	2019 R'000	2018 R'000
7. NET OPERATING ASSETS		
7.1 Property, plant and equipment		
Freehold land and buildings	**7 555 866**	6 357 333
Cost	**8 891 544**	7 709 526
Accumulated depreciation and impairments	**(1 335 678)**	(1 352 193)
Leasehold premises	**783 753**	857 023
Cost	**1 631 851**	1 691 970
Accumulated depreciation and impairments	**(848 098)**	(834 947)
Plant and equipment	**2 075 962**	1 815 142
Cost	**5 915 386**	5 668 530
Accumulated depreciation and impairments	**(3 839 424)**	(3 853 388)
Office equipment, furniture and fittings	**720 422**	659 585
Cost	**2 296 094**	2 191 130
Accumulated depreciation and impairments	**(1 575 672)**	(1 531 545)
Vehicles	**2 144 817**	2 026 120
Cost	**4 912 778**	4 592 306
Accumulated depreciation and impairments	**(2 767 961)**	(2 566 186)
Capital work-in-progress	**744 293**	781 920
	14 025 113	12 497 123

Property, plant and equipment with an estimated carrying value of R1 146 million (2018: R1 158 million) were pledged as security for borrowings of R794 million (2018: R833 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.

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.

7. NET OPERATING ASSETS (continued)

7.1 Property, plant and equipment (continued)

Movement in property, plant and equipment

	2019 R'000	2018 R'000
Carrying value at beginning of year	**12 497 123**	10 705 190
Capital expenditure	**2 958 758**	2 328 190
Freehold land and buildings	**703 572**	283 844
Leasehold premises	**37 336**	102 103
Plant and equipment	**434 542**	287 764
Office equipment, furniture and fittings	**121 328**	125 113
Vehicles	**413 939**	491 762
Capital work-in-progress	**1 248 041**	1 037 604
Acquisition of businesses	**88 547**	301 443
Freehold land and buildings	**23 914**	48 163
Leasehold premises	**9 708**	22 033
Plant and equipment	**34 083**	49 509
Office equipment, furniture and fittings	**12 989**	35 742
Vehicles	**7 853**	69 930
Capital work-in-progress	**–**	76 066
Disposals	**(125 587)**	(140 463)
Freehold land and buildings	**(75 801)**	(108 000)
Leasehold premises	**(1 008)**	(722)
Plant and equipment	**(7 408)**	(12 141)
Office equipment, furniture and fittings	**(3 574)**	(2 662)
Vehicles	**(23 008)**	(16 651)
Capital work-in-progress	**(14 788)**	(287)
Net transfers	**–**	–
Freehold land and buildings	**604 118**	314 600
Leasehold premises	**59 618**	28 555
Plant and equipment	**235 177**	171 263
Office equipment, furniture and fittings	**101 481**	28 180
Vehicles	**268 905**	194 690
Capital work-in-progress	**(1 269 299)**	(737 288)
Transfer to assets classified as held-for-sale	**(87 981)**	(212 090)
Freehold land and buildings	**–**	(148 480)
Leasehold premises	**(63 690)**	(11 194)
Plant and equipment	**(16 673)**	(31 663)
Office equipment, furniture and fittings	**(1 776)**	(20 208)
Vehicles	**(5 347)**	(130)
Capital work-in-progress	**(495)**	(415)

	2019 R'000	2018 R'000
7. NET OPERATING ASSETS (continued)		
7.1 Property, plant and equipment (continued)		
Movement in property, plant and equipment (continued)		
Exchange rate adjustments	**(79 113)**	606 789
Freehold land and buildings	**(52 257)**	297 946
Leasehold premises	**(6 493)**	56 278
Plant and equipment	**(10 910)**	82 918
Office equipment, furniture and fittings	**(875)**	35 030
Vehicles	**(7 492)**	100 249
Capital work-in-progress	**(1 086)**	34 368
Depreciation (refer note 4.2)	**(1 198 642)**	(1 062 695)
Impairment losses (refer note 4.2 and note 13)	**(27 992)**	(29 241)
Carrying value at end of year	**14 025 113**	12 497 123
Segmental capital expenditure		
Bidfood	**2 956 353**	2 314 702
Australasia	**1 210 604**	618 117
United Kingdom	**587 614**	682 938
Europe	**813 295**	776 796
Emerging Markets	**344 840**	236 851
Corporate	**1 254**	814
Discontinued operations	**56 620**	12 674
PCL	**1 151**	4 069
Best Food Logistics (no capital expenditure is included in the movement schedule for 2019 as disclosed as a discontinued operation in 2018)	**55 469**	8 605
	3 014 227	2 328 190
Segmental depreciation		
Trading division		
Bidfood	**1 182 338**	1 023 534
Australasia	**246 536**	224 277
United Kingdom	**344 242**	286 693
Europe	**410 453**	345 522
Emerging Markets	**181 107**	167 042
Corporate	**3 794**	3 521
Discontinued operations	**12 510**	35 640
PCL	**12 510**	16 284
Best Food Logistics (no depreciation is included in the movement schedule for 2019 as disclosed as a discontinued operation in 2018)	**–**	19 356
	1 198 642	1 062 695

