b>	<b>78 929</b>
Other income		<b>1 135</b>	–
Administration expenses		<b>(1)</b>	<b>(1)</b>
Impairment of investment in subsidiary		<b>(10 401)</b>	<b>(149 752)</b>
Profit on disposal and restructure of subsidiaries and associates	4	–	4 331 630
Loss on disposal/deregistration of subsidiaries and associates		<b>(600)</b>	<b>(397)</b>
Unclaimed dividends written back		<b>716</b>	<b>950</b>
<b>Operating profit</b>		<b>2 034 783</b>	<b>5 927 587</b>
Finance charges		–	<b>(2)</b>
<b>Profit before taxation</b>		<b>2 034 783</b>	<b>5 927 585</b>
Taxation	1	<b>(3 588)</b>	<b>(391)</b>
<b>Profit for the year attributable to shareholders</b>		<b>2 031 195</b>	<b>5 927 194</b>
<b>Total comprehensive income for the year</b>		<b>2 031 195</b>	<b>5 927 194</b>

# Company statement of cash flow

for the year ended 30 June

	Notes	2019 R'000	2018 R'000
<b>Cash inflow from operating activities</b>		<b>85 754</b>	<b>42 312</b>
Cash generated by operations	2	2 057 365	1 786 094
Taxation paid	3	(3 339)	(431)
Dividends paid		(1 968 272)	(1 743 351)
<b>Cash effects of investment activities</b>		<b>(553 151)</b>	<b>8 350</b>
Decrease in advances to subsidiaries		280 000	8 350
Increase in advances to subsidiaries		(833 151)	–
<b>Cash effects of financing activities</b>		<b>(710 756)</b>	<b>403 501</b>
Proceeds from issue of shares (net of costs)		301 589	418 028
Transactions with non-controlling interests		(757 645)	(1 027)
Decrease in amounts owing to Group companies		(254 700)	(13 500)
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(1 178 153)</b>	<b>454 163</b>
Cash and cash equivalents at beginning of year		471 512	17 349
<b>Cash and cash equivalents at end of year</b>		<b>(706 641)</b>	<b>471 512</b>

# Company statement of financial position

for the year ended 30 June

	Notes	2019 R'000	2018 R'000
<b>ASSETS</b>			
<b>Non-current assets</b>		<b>25 199 630</b>	23 994 941
Interest in subsidiaries	5	25 197 075	23 987 374
Interest in associates	6	2 555	7 567
<b>Current assets</b>		<b>796 256</b>	688 425
Amounts owing by Group companies	7	737 314	196 913
Trade and other receivables		7 938	20 000
Cash and cash equivalents		51 004	471 512
<b>Total assets</b>		<b>25 995 886</b>	24 683 366
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>	8	<b>24 734 231</b>	24 172 202
<b>Current liabilities</b>		<b>1 261 655</b>	511 164
Amounts owing to Group companies	9	1 247 814	496 134
Trade and other payables		13 558	14 996
Taxation		283	34
<b>Total equity and liabilities</b>		<b>25 995 886</b>	24 683 366

# Company statement of changes in equity

for the year ended 30 June

	2019 R'000	2018 R'000
Share capital	16 948	16 873
Balance at beginning of the year	16 873	16 770
Shares issued during the year	75	103
Share premium	1 099 231	797 717
Balance at beginning of the year	797 717	379 792
Shares issued during the year	302 012	418 505
Share issue costs	(498)	(580)
Equity-settled share-based payment reserve	1 229 765	1 032 248
Balance at beginning of the year	1 032 248	876 918
Arising during the year	197 517	155 330
Movement in retained earnings	22 388 287	22 325 364
Balance at beginning of the year	22 325 364	18 141 982
Total comprehensive income for the year	2 031 195	5 927 194
Dividends paid	(1 968 272)	(1 743 812)
Equity attributable to shareholders of the Company	24 734 231	24 172 202

# Notes to the company financial statements

for the year ended 30 June

	2019 R'000	2018 R'000
<b>Accounting Policies</b>		
Refer to Group accounting policies		
<b>1. Taxation</b>		
Current taxation	2 757	59
Foreign withholdings tax	831	332
Total taxation per statement of comprehensive income	3 588	391
The reconciliation of the effective tax rate with the company tax rate is as follows:	%	%
Taxation for the year as a percentage of profit before taxation	0.2	–
Dividend income	28.1	28.7
Imputed income from foreign subsidiaries	(0.3)	–
Expenses not taxable or allowed	–	(0.7)
Rate of South African company taxation	28.0	28.0
<b>2. Cash generated by operations</b>		
Profit before taxation	2 034 783	5 927 587
Adjustment for non-cash items	10 210	(4 182 432)
Impairment of subsidiary	10 401	149 752
Profit on disposal and restructure of subsidiaries and associates	–	(4 331 630)
Other non-cash	(191)	(554)
Retained to finance working capital		
Decrease in trade and other receivables	13 097	40 000
Increase (Decrease) in trade and other payables	(725)	939
Cash generated by operations	2 057 365	1 786 094
<b>3. Taxation paid</b>		
Amount (payable) receivable at beginning of year	(34)	(72)
Per statement of comprehensive income	(3 588)	(391)
Accrued interest		(2)
Amount payable at end of year	283	34
Amount paid	(3 339)	(431)
<b>4. Proceeds on disposal of subsidiaries and associates</b>		
Interest in subsidiaries	–	604 422
Net carrying value	–	604 422
(Loss)/profit on disposal	–	4 331 233
Non-cash proceeds received	–	(4 935 655)
Net proceeds	–	–

# Notes to the company financial statements (continued)

for the year ended 30 June

	2019 R'000	2018 R'000
<b>5. Interest in subsidiaries</b>		
Shares at cost less impairment	23 967 310	22 955 126
Share-based payments allocated to subsidiaries	1 229 765	1 032 248
	<b>25 197 075</b>	<b>23 987 374</b>
Details of significant subsidiaries are reflected in Annexure A of these financial statements		
<b>6. Interest in associates</b>		
Unlisted	1 500	6 511
Interest free advances	1 055	1 056
	<b>2 555</b>	<b>7 567</b>
Directors' valuation of unlisted associates	2 555	28 762
Details of significant associates are reflected in Annexure A of these financial statements		
<b>7. Amounts owing by Group companies</b>		
Non-interest bearing loans	737 314	196 913
Details of loans receivable are reflected on Annexure A of these financial statements		
<b>8. Capital and reserves</b>		
<b>Share capital</b>		
<i>Authorised</i>		
540 000 000 (2018: 540 000 000) ordinary shares of 5 cents each	27 000	27 000
	<b>Number</b>	<b>Number</b>
<i>Issued</i>		
Balance at beginning of year	337 463 035	335 404 212
Issue for cash	1 498 941	2 058 823
Balance at end of year	<b>338 961 976</b>	<b>337 463 035</b>
	<b>R'000</b>	<b>R'000</b>
<b>Issued share capital</b>		
Issued share capital	16 948	16 873
Balance at beginning of year	16 873	16 770
New shares issued to settle options exercised	75	103
Share premium	1 099 231	797 717
Balance at beginning of year	797 717	379 792
Arising on new shares issued to settle options exercised	302 012	418 505
Share issue expenses	(498)	(580)
<b>Reserves</b>		
Equity-settled share-based payment reserve	1 229 765	1 032 248
Balance at beginning of the year	1 032 248	876 918
Arising during the year	197 517	155 330
Retained earnings	22 388 287	22 325 364
Balance at beginning of year	22 325 364	18 141 982
Profit attributable to shareholders	2 031 195	5 927 194
Dividends paid	(1 968 272)	(1 743 812)
	<b>24 734 231</b>	<b>24 172 202</b>

16 750 000 (2018: 30 000 000) of the unissued shares are under the control of the directors until the next annual general meeting.

	2019 R'000	2018 R'000
<b>9. Amounts owing to Group companies</b>		
Non-interest bearing loans	1 247 814	496 134
Details of loans payable are reflected in Annexure A of these financial statements		
<b>10. Contingent liabilities</b>		
In respect of guarantees of banking and other facilities granted to subsidiaries and associates	33 440 533	34 301 945
Of which has been utilised	14 450 458	12 561 204

### 11. Related parties

The subsidiaries and associates of the Group are related parties of the Company. The Company has made loans to, and has received loans from, certain of these entities, details of which are reflected on Annexure A of these financial statements.

Details of income received from these related parties are included in the statement of comprehensive income.

All expenditure incurred by the Company is borne by a subsidiary in lieu of administration fees. The Company participates in a cash pooling arrangement provided by The Standard Bank of South Africa Limited. Any interest accruing on its cash balances held, are reflected in the cash management account held by the Group's nominated company which is not the Company.

Details pertaining to executive and non-executive directors' compensations are set out in Annexure B.

# Annexure A: Interest in subsidiaries and associates

Significant subsidiaries	Country of incorporation if not SA	Notes	Company's interests					
			Effective holdings		Shares		Indebtedness	
			2019 %	2018 %	2019' R'000	2018' R'000	2019' R'000	2018' R'000
<b>Bidvest Automotive (A)</b>								
Autohaus Centurion Pty Ltd			50	50	-	-	-	-
Bidvest Car Rental (Botswana) Pty Ltd	3		100	100	-	-	-	-
Bidvest Car Rental (Namibia) Pty Ltd	13		100	100	-	-	-	-
Bidvest Car Rental Pty Ltd			100	100	-	-	-	-
Coltish Investments Pty Ltd			100	100	-	-	-	-
Inyanga Motors Pty Ltd			100	100	-	-	-	-
Inyanga Plaza Investments Pty Ltd			100	100	-	-	-	-
Bidvest McCarthy Brands Pty Ltd			100	100	-	-	-	-
Kunene Motor Holdings Ltd			64	64	-	-	-	-
McCarthy Investments Pty Ltd			100	100	-	-	-	-
McCarthy Pty Ltd			100	100	752 755	752 755	-	-
<b>Bidvest Commercial (E,M)</b>								
Academy Brushware Pty Ltd#			100	100	-	-	-	-
Afcom Group Ltd			100	100	11 659	11 659	-	-
Airport Retail and Luggage Repairs (Coastal) Pty Ltd			70	70	-	-	-	-
Amalgamated Appliances Pty Ltd			100	100	-	-	-	-
Berzack Brothers Pty Ltd#			100	100	-	-	-	-
Bidvest Afcom Pty Ltd#			100	100	-	-	-	-
Bidvest Buffalo Tapes Pty Ltd#			100	100	-	-	-	-
Bidvest Commercial Products Holdings Pty Ltd			100	100	3 027 391	3 027 391	-	-
Bidvest Commercial Products Pty Ltd			100	100	-	-	308 500	59 713
Bidvest Industrial Pty Ltd			100	100	-	-	-	-
Bidvest Industrial Supplies Zambia Ltd	21		100	100	-	-	-	-
Bidvest Materials Handling Pty Ltd#			100	100	-	-	-	-
Bloch & Levitan Pty Ltd#			100	100	-	-	-	-
Brandcorp Holdings Pty Ltd			100	100	-	-	-	-
Brandcorp Hong Kong Ltd	6		100	100	-	-	-	-
Brandcorp Pty Ltd			100	100	-	-	-	-
Brandcorp Transformation Corporation Pty Ltd			55	100	-	-	-	-
Clockwork Giant Clothing Pty Ltd	16		100	100	-	-	-	-
G Fox Pty Ltd#			100	100	-	-	-	-
G Fox Supplies Pvt Ltd	22		51	51	-	-	-	-
G Fox Swaziland Pty Ltd	16		75	75	-	-	-	-
Giant Clothing Ltd	10		100	100	-	-	-	-
Home of Living Brands Group Ltd			100	100	-	-	-	-
Home of Living Brands Pty Ltd			100	100	-	-	-	-
Lamobyte Pty Ltd			57	100	-	-	-	-
Main Street 573 Pty Ltd			70	70	-	-	-	-
Plumbink (SA) Pty Ltd			100	100	-	-	-	-
Ram Fasteners Pty Ltd#			100	100	-	-	(2 419)	(2 419)
Renttech Holdings Pty Ltd			100	100	-	-	-	-
Renttech South Africa Pty Ltd			100	100	-	-	-	-
Renttech Trading Pty Ltd			100	100	-	-	-	-
Sellotape Pty Ltd			100	100	-	-	-	-
SMC Sales Logistics Pty Ltd			100	100	-	-	-	-
Southern African Welding and Industrial Supplies Pty Ltd	13		100	100	-	-	-	-
Tedelex Manufacturing Pty Ltd			100	100	-	-	-	-
Tedelex Properties (Atlantis) Pty Ltd			100	100	-	-	-	-
Tuning Fork Pty Ltd t/a Yamaha			100	100	-	-	34 500	34 500
Vulcan Catering Supplies Pty Ltd#			100	100	-	-	-	-

Significant subsidiaries	Country of incorporation if not SA	Notes	Company's interests					
			Effective holdings		Shares		Indebtedness	
			2019 %	2018 %	2019 <sup>1</sup> R'000	2018 <sup>1</sup> R'000	2019 <sup>1</sup> R'000	2018 <sup>1</sup> R'000
<b>Bidvest Electrical (B)</b>								
Bellco Electrical Pty Ltd			100	100	-	-	-	-
Eagle Lighting Pty Ltd			100	100	-	-	-	-
Eagle Lighting George Pty Ltd			100	100	-	-	-	-
EMS Invirotel Energy Management Pty Ltd			100	100	-	-	-	-
Mubelo Electrical Pty Ltd	10		80	80	-	-	-	-
Solid State Power Pty Ltd			50	50	-	-	-	-
Technilamp Pty Ltd			100	100	-	-	-	-
Versalec Cables Pty Ltd			100	100	84 315	83 315	-	-
Voltex Botswana Pty Ltd	3		70	70	-	-	-	-
Voltex Holdings Ltd			100	100	245 972	245 972	-	-
Voltex MVLV Solutions Pty Ltd			90	84	-	-	-	-
Voltex Pty Ltd			100	100	-	-	-	-
<b>Bidvest Financial Services (C)</b>								
Bid Finserv Capital Pty Ltd			100	100	-	-	-	-
Bidvest Bank Holdings Ltd			100	100	540 036	540 036	-	-
Bidvest Bank Ltd			100	100	-	-	-	-
Bidvest Insurance Brokers Pty Ltd			100	100	-	-	-	-
Bidvest Insurance Group Pty Ltd			100	100	797 431	797 431	-	-
Bidvest Insurance Ltd			100	100	-	-	-	-
Bidvest Leasing Pty Ltd			100	100	-	-	-	-
Bidvest Life Ltd			100	100	-	-	-	-
Bidvest Merchant Services Pty Ltd			100	100	-	-	-	-
Cannon Asset Managers Pty Ltd <sup>a</sup>			100	100	-	-	-	-
Cash Access Corporation Pty Ltd			100	100	-	-	-	-
Cignet Administration Services Pty Ltd		1	51	51	-	-	-	-
Compendium Group Investment Holdings Pty Ltd			51	51	-	-	-	-
Compendium Insurance Brokers Pty Ltd		1	45	45	-	-	-	-
Compendium Insurance Brokers Cape Town Pty Ltd		1	48	51	-	-	-	-
Compendium Insurance Brokers Eastern Cape Pty Ltd		1	43	51	-	-	-	-
Compendium Insurance Brokers Gauteng Pty Ltd		1	46	51	-	-	-	-
Compendium Insurance Brokers Pietermaritzburg Pty Ltd			48	51	-	-	-	-
Edge Insurance Brokers Pty Ltd		1	51	31	-	-	-	-
Financial Management International Pty Ltd			100	100	-	-	-	-
FinGlobal Pty Ltd			70	70	-	-	-	-
Bidvest Wealth and Employee Benefits Pty Limited (previously Glasscock and Associates Pty Ltd)			100	51	-	-	-	-
Master Currency Pty Ltd			100	100	12 317	16 881	-	-
McCarthy Retail Finance Pty Ltd			100	100	-	-	-	-
Namibia Bureau de Change Pty Ltd		13	77	77	-	-	-	-
Portdem Pty Limited			51	-	-	-	-	-
Rennies Foreign Exchange (Botswana) Pty Ltd		3	51	51	-	-	-	-
Swift Auto Brokers Pty Ltd		1	51	51	-	-	-	-
Taxi and Transport Brokers Pty Ltd		1	51	36	-	-	-	-
Tradeflow Pty Ltd			50	50	-	-	-	-
Viamax Fleet Solutions Pty Ltd			100	100	-	-	-	-
Viamax Pty Ltd			100	100	-	-	-	-

# Annexure A: Interest in subsidiaries and associates (continued)

Significant subsidiaries	Country of incorporation if not SA	Notes	Company's interests					
			Effective holdings		Shares		Indebtedness	
			2019 %	2018 %	2019 <sup>1</sup> R'000	2018 <sup>1</sup> R'000	2019 <sup>1</sup> R'000	2018 <sup>1</sup> R'000
<b>Bidvest Freight (D)</b>								
African Shipping Ltd			100	100	-	-	-	-
Bidfreight Intermodal Pty Ltd			100	100	-	-	-	-
Bidfreight Port Operations Pty Ltd			100	100	-	-	-	-
Bidvest Freight Management Services Pty Ltd			100	100	-	-	-	-
Bidvest Freight Pty Ltd			100	100	7 435 793	7 435 793	-	-
Bidvest Freight Terminals Pty Ltd			100	100	-	-	-	-
Bulk Connections Pty Ltd			100	100	-	-	-	-
Durban Coal Terminals Company Pty Ltd			100	100	-	-	-	-
Ensimbini Terminals Pty Ltd			50	50	-	-	-	-
Freightbulk Pty Ltd			100	100	-	-	-	-
Island View Storage Ltd			100	100	-	-	-	-
Island View Storage Richards Bay Pty Ltd			-	100	-	-	-	-
Naval Servicos A Navegacao LTDA	12		100	100	-	-	-	-
P & I Associates Pty Ltd			100	100	-	-	-	-
Panargo Shipping Pty Ltd			100	100	-	-	-	-
Renfreight Pty Ltd*			-	100	-	-	-	-
Rennie Murray and Company Pty Ltd			100	100	-	-	-	-
Rennies Ships Agency Mozambique Limitada	12		100	100	-	-	-	-
Rennies Ships Agency Pty Ltd			100	100	-	-	-	-
Safcor Freight Pty Ltd (t/a Bidvest Panalpina Logistics)			100	100	-	-	-	-
Sebenza Forwarding & Shipping Pty Ltd			100	45	5 011	-	-	-
South African Bulk Terminals Ltd			100	100	-	-	-	-
South African Container Depots Pty Ltd			100	100	-	-	-	-
South African Container Stevedores Pty Ltd			100	82	-	-	(618)	(618)
<b>Bidvest Office and Print (F,G)</b>								
Africemail Advertising Pty Ltd			100	100	-	-	-	-
Aluminium Foil Converters Pty Ltd <sup>^</sup>			100	-	-	-	-	-
Back to School Pty Ltd			100	100	-	-	(36)	(36)
Bartrans Pty Ltd			100	100	-	-	-	-
Bid Enterprise Development Pty Ltd			100	100	-	-	-	-
Bidoffice Furniture Manufacturing Pty Ltd			100	100	-	-	-	-
Bidvest Monitoring Solutions Pty Ltd			100	100	-	-	-	-
Bidvest Office and Print Holdings Pty Ltd			100	100	1 246 352	1 246 352	-	-
Bidvest Office Holdings Pty Ltd			100	100	-	-	-	-
Bidvest Office Pty Ltd			100	100	-	-	-	-
Bidvest Paperplus Pty Ltd			100	100	-	-	-	-
Blesston Printing and Associates Pty Ltd			100	100	-	-	-	-
Business Forms Properties Pty Ltd			100	100	-	-	-	-
Dauphin Office Seating S.A. Pty Ltd			71	71	1 329	1 329	-	-
Ditulo Office Pty Ltd			100	100	2 656	2 656	-	-
Email Connection Pty Ltd			100	100	1 708	1 708	-	-
Expressed Solutions Pty Ltd			100	100	-	-	-	-
Federal Business Communications Pty Ltd			100	100	-	-	-	-
Hortors Stationery Pty Ltd			100	100	-	-	-	-
Kolok Pty Ltd			100	100	-	-	-	-
Lithotech Afric Mail Cape Pty Ltd			100	100	-	-	-	-
Lithotech Afric Mail JHB Pty Ltd			100	100	-	-	-	-
Lithotech Corporate Pty Ltd		2	49	49	-	-	-	-
Lithotech Group Services Pty Ltd			100	100	-	-	-	-

Significant subsidiaries	Country of incorporation if not SA	Notes	Company's interests					
			Effective holdings		Shares		Indebtedness	
			2019 %	2018 %	2019 <sup>1</sup> R'000	2018 <sup>1</sup> R'000	2019 <sup>1</sup> R'000	2018 <sup>1</sup> R'000
<b>Bidvest Office and Print (F,G) (continued)</b>								
Lithotech International Ltd	20		100	100	-	-	-	-
Lithotech Labels Pty Ltd			100	100	-	-	-	-
Lithotech Mailing Services Pty Ltd			100	100	-	-	-	-
Lithotech Manufacturing Pinetown Pty Ltd			100	100	-	-	-	-
Lithotech Sales Cape Pty Ltd			100	100	-	-	-	-
Lithotech Sales Johannesburg Pty Ltd			100	100	-	-	-	-
Lithotech Sales Pretoria Pty Ltd			100	100	-	-	-	-
Lithotech Solutions Pty Ltd			100	100	-	-	-	-
Lufil Packaging Pty Ltd			100	100	59 244	59 244	(73 462)	(73 462)
MakeMeMobile Pty Ltd <sup>^</sup>			100	-	-	-	-	-
Minolco Pty Ltd			100	100	-	-	-	-
Mocobe Properties Pty Ltd			100	100	-	-	-	-
Modus Properties Pty Ltd			100	100	-	-	-	-
Nuclear Corporate Furniture Pty Ltd			100	100	-	-	-	-
Officeshelf Pty Ltd			100	100	-	-	-	-
Offurn Clearance House Pty Ltd			100	100	-	-	-	-
Ozalid South Africa Pty Ltd			100	100	-	-	-	-
Paragon Business Communications Ltd			100	100	-	-	-	-
Pencil Park Pty Ltd			100	100	-	-	-	-
R Giese Printing Pty Ltd <sup>^</sup>			100	-	-	-	-	-
Rotolabel (Tvl) Pty Ltd			100	100	-	-	-	-
S&N Labels Pty Ltd			100	100	-	-	-	-
Silapha Office Products Pty Ltd			100	100	-	-	-	-
Zonke Monitoring Systems Pty Ltd			74	78	-	-	-	-
Silveray Manufacturers Pty Ltd			100	100	-	-	-	-
Silveray Statmark Company Pty Ltd			100	100	9 844	9 844	(9 844)	(9 844)
Waltons Pty Ltd			100	100	31	31	(31)	(31)
<b>Bidvest Services (H,I,J)</b>								
Aquazania Pty Ltd <sup>^</sup>			100	-	-	-	-	-
Aquazania Africa Pty Ltd <sup>^</sup>			100	-	-	-	-	-
Al Jaber Coin Security Company LLC <sup>*</sup>	19	2	-	49	-	-	-	-
B M O Food Services Pty Ltd			100	100	-	-	-	-
Bidair Services Pty Ltd			100	100	-	-	(11 734)	(11 734)
Bidtrack Pty Ltd			100	100	-	-	-	-
Bidtravel Pty Ltd			100	100	-	-	-	-
Bidvest (Zambia) Pty Ltd	21		100	100	3 661	3 661	-	-
Bidvest Catering Services Pty Ltd			100	100	-	-	-	-
Bidvest Facilities Management Pty Ltd			100	100	-	-	-	-
Bidvest Media Pty Ltd			50	50	-	-	-	-
Bidvest Protea Coin Assets In Transit And Armed Reaction Pty Ltd			100	100	-	-	-	-
Bidvest Protea Coin Cargo Protection Pty Ltd			100	100	-	-	-	-
Bidvest Protea Coin Fencing Pty Ltd			100	100	-	-	-	-
Bidvest Protea Coin Pty Ltd			100	100	-	-	-	-
Bidvest Protea Coin Technical And Physical Security Pty Ltd			100	100	-	-	-	-
Bidvest Services (ROI) Limited	14		100	100	-	-	-	-
Bidvest Services Group (UK) Limited	20		100	100	-	-	-	-
Bidvest Services (UK) Limited	20		100	100	-	-	-	-
Bidvest Services Holdings Ltd			100	100	-	-	-	-

# Annexure A: Interest in subsidiaries and associates (continued)

Significant subsidiaries	Country of incorporation if not SA	Notes	Company's interests					
			Effective holdings		Shares		Indebtedness	
			2019 %	2018 %	2019 <sup>1</sup> R'000	2018 <sup>1</sup> R'000	2019 <sup>1</sup> R'000	2018 <sup>1</sup> R'000
<b>Bidvest Services (H,I,J) (continued)</b>								
Bidvest Services Pty Ltd			100	100	-	-	-	-
Bidvest Steripic and Promosachets Pty Ltd			100	100	-	-	-	-
Bidvest Travel Holdings Pty Ltd			100	100	-	-	-	-
Bosnandi Laundry Pty Ltd			51	51	-	-	-	-
Brookfield Investments 315 Pty Ltd			100	100	-	-	-	-
Bushbreaks & More Pty Ltd			100	100	6 196	6 196	-	-
CI Services Pty Ltd	11		100	60	-	-	-	-
Coin Aviation Security Pty Ltd			100	100	-	-	-	-
Commuter Handling Services Pty Ltd			60	60	8 063	8 063	-	-
Quadrel Travel Management Pty Ltd t/a CWT			90	90	47 045	47 045	-	-
ClickOn Communications Pty Ltd <sup>a</sup>			100	-	-	-	-	-
Connex Travel Pty Ltd t/a BCD Travel			50	50	27 984	27 984	6 738	6 738
Crane Midco (UK) Limited	20		100	100	-	-	-	-
Crane Midco (Guernsey) Limited	5		100	100	-	-	-	-
Cruises International Pty Ltd			100	100	-	-	-	-
Cudha SARL	12		100	100	-	-	-	-
Dinatla Property Services Pty Ltd			100	100	3 120	3 120	-	-
Dinosi Cleaning Services Pty Ltd			55	55	-	-	-	-
EAS Kenya Ltd	8		100	100	-	-	-	-
EAS Tanzania Ltd	17		100	100	-	-	-	-
EAS Uganda Ltd	18		100	100	-	-	-	-
EAS Zambia Ltd	21		60	60	1 231	1 231	-	-
EAS Zimbabwe Pvt Ltd	22		70	70	734	734	-	-
Execuflora Pty Ltd			100	100	-	-	-	-
Express Air Services (Namibia) Pty Ltd	13		100	100	-	-	-	-
Express Air Services Pty Ltd#			100	100	-	-	-	-
First Garment Rental Pty Ltd			100	100	-	-	-	-
Global Payment Technologies Pty Ltd			100	100	44 301	44 301	(71 734)	(71 734)
Harvey World Travel Southern Africa Pty Ltd			100	100	9 912	9 912	-	-
Hotel Amenities Suppliers Pty Ltd			100	100	-	-	-	-
Ikhayelihle Royalservice Cleaning Services Pty Ltd			100	100	-	-	-	-
Industro-Clean Botswana Pty Ltd	3		100	100	-	-	-	-
Ithabeleng Food Services Pty Ltd			100	100	-	-	-	-
King Pie Holdings Pty Ltd			100	100	-	-	-	-
LTP Mast and Infrastructure Services Pty Ltd			100	100	-	-	-	-
Macardo Lodge Pty Ltd t/a Travelwise	3		51	51	-	-	-	-
Masterguard Fabric Protection Africa Pty Ltd			100	100	2 597	2 597	(3 248)	(3 248)
Mediguard WIC Cleaning Services (Lesotho) Pty Ltd	9		51	51	-	-	-	-
Nomtsalane Property Services Pty Ltd			86	86	-	-	-	-
Noonan Services Group (NI) Limited	20		100	100	-	-	-	-
Noonan Services Group (UK) Limited	20		100	100	-	-	-	-
Noonan Services Group Limited	14		100	100	-	-	-	-
Noonan Topco Limited	20		100	100	-	-	-	-
Protea Aviation Pty Ltd			100	100	-	-	-	-
Protea Coin Group Ghana Ltd	4		-	100	-	-	-	-
Protea Security Services (West Rand) Pty Ltd			100	100	-	-	-	-
Pureau Fresh Water Company Pty Ltd			82	82	24 570	24 570	-	-
QMS Consulting Pty Ltd			100	100	-	-	-	-
Rebserve Facilities Management Pty Ltd			80	80	-	-	-	-

Significant subsidiaries	Country of incorporation if not SA	Notes	Company's interests					
			Effective holdings		Shares		Indebtedness	
			2019 %	2018 %	2019 <sup>1</sup> R'000	2018 <sup>1</sup> R'000	2019 <sup>1</sup> R'000	2018 <sup>1</sup> R'000
<b>Bidvest Services (H,I,J) (continued)</b>								
Rennies Travel Pty Ltd t/a HRG Rennies Travel			100	100	-	-	-	-
Resource Support Services (IOM) Ltd	7		100	100	-	-	-	-
RMI SA Pty Ltd			100	100	-	7 266	-	(7 266)
Royal Mozambique Ltda	12		60	60	-	-	-	-
Royalmnanandi Duduza Pty Ltd			60	60	-	-	-	-
SA Water Cycle Group Pty Ltd			100	100	-	-	-	-
Steiner Hygiene Pty Ltd			100	100	-	-	-	-
Steiner Hygiene Swaziland Pty Ltd	16		100	100	-	-	-	-
Taemane Cleaning Services Pty Ltd			100	100	-	-	-	-
TFMC FM Services Pty Ltd			100	100	-	-	-	-
TFMC Holdings Pty Ltd			100	100	-	-	-	-
TMS Group Industrial Services Pty Ltd*			-	100	-	-	-	-
Top Turf Botswana Pty Ltd	3		100	100	-	-	-	-
Top Turf Group Pty Ltd			100	100	4	4	(4)	(4)
Top Turf Lesotho Pty Ltd	9		100	100	-	-	-	-
Top Turf Mauritius Pty Ltd	11		100	100	-	-	-	-
Top Turf Seychelles Pty Ltd	15		100	100	-	-	-	-
Top Turf Swaziland Pty Ltd	16		100	100	-	-	-	-
Travel Connections Pty Ltd			100	100	20 500	20 500	-	-
UAV and Drone Solutions Pty Ltd <sup>^</sup>			100	-	-	-	-	-
Umoja Property Solutions Pty Ltd			51	51	-	-	-	-
USSL Limited	20		100	100	-	-	-	-
Zanihold Pty Ltd <sup>^</sup>			100	-	-	-	-	-
<b>Bidvest Namibia (B,D,F,J,K,L)</b>								
Bidvest Namibia Automotive Otjiwarongo Pty Ltd	13		100	52	-	-	-	-
Bidvest Namibia Automotive Pty Ltd	13		100	52	-	-	-	-
Bidvest Namibia Commercial and Industrial Services Pty Ltd	13		100	52	-	-	-	-
Bidvest Namibia Commercial Holdings Pty Ltd	13		100	52	-	-	-	-
Bidvest Namibia Information Technology Pty Ltd	13		100	52	-	-	-	-
Bidvest Namibia Ltd	13		100	52	1 263 821	249 253	(514)	(1)
Bidvest Namibia Management Services Pty Ltd	13		100	52	-	-	-	-
Bidvest Namibia Plumbink Pty Ltd	13		100	52	-	-	-	-
Bidvest Namibia Property Holdings Pty Ltd	13		100	52	-	-	-	-
Bidvest Prestige Cleaning Pty Ltd	13		100	52	-	-	-	-
Carheim Investments Pty Ltd	13		100	52	-	-	-	-
Caterplus Namibia Pty Ltd	13		100	52	-	-	-	-
Cecil Nurse Namibia Pty Ltd	13		100	52	-	-	-	-
Comet Investments Capital Incorporated	1	1	-	36	-	-	-	-
Diroyal Motor (SWA) Pty Ltd	13		100	52	-	-	-	-
Elzet Development Pty Ltd	13		100	52	-	-	-	-
Frigocentre Limitada	1	1	-	18	-	-	-	-
Glenryck South Africa Pty Ltd		1	100	27	-	-	-	-
GSA Trading Namibia Pty Ltd	13	1	100	27	-	-	-	-
Kolok (Namibia) Pty Ltd	13		100	52	-	-	-	-
Lenkow Pty Ltd	13		100	52	-	-	-	-
Lubrication Specialists Pty Ltd	13		100	52	-	-	-	-
Luderitz Bay Shipping & Forwarding Pty Ltd	13		100	52	-	-	-	-
Manica Group Namibia Pty Ltd	13		100	52	-	-	-	-

# Annexure A: Interest in subsidiaries and associates (continued)

Significant subsidiaries	Country of incorporation if not SA	Notes	Company's interests					
			Effective holdings		Shares		Indebtedness	
			2019 %	2018 %	2019 <sup>1</sup> R'000	2018 <sup>1</sup> R'000	2019 <sup>1</sup> R'000	2018 <sup>1</sup> R'000
<b>Bidvest Namibia (B,D,F,J,K,L) (continued)</b>								
Rennies Logistics Pty Ltd (Previously Manica Trading Pty Ltd)	13		100	52	-	-	-	-
Matador Enterprises Pty Ltd	13		100	52	-	-	-	-
Minolco (Namibia) Pty Ltd	13		100	52	-	-	-	-
Monjasa Namibia Pty Ltd	13	1	57	30	-	-	-	-
Bidvest Namibia Industrial Properties Pty Ltd (Previously Namsov Industrial Properties Pty Ltd)	13	1	100	52	-	-	-	-
Orca Marine Service Pty Ltd	13	1	60	31	-	-	-	-
Pesca Fresca Ltd	1	1	-	18	-	-	-	-
Rennies Travel (Namibia) Pty Ltd	13		100	52	-	-	-	-
Shelfco Investments One Seven Zero Pty Ltd	13		100	52	-	-	-	-
Starting Right Investments Two Zero Five Pty Ltd	13	1	-	36	-	-	-	-
T&C Properties Namibia Pty Ltd	13		100	52	-	-	-	-
T&C Trading Pty Ltd	13		100	52	-	-	-	-
Taeuber & Corssen SWA Pty Ltd	13		100	52	-	-	-	-
Bidvest Namibia United Properties Pty Ltd (Previously United Fishing Enterprises Pty Ltd)	13	1	100	52	-	-	-	-
Voltex Namibia Pty Ltd	13		100	52	-	-	-	-
Waltons Namibia Pty Ltd	13		100	52	-	-	-	-
Walvis Bay Airport Services Pty Ltd	13		100	52	-	-	-	-
Walvis Bay Stevedoring Company Pty Ltd	13	1	55	29	-	-	-	-
Woker Freight Services Pty Ltd	13		100	52	-	-	-	-
<b>Bidvest Properties (L)</b>								
Airport Logistics Property Holdings Pty Ltd			50	50	-	-	-	-
Bidvest Properties Holdings Pty Ltd			100	100	4 364 217	4 364 217	-	-
Bidvest Properties Pty Ltd			100	100	-	-	-	-
Gerlan Properties Pty Ltd*			-	50	-	-	-	-
Mercland Pty Ltd			50	50	-	-	-	-
Micawber 239 Pty Ltd			50	50	-	-	-	-
Micawber 240 Pty Ltd			53	50	-	-	-	-
Trustone Investments Pty Ltd			100	100	-	-	-	-
<b>Bidvest Corporate (L)</b>								
BB Investment Company Pty Ltd#			100	100	-	-	-	-
Bid Services Division Pty Ltd			100	100	-	-	38 460	1 152
Bid Services Division (IOM) Ltd	7		100	100	-	-	-	-
Bid Services Division (Mauritius) Ltd	11		100	100	-	-	-	-
Bid Services Division (UK) Ltd	20		100	100	-	-	-	-
The Bidvest Education Trust			100	100	-	-	-	-
The Bidvest Incentive Scheme Trust			100	100	-	-	(570)	570
The Bidvest Group (UK) Limited	20		100	100	3 471	4	-	-
Bidvest Outsourced Services Ltd	20		100	100	-	-	-	-
Bidvest Property Ltd	20		100	100	-	-	-	-
Bidvest Corporate Services Pty Ltd#			100	100	-	-	52	52
Bidvest Freight UK Limited	20		100	100	-	-	-	-
Bidvest Industrial Holdings Pty Ltd			100	100	3 650 837	3 650 837	222 612	27 214
Bidvest Procurement Pty Ltd#			100	100	-	-	-	-
Bidvest Treasury Services Pty Ltd			100	100	-	-	(757 645)	-
Bidvest Wits University Football Club Pty Ltd			60	60	45 953	45 953	-	-
Bidvestco Ltd			100	100	44 068	44 068	(44 068)	(44 068)
Brentwood Technical Services Ltd	20		100	100	-	-	-	-

Significant subsidiaries	Country of incorporation if not SA	Notes	Company's interests					
			Effective holdings		Shares		Indebtedness	
			2019 %	2018 %	2019 <sup>1</sup> R'000	2018 <sup>1</sup> R'000	2019 <sup>1</sup> R'000	2018 <sup>1</sup> R'000
<b>Bidvest Corporate (L) (continued)</b>								
DH Mansfield Group Ltd	20		80	80	-	-	-	-
DH Mansfield Ltd	20		80	80	-	-	-	-
Endeni Investments Pty Ltd <sup>^</sup>	13		100	100	246	-	(656)	-
Ontime Automotive Ltd	20		100	100	-	-	-	-
Ontime Global Automotive Transport Services Ltd	20		100	100	-	-	-	-
Ovanhu Investments Pty Ltd <sup>^</sup>	13		100	100	1 350	-	(143)	-
Skillion Ltd	20		100	100	-	-	-	-
Other					159 585	161 213	(144 636)	(205 295)
					<b>23 967 310</b>	<b>22 955 126</b>	<b>(510 500)</b>	<b>(299 221)</b>
<b>Significant associates</b>								
"K" Line Shipping (South Africa) Pty Ltd (D)			49	49	-	-	-	-
Adcock Ingram Holdings Ltd (N)			51	38	-	-	-	-
Comair Ltd (J)			27	27	-	-	-	-
Compendium Insurance Brokers Zululand Pty Ltd (C)		3	17	17	-	-	-	-
Experience Delivery Company Pty Ltd		1	48	48	-	-	-	-
Ilembe Airport Construction Services Pty Ltd (P)			20	20	-	-	-	-
Ocean Network Express Pty Ltd (D)			33	33	1 023	1 023	-	-
Strait Access Technologies Pty Ltd			50		-	-	-	-
Sebenza Forwarding & Shipping Pty Ltd			-	45	-	5 011	-	-
Watersure Pty Ltd (C)		3	13	13	-	-	-	-
Other					477	477	1 055	1 056
					<b>1 500</b>	<b>6 511</b>	<b>1 055</b>	<b>1 056</b>

Amounts owing by or to subsidiaries and associates are unsecured, interest free and have no fixed terms of repayment.

<sup>^</sup> acquired during 2019.

<sup>\*</sup> disposed during the financial year.

<sup>#</sup> trading as an agent.

<sup>1</sup> zero indicates less than R1 000.

# Annexure A: Interest in subsidiaries and associates (continued)

## Country of incorporation if not South Africa

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1	Angola
2	Australia
3	Botswana
4	Ghana
5	Guernsey
6	Hong Kong
7	Isle of Man
8	Kenya
9	Lesotho
10	Malawi
11	Mauritius
12	Mozambique
13	Namibia
14	Republic of Ireland
15	Seychelles
16	Swaziland
17	Tanzania
18	Uganda
19	United Arab Emirates
20	United Kingdom
21	Zambia
22	Zimbabwe

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## Nature of business

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(A)	Motor vehicle retailing and related services
(B)	Manufacturer and distributor of electrical products and services
(C)	Banking products and services, foreign exchange and insurance
(D)	Freight, forwarding, clearing, distribution, warehousing and allied activities
(E)	Distributor of forklifts, power and marine products, music and sound equipment, packaging closures and catering equipment
(F)	Distributor of office stationery; furniture and office automation products and related services
(G)	Manufacturer, supplier and distributor of commercial office products, printer products, services, stationery and packaging products
(H)	Rental hygiene equipment, garments and water coolers; suppliers of consumables, specialised clothing and laundry services
(I)	Cleaning, hygiene, security, and interior and exterior landscaping services
(J)	Travel management services, aviation services and car rental
(K)	Catering supplies, food and allied products
(L)	Group services and investment
(M)	Distributor of electrical appliances
(N)	Manufacturer, marketer and distributor of healthcare products
(O)	Property holding
(P)	Construction
(Q)	Public private partnership

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## Notes

- 1 The investment in this subsidiary is held indirectly. Control is obtained through the shareholding in the respective subsidiary's holding company.
- 2 The Group has power over this subsidiary as it has the ability to direct the relevant activities of the subsidiary unilaterally.
- 3 The investment in this associate is held indirectly. Significant interest is obtained through the shareholding in the respective associate's holding company.

# Annexure B: Directors' remuneration

## Directors' remuneration

The remuneration paid to executive directors while in office of the Company during the year ended 30 June 2019 is analysed as follows:

Directors	Basic remuneration R'000	Retirement/ medical benefits R'000	Other benefits and costs R'000	Cash incentives R'000	Benefit arising from the exercise of replacement rights R'000	Total emoluments R'000
AW Dawe	5 219	261	489	7 775	24 499	38 243
NT Madisa	3 697	305	129	5 559	6 510	16 200
GC McMahon	2 583	307	285	4 165	9 657	16 997
LP Ralphs	15 858	947	709	18 857	–	36 371
MJ Steyn <sup>2</sup>	3 420	258	270	5 276	6 644	15 868
<b>2019 Total</b>	<b>30 777</b>	<b>2 078</b>	<b>1 882</b>	<b>41 632</b>	<b>47 310</b>	<b>123 679</b>

Certain executive directors serve as non-executive directors of companies outside of the Group. Directors' fees in this regard are paid to the Group.

For comparative purposes the remuneration paid to executive directors, while in office of the Company during the year ended 30 June 2018, is analysed as follows:

Directors	Basic remuneration R'000	Retirement/ medical benefits R'000	Other benefits and costs R'000	Cash incentives R'000	Benefit arising from the exercise of replacement rights R'000	Total emoluments R'000
AW Dawe	4 843	257	82	7 010	–	12 192
NT Madisa	3 301	297	244	4 948	13 273	22 063
GC McMahon	1 851	240	182	3 024	–	5 297
HP Meijer <sup>1</sup>	2 336	286	271	–	10 510	13 403
LP Ralphs	10 260	880	1 011	17 492	–	29 643
MJ Steyn <sup>2</sup>	2 738	254	102	2 500	1 782	7 376
<b>2018 Total</b>	<b>25 329</b>	<b>2 214</b>	<b>1 892</b>	<b>34 974</b>	<b>25 565</b>	<b>89 974</b>

<sup>1</sup> Retired 28 February 2018.

<sup>2</sup> Appointed 1 March 2018.

# Annexure B: Directors' remuneration (continued)

The remuneration paid to non-executive directors while in office of the Company during the year ended 30 June 2019 is analysed as follows:

Directors	2019			2018 Total R'000
	Directors' fees R'000	As directors of subsidiary companies and other services R'000	Total emoluments R'000	
DDB Band	306	–	306	718
EK Diack	1 125	743	1 868	1 078
AK Maditsi	686	–	686	613
S Masinga	588	–	588	595
RK Mokate	704	831	1 535	711
CWN Molope <sup>3</sup>	396	–	396	371
NG Payne	1 478	1 126	2 604	2 224
CWL Phalatse <sup>4</sup>	1 292	–	1 292	1 430
T Slabbert	756	–	756	655
NW Thomson	796	–	796	148
Former directors				23
<b>2019 total</b>	<b>8 127</b>	<b>2 700</b>	<b>10 827</b>	<b>8 566</b>
2018 total	6 586	1 980	8 566	–

<sup>3</sup> Resigned 31 March 2019.

<sup>4</sup> Resigned 29 April 2019.

## Prescribed officers

Due to the nature and structure of the Group and the number of executive directors on the board of the Company, the directors have concluded that there are no prescribed officers of the Company.

## Directors' long-term incentives

Details of the directors' and officers' outstanding replacement rights are as follows:

Directors	Replacement rights at 30 June 2018		Replacement rights exercised during the year		Replacement rights lapsed during the year		Replacement rights at 30 June 2019	
	Number	Average price R	Number	Market price <sup>3</sup>	Number	Market price <sup>3</sup>	Number	Average price R
AW Dawe	133 066	267.27	102 299	260.29	–	–	30 767	290.48
NT Madisa	67 783	285.60	30 766	290.49	–	–	37 017	281.55
GC McMahon	61 250	271.44	41 250	263.01	–	–	20 000	288.84
P Meijer	30 766	290.49	30 766	290.49	–	–	–	–
MJ Steyn	37 500	261.96	26 250	252.26	–	–	11 250	284.60
	330 365	273.36	231 331	267.89	–	–	99 034	286.14

<sup>3</sup> Refer to note 27 of the financial statements for further details.

A share appreciation right (SAR) is a right awarded subject to the appreciation of the Company's shares.

Directors	SARs at 30 June 2018		SARs granted during the year		SARs lapsed during the year		SARs at 30 June 2019	
	Number	Average price R	Number	Average price R	Number	Market price <sup>3</sup>	Number	Average price R
MJ Steyn	80 000	152.68	–	–	–	–	80 000	152.68

These SARs are exercisable over the period 1 July 2020 to 31 December 2024. A detailed register of SARs outstanding by tranche is available for inspection at the Company's register office.

#### Share-based payment expense

Directors	2019 R'000	2018 R'000
AW Dawe	7 275	4 211
NT Madisa	4 859	3 602
GC McMahon	3 105	2 048
HP Meijer	419	2 854
LP Ralphs	16 337	8 786
MJ Steyn	3 993	1 756
	<b>35 988</b>	<b>23 257</b>

#### Details of directors' and officers' outstanding conditional share plan (CSP)

A conditional award is a conditional right to a share, which is awarded subject to performance and vesting conditions.

Directors	Balance at 30 June 2018 Number	New awards Number	Forfeited Number	Shares awarded Number	Closing balance 30 June 2019 Number
AW Dawe	66 000	52 000	–	–	118 000
GC McMahon	27 000	30 000	–	–	57 000
LP Ralphs	286 280	120 000	–	–	406 280
NT Madisa	50 000	40 000	–	–	90 000
MJ Steyn	–	40 000	–	–	40 000
HP Meijer	22 000	–	(15 456)	(6 544)	–
	451 280	282 000	(15 456)	(6 544)	<b>711 280</b>

# Shareholder information

as at 30 June 2019

	Number of share held	% of shares issued	% of effective holding
<b>Beneficial shareholding</b>			
<b>Major shareholders holding 3% or more of the shares in issue</b>			
Government Employees Pension Fund	50 679 094	14.95	14.98
GIC Asset Management Pte Ltd	16 948 009	5.00	5.01
	67 627 103	19.95	19.99
<b>Investment management holdings</b>			
<b>Fund managers holding 3% or more of the shares in issue</b>			
PIC	43 653 403	12.88	12.90
GIC Asset Management Pte Ltd	16 625 063	4.90	4.91
Lazard Asset Management LLC Group	16 574 126	4.89	4.90
Westwood Global Investment LLC	16 270 998	4.80	4.81
BlackRock Inc	13 510 047	3.99	3.99
The Vanguard Group Inc	12 949 858	3.82	3.83
Old Mutual PLC	12 397 035	3.66	3.66
	131 980 530	38.94	39.00
<b>Shares in issue</b>			
Total number in issue	338 961 976		
BB Investment Company Pty Limited (treasury shares)	(193 338)		
Bidvest Education Trust	(386 601)		
The Bidvest Share Incentive Scheme	–		
Effective number of shares in issue	338 382 037		
<b>Shareholder categories</b>			
	Number of shares held	% of shares issued	
Pension Funds	100 108 523	29.53	
Unit Trusts/Mutual Fund	91 576 231	27.02	
Sovereign Wealth	34 319 002	10.12	
Insurance Companies	18 033 285	5.32	
Private Investor	16 467 808	4.86	
Trading Position	12 246 631	3.61	
Hedge Fund	10 560 762	3.12	
Exchange – Traded Fund	7 796 723	2.30	
Custodians	5 479 829	1.62	
American Depository Receipts	4 658 294	1.37	
Charity	3 552 916	1.05	
University	1 573 572	0.46	
Black Economic Empowerment	1 383 495	0.41	
Investment Trust	1 223 157	0.36	
Corporate Holding	697 188	0.21	
Local Authority	689 035	0.20	
Medical Aid Scheme	450 473	0.13	
Remainder	28 145 052	8.31	
	338 961 976	100.00	
<b>Geographic split of beneficial shareholders</b>			
South Africa	159 268 438	46.99	
United States of America & Canada	106 608 460	31.45	
United Kingdom	16 560 981	4.89	
Rest of Europe	14 339 666	4.23	
Rest of World	42 184 431	12.44	
	338 961 976	100.00	

<b>Analysis of shareholdings</b>	<b>Number of shareholders</b>	<b>% of all shareholders</b>	<b>Number of shares held</b>	<b>% of shares issued</b>
1 – 1 000	34 063	82.06	9 415 752	2.78
1 001 – 10 000	6 243	15.04	16 097 655	4.75
10 001 – 100 000	928	2.24	29 594 268	8.73
100 001 – 1 000 000	230	0.55	69 946 909	20.64
1 000 001 – and more	44	0.11	213 907 392	63.10
	<b>41 508</b>	<b>100.00</b>	<b>338 961 976</b>	<b>100.00</b>
<b>Shareholder spread</b>				
Public shareholders	41 494	99.97	337 062 910	99.44
Non-public shareholders	14	0.03	1 899 066	0.56
Bidvest Incentive Trust	–	–	554 806	0.16
BB Investment Company Pty Limited	1	–	171 426	0.05
Bidcorp Group Retirement Fund	8	0.02	662 589	0.20
Bidvest Education Trust	1	–	386 607	0.11
Bidvest Life Limited	1	–	1 048	–
Bidvest Insurance Limited	1	–	6 560	–
Directors and Family Trusts	2	0.01	116 030	0.04
	<b>41 508</b>	<b>100.00</b>	<b>338 961 976</b>	<b>100.00</b>

# Administration

## **The Bidvest Group Limited**

Incorporated in the Republic of South Africa  
Registration number: 1946/021180/06  
ISIN: ZAE000117321  
Share code: BVT

## **Group company secretary**

Ilze Roux

## **Auditors**

PricewaterhouseCoopers Inc.

## **Legal advisers**

Baker & McKenzie  
Edward Nathan Sonnenbergs  
Werksmans Inc.

## **Bankers**

ABSA Bank Limited  
Barclays PLC  
FirstRand Group Limited  
Investec Bank Limited  
Nedbank Limited  
The Standard Bank of South Africa Limited

## **Share transfer secretaries**

Computershare Investor Services  
Proprietary Limited  
PO Box 61051  
Marshalltown  
2107  
0861 100 950

## **Sponsor**

Investec Bank Limited

## **Chief financial officer**

Mark Steyn

## **Investor relations**

Ilze Roux

## **Registered office**

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# ***Bidvest***

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