2020

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS JUNE 30

Finance team Bidfood Jordan

Contents

Directors' responsibility for the financial statements

To the shareholders of Bid Corporation 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 JSE Limited Listing Requirements (JSE), and in terms of the Companies Act No 71 of 2008, as amended, of South Africa (Companies Act).

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 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 independent auditors are responsible for reporting on whether the consolidated and separate financial statements are fairly presented in accordance with IFRS and the Companies Act.

The consolidated and separate financial statements for the year ended June 30 2020, were approved by the board of directors and are signed by:

Stephen Koseff
Authorised director
Non-executive chairman

Bernard Larry Berson
Authorised director
Chief executive officer

David Edward Cleasby
Authorised director
Chief financial officer

August 25 2020

Declaration by company secretary

In my capacity as company secretary, I certify that to the best of my knowledge and belief, Bid Corporation Limited, in terms of section 88(2)(e) of the Companies Act, has lodged with the Commissioner of the Companies and Intellectual Property Commission, all such returns and notices as prescribed by the Companies Act and that all such returns and notices appear to be true and up to date.

Ashley Kim Biggs
Company secretary

August 25 2020

Preparer of financial statements

The consolidated and separate financial statements have been prepared by Charles Bishop CA(SA) (group financial manager) under the supervision of David Cleasby CA(SA) (chief financial officer) and audited in compliance with section 30 of the Companies Act of South Africa.

Directors' report

The directors have pleasure in presenting their report for the year ended June 30 2020.

Nature of business

Bid Corporation Limited (Bidcorp) is an international broadline foodservice group present in all continents other than North America and Antarctica. Bidcorp is focused on growth opportunities: organically in our current markets through attaining the appropriate business mix by selling more products to our existing customers and gaining new customers; via in-territory bolt-on acquisitions to expand our geographic reach and expanding our product ranges; and via larger acquisitions to enter new markets. Despite our appetite for acquisitions, we remain disciplined in our approach.

Bidcorp's entrepreneurial and decentralised business model, depth and experience of management teams and strength of the group's culture has set up the group for sustained growth in the future.

Financial reporting

The directors are required by the Companies Act to produce financial statements, which fairly present the state of affairs of the group and company as at the end of the financial year and the profit or loss for that financial year, in conformity with IFRS and the Companies Act.

The financial statements as set out in this report have been prepared by management in accordance with IFRS and the Companies Act and are based on appropriate accounting policies supported by reasonable and prudent judgements and estimates.

The directors are of the opinion that the financial statements fairly present the financial position of the group and of the company as at June 30 2020 and the results of their operations and cash flows for the year then ended.

The directors are satisfied that the group has 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.

Stated capital

The company's authorised stated capital is 540 000 000 no par value ordinary shares. There were no issues of no par value ordinary shares during the year and as at June 30 2020 the total issued ordinary no par value shares was 335 404 212.

Results of operations

The impact of the COVID pandemic has had a material impact on the results reported by the group for the year ended June 30 2020. Revenue for the week ended April 5 2020 reached a low of 37% versus the comparative week in 2019 but recovered to 65% of the comparative week ended May 31. By June 30, revenue reached 71% against the comparative week in 2019. These impacts and the effects this pandemic has had on operations around the world have been reflected in the results presented. The results of operations are dealt with in the consolidated statement of profit or loss, segmental analysis and commentary.

Acquisitions and disposals

Acquisition opportunities in the period were limited, due to unrealistic vendor expectations and management's focus on bedding down recently acquired underperforming businesses. The acquisition of Elite Frozen Foods Limited (Elite), a regional wholesaler in the United Kingdom supplying ambient, chilled and frozen products was completed in July 2019. Total investment in Elite was R163,7 million, and its contribution to revenue and trading loss for the year ended June 30 2020 was R693,3 million and R57,9 million, respectively.

Bidfood Australia disposed of its Fresh business for A$3,3 million (R34,7 million) in September 2019. Amounts included in the 2020 financial year results for operations disposed of, to revenue and trading profit, was R122,6 million and R10,3 million, respectively.

Discontinued operations

Bidcorp's UK logistics activities (Bestfood Logistics and PCL), which were classified as discontinued operations, and were exited at the beginning of March 2020.

Subsequent events

Subsequent to year end, the group concluded a sale and leaseback transaction for a freehold property in Hong Kong. Settlement of HK$325 million (R715 million) and was received on August 18 2020. Subsequent to year-end group revenues have shown consistent improvements to reach levels for the week ended August 2 2020 of 89% compared to the same week in 2019. Other than these matters, there are no other material events since or subsequent to June 30 2020.

Directors' report continued

Directorate and attendance

The directors who were in office during the year and the details of board meetings attended by each of the directors are as follows:

Director	Date of appointment	August 27 2019	November 14 2019	February 18 2020	May 18 2020	August 18 2020	August 25 2020
Chairman							
S Koseff	August 16 2017	^	^	^	^	^	^
Independent non-executive directors							
PC Baloyi	March 10 2016	^	^	^	^	^	^
T Abdool-Samad[1]	September 16 2019		^	^	^	^	^
DDB Band[2]	March 10 2016	^	^				
DD Mokgatle	October 4 2016	^	^	^	^	^	^
NG Payne	March 10 2016	^	^	^	^	^	^
CJ Rosenberg[1]	September 16 2019		^	^	^	^	^
H Wiseman	March 10 2016	^	^	^	^	^	^
Non-executive director							
B Joffe	August 17 1995	^	^	^	^	^	^
Executive directors							
BL Berson	March 10 2016	^	^	^	^	^	^
DE Cleasby	September 12 2007	^	^	^	^	^	^

^ *Attended in person, by video-conference or tele-conference.*

[1] *T Abdool-Samad and CJ Rosenberg were appointed to the board on September 16 2019.*

[2] *DDB Band retired from the board at the 2019 AGM; held on November 14 2019.*

Dividends

In line with the group dividend policy, the directors declared an interim cash dividend of 330,0 cents (264,0 cents net of dividend withholding tax, where applicable) per ordinary share to those members registered on the record date, being Friday, March 27 2020. The dividend was declared from income reserves.

The group has not declared a final dividend, meaning the total dividend for the year of 330,0 cents per share represents a 48,4% decline against 2019, similar to the decline in headline earnings per share for continuing operations in 2020 and in line with our overall distribution policy.

Directors' shareholdings

Beneficial

The individual beneficial interests declared by directors in the company's stated capital at June 30 2020 held directly or indirectly were:

	2020 Number of shares		2019 Number of shares	
	Direct	**Indirect**	Direct	Indirect
Director				
BL Berson	**8**	**224 211**	8	224 211
DE Cleasby	**147 064**	**–**	145 564	–
B Joffe	**–**	**–**	21 544	20 060
S Koseff	**1 168**	**–**	1 168	–
Total	**148 240**	**224 211**	168 284	244 271

Non-beneficial

In addition to the aforementioned holdings:

- B Joffe is a trustee and potential beneficiary of a discretionary trust holding 421 278 (2019: 536 278) shares.
- DE Cleasby is a potential beneficiary of a family trust holding 1 050 (2019: 1 050) shares.
- DE Cleasby is a trustee of The Bidvest Group Limited retirement funds which holds 754 415 (2019: 799 734) shares.

There has been no change in the directors' interest between June 30 and the issue date of the group annual financial statements.

Directors' remuneration

The remuneration paid to executive directors while in office of the company during the year ended June 30 2020 can be analysed as follows:

	Remuneration and benefits paid to directors				
	Basic remuneration R'000	Other benefits and costs R'000	Retirement/ medical benefits R'000	Cash incentives R'000	Total emoluments R'000
Director					
BL Berson	15 541	268	262	–	16 071
DE Cleasby	5 894	188	446	–	6 528
Total	21 435	456	708	–	22 599

Summary of director's long-term incentives

	2020					2019
	Share-based payment expense R'000	Benefit arising from exercise of CSP awards R'000	Gross benefit R'000	Previous share-based payment expense R'000	Actual LTI benefit R'000	R'000
Director						
BL Berson	13 260	29 963	43 223	(17 065)	26 158	18 061
DE Cleasby	5 187	11 182	16 369	(6 384)	9 985	6 910
B Joffe	–	21 556	21 556	(12 303)	9 253	14 631
Total	18 447	62 701	81 148	(35 752)	45 396	39 602

For full details on the numbers of long-term incentive awards outstanding per director, refer note 11.2 of the financial statements.

For comparative purposes the remuneration paid to the executive directors while in office of the company during the year ended June 30 2019 can be analysed as follows:

	Remuneration and benefits paid to directors				
	Basic remuneration R'000	Other benefits and costs R'000	Retirement/ medical benefits R'000	Cash incentives R'000	Total emoluments R'000
Director					
BL Berson	15 700	259	253	16 919	33 131
DE Cleasby	5 873	193	469	6 913	13 448
Total	21 573	452	722	23 832	46 579

Directors' report continued

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

	2020				
	Director fees R'000	Long-term incentives R'000	Other services R'000	Total R'000	2019 R'000
Non-executive director					
T Abdool-Samad	**501**	**–**	**–**	**501**	–
PC Baloyi	**930**	**–**	**–**	**930**	696
DDB Band	**438**	**–**	**–**	**438**	868
B Joffe[1]	**606**	**9 253**	**–**	**9 859**	19 343
S Koseff	**3 307**	**–**	**–**	**3 307**	2 970
DD Mokgatle	**606**	**–**	**–**	**606**	430
CJ Rosenberg	**837**	**–**	**–**	**837**	–
NG Payne	**1 270**	**–**	**–**	**1 270**	954
H Wiseman[2]	**1 415**	**–**	**542**	**1 957**	1 885
Total	**9 910**	**9 253**	**542**	**19 705**	27 146

[1] *B Joffe exercised 66 260 of his 2016 replacement conditional rights at an average price of R325,32 (2019: Long-term incentive benefits of R14,6 million arose from the exercise of 2016 replacement conditional rights).*

[2] *H Wiseman provided services by chairing the quarterly Bidcorp divisional audit and risk committee meetings.*

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' service contracts

BL Berson and DE Cleasby

Mr BL Berson and Mr DE Cleasby both hold employment contracts with the group. Under the terms of the employment agreements, six months notice is required upon termination of employment or retirement.

No other directors have fixed-term contracts.

Directors' and officers' disclosure of interest in contracts

During the 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

During the year under review, and in compliance with paragraph 3.84(i) and (j) of the JSE Listings Requirements, the board evaluated Ms AK Biggs, the company secretary, and is satisfied that she is competent, suitably qualified and experienced.

Furthermore, since she is not a director, nor is she related to or connected to any of the directors, thereby negating a potential conflict of interest, it was agreed that she maintains an arm's-length relationship with the board.

The business and postal address of the company secretary, which is also the registered address of the company, is 2nd Floor, North Wing, 90 Rivonia Road, Sandton, 2196 and Postnet Suite 136, Private Bag X9976, Sandton, 2146, respectively.

Change in directorate

Mrs T Abdool-Samad and Mr CJ Rosenberg were appointed to the board as independent non-executive directors on September 16 2019. The board welcomes the new non-executive directors.

Mr DDB Band, lead independent director of the board, retired from the board at the 2019 annual general meeting held on November 14 2019. The board expresses its sincere appreciation to Mr Band for his services as lead independent director, particularly in guiding the establishment of Bidcorp, from its JSE listing on May 30 2016.

Audit and risk committee report

This is the report of the Bidcorp audit and risk committee (committee) appointed for the financial year ended June 30 2020, in compliance with the Companies Act and in terms of the JSE Listings Requirements.

The committee has discharged its responsibilities as mandated by the board, its statutory duties in compliance with the Companies Act and the King IV principles applicable to audit and risk committees.

The committee's charter, which can be found on the company's website, www.bidcorpgroup.com, is aligned with the above legislation, regulations and principles.

Under the single chairmanship of Mrs H Wiseman for group and divisional audit and risk committees, the board is satisfied that this committee makes a strong contribution to the group.

Membership

The committee members for the financial year ended June 30 2020 have been appointed by shareholders' resolution passed at the annual general meeting held on November 14 2019; and is made up of a minimum of three (3) independent non-executive directors and chaired by an independent non-executive director. The committee members comprise Mrs H Wiseman (chairman), Mrs T Abdool-Samad, Messrs PC Baloyi and NG Payne, in line with the charter requirements.

The shareholders will be requested to approve the appointment of the chairman and members to the committee for the 2020 financial year at the annual general meeting scheduled for Thursday, November 26 2020.

The committee consists solely of independent non-executive directors, who are all financially literate. The board considers the membership of the committee adequate and the members are sufficiently experienced to perform the duties in line with the charter requirements. The committee and its chairman are assessed annually. A brief profile of each of the members can be viewed on the board of directors' CVs included on the company's website.

The committee's work is supported by five divisional audit and risk committees (DARC). These DARCs play a vital role in the risk and assurance oversight of the five reporting segments being Australasia, United Kingdom, Europe, Emerging Markets, and Corporate. Findings from these five DARCs are reported to the group audit and risk committee on a quarterly basis (bi-annually for Corporate). The DARCs are chaired by Mrs H Wiseman who also chairs the committee. Each country in which Bidcorp operates present at their respective quarterly DARCs, which are also attended by corporate and internal audit representatives, as well as the external auditors. All committee members are invited to attend the DARCs and other related meetings.

Purpose

The purpose of the committee is to:
- assist the board in discharging its duties relating to the safeguarding of assets, the operation of adequate systems, control and reporting processes, and the preparation of accurate reporting and financial statements in compliance with the applicable legal requirements and accounting standards;
- oversee the suitability, appointment, independence and performance of the external auditor and their objectivity and professional scepticism in conducting a robust audit;
- oversee the activities of, and to ensure coordination between, the activities of internal and external audit;
- provide a forum for discussing financial, enterprise-wide, market, regulatory, safety and other risks and control issues, and to monitor controls designed to minimise these risks;
- review the Bidcorp annual integrated report, in conjunction with the social and ethics committee, including the consolidated and separate financial statements, the interim report and any other public reports or announcements containing financial information;
- receive and deal with any complaints concerning internal audit, the accounting practices or the content and audit of the annual financial statements and related matters; and
- annually review the committee's charter and output in order to report on the effectiveness of the committee to the board.

Attendance

The committee met on five occasions during the period under review and key members of management attend meetings of the committee by invitation.

Director	August 22 2019	November 12 2019	February 14 2020	May 12 2020	August 20 2020
H Wiseman (chairman)	^	^	^	^	^
T Abdool-Samad (appointed November 14 2019)			^	^	^
PC Baloyi	^	^	^	^	^
NG Payne	^	^	^	^	^

^ *Attended in person, by video-conference or tele-conference.*

At year end, closed-session meetings are held for committee members to engage directly with internal audit, external audit and management.

Audit and risk committee report continued

Duties carried out

The committee has successfully performed its duties during the financial year under review. In the fulfilment of these duties, the major areas of focus were:

- assessing the impact of the COVID-19 (COVID) pandemic across the group on business risks and related responses, the recoverability of trade receivables, valuation of inventory, control risks and effectiveness, liquidity and the ability of the group to continue as a going concern, financial reporting and disclosures, and internal audit focus and priorities;
- the implementation and financial reporting impact of the new IFRS 16 lease accounting standard and related disclosures;
- assessing the carrying value of property, plant and equipment including determination of useful lives and residual values;
- review of goodwill, intangible assets and investments for impairment;
- reviewing the characterisation of assets held-for-sale and discontinued operations;
- reviewing accounting for acquisitions and disposals, accounting for and valuation of contingent consideration and puttable non-controlling interest liabilities;
- assessing customer and supplier rebates, recognition of deferred tax assets, accounting for equity incentive schemes, as well as other matters requiring significant judgement; and
- reviewing the application of JSE proactive monitoring and other pronouncements to group reporting.

The committee assessed risks associated with management override of controls, review of related-party transactions, the overall presentation of the financial information to shareholders and review of the annual integrated report.

In addition to assessing the risks impact of the COVID pandemic, the committee reviewed group risks, including technology and cyber security risks, that could materially impact the ability of the group to deliver against its objectives and the related mitigation plans, providing feedback where appropriate.

The committee confirms the following statutory and delegated duties were adequately addressed and sets out the results below:

Financial statements

The committee:

- confirmed, based on management's review, that the consolidated and separate Bidcorp company financial statements were prepared on the going concern basis;
- examined the consolidated and separate financial statements and other financial information made public, prior to their approval by the board;
- considered accounting treatments, significant or unusual transactions and accounting judgements;
- considered the appropriateness of accounting policies and any changes made thereto;
- considered any problems identified as well as any legal and tax matters that could materially affect the financial statements; and
- met separately with management, external audit and internal audit, and satisfied themselves that no material control weakness exists.

External audit

The committee:

- recommended the appointment of PwC as the Bidcorp external auditors and Mr E Gerryts as the independent and accredited auditor respectively to the shareholders for appointment for the financial year ended June 30 2020, of the group and company, and ensured that the appointments comply with legal and regulatory requirements for the appointment of an audit firm and auditor;
- approved the external audit engagement letter, the audit plan and the budgeted audit fees payable to the external auditors;
- determined the nature and extent of all non-audit services provided by the independent auditors and pre-approved all non-audit services undertaken;
- obtained assurances from the independent auditors that adequate accounting records were being maintained;
- confirmed that no reportable irregularities had been identified or reported by the independent auditors under the Auditing Profession Act; and
- recommend that PwC be re-appointed as the Bidcorp external auditors for a second year of tenure for the year ended June 30 2021 at the 2020 annual general meeting. It is noted that Mr E Gerryts is the current individual registered auditor being the designated auditor.

Independence of external auditors, PwC

The committee:

- reviewed representations made by PwC to the committee;
- confirmed that the auditors did not, except as external auditors or in rendering permitted non-audit services, receive any remuneration or other benefit from the group;
- confirmed the auditors' independence was not impaired by any consultancy, advisory or other work undertaken; and
- considered the criteria specified for independence by the Independent Regulatory Board for Auditors and international regulatory bodies and found no cause for concern or doubt of the independence of the external auditors, PwC.

Internal control and internal audit

The committee:

- reviewed the annual internal audit plans and evaluated the independence, effectiveness and performance of the internal audit function;
- monitored the impact of the COVID pandemic lockdown and travel restrictions on the ability of internal audit to carry out internal audit plans, review of variation to those plans and assessment of risks to control effectiveness arising from business responses to the pandemic;

- considered the reports of the internal auditors on the group's systems of internal control including financial controls, IT general controls, business risk management and maintenance of effective internal control systems;
- received assurances that proper accounting records were maintained and that the systems safeguarded the group's assets against unauthorised use or disposal;
- reviewed issues raised by internal audit and the adequacy of corrective action taken by management in response thereto;
- assessed the adequacy of the performance of the internal audit function and found it satisfactory; and
- concluded the opinion recommended to the board at year end that there were no material breakdowns in internal control.

Risk management

The committee:

- reviewed the group's policies and approach to risk management and found them to be sound;
- considered all material risks to which the group is exposed, ensuring that the risk management culture, policies and systems are progressively implemented and functioning effectively;
- management is accountable to the board for implementing and monitoring the processes of risk management and integrating this into day-to-day activities. These processes are confirmed on an ongoing basis through the completion of the quarterly Bidcorp management representation letter signed and submitted to the group audit and risk committee;
- performs ongoing monitoring of the enterprise-wide risk assessment process to ensure risks and opportunities are adequately identified, evaluated and managed at the appropriate level in each business, and that the individual and joint impact of risks identified on the group was considered;
- reviewed legal matters that could have a material impact on the group, as well as considering the adequacy and effectiveness of the group's procedures to ensure compliance with legal and regulatory responsibilities; and
- considered reports provided by management, internal assurance providers and the independent auditors regarding compliance with legal and regulatory requirements and found Bidcorp's processes to be sound and effective.

Combined assurance

The committee reviewed the plans and reports of the external and internal auditors, as well as other assurance providers including management; and concluded that these were adequate to address all significant financial risks facing the business.

Chief financial officer (CFO)

The committee:

- considered the appropriateness of the experience and expertise of the CFO and concluded that this is appropriate;
- considered the expertise, resources and experience of the finance function and concluded that these are appropriate; and
- concluded that it is satisfied the appropriate reporting procedures are in place and operating effectively.

Consolidated and separate financial statements

The committee reviewed the consolidated and separate annual financial statements of Bidcorp for the year ended June 30 2020, and the committee is of the view that, in all material respects, they comply with the relevant provisions of the Companies Act and IFRS, and fairly present the financial position at that date and the results of its operations and cash flows for the year then ended.

Significant financial statement reporting matters including key audit matters (KAM)

The committee is satisfied with the conduct, quality and independence of PwC in carrying out its external audit of the Bidcorp annual financial statements (AFS) for the year ended June 30 2020.

The preparation of the consolidated and separate AFS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These are reviewed on an ongoing basis. 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 set out in note 3.1 to the consolidated AFS. The committee reviewed and endorsed the treatments and disclosures for the matters set out in that note.

In order to provide stakeholders with further insights into its activities and considerations around significant financial reporting matters, the committee wishes to elaborate on the matters below. As part of these considerations, the committee received updates from management and sought assurance from the external auditors. The committee was satisfied with the conclusions reached.

Goodwill impairment assessment

The committee received from management the results of the group's annual goodwill impairment testing. The committee challenged the methodologies and assumptions used to assess the carrying value of goodwill, including the achievability of business plans and forecasts. Sensitivity analysis on the key inputs such as discount rates and average trading margins were performed and considered in determining any potential impairment. The external auditor's reporting on impairment testing was also reviewed. The committee was satisfied with the conclusions reached by management and the goodwill related disclosures in the consolidated AFS (refer notes 3 and 8.3).

The committee considered the R793,8 million impairment charge in respect of Guzman Gastronomia SL (Spain) and the R4,1 million impairment charge in respect of Bidfresh Pty Ltd (South Africa). The committee was satisfied these goodwill impairments were appropriately recognised and that no further impairments were required.

Audit and risk committee report continued

Adoption of IFRS 16 *Leases*

The committee considered the impacts on the consolidated AFS of adopting the new lease accounting standard, IFRS 16. The group elected to adopt IFRS 16 using the modified retrospective approach from July 1 2019, the date of initial application, and did not restate prior-period financial information. The adoption of the standard resulted in the group recognising a right-of-use asset of R4,6 billion and related lease lability of R5,8 billion as at the date of initial application.

The committee reviewed the key judgements and assumptions applied in determining the retained earnings opening balance impact and related disclosures in the consolidated AFS (refer notes 3.1, 7.3 and 10.4). The committee sought a view from PwC following their audit work, to assess whether the balances included in the group consolidated AFS were appropriate. The committee was satisfied that these matters have been properly addressed.

In order to provide comparative information to assess the group's performance, the committee also reviewed Annexure A – Pro-forma information IFRS 16 *Leases* comprising pro forma 2020 condensed consolidated financial statements of profit and loss, financial position, cash flows and currency effects of the translation of foreign operations. The committee was satisfied that the criteria prescribed by the JSE Listings Requirements and the SAICA guide on pro forma financial information were met.

Assessment of COVID on the consolidated AFS

The committee assessed management's review of the possible financial effects that COVID could have on the measurement, presentation and disclosures provided in the consolidated AFS (refer note 3.2). The review considered a variety of risk elements which included considering macro-economic factors, contractual obligations and supply chain impacts. The committee also considered the additional credit risk due to the COVID pandemic in determining the recoverability of trade receivables, and the appropriate recognition of restructuring provisions based on approved restructuring plans that have been publicly announced to parties involved.

Going concern basis for the financial statements

The committee assessed and challenged the forecast cash flows including sensitivity to trading and expenditure plans, and for the potential impact of future risks and uncertainties across the group. The committee also considered the group's available financing facilities, covenants and future funding and capital needs. The committee confirmed that the application of the going concern basis for the preparation of the AFS continued to be appropriate and was satisfied with the going concern disclosures in the consolidated AFS (refer note 12.8).

Residual values of freehold property

Management have made judgements concerning the residual values of freehold properties owned by the group. Management have determined that the useful life of each freehold property is less than its economic life and that each property will be sold by the end of its useful life (refer note 3.1 in the consolidated AFS). Management represented that each property has a documented repairs and maintenance plan to ensure each property remains in its current condition and that the properties are unlikely to suffer from economic or technological obsolescence.

The committee considered management's assumptions and judgements regarding the amounts it expects to receive currently for the properties if the properties were already of the age and in the condition expected at the end of their useful lives. This includes the group's knowledge, experience with similar freehold properties, considerations regarding the size of a property and expected future business growth, the age of a property, location and proximity to customers, and current market values and rental growth over the expected useful life.

The committee concurred with management's assessment of the residual values of freehold property owned by the group.

DAC Italy new shareholders agreement

During 2014, the group and the non-controlling shareholders entered into the first shareholders agreement for the shareholding in Distribizione Alimentari Convivenze SPA (DAC). A put option was recognised under that agreement which has subsequently expired and was derecognised in the 2020 AFS. As a result of the initial put option expiring on December 2 2019, Bidfood Italia srl entered into a new shareholders agreement in order to recognise a new put option (refer note 10.5 in the consolidated AFS for further details).

The committee considered and was satisfied with the evidence to support the conclusion that the group controls DAC. The committee was satisfied with the evidence to support the derecognition of the minority interest in DAC on the basis that the substantial risks and rewards of ownership of the non-controlling interests had transferred to the group (refer note 10.5 in the consolidated AFS).

Puttable non-controlling interest (NCI) liabilities

The group has agreements with non-controlling shareholders in a number of subsidiaries to the group at contracted dates and amounts (refer note 10.5 in the consolidated AFS). The unwinding of the present value discount on put option liabilities is recorded within finance charges in the statement of profit or loss using the effective interest rate method. Changes in the fair value of put option liabilities resulting from changes in assumptions used to estimate the future purchase price are recorded directly in retained earnings in the statement of changes in equity.

The committee considered and concurred with the forecast assumptions and discount rate underpinning management's assessment of the present value of the contracted redemption value of R3,7 billion for the new put option according to the terms of the December 2019 shareholders agreement, and the fair value of this put option liability at June 30 2020 of R4,3 billion.

In July 2019, the group responded to a query from the JSE regarding Bidcorp's accounting policy for puttable NCI liabilities. The JSE acknowledged that there is no explicit guidance in IFRS for puttable NCI liabilities and that judgement is required in developing its accounting policy. This judgement has not had a significant quantitative impact on the consolidated AFS to date.

The committee noted the diversity in practice as to whether to recognise subsequent measurement changes in the carrying amount of the puttable NCI liabilities in profit or loss or equity. The group has applied judgement to recognise subsequent measurement changes in the liabilities in accordance with the principles of IFRS 10.23 whereby changes in ownership in a subsidiary that does not result in a loss of control are accounted for as equity transactions and any subsequent measurement changes in the carrying amount of the puttable NCI liability are recognised directly in equity.

In the absence of clarification by the International Accounting Standards Board, the committee concurred with the consistent application of the accounting policy judgement to take changes in assumptions used to estimate the fair value of puttable NCI liabilities directly to retained earnings.

Conclusion

Following the review by the committee for the year ended June 30 2020, the committee is of the view that, in all material respects, it has complied with the relevant requirements.

Having achieved its objectives for the financial year, the committee recommended the consolidated and separate financial statements for the year ended June 30 2020 for approval to the board.

Signed on behalf of the group audit and risk committee by:

Helen Wiseman
Chairman

August 25 2020

Acquisitions committee report

This is the report of the Bidcorp acquisitions committee (committee) appointed for the financial year ended June 30 2020 in compliance with principles of good governance, the Companies Act and in terms of the JSE Listings Requirements.

The committee has a board-approved charter that is annually reviewed and adopted, The charter complies with the Companies Act and King IV guidance for good governance.

Copies are available either from the company secretary on request or can be downloaded from the group website.

Membership

This committee was constituted by the board on June 1 2016. The committee was appointed by the board and in line with its charter requires a minimum of three (3) independent non-executive directors.

Following the changes to the Bidcorp board, the committee members were reviewed and amended. The committee comprises Messrs PC Baloyi (Chairman), BL Berson (CEO), DE Cleasby (CFO), B Joffe, NG Payne and CJ Rosenberg. Committee membership therefore includes three independent non-executive directors, two executive directors and an additional non-executive director thus exceeding the minimum charter requirements.

The board considers the membership of the committee adequate and the members are adequately experienced to perform the duties in line with the charter requirements.

Purpose

The primary purpose of the acquisitions committee is to:

- review any significant acquisitions as determined by the group delegated levels of authority for an in-principle decision as to whether the acquisition should be investigated and pursued;
- recommend to the board planned acquisitions that have been approved to be in the best interest of shareholders and to the future growth of the group;
- inform the board of acquisitions which were not recommended for consideration;
- review post-acquisition performance of acquisitions concluded; and
- assess the business case and timeliness of any potential exit of operation or significant asset.

Attendance

The names of the members who were in office during the period under review and the committee meetings attended by each of the members are:

Members	August 26 2019	August 24 2020
PC Baloyi (appointed as chairman on December 1 2019)	^	^
DDB Band (retired as chairman on November 14 2019)	^	
BL Berson	^	^
DE Cleasby	^	^
B Joffe	^	^
NG Payne	^	^
CJ Rosenberg (appointed on December 1 2019)		^

^ *Attended in person, by video-conference or tele-conference.*

Duties carried out

The committee met twice over the period under review, as well as ongoing engagement throughout the period under review to discuss and consider acquisition prospects as identified by management. The meetings constituted over the review period focused on the following significant acquisitions and/or disposals:

- an update on the steps taken in relation to the UK Discontinued Operations; and
- strategic discussions around the group approach in structuring of acquisitions, both past and future.

Acquisition cash spend for the year ended June 30 2020 amounted to R163,7 million (F2019: R449,0 million), being the acquisition of Elite Frozen Foods Limited.

Smaller bolt-on acquisitions, that fell below the committee's threshold per the group's delegated levels of authority included a small in-country bolt-on acquisition in Australia.

Conclusion

The committee has considered its performance over the period under review and is comfortable that it has met its duties and responsibilities as set out in the board-approved acquisitions committee charter.

Signed on behalf of the acquisitions committee by:

Paul Baloyi
Chairman

August 25 2020

Nominations committee report

This is the report of the Bidcorp nominations committee (committee) appointed for the financial year ended June 30 2020 in compliance with the Companies Act and in terms of the JSE Listings Requirements.

The committee has a board-approved charter that is annually reviewed and adopted. The charter complies with the Companies Act and King IV guidance for good governance. Copies are available either from the company secretary on request or can be downloaded from the group website.