	2019 R'000	2018 R'000
7. NET OPERATING ASSETS (continued)		
7.2 Intangible assets		
Patents, trademarks, tradenames and other intangibles	**254 155**	562 019
Cost	**749 286**	1 106 568
Accumulated amortisation and impairments	**(495 131)**	(544 549)
Computer software	**360 821**	361 585
Cost	**1 850 279**	1 769 779
Accumulated amortisation and impairments	**(1 489 458)**	(1 408 194)
Capital work-in-progress	**52 596**	25 648
	667 572	949 252
Movement in intangible assets		
Carrying value at beginning of year	**949 252**	907 151
Additions	**156 023**	127 383
Patents, trademarks, tradenames and other intangibles	**650**	3 765
Computer software	**127 597**	115 018
Capital work-in-progress	**27 776**	8 600
Expenditure	**51 289**	35 787
Transfers to other categories	**(23 513)**	(27 187)
Acquisition of businesses	**192 682**	26 283
Patents, trademarks, tradenames and other intangibles	**192 672**	22 329
Computer software	**10**	644
Capital work-in-progress	**–**	3 310
Disposals	**(202)**	(5 820)
Patents, trademarks, tradenames and other intangibles	**–**	(5 648)
Computer software	**(202)**	(172)
Transfer to assets classified as held-for-sale		
Computer software	**(337)**	(7 437)
Exchange rate adjustments	**850**	59 739
Patents, trademarks, tradenames and other intangibles	**3 358**	41 599
Computer software	**(1 680)**	16 771
Capital work-in-progress	**(828)**	1 369
Amortisation (refer note 4.2)	**(144 203)**	(152 700)
Impairment losses (refer note 4.2 and note 13)	**(486 493)**	(5 347)
Carrying value at end of year	**667 572**	949 252
Segmental amortisation		
Bidfood	**139 373**	126 940
Australasia	**16 625**	12 530
United Kingdom	**32 094**	31 593
Europe	**85 966**	79 527
Emerging Markets	**4 688**	3 290
Corporate	**4 695**	2 331
Discontinued operations	**135**	23 429
PCL	**135**	20 353
Best Food Logistics (no amortisation is included in the movement schedule for 2019 as disclosed as a discontinued operation in 2018)	**–**	3 076
	144 203	152 700

7. NET OPERATING ASSETS (continued)

7.2 Intangible assets (continued)

Included in the "acquisition of business" line 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 group impaired the customer-related contract intangible asset relating to the transportation and warehousing of dairy products for Arla in the United Kingdom. The impairment was due to the business relationship with Arla having broken down and the operation being disclosed as a discontinued operation (refer note 13). The intangibles associated with Arla have been fully impaired at the reporting date.

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 to 10 years
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/brands 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, fashionable and relevant.

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).

	2019 R'000	2018 R'000
7.3 Inventories		
Raw materials	**479 570**	487 258
Work-in-progress	**15 222**	10 882
Finished goods	**9 106 009**	8 491 142
Roll cages	**103 078**	91 774
	9 703 879	9 081 056
Provision for stock obsolescence included in inventories	**168 099**	168 008
Provision for stock obsolescence credited to the statement of profit or loss	**(7 198)**	(37 228)

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.

	2019 R'000	2018 R'000

7. NET OPERATING ASSETS (continued)

7.4 Trade and other receivables

	2019 R'000	2018 R'000
Trade receivables	**14 566 646**	13 966 819
Impairment allowances	**(656 630)**	(576 073)
Net trade receivables	**13 910 016**	13 390 746
Forward exchange contracts asset	**3 638**	5 890
Prepayments	**671 524**	619 389
Deposits	**150 089**	153 016
Value added taxation receivable	**104 893**	141 833
Signing and listing fees	**114 409**	95 259
Other receivables	**259 029**	176 953
	15 213 598	14 583 086

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. It was noted that the group's largest exposure to a single customer group, across multiple geographies is R358 million (2018: R523 million). The group had 328 238 individual trade debtors at June 30 2019 (2018: 340 401). 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, in the various geographies have assessed the recoverability of these amounts due in their geographies and believe that the amounts due and not impaired are recoverable in full. 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 trends 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.

IFRS 9 introduced an "expected credit loss" or ECL model for the measurement of the impairment of financial assets. This 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 compared to IAS 39 because every loan and receivable "has a risk of defaulting in the future" and has an "expected" credit loss associated with it. Before the adoption of IFRS 9, as a function of the decentralised structure, each operation established an impairment allowance that represented its estimate incurred loss in respect of trade and other receivables.

The group applies the IFRS 9 simplified approach to measuring expected credit losses (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.

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.

	Gross debtor R'000	Loss rate %	Expected credit loss R'000
7. NET OPERATING ASSETS (continued)			
7.4 Trade and other receivables (continued)			
2019			
Not past due	11 367 822	0,23	25 614
Independent	5 945 782	0,18	10 663
Chain	4 068 331	0,04	1 652
Logistics	532 863	0,13	679
Retail and other	820 846	1,54	12 620
Past due 0 – 30 days	1 504 136	0,93	13 935
Independent	886 048	1,08	9 540
Chain	377 375	0,32	1 199
Logistics	18 875	1,26	237
Retail and other	221 838	1,33	2 959
Past due 31 – 180 days	1 044 322	15,83	165 285
Independent	682 165	19,24	131 219
Chain	278 358	9,18	25 546
Logistics	6 963	43,10	3 001
Retail and other	76 836	7,18	5 519
181 + days	650 366	69,47	451 796
Independent	395 296	74,72	295 367
Chain	195 436	50,69	99 066
Logistics	1 684	69,71	1 174
Retail and other	57 950	96,96	56 189
	14 566 646	4,51	656 630

	2019 R'000	2018 R'000

7. NET OPERATING ASSETS (continued)

7.4 Trade and other receivables (continued)

Movement in the impairment allowance in respect of trade receivables

	2019 R'000	2018 R'000
Balance at July 1	**576 073**	531 077
Impairment allowance adjusted on adoption of IFRS 9*	**60 447**	–
Allowances raised during the year	**265 663**	188 074
Australasia	**30 636**	30 431
United Kingdom	**33 074**	28 772
Europe	**129 867**	89 028
Emerging Markets	**72 086**	39 843
Bad debts written off during the year	**(184 360)**	(169 778)
Australasia	**(43 788)**	(20 896)
United Kingdom	**(35 548)**	(28 136)
Europe	**(93 371)**	(109 196)
Emerging Markets	**(11 653)**	(11 550)
Acquisition of businesses	**4 863**	46 277
Australasia	**–**	541
Europe	**4 468**	45 348
Emerging Markets	**395**	388
Transfer to assets classified as held-for-sale	**(1 445)**	–
Allowances reversed during the year	**(63 381)**	(51 711)
Australasia	**(436)**	–
United Kingdom	**(7 677)**	(705)
Europe	**(15 324)**	(21 409)
Emerging Markets	**(39 944)**	(29 597)
Exchange rate adjustments	**(1 230)**	32 134
Balance at June 30	**656 630**	576 073

* *IFRS 9* Financial Instruments *transitional application*

The group's impairment allowance of trade receivables using the incurred loss method under IAS 39 for the year ended June 30 2018 was R576,1 million. The ECLs at this date under IFRS 9 were calculated to be R636,5 million. An additional R60,4 million ECLs was recorded as a reduction to retained earnings at July 1 2019 according to the modified retrospective approach.

	2018 R'000
The total impact on net trade receivables at July 1 2018:	
Trade receivables at July 1 2018	13 966 819
Impairment allowance under IAS 39	(576 073)
Impairment allowance adjusted on adoption of IFRS 9*	(60 447)
Net trade receivables at July 1 2018	13 330 299

* *In line with the group's assessment of the adoption of IFRS 9, the group reported that there was no significant impact from the adoption of IFRS 9. Therefore, no transitional adjustments were processed to retained earnings in the interim consolidation financial statements.*

7. NET OPERATING ASSETS (continued)

7.4 Trade and other receivables (continued)

Ageing of trade receivables at June 30

	2019				2018		
	Loss rate %	Gross trade receivables R'000	Expected credit loss R'000	Net trade receivables R'000	Gross trade receivables R'000	Impairment allowance R'000	Net trade receivables R'000
Not past due	0,23	11 367 822	(25 614)	11 342 208	11 233 937	(30 104)	11 203 833
Australasia	0,49	2 074 210	(10 112)	2 064 098	2 069 160	(13 025)	2 056 135
United Kingdom	0,07	3 066 239	(2 115)	3 064 124	3 119 592	(1 853)	3 117 739
Europe	0,29	4 168 004	(12 256)	4 155 748	4 102 311	(15 222)	4 087 089
Emerging Markets	0,05	2 059 369	(1 131)	2 058 238	1 942 874	(4)	1 942 870
Past due 0 – 30 days	0,93	1 504 136	(13 935)	1 490 201	1 448 983	(12 276)	1 436 707
Australasia	3,79	216 168	(8 199)	207 969	205 311	(7 630)	197 681
United Kingdom	0,93	131 268	(1 225)	130 043	86 828	–	86 828
Europe	0,44	617 839	(2 728)	615 111	675 365	(3 812)	671 553
Emerging Markets	0,33	538 861	(1 783)	537 078	481 479	(834)	480 645
31 – 180 days	15,83	1 044 322	(165 285)	879 037	837 153	(151 363)	685 790
Australasia	23,33	106 798	(24 921)	81 877	58 176	(27 053)	31 123
United Kingdom	11,57	173 004	(20 008)	152 996	71 189	(31 263)	39 926
Europe	23,31	355 743	(82 933)	272 810	383 908	(49 844)	334 064
Emerging Markets	9,15	408 777	(37 423)	371 354	323 880	(43 203)	280 677
181 + days	69,47	650 366	(451 796)	198 570	446 746	(382 330)	64 416
Australasia	96,10	18 269	(17 557)	712	36 509	(30 464)	6 045
United Kingdom	63,26	26 732	(16 911)	9 821	30 489	(15 763)	14 726
Europe	68,77	505 102	(347 348)	157 754	326 488	(289 901)	36 587
Emerging Markets	69,80	100 263	(69 980)	30 283	53 260	(46 202)	7 058
Total	4,51	14 566 646	(656 630)	13 910 016	13 966 819	(576 073)	13 390 746

7. NET OPERATING ASSETS (continued)

7.4 Trade and other receivables (continued)

	2019 Fair value of collateral held R'000	2019 Trade receivables net of impairment allowance R'000	2018 Fair value of collateral held R'000	2018 Trade receivables net of impairment allowance R'000
Collateral held on past due amounts				
Cover by credit insurance				
Australasia	**171 283**	**168 075**	104 836	104 836
United Kingdom	**189 593**	**189 593**	49 638	49 638
Europe	**358 180**	**358 180**	257 476	257 476
Emerging Markets	**111 755**	**121 355**	128 842	128 842
Total	**830 811**	**837 203**	540 792	540 792

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.

7.5 Operating leases

	2019 R'000	2018 R'000
Operating lease liabilities	**83 579**	145 082
Less short-term portion included in trade and other payables	**(6 492)**	(27 981)
Long-term portion	**77 087**	117 101
Operating lease commitments		
Land and buildings	**4 636 033**	5 842 637
Due in one year	**714 660**	825 190
Due after one year but within five years	**2 285 775**	2 653 023
Due after five years	**1 635 598**	2 364 424
Equipment and vehicles	**757 164**	1 087 001
Due in one year	**233 175**	347 505
Due after one year but within five years	**510 762**	668 228
Due after five years	**13 227**	71 268
	5 393 197	6 929 638
Less amounts raised in trade and other payables	**(83 579)**	(145 082)
	5 309 618	6 784 556

7. NET OPERATING ASSETS (continued)

7.5 Operating leases (continued)

Leases which have fixed determinable escalations are charged to the statement of profit or loss on a straight-line basis and liabilities are raised for the difference between the actual lease expense and the charge recognised in the statement of profit or loss.

The liabilities are classified based on the timing of the reversal which will occur when the actual cash flow exceeds the statement of profit or loss amounts.

Leases that transfer substantially all the risks and rewards of ownership of the underlying asset to the group are classified as finance leases. Assets acquired in terms of finance leases are capitalised at the lower of fair value and the present value of the minimum lease payments at inception of the lease, and depreciated over the estimated useful life of the asset. The capital element of future obligations under the leases is included as a liability in the statement of financial position. Lease payments are allocated using the effective interest method to determine the lease finance cost, which is charged against income over the lease period, and the capital repayment, which reduces the liability to the lessor. Leases where the lessor retains the risks and rewards of ownership of the underlying asset are classified as operating leases. Operating leases, which have a fixed determinable escalation, are charged against income on a straight-line basis. Leases with contingent escalations are expensed as and when incurred.

With effect from July 1 2019 the group will adopt IFRS 16 *Leases* (IFRS 16). IFRS 16 replaces IAS 17 *Leases* which requires that all operating leases, other than short-term and low-value leases, be recorded on the statement of financial position in a similar manner to finance leases under IAS 17. As a result approximately 1 835 operating leases of the group's lease portfolio will, from July 1 2019, be brought onto the statement of financial position. Refer to note 14 for further details.

7.6 Trade and other payables

	2019 R'000	2018 R'000
Trade payables	**15 294 945**	15 573 094
Forward exchange contracts liability	**9 851**	10
Salary and wage related creditors	**2 065 134**	1 996 534
Value added taxation liability	**151 933**	194 731
Other payables and accrued expenses	**1 176 632**	1 104 242
	18 698 495	18 868 611
Trade payables by segment		
Trade payables		
Bidfood	**15 267 964**	15 552 332
Australasia	**3 093 833**	3 092 063
United Kingdom	**4 032 748**	4 672 818
Europe	**6 222 815**	6 021 602
Emerging markets	**1 918 568**	1 765 849
Corporate	**26 981**	20 762
	15 294 945	15 573 094

Trade payables and accruals mainly consist 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 2019 was R10,0 million (2018: R0,7 million).

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

	2019 R'000	2018 R'000

7. NET OPERATING ASSETS (continued)

7.7 Provisions

	2019 R'000	2018 R'000
Long-term portion	**430 462**	534 655
Short-term portion	**313 892**	243 397
	744 354	778 052

	Onerous contracts R'000	Dismantling and site restoration R'000	Customer loyalty programme R'000	Other R'000	Total R'000
Balance at July 1 2017	37 460	437 136	122 093	141 048	737 737
Created	443	67 746	33 262	69 731	171 182
Utilised	(1 872)	(62 950)	(27 453)	(90 890)	(183 165)
On acquisition of businesses	502	6 462	–	29 311	36 275
Exchange rate adjustments	2 930	21 175	2 769	10 795	37 669
Transfer to liabilities classified as held-for-sale	–	(30 013)	–	–	(30 013)
Effect of discounting	1 098	7 269	–	–	8 367
Balance at June 30 2018	40 561	446 825	130 671	159 995	778 052
Created	**1 958**	**59 412**	**58 207**	**81 175**	**200 752**
Utilised	**(25 745)**	**(64 634)**	**(62 202)**	**(57 754)**	**(210 335)**
On acquisition of businesses	**–**	**–**	**–**	**8 617**	**8 617**
Exchange rate adjustments	**332**	**(6 686)**	**(3 434)**	**(198)**	**(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**	**191 835**	**744 354**

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 the current 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.

Other

Consists of provision for restructuring and various other individually insignificant 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 announced publicly. Future operating costs are not provided for.

7.8 Continuing segmental assets and liabilities

Segment operating assets and liabilities include property, plant and equipment, intangible assets, investments and loans, inventories, trade and other receivables, trade and other payables, provisions, