Notes to the consolidated financial statements

for the year ended June 30

19. INVESTMENT IN JOINTLY CONTROLLED ENTITY

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. The interest in the venture is accounted for using the equity method of accounting. The joint venture was initially recorded at fair value and is increased or decreased by Bidcorp's share of the profit or loss of CP after April 1 2017.

	2017 R'000	2016 R'000
Balance at beginning of year	**–**	–
Recognition of CP jointly controlled entity at fair value	**387 523**	–
Share of net profit from jointly controlled entity	**6 516**	–
Balance at end of year	**394 039**	–

The CP jointly controlled entity net revenue represents 0,9%, trading profit 1,3% and total assets 0,9% of the Bidcorp group. Thus, no summarised financial information has been supplied in these financial statements.

20. INVENTORIES

	2017 R'000	2016 R'000
Raw materials	**418 009**	329 997
Work-in-progress	**8 853**	12 871
Finished goods	**7 797 489**	8 486 071
Roll cages	**37 314**	–
	8 261 665	8 828 939
Write down of inventory to net realisable value charged to the statement of profit or loss	**28 026**	22 501
Provision for stock obsolescence included in the inventories balance	**196 761**	188 349

21. TRADE AND OTHER RECEIVABLES

	2017 R'000	2016 R'000
Trade receivables	**13 161 625**	14 493 337
Impairment allowances	**(531 077)**	(548 531)
Net trade receivables	**12 630 548**	13 944 806
Forward exchange contracts asset	**1 878**	3 447
Prepayments and other receivables	**1 180 267**	1 265 912
	13 812 693	15 214 165

The majority of trade and other receivables is 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.

Refer to note 33 for further disclosure on trade receivables, impairment allowances and forward exchange contracts.