Membership

This committee was first constituted by the board on June 1 2016, comprising the minimum requirements of three (3) members, majority of whom are independent non-executive directors. The board-appointed committee members comprise Messrs S Koseff (chairman), NG Payne (LID), B Joffe and Mrs DD Mokgatle; thus meeting the regulatory and charter requirements. The board considers the membership of the committee adequate and the members are sufficiently experienced to perform the duties in line with the charter requirements.

Purpose

The key responsibilities and role of the committee include but are not limited to:

- establishment of a formal process for the appointment of directors to the board;
- identification of suitable directors in succession planning for senior appointments;
- ongoing training, development and updates of changing requirements in legislation and board roles necessary for the directors to satisfactorily perform their roles;
- evaluation of the independence of the independent non-executive directors;
- performance evaluations of the directors; and
- recommendations to shareholders for annual re-election of those directors retiring by rotation, appointment of audit and risk committee members and other committee memberships as required.

Attendance

The names of the members who were in office during the period under review and attendance of the meeting held are as follows:

Members	**August 27 2019**	**August 24 2020**
S Koseff (chairman)	^	^
DDB Band (retired at 2019 AGM, held on November 14 2019)	^	
B Joffe	^	^
DD Mokgatle	^	^
NG Payne (appointed December 1 2019)		^

^ *Attended in person, by video-conference or tele-conference.*

Duties carried out

The committee met once over the period under review, however informal communication between members also took place to discuss various matters under review. The significant topics considered by the committee over this period include the:

- review of the board committee's membership and recommendation of changes to the board committees, effective December 1 2019;
- board succession planning in light of the retirement of Mr DDB Band, lead independent director, who retired at the 2019 annual general meeting;
- completed an independent board performance assessment;
- ongoing review and assessment of the appropriate board composition, mix and skill sets represented in order to ensure the effective execution of its duties;
- consideration with regards to the diversity of the board membership, ensuring the requirements of the board diversity policy adopted continue to be met;
- review composition of the various board committee memberships;
- review and recommendation of those directors eligible for rotation as presented to the 2020 annual general meeting for shareholder approval;
- review and recommendation of the Bidcorp audit and risk committee members to the 2020 annual general meeting for shareholder approval; and
- continuing focus and progression of a succession plan for roles within the board, the group chief executive and the group chief financial officer and the senior management.

Conclusion

The committee has considered its performance over the period under review and is comfortable that it has met its duties and responsibilities within the operations as set out by regulations and in line with the board-approved nominations committee charter.

Signed on behalf of the nominations committee by:

Stephen Koseff
Chairman

August 25 2020

Remuneration committee report

This is the report of the Bidcorp remuneration committee (committee) appointed for the financial year ended June 30 2020 in compliance with the Companies Act and in terms of the JSE Listings Requirements.

The committee has a board-approved charter that is annually reviewed and adopted. This charter is compliant with the requirements of the Companies Act and King IV guidance for good governance.

Copies are available either from the company secretary on request or can be downloaded from the group website.

Membership

This committee was first constituted by the board on June 1 2016, comprising the minimum requirements of three (3) independent non-executive directors. The chairman of the committee is lead independent non-executive director, Mr NG Payne, appointed on December 1 2019. The Bidcorp remuneration committee members in addition to the chairman comprise independent non-executive directors Messrs PC Baloyi and CJ Rosenberg, in line with the charter requirements.

The chief executive officer and other members of senior management may be invited to attend meetings but may not participate in the voting process of the committee. These invitees recuse themselves from any discussion regarding executive performance appraisals, remuneration and incentivisation discussions. The committee re-appointed legal firm, Bowmans, to perform the role of independent remuneration adviser.

The board considers the membership of the committee adequate and the members are sufficiently experienced to perform the duties in line with the charter requirements.

Purpose

The key responsibilities and role of the committee include but are not limited to the:
- fair and responsible remuneration of the executives and senior management, as well as the complete and transparent disclosure of this remuneration cost;
- review and recommendation of the annual fees to be paid to the non-executives submitted to the shareholders for approval at the annual general meeting;
- determination of the necessary criteria for the performance assessment indicators of the group executives in their respective roles;
- consideration and recommendation of the allocation of long-term incentives awarded to executives and senior management; and
- review and recommendation of the annually published Bidcorp remuneration report to the board for release.

Attendance

The names of the members who were in office during the period under review and the number of committee meetings attended by each of the members are as follows:

Members	**August 26 2019**	**May 25 2020**	**August 24 2020**
NG Payne (appointed to chairman, December 1 2019)	^	^	^
DDB Band (retired as chairman, November 14 2019)	^		
PC Baloyi	^	^	^
CJ Rosenberg		^	^

^ *Attended in person, by video-conference or tele-conference.*

Duties carried out

The remuneration philosophy promotes the group's entrepreneurial culture within a decentralised environment with the aim of achieving sustainable growth within all businesses. The philosophy emphasises the fundamental value of Bidcorp's people and their role in attaining this objective.

COVID-19 crisis

The committee urgently met to discuss the impacts of the global COVID-19 (COVID) crisis on the group's remuneration policies noting the following:
- the world had undergone significant disruption over the past few months due to COVID and as a result Bidcorp currently did not have an adequate incentivisation mechanism in place for senior management and executives. The committee's long-term incentive plans that previously provided "lock-in" for senior management and executives has now fallen away;
- more than ever senior management's key focus needs to be focusing on stabilising their respective operations, retaining their senior management teams and recovering the value for shareholders that has been destroyed by the global COVID pandemic;
- the actions taken by the senior management and executives of volunteering of salary pay-cuts over the COVID pandemic period, the fact the committee will not be awarding short-term bonus awards in the 2020 financial year, and will not be awarding salary increases to the executives for the 2021 financial year ahead; and
- both Bidcorp executives have global roles, both are required to appropriately respond to and lead a number of management teams, operating out of different geographies through this COVID pandemic.

The committee decided, in consultation with the Bidcorp's independent remuneration adviser (which includes the perspectives of major proxy advisers and our understanding the views of the major institutional investors), to modify the previous CSP scheme awards to executives and senior managers as follows:

- senior managers, the incentivisation scheme would be changed from the SAR scheme to a retention CSP scheme. It is more important than ever to retain senior management and incentivise them appropriately, as these individuals are vital in the rebuild exercise required by Bidcorp over the next few years;
- the 2017 and 2018 CSP awards to executives, the reduction in the awards by 30%, the resetting of the vesting terms applied to these awards and the extension of the vesting periods from three to five years;
- the 2019 CSP awards to executives to be made, a reduction in the proposed awards by 30%, the resetting of the vesting terms applied to these awards and the extension of the vesting periods from three to five years; and
- the 2020 CSP awards still to be considered, to propose a change to the performance conditions going forward, being a 50:50 allocation between retention and performance targets.

The committee met three times during the period under review, in addition to the COVID-related discussion as set out above, further significant topics considered by the committee over the review period included the:

- review and approval of the granting of CSP awards to staff, from the Bidcorp Incentive Scheme as recommended by the chief executive;
- review and recommendation of the annual increase in non-executive director's fees presented to shareholders for approval at the annual general meeting;
- approving the 2016 CSP award vesting and payment in November 2019;
- considering the allocation of short and long-term incentives to the executives; and
- finalisation and approval of the draft Bidcorp remuneration report as presented to the board for sign-off and publication.

Conclusion

The committee has considered its performance over the period and is comfortable that it has met its duties and responsibilities as set out by regulations and in line with the board-approved remuneration committee charter, and the committee is of the view that, in all material respects, it has complied with the relevant regulatory and legislative requirements.

Having achieved its objectives for the financial year, the remuneration committee sets out the required remuneration disclosures as part of the directors' report. Refer to the directors' report within the 2020 annual integrated report for the full details pertaining to executive and non-executive directors' compensation.

Signed on behalf of the remuneration committee by:

Nigel Payne
Chairman

August 25 2020

Social and ethics committee report

This is the report of the Bidcorp social and ethics committee (committee) appointed for the financial year ended June 30 2020 in compliance with the Companies Act and in terms of the JSE Listings Requirements.

This committee was constituted by shareholders' special resolution passed on April 4 2016 and operates in terms of an annually reviewed and adopted board-approved charter. The charter complies with the statutory requirements as set out in the Companies Act and is in line with the recommendations as set out by King IV.

Copies are available either from the company secretary on request or can be downloaded from the company website.

Membership

The committee members comprise Mr NG Payne (chairman), Mrs T Abdool-Samad, Mrs DD Mokgatle and Mrs H Wiseman, as well as chief executive Mr BL Berson, thus meeting charter and statutory requirements.

The board considers the membership of the committee adequate and the members are sufficiently experienced to perform their duties in line with the charter.

Purpose

Responsibilities of this committee are in line with the legislated requirements. The key areas of responsibility are listed below:

- Social and economic development.
- Empowerment and transformation.
- Corporate citizenship.
- Labour and employment.
- Environment, health and public safety.
- Ethics and code of conduct compliance.
- Stakeholder relations.
- Regulatory, statutory and legislative compliance.

Attendance

The names of the members who were in office during the period under review and the number of committee meetings attended by each of the members are as follows:

Members	August 27 2019	November 14 2019	February 18 2020	May 18 2020	August 25 2020
NG Payne (chairman)	^	^	^	^	^
T Abdool-Samad (appointed December 1 2019)			^	^	^
BL Berson	^	^	^	^	^
DD Mokgatle	^	^	^	^	^
H Wiseman	^	^	^	^	^

^ *Attended in person, by video-conference or tele-conference.*

Duties carried out

The committee believes progress can only be credibly reported if ESG indicators are identified, monitored, measured and recorded. Notably the monthly detailed ESG reporting processes have provided comparable metrics and insight across geographically and jurisdictionally diverse businesses. This ensures responsible corporate participation is engaged across the whole group.

In addition, the review and interrogation provided by the quarterly divisional audit and risk committee (DARC) meetings are an important source of oversight for reporting into the committee. Operations adopt individually determined targets for improved sustainability performance and in doing so meet group-wide reporting metrics and targets, whilst all the while functioning efficiently within their unique operational requirements.

The committee monitors the group's initiatives to promote diversity and advance the objectives of non-discrimination. The Bidcorp Code of Ethics and the quarterly signed management representation letter submitted through the DARC meetings are reviewed and updated as required for internal assurance governance process.

The group-wide health and safety awareness programme focused on the reinforcement of internal policies, training programmes and additional warning mechanisms to ensuring a safe work environment for all. We support our staff through locally implemented and fit-for-purpose wellness programmes. We remain committed to upholding the highest standards in health and safety initiatives for our staff.

Sadly, the COVID pandemic has resulted in three fatalities within the South African operations during the lockdown period. We extend our sincere condolences to the families of the deceased, and to those impacted by this global pandemic.

Food safety remains a top priority for the group, with quarterly updates and feedback provided from internal and external assurance providers. Incidents of listeria and food contamination do occur from time-to-time. However they are identified and quickly responded to through product recalls and effective communication. We note that there were no serious incidents reported during the year, a non-negotiable standard.

The risk and mitigations processes for fire safety detection, prevention and response remain a key focus area and ongoing monitoring and testing is a priority.

Bidcorp's commitment to maintaining an ethical environment is demonstrated through the independently administered Bidcorp whistle-blowing facility. Group-wide reinforcement of the provision of a globally administered but locally facilitated anonymous tip-offs line is available in all local languages to all group entities. Review of the details of calls received and management follow-up action is presented to the committee quarterly for review, but immediately if the nature of the call deems it necessary.

Conclusion

Following the review by the committee for the year ended June 30 2020, the committee is of the opinion that, in all material respects, it has achieved its objectives for the financial year. The committee notes that there were no items identified by management nor reported directly to the members of the social and ethics committee by third parties, that would indicate any reportable non-compliances, in terms of the Companies Act requirements.

Signed on behalf of the social and ethics committee by:

Nigel Payne
Chairman

August 25 2020

Independent auditor's report

To the shareholders of Bid Corporation 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 Bid Corporation Limited (the Company) and its subsidiaries (together the Group) as at 30 June 2020, 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

Bid Corporation Limited's consolidated and separate financial statements set out on pages 24 to 107 comprise:

- the consolidated and separate statements of financial position as at 30 June 2020;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated and separate statements of other comprehensive income for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the notes to the financial statements, which include a summary of significant accounting policies.

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.

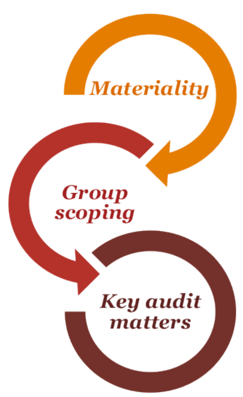
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

Our audit approach

Overview



Overall group materiality

- Overall group materiality: R251,5 million, which represents 5% of adjusted average profit before taxation from continuing operations of the past 3 years. The 2020 profit before tax from continuing operations was adjusted for the goodwill impairment expense.

Group audit scope

- Full scope audits were performed over all financially significant components.
- Specified audit procedures were performed on certain account balances and transactions of one non-significant component to obtain sufficient appropriate audit evidence to express an opinion on the consolidated financial statements as a whole.

Key audit matters

- Goodwill impairment assessment; and
- Adoption of International Financial Reporting Standard (IFRS) 16 *Leases*.

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.

Overall group materiality	R251,5 million.
How we determined it	5% of adjusted average profit before taxation from continuing operations of the past three years. The 2020 profit before tax from continuing operations, was adjusted for the goodwill impairment expense.
Rationale for the materiality benchmark applied	We chose adjusted average profit before taxation from continuing operations of the past three years as the benchmark. In our view, profit before taxation from continuing operations is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. Current year profit before taxation from continuing operations was adjusted due to a non-recurring expense relating to the impairment of goodwill. An average of the profit before taxation from continuing operations of the past three years was used due to the volatility arising in the current year as a result of COVID-19 on the Group. We chose 5% which is consistent with 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.

The group has five principal reportable operating segments that align with its organisational design namely Australasia, United Kingdom, Europe, Emerging Markets and Corporate.

The Group's financial statements are a consolidation of fifty three reporting components, which make up the Group's five operating segments. Of these reporting components, we selected fourteen components for full scope audits due to their financial significance. The materiality applied in performing these audits was limited to an appropriate allocation of the Bid Corporation Limited consolidated materiality. Specified audit procedures on certain balances and transactions were performed at one other out of scope component and analytical review procedures were performed on the remaining components.

This, together with additional procedures performed at the Group level, including testing of consolidation journal entries and intercompany eliminations, gave us the evidence we needed for our opinion on the Group financial statements as a whole.

In establishing the overall approach to the group audit, we determined the type of work that needed to be performed by us, as the group engagement team, or component auditors from other PwC network firms. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the Group financial statements as a whole.

We met with certain of the component auditors in the Australasia, United Kingdom, Europe, Emerging Markets, and Corporate reporting segments and attended Divisional Audit and Risk Committee meetings for all components as part of planning and completion of the audit.

Independent auditor's report continued

Key audit matters

Key audit matters are those matters that, in our professional judgment, 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.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>

Goodwill impairment assessment

Refer to notes 3 and 8.3 to the consolidated financial statements.

International Accounting Standard (IAS) 36: Impairment of Assets requires goodwill to be tested annually for impairment, or more frequently if impairment indicators are identified. As at year end, the Group had goodwill amounting to R16,7 billion.

Management tested goodwill for impairment within all cash generating units (CGUs), and concluded that there are only impairments relating to Spain and South Africa of R793,8 million and R4,1 million respectively.

The recoverable amount was based on the value in use for all CGUs. In determining the value in use of the CGUs, management applied judgement in determining the following key assumptions:

- The discount rates;
- Terminal growth rates; and
- Trading margins

We considered the goodwill impairment assessments to be a matter of most significance to our current year audit due to the following:

- The sensitivity of the impairment assessments to certain key assumptions, as limited movement in these assumptions could potentially result in impairment/additional impairment for the Spain and German CGUs;
- The level of judgement applied by management in performing the impairment assessments, including determining the key assumptions;
- The magnitude of the impairment expense recognised by management in respect of the Spain CGU; and
- The magnitude of the remaining consolidated goodwill balance.

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We obtained an understanding of the process and procedures applied by management during their impairment assessment of goodwill.

Our audit procedures included, among others, testing of the principles and integrity of management's value in use calculation. We evaluated management's calculation by:

- Challenging and testing the reasonability of the key assumptions used by management in the calculations, which included the discount rates, revenue growth percentage in the cash flow forecasts, trading margins, terminal growth rates, and capital expenditure forecasts. We compared these key assumptions to industry benchmarks, historical performance and future market forecasts.
- We compared the process followed by management in determining these cash flow forecasts to past practice and found the process to be consistent.
- We considered the historical accuracy of forecasts by comparing the 2019 and 2020 actual results to the forecasts for those years.
- We performed sensitivity assessments on the forecasted impacts of COVID-19 to assess the reasonability of these forecasts. These forecasts are considered to be highly judgemental given the impact of COVID-19 on operations.
- We made use of our valuation expertise to test the appropriateness and reasonability of the discount rate through independent recalculation. Whilst we noted that our independently determined discount rates were higher than those applied by management, the impact was immaterial to the decision to impair CGUs, or the impairment realised.
- We compared the long term growth rates used by management to economic and industry forecasts and found most of the long term growth rates to be within a reasonable range. Where we found a lower long term growth rate to be more appropriate, we adjusted the calculation for the lower long term growth rate and assessed the impact of this on the goodwill impairment assessment. No material further impairments were noted.
- We tested the mathematical accuracy of management's impairment assessment and utilised our valuation expertise to assess whether generally accepted valuation methodology was applied. No material differences were noted and we found the methodology applied by management to be consistent with industry practice.

We performed independent sensitivity calculations on the impairment assessments in order to determine the degree by which certain key assumptions (discount rate and the terminal growth rate) needed to change in order to trigger an impairment. We discussed these with management and considered the likelihood of such changes occurring. Whilst our independently determined key assumptions were different from those applied by management, the impact of these differences was found to be immaterial to the impairment assessment.

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Key audit matter	How our audit addressed the key audit matter
Adoption of International Financial Reporting Standard (IFRS) 16 - *Leases* Refer to notes 3.1, 7.3 and 10.4 to the consolidated financial statements. The Group adopted IFRS 16 with effect from 1 July 2019. The Group opted to use the modified retrospective approach in transitioning to the new standard. The adoption of the standard resulted in the Group recognising a right-of-use asset (RoU Asset) and related lease liability of R4,67 billion and R5,75 billion, respectively, as at adoption date of 1 July 2019. In determining the retained earnings opening balance impact, management applied judgement to conclude on certain key inputs into the calculations, namely: • Determining the lease term where there are renewal and termination options; and • Determining the lease discount rate (incremental borrowing rate). • We considered the adoption of IFRS 16 to be a matter of most significance to our current year audit as: – the judgements applied by management in determining the accounting policies upon adoption of IFRS 16; – the identification and processing of all the relevant data associated with the leases was complex and required management to apply significant judgement; and – the balances recorded upon adoption were material.	We obtained an understanding and evaluated the Group's implementation process, which included consideration of the updated accounting policy and policy elections made, against the requirements of IFRS 16. We made use of our valuations expertise, in certain reporting components, to calculate the lease discount rate, through benchmarking against Prime Industry property yield benchmarks, property borrowing spreads, Government bond rates and bond yield benchmarks. Based on the work performed, the lease discount rates were found to be within an acceptable range of these benchmarks. We assessed information against lease contracts, as follows: • Compared the lease term applied to factors such as the Group's business planning cycle, past history of terminating or not renewing a lease, how far into the future the renewal option is exercisable, and the likelihood of renewal/termination options being exercised. Based on the work that we performed, we accepted the lease terms applied by management; • Obtained management's calculation for allocating lease payments between lease and non-lease components and assessed the appropriateness of the assumptions applied in this allocation with reference to factors such as the relative standalone selling prices of those non-lease components. Where the relative standalone selling prices of the non-lease components could not be determined, we assessed management's estimate thereof, which was based on the average percentage split of similar leases where suppliers had provided a split between lease and non-lease components. We did not identify material differences. We further performed the following procedures on a sample basis, and did not note material differences: • Tested the accuracy of the underlying lease data by agreeing the information to original contracts; • Agreed the lease data from the third-party lease administrator to the input data used in the IFRS 16 calculations, to evaluate whether the data was complete; • Agreed lease payments to the underlying lease contracts after taking into account any allocation between lease and non-lease components as detailed above; and • Tested management's assessment of the recognition exemptions in relation to short-term leases or leases for which the underlying asset is of low value against the requirements of IFRS 16. We independently recalculated the IFRS 16 calculations and found management's calculation to be mathematically accurate.

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 "Bid Corporation Limited Annual Financial Statements for the year ended June 30 2020", which includes the Directors' Report, the Audit and Risk Committee Report and the Declaration by Company Secretary 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 "Bidcorp Annual Integrated Report for the year ended 30 June 2020" 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, actions taken to eliminate threats or safeguards applied.

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 Bid Corporation Limited for 2 years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: EJ Gerryts
Registered Auditor

Johannesburg

25 August 2020

Consolidated statement of profit or loss

for the year ended June 30	Note	2020 R'000	2019 R'000 Re-presented*
CONTINUING OPERATIONS			
Revenue	4.1	**121 117 480**	129 249 988
Cost of revenue		**(91 921 749)**	(98 418 233)
Gross profit		**29 195 731**	30 831 755
Operating expenses		**(25 033 193)**	(24 165 327)
Sales and distribution costs		**(19 111 521)**	(19 295 717)*
Administration costs		**(4 352 332)**	(4 512 337)
Impairment of trade receivables		**(874 269)**	(230 016)*
Other costs	4.2	**(695 071)**	(127 257)
Trading profit		**4 162 538**	6 666 428
Share-based payment expense	11.1	**(100 774)**	(114 468)
Acquisition costs	8.1	**(1 968)**	(27 686)
Capital items	4.2	**(923 687)**	44 106
Operating profit		**3 136 109**	6 568 380
Net finance costs		**(710 263)**	(285 942)
Finance income	10.2	**85 647**	109 506
Finance charges	10.2	**(795 910)**	(395 448)
Share of profit of associates and jointly-controlled entities		**6 448**	59 148
Profit before taxation		**2 432 294**	6 341 586
Taxation	5.1	**(868 614)**	(1 472 282)
Profit for the year from continuing operations		**1 563 680**	4 869 304
DISCONTINUED OPERATIONS			
Loss after taxation from discontinued operations	13	**(331 578)**	(731 969)
Profit for the year		**1 232 102**	4 137 335
Attributable to			
Shareholders of the company		**1 216 805**	4 104 169
From continuing operations		**1 548 383**	4 836 138
From discontinued operations		**(331 578)**	(731 969)
Non-controlling interests from continuing operations		**15 297**	33 166
		1 232 102	4 137 335
Continuing operations (cents)			
Basic earnings per share	6.1	**463,5**	1 451,0
Diluted basic earnings per share	6.2	**462,6**	1 448,5
Headline earnings per share	6.3	**741,3**	1 443,6
Diluted headline earnings per share	6.3	**739,7**	1 441,2
Discontinued operations (cents)			
Basic loss per share	13	**(99,3)**	(219,6)
Diluted basic loss per share	13	**(99,1)**	(219,2)
Headline loss per share	13	**(47,3)**	(103,1)
Diluted headline loss per share	13	**(47,2)**	(103,0)
Total operations (cents)			
Basic earnings per share		**364,2**	1 231,4
Diluted basic earnings per share		**363,5**	1 229,3
Headline earnings per share		**694,0**	1 340,5
Diluted headline earnings per share		**692,5**	1 338,2
Dividends per share (cents)		**330,0**	640,0

* *The group re-presented operating expenses to show the impairment of trade receivables separately on the statement of profit or loss.*

Consolidated statement of other comprehensive income

for the year ended June 30	2020 R'000	2019 R'000
Profit for the year	**1 232 102**	4 137 335
Other comprehensive income net of taxation	**4 331 548**	(241 652)
Items that may be classified subsequently to profit or loss	**4 327 684**	(235 565)
Increase (decrease) in foreign currency translation reserve	**4 381 823**	(234 959)
Movement in investment held at fair value through other comprehensive income		
Fair value loss	**(54 139)**	–
Decrease in fair value of cash flow hedges	**–**	(606)
Fair value loss	**–**	(837)
Deferred taxation relief	**–**	231
Items that will not be reclassified subsequently to profit or loss		
Defined benefit obligations	**3 864**	(6 087)
Remeasurement of defined benefit obligations	**2 035**	(6 257)
Deferred taxation relief	**1 829**	170
Total comprehensive income for the year	**5 563 650**	3 895 683
Attributable to		
Shareholders of the company	**5 506 566**	3 862 897
Non-controlling interest	**57 084**	32 786
	5 563 650	3 895 683

Consolidated statement of cash flows

for the year ended June 30	Note	2020 R'000	2019 R'000
Cash flows from operating activities		**3 928 340**	2 332 967
Cash generated by continuing operations	4.4	**8 374 137**	6 580 935
Finance income received	10.2	**80 683**	103 797
Finance charges paid	10.2	**(677 897)**	(366 610)
Taxation paid	5.3	**(1 354 174)**	(1 423 951)
Dividends paid	12.2	**(2 213 668)**	(1 978 885)
Net operating cash flows from discontinued operations	13	**(280 741)**	(582 319)
Cash effects from investment activities		**(3 153 212)**	(3 739 498)
Additions to property, plant and equipment	7.1	**(2 724 587)**	(2 957 607)
Additions to intangible assets	7.2	**(191 576)**	(156 023)
Proceeds on disposal of property, plant and equipment		**370 328**	271 349
Proceeds on disposal of intangible assets		**9 148**	3
Acquisition of businesses and subsidiaries	8.1	**(171 604)**	(448 640)
Proceeds on disposal of interests in subsidiary	8.2	**34 659**	–
Investment in jointly-controlled entity	9.3	**–**	(51 017)
(Payments to) receipts from associates		**(8 048)**	70 409
Proceeds on disposal of investments		**72 167**	33 202
Investments acquired		**(42 832)**	(79 166)
Payments made to puttable non-controlling interests	10.5	**(12 828)**	(74 428)
Payments made to vendors for acquisition		**(58 553)**	(297 443)
Net investing activities from discontinued operations	13	**(429 486)**	(50 137)
Cash effects from financing activities		**(912 235)**	856 149
Borrowings raised	10.3	**6 476 215**	5 135 168
Borrowings repaid	10.3	**(6 408 623)**	(4 232 742)
Right-of-use lease liability payments from continuing operations	10.4	**(720 512)**	–
Right-of-use lease liability payments from discontinued operations	13	**(230 994)**	–
Payments to non-controlling interests		**(28 321)**	(39 971)
Treasury shares purchased	12.1	**–**	(6 306)
Net decrease in cash and cash equivalents		**(137 107)**	(550 382)
Cash and cash equivalents at beginning of year		**6 058 269**	6 643 149
Effects of exchange rate fluctuations on cash and cash equivalents		**1 103 264**	(34 498)
Cash and cash equivalents at end of year		**7 024 426**	6 058 269
Cash and cash equivalents comprise			
Cash and cash equivalents for continuing operations		**7 024 426**	5 775 863
Cash and cash equivalents for discontinued operations		**–**	282 406
		7 024 426	6 058 269

Consolidated statement of financial position

at June 30	Note	2020 R'000	2019 R'000
ASSETS			
Non-current assets		**42 088 766**	31 294 178
Property, plant and equipment	7.1	**17 618 435**	14 025 113
Intangible assets	7.2	**838 223**	667 572
Right-of-use lease assets	7.3	**4 934 213**	–
Goodwill	8.3	**16 676 574**	14 784 154
Deferred taxation assets	5.2	**1 202 709**	944 212
Interest in associates	9.1	**193 364**	177 978
Investments and loans	9.2	**117 307**	192 246
Investment in jointly-controlled entities	9.3	**489 933**	481 975
Defined benefit pension assets	11.3	**18 008**	20 928
Current assets		**29 509 639**	33 637 800
Inventories	7.4	**10 195 539**	9 703 879
Trade and other receivables	7.5	**12 289 674**	15 213 598
Assets classified as held-for-sale	13	**–**	2 944 460
Cash and cash equivalents		**7 024 426**	5 775 863
Total assets		**71 598 405**	64 931 978
EQUITY AND LIABILITIES			
Capital and reserves		**27 938 586**	28 735 967
Capital and reserves attributable to shareholders of the company	12.1	**27 672 556**	28 498 700
Non-controlling interests		**266 030**	237 267
Non-current liabilities		**16 000 901**	6 524 604
Deferred taxation liabilities	5.2	**686 554**	686 849
Long-term borrowings	10.3	**4 565 025**	4 659 325
Long-term right-of-use lease liabilities	10.4	**5 363 091**	–
Long-term puttable non-controlling interest liabilities	10.5	**4 632 682**	336 620
Long-term vendors for acquisition		**73 150**	275 144
Post-retirement obligations	11.3	**67 478**	59 117
Long-term provisions	7.7	**612 921**	430 462
Long-term operating lease liabilities		**–**	77 087
Current liabilities		**27 658 918**	29 671 407
Trade and other payables	7.6	**17 602 244**	18 698 495
Short-term provisions	7.7	**632 950**	313 892
Short-term puttable non-controlling interest liabilities	10.5	**55 262**	1 126 128
Short-term vendors for acquisition		**204 188**	103 882
Taxation	5.3	**246 077**	470 753
Short-term right-of-use lease liabilities	10.4	**872 229**	–
Short-term borrowings	10.3	**8 045 968**	5 841 624
Liabilities classified as held-for-sale	13	**–**	3 116 633
Total equity and liabilities		**71 598 405**	64 931 978
Net asset value per share (cents)		**8 251**	8 497
Net tangible asset value per share (cents)		**3 029**	3 890

Consolidated statement of changes in equity

for the year ended June 30	2020 R'000	2019 R'000
Equity attributable to shareholders of the company	**27 672 556**	28 498 700
Stated capital	**5 428 016**	5 428 016
Treasury shares	**(247 824)**	(435 584)
Balance at beginning of the year	**(435 584)**	(601 908)
Shares disposed of in terms of share incentive plans	**187 760**	172 630
Shares purchased during the year	**–**	(6 306)
Foreign currency translation reserve	**9 609 715**	5 263 176
Balance at beginning of the year	**5 263 176**	5 497 156
Arising during the year	**4 340 036**	(234 579)
Realisation of reserve on foreign subsidiaries	**6 503**	599
Hedging reserve	**(1 056)**	(1 056)
Balance at beginning of the year	**(1 056)**	(450)
Fair value loss arising during the year	**–**	(837)
Deferred tax recognised directly in reserve	**–**	231
Equity-settled share-based payment reserve	**290 007**	341 798
Balance at beginning of year	**341 798**	325 383
Arising during the year from total operations	**102 408**	116 882
Deferred tax recognised directly in reserve	**(22 560)**	7 143
Utilisation during the year from total operations	**(487 256)**	(172 630)
Transfer to retained earnings	**355 617**	65 020
Retained earnings	**12 593 698**	17 902 350
Balance at beginning of the year	**17 902 350**	15 896 255
IFRS 16 transition adjustment to retained earnings at beginning of year	**(1 035 469)**	–
IFRS 9 transition adjustment to retained earnings	**–**	(60 447)
Attributable profit	**1 216 805**	4 104 169
Remeasurement of defined benefit obligations during the year	**3 864**	(6 087)
Recognition of puttable non-controlling interest liabilities	**(2 673 442)**	–
Remeasurement of puttable non-controlling interest	**131 537**	12 964
Fair value adjustments held at fair value through other comprehensive income	**(54 139)**	–
Dividends paid	**(2 213 668)**	(1 978 885)
Reclassification of Nowaco equity-incentive scheme to cash-settled scheme	**(322 020)**	–
Transfer from foreign currency translation reserve	**(6 503)**	(599)
Transfer from equity-settled share-based payment reserve	**(355 617)**	(65 020)
Equity attributable to non-controlling interests of the company	**266 030**	237 267
Balance at beginning of the year	**237 267**	244 452
Total comprehensive income	**57 084**	32 786
Attributable profit	**15 297**	33 166
Movement in foreign currency translation reserve	**41 787**	(380)
Dividends paid	**(28 321)**	(52 854)
Changes in shareholding	**2 673 442**	83 347
Transfer to puttable non-controlling interest liability (refer note 10.5)	**(2 673 442)**	(70 464)
Total equity	**27 938 586**	28 735 967

Notes to the consolidated financial statements

for the year ended June 30

1. BASIS OF PREPARATION

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), in compliance with JSE Listings Requirements, the interpretations adopted by the International Accounting Standards Board (IASB), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council, and the requirements of the Companies Act of South Africa 2008.

The preparation of the consolidated and separate financial statements requires management 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 year in which the estimate is revised, if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Judgements made in the application of IFRS that have had an effect on the financial statements and estimates with a risk of adjustment in the next year are set out in note 3.1. The consolidated financial statements as at and for the year ended June 30 2020 comprise the company, its subsidiaries and equity accounted investees (together referred to as the "group" or "Consolidated" and separately "Separate" or "company"). The accounting policies have been applied consistently to all years presented in the consolidated and separate financial statements. The accounting policies are the same for the consolidated and separate financial statements, unless specifically stated otherwise. The financial statements are presented in South African rand, which is the group's presentation currency. All financial information has been rounded to the nearest thousand unless stated otherwise.

With effect from July 1 2019 the group adopted IFRS 16 *Leases* (IFRS 16). IFRS 16 replaces IAS 17 *Leases* which requires that operating leases, other than short-term and low-value leases, to be recorded on the statement of financial position in a similar manner to finance leases under IAS 17.

The group elected to adopt IFRS 16 using a modified retrospective approach. Under a modified retrospective approach, the group applies IFRS 16 from the beginning of July 1 2019 and has not restated prior-period financial information. The lease liability was measured using the present value of the remaining lease payments discounted at the incremental borrowing rates at July 1 2019. The right-of-use lease assets were measured as if IFRS 16 had always been applied (but using the incremental borrowing rates at July 1 2019). The cumulative effect of initially applying IFRS 16 has been recognised as an adjustment to the opening balance of retained earnings on date of initial application (being July 1 2019). Judgements and assumptions in applying the related accounting policies for IFRS 16 have been disclosed in note 3.1.

The group leases various leasehold property, vehicles and equipment as the need arises. Lease contracts are negotiated on an individual basis and contain a wide range of different terms and conditions. Extension and termination options are included in a number of leases across the group. These options are used to maximise operational flexibility in terms of managing lease contracts. The majority of extension and termination options held are exercisable only by the group and not by the respective lessor. On transition to IFRS 16, the weighted average incremental borrowing rate applied to lease liabilities recognised under IFRS 16 was 6,4% for the group.

The following practical expedients were applied on adoption of IFRS 16:

- Short-term leases – the group elected not to account for leases with a remaining lease term of less than 12 months as at July 1 2019. These leases are accounted for as lease-related expenses in the consolidated statement of profit or loss.
- Initial direct costs – the group elected not to include initial direct costs in the measurement of the right-of-use lease assets for operating leases in existence on adoption of IFRS 16.
- Lease term – the group benefited from the use of hindsight for determining the lease term when considering options to extend or terminate leases.
- Discount rate – the group applied a single discount rate to a portfolio of leases with similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying assets in a similar economic environment and same entity within the group).
- Determination of a lease – on adoption of IFRS 16 the group elected not to reassess whether a contract is or contains a lease. Instead the group relied on its assessment made in applying IAS 17 for contracts entered into before July 1 2019.
- Low-value assets – the group elected to apply the recognition exemption in relation to leases with a value below R75 000 per annum.
- Impairment review – instead of performing an impairment review on the right-of-use assets on July 1 2019, the group has relied on its historical assessment as to whether leases were onerous immediately before the adoption of IFRS 16.

The adoption of IFRS 16 *Leases* from July 1 2019 complicates the comparison of the performance of financial years 2020 and 2019. In order to provide comparative information to assess the group's performance, a *pro forma* condensed consolidated statement of profit or loss, *pro forma* summarised consolidated statement of financial position, *pro forma* summarised consolidated statement of cash flows and *pro forma* supplementary information regarding the currency effects of the translation of foreign operations on the group (the *pro forma* information) has been presented for the year ended June 30 2020.

1. BASIS OF PREPARATION (continued)

The following is a reconciliation of continuing operations operating lease commitments as at June 30 2019 to the continuing operations RoU lease liabilities recognised at July 1 2019:

	2019 R'000
Operating lease commitments disclosed as at June 30 2019	5 309 618
Recognition exemptions:	
• Short-term leases recognised on a straight-line basis as an expense	(108 790)
• Leases of low-value assets recognised on a straight-line basis as an expense	(111 012)
Adjustments as a result of a different treatment of renewals, termination options and other adjustments	2 583 391
Operating lease liabilities before discounting	7 673 207
Discounted using the incremental borrowing rate at the date of initial application	(1 920 282)
Continuing operations RoU lease liability as at July 1 2019	5 752 925

With effect from July 1 2019 the group adopted IFRIC 23 *Uncertainty over Income Tax Treatments* (IFRIC 23). IFRIC 23 clarifies how the recognition and measurement requirements of IAS 12 *Income Taxes* are applied when there is uncertainty over income tax treatment. No additional current or deferred tax liabilities were recognised as a result of IFRIC 23.

The consolidated and separate financial statements were approved by the board of directors on August 25 2020.

2. 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 to or has rights to variable returns 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.

Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the company gains control until the date when the company ceases to control the subsidiary. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with the group's significant accounting policies.

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

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.

2. BASIS OF CONSOLIDATION (continued)

2.1 Business combinations

The group accounts for business combinations using the acquisition method. The consideration transferred for the acquisition of a business is the fair value of assets transferred, the liabilities incurred and the equity issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent arrangement. If the contingent arrangement is classified as equity, then it is not remeasured and settlement is accounted for in equity.

Subsequent changes in the fair value of other contingent arrangements are recognised in profit or loss. Acquisition-related costs, apart from costs directly related to the raising of debt and (or) equity, are accounted for in profit or loss.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at acquisition date. The group recognises any non-controlling interest, at the non-controlling interest's proportionate share of the subsidiary's net assets on an acquisition-by-acquisition basis. When a business combination is achieved in stages, the group's previously held equity interest in an entity is remeasured to its acquisition date fair value and the resulting gain or loss recognised in profit or loss.

The excess of the consideration transferred, the amount of any non-controlling interest in the entity and the acquisition date fair value of any previous equity interest in the business over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill and separately identifiable intangible assets. If this is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss as a bargain purchase gain.

The company carries its investments in subsidiaries at cost less accumulated impairment losses. The excess of the consideration transferred, the amount of any non-controlling interest in the entity and the acquisition date fair value of any previous equity interest in the business over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss as a bargain purchase gain.

The company carries its investments in subsidiaries at cost less accumulated impairment losses.

2.2 Foreign operations

Assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated into South African rand at rates of exchange ruling at the reporting 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 statement of profit or loss.

Acquisitions and disposals of foreign operations are accounted for at the exchange rate ruling on the date of the transaction.

Transactions in foreign currencies are translated at the rates of exchange ruling at the transaction date. Monetary assets and liabilities in foreign currencies which are translated at the rates of exchange ruling at the reporting date. Translation differences are generally recognised in the statement of profit or loss.

Non-monetary assets and liabilities are measured based on historical cost in a foreign currency are translated at an exchange rate at the date of the transaction.

3. ACCOUNTING ESTIMATES, JUDGEMENTS AND FAIR VALUES

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

3.1 Accounting judgements and determination of fair values 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 set out below:

Property, plant and equipment

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 best estimate of the useful lives of the assets. All properties are accounted for as own use assets and are thus held at cost less accumulated depreciation. Market indicators reflect that these properties could realise more than their carrying values if disposed of. 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.

Property, plant and equipment are depreciated over their useful lives, taking into account applicable residual values. The group's judgement for useful life of a freehold property is that it is expected that the useful life of a freehold property is less than its economic life. The estimated remaining useful life of the freehold property is based on the group's knowledge, experience with similar freehold properties and considerations regarding the size of property and expected future business growth, age of property and equipment (freezers/chillers), location and proximity to customers. The measurement of freehold property residual values, at the expected date of disposal, is based on management's judgement that each freehold property will be sold by the end of its useful life and considers current market values and rental growth of the expected useful life when determining the residual value of a freehold property.

Changes in the useful lives and (or) residual values are accounted for as a change in accounting estimate.

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 the discounted cash flow method and the actual results and forecasts for future years. 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.

Right-of-use lease assets and right-of-use lease liabilities

Judgements and assumptions made by the group in applying the related accounting policies for IFRS 16:

- Lease discount rate – Except where a discount rate implicit in the lease has been stipulated in the lease agreement, the lease payments are discounted using the incremental borrowing rate. The calculation of an incremental borrowing rate requires significant judgement. The incremental borrowing rate is calculated as a function of a base rate, plus a credit spread, plus other adjustments. Other adjustments take into account the lease period, currency of the lease payments, lease duration, lease-specific adjustments such as asset class and security risk in relation to the leased asset.
- Lease term – In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

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.

Inventories

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 as well as expiry dates. 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.

3. ACCOUNTING ESTIMATES, JUDGEMENTS AND FAIR VALUES (continued)

3.1 Accounting judgements and determination of fair values in applying the group's accounting policies (continued)

Revenue (agent versus principal)

The group considers the determination of the agent versus principal classification to be a judgement applied in determining that the relationship is one of principal rather than one of an agent. For logistics revenue recognition, the group obtains an understanding of the nature of these revenue transactions and utilises technical accounting experts to evaluate whether control has transferred to the group before transferring to the customer or not. The group considers whether control associated with inventory has passed to the group before transfer to the customer; which party carries the inventory risk before and after the customer order; which party has the primary responsibility for providing the goods to the customers; and who had influence over setting the price at which the product is sold to the customers.

Trade receivables

Trade receivables are initially measured at fair value, which is equal to the consideration expected to be received from the satisfaction of performance obligations, plus any directly attributable transaction costs. At the time of initial recognition in accordance with IFRS 9 the group assesses the expected credit loss by applying the simplified approach. To measure the expected credit loss (ECL) each operation applies a historic loss ratio to trade receivables at each reporting date.

In determining the ECL, each operation splits the trade receivables into groups based on shared credit risk characteristics and the days past due; namely, by splitting customers into the type of customer (Independent, Chain, Logistics, and Retail), geographical regions, product types, customer ratings and trade credit insurances. In instances where there was no evidence of historical impairment, each operation's management uses their knowledge of their business and forward-looking macro-economic information to determine the potential loss rate. In addition specific provisions are raised for trade receivables if doubt on their collectability is known.

Forward-looking information has been impacted by the COVID pandemic. To the group's best knowledge and belief, the impact of COVID has been factored into the group's ECL models, which is most relevant to customers that have been temporarily or permanently affected by lockdown regulations in their respective geographies. To address the additional credit risk due to the COVID pandemic, the group's ECL models took into account the additional downside risk due to the impact of COVID on the group's customer base. The group's ECL percentage of trade debtors has increased from an average of 4,5% in 2019 to an average of 10,9% in 2020 on a country-by-country basis which was calculated as indicated above using an unbiased and probability-weighted outcomes which require the use of judgement, especially in times of economic uncertainty.

Puttable non-controlling interest liabilities

The group has entered into put non-controlling interest (NCI) 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 contracted redemption value (ie contracted fixed EBITDA multiples), discounted from the redemption date to the reporting date. The main assumptions used in the calculation of the liability is the contracted redemption value at the redemption date and the discount rate used to discount the 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.

The group's assessment of contracted EBITDA multiples is that it represents a fixed instrument due to it being agreed up front by both parties and cannot be changed throughout the lock-in period; no market risk is accepted by the minority shareholders; future performance of a company or financial position on the redemption date does not change the EBITDA multiple to be paid to the minority shareholders; third parties are not able to change the price of the EBITDA multiple payable to the minority shareholders; and there is no true up to a "fair value" multiple to similar companies on the redemption date.

The group has applied judgement to recognise subsequent measurement changes in the puttable NCI liabilities in accordance with the principles of IFRS 10.23. Changes in assumptions used to estimate the future purchase price of the puttable NCI liabilities are recorded directly in retained earnings in the statement of changes in equity. There is diversity in practice as to whether to recognise subsequent measurement changes in the carrying amount in profit or loss or equity. This accounting policy judgement to take changes in assumptions directly to retained earnings has been applied consistently by the group.

The total remeasurement changes of the puttable NCI liabilities during the year was R131,5 million (2019: R12,9 million). Refer to the statement of changes of equity and note 10.5 for the remeasurement of the puttable NCI liabilities.

This accounting policy treatment has been consistently applied by the group and will be applied in future until there is clarification that is definitive on where subsequent measurement changes are required to be accounted for in terms of IFRS.

Forward exchange contracts

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

3. ACCOUNTING ESTIMATES, JUDGEMENTS AND FAIR VALUES (continued)

3.1 Accounting judgements and determination of fair values in applying the group's accounting policies (continued)

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

Share appreciation right

The fair value of the share appreciation right awards are measured using a binomial 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 national South African government bonds).

Conditional share plan

The fair value of the conditional share plan awards are measured using a monte carlo method, which best captures the path-dependent nature and specific features of these awards. The path dependency of the share award arises from the interaction between dividends and the performance hurdles in the valuation model, as well as the dependency of the valuation on the level of achievement of the vesting conditions at the performance period end dates. The evolution of Bidcorp's and the peer group members' total shareholder return prices are modelled using the market-accepted log-normal share price process taking into account input parameters which are based on historical share price data.

3.2. The group's assessment of the Coronavirus pandemic (COVID) on the group's consolidated annual financial statements

Based on the magnitude of COVID and its potential impact on the consolidated annual financial statements, the group has conducted a review of all possible financial effects that COVID could have on the measurement, presentation and disclosure provided in the group consolidated annual financial statements. The future is uncertain, however Bidcorp's, resilient business model, its diverse geographical spread of operations and customers, its entrepreneurial culture and strong management teams have enabled the group to navigate the current COVID crisis and its likely future impacts.

The group has considered the potential impact of COVID on the group by taking a variety of risk elements into account which included considering macro-economic factors, contractual obligations and supply chain impacts. In addition, management performed a scenario analysis on the business prospects going forward and stress tested forecasts considering its "business unusual" impacts.

Key COVID areas are considered in the table below:

COVID consideration	Assessment of COVID consideration	Potential impact	Note reference
Credit risk	The group's maximum exposure to credit risk is represented by the carrying amount of the group's financial assets. The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. There was a material change in the group's exposure to credit risk and its objectives, for managing and measuring the risk during the 2020 financial year due to the impact of COVID. The impact of COVID has been factored into expected credit losses (ECL) for trade receivables which is most relevant to customers that have been temporarily or permanently affected by lockdown regulations in their respective countries. Based on this assessment, the ECL for trade receivables has increased by R785 million under the provision matrix method given the evidence available at the time of finalising the Bidcorp group annual financial statements.	High	7.5

3. ACCOUNTING ESTIMATES, JUDGEMENTS AND FAIR VALUES (continued)

3.2. The group's assessment of the Coronavirus pandemic (COVID) on the group's consolidated annual financial statements (continued)

COVID consideration	Assessment of COVID consideration	Potential impact	Note reference
Revenue	Demand for food products substantially diminished at the end of March 2020/early April 2020 for many discretionary spend sectors, particularly across hotels, restaurants, pubs, leisure and travel-related segments. Our businesses actively sought solutions for each market and attempting to replace a small portion of this lost revenue in new channels, such as home delivery and supply to other retail-related channels. Non-discretionary activities to institutional customers continued, including serving customers such as hospitals, aged care, prisons, the military and government departments in a number of our businesses. Group sales for the week ended April 5 2020 reached a low of 37% versus the comparative week in 2019 but had recovered to 65% of the comparative revenue for the week ended May 31. By June 30, revenue had reached 71% against the comparative week in 2019 and has shown consistent improvements to reach levels for the week ended August 2 2020 of 89% compared to the same week in the prior year. All businesses have continued operating in each geography; however each country is at a different stage of the COVID crisis. There were no significant contract modifications that took place and both new and existing contracts were assessed to be still enforceable at the reporting date. At June 30 2020, the group's assessment is that activity levels will be around levels of 80% to 90% of pre-COVID levels in the next 12 months.	Medium	4.1
Non-financial asset impairments	Goodwill is tested for impairment annually and whenever there are indicators of impairment. In determining the recoverable amounts the group's cash-generating units (CGU), the group considered several sources of estimation uncertainty and made certain assumptions or judgements about the future. Management also considered various scenario analyses with respect to the impact of COVID on the cash flow projections, given the evidence available at the time of finalising the group annual financial statements.	Medium	8.3
Liquidity risk	The group's priority has been to ensure that our operations have sufficient liquidity for their respective requirements. Further headroom has been created and the group believes that it has sufficient liquidity for the foreseeable future and has increased from R4,5 billion to R13,1 billion at June 30. The group and its subsidiaries have available to it, as at June 30 2020, undrawn facilities of R13,1 billion (£612 million) and cash and cash equivalents of R7,0 billion (£329 million).	Medium	10.1
Restructuring provisions and onerous contracts	Restructuring provisions of R469,9 million were recognised by the group for outcomes directly related to the impact of COVID in terms of redundancy related provisions and other related costs for affected locations. Future operating costs were not provided for at June 30 2020. These provisions for restructuring were recognised based on approved detailed and formal restructuring plans and have been publicly announced to parties involved.	Medium	7.7

3. ACCOUNTING ESTIMATES, JUDGEMENTS AND FAIR VALUES (continued)

3.2. The group's assessment of the Coronavirus pandemic (COVID) on the group's consolidated annual financial statements (continued)

COVID consideration	Assessment of COVID consideration	Potential impact	Note reference
Inventories	The group's businesses through April 2020 and May 2020 actively managed their inventory exposure, particularly their short-dated stock. All inventory obsolescence has been expensed as incurred and the group do not believe that the current broad range of ambient and frozen products, all of which have longer shelf-lives, presents a significant further exposure. All stock continues to be carefully monitored and remains fit for the group's customer base. An estimated R248 million for stock write-offs was accounted for due to the impact of COVID on sale volumes.	Low	7.4
Subsequent events	Recognised assets and liabilities at reporting date are presented, measured and disclosed based on the evidence available at the time of finalising the Bidcorp group consolidated annual financial statements. Other than the sale and leaseback transaction for a freehold property in Hong Kong, there are no material subsequent events to recognised assets and liabilities from the reporting date.	Low	12.7
Going concern	The board has undertaken a rigorous assessment of whether the group is a going concern in the light of current economic conditions in its various operating geographies taking into consideration available information about future risks and uncertainties. The projections for the group have been prepared covering its future anticipated performance and available capital and liquidity for a period of 12 months from the date of approval of these financial statements including performing sensitivity analyses. The group continues to operate as a going concern, with a strong balance sheet and solid cash flow position.	Low	12.8

Notes to the consolidated financial statements continued

for the year ended June 30

		2020 R'000	2019 R'000
4.	**OPERATING PERFORMANCE**		
4.1	**Revenue**		
	Sale of goods – frozen	**42 027 828**	46 548 250
	Sale of goods – chilled	**34 314 113**	36 458 831
	Sale of goods – ambient	**36 451 236**	39 869 549
	Sale of goods – non-food	**8 057 712**	6 101 714
	Rendering of services and commissions earned	**266 591**	271 644
		121 117 480	129 249 988
	Revenue percentage by market segmentation		
	Independent	**50%**	52%
	Chain	**34%**	34%
	Logistics	**6%**	6%
	Retail and other	**10%**	8%
	Revenue percentage by customer type		
	Hotels, restaurants and cafés	**36%**	37%
	Quick service restaurants	**16%**	17%
	Caterers, butcheries and canteens	**15%**	14%
	Retail, wholesalers and other distributors	**13%**	12%
	Healthcare and aged care	**10%**	9%
	Education	**5%**	6%
	Travel (airlines and cruise liners)	**3%**	3%
	Government-related customers	**2%**	2%
	Analysis of revenue per country by percentage		
	United Kingdom	**26%**	26%
	Australia	**15%**	16%
	Netherlands	**9%**	9%
	New Zealand	**8%**	8%
	People's Republic of China and Hong Kong	**7%**	6%
	Czech Republic	**6%**	5%
	Belgium	**6%**	5%
	Italy	**5%**	6%
	South Africa	**5%**	5%
	Other	**13%**	14%

4. OPERATING PERFORMANCE (continued)

4.1 Revenue (continued)

Composition of revenue

- Revenue comprises amounts earned from customers from the sale of frozen, chilled, ambient and non-food products (goods) and from the rendering of services.
- Revenue is disclosed net of value added taxation.
- Revenue is net of returns and allowances, trade discounts and volume rebates all of which have been apportioned to the sale of goods.

Customer segmentation

Independent

Independent customers predominantly include independent restaurants. Independent customers typically generate higher gross margins that more than offsets the higher supply chain costs that we incur in serving these customers. Independent customers use more value-added services, particularly in the areas of product selection and procurement, market trends, menu development and operational strategy.

Chain

Chain customers are multi-unit restaurants which includes fine dining, family and casual dining, as well as hotels, healthcare facilities and other multi-unit institutional customers.

Logistics

Logistics customers are where a customer instructs which suppliers are to be used for procurement and when to deliver the product to the customer.

Retail

Retail customers predominantly include independent retailers and wholesalers.

Revenue recognition

Revenue is recognised from the sale of goods and is measured at the amount of the transaction price received in exchange for transferring goods. The transaction price is the expected consideration to be received, to the extent that it is highly probable that there will not be a significant reversal of revenue in future, after deducting discounts, volume rebates, value added tax and other sales taxes.

Control of the goods is passed when title and insurance risk have passed to the customer, which is typically when the goods have been delivered to an agreed location. When the period of time between delivery of goods and subsequent payment by the customer is less than one year, no adjustment for a financing component is made.

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at reporting date. The stage of completion is time based and dependent on the terms of the contract.

Revenue from commissions and fees is recognised in the statement of profit or loss in proportion to the stage of completion of the transaction at the statement of financial position date.

IFRS 15 *Revenue from Contracts with Customers*

Due to the group's revenue being earned through the sale of goods relating to frozen, ambient, chilled and other non-food-related products there are no significant multiple-element revenue arrangements with customers. The largest customer contract is Subway in the United Kingdom which accounts for 2,4% of the group's 2020 revenue.

The group applies the practical expedient (paragraph 121 of IFRS 15) to not disclose information about remaining performance obligations that have original expected durations of one year or less.

Impact of COVID on revenue

Being part of the food distribution industry, all the group's businesses were designated as essential services and continued operating in all geographies. Demand for food products substantially diminished at the end of March 2020/early April 2020 for many discretionary spend sectors, particularly across hotels, restaurants, pubs, leisure and travel-related segments. The group's businesses actively sought solutions for each market and attempted to replace a small portion of this lost revenue in new channels, such as home delivery and supply to other retail-related channels. Non-discretionary activities to institutional customers continued, including serving customers such as hospitals, aged care, prisons, the military and government departments in a number of our businesses.

Group sales for the week ended April 5 2020 reached a low of 37% versus the comparative week in 2019 but recovered to 65% of the comparative revenue for the week ended May 31. By year end, revenue reached 71% against the comparative week in 2019 and has shown consistent improvements to reach levels for the week ended August 2 2020 of 89% compared to the same week in 2019.

All businesses have continued operating in each geography; however each country is at a different stage of the COVID pandemic. There were no significant contract modifications that took place and both new and existing contracts were assessed to be still enforceable at the reporting date.

Notes to the consolidated financial statements continued

for the year ended June 30

	2020 R'000	2019 R'000
4. OPERATING PERFORMANCE (continued)		
4.2 Operating profit		
Determined after charging (crediting)		
Auditors' remuneration	**66 730**	56 920
Group auditor audit fees and related expenses	**56 519**	44 341
Group auditor related tax, consulting, other related expenses	**3 294**	4 529
Other audit firm fees and related expenses	**6 917**	8 050
Depreciation of property, plant and equipment disclosed as continuing operations	**1 411 954**	1 186 132
Freehold properties	**56 312**	–
Leasehold improvements	**99 495**	91 322
Plant and equipment	**452 772**	389 218
Office equipment, furniture and fittings	**198 253**	165 256
Vehicles	**605 122**	540 336
Depreciation of property, plant and equipment disclosed as discontinued operations	**–**	12 510
Amortisation of intangible assets disclosed as continuing operations	**122 400**	144 068
Patents, trademarks, tradenames and other intangibles	**18 198**	39 397
Computer software	**104 202**	104 671
Amortisation of intangible assets disclosed as discontinued operations	**–**	135
Right-of-use lease asset depreciation disclosed as continuing operations	**771 412**	–
Leasehold properties	**567 065**	–
Vehicles	**188 641**	–
Equipment and other	**15 706**	–
Directors' emoluments (Refer note 11.2 for full details of executive and non-executive remuneration)		
Executive directors	**22 599**	46 579
Basic remuneration	**21 435**	21 573
Retirement and medical benefits	**708**	722
Other benefits	**456**	452
Cash incentives	**–**	23 832
Non-executive director emoluments	**19 705**	27 146
Director fees	**9 910**	7 761
Long-term incentives	**9 253**	14 631
Other services	**542**	4 754
Employer contributions to	**1 486 199**	1 352 392
Defined contribution pension funds	**348 307**	313 670
Provident funds	**25 044**	24 964
Retirement funds	**77 116**	67 659
Social securities	**968 144**	890 198
Medical aids	**67 588**	55 901
Defined benefit pension plans related expenses	**15 516**	16 357

4. OPERATING PERFORMANCE (continued)

4.2 Operating profit (continued)

	2020 R'000	2019 R'000
Share-based payment expense disclosed as continuing operations (refer note 11.1)	100 774	114 468
Bidvest Incentive Scheme (BIS)	5 682	11 416
Bidcorp Share Appreciation Rights Plan (SARs)	67 659	61 577
Bidcorp Conditional Share Plan* (CSP)	32 405	41 475
Nowaco Management Scheme	(4 972)	–
Staff costs excluding directors' emoluments, employer contributions	13 187 194	13 819 794
Gross staff costs excluding directors' emoluments, employer contributions	13 993 504	13 819 794
Government grants recognised in the consolidated statement of profit or loss	(806 310)	–
The group received government grants in respect of staff costs in various geographies. The group accounts for government grants in profit or loss in the year the staff costs are incurred and are presented in the consolidated statement of profit or loss net of the related staff cost.		
Foreign exchange (gains) losses on hedging activities	(5 219)	9 570
Forward exchange contracts	(13 778)	9 545
Foreign bank accounts	8 559	25
Foreign exchange gains	(4 399)	(25 247)
Realised	(7 057)	(19 360)
Unrealised	2 658	(5 887)
Transport costs	3 129 359	3 276 358
Fuel	810 054	868 200
Vehicle running and transport costs (repairs, road tax, etc.)	1 387 436	1 417 676
Freight out	931 869	990 482
Accommodation and premise costs	1 799 837	1 694 193
Electricity, gas and water (utilities)	563 104	568 549
Repairs and maintenance	435 154	387 226
Health and safety costs	223 979	186 613
Packaging and pallets	170 296	174 154
Other accommodation and premise costs	407 304	377 651
Office and communication costs	642 420	621 316
IFRS 16 related lease expenses recognised in the consolidated statement of profit or loss	248 291	–
Expenses relating to short-term leases (leases shorter than 12 months)	212 865	–
Expenses relating to leases of low-value assets that are not shown above as short-term leases	24 731	–
Expense relating to variable lease payments not included in lease liabilities	10 695	–
Impairment of trade receivables	874 269	230 016
Impairment of assets relating to continuing operations#	951 847	49 338
Property, plant and equipment	116 572	27 992
Intangible assets	25 638	21 346
Goodwill	797 899	–
Associates	11 738	–
Net capital profit relating to continuing operations#	(28 160)	(93 444)
Profit on disposal of property, plant and equipment	(43 335)	(93 444)
Loss on disposal of interests in subsidiary	15 175	–
	923 687	(44 106)

* *Included in other costs are restructuring costs that the group provided for that were directly related to the impact of the COVID pandemic. These restructuring costs were in terms of redundancy-related provisions and other related costs for affected locations. Refer note 7.7 for further details.*

\# *Items above included as capital items on consolidated statement of profit or loss.*

4. OPERATING PERFORMANCE (continued)

4.3 Segmental operational performance

The group has the following strategic segments; Australasia, United Kingdom, Europe, Emerging Markets, and Corporate, which are the reportable segments. The reportable segments of the group have been identified based on the regions of the businesses. This basis is representative of the internal structure for management purposes and management reports are reviewed by the executive management team on a monthly basis. "Segmental trading profit" is defined as operating profit excluding items of a capital nature and is the basis on which management's performance is assessed. Share-based payment and acquisition costs are also excluded from the result as this is not a criteria used in the management of the reportable segments.

There is no individual customer that contributes more than 5% to the group's total revenue.

	2020 R'000	2019 R'000
Segmental revenue		
Australasia	28 986 744	31 145 965
United Kingdom	31 462 683	33 327 046
Europe	40 199 177	43 663 890
Emerging Markets	20 468 876	21 113 087
	121 117 480	129 249 988

	Total R'000	Australasia R'000	United Kingdom R'000	Europe R'000	Emerging Markets R'000
Segmental revenue by category and market					
2020					
Sale of goods – frozen	42 027 828	11 134 391	9 751 721	13 182 000	7 959 716
Sale of goods – chilled	34 314 113	7 523 025	7 226 418	14 143 652	5 421 018
Sale of goods – ambient	36 451 236	8 659 493	10 717 216	10 869 154	6 205 373
Sale of goods – non-food	8 057 712	1 669 835	3 761 397	1 745 844	880 636
Rendering of services and commissions	266 591	–	5 931	258 527	2 133
	121 117 480	28 986 744	31 462 683	40 199 177	20 468 876
Independent	50%	67%	40%	46%	52%
Chain	34%	13%	60%	25%	40%
Logistics	6%	11%	0%	9%	0%
Retail and other	10%	9%	0%	20%	8%
Hotels, restaurants and cafés	36%	34%	25%	44%	37%
Quick service restaurants	16%	15%	22%	19%	4%
Caterers, butcheries and canteens	15%	8%	16%	15%	23%
Retail, wholesalers and other distributors	13%	16%	4%	11%	29%
Healthcare and aged care	10%	13%	12%	9%	3%
Education	5%	2%	13%	2%	1%
Travel (airlines and cruise liners)	3%	9%	2%	0%	2%
Government-related customers	2%	3%	6%	0%	1%

4. OPERATING PERFORMANCE (continued)

4.3 Segmental operational performance (continued)

	Total	Australasia	United Kingdom	Europe	Emerging Markets
2019					
Sale of goods – frozen	46 548 250	11 787 935	10 527 108	14 780 068	9 453 139
Sale of goods – chilled	36 458 831	7 805 757	8 898 736	15 224 572	4 529 766
Sale of goods– ambient	39 869 549	9 978 636	12 052 808	11 597 325	6 240 780
Sale of goods – non-food	6 101 714	1 571 822	1 842 262	1 798 228	889 402
Rendering of services and commissions	271 644	1 815	6 132	263 697	–
	129 249 988	31 145 965	33 327 046	43 663 890	21 113 087
Independent	52%	74%	41%	47%	50%
Chain	34%	13%	59%	24%	42%
Logistics	6%	9%	0%	10%	1%
Retail and other	8%	4%	0%	19%	7%
Hotels, restaurants and cafés	37%	35%	27%	45%	41%
Quick service restaurants	17%	14%	25%	19%	4%
Caterers, butcheries and canteens	14%	9%	10%	16%	22%
Retail, wholesalers and other distributors	12%	14%	6%	11%	25%
Healthcare and aged care	9%	12%	11%	7%	2%
Education	6%	2%	14%	2%	3%
Travel (airlines and cruise liners)	3%	11%	2%	0%	3%
Government-related customers	2%	3%	5%	0%	0%

Notes to the consolidated financial statements continued

for the year ended June 30

	2020 R'000	2019 R'000
4. OPERATING PERFORMANCE (continued)		
4.3 Segmental operational performance (continued)		
Segmental trading profit[1]		
Trading division	**4 233 422**	6 770 272
Australasia	**1 923 857**	2 147 000
United Kingdom	**666 755**	1 720 467
Europe	**958 081**	1 860 482
Emerging Markets	**684 729**	1 042 323
Corporate	**(70 884)**	(103 844)
	4 162 538	6 666 428
Segmental trading EBITDAR[2]		
Trading division	**6 525 321**	8 091 983
Australasia	**2 304 806**	2 410 161
United Kingdom	**1 381 502**	2 096 803
Europe	**1 738 922**	2 356 901
Emerging Markets	**1 100 091**	1 228 118
Corporate	**(57 017)**	(95 355)
	6 468 304	7 996 628
Segmental employee benefits and remuneration		
Trading division	**14 627 165**	15 130 735
Australasia	**3 143 363**	3 493 845
United Kingdom	**4 449 295**	4 346 674
Europe	**5 018 624**	5 260 376
Emerging Markets	**2 015 883**	2 029 840
Corporate	**103 402**	100 674
	14 730 567	15 231 409
Share-based payment expense	**100 774**	114 468
	14 831 341	15 345 877

[1] *2020 segmental trading profit includes IFRS 16.*
[2] *2020 segmental trading EBITDAR includes IFRS 16. EBITDAR is calculated by taking trading profit and adding back depreciation, amortisation and RoU depreciation.*

	Number of employees	Number of employees
4. OPERATING PERFORMANCE (continued)		
4.3 Segmental operational performance (continued)		
Segmental number of employees		
Trading division	**23 365**	25 801
Australasia	**4 095**	4 704
United Kingdom	**6 807**	7 067
Europe	**6 567**	7 930
Emerging Markets	**5 896**	6 100
Corporate	**62**	57
	23 427	25 858

	2020 R'000	2019 R'000
4.4 Cash generated by continuing operations		
Reconciliation of operating profit to cash generated from continuing operations		
Operating profit	**3 136 109**	6 568 380
Adjustments for:		
Costs incurred in respect of acquisitions	**1 968**	27 686
Dividends received from jointly-controlled entity	**20 000**	–
Nowaco share incentive scheme	**(299 496)**	–
Adjustment for depreciation and amortisation	**1 534 354**	1 330 200
Adjustment for RoU lease asset depreciation	**771 412**	–
Adjustment for non-cash items	**2 025 355**	94 436
Non-cash movement in the trade receivables impairment allowance	**808 527**	78 367
Impairment of goodwill	**797 899**	–
Non-cash movement in the provision for stock obsolescence	**238 208**	32 962
Non-cash movement in provisions	**374 160**	69 984
Charge to profit or loss for share based payments	**100 774**	114 468
Profit on disposal of plant, property and equipment	**(42 482)**	(145 762)
Impairment of plant, property and equipment	**116 572**	27 992
Impairment of intangible assets	**25 638**	21 346
Non-cash movements related to RoU lease assets and RoU lease liabilities	**(165 442)**	–
Other non-cash items movements	**(228 499)**	(104 921)
Working capital changes	**1 184 435**	(1 439 767)
Increase (decrease) in inventories	**927 060**	(618 140)
Decrease (increase) in trade and other receivables	**4 648 262**	(803 794)
Decrease in trade and other payables and provisions	**(4 390 887)**	(17 833)
Cash generated by continuing operations	**8 374 137**	6 580 935

	2020 R'000	2019 R'000
5. TAXATION		
5.1 Income taxation expense		
Current taxation	**1 064 385**	1 506 926
Current year	**1 071 008**	1 506 353
Prior years' (over) under provision	**(6 623)**	573
Deferred taxation	**(197 343)**	(47 475)
Current year	**(283 010)**	(37 943)
Prior years' under (over) provision	**73 497**	(12 194)
Change in rate of taxation	**12 170**	2 662
Foreign withholding taxation	**1 572**	12 831
Total taxation per consolidated statement of profit or loss	**868 614**	1 472 282
Comprising		
South African taxation	**92 488**	191 723
Foreign taxation	**776 126**	1 280 559
	868 614	1 472 282

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

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

	2020 %	2019 %
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	**35,7**	23,2
Associates	**0,1**	0,2
Effective rate excluding associate income	**35,8**	23,4
Dividend and exempt income	**2,2**	0,7
Foreign taxation rate differential	**(0,2)**	3,3
Non-deductible expenses	**(12,4)**	(1,0)
Deferred taxation assets not previously raised	**5,7**	0,6
Exempt portion of capital gains	**0,1**	0,8
Changes in prior years' estimation	**(2,7)**	0,2
Change in rate of taxation	**(0,5)**	–
Rate of South African company taxation (%)	**28,0**	28,0

Non-deductible expenses comprise impairments relating to goodwill (refer note 8.3), property, plant and equipment (refer note 7.1) and intangible assets (refer note 7.2) and other non-deductible expenses individually insignificant across the group.

	2020 R'000	2019 R'000
5. TAXATION (continued)		
5.2 Deferred taxation		
Deferred taxation assets	**1 202 709**	944 212
Deferred taxation liabilities	**(686 554)**	(686 849)
Net deferred taxation asset	**516 155**	257 363
Movement in net deferred taxation assets and liabilities		
Balance at beginning of year	**257 363**	165 766
Deferred taxation charge	**197 343**	125 638
Items recognised directly in equity and other comprehensive income	**(20 731)**	7 544
On acquisition of businesses	**(935)**	(37 820)
Transfer (from liabilities) to assets classified as held-for-sale	**(67)**	1 185
Exchange rate adjustments	**83 182**	(4 950)
Balance at end of year	**516 155**	257 363

	Assets R'000	Liabilities R'000	Net R'000
Temporary differences			
2020			
Differential between carrying values and tax values of property, plant and equipment	**(67 621)**	**(476 282)**	**(543 903)**
Differential between carrying values and tax values of intangible assets	**46 152**	**(38 232)**	**7 920**
Estimated taxation losses	**142 301**	**6 791**	**149 092**
Staff-related allowances and liabilities	**225 205**	**32 677**	**257 882**
Differential between right-of-use lease assets and liabilities	**137 883**	**94 446**	**232 329**
Inventories	**45 386**	**8 744**	**54 130**
Investments	**–**	**(124 897)**	**(124 897)**
Trade and other receivables	**137 893**	**6 569**	**144 462**
Trade, other payables and provisions	**535 510**	**(196 370)**	**339 140**
	1 202 709	**(686 554)**	**516 155**
2019			
Differential between carrying values and tax values of property, plant and equipment	(13 444)	(368 648)	(382 092)
Differential between carrying values and tax values of intangible assets	46 576	(38 399)	8 177
Estimated taxation losses	119 752	10 839	130 591
Staff-related allowances and liabilities	244 979	44 830	289 809
Operating lease liabilities	8 588	(767)	7 821
Inventories	18 559	2 685	21 244
Investments	–	(126 051)	(126 051)
Trade and other receivables	80 217	4 783	85 000
Trade, other payables and provisions	438 985	(216 121)	222 864
	944 212	(686 849)	257 363

Deferred taxation has been provided at rates ranging between 15% to 35% (2019: 15% to 35%). 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.

		2020 R'000	2019 R'000
5.	**TAXATION** (continued)		
5.2	**Deferred taxation** (continued)		
	Reconciliation of estimated tax losses available for offset against future taxable income		
	Estimated taxation losses available for offset against future taxable income	**1 193 265**	209 492
	Utilised in the computation of deferred taxation	**(149 092)**	(131 553)
	Not accounted for in deferred taxation	**1 044 173**	77 939

The significant amount of the taxation losses not accounted for as deferred taxation relates to the Guzman Gastronomia S.L. group (Spain). At June 30 2020 an estimated taxation loss of €49,5 million (R963,2 million) had not been accounted for as deferred taxation.

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.

Deferred taxation is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the reporting date.

The following temporary differences are not provided for: initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination, initial recognition of the RoU lease assets/liabilities and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. Deferred taxation is charged to the statement of profit or loss except to the extent that it relates to a transaction that is recognised directly in other comprehensive income or equity, or a business combination that is an acquisition. The effects on deferred taxation of any changes in tax rates is recognised in the statement of profit or loss, except to the extent that it relates to items previously charged or credited directly to other comprehensive income or 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.

		2020 R'000	2019 R'000
5.3	**Taxation paid**		
	Amounts payable at beginning of year	**(470 753)**	(374 329)
	Continuing operations current taxation charge	**(1 065 957)**	(1 519 757)
	Businesses acquired	**(3 845)**	(7 179)
	Transfer from assets classified as held-for-sale	**(15 055)**	–
	Exchange rate adjustments	**(44 641)**	6 561
	Amounts payable at end of year	**246 077**	470 753
	Amounts paid	**(1 354 174)**	(1 423 951)

6. BASIC, DILUTED AND HEADLINE EARNINGS PER SHARE FOR CONTINUING OPERATIONS

6.1 Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of Bidcorp by the weighted average number of ordinary shares in issue during the year, excluding those ordinary shares held as treasury shares.

Weighted average number of shares in issue is calculated as the number of shares in issue at the beginning of the year, increased by shares issued/treasury shares sold during the year or decreased by treasury shares purchased during the year, weighted on a time basis for the period in the year during which they have participated in the profit of Bidcorp.

	2020	2019
6. BASIC, DILUTED AND HEADLINE EARNINGS PER SHARE FOR CONTINUING OPERATIONS (continued)		
6.1 Basic earnings per share (continued)		
Profit attributable to shareholders of the company (R'000)	**1 548 383**	4 836 138
Weighted average number of shares in issue ('000)	**334 041**	333 302
Basic earnings per share (cents)	**463,5**	1 451,0
6.2 Diluted basic earnings per share		
The diluted basic earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential ordinary shares.		
Dilutive earnings* (R'000)	**1 548 383**	4 836 138
Weighted average number of shares in issue ('000)	**334 041**	333 302
Potential dilutive impact of outstanding share options and conditional awards ('000)	**694**	562
Number of outstanding staff share options	**3 773**	4 350
Number of share awards deemed to be issued at fair value	**(3 533)**	(3 939)
Contingent issuable shares in terms of conditional share plan to be issued not at fair value	**454**	151
Dilutive weighted average number of shares ('000)	**334 735**	333 864
Diluted basic earnings per share (cents)	**462,6**	1 448,5
Dilution (%)	**0,2%**	0,2%
** There were no reconciling items for the diluted earnings.*		
6.3 Headline earnings per share	**R'000**	R'000
Profit attributable to shareholders of the company	**1 548 383**	4 836 138
Impairments	**939 836**	40 748
Property, plant and equipment	**116 572**	27 992
Intangible assets	**25 638**	21 346
Goodwill	**797 899**	–
Associate	**11 738**	–
Taxation relief	**(12 011)**	(8 590)
Capital profit on disposal of property, plant and equipment	**(29 058)**	(65 358)
Property, plant and equipment	**(43 335)**	(93 444)
Taxation charge	**14 277**	28 086
Loss on disposal of interests in subsidiary	**16 920**	–
Disposal of subsidiary	**15 175**	–
Taxation charge	**1 745**	–
Headline earnings	**2 476 081**	4 811 528
Headline earnings per share (cents)	**741,3**	1 443,6
Diluted headline earnings per share (cents)	**739,7**	1 441,2
Dilution (%)	**0,2%**	0,2%

	2020 R'000	2019 R'000
7. NET OPERATING ASSETS		
7.1 Property, plant and equipment		
Freehold land and buildings	**9 890 603**	7 555 866
Cost	**11 456 117**	8 891 544
Accumulated depreciation and impairments	**(1 565 514)**	(1 335 678)
Leasehold improvements	**795 834**	783 753
Cost	**1 738 290**	1 631 851
Accumulated depreciation and impairments	**(942 456)**	(848 098)
Plant and equipment	**2 758 087**	2 075 962
Cost	**7 162 723**	5 915 386
Accumulated depreciation and impairments	**(4 404 636)**	(3 839 424)
Office equipment, furniture and fittings	**766 901**	720 422
Cost	**2 215 432**	2 296 094
Accumulated depreciation and impairments	**(1 448 531)**	(1 575 672)
Vehicles	**2 559 316**	2 144 817
Cost	**5 966 905**	4 912 778
Accumulated depreciation and impairments	**(3 407 589)**	(2 767 961)
Capital work-in-progress	**847 694**	744 293
	17 618 435	14 025 113

Property, plant and equipment with an estimated carrying value of R1 371 million (2019: R1 146 million) were pledged as security for borrowings of R952 million (2019: R794 million) (refer note 10.3).

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

Property, plant and equipment are reflected at cost to the group, less accumulated depreciation and accumulated impairment losses.

Land is stated at cost and is not depreciated. 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. The estimated market value of the group's freehold property at June 30 2020 is R14,2 billion.

Estimate useful lives are:

Freehold 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	3 to 15 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Capital work in progress includes the cost of materials and direct labour, any other costs directly attributable to bringing the item of property, plant and equipment to a working condition for its intended use. Land and assets under construction are not depreciated.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the group.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

	2020 R'000	2019 R'000
7. NET OPERATING ASSETS (continued)		
7.1 Property, plant and equipment (continued)		
Movement in property, plant and equipment		
Carrying value at beginning of year	**14 025 113**	12 497 123
Capital expenditure	**2 724 587**	2 958 758
Freehold land and buildings	**567 314**	703 572
Leasehold improvements	**28 470**	37 336
Plant and equipment	**522 684**	434 542
Office equipment, furniture and fittings	**111 625**	121 328
Vehicles	**387 433**	413 939
Capital work-in-progress	**1 107 061**	1 248 041
Acquisition of businesses	**44 679**	88 547
Freehold land and buildings	**–**	23 914
Leasehold improvements	**–**	9 708
Plant and equipment	**17 661**	34 083
Office equipment, furniture and fittings	**–**	12 989
Vehicles	**25 601**	7 853
Capital work-in-progress	**1 417**	–
Disposals	**(327 846)**	(125 587)
Freehold land and buildings	**(197 684)**	(75 801)
Leasehold improvements	**(17 736)**	(1 008)
Plant and equipment	**(38 102)**	(7 408)
Office equipment, furniture and fittings	**(12 358)**	(3 574)
Vehicles	**(50 911)**	(23 008)
Capital work-in-progress	**(11 055)**	(14 788)
Net transfers	**–**	–
Freehold land and buildings	**546 279**	604 118
Leasehold improvements	**5 838**	59 618
Plant and equipment	**243 406**	235 177
Office equipment, furniture and fittings	**66 751**	101 481
Vehicles	**271 989**	268 905
Capital work-in-progress	**(1 134 263)**	(1 269 299)
Disposal of business	**(18 678)**	–
Plant and equipment	**(6 924)**	–
Office equipment, furniture and fittings	**(3 057)**	–
Vehicles	**(8 697)**	–
Transfer to assets classified as held-for-sale	**–**	(87 981)
Leasehold improvements	**–**	(63 690)
Plant and equipment	**–**	(16 673)
Office equipment, furniture and fittings	**–**	(1 776)
Vehicles	**–**	(5 347)
Capital work-in-progress	**–**	(495)

Notes to the consolidated financial statements continued

for the year ended June 30

		2020 R'000	2019 R'000
7.	**NET OPERATING ASSETS** (continued)		
7.1	**Property, plant and equipment** (continued)		
	Movement in property, plant and equipment (continued)		
	Exchange rate adjustments	**2 699 106**	(79 113)
	Freehold land and buildings	**1 482 718**	(52 257)
	Leasehold improvements	**140 299**	(6 493)
	Plant and equipment	**403 019**	(10 910)
	Office equipment, furniture and fittings	**134 312**	(875)
	Vehicles	**398 517**	(7 492)
	Capital work-in-progress	**140 241**	(1 086)
	Depreciation (refer note 4.2)	**(1 411 954)**	(1 198 642)
	Impairment losses (refer note 4.2)	**(116 572)**	(27 992)
	Carrying value at end of year	**17 618 435**	14 025 113
	Segmental capital expenditure		
	Bidfood	**2 723 525**	2 956 353
	Australasia	**990 875**	1 210 604
	United Kingdom	**607 274**	587 614
	Europe	**913 547**	813 295
	Emerging Markets	**211 829**	344 840
	Corporate	**1 062**	1 254
	Continuing operations	**2 724 587**	2 957 607
	Discontinued operations	**143 247**	56 620
		2 867 834	3 014 227
	Segmental depreciation		
	Trading division		
	Bidfood	**1 408 882**	1 182 338
	Australasia	**263 671**	246 536
	United Kingdom	**457 145**	344 242
	Europe	**494 759**	410 453
	Emerging Markets	**193 307**	181 107
	Corporate	**3 072**	3 794
	Continuing operations	**1 411 954**	1 186 132
	Discontinued operations	**–**	12 510
		1 411 954	1 198 642

	2020 R'000	2019 R'000
7. NET OPERATING ASSETS (continued)		
7.2 Intangible assets		
Patents, trademarks, tradenames and other intangibles	**302 154**	254 155
Cost	**899 997**	749 286
Accumulated amortisation and impairments	**(597 843)**	(495 131)
Computer software	**470 983**	360 821
Cost	**1 772 224**	1 850 279
Accumulated amortisation and impairments	**(1 301 241)**	(1 489 458)
Capital work-in-progress	**65 086**	52 596
	838 223	667 572
Movement in intangible assets		
Carrying value at beginning of year	**667 572**	949 252
Additions	**191 576**	156 023
Patents, trademarks, tradenames and other intangibles	**16 348**	650
Computer software	**172 883**	127 597
Capital work-in-progress	**2 345**	27 776
Expenditure	**90 906**	51 289
Transfers to other categories	**(88 561)**	(23 513)
Acquisition of businesses	**–**	192 682
Patents, trademarks, tradenames and other intangibles	**–**	192 672
Computer software	**–**	10
Disposals	**(9 649)**	(202)
Patents, trademarks, tradenames and other intangibles	**(1 316)**	–
Computer software	**(8 333)**	(202)
Transfer to assets classified as held-for-sale	**–**	(337)
Exchange rate adjustments	**136 762**	850
Patents, trademarks, tradenames and other intangibles	**51 254**	3 358
Computer software	**75 363**	(1 680)
Capital work-in-progress	**10 145**	(828)
Amortisation (refer note 4.2)	**(122 400)**	(144 203)
Impairment losses (refer note 4.2)	**(25 638)**	(486 493)
Carrying value at end of year	**838 223**	667 572
Segmental amortisation		
Bidfood	**113 286**	139 373
Australasia	**12 943**	16 625
United Kingdom	**27 577**	32 094
Europe	**62 855**	85 966
Emerging Markets	**9 911**	4 688
Corporate	**9 114**	4 695
Continuing operations	**122 400**	144 068
Discontinued operations	**–**	135
	122 400	144 203

7. NET OPERATING ASSETS (continued)

7.2 Intangible assets (continued)

Included in patents, trademarks, tradenames and other intangibles are separately identifiable intangible assets that were recognised on the acquisition of Punjab Kitchen. The separately identifiable intangible assets recognised on acquisition relate to exclusive “SimplyPuree” and “The Punjab Kitchen” brand names. The carrying value of these brand names at June 30 was R224,3 million (2019: R192,7 million).

Software development costs are capitalised and are stated at cost less accumulated amortisation and accumulated impairment losses. 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 statement of profit or loss 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 statement of profit or loss 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 systematically tested for impairment at the reporting date. Other intangible assets are amortised from the date they are available for use.

The estimated useful lives are:

Patents, trademarks, tradenames and other intangibles	3 years to indefinite
Computer software	3 to 10 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

All patents, tradenames, trademarks and other intangibles that have an indefinite life are assessed at the reporting date with the below criteria when considering if the intangible asset has an indefinite life:

- The intangible assets can be managed effectively by another management team and are therefore not linked to the tenure of current management.
- Management does not intend to change the intangible asset’s identity or discontinue the product line.
- The group’s ongoing investment ensures that the indefinite life intangible assets remain up to date and relevant to the customer.

The directors evaluated the impairment of indefinite life intangible assets together with goodwill at the reporting date and concluded that no impairment loss was recognised as the recoverable amount exceeded the carrying amount of the related cash-generating unit (refer note 8.3).

	2020 R'000	2019 R'000
7. NET OPERATING ASSETS (continued)		
7.3 Right-of-use lease assets (RoU lease assets)		
Leasehold properties	4 317 868	–
Cost	5 189 013	–
Accumulated depreciation	(871 145)	–
Vehicles	566 976	–
Cost	770 792	–
Accumulated depreciation	(203 816)	–
Equipment and other	49 369	–
Cost	69 654	–
Accumulated depreciation	(20 285)	–
	4 934 213	–

The group recognises RoU lease assets at the commencement date of the lease (ie the date the underlying asset is available for use). RoU lease assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of RoU lease assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised RoU lease assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. RoU lease assets are subject to impairment.

The group leases three asset categories, namely property (leasehold properties), vehicles, and equipment related to leasehold properties. Property leases mainly relate to the lease of land and buildings used for distribution of frozen or perishable foods sales. Vehicle leases includes a fleet of vehicles to deliver product to customers which are wholly or partially refrigerated for the transportation of frozen or perishable foods sales. In addition, there are sales and marketing representative leased vehicles that are used to stay in contact with the needs of our customers and acquaint them with the group's new products and services. RoU lease assets are effectively ceded as security for concomitant lease liabilities (refer note 10.4).

	2020 R'000	2019 R'000
Movement in continuing operations RoU lease assets		
Transition adjustment for IFRS 16	4 670 182	–
New leases entered into	702 014	–
Leasehold properties	502 686	–
Vehicles	197 238	–
Equipment and other	2 090	–
Lease modifications and remeasurements	189 608	–
Leasehold properties	185 664	–
Vehicles	3 732	–
Equipment and other	212	–
Depreciation	(771 412)	–
Leasehold properties	(567 065)	–
Vehicles	(188 641)	–
Equipment and other	(15 706)	–

Notes to the consolidated financial statements continued

for the year ended June 30

	2020 R'000	2019 R'000
7. NET OPERATING ASSETS (continued)		
7.3 Right-of-use lease assets (RoU lease assets) (continued)		
Movement in continuing operations RoU lease assets (continued)		
Cancelled leases	**(793 511)**	–
Leasehold properties	**(463 761)**	–
Vehicles	**(295 035)**	–
Equipment and other	**(34 715)**	–
Exchange rate adjustments	**937 332**	–
Leasehold properties	**795 275**	–
Vehicles	**128 825**	–
Equipment and other	**13 232**	–
Segmental RoU lease asset depreciation	**4 934 213**	–
Bidfood	**769 731**	–
Australasia	**104 335**	–
United Kingdom	**230 025**	–
Europe	**223 227**	–
Emerging Markets	**212 144**	–
Corporate	**1 681**	–
	771 412	–

	2020 R'000	2019 R'000
7.4 Inventories		
Raw materials	**478 812**	479 570
Work-in-progress	**20 637**	15 222
Finished goods	**9 649 177**	9 106 009
Roll cages	**46 913**	103 078
	10 195 539	9 703 879
Value of inventory expensed to the consolidated statement of profit or loss	**98 536 891**	104 847 853
Provision for stock obsolescence included in inventories	**586 474**	168 099
Provision for stock obsolescence debited (credited) to the consolidated statement of profit or loss	**231 731**	(7 198)

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 and finished goods is determined on a weighted average cost basis. The cost of manufactured inventory and work-in-progress includes materials, direct labour, other direct costs and an appropriate portion of overheads, but excludes interest expense. Included in provision for stock obsolescence debited to profit or loss is an amount of R248 million for stock write-offs in relation to the COVID pandemic.

	2020 R'000	2019 R'000
7. NET OPERATING ASSETS (continued)		
7.5 Trade and other receivables		
Trade receivables	**12 212 610**	14 566 646
Impairment allowances	**(1 335 860)**	(656 630)
Net trade receivables	**10 876 750**	13 910 016
Forward exchange contracts asset	**6 229**	3 638
Prepayments	**751 151**	671 524
Deposits	**153 448**	150 089
Value added taxation receivable	**223 543**	104 893
Signing and listing fees	**122 576**	114 409
Other receivables	**155 977**	259 029
	12 289 674	15 213 598

Trade receivables are measured initially at fair value, and are subsequently measured at amortised cost using the effective interest method, less an expected credit loss allowance.

Forward exchange contracts (FEC) are initially measured at fair value on the contract date, and are remeasured to fair value at subsequent reporting dates. The resulting gain or loss is recognised in profit or loss as it arises, unless the FEC is designated and effective as a hedging instrument. Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised in other comprehensive income. The ineffective portion is recognised immediately in profit or loss.

The group does not have any significant contract assets.

Trade receivables consist of a large number of customers spread across diverse markets and geographical areas. Ongoing credit evaluation is performed by 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. The group's largest exposure to a single customer group, across multiple geographies is R245 million (2019: R358 million). The group had 286 374 individual trade debtors at June 30 2020 (2019: 328 238). The total number of debtors per reporting division was obtained and the average net revenue per trade debtor was calculated for each reporting division. Based on the average net revenue per trade debtor in comparison to the group's total net revenue 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.

Management have assessed the recoverability of these amounts due in their geographies and believe that the amounts due and not impaired are recoverable in full. In addition, broad principles of credit risk management are observed across all business segments, such as the use of credit rating agencies, credit guarantee insurance where appropriate and the maintenance of a credit control function. An operation's average credit period depends on local conditions as well as the creditworthiness of their customers. The majority of the customers are given credit terms ranging from cash on delivery to 60 days from statement. The balance per customer type at the reporting date can be summarised as follows:

	2020 R'000	2019 R'000
Hotels, restaurants and cafés	**4 127 574**	5 362 396
Retail, wholesalers and other distributors	**2 464 835**	1 836 279
Quick service restaurants	**1 652 922**	2 663 304
Caterers, butcheries and canteens	**1 652 670**	2 078 429
Healthcare and aged care	**1 440 529**	1 425 318
Education	**271 391**	670 847
Travel (airlines and cruise liners)	**197 649**	299 245
Government-related customers	**405 040**	230 828
	12 212 610	14 566 646

7. NET OPERATING ASSETS (continued)

7.5 Trade and other receivables (continued)

The “expected credit loss” or ECL model focuses on the risk that a debtor will default rather than whether a loss has or will be incurred. Credit losses are recognised earlier under IFRS 9 because every loan and receivable “has a risk of defaulting in the future” and has an “expected” credit loss associated with it.

The group applies the IFRS 9 simplified approach to measuring ECLs which uses a lifetime expected loss allowance for all trade receivables and contract assets. ECLs are calculated, as a function of the decentralised structure, by each operation by applying the historic loss ratios to trade receivables. In determining the ECL, each operation splits the trade receivables into groups based on shared credit risk characteristics and the days past due, namely by splitting customers into the type of customer (Independent, Chain, Logistics, and Retail), geographical regions, product types, customer ratings and trade credit insurances. In instances where there was no evidence of historical impairment, each operation’s management used their knowledge of their business to determine the potential loss rate. The historical loss rates are adjusted, when necessary, to reflect current and forward-looking information on macro-economic factors affecting the ability of the customers to settle the trade receivables. The group has identified GDP, food inflation and levels of consumer confidence in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

In addition the impact of COVID has been factored into expected credit losses recognised, which is most relevant to customers that have been temporarily or permanently affected by lockdown regulations in their respective geographies. There was a significant change in the group’s exposure to credit risk due to the impact of COVID on the foodservice industry. Based on this, the ECL for trade receivables has increased by R785 million under the provision matrix method given the evidence available at the time of finalising the Bidcorp group annual financial statements.

The review of the expected impairment allowances and loss ratios in respect of trade and other receivables is monitored under the oversight of the divisional audit and risk committees, and ultimately the Bidcorp group audit and risk committee.

7. NET OPERATING ASSETS (continued)

7.5 Trade and other receivables (continued)

The ECL matrix at reporting date can be summarised as follows:

	2020			2019		
	Gross debtor R'000	Loss rate %	Expected credit loss R'000	Gross debtor R'000	Loss rate %	Expected credit loss R'000
Not past due	7 193 560	3,0	215 867	11 367 822	0,2	25 614
Independent	3 256 989	3,5	114 994	5 945 782	0,2	10 663
Chain	2 084 794	2,0	41 667	4 068 331	0,0	1 652
Logistics	517 041	1,9	9 586	532 863	0,1	679
Retail and other	1 334 736	3,7	49 620	820 846	1,5	12 620
Past due 0 – 30 days	1 275 451	5,2	66 444	1 504 136	0,9	13 935
Independent	591 223	6,5	38 683	886 048	1,1	9 540
Chain	385 504	2,6	10 041	377 375	0,3	1 199
Logistics	57 019	5,3	3 012	18 875	1,3	237
Retail and other	241 705	6,1	14 708	221 838	1,3	2 959
Past due 31 – 180 days	2 565 167	17,1	439 478	1 044 322	15,8	165 285
Independent	1 653 354	17,4	288 129	682 165	19,2	131 219
Chain	737 049	17,6	129 477	278 358	9,2	25 546
Logistics	50 360	7,1	3 600	6 963	43,1	3 001
Retail and other	124 404	14,7	18 272	76 836	7,2	5 519
181 + days**	1 178 432	52,1	614 071	650 366	69,5	451 796
Independent	829 463	43,0	356 787	395 296	74,7	295 367
Chain	235 018	62,7	147 257	195 436	50,7	99 066
Logistics	59 022	99,1	58 468	1 684	69,7	1 174
Retail and other	54 929	93,9	51 559	57 950	97,0	56 189
Total	12 212 610	10,9	1 335 860	14 566 646	4,5	656 630

** *The ECL rate percentage for over 180 days is lower in 2020 due to trade debtor payment plans being negotiated with the group's customers. These payment plans have longer payment terms and hence the ageing of the trade receivables of over 180 days has increased from 4,5% to 9,6% of the gross trade receivables balance. Through these payment plans the group's potential credit risk is reduced as outstanding amounts are received in terms of the respective customer payment plans over a period of time.*

7. NET OPERATING ASSETS (continued)

7.5 Trade and other receivables (continued)

Ageing of trade receivables per segment at June 30

	2020				2019			
	Loss rate %	Gross trade receivables R'000	Expected credit loss R'000	Net trade receivables R'000	Loss rate %	Gross trade receivables R'000	Impairment allowance R'000	Net trade receivables R'000
Not past due	3,0	7 193 560	(215 867)	6 977 693	0,2	11 367 822	(25 614)	11 342 208
Australasia	4,2	1 894 057	(79 393)	1 814 664	0,5	2 074 210	(10 112)	2 064 098
United Kingdom	2,3	1 104 087	(25 225)	1 078 862	0,1	3 066 239	(2 115)	3 064 124
Europe	3,3	2 571 989	(83 638)	2 488 351	0,3	4 168 004	(12 256)	4 155 748
Emerging Markets	1,7	1 623 427	(27 611)	1 595 816	0,1	2 059 369	(1 131)	2 058 238
Past due 0 – 30 days	5,2	1 275 451	(66 444)	1 209 007	0,9	1 504 136	(13 935)	1 490 201
Australasia	16,9	112 112	(18 918)	93 194	3,8	216 168	(8 199)	207 969
United Kingdom	2,9	287 236	(8 202)	279 034	0,9	131 268	(1 225)	130 043
Europe	4,9	506 641	(24 728)	481 913	0,4	617 839	(2 728)	615 111
Emerging Markets	4,0	369 462	(14 596)	354 866	0,3	538 861	(1 783)	537 078
31 – 180 days	17,1	2 565 167	(439 478)	2 125 689	15,8	1 044 322	(165 285)	879 037
Australasia	38,7	131 034	(50 750)	80 284	23,3	106 798	(24 921)	81 877
United Kingdom	20,1	581 769	(117 108)	464 661	11,6	173 004	(20 008)	152 996
Europe	15,2	925 413	(140 700)	784 713	23,3	355 743	(82 933)	272 810
Emerging Markets	14,1	926 951	(130 920)	796 031	9,2	408 777	(37 423)	371 354
181 + days**	52,1	1 178 432	(614 071)	564 361	69,5	650 366	(451 796)	198 570
Australasia	91,9	13 589	(12 483)	1 106	96,1	18 269	(17 557)	712
United Kingdom	62,8	140 941	(88 568)	52 373	63,3	26 732	(16 911)	9 821
Europe	58,7	641 337	(376 387)	264 950	68,8	505 102	(347 348)	157 754
Emerging Markets	35,7	382 565	(136 633)	245 932	69,8	100 263	(69 980)	30 283
Total	10,9	12 212 610	(1 335 860)	10 876 750	4,5	14 566 646	(656 630)	13 910 016

** *The ECL rate percentage for over 180 days is lower in 2020 due to trade debtor payment plans being negotiated with the group's customers. These payment plans have longer payment terms and hence the ageing of the trade receivables of over 180 days has increased from 4,5% to 9,6% of the gross trade receivables balance. Through these payment plans the group's potential credit risk is reduced as outstanding amounts are received in terms of the respective customer payment plans over a period of time.*

7. NET OPERATING ASSETS (continued)

7.5 Trade and other receivables (continued)

Movement in the impairment allowance in respect of trade receivables

	2020 R'000	2019 R'000
Balance at July 1	656 630	576 073
Impairment allowance adjusted on adoption of IFRS 9	–	60 447
Allowances raised during the year	850 693	265 663
Australasia	115 767	30 636
United Kingdom	213 058	33 074
Europe	312 468	129 867
Emerging Markets	209 400	72 086
Bad debts written off during the year	(303 837)	(184 360)
Australasia	(40 896)	(43 788)
United Kingdom	(36 286)	(35 548)
Europe	(215 615)	(93 371)
Emerging Markets	(11 040)	(11 653)
Acquisition of businesses	3 943	4 863
Australasia	3 943	–
Europe	–	4 468
Emerging Markets	–	395
Transfer to assets classified as held-for-sale	–	(1 445)
Allowances reversed during the year	(42 165)	(63 381)
Australasia	–	(436)
United Kingdom	(798)	(7 677)
Europe	(18 813)	(15 324)
Emerging Markets	(22 554)	(39 944)
Exchange rate adjustments	170 596	(1 230)
Balance at June 30	1 335 860	656 630

The group's policy for bad debts is to write off trade receivables when there is no reasonable expectation of recovery of the outstanding balance in that particular geography but are still subject to enforcement activity.

	2020 Fair value of collateral held R'000	2020 Trade receivables net of impairment allowance R'000	2019 Fair value of collateral held R'000	2019 Trade receivables net of impairment allowance R'000
7. NET OPERATING ASSETS (continued)				
7.5 Trade and other receivables (continued)				
Collateral held on past due amounts				
Cover by credit insurance				
Australasia	50 957	50 957	171 283	168 075
United Kingdom	337 069	337 069	189 593	189 593
Europe	281 433	290 009	358 180	358 180
Emerging Markets	149 411	151 287	111 755	121 355
Total	818 870	829 322	830 811	837 203

In certain instances the group's operations reserve the right to collect inventory sold when the outstanding debt is not settled by the customer. The collateral detailed above is in addition to these aforementioned measures taken to reduce credit risk in respect of trade receivables.

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.

7.6 Trade and other payables

	2020 R'000	2019 R'000
Trade payables	12 919 960	15 294 945
Forward exchange contracts liability	12 766	9 851
Salary and wage related creditors	2 262 586	2 065 134
Value added taxation liability	449 114	151 933
Nowaco cash-settled incentive scheme	343 368	–
Other payables and accrued expenses	1 614 450	1 176 632
	17 602 244	18 698 495
Trade payables by segment		
Trade payables		
Bidfood	12 899 004	15 267 964
Australasia	3 009 934	3 093 833
United Kingdom	2 893 486	4 032 748
Europe	4 943 984	6 222 815
Emerging markets	2 051 600	1 918 568
Corporate	20 956	26 981
	12 919 960	15 294 945

Trade payables and accruals mainly consists of amounts outstanding for trade purchases and ongoing costs.

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method.

The group has contract liabilities disclosed in other payables and accrued expenses in the form of deferred income which arises from consideration received in advance of the satisfaction of performance obligations. The deferred income at June 30 2020 was R19,1 million (2019: R10,0 million).

The directors consider that the carrying amounts of trade payables and other current liabilities approximates their fair values.

	2020 R'000	2019 R'000

7. NET OPERATING ASSETS (continued)

7.7 Provisions

	2020 R'000	2019 R'000
Long-term portion	**612 921**	430 462
Short-term portion	**632 950**	313 892
	1 245 871	744 354

	Onerous contracts R'000	Dismantling and site restoration R'000	Customer loyalty programme R'000	Restructuring provisions# R'000	Other# R'000	Total R'000
Balance at July 1 2018	40 561	446 825	130 671	15 697	144 298	778 052
Created	1 958	59 412	58 207	15 951	65 224	200 752
Utilised	(25 745)	(64 634)	(62 202)	(15 875)	(41 879)	(210 335)
On acquisition of businesses	–	–	–	–	8 617	8 617
Exchange rate adjustments	332	(6 686)	(3 434)	(25)	(173)	(9 986)
Transfer to liabilities classified as held-for-sale	–	(29 340)	–	–	–	(29 340)
Effect of discounting	973	5 621	–	–	–	6 594
Balance at June 30 2019	18 079	411 198	123 242	15 748	176 087	744 354
Created	**114 428**	**42 632**	**18 173**	**469 863**	**161 773**	**806 869**
Utilised	**(54 422)**	**(185 479)**	**(47 619)**	**(55 938)**	**(138 304)**	**(481 762)**
Exchange rate adjustments	**9 053**	**62 221**	**21 583**	**37 844**	**40 929**	**171 630**
Effect of discounting	**–**	**4 780**	**–**	**–**	**–**	**4 780**
Balance at June 30 2020	**87 138**	**335 352**	**115 379**	**467 517**	**240 485**	**1 245 871**

Due to the impact of COVID on the group's provisions and to enhance disclosure, comparatives have been re-presented to show restructuring provisions separately from other provisions. This re-presentation has no impact on previously disclosed total provisions and the split of long and short-term provisions.

Provisions are recognised when the group has a legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will occur, and where a reliable estimate can be made of the amount of the obligation. Where the effect of discounting is material, provisions are discounted. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

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 market conditions, discounted using market-related rates. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net costs of continuing the contract. Before a provision is established, the group recognises any impairment loss on the assets associated with that contract.

Dismantling and site restoration

A provision is raised for the estimated costs of dismantling and removing items, and restoring the property on which they are located. The change in the liability arising as a result of unwinding the discount is recognised in the statement of profit or loss as a finance charge. The dismantling of the plant and recommissioning of buildings is expected to coincide with the end of the useful life of the plant and lease periods.

7. NET OPERATING ASSETS (continued)

7.7 Provisions (continued)

Customer loyalty programme

Customer loyalty points are accounted for at fair value of the consideration received or receivable in respect of the initial sale, and are allocated between the loyalty points and the other components of the sale. The consideration allocated to the customer loyalty points is measured by reference to their fair value, which is the amount for which the loyalty points could be sold at, multiplied by the probability of their redemption. This amount is recognised as a provision until such time as the customer loyalty points are redeemed. Once the loyalty points are redeemed, the amount will be recognised as revenue. Customer loyalty programmes have been introduced by certain operations within the group, whereby customers can earn points for redemption in the form of gift certificates and products of the operations. The provision is calculated based on the points outstanding at year end.

Restructuring provisions

A provision for restructuring is recognised when the group has approved a detailed and formal restructuring plan and the restructuring has either commenced or has been publicly announced. During the year, the group provided for restructuring provisions of R469,9 million that were directly related to the impact of COVID in terms of redundancy related provisions and other related costs for affected locations. Future operating costs are not provided for.

Other

Consists of provision for various other individually insignificant provisions.

7.8 Continuing segmental assets and liabilities

Segment operating assets includes property, plant and equipment, investments and loans, inventories and trade and other receivables. Segmental operating liabilities includes trade and other payables and provisions.

	2020 R'000	2019 R'000
Continuing segmental operating assets		
Trading division		
Bidfood	40 828 343	39 514 425
Australasia	10 157 016	8 902 038
United Kingdom	8 807 527	9 289 118
Europe	13 580 572	13 515 711
Emerging Markets	8 283 228	7 807 558
Corporate	230 832	287 983
	41 059 175	39 802 408
Continuing segmental operating liabilities		
Trading division		
Bidfood	18 618 277	19 392 773
Australasia	4 326 684	4 476 748
United Kingdom	4 550 632	4 715 800
Europe	6 820 937	7 494 583
Emerging Markets	2 920 024	2 705 642
Corporate	229 838	127 163
	18 848 115	19 519 936

	2020 R'000	2019 R'000
8. ACQUISITIONS, DISPOSALS AND GOODWILL		
8.1 Acquisitions		
Property, plant and equipment	(44 679)	(88 547)
Intangible assets	–	(10)
Deferred taxation	935	37 820
Interest in associates	–	(4 244)
Investments and loans	–	(51)
Inventories	(39 395)	(47 607)
Trade and other receivables	(124 860)	(58 249)
Cash and cash equivalents	34 080	(88 446)
Borrowings	14 554	7 801
Trade and other payables and provisions	100 061	70 603
Taxation	3 845	7 179
Total identifiable net assets at fair value	(55 459)	(163 751)
Separately identifiable intangible assets	–	(192 672)
Non-controlling interest	–	3 950
Goodwill	(80 307)	(365 948)
Total value of acquisitions	(135 766)	(718 421)
Cash and cash equivalents acquired	(34 080)	88 446
Vendors for acquisition recognised	210	138 557
Puttable non-controlling interest liabilities recognised	–	70 464
Costs incurred in respect of acquisitions	(1 968)	(27 686)
Net amounts paid	(171 604)	(448 640)

Acquisition opportunities in the year were limited, due to unrealistic vendor expectations and management's focus on bedding down recently acquired underperforming businesses. The acquisition of 100% of Elite Frozen Foods Limited (Elite), a regional wholesaler in the United Kingdom supplying ambient, chilled and frozen products was completed in July 2019. Total investment in Elite was R163,7 million, and its contribution to revenue and trading loss for the year ended June 30 2020 was R693,3 million and R57,9 million respectively.

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 or net liabilities acquired at fair value. No separately identifiable intangible assets were recognised on acquisition. The Elite acquisition has enabled the group to expand its range of complementary products and services and, as a consequence, has broadened the group's base in the market place. Qualitative factors that support (but, not limited to) the goodwill recognised on Elite:
- growing scale and access to customers in the southwest of the United Kingdom;
- improving purchasing power for the group; and
- managements's skill and expertise as a platform from which to consolidate their respective fragmented foodservice markets.

There were no significant contingent liabilities identified in the businesses acquired.

The purchase price allocations for Elite are provisional and may be retrospectively adjusted if the group obtains new information about facts and circumstances that existed at the acquisition date relating to these entities.

Vendors for acquisition recognised on acquisition relates to contingent consideration. These contingent consideration payments are separately recognised on acquisition as a financial liability at fair value. Vendors for acquisition is a contractual provision in an acquisition agreement that adds a variable component to the purchase price. This allows for a portion of the purchase price to be paid to the former owners on a contingent basis if and to the extent that the target business reaches certain milestones in the period post being acquired. Often these milestones are financial in nature (achieving, for example, revenue, net income or EBITDA benchmarks). Contingent consideration liabilities are linked to the future performance targets of the respective company (and not to changes in ownership) whereas puttable NCI liabilities recognised on acquisition are related to future changes in ownership (ie changes in shareholding). Refer note 10.5 for further details.

	2020 R'000	2019 R'000
8. ACQUISITIONS, DISPOSALS AND GOODWILL (continued)		
8.2 Continuing operations disposal of subsidiary		
Proceeds on disposal of interest in subsidiary:		
Property, plant and equipment	(18 678)	–
Goodwill disposed	(20 993)	–
Inventories	(3 338)	–
Trade and other receivables	(6 825)	–
Total identifiable net assets at carrying value	(49 834)	–
Loss on disposal of interest in subsidiary	15 175	(9 050)
Net proceeds	(34 659)	(9 050)

Bidfood Australia disposed of its Fresh business for A$3.3 million (R34,7 million) in September 2019. Amounts included in 2020 years results for operations disposed of to revenue and trading profit were R122,6 million and R10,3 million respectively. Amounts included in 2019 years results for operations disposed of to revenue and trading profit were R649,0 million and R7,4 million respectively.

	2020 R'000	2019 R'000
8.3 Goodwill		
Carrying value at beginning of year	14 784 154	14 539 284
Acquisition of businesses	80 307	365 948
Disposal of business	(20 993)	–
Impairment of goodwill	(797 899)	–
Exchange rate adjustments	2 631 005	(121 078)
Carrying value at end of year	16 676 574	14 784 154
The carrying value of goodwill allocated to cash-generating units grouped in segments as follows:		
Australasia	3 410 984	2 853 081
United Kingdom	3 444 167	2 860 404
Europe	8 468 480	7 836 447
Emerging Markets	1 352 943	1 234 222
	16 676 574	14 784 154

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. The CGUs are consolidated into the group's segments. The carrying amount of goodwill was subject to an annual impairment test, the recoverable amount was determined by using the discounted cash flow for each CGU. A 10-year period was used for the discounted cash flows. The valuation was performed on an enterprise value basis.

8. ACQUISITIONS, DISPOSALS AND GOODWILL (continued)

8.3 Goodwill (continued)

Impairment testing of goodwill

During the year, goodwill impairments of €45,9 million (R793,8 million) and R4,1 million were identified against goodwill relating to Guzman Gastronomia S.L. (Spain) and Bidfresh Pty Limited "formerly Famous Fresh Pty Limited" (South Africa) respectively (2019: no goodwill impairments were identified). The Spain goodwill was impaired due a number of years of underperformance in terms of profitability and the Spanish business going through a restructure to achieve simplification and focus on their core competencies and markets. The calculated recoverable amount for Spain at June 30 is €60,3 million (R1.1 billion).

The impact/potential impact of COVID on future cash flow projections used in the value-in-use calculations per CGU was considered given the evidence available at the time of finalising the Bidcorp group annual financial statements. Discount rates applied in the value-in-use calculations were determined on a normalised basis.

The key assumptions in the value-in-use calculations are:

- Expected net revenues were generally determined as follows:
  - 2021, 2022 and 2023 revenues were set at 80%, 90% and 100% of 2019 CGU revenues respectively.
  - 2024 to 2030 were based on budgets derived from a combination of forecasts for the regions in which the group operates and historical performance of each CGU.
- Budgeted EBITDA margins per CGU were based on past experience and management's future expectations of business performance.
- Cash flow projections beyond a 10-year period are based on internal management projections taking into consideration industry forecasts and growth rates in the regions in which the group operates.
- Capital expenditure forecasts are based on historical experience and include expenditure necessary to maintain the projected cash flows from operations at current operating levels.
- The pre-tax discount rates are determined by calculating:
  - CGU's cost of equity which was calculated by taking into account country risk, market risk and company specific risk premiums (calculated by taking into the financial risk of the CGU (ie level of debt); forecast profitability of the CGU (including forecasting risk); operational risk of the company (ie operating leverage/margins of the business, mix of fixed and variable components); customer and supplier concentration of the CGU).
  - CGU's cost of debt and;
  - CGU's cost of leasing (IFRS 16).

8. ACQUISITIONS, DISPOSALS AND GOODWILL (continued)

8.3 Goodwill (continued)

The critical underlying assumptions applied (ie discount rate, average trading margins over the forecast period (average trading margins), and terminal growth rate) were reviewed by management in the current macro-economic environment.

Management considered the sensitivities underlying the primary assumptions to determine the consequences that reasonably possible changes in such assumptions may have on the recoverable amount of the underlying assets.

The table illustrates the discount rate, cash flow growth and terminal growth rates that were used in the discounted cash flow valuations for the CGUs grouped in segments:

	2020	2019
	Discount rate	
Australasia	**6,0 – 6,3%**	6,0 – 6,2%
United Kingdom	**6,5%**	6,2 – 6,5%
Europe[1]	**5,5 – 8,5%**	5,0 – 9,0%
Emerging Markets[2]	**7,0 – 18,5%**	7,0 – 27,0%
Group	**7,4%**	7,2%
	Average trading margins	
Australasia	**6,3 – 6,9%**	6,1 – 7,0%
United Kingdom	**5,3%**	5,3%
Europe[3]	**1,3 – 9,1%**	1,6 – 9,0%
Emerging Markets[4]	**2,4 – 8,9%**	2,6 – 8,9%
	Terminal growth rate	
Australasia	**1,0%**	1,0%
United Kingdom	**1,0%**	1,0 – 1,5%
Europe	**1,0 – 2,0%**	1,0 – 2,0%
Emerging Markets	**2,0 – 2,5%**	1,5 – 2,0%

[1] *The Europe grouped CGUs comprises a number of countries which each present different discount rates. Czech Republic and Slovakia, Poland, and The Baltics are all Eastern European countries (but part of the European Union) which generally have higher discount rates compared to Belgium, the Netherlands, Germany, Portugal, Spain and Italy which are Western European countries and typically have lower discount rates.*

[2] *The upper end of the range for Emerging Markets relates to Turkey which in the current year has been impacted by the improvement in the Turkish macro-economic environment.*

[3] *The upper end of the range relates to the Czech Republic which has higher trading margins given its value-added services. The lower end of the range relates to Germany which is receiving significant focus and effort to improve the platform from which Germany can realise the potential of this market.*

[4] *The upper end of the range relates to South Africa which has higher trading margins due to its retail and manufacturing exposure from the Crown Food Group.*

8. ACQUISITIONS, DISPOSALS AND GOODWILL (continued)

8.3 Goodwill (continued)

Sensitivity analyses

Expected future cash flows are inherently uncertain and could change materially over time. They are affected by a number of factors, including market estimates, together with economic factors such as prices, growth rates, discount rates, currency exchange rates, and future capital expenditure.

Sensitivity analyses of reasonably possible changes in the underlying assumptions for each group of CGUs included:
- 0,5% increase in discount rate for Australasia; United Kingdom and Europe CGUs;
- 1% increase in discount rate for the Emerging Market CGU;
- 0,5% decrease in the average trading margin growth rates for all CGUs from 2023 onwards.

Using the above sensitivity analyses, a quantitative impairment indicator was raised for the goodwill associated with the Germany CGU. Qualitatively, this operation is in the process of improving their operational platforms to become broadline foodservice distributors with scale and opportunities to generate positive economic returns. Measures in place to improve the operations include (but not limited to):
- significant infrastructure spend to grow capacity and scale (new warehouse built in Munich);
- change in sales mix towards the independent sector (growth prospects related to independent customers);
- expansion of their foodservice offering through product diversification;
- improvements to information technology systems and e-commerce development; and
- investment in human capital.

The goodwill attributable to the Germany CGU at June 30 is R345,3 million (2019: R284,5 million). The assumptions applied in the value-in-use calculations at June 30 were as follows: discount rate of 5,25% (2019: 5,5%) and terminal growth rate of 1,5% (2019: 2%). An increase in the discount rate of 0,5% (10% change in assumption) and decrease in the average trading margins of 0,5% (17% change in assumption) would result in a goodwill impairment of R217,5 million.

	2020 R'000	2019 R'000
9. INVESTMENTS		
9.1 Interest in associates		
Investments in unlisted associates at cost less impairments	**111 192**	87 154
Balance at beginning of the year	**87 154**	97 362
Increase in unlisted associate investment	**11 700**	5
Exchange difference	**16 981**	12
Impairment of associate	**(4 643)**	–
Change in shareholding in associate	**–**	(14 469)
On acquisition of business	**–**	4 244
Attributable share of post-acquisition reserves of associates	**47 431**	58 940
At beginning of year	**58 940**	16 925
Share of (losses) earnings net of dividends	**(14 643)**	28 929
Share of intangible asset impairment	**(7 095)**	–
Share of movement in exchange rate adjustments	**10 229**	(1 383)
Movement in reserves on change in shareholding	**–**	14 469
Advances to associates held at amortised cost	**34 741**	31 884
	193 364	177 978

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 not have the ability to control those policy decisions. The equity method of accounting for associates is adopted in the group 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. Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated. Unrealised gains arising from equity accounted investees are eliminated against the investment to the extent of the group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

9. INVESTMENTS (continued)

9.1 Interest in associates (continued)

Unsecured advances to associates bear interest at a rate of 1,7% to 3,3% (2019: 3,0%) and have no fixed terms of repayment.

A list of the group's 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 in note 12.3.

No individual associate is considered to be material, thus no summarised financial information is supplied in these financial statements.

	2020 R'000	2019 R'000
9.2 Investments and loans		
Unlisted investments held at fair value through other comprehensive income	**26 995**	48 908
Unlisted investments held at amortised cost	**–**	15 405
Unlisted loans held at fair value through other comprehensive income	**5 269**	6 207
Unlisted loans held at amortised cost	**85 043**	121 726
	117 307	192 246

The group manages its credit risk for investments by investing in reputable instruments.

Unlisted investments held at fair value through other comprehensive income mainly relates to an investment in the SA SME Fund that invests directly in scalable small and medium enterprises with the best potential for growth and sustainable employment creation in the South African economy. No dividends were received in 2020 (2019: nil).

During the year a fair value adjustment of R54.1 million (2019: nil) was recorded on the Icelandic Water Holdings ehf investment (IWH). IWH is a spring water producer from Ölfus, Iceland. The group holds an equity investment of 8,19% (2019: 14,59%) and the fair value of the investment at June 30 is nil (2019: R48,9 million).

Unlisted loans held at amortised cost relate to customer loans in the Netherlands that have maturities between two and three years.

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

	2020 R'000	2019 R'000
9.3 Investments in jointly-controlled entities		
Balance at beginning of year	**481 975**	401 113
Additions to jointly-controlled entities	**–**	51 017
Share of profit from jointly-controlled entities	**21 091**	30 219
Exchange difference	**6 867**	(374)
Dividends received from jointly-controlled entity	**(20 000)**	–
Balance at end of year	**489 933**	481 975

9. INVESTMENTS (continued)

9.3 Investments in jointly-controlled entities (continued)

Effective April 1 2017, Bidcorp Food Africa Proprietary Limited, a subsidiary of Bid Corporation Limited, signed agreements with Puratos Group NV (Puratos) whereby Puratos became an equal shareholder in Bidcorp Food's Bakery Solutions Division (BBS, subsequently renamed Chipkins Puratos, CP). CP manufactures and supplies bakery ingredients to industrial bakers, the craft market and large retailers under the Chipkins and NCP brands in South Africa.

Effective April 1 2019, Bidcorp acquired 38% of the Blancaluna Grupo, a broadline foodservice wholesaler based in Argentina. As all strategic decisions require joint approval by a Bidcorp-appointed director and a Blancaluna representative, Blancaluna has been classified in terms of IFRS 11 as a joint venture.

Interests in the joint ventures are accounted for using the equity method of accounting. Joint ventures are initially recorded at fair value and thereafter are increased or decreased by Bidcorp's share of the profit or loss. Goodwill relating to jointly-controlled entities are included in the initial carrying amount of the investment. There were no impairments recognised for any investments in jointly-controlled entities (2019: nil).

Upon loss of joint control over an investment in a jointly-controlled entity, the group measures and recognises any remaining investment at its fair value.

Any difference between the carrying amount of the investment in a jointly-controlled entity and the fair value of the remaining investment and any proceeds from disposal is recognised in the statement of consolidated profit or loss.

Jointly-controlled entities net revenue represent 1,3% (2019: 1,0%), trading profit of 2,0% (2019: 0,9%) and total assets of 0,7% (2019: 0,5%) of the continuing operations for the Bidcorp group.

Accordingly, no summarised financial information has been supplied in these financial statements.

10. FINANCIAL RISK MANAGEMENT AND NET DEBT

10.1 Financial risk management

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 equity 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 as its segments.

The group's major financial risks are mitigated in the way that it operates, firstly through diversification of geography and secondly through decentralisation of the business model. Bidcorp is an international group with operations in the United Kingdom, Europe, Asia, Australia, New Zealand, South America, Middle East and various southern African countries.

Bidcorp's philosophy has always been to empower management through a decentralised structure thereby making operational management responsible and accountable for the performance of their operations, including managing the financial risks of the operation. The operational management reports to the CEO who in turn reports to the Bidcorp board of directors. Operational management's remuneration is based on their operation's performance resulting in a decentralised and entrepreneurial environment.

Due to the diverse structure and decentralised management of the group, the group audit and risk committee (GARC) has implemented guidelines of acceptable governance 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 stakeholders.

The overall process of risk management in the Bidcorp group, which includes the related system of control, is the responsibility of the Bidcorp board of directors. The Bidcorp GARC is governed by a charter and reports regularly to the board of directors on its activities.

The GARC's primary risk responsibilities include:
- Review of the group's risk policies and approach to risk management.
- To consider all material risks to which the group is exposed, ensuring that the requisite risk management culture, policies and systems are progressively implemented and functioning effectively.
- Management is accountable to the board for implementing and monitoring the processes of risk management and integrating this into their day-to-day activities; they confirm these processes through the completion of the quarterly Bidcorp management representation letter submitted to the Bidcorp GARC.
- Performance of ongoing monitoring of the enterprise-wide risk assessment process to ensure risks and opportunities are adequately identified, evaluated and managed at the appropriate level in each business, and that the individual and joint impact of risks identified on the group is considered.
- To review legal matters that could have a material impact on the group, as well as considering the adequacy and effectiveness of the group's procedures to ensure compliance with legal and regulatory responsibilities.
- Consideration of reports provided by management, internal assurance providers and the independent auditors regarding compliance with legal and regulatory requirements.

10. FINANCIAL RISK MANAGEMENT AND NET DEBT (continued)

10.1 Financial risk management (continued)

Due to the breadth of the geographical spread of the Bidcorp operations, Bidcorp has adopted a globally relevant risk management strategy. This strategy has been communicated, and implementation thereof delegated, to the respective local management teams. Bidcorp believes using a common group framework for the management of risk creates a shared foundation from which a view of the global risk universe is developed, but embraces the locally relevant risks faced by each business. The Bidcorp group risk management policies are established to identify and analyse the risks faced by the group, to set appropriate guidance and parameters within which risks are to be reported to the Bidcorp GARC. Bidcorp continues to grow and develop a robust and constructive control environment in which all employees understand their roles and responsibilities.

Each business reports to one of five divisional audit and risk committees (DARC), which subscribes to the same philosophies and practices as the Bidcorp GARC. The DARCs report quarterly to the Bidcorp GARC. The DARC oversee how operational management monitors compliance with the Bidcorp group 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 ethics. The DARCs are assisted in their oversight role by Bidcorp internal audit. Internal audit undertakes both regular and ad hoc reviews of financial and operational risk management controls and procedures, the results of which are reported quarterly to the respective DARC and consolidated for quarterly reporting to the Bidcorp GARC.

(a) Credit risk

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

The board has implemented a "Delegation of authority matrix" which provides guidelines to the divisions as to the level of authorisation required for various types of transactions.

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 and expected credit losses, amount to R10 877 million (2019: R13 390 million) for trade receivables (refer note 7.5 for credit risk disclosure), R117 million (2019: R192 million) for investments (refer note 9.2) and cash and cash equivalents of R7 024 million (2019: R5 776 million).

The expected credit loss in respect of trade receivables is used to record expected 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 at fair value through other comprehensive income or amortised cost are written off against the investment directly and an impairment allowance account is not utilised.

The group has a general credit policy of 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 is responsible for implementation of credit policies to meet the above objective. This includes credit policies under which new customers are analysed for creditworthiness 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. Many 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. For cash and cash equivalents, the group places its cash, where possible, with major banking groups and high-quality institutions relatively high credit ratings in that country. The group's treasury policy is designed to limit exposure to any one institution and invests its excess cash in low-risk investment accounts. The counterparties that are used by the group are evaluated on a continuous basis. At June 30 2020 cash and cash equivalents was held with many major banking groups which are considered high quality financial institutions.

(b) 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 segments. The divisions within each segment are therefore not responsible for the management of liquidity risk but rather senior management for each of these segments is responsible for implementing procedures to manage the regional liquidity risk.

10. FINANCIAL RISK MANAGEMENT AND NET DEBT (continued)

10.1 Financial risk management (continued)

(b) Liquidity risk (continued)

Contractual maturities of financial liabilities, including interest payments

		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
2020							
Borrowings (refer note 10.3)							
Loans secured by mortgage bonds over fixed property	383 628	399 473	30 594	21 458	52 087	285 006	10 328
Loans secured by lien over certain property, plant and equipment	568 424	640 206	109 827	97 640	186 816	232 729	13 194
Unsecured loans	11 658 941	12 005 578	5 548 773	2 428 991	3 381 472	574 807	71 535
	12 610 993	13 045 257	5 689 194	2 548 089	3 620 375	1 092 542	95 057
RoU lease liabilities (refer note 10.4)	6 235 320	6 625 734	586 479	586 479	1 117 763	2 349 868	1 985 145
Puttable non-controlling liabilities (refer note 10.5)	4 687 944	5 795 210	55 262	–	277 790	3 947 340	1 514 818
Vendors for acquisition	277 338	277 901	189 992	14 196	62 575	–	11 138
Trade and other payables (refer note 7.6) excluding forward exchange contracts and value added taxation liability	17 140 364	17 140 364	17 140 364	–	–	–	–
2019							
Borrowings (refer note 10.3)							
Loans secured by mortgage bonds over fixed property	273 865	284 654	12 403	11 169	27 871	45 494	187 717
Loans secured by lien over certain property, plant and equipment	519 768	548 388	132 996	68 659	150 659	180 404	15 670
Unsecured loans	9 707 316	9 829 089	3 411 868	2 414 272	525 600	3 468 903	8 446
	10 500 949	10 662 131	3 557 267	2 494 100	704 130	3 694 801	211 833
Puttable non-controlling liabilities (refer note 10.5)	1 462 748	1 587 111	1 086 829	43 241	231 590	225 451	–
Vendors for acquisition	379 026	380 521	57 157	46 949	250 188	26 227	–
Trade and other payables (refer note 7.6) excluding forward exchange contracts and value added taxation liability	18 536 715	18 536 715	18 536 715	–	–	–	–

The expected maturity of financial liabilities is not expected to differ from the contractual maturities as disclosed above. There were no group defaults or breaches of any of the borrowing terms or conditions.

	2020 R'000	2019 R'000
10. FINANCIAL RISK MANAGEMENT AND NET DEBT (continued)		
10.1 Financial risk management (continued)		
(b) Liquidity risk (continued)		
Undrawn facilities		
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	**2 123 621**	1 598 506
Utilised	**153 975**	56 471
Unutilised	**1 969 646**	1 542 035
Unsecured loan facility with various maturity dates through to 2026 and which may be extended by mutual agreement	**22 081 813**	11 622 479
Utilised	**11 434 331**	9 499 104
Unutilised	**10 647 482**	2 123 375
Secured loan facilities with various maturity dates through to 2031 and which may be extended by mutual agreement	**445 762**	560 155
Utilised	**445 762**	377 922
Unutilised	**–**	182 233
Other banking facilities	**451 161**	630 057
Utilised	**–**	2 140
Unutilised	**451 161**	627 917
Total utilised facilities	**12 034 068**	9 935 637
Total unutilised facilities	**13 068 289**	4 475 560
Total facilities	**25 102 357**	14 411 197

(c) 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.

(d) Foreign currency risk

Currency risk is the possibility that the group may suffer financial loss as a consequence of the depreciation in the measurement currency relative to the foreign currency prior to payment of a commitment in that foreign currency or the measurement currency strengthening prior to receiving payment in that foreign currency. The group also has translation risk arising from the consolidation of foreign operations into South African rand.

Currency conversion guide at June 30	Statement of comprehensive income (average) 2020	2019	Statement of financial position (spot) 2020	2019
10. FINANCIAL RISK MANAGEMENT AND NET DEBT (continued)				
10.1 Financial risk management (continued)				
(d) Foreign currency risk (continued)				
Rand/sterling	**19,73**	18,35	**21,37**	17,82
Rand/euro	**17,31**	16,18	**19,46**	15,97
Rand/Australian dollar	**10,50**	10,14	**11,92**	9,87
Rand/New Zealand dollar	**9,96**	9,51	**11,14**	9,44
Rand/Hong Kong dollar	**2,01**	1,81	**2,24**	1,80
Rand/Singapore dollar	**11,32**	10,39	**12,43**	10,39
Rand/Czech koruna	**0,67**	0,63	**0,73**	0,63
Rand/Polish zloty	**3,97**	3,77	**4,37**	3,78
Rand/Brazilian real	**3,51**	3,67	**3,19**	3,65
Rand/US dollar	**15,65**	14,18	**17,33**	14,04

Borrowings are matched to the same foreign currency as the division raising the liability 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.

The group incurs currency risk as a result of purchases and sales which are denominated in a currency other than that 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 reporting 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.

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 statement of profit or loss. 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 note 4.2).

10. FINANCIAL RISK MANAGEMENT AND NET DEBT (continued)

10.1 Financial risk management (continued)

(e) 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. Investments in equity securities accounted for as held for trading financial assets and trade receivables and payables are not exposed to interest rate risk.

	2020 R'000	2019 R'000
At the reporting date the interest rate profile of the group's interest-bearing financial instruments was:		
Fixed rate instruments		
Financial liabilities		
Borrowings	**(5 224 667)**	(4 491 670)
Puttable non-controlling interest liabilities	**(4 687 944)**	(1 462 748)
Derivative instruments in designated hedge accounting relationships	**(12 766)**	(9 851)
Financial assets		
Derivative instruments in designated hedge accounting relationships	**6 229**	3 638
Variable rate instruments		
Financial assets		
Cash and cash equivalents	**7 024 426**	5 775 863
Financial liabilities		
Borrowings	**(7 386 326)**	(6 009 279)

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

Group borrowings have been categorised by geographical location and the percentage change used for each category has been selected based on what could reasonably be expected as a change in interest rates within that region based on historical movements in interest rates within that particular region.

This sensitivity analysis has been prepared using the average borrowings for the financial year as the actual borrowings at June 30 are not representative of the 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 2019. A decrease in interest rates would have an equal and opposite effect on profit after taxation as detailed below.

	2020		2019	
	Increase in interest rates %	Decrease in profit after taxation R'000	Increase in interest rates %	Decrease in profit after taxation R'000
Southern Africa and Other Emerging Markets	**0,50**	**10 643**	0,50	8 861
United Kingdom and Europe	**0,25**	**6 669**	0,25	3 714
Australasia	**0,25**	**1 344**	0,25	1 749
		18 656		14 324

10. FINANCIAL RISK MANAGEMENT AND NET DEBT (continued)

10.1 Financial risk management (continued)

(f) Equity price risk

Equity price risk arises from investments classified at fair value as profit or loss or investments classified at fair value through other comprehensive income (refer note 9.2). Unlisted investments comprise unlisted shares and loans are valued at fair value using a price earnings (PE) model. A sensitivity analysis for investments at fair value was not performed as the fair value balance is insignificant.

(g) 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:

	2020		2019	
	Carrying amount R'000	**Fair value R'000**	Carrying amount R'000	Fair value R'000
Borrowings (refer note 10.3)				
Southern Africa and other Emerging Markets	**3 065 809**	**3 065 784**	2 830 550	2 830 534
Loans secured by lien over certain property, plant and equipment in terms of financial leases and suspensive sale agreements	**6 219**	**6 219**	7 327	7 327
Unsecured loans	**3 059 590**	**3 059 565**	2 823 223	2 823 207
United Kingdom and Europe	**9 049 721**	**9 049 721**	6 702 380	6 702 348
Loans secured by mortgage bonds over fixed property	**383 628**	**383 628**	273 865	273 865
Loans secured by lien over certain property, plant and equipment in terms of financial leases and suspensive sale agreements	**562 205**	**562 205**	512 442	512 442
Unsecured loans	**8 103 888**	**8 103 888**	5 916 073	5 916 041
Australasia				
Unsecured loans	**495 463**	**495 462**	968 019	968 019
	12 610 993	**12 610 967**	10 500 949	10 500 901
Unrecognised gain	**26**		48	

The methods used to estimate the fair values of financial instruments are discussed in note 3.1. The interest rates used to discount cash flows, in order to determine fair values, are based on market-related rates at June 30 2020 plus an adequate credit spread which ranges from 0,0% to 26,0% (2019: 0,0% to 30,0%).

Fair value hierarchy

When measuring the fair value of an asset or a liability, the group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques categorised as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

10. FINANCIAL RISK MANAGEMENT AND NET DEBT (continued)

10.1 Financial risk management (continued)

(g) Fair values *(continued)*

Fair value hierarchy (continued)

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Non-current assets (liabilities)			Current assets (liabilities)		
R'000	Puttable non-controlling interests	Investments	Vendors for acquisition	Puttable non-controlling interests	Vendors for acquisition	Total
June 30 2020						
Financial assets measured at fair value	**–**	**32 264**	**–**	**–**	**–**	**32 264**
Financial liabilities measured at fair value	**(4 632 682)**	**–**	**(73 150)**	**(55 262)**	**(204 188)**	**(4 965 282)**
June 30 2019						
Financial assets measured at fair value	–	55 115	–	–	–	55 115
Financial liabilities measured at fair value	(336 620)	–	(275 144)	(1 126 128)	(103 882)	(1 841 774)

	Total	Level 1	Level 2	Level 3
June 30 2020				
Financial assets measured at fair value	**32 264**	**–**	**–**	**32 264**
Financial liabilities measured at fair value	**(4 965 282)**	**–**	**–**	**(4 965 282)**
June 30 2019				
Financial assets measured at fair value	55 115	–	–	55 115
Financial liabilities measured at fair value	(1 841 744)	–	–	(1 841 744)

Valuation techniques and significant unobservable inputs are as follows:

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
The expected payments are determined by considering the possible scenarios of forecast EBITDAs, the amount to be paid under each scenario and the probability of each scenario. The valuation models consider the present value of expected payment, discounted using a risk-adjusted discount rate.	• Average EBITDA growth rates: 10% (2019: n/a) • EBITDA multiples: 10.5x (2019: 7.0x) • Risk-adjusted discount rate: 1,7% (2019: 1,99%)	The estimated fair value would increase (decrease) if: • the EBITDA were higher (lower); or • the risk-adjusted discount rate were lower (higher).

Sensitivity analysis on changes in significant variable unobservable inputs for puttable non-controlling interests (liability)

	Increase in assumption %	Increase in liability R'000	Decrease in assumption %	Decrease in liability R'000
Average EBITDA growth rate	**10**	**206 909**	**10**	**197 677**

The group recognises any changes in the value of the liability as a result of changes in assumptions used to estimate the future purchase price directly in retained earnings in the statement of changes in equity.

	2020 R'000	2019 R'000
10. FINANCIAL RISK MANAGEMENT AND NET DEBT (continued)		
10.2 Net finance costs		
Finance income	85 647	109 506
Interest income on bank balances	70 847	91 867
Interest income on advances	9 836	11 930
Interest imputed on post-retirement assets	4 964	5 709
Finance charges	(795 910)	(395 448)
Interest imputed on RoU lease liabilities (refer note 10.4)	(369 391)	–
Interest expense on bank borrowings	(325 176)	(316 881)
Interest expense on bank overdrafts	(32 072)	(39 389)
Interest expense on provisions and tax liabilities	(24 887)	(23 191)
Unwinding of discount on puttable non-controlling interest liabilities (refer note 10.5)	(27 868)	(6 000)
Interest expense on financed assets	(12 700)	(5 289)
Interest imputed on post-retirement obligations	(3 816)	(4 698)
	(710 263)	(285 942)

Finance charges comprise interest payable on borrowings calculated using the effective interest method. The interest expense component of finance lease payments is recognised in the statement of profit or loss using the effective interest method. Borrowing costs directly attributable to the acquisition, construction or production of assets that take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially complete or sold. Capitalisation is suspended during extended periods in which active development is interrupted. All other borrowing costs are expensed in the period in which they are incurred.

	2020 R'000	2019 R'000
Finance income received per the consolidated statement of cash flows		
Income per the statement of profit or loss	85 647	109 506
Interest imputed on post-retirement obligations	(4 964)	(5 709)
Amounts received	80 683	103 797
Finance charges paid per the consolidated statement of cash flows		
Charge per the statement of profit or loss	(795 910)	(395 448)
Unwinding of discount on puttable non-controlling interest liabilities	27 868	6 000
Interest imputed on post-retirement obligations and provisions	6 575	14 123
Amounts capitalised to borrowings	83 570	8 715
Amounts paid	(677 897)	(366 610)

	2020 R'000	2019 R'000
10. FINANCIAL RISK MANAGEMENT AND NET DEBT (continued)		
10.3 Borrowings		
Loans secured by mortgage bonds over fixed property (refer note 7.1)	**383 628**	273 865
Loans secured by lien over certain property, plant and equipment (refer note 7.1)	**568 424**	519 768
Unsecured borrowings	**11 658 941**	9 707 316
Borrowings	**12 610 993**	10 500 949
Less short-term portion of borrowings	**(8 045 968)**	(5 841 624)
Long-term portion of borrowings	**4 565 025**	4 659 325
Schedule of repayment of borrowings		
Within 1 year	**8 045 968**	5 841 624
1 year to 2 years	**3 636 093**	879 764
2 years to 3 years	**590 864**	3 265 923
3 years to 4 years	**83 810**	205 453
4 years to 5 years	**92 006**	111 035
Thereafter	**162 252**	197 150
	12 610 993	10 500 949
Total borrowings comprise		
Foreign subsidiaries borrowings	**11 710 097**	9 530 328
South African subsidiary borrowings	**900 896**	970 621
	12 610 993	10 500 949

	%	%
Effective weighted average rate of interest on		
South African borrowings excluding overdrafts	**5,3**	8,3
Foreign borrowings excluding overdrafts	**2,1**	2,6

	R'000	R'000
Movement in borrowings		
Carrying value at beginning of year	**10 500 949**	9 559 485
Borrowings raised during the year	**6 476 215**	5 135 168
Borrowings repaid during the year	**(6 408 623)**	(4 232 742)
Interest capitalised during the year	**84 453**	8 715
On acquisition of business	**14 554**	7 801
On disposal of discontinued operations	**(102 090)**	–
Exchange rate adjustments	**2 045 535**	22 522
	12 610 993	10 500 949

10. FINANCIAL RISK MANAGEMENT AND NET DEBT (continued)

10.3 Borrowings (continued)

Terms and debt repayment schedule

	Currency	Nominal interest rate %	Financial year of maturity	2020 R'000	2019 R'000
Borrowings of South African subsidiaries					
Unsecured loans	ZAR	5,3	2021	**900 584**	970 622
Borrowings of foreign subsidiaries				**11 710 409**	9 530 327
Loans secured by mortgage bonds over fixed property	EUR	0.8 – 4.8	2023 – 2031	**355 960**	247 772
	GBP	2.3	2021	**27 668**	25 207
	CZK			**–**	886
Loans secured by lien over certain property, plant and equipment	EUR	0.7 – 3.5	2021 – 2028	**397 685**	391 252
	PLN	2.6 – 2.7	2022 – 2027	**140 965**	112 839
	GBP	1.8 – 7.9	2021 – 2024	**23 555**	8 350
	BRL	7.1 – 10.0	2021 – 2023	**3 500**	5 476
	MYR	3.1 – 3.6	2024 – 2025	**2 719**	1 851
Unsecured loans	EUR	0.1 – 3.1	2021 – 2026	**5 027 574**	4 120 907
	GBP	1.4 – 2.5	2021 – 2022	**2 918 133**	1 604 757
	HKD	1.1 – 3.7	2021 – 2023	**1 712 396**	1 820 805
	AUD	0.8	2023	**417 190**	-
	CLP	2.8 – 4.9	2021 – 2022	**172 059**	115 886
	CZK	4.3	2021	**120 534**	104 077
	SGD	1.5 – 1.9	2021	**100 237**	554 760
	RMB	5.8	2021	**104 344**	139 294
	Other			**185 890**	276 208
Total interest-bearing borrowings				**12 610 993**	10 500 949

The expected maturity dates are not expected to differ from the contractual maturity dates.

10. FINANCIAL RISK MANAGEMENT AND NET DEBT (continued)

10.3 Borrowings (continued)

Capital management

The group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide adequate returns to shareholders and benefits for other stakeholders by pricing products and services commensurately with the level of risk. The group relies upon distributions, including dividends, from its subsidiaries to generate the funds necessary to meet the obligations and other cash flow requirements of the group.

The group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The principal covenant limits are net debt to EBITDA of no more than 2,5 times and interest cover of no less than 5 times (both excluding the impacts of IFRS 16). Compliance with the group's biannual debt covenants is monitored on a monthly basis and formally tested at December 31 and June 30.

The group follows a risk-based approach to the determination of the optimal capital structure. The group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or modify the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders through share buy backs, issue new shares or sell assets to reduce debt.

During the year, all group covenants have been complied with and based on current forecasts it is expected that such covenants will continue to be complied with for the foreseeable future. The group's operations generate a high and consistent level of free cash flow which helps fund future development and growth. The group seeks to maintain an appropriate balance between the higher shareholder returns that may be possible with higher levels of borrowings and the prudence afforded by a sound capital position to enable the group to capitalise on growth opportunities, both internal and external. There were no changes to the group's approach to capital management during the year and the group is not subject to any externally imposed capital requirements.

10.4 Right-of-use lease liabilities (RoU lease liabilities)

	2020 R'000	2019 R'000
Leasehold properties	5 548 662	–
Vehicles	632 233	–
Equipment and other	54 425	–
Total RoU lease liabilities	6 235 320	–
Short-term RoU lease liabilities	872 229	–
Long-term RoU lease liabilities	5 363 091	–

At the commencement date of the lease, the group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees and payments of penalties for terminating a lease, if the lease term reflects the group exercising the option to terminate. The lease term also takes into account the likelihood of exercising a renewal option.

In calculating the present value of lease payments, the group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

RoU lease liabilities represent the financial obligation of the group to make lease payments to landlords to use the underlying leased premises, or RoU leased assets, during the lease term.

The average lease term and number of leases of the group's lease portfolio (including renewal periods taken into account) is as follows:
- Leasehold property — nine year average lease term for 273 leases;
- Vehicles — four year average lease term for 1 647 leases; and
- Equipment and other — three year average lease term for 169 leases.

The lease term includes a renewal period only if the group has agreed terms with the respective landlord and the renewal contract is enforceable by both parties. For leasehold properties these terms include factors such as location, how far in the future an option occurs, significance of related leasehold improvements and past history of terminating/not renewing lease and the value of lease payments in the renewal period. Further to this, the likelihood of exercising a termination option, if applicable, is considered in determining the lease term. The discount rates used to determine the present value of future lease payments is generally based on the lessee's incremental borrowing rate, as in most instances, the interest rate implicit in the lease cannot be readily determined.

10. FINANCIAL RISK MANAGEMENT AND NET DEBT (continued)

10.4 Right-of-use lease liabilities (RoU lease liabilities) (continued)

To determine the incremental borrowing rate, the group uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the group, which does not have recent third-party financing and makes adjustments specific to the RoU leased asset, eg term, country, currency and security.

The discount rates applied to leases per segment were as follows:

	2020 %	2019 %
Australasia	5.0 – 6.0%	–
Emerging Markets[1]	5.0 – 23.0%	–
Europe	5.0 – 8.0%	–
United Kingdom	5.0 – 6.0%	–

[1] *The upper end of the range for Emerging Markets relates to Turkey which is impacted by Turkish macro-economic environment.*

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Financial liabilities are derecognised when the obligation in the contract is discharged, cancelled or has expired. Premiums or discounts arising from the difference between the fair value of debt raised and the amount repayable at maturity date are charged to the consolidated income statement as interest expense based on the effective interest rate method.

The movement in RoU lease liabilities is as follows:

	2020 R'000	2019 R'000
Transition adjustment for IFRS 16	5 752 925	–
New leases entered into	702 014	–
Lease modifications and remeasurements	189 608	–
Finance charges	369 391	–
Cancelled leases	(862 645)	–
Lease payments	(1 089 903)	–
Exchange rate adjustments	1 173 930	–
	6 235 320	
The expenses relating to short-term and low-value commitments have been disclosed in note 4.2		
Total contractual undiscounted cash flows related to RoU lease liabilities		
Within one year	1 172 958	–
One to two years	1 117 763	–
Two to five years	2 349 868	–
After five years	1 985 145	–
Total contractual undiscounted cash flows related to RoU lease liabilities	6 625 734	–
Future cashflows included for renewal periods	1 857 382	–
Total undiscounted cash flows including renewal periods related to RoU lease liabilities	8 483 116	–
Effects of discounting	(2 247 796)	–
Carrying amount of RoU lease liabilities	6 235 320	–

10. FINANCIAL RISK MANAGEMENT AND NET DEBT (continued)

10.5 Puttable non-controlling interest liabilities

The put options entitle the non-controlling shareholders to sell their holdings in the subsidiaries to the group at contracted dates and amounts. The effect of granting these put options on the group's results can be summarised as follows:

	2020 R'000	2019 R'000
Balance at beginning of the year	**1 462 748**	1 478 590
Arising on the granting of put options to non-controlling interests during the year	**2 673 442**	70 464
Payments made to non-controlling interest during the year	**(12 828)**	(74 428)
Remeasurement of put options during the year	**(131 537)**	(12 963)
Unwinding of present value discount recognised to the statement of profit or loss	**27 868**	6 000
Exchange rate adjustments	**668 251**	(4 915)
	4 687 944	1 462 748
Long-term portion	**4 632 682**	336 620
Short-term portion	**55 262**	1 126 128

At June 30 2020 the group has the following significant put options:

Distrubuzione Alimentari Convivenze SPA (DAC)

The puttable NCI for 40% of Distrubuzione Alimentari Convivenze (DAC) expired. In December 2019 a new shareholders agreement was signed with the minority shareholders of DAC which included an option for the minority shareholders to put their 40% interest to the group on June 30 2024, 2025 and 2026. The minority shareholders agreed not to directly or indirectly sell, transfer or otherwise dispose their stake in DAC for 5 (five) years. The puttable NCI liability is calculated as the present value of the contracted redemption value discounted from the redemption date to the reporting date. Based on the group's assessment of risks and rewards substantially all of the returns associated with ownership have transferred to the group. From an economic perspective the puttable liability instrument will be exercised on a future date and the sensitivity of the exercise price to the fair value of the ownership interest is sufficiently low that all downside and upside risk has been assumed by the group. The group's assessment of the contracted EBITDA multiple of 10,5 times is that it represents a fixed instrument due to it being agreed up front by both parties and cannot be changed throughout the option period; no market risk is accepted by the minority shareholders; future performance of DAC and financial position in 2024 does not change the EBITDA multiple to be paid to the minority shareholders; third parties are not able to change the price of the EBITDA multiple payable to the minority shareholders; and there is no true up to a "fair value" multiple to similar companies in 2024.

An equity adjustment of R2,6 billion was recognised in the year relates to the net increase between the expired put option value of R1,1 billion and the present value of the contracted redemption value for the put option calculated in terms of the December 2019 shareholders agreement of R3,7 billion. Due to the exchange rate adjustments between the Euro and South African rand the fair value of the put option liability at June 30 2020 is R4,3 billion

The main assumptions used in the calculation of the puttable NCI liability is the contracted redemption value at the expected redemption date and the discount rate used to discount the redemption value to the reporting date. The non-controlling shareholders have the option to put their 40% interest in DAC to the group at 10,5 times EBITDA less net debt. The discount rate used for the DAC put option was 1,70% (2019: 1,99%).

Simply Food Solutions Limited (formerly The Punjab Kitchen Limited) (Simply Food Solutions)

The non-controlling shareholders have the option to put their 10% interest in Simply Food Solutions to the group, at 10 times EBITDA less net debt on or about June 30 2021. The discount rate used for the Simply Food Solutions put option was 2,0% (2019: 2,0%). The fair value of this put option liability at June is R84,3 million (2019: R68,9 million).

Quartiglia Food Service S.p.A. (Quartiglia)

The non-controlling shareholders have the option to put their 40% interest in Quartiglia to the group on or about June 30 2021. The fair value of this put option liability at June 30 is R68,1 million (2019: R55,9 million).

10. FINANCIAL RISK MANAGEMENT AND NET DEBT (continued)

10.5 Puttable non-controlling interest liabilities (continued)

Bidfood SA (Chile)

The non-controlling shareholders have the option to put their 12% interest in Chile to the group, at 6,5 times EBITDA less net debt on or about September 1 2024. The fair value of this put option liability at June 30 is R59,3 million.

The group accounts for puttable NCI liabilities under the anticipated acquisition method whereby the put option is derecognised from NCI and accounted for as a financial liability. Put options held by non-controlling interests in the group's subsidiaries entitle the non-controlling interest to sell its interest in the subsidiary to the group at predetermined values and on contracted dates. In such cases, the group consolidates the non-controlling interest's 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 derecognised 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 statement of profit or loss using the effective interest 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 earnings in the statement of changes in equity.

11. STAFF REMUNERATION

11.1. Share-based payments

The Bidvest Incentive Scheme (BIS), share appreciation rights (SARs) and conditional share plan (CSPs) grant awards on the holding company, Bidcorp, to executive directors and senior management. The fair value of awards granted is recognised as an employee expense with a corresponding increase in equity. BIS, SARs and CSP share-based payment schemes are treated as equity-settled share-based payment schemes at a group and subsidiary level. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the awards. The Nowaco Management Scheme is treated as a cash-settled share-based payment scheme.

The fair value of the BIS, SAR and CSP awards is measured using a binomial model, taking into account the terms and conditions upon which the awards were granted. The amount recognised as an expense is adjusted to reflect the number of awards for which related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

	2020 R'000	2019 R'000
Share-based payment expenses recognised for continuing operations:		
Equity-settled share-based payment schemes		
Bidvest Incentive Scheme (BIS)	5 682	11 416
Bidcorp Share Appreciation Rights Plan (SARs)	67 659	61 577
Bidcorp Conditional Share Plan (CSP)	32 405	41 475
Cash-settled share-based payment scheme		
Nowaco Management Scheme	(4 972)	–
	100 774	114 468

11. STAFF REMUNERATION (continued)

11.1 Share-based payments (continued)

The Bidvest Incentive Scheme (BIS)

BIS participants on the unbundling of Bidcorp from The Bidvest Group Limited, who had not exercised their options at the unbundling date, exchanged each one of their Bidvest Group Limited Options for one right over one Bid Corporation Limited share and one The Bidvest Group Limited share.

The original award price was not adjusted, but on exercise of the replacement right, the original award price is deducted from the combined value of Bidcorp share and The Bidvest Group share. The vesting date and lapse dates of the replacement rights are the same as that of the original awards. Awards vest in tranches after three years (50%), four years (25%) and five years (25%) respectively. Awards not exercised within a 10-year period following the award date, lapse. The scheme has been classified as an equity-settled scheme, and therefore an equity-settled share-based payment reserve has been recognised.

BIS holders are only entitled to exercise their options if they are in the employment of the Bidcorp group in accordance with the BIS scheme rules, unless otherwise recommended by the remuneration committee.

The number and weighted average exercise prices of share awards granted to staff are:

	2020		2019	
	Number of awards	**Average price R**	Number of awards	Average price R
Beginning of the year	**959 557**	**259,14**	1 610 481	258,88
Lapsed	**(1 750)**	**301,54**	(36 750)	266,08
Exercised	**(386 251)**	**251,36**	(614 174)	258,05
End of the year	**571 556**	**264,27**	959 557	259,14
Share options outstanding at June 30 by year of grant are:				
2011	**17 800**	**135,00**	21 925	135,00
2012	**31 250**	**134,56**	57 500	143,63
2013	**48 500**	**208,91**	83 500	208,91
2014	**59 375**	**237,54**	127 750	237,54
2015	**97 631**	**252,12**	239 632	251,30
2016	**317 000**	**301,54**	429 250	301,54
	571 556	**264,27**	959 557	259,14

The awards outstanding at June 30 2020 have an exercise price in the range of R135,00 to R301,54 (2019: R135,00 to R301,54) and a weighted average contractual life of 0,4 to 5,5 years (2019: 1,4 to 6,5 years). 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 option is used as an input into this model.

Bidcorp Share Appreciation Rights Plan (SARs)

SARs Participants were granted share awards that vest in tranches after three years (50%), four years (25%) and five years (25%) respectively. The exercise price for the SAR award, is determined using the closing price of the Bid Corporation Limited share on the Johannesburg Stock Exchange, for the business day immediately preceding the award date up to a maximum discount of 10%. Awards not exercised within a seven-year period following the award date, lapse. The scheme has been classified as an equity-settled scheme, and therefore an equity-settled share-based payment reserve has been recognised. Award holders are only entitled to exercise their awards if they are in the employment of the Bidcorp group in accordance with the terms of the SARs plan rules, unless otherwise recommended by the remuneration committee.

11. STAFF REMUNERATION (continued)

11.1 Share-based payments (continued)

The number and weighted average exercise prices of share awards granted to staff are:

	2020		2019	
	Number of awards	**Average price R**	Number of awards	Average price R
Beginning of year	**3 390 814**	**250,52**	2 683 000	250,07
Granted	**–**	**–**	897 000	257,48
Exercised	**(139 750)**	**238,04**	(148 000)	238,04
Lapsed	**(49 586)**	**262,95**	(41 186)	255,18
End of year	**3 201 478**	**250,87**	3 390 814	250,52
Share awards outstanding at June 30 by year of grant are:				
2016	**608 193**	**238,04**	749 314	238,04
2017	**809 621**	**263,66**	830 000	263,42
2018	**900 640**	**241,84**	914 500	242,20
2019	**883 024**	**257,19**	897 000	257,48
	3 201 478	**250,87**	3 390 814	250,52

The awards outstanding at June 30 2020 have an exercise price in the range of R238,04 to R313,08 (2019: R238,04 to R313,08) and a weighted average contractual life of 3,0 to 6,0 years (2019: 4,0 to 7,0 years). The fair value of services received in return for shares allotted is measured based on a Black-Scholes model.

Bidcorp Conditional Share Plan (CSP)

Directors

CSP awards the director a conditional right to receive shares in Bidcorp free of any cost. Due to the unbundling, the 2016 CSP awards for directors were restructured into replacement conditional rights and each conditional right in terms of the 2016 awards was exchanged for a right over a Bid Corporation Limited share. CSP Replacement Rights are subject to revised performance conditions for the period starting July 1 2016 and ending June 30 2019.

In addition to these replacement conditional rights, executives and senior management have been awarded Bidcorp CSP share awards. The fair value of services received in return for these conditional share awards have been determined by multiplying the number of conditional share awards expected to vest, by the share price at the date of the award discounted by anticipated future distribution flows.

Due to the significant disruption over the past few months arising from the COVID pandemic resulted in the CSP awards for 2017 and 2018 carrying little, or no value. This reduction in the value of these long-term incentive awards means that Bidcorp did not have an adequate incentivisation mechanism for executive management in place. Accordingly, the remuneration committee modified the 2017 and 2018 CSP awards so that 30% of the original number of CSPs awarded to executive management were forfeited and previous performance conditions were replaced with an employment condition and a vesting period of three years (50%), four years (25%) and five years (25%) respectively.

The increase in the fair value in 2017 and 2018 CSP awards as a result of a modification was determined at the modification date (May 25 2020). The modification share-based payment cost is accounted over the period from the modification date until the vesting dates of the 2017 and 2018 CSP modified awards, which differ from the vesting dates of the original awards.

Executive directors were granted 2019 CSP awards on May 25 2020. These awards are subject to an employment condition and vesting period. The vesting period is as follows: 50% of total number of awards vest at the expiry of three years; 75% of total number of awards vest at the expiry of four years; and 100% of total number of allotted awards vest at the expiry of five years from the date of the award, unless otherwise determined by the remuneration committee. These share awards do not carry voting rights attributable to ordinary shareholders.

The average discounted share price used in the calculation of the share-based payment charge on the 2019 conditional share awards allotted during the year is R190,22 per share (2019: R212,37 per share).

11. STAFF REMUNERATION (continued)

11.1 Share-based payments (continued)

The number of conditional share awards in terms of the conditional share award scheme are:

	Balance at July 1 2019	CSP replacement rights awarded	CSP replacement rights exercised	CSP replacement rights forfeited	Closing balance June 30 2020
CSP replacement right awards					
Director					
BL Berson	45 000	–	(30 637)	(4 151)	10 212
DE Cleasby	24 500	–	(16 680)	(2 260)	5 560
B Joffe	45 000	–	(36 698)	(8 302)	–
	114 500	–	(84 015)	(14 713)	15 772
CSP awards					
Director					
BL Berson	278 000	60 900	(61 273)	(8 302)	269 325
DE Cleasby	99 000	31 500	(17 701)	(2 399)	110 400
B Joffe	36 250	–	(29 562)	(6 688)	–
	413 250	92 400	(108 536)	(17 389)	379 725

Senior management

In terms of the conditional share plan scheme, a conditional right to a Bidcorp Corporation Limited share is awarded to senior management subject to an employment condition and vesting period. The vesting period is as follows: 50% of total number of awards vest at the expiry of three years; 75% of total number of awards vest at the expiry of four years; and 100% of total number of allotted awards vest at the expiry of five years from the date of the award, unless otherwise determined by the remuneration committee. These share awards do not carry voting rights attributable to ordinary shareholders.

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

	2020 Number	2019 Number
Beginning of the year	135 000	65 000
Awarded	971 250	70 000
Forfeited	(40 500)	–
End of the year	1 065 750	135 000

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 by anticipated future distribution flows. The exercise price for conditional share awards is nil. 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 R190,22 per share. The assumptions used to determine the fair value of the conditional share awards was a distribution yield of 3,19% and risk-free interest rate (based on South African government bonds) of 5,13%. A total of 40 500 senior management conditional share awards were forfeited during the year (2019: nil).

11. STAFF REMUNERATION (continued)

11.1 Share-based payments (continued)

Nowaco Management Scheme

In 2009, The Bidvest Group Limited acquired 100% of the issued share capital of the Nowaco group (Nowaco) of companies for an enterprise value of €250 million. Nowaco includes Nowaco Czech Republic s.r.o. which focuses on the Czech Republic and Slovakia and Farutex Sp.z.o.o. which serves the Polish market. As part of the purchase agreement senior management (the "Managers") purchased shares in Nowaco on day one at a discount of 10%. The agreement stated that if the managers remain in the company's employment for a minimum of five years, they could sell these shares back to The Bidvest Group Limited. In 2014 The Bidvest Group Limited and the Czech Managers amended the purchase agreement giving all the senior managers a "new relevant period" (the period differs per Czech senior manager). In terms of the original agreement, Bidcorp held the sole right to select the method of settlement being equity or cash. Based on this sole right the Nowaco Management Scheme was treated as an equity-settled share-based scheme.

In August 2019, Bidcorp elected to settle a Czech Managers shares in cash and therefore changed the accounting treatment of the Nowaco Management Scheme from equity-settled to a cash-settled share-based scheme. The determined fair value of the Czech Management Scheme in August 2019 was £16,3 million (R282 million) and at year end due to effect of the COVID pandemic, the determined fair value was lower at £16,0 million (R343 million). The fair value was calculated using a EBITDA multiple of 10 times and forecasted trading results for Bidfood Czech Republic. The Nowaco Management Scheme share-based payment liability has been separately disclosed in trade and other payables (note 7.7).

The Czech Managers have the rights to sell the Bidfood Czech Republic s.r.o shares back to Bidcorp on or about:

- Managers 1, 2 and 3 have the right to sell 1,53% of Bidfood Czech Republic s.r.o to Bidcorp on or about August 1 2022.
- Managers 4 and 5 have the right to sell 0,34% of Bidfood Czech Republic s.r.o to Bidcorp on or about August 1 2024.

In all instances, Bidcorp has the choice to settle the Czech managers either in cash or shares.

11.2 Remuneration of directors

The remuneration paid to executive directors while in office of the company during the year ended June 30 2020 can be analysed as follows:

	Remuneration and benefits paid to directors				
	Basic remuneration R'000	Other benefits and costs R'000	Retirement/ medical benefits R'000	Cash incentives R'000	Total emoluments R'000
Director					
BL Berson	15 541	268	262	–	16 071
DE Cleasby	5 894	188	446	–	6 528
Total	21 435	456	708	–	22 599

Summary of directors' long-term incentives

	2020					2019
	Share-based payment expense R'000	Benefit arising from exercise of awards R'000	Gross benefit R'000	Previous share-based payment expense R'000	Actual long-term incentive benefit R'000	R'000
BL Berson	13 260	29 963	43 223	(17 065)	26 158	18 061
DE Cleasby	5 187	11 182	16 369	(6 384)	9 985	6 910
B Joffe	–	21 556	21 556	(12 303)	9 253	14 631
Total	18 447	62 701	81 148	(35 752)	45 396	39 602

11. STAFF REMUNERATION (continued)

11.2 Remuneration of directors (continued)

For comparative purposes the remuneration paid to the executive directors while in office of the company during the year ended June 30 2019 can be analysed as follows:

	Remuneration and benefits paid to directors				
	Basic remuneration R'000	Other benefits and costs R'000	Retirement/ medical benefits R'000	Cash incentives R'000	Total emoluments R'000
Director					
BL Berson	15 700	259	253	16 919	33 131
DE Cleasby	5 873	193	469	6 913	13 448
Total	21 573	452	722	23 832	46 579

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

	2020				2019
	Director fees R'000	Long term incentives R'000	Other services R'000	Total R'000	R'000
Non-executive director					
T Abdool-Samad	501	–	–	501	–
PC Baloyi	930	–	–	930	696
DDB Band	438	–	–	438	868
B Joffe [1]	606	9 253	–	9 859	19 343
S Koseff	3 307	–	–	3 307	2 970
DD Mokgatle	606	–	–	606	430
CJ Rosenberg	837	–	–	837	–
NG Payne	1 270	–	–	1 270	954
H Wiseman [2]	1 415	–	542	1 957	1 885
Total	9 910	9 253	542	19 705	27 146

[1] *B Joffe exercised 66 260 of his 2016 replacement conditional rights at an average price of R325,32 (2019: Long-term incentive benefits of R14,6 million arose from the exercise of 2016 replacement conditional rights).*
[2] *H Wiseman provided services by chairing the quarterly Bidcorp divisional audit and risk committee meetings.*

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.

	2020 R'000	2019 R'000
11. STAFF REMUNERATION (continued)		
11.3 Post-retirement obligations		
Post-retirement assets		
The Bidvest South Africa Pension Fund in South Africa	**(18 008)**	(20 928)
Post-retirement obligations	**67 478**	59 117
Angliss Hong Kong Food Service Limited Retirement Benefit Plan	**49 790**	43 947
Unfunded defined benefit early retirement plan	**17 688**	15 170
	49 470	38 189

The group provides retirement benefits for its permanent employees through pension funds with defined benefit and defined contribution categories and defined contribution provident funds or appropriate industry funds.

Defined benefit pension funds

All funds are defined benefit pension funds administered independently of the group and are subject to the relevant pension fund legislation. The defined benefit funds operated by the group are The Bidvest South Africa Pension Fund in South Africa and Angliss Hong Kong Food Service Limited Retirement Benefit Plan. Employer contributions to defined contribution funds are set out in note 4.2.

Unfunded defined benefit retirement plans

Distrubuzione Alimentari Convivenze SPA (Italian subsidiary) provides a retirement plan for its employees. The total number of members as of June 30 was 321 (2019: 345).

	Discount rate (%)	Salary increase (%)
Key assumptions applied in the actuarial valuations:		
2020		
The Bidvest South Africa Pension Fund in South Africa	**10,6**	**6,6**
Angliss Hong Kong Food Service Limited Retirement Benefit Plan	**0,3**	**3,0**
Unfunded defined benefit early retirement plan	**0,7**	**2,3**
2019		
The Bidvest South Africa Pension Fund in South Africa	9,3	6,6
Angliss Hong Kong Food Service Limited Retirement Benefit Plan	1,4	4,5
Unfunded defined benefit early retirement plan	0,8	2,3

A sensitivity analysis for post-retirement obligations was not performed as the carrying value is insignificant.

12. EQUITY, DISTRIBUTIONS AND GROUP INFORMATION

12.1 Capital and reserves attributable to shareholders of the company

Stated capital

	2020 R'000	2019 R'000
Issued stated capital	**5 428 016**	5 428 016
Treasury shares	**(247 824)**	(435 584)
Balance at beginning of the year	**(435 584)**	(601 908)
Shares disposed of in terms of share incentive plans	**187 760**	172 630
Shares purchased during the year	**–**	(6 306)
Reserves		
Foreign currency translation reserve	**9 609 715**	5 263 176
Hedging reserve	**(1 056)**	(1 056)
Equity-settled share-based payment reserve	**290 007**	341 798
Retained earnings	**12 593 698**	17 902 350
Total capital reserves comprise		
Amounts attributable to shareholders of the company	**27 672 556**	28 498 700
Amounts attributable to non-controlling interests	**266 030**	237 267
	27 938 586	28 735 967

Stated capital

No par value ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new no par value ordinary shares are deducted against the stated capital account.

Treasury shares

Shares in the company, held by its subsidiary, are classified as 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 treasury shares is presented as a deduction from total equity. When treasury shares are purchased the cost is debited to this separate category of equity. When treasury shares are sold the amount received for the instruments is credited to this separate category of equity.

Foreign currency translation reserve

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

Equity-settled share-based payment reserve

The equity-settled share-based payment reserve (SBP reserve) includes the fair value of the share appreciation right awards granted and conditional share awards made to executive directors and staff, which have been recognised over the vesting period at fair value with a corresponding expense recognised in the statement of profit or loss. The total share-based payment expense for the group during the year was R102,4 million (2019: R116,9 million). Our settlement practice of the share-based payment incentive plans has been through a subsidiary company (other than the employer company of the participant), which holds Bidcorp treasury shares (Bid Treasury Company).

In terms of an inter-group repayment arrangement, the employer company pays the purchase contribution to the Bid Treasury Company for the market value of the shares that were awarded to the participant exercising the award. The R487,3 million (2019: R172,6 million) utilisation during the year represents the following:

- The market value (R187,8 million) of Bidcorp shares received by participants for share awards that were exercised during the year, the credit entry for the R187,8 million (2019: R172,6 million) is recorded under treasury shares representing the Bidcorp shares that were sold to satisfy the participant share awards that were exercised.
- Cash settlement of R299,5 million for a previously classified equity-settled Nowaco Management Scheme. As a result of this cash settlement, accounting treatment of the Nowaco Management Scheme changed from a equity-settled to a cash-settled share-based scheme during the year. The Nowaco Management Scheme share-based payment liability has been separately disclosed in trade and other payables (refer note 7.7).

The transfer to retained earnings of R355,6 million (2019: R65,0 million) merely represents a transfer between equity reserves for equity-settled share awards.

12. EQUITY, DISTRIBUTIONS AND GROUP INFORMATION (continued)

12.1 Capital and reserves attributable to shareholders of the company (continued)

Stated capital

	2020 Number of shares ('000)	2019 Number of shares ('000)
Authorised		
540 000 000 ordinary shares of no par value (2019: 540 000 000 ordinary shares of no par value)		
Issued		
335 404 212 ordinary shares of no par value (2019: 335 404 212 ordinary shares of no par value)	**335 404**	335 404
Treasury shares held by Bidcorp Treasury Company	**(1 154)**	(1 721)
Balance at beginning of year	**(1 721)**	(2 291)
Shares disposed in terms of share incentive plans	**567**	593
Shares purchased during year	**–**	(23)
	334 250	333 683

16 750 000 unissued no par value ordinary shares are under the control of the directors until the next annual general meeting.

	2020 R'000	2019 R'000
12.2 Dividends paid		
2019 final dividend paid of 330.0 cents per share (2018: final dividend paid: 280,0 cents per share)	**(1 106 834)**	(939 132)
2020 interim dividend paid of 330.0 cents per share (2019: interim dividend paid: 310,0 cents per share)	**(1 106 834)**	(1 039 753)
Amounts paid per the consolidated statement of cash flows	**(2 213 668)**	(1 978 885)

12. EQUITY, DISTRIBUTIONS AND GROUP INFORMATION (continued)

12.3 Group composition

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 below:

	Principal place of business	Nature of business	Effective holdings % 2020	Effective holdings % 2019
Subsidiaries				
Al Diyafa Company for Catering Services LLC	Saudi Arabia	1	**53**	53
Angliss Beijing Food Service Limited	China	1	**70**	70
Angliss Guangzhou Food Service Co Limited	China	1	**90**	90
Angliss Hong Kong Foodservice Limited	Hong Kong	1	**100**	100
Angliss International Investment Limited	Hong Kong	1	**100**	100
Angliss Macau Food Service Limited	Macau	1	**100**	100
Angliss Shanghai Food Service Limited	China	1	**100**	100
Angliss Shenzen Food Service Limited	China	1	**100**	100
Angliss Singapore Pte Limited	Singapore	1	**100**	100
Applied Logic Systems Limited	New Zealand	1	**100**	100
Bidfood Bestfood NV	Belgium	1	**100**	100
BFS Botany Proprietary Limited	Australia	1	**100**	100
BFS Byron Bay Limited	Australia	1	**100**	100
BFS Group Limited	United Kingdom	1	**100**	100
BFS Port Macquarie Proprietary Limited	Australia	1	**100**	100
Bidcorp (UK) Limited	United Kingdom	1	**100**	100
Bidcorp Finance Limited	Isle of Man	1	**100**	100
Bidcorp Food Africa Proprietary Limited	South Africa	1	**100**	100
Bidcorp Food Property Proprietary Limited	South Africa	1	**100**	100
Bidcorp Foodservice International Limited	Isle of Man	2	**100**	100
Bidcorp Foodservice (Europe) Limited	United Kingdom	1	**100**	100
Bidcorp International Limited	Isle of Man	2	**100**	100
Bidcorp Properties International Limited	Isle of Man	2	**100**	100
Bidcorp Spain S.L.	Spain	1	**90**	90
Bidfood (NSW) Proprietary Limited	Australia	1	**100**	100
Bidfood (Victoria) Proprietary Limited	Australia	1	**100**	100
Bidfood (WA) Proprietary Limited	Australia	1	**100**	100
Bidfood Australia Limited	Australia	1	**100**	100
Bidfood Belgium B.V.	Belgium	1	**100**	100
Bidfood Czech Republic s.r.o.	Czech Republic	1	**98**	95
Bidfood De Clercq N.V.	Belgium	1	**100**	100
Bidfood Efe Dağıtım ve Pazarlama A.Ş	Turkey	1	**55**	55
Bidfood Holdings A.S.	Turkey	1	**85**	85
Bidfood Langens N.V.	Belgium	1	**100**	100
Bidfood Spain S.L.	Spain	1	**100**	100
Bidfood Limited	Botswana	1	**100**	100
Bidfood Limited	New Zealand	1	**100**	100
Bidfood Proprietary Limited	South Africa	1	**100**	100
Bidfood SA	Belgium	1	**100**	100
Bidfood Chile S.A.	Chile	1	**88**	90
Bidfood China Limited	China	1	**100**	100
Bidfood Malaysia Sdn. Bhd.	Malaysia*	1	**85**	85

12. EQUITY, DISTRIBUTIONS AND GROUP INFORMATION (continued)

12.3 Group composition (continued)

	Principal place of business	Nature of business	Effective holdings % 2020	Effective holdings % 2019
Subsidiaries (continued)				
Bid Foodservice Middle East-Jordan	Jordan	1	**42**	42
Bidfresh Limited	United Kingdom	1	**100**	100
BTW Investments Proprietary Limited	South Africa	2	**100**	100
Burleigh Marr Distributions Proprietary Limited	Australia	1	**100**	100
Campbell Brothers Limited	United Kingdom	1	**100**	100
Cárnicas Sáez, S.L.	Spain*	1	**68**	68
Cater Plus Proprietary Limited	Australia	1	**100**	100
Caterfood Holdings Limited	United Kingdom	1	**100**	100
Cimandis Limited	Jersey	1	**100**	100
Clayton Cold Store Proprietary Limited	Australia	1	**100**	100
Cold Seas Proprietary Limited	Australia	1	**100**	100
Crown Food Group Proprietary Limited	South Africa	1	**100**	100
D&D S.p.A.	Italy	1	**60**	60
Distribuidora E Importadora Irmaos Avelino Ltda	Brazil*	1	**60**	60
Distrubuzione Alimentari Convivenze SPA	Italy*	1	**60**	60
Elite Frozen Foods Limited	United Kingdom	1	**100**	-
Farutex Sp. z.o.o.	Poland	1	**91**	91
Food & Wine Sp.z o.o	Poland	1	**91**	91
Foodreporter B.V.	Netherlands	1	**100**	100
Frustock - Foodservice, S.A.	Portugal*	1	**72**	72
Goldline Distributors Proprietary Limited	Australia	1	**100**	100
Guzman Gastronomia S.L.	Spain*	1	**90**	90
Him Kee Food Distribution Co. Limited	Hong Kong	1	**100**	100
Horeca Trade LLC	United Arab Emirates	1	**70**	70
Horeca Trading LLC	Oman	1	**70**	70
Horeca United Services Co. WLL	Bahrain	1	**46**	46
Igartza, S.L	Spain*	1	**90**	90
Jilin Bidcorp Food Service Limited	China	1	**60**	60
John Lewis Foodservice Proprietary Limited	Australia	1	**100**	100
Linson Global Seafood Trading Limited	Hong Kong	1	**63**	63
Mariusso Comércio De Alimentos E Representação Ltda	Brazil*	1	**60**	48
Pastry Global Foodservice Limited	Hong Kong	1	**100**	100
PCL Transport 24/7 Limited	United Kingdom	1	**100**	100
Pier 7 Holding GmbH	Germany*	1	**90**	70
Simply Food Solutions Limited (formerly The Punjab Kitchen Limited)	United Kingdom	1	**90**	90
Quartiglia Food Service S.p.A	Italy*	1	**36**	36
R Noone & Son Limited	United Kingdom	1	**100**	100
Tekoo SPOL s.r.o	Czech Republic	1	**100**	100
UAB Bidfod Lietuva	Lithuania	1	**100**	100
United Imports & Exports Co. Proprietary Limited	Australia	1	**100**	100

** The group has put option arrangements for these entities or its holding company. In terms of the anticipated acquisition method, these entities are consolidated as 100%-held subsidiaries. (Refer note 10.5 for details).*

12. EQUITY, DISTRIBUTIONS AND GROUP INFORMATION (continued)

12.3 Group composition (continued)

	Principal place of business	Nature of business	Effective holdings % 2020	2019
Associates				
ATL Seafood Ijmuiden BV	Netherlands	1	**30**	30
ATL Vastgoed BV	Netherlands	1	**30**	30
COAR S.p.A	Italy	1	**50**	50
Griffith Crown Foods Proprietary Limited	South Africa	1	**49**	49
Farm Fresh Holding B.V.	Netherlands	1	**25**	25
Maxxam B.V.	Netherlands	1	**17**	17
Maxxam C.V.	Netherlands	1	**17**	17
Van Gelder Ridderkerk B.V.	Netherlands	1	**20**	20
Jointly-controlled entities				
Chipkins Puratos Proprietary Limited	South Africa	1	**50**	50
Distribuidora Blancaluna S.A.	Argentina	1	**38**	38

Nature of business
1. Catering supplies, food and allied products.
2. Group services, investments and property holding.

12.4 Related parties

Identification of related parties

The group has a related-party relationship with its subsidiaries and associates. Key management personnel has 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 dependants of the individual or the individual's domestic partner.

Transactions with key management personnel

Directors' remuneration in total, paid by a subsidiary, is included in note 4.2. Details pertaining to executive and non-executive directors' compensation are set out in note 11.2.

The group encourages its employees to purchase food products from group companies. These transactions are generally conducted on terms similar to those with third parties, 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.

12. EQUITY, DISTRIBUTIONS AND GROUP INFORMATION (continued)

12.4 Related parties (continued)

Transactions with related parties

	2020 R'000	2019 R'000
Outstanding advances due at year end by associates (refer note 9.1)	**34 741**	31 884
Total value of revenue received from associates	**84 837**	52 976
Amounts due by associates included in trade receivables	**33 509**	23 055
Total value of inventory purchased from associates	**1 243 133**	1 006 262
Total value of services purchased from associates	**46 284**	109 606
Amounts due to associates included in trade payables	**78 922**	117 822
Total value of revenue received from jointly-controlled entity	**22 692**	45 214
Property rental income from jointly-controlled entity	**15 432**	14 141
Total value of purchases from jointly-controlled entity	**9 754**	12 325
Amounts due by jointly-controlled entity included in trade receivables	**4 080**	–
Amounts due to jointly-controlled entity included in trade payables	**1 311**	–

Details of effective interest, investments and loans to associates are disclosed in note 9.1

12.5 Commitments and capital management

The board of directors' policy is to maintain a strong capital base so as to sustain future development of the businesses so that it can continue to provide benefits to its shareholders.

	2020 R'000	2019 R'000
Capital expenditure approved:		
Contracted for	**747 726**	1 113 122
Not contracted for	**686 007**	1 188 901
	1 433 733	2 302 023
Capital expenditure split:		
Property, plant and equipment	**1 336 171**	2 171 767
Computer software	**97 562**	130 256
	1 433 733	2 302 023

It is anticipated that capital expenditure will be financed out of existing cash resources. Due to market conditions approved capital expenditures for 2021 are to maintain the group's portfolio of assets. The 2021 approved capital expenditure is relatively similar to the depreciation and amortisation charge for 2020. Significant contracted capital expenditures relate to property, plant and equipment in the following components; Bidfood UK (R351 million), New Zealand (R139 million) and Australia (R59 million).

12.6 Contingent liabilities

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.

12.7 Subsequent events

Subsequent to year end, the group concluded a sale and leaseback transaction for a freehold property in Hong Kong. Settlement of HK$325 million (R715 million) and was received on August 18 2020. Other than the matter above, there are no other material events since or subsequent to June 30 2020.

12. EQUITY, DISTRIBUTIONS AND GROUP INFORMATION (continued)

12.8 Going concern

The board has undertaken a rigorous assessment of whether the group is a going concern in the light of current economic conditions in its various operating geographies taking into consideration available information about future risks and uncertainties.

The projections for the group have been prepared covering its future anticipated performance and available capital and liquidity for a period of 12 months from the date of approval of these financial statements including performing sensitivity analyses. These analyses include the introduction of various scenarios relating to the current COVID pandemic in our global operations as experienced since the onset on or around February/March 2020 and through the last quarter of the 2020 financial year.

The group has access to liquid funds amounting to R7,0 billion with gross debt at year end of R12,6 billion, R8,0 billion of which is short term. At June 30 the group had access to unutilised facilities of R13,0 billion (refer note 10.1).

The group's forecasts and projections of its anticipated performance, taking account of reasonably possible changes in trading performance, show that the group will be profitable and cash generative taking into account the following assumptions:

- The group operating at an average of 84% of 2020 revenues for the forecast period prior to the onset of the global COVID crisis on or around February/March 2020.
- The group generating similar gross margins to those of March and July 2020. Gross margins achieved from April 2020 to June 2020 were higher than the long-term average given the customer mix.
- Estimated reductions of fixed and variable costs across the group to accommodate the anticipated revenue levels.
- Committed capital expenditure for 2021 of R1,4 billion, which is at similar levels of depreciation incurred in 2020.
- Normalised working capital levels appropriate for the anticipated revenue levels.
- No acquisitions being factored into the forecast period, although a number may eventuate.
- A number of end-of-life freehold property sales being concluded, some of which are committed or reasonably certain of being concluded.
- No dividend being declared for 2021, although dividends may well be declared by the board.

The financial projections show that the group will operate within its current available facilities for at least 12 months from the approval date of the consolidated annual financial statements.

A downside analysis has been performed assessing the further potential negative economic impacts that a significant localised second wave COVID pandemic might have on the expected profitability of the group and how that would affect the group's ability to continue as a going concern. Assumptions in relation to this impact include the potential diminished demand for food products based on a temporary change in consumer behaviour. In preparing the downturn analysis the following key assumptions were used:

- The impact of the group operating at an average of 65% of 2020 revenue for the period from July 2019 to February 2020 prior to the onset of the global COVID crisis on or around February/March 2020.
- The group generating lower gross margins to those that have been achieved for F2020.
- Minimal reductions of fixed and variable costs across the group despite the lower anticipated revenue levels
- Estimated bad debts as a percentage of revenue assumed to be 25% higher than the base case scenario
- Only committed contracted capital expenditure for 2021 of R0,7 billion, which is at half the levels of depreciation incurred in 2020
- Current levels of working capital levels being maintained in relation to the lower anticipated revenue levels.

The above assumptions used in the downturn analyses are considered to be unlikely based on the levels of economic currently being experienced across the various group's operations. Despite the impact that the COVID pandemic has had on the group (as evidenced in the fourth quarter of 2020), the group is well positioned within each of its markets with a robust financial position and access to adequate committed and uncommitted resources, both debt and equity, should the need arise.

The group's projections and sensitivity analysis show that the group has sufficient capital, liquidity and positive future performance outlook to continue to meets its short-term obligations and as a result it is appropriate to prepare these consolidated annual financial statements on a going concern basis, even considering the potential negative impacts of the ongoing COVID pandemic as noted above.

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

13. DISCONTINUED OPERATIONS

Bidcorp's UK logistics activities (Bestfood Contract Distribution and PCL), which were classified as discontinued operations, were exited at the beginning of March 2020. The results of the discontinued operations included in the group's results is detailed below:

	2020 R'000	2019 R'000
Revenue	**17 304 237**	19 502 386
Cost of revenue	**(15 491 772)**	(16 838 559)
Gross profit	**1 812 465**	2 663 827
Operating expenses	**(1 910 279)**	(3 049 910)
Trading loss	**(97 814)**	(386 083)
Share-based payment expense	**(1 634)**	(2 414)
Acquisition costs	**(17 610)**	–
Net capital items	**(206 491)**	(470 514)
Operating loss	**(323 549)**	(859 011)
Net finance charges	**(52 547)**	(12 326)
Finance income	**61**	193
Finance charges	**(52 608)**	(12 519)
Loss before taxation	**(376 096)**	(871 337)
Taxation relief	**44 518**	139 368
Loss for the year from discontinued operations	**(331 578)**	(731 969)

13. DISCONTINUED OPERATIONS (continued)

The following adjustments to loss attributable to shareholders were taken into account in the calculation of headline loss:

	2020 R'000	2019 R'000
Loss attributable to shareholders of the company from discontinued operations	**(331 578)**	(731 969)
Loss on disposal of Bestfood and PCL	**17 580**	–
Bestfood	**19 205**	–
PCL	**2 499**	–
Taxation relief	**(4 124)**	–
Loss on disposal of property, plant and equipment and intangible assets	**156 151**	4 347
Property, plant and equipment	**184 468**	2 182
Intangible assets	**319**	3 185
Taxation relief	**(28 636)**	(1 020)
Impairments	**–**	383 907
Intangible assets	**–**	465 147
Taxation relief	**–**	(81 240)
Headline loss from discontinued operations	**(157 847)**	(343 715)
Basic loss per share (cents)	**(99,3)**	(219,6)
Diluted basic loss per share (cents)	**(99,1)**	(219,2)
Headline loss per share (cents)	**(47,3)**	(103,1)
Diluted headline loss per share (cents)	**(47,2)**	(103,0)
Effect of the discontinued operations on the statement of financial position of the group		
Assets classified as held-for-sale	**–**	2 944 460
Property, plant and equipment	**–**	323 355
Intangible assets	**–**	5 871
Deferred tax asset	**–**	6 952
Investments and loans	**–**	434
Inventories	**–**	523 457
Trade and other receivables	**–**	1 687 617
Taxation	**–**	114 368
Cash and cash equivalents	**–**	282 406
Liabilities classified as held-for-sale	**–**	3 116 633
Deferred tax liability	**–**	11 704
Long-term portion of provisions	**–**	128 056
Trade and other payables	**–**	2 976 873
Cash flows from discontinued operations		
Net operating cash flows from discontinued operations	**(280 741)**	(582 319)
Net investing cash flows from discontinued operations	**(429 486)**	(50 137)
Net financing cash flows from discontinued operations	**(230 994)**	–
Net decrease in cash and cash equivalents	**(941 221)**	(632 456)

14. ACCOUNTING STANDARDS AND INTERPRETATIONS NOT EFFECTIVE AT JUNE 30 2020

The group does not believe the adoption of the following pronouncements will have a material impact on its results, financial position or cash flows:

- Amendments to IFRS 3 *Definition of a Business* Effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period.
- Amendments to IFRS 10 and IAS 28 *Sale of Contribution of Assets* between an investor and its associate or joint venture – Deferred indefinitely.
- Amendments to IAS 1 and IAS 8 *Definition of Material.* The amendments are effective annual reporting periods beginning on or after January 1 2020.
- Amendments to the Conceptual Framework for Financial Reporting. Effective for annual periods beginning on or after January 1 2020.

Separate statement of comprehensive income

for the year ended June 30	Note	2020 R'000	2019 R'000
Revenue	1	**2 341 131**	1 998 504
Guarantee fee income		**2 750**	8 360
Share-based payment expense	16	**(102 408)**	(116 882)
Impairment of investments	2	**(217 072)**	(98 414)
Shareholder-related costs		**(31 895)**	(29 198)
Operating expenses		**(767)**	(708)
Operating profit		**1 991 739**	1 761 662
Finance income	3	**7 086**	5 424
Finance costs	4	**(2)**	–
Profit before taxation		**1 998 823**	1 767 086
Taxation	5	**(2 810)**	(2 156)
Profit for the year attributable to shareholders		**1 996 013**	1 764 930
Other comprehensive income net of taxation		**–**	–
Total comprehensive income for the year		**1 996 013**	1 764 930

Separate statement of financial position

as at June 30	Note	2020 R'000	2019 R'000
ASSETS			
Non-current assets		**7 385 166**	7 491 720
Investment in subsidiaries	6	**7 379 359**	7 486 431
Amounts owing by subsidiaries		**5 807**	5 289
Current assets		**24 380**	32 620
Taxation receivable		**–**	135
Cash and cash equivalents		**24 380**	32 485
Total assets		**7 409 546**	7 524 340
EQUITY AND LIABILITIES			
Capital and reserves			
Capital and reserves	7	**7 407 754**	7 523 002
Current liabilities		**1 792**	1 338
Unclaimed dividends		**1 786**	1 338
Taxation payable		**6**	–
Total equity and liabilities		**7 409 546**	7 524 340

Separate statement of changes in equity

for the year ended June 30	2020 R'000	2019 R'000
Equity attributable to shareholders of the company	**7 407 754**	7 523 002
Stated capital	**5 428 016**	5 428 016
Retained earnings	**1 979 738**	2 094 986
Balance at beginning of year	**2 094 986**	2 192 058
Attributable profit	**1 996 013**	1 764 930
Equity movement on share-based payment expense	**102 408**	116 882
Dividends paid	**(2 213 669)**	(1 978 884)

Separate statement of cash flows

for the year ended June 30	Note	2020 R'000	2019 R'000
Cash flows from operating activities		**102 413**	1 645
Cash utilised by operations	8	**(29 464)**	(21 109)
Finance income		**7 086**	5 424
Finance costs		**(2)**	–
Taxation paid	9	**(2 669)**	(2 290)
Dividends received		**2 341 131**	1 998 504
Dividends paid		**(2 213 669)**	(1 978 884)
Cash effects of investing activities			
Increase in investment in Bidcorp Food Africa Proprietary Limited		**(110 000)**	–
Cash effects of financing activities			
Increase in amounts owing by subsidiaries		**(518)**	(509)
Net (decrease) increase in cash and cash equivalents		**(8 105)**	1 136
Cash and cash equivalents at beginning of year		**32 485**	31 349
Cash and cash equivalents at end of year		**24 380**	32 485

Notes to the separate financial statements

for the year ended June 30

	2020 R'000	2019 R'000
1. REVENUE		
Revenue includes dividends received from subsidiaries:		
South African subsidiaries	**365 000**	352 000
Foreign subsidiaries	**1 976 131**	1 646 504
	2 341 131	1 998 504
2. IMPAIRMENT OF INVESTMENTS		
Impairment of BTW Investments Proprietary Limited	**217 072**	98 414
Impairment of Bidvest Food Mauritius	**–**	#
	217 072	98 414

Impairment amount below R1 000.

The investment in BTW Investments was impaired to its recoverable amount (R666,4 million) which was its net asset value at June 30. BTW Investments is an investment company holding listed shares in Bid Corporation Limited.

	2020 R'000	2019 R'000
3. FINANCE INCOME		
Finance income		
Interest income on bank balances	**6 567**	4 851
Interest income on subsidiary loans	**518**	509
Interest income from the South African Revenue Service	**1**	64
	7 086	5 424
4. FINANCE COSTS		
Finance income		
Interest cost charged by the South African Revenue Services	**2**	–
5. TAXATION		
Current taxation	**2 810**	2 156
Current year	**2 778**	3 581
Prior years' under (over) provision	**32**	(1 425)
Total taxation per separate statement of comprehensive income	**2 810**	2 156
Comprising		
South African taxation	**2 810**	2 156
The reconciliation of the effective tax rate with the South African company tax rate is:	**%**	%
Taxation for the year as a percentage of profit before taxation	**0,1**	0,1
Dividend income	**32,8**	31,7
Non-deductible expenses	**(4,8)**	(3,8)
Section 9D Foreign income inclusion	**(0,1)**	–
Rate of South African company taxation	**28,0**	28,0

	2020 %	2019 %	2020 R'000	2019 R'000
6. INVESTMENT IN SUBSIDIARIES				
Bidfood Limited[1]	**100**	100	**11**	11
Bidcorp International Limited[2]	**100**	100	**1 254 897**	1 254 897
Bidcorp Foodservice International Limited[2]	**100**	100	**1 440 209**	1 440 209
Crown Food Ingredients Zambia Limited[3]	**60**	60	**3 652**	3 652
Bidvest Food Malawi[4]	**60**	60	**–**	–
Bidcorp Food Africa Proprietary Limited	**100**	100	**3 163 173**	3 053 173
Bidcorp Food Property Proprietary Limited	**100**	100	**851 028**	851 028
BTW Investments Proprietary Limited	**100**	100	**666 389**	883 461
			7 379 359	7 486 431

Country of incorporation if not South Africa:
[1] Botswana
[2] Isle of Man
[3] Zambia
[4] Malawi

Investment in subsidiaries are reflected at cost less accumulated impairment losses. Refer note 2 for the impairment loss recognised during the year for BTW Investments Proprietary Limited.

On June 23 2020 the company acquired one no par value share in Bidcorp Food Africa Proprietary Limited for consideration of R110 million.

A list of indirectly held subsidiaries is available for inspection at the registered office of the company.

	2020 R'000	2019 R'000
7. CAPITAL AND RESERVES		
Stated capital	**5 428 016**	5 428 016
Reserves		
Retained earnings	**1 979 738**	2 094 986
Total capital and reserves comprise	**7 407 754**	7 523 002

	Number '000	Number '000
Stated capital		
Authorised		
540 000 000 ordinary shares of no par value (2019: 540 000 000 ordinary shares of no par value)		
Issued		
335 404 212 ordinary shares of no par value (2019: 335 404 212 ordinary shares of no par value)	**335 404**	335 404

16 750 000 unissued no par value ordinary shares are under the control of the directors until the next annual general meeting.

	2020 R'000	2019 R'000
8. CASH UTILISED BY OPERATIONS		
Operating profit	**1 991 739**	1 761 662
Impairment of investments	**217 072**	98 414
Dividends received from subsidiaries	**(2 341 131)**	(1 998 504)
Share-based payment expense	**102 408**	116 882
Working capital changes		
Increase in unclaimed dividends	**448**	437
Cash utilised by operations	**(29 464)**	(21 109)
9. TAXATION PAID		
Balance receivable at beginning of year	**135**	1
Current taxation charge	**(2 810)**	(2 156)
Balance payable (receivable) at end of year	**6**	(135)
Amounts paid	**(2 669)**	(2 290)

10. SUBSEQUENT EVENTS

No material subsequent events have arisen since June 30 2020.

11. RELATED PARTIES

The subsidiaries and associates of the group are related parties of the company. The company has loaned an amount to Crown Food Ingredients Zambia Limited (Crown Zambia). Crown Zambia is charged interest at the South African prime lending rate. All expenditure incurred by the company is borne by a subsidiary in lieu of administration fees and interest.

12. ACCOUNTING ESTIMATES AND JUDGEMENTS

CFC income (tax)

Detailed calculations are performed to determine taxation due on controlled foreign companies (CFCs) in terms of section 9D of the Income Tax Act. These calculations are based on financial data obtained directly from the CFCs.

13. GOING CONCERN

The financial statements have been prepared on a going concern basis as the directors have every reason to believe that the company has adequate resources in place to continue in operation in the foreseeable future.

14. FINANCIAL INSTRUMENTS

The credit risk on cash and cash equivalents is addressed by utilising financial institutions of good standing for investment and cash management purposes.

15. DIRECTORS' EMOLUMENTS

Disclosure on directors' emoluments has been included in note 11.2 of the notes of the consolidated financial statements.

16. ACCOUNTING POLICIES

Share-based payments

The company is a party to several group shared-based payment arrangements. As part of these arrangements, the company grants awards to employees of subsidiaries companies. These awards constitute equity instruments in the company (eg share awards over company shares). The company is the party that is obliged to settle the award if the vesting conditions are met. In accordance with IFRS 2 paragraph 43C, these transactions are treated as an equity-settled share-based payment for the company because they will be settled only in equity instruments of the company. IFRS 2 does not address the accounting for the "capital contribution" ie the debit side of the arrangement. As a result, the company has adopted a policy to recognise the share-based payment on the same basis as that of the group. The company therefore measures the awards at the grant date and recognises the grant date fair value as an expense over the vesting period in accordance with IFRS 2 requirements for equity-settled shared-based payments.

In addition to the share-based payment accounting policy, the accounting policies for the separate financial statements are the same as the consolidated financial statements, unless specifically stated otherwise.

Annexure A
Pro forma information – IFRS 16 *Leases*

The adoption of the IFRS 16 *Leases* from July 1 2019 complicates the comparison of the statement of profit and loss for the performance of F2020 and F2019. To provide comparative information in order to assess the group's performance; a pro forma condensed consolidated statement of profit and loss, pro forma summarised consolidated statement of financial position, pro forma summarised consolidated statement of cash flows and pro forma supplementary pro forma information regarding the currency effects of the translation of foreign operations on the group (the pro forma information) has been presented for the year ended June 30 2020. The pro forma financial information of the group as set out below has been prepared for illustrative purposes and reflects the group as if IFRS 16 had not been adopted on July 1 2019.

The directors of Bidcorp are responsible for compiling the pro forma financial information on the basis applicable of the criteria as detailed in paragraphs 8.14 to 8.33 of the JSE Listings Requirements and the SAICA Guide on Pro forma Financial Information, revised and issued in September 2014 (applicable criteria). The pro forma information does not constitute financial statements fairly presented in accordance with IFRS. The pro forma information has been prepared for illustrative purposes only and because of its nature may not fairly present the group's financial position, results of operations and cash flows.

An unmodified reasonable assurance report has been issued by the group's auditor, PricewaterhouseCoopers Inc, in terms of ISAE 3420 *Assurance Engagements to Report on the Compilation of the Pro Forma Information in a Prospectus*, and is available for inspection at the company's registered office.

PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Year ended June 30				
R'000	2020* Audited	IFRS 16 adjustments Reported	**Pro forma 2020 Reported**	2019 Audited	% change
Continuing operations					
Revenue	121 117 480	–	**121 117 480**	129 249 988	(6,3)
Cost of revenue	(91 921 749)	–	**(91 921 749)**	(98 418 233)	6,6
Gross profit	29 195 731	–	**29 195 731**	30 831 755	(5,3)
Operating expenses	(25 033 193)	(318 491)[1]	**(25 351 684)**	(24 165 327)	(4,9)
Trading profit	4 162 538	(318 491)	**3 844 047**	6 666 428	(42,3)
Share-based payment expense	(100 774)	–	**(100 774)**	(114 468)	
Acquisition costs	(1 968)	–	**(1 968)**	(27 686)	
Capital items	(923 687)	–	**(923 687)**	44 106	
Operating profit	3 136 109	(318 491)	**2 817 618**	6 568 380	
Net finance charges	(710 263)	369 391	**(340 872)**	(285 942)	19,2
Finance income	85 647	–	**85 647**	109 506	
Finance charges	(795 910)	369 391[2]	**(426 519)**	(395 448)	
Share of profit of associates and jointly-controlled entities	6 448	–	**6 448**	59 148	
Profit before taxation	2 432 294	50 900	**2 483 194**	6 341 586	(60,8)
Taxation	(868 614)	(11 948)	**(880 562)**	(1 472 282)	
Profit for the year from continuing operations	1 563 680	38 952	**1 602 632**	4 869 304	(67,1)
Discontinued operations					
Loss after taxation from discontinued operations	(331 578)	(3 295)	**(334 873)**	(731 969)	
Profit for the year	1 232 102	35 657	**1 267 759**	4 137 335	(69,4)
Attributable to:					
Shareholders of the company	1 216 805	35 657	**1 252 462**	4 104 169	
From continuing operations	1 548 383	38 952	**1 587 335**	4 836 138	(67,2)
From discontinued operations	(331 578)	(3 295)	**(334 873)**	(731 969)	
Non-controlling interest from continuing operations	15 297	–	**15 297**	33 166	
Continuing operations (cents)					
Headline earnings per share	741,3	11,7	**753,0**	1 443,6	(47,8)
Diluted headline earnings per share	739,7	11,7	**751,4**	1 441,2	(47,9)

* *These figures include the impact of IFRS 16* Leases.

Adjustments for IFRS 16 Leases *comprise the following:*

[1] *Reinstatement of operating lease expenses (R1.1 billion) per IAS 17 allocation to operating expenses and the reversal of IFRS 16 amortisation (R771.4 million) on right-of-use leased assets.*

[2] *Reversal of the IFRS 16 finance cost on right-of-use lease liabilities.*

PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R'000	2020* Audited	IFRS 16 adjustments Reported	**Pro forma 2020 Reported**	2019 Audited
ASSETS				
Non-current assets	42 088 766	(5 166 542)	**36 922 224**	31 294 178
Property, plant and equipment	17 618 435	–	**17 618 435**	14 025 113
Right-of-use lease assets	4 934 213	(4 934 213)[1]	**–**	–
Intangible assets	838 223	–	**838 223**	667 572
Goodwill	16 676 574	–	**16 676 574**	14 784 154
Deferred taxation asset	1 202 709	(232 329)[4]	**970 380**	944 212
Defined benefit pension surplus	18 008	–	**18 008**	20 928
Interest in associates	193 364	–	**193 364**	177 978
Investment in jointly-controlled entities	489 933	–	**489 933**	481 975
Investments and loans	117 307	–	**117 307**	192 246
Current assets	29 509 639	–	**29 509 639**	33 637 800
Inventories	10 195 539	–	**10 195 539**	9 703 879
Trade and other receivables	12 289 674	–	**12 289 674**	15 213 598
Assets classified as held-for-sale	–	–	**–**	2 944 460
Cash and cash equivalents	7 024 426	–	**7 024 426**	5 775 863
Total assets	71 598 405	(5 166 542)	**66 431 863**	64 931 978
EQUITY AND LIABILITIES				
Capital and reserves	27 938 586	999 812	**28 938 398**	28 735 967
Attributable to shareholders of the company	27 672 556	999 812[2]	**28 672 368**	28 498 700
Non-controlling interest	266 030	–	**266 030**	237 267
Non-current liabilities	16 000 901	(5 294 125)	**10 706 776**	6 524 604
Deferred taxation liability	686 554	–	**686 554**	686 849
Long-term borrowings	4 565 025	–	**4 565 025**	4 659 325
Long-term right-of-use lease liabilities	5 363 091	(5 363 091)[3]	**–**	–
Post-retirement obligations	67 478	–	**67 478**	59 117
Long-term vendors for acquisition	73 150	–	**73 150**	275 144
Long-term puttable non-controlling interest liabilities	4 632 682	–	**4 632 682**	336 620
Long-term provisions	612 921	–	**612 921**	430 462
Long-term lease liabilities	–	68 966	**68 966**	77 087
Current liabilities	27 658 918	(872 229)	**26 786 689**	29 671 407
Trade and other payables	17 602 244	–	**17 602 244**	18 698 495
Short-term provisions	632 950	–	**632 950**	313 892
Short-term vendors for acquisition	204 188	–	**204 188**	103 882
Short-term puttable non-controlling interest liabilities	55 262	–	**55 262**	1 126 128
Liabilities classified as held-for-sale	–	–	**–**	3 116 633
Taxation	246 077	–	**246 077**	470 753
Short-term right-of-use lease liabilities	872 229	(872 229)[3]	**–**	–
Short-term borrowings	8 045 968	–	**8 045 968**	5 841 624
Total equity and liabilities	71 598 405	(5 166 542)	**66 431 863**	64 931 978

* *These figures include the impact of IFRS 16* Leases.

Adjustments for IFRS 16 Leases *comprise of the following:*

[1] *Reversal of IFRS 16 right-of-use leased assets.*

[2] *Reversal of the impact of IFRS 16 adjustments to retained earnings comprising the transition date adjustment of R1,035 billion and recognition of the profit attributable to shareholders of R35,7 million under IAS 17.*

[3] *Reversal of IFRS 16 right-of-use lease liabilities.*

[4] *Reversal of the right-of-use deferred taxation.*

Annexure A
Pro forma information – IFRS 16 *Leases* continued

PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

R'000	2020* Audited	IFRS 16 adjustments Reported	**Pro forma 2020 Reported**	2019 Audited
Cash flows from operating activities	3 928 340	(951 506)	**2 976 834**	2 332 967
Operating profit	3 136 109	(318 491)[1]	**2 817 618**	6 568 380
Dividends from jointly-controlled entity	20 000	–	**20 000**	–
Acquisition costs	1 968	–	**1 968**	27 686
Depreciation and amortisation	1 534 354	–	**1 534 354**	1 330 200
Amortisation on right-of-use lease assets	771 412	(771 412)[2]	**–**	–
Nowaco share incentive scheme	(299 496)	–	**(299 496)**	–
Non-cash items	2 025 355	–	**2 025 355**	94 436
Cash generated by operations before changes in working capital	7 189 702	(1 089 903)	**6 099 799**	8 020 702
Changes in working capital	1 184 435	–	**1 184 435**	(1 439 767)
Cash generated by operations	8 374 137	(1 089 903)	**7 284 234**	6 580 935
Net finance charges paid	(597 214)	369 391[1]	**(227 823)**	(262 813)
Taxation paid	(1 354 174)	–	**(1 354 174)**	(1 423 951)
Dividends paid	(2 213 668)	–	**(2 213 668)**	(1 978 885)
Net operating cash flows from discontinued operations	(280 741)	(230 994)[1]	**(511 735)**	(582 319)
Cash effects of investment activities	(3 153 212)	–	**(3 153 212)**	(3 739 498)
Additions to property, plant and equipment	(2 724 587)	–	**(2 724 587)**	(2 957 607)
Acquisition of subsidiaries	(171 604)	–	**(171 604)**	(448 640)
Additions to intangible assets	(191 576)	–	**(191 576)**	(156 023)
Proceeds on disposal of property, plant and equipment	370 328	–	**370 328**	271 349
Proceeds on disposal of investments	72 167	–	**72 167**	33 202
Proceeds on disposal of interests in subsidiaries	34 659	–	**34 659**	–
(Payments to) receipts from associates	(8 048)	–	**(8 048)**	70 409
Proceeds on disposal of intangible assets	9 148	–	**9 148**	3
Payments made to vendors for acquisition	(58 553)	–	**(58 553)**	(297 443)
Payments made to puttable non-controlling interests	(12 828)	–	**(12 828)**	(74 428)
Investments acquired	(42 832)	–	**(42 832)**	(79 166)
Investment in jointly-controlled entity	–	–	**–**	(51 017)
Net investing cash flows from discontinued operations	(429 486)	–	**(429 486)**	(50 137)
Cash effects of financing activities	(912 235)	951 506	**39 271**	856 149
Borrowings raised	6 476 215	–	**6 476 215**	5 135 168
Borrowings repaid	(6 408 623)	–	**(6 408 623)**	(4 232 742)
Right-of-use lease liability payments from continuing operations	(720 512)	720 512[1]	**–**	–
Right-of-use lease liability payments from discontinued operations	(230 994)	230 994[1]	**–**	–
Payments to non-controlling interests	(28 321)	–	**(28 321)**	(39 971)
Treasury shares purchased during the year	–	–	**–**	(6 306)
Net decrease in cash and cash equivalents	(137 107)	–	**(137 107)**	(550 382)
Cash and cash equivalents at beginning of period	6 058 269	–	**6 058 269**	6 643 149
Exchange rate adjustment	1 103 264	–	**1 103 264**	(34 498)
Cash and cash equivalents at end of period	7 024 426	–	**7 024 426**	6 058 269

* *These figures include the impact of IFRS 16* Leases.

Adjustments for IFRS 16 Leases *comprise the following:*

[1] *Reclassification of cash flows relating to lease payments shown as finance costs in financing activities and RoU interest shown under operating activities for IFRS 16 to cash generated by operations as previously disclosed under IAS 17.*

[2] *Reversal of depreciation on right-of-use assets to operating profit.*

PRO FORMA SUPPLEMENTARY INFORMATION REGARDING THE CURRENCY EFFECTS OF THE TRANSLATION OF FOREIGN OPERATIONS ON THE GROUP

In addition to excluding the adoption IFRS 16 *Leases* on July 1 2019, the illustrative information detailed below has been prepared on the basis of applying the F2019 average rand exchange rates to the F2020 foreign subsidiary income statements and recalculating the reported income of the group for the year ended June 30 2020.

R'000	Illustrative 2020 at 2019 average exchange rates Reported	IFRS 16 adjustments translated at 2019 average rates Reported	**Pro forma 2020 Reported**	2019 Audited	% change
Continuing operations					
Revenue	114 254 759	–	**114 254 759**	129 249 988	(11,6)
Trading profit	3 967 758	(297 861)[1]	**3 669 897**	6 666 428	(44,9)
Headline earnings	2 367 758	35 884[2]	**2 403 642**	4 811 528	(50,0)
Headline earnings per share (cents)	708,8	10,7	**719,5**	1 443,6	(50,2)
Constant currency per segment from continuing operations					
Revenue					
Australasia	27 885 233	–	**27 885 233**	31 145 965	(10,5)
United Kingdom	29 263 351	–	**29 263 351**	33 327 046	(12,2)
Europe	37 718 592	–	**37 718 592**	43 663 890	(13,6)
Emerging Markets	19 387 583	–	**19 387 583**	21 113 087	(8,2)
	114 254 759	–	**114 254 759**	129 249 988	
Trading profit					
Australasia	1 851 202	(46 117)	**1 805 085**	2 147 000	(15,9)
United Kingdom	620 147	(109 378)	**510 769**	1 720 467	(70,3)
Europe	904 173	(64 508)	**839 665**	1 860 482	(54,9)
Emerging Markets	658 384	(77 163)	**581 221**	1 042 323	(44,2)
Corporate office	(66 148)	(695)	**(66 843)**	(103 844)	35,6
	3 967 758	(297 861)[1]	**3 669 897**	6 666 428	(44,9)

* *These figures include the impact of IFRS 16 Leases.*

Adjustments for IFRS 16 Leases comprise the following:

[1] *Constant currency reinstatement of operating lease expenses (R1,0 billion) per IAS 17 allocation to operating expenses and the reversal of IFRS 16 amortisation (R721,7 million) on right-of-use lease assets.*

[2] *Constant currency ZAR impact on headline earnings on the adoption of IFRS 16* Leases.

Shareholders' information

	Total shareholding	%
BENEFICIAL SHAREHOLDINGS		
Major shareholders holding 3% or more of the shares in issue		
Government Employees Pension Fund (PIC)	53 053 956	15,8
GIC Asset Management Private Limited	9 983 659	3,0
	63 037 615	18,8
INVESTMENT MANAGEMENT SHAREHOLDINGS		
Fund managers holding 3% or more of the shares in issue		
Government Employees Pension Fund (PIC)	47 672 664	14,2
J.P. Morgan Asset Management	28 874 493	8,6
GIC Asset Management Pte Ltd	19 796 312	5,9
BlackRock Inc	13 260 894	4,0
Coronation Asset Management Pty Ltd	18 331 603	5,5
The Vanguard Group Inc	12 780 680	3,8
Ninety One Plc	14 842 614	4,4
Prudential Investment Managers	13 795 300	4,1
	169 354 560	50,5
SHARES IN ISSUE		
Total number of shares in issue	335 404 212	
BTW Investments Proprietary Limited (treasury shares)	(1 154 095)	
	334 250 117	
BENEFICIAL SHAREHOLDER CATEGORIES		
Unit Trusts/ Mutual Funds	118 646 039	35,4
Pension Funds	105 145 813	31,4
Sovereign Wealth	18 902 134	5,6
Private Investor	26 513 444	7,9
Insurance Companies	13 091 559	3,9
Trading Position	5 140 482	1,5
Investment Trust	8 538 061	2,6
Exchange-Traded Fund	6 344 332	1,9
Custodians	6 165 910	1,8
Corporate Holding	2 740 865	0,8
Black Economic Empowerment	1 538 955	0,5
Hedge Fund	969 957	0,3
University	574 716	0,2
Medical Aid Scheme	475 864	0,1
Local Authority	495 171	0,2
Charity	488 529	0,2
Remainder	19 632 381	5,7
	335 404 212	100,0

	Total shareholding	%
GEOGRAPHICAL SPLIT OF BENEFICIAL SHAREHOLDERS		
Region		
South Africa	176 134 840	52,5
United States of America and Canada	74 446 708	22,2
United Kingdom	16 578 091	4,9
Rest of Europe	30 778 874	9,2
Rest of world[1]	37 465 711	11,2
	335 404 224	100,0

[1] *Represents all shareholdings except those in the above regions.*

	Number of holders	% of total shareholders	Number of shares	% of issued capital
ANALYSIS OF SHAREHOLDING				
Shareholder spread				
1 – 1 000 shares	38 068	83,8	9 908 000	3,0
1 001 – 10 000 shares	6 073	13,4	15 965 589	4,8
10 001 – 100 000 shares	977	2,2	31 474 274	9,4
100 001 – 1 000 000 shares	234	0,5	67 361 192	20,1
1 000 001 shares and above	50	0,1	210 695 157	62,7
Total	45 402	100,0	335 404 212	100,0
Shareholder type				
Non-public shareholders	13	0,03	2 703 289	0,8
Directors	7	0,02	794 779	0,2
Bidvest Pension/Retirements Funds	5	0,01	754 415	0,2
BTW Investments Proprietary Limited	1	0,00	1 154 095	0,4
Public shareholders	45 388	99,97	332 700 923	99,2
Total	45 401	100,00	335 404 212	100,0

Shareholders' diary

Financial year end		June 30
Annual general meeting		November
Reports and accounts		
Interim report for the half-year ending December 31		February
Announcement of annual results		August
Annual report		September
Distributions	**Declaration**	**Payment**
Interim distribution	February/March	March/April
Final distribution	August/September	September/October

Administration

Bid Corporation Limited
("Bidcorp" or "the group" or "the company")
Incorporated in the Republic of South Africa
Registration number: 1995/008615/06
Share code: BID
ISIN: ZAE000216537

Directors
Non-executive chairman: S Koseff
Lead independent director: NG Payne
Independent non-executive: T Abdool-Samad, PC Baloyi, DD Mokgatle, CJ Rosenberg*, H Wiseman*
Non-executive director: B Joffe
Executive directors: BL Berson* (chief executive), DE Cleasby (chief financial officer)
** Australian*

Company secretary
AK Biggs

Independent auditor
PricewaterhouseCoopers
Registration number: 1998/012055/21
Waterfall City, 4 Lisbon Lane, Jukskei View
Midrand, South Africa, 2090

Legal advisers
Baker & McKenzie
Edward Nathan Sonnenbergs

Transfer secretaries
Computershare Investor Services Proprietary Limited
Registration number: 2004/003647/07
70 Marshall Street, Johannesburg, 2001
Private Bag X9000, Saxonwold, 2132
Telephone +27 (11) 370 5000

Sponsor
The Standard Bank of South Africa Limited
30 Baker Street, Rosebank
South Africa, 2196

Bankers
Absa Bank Limited
ASB Bank Limited
Bank of China Limited
Barclays Bank Limited
BNP Paribas Fortis
Ceskoslovenská obchodni banka, a.s (CSOB)
Commonwealth Bank of Australia Limited
Fortis Bank Polska SA
Hang Seng Bank Limited
HSBC Bank plc
Internationale Nederlanden Groep (ING)
Nedbank Limited
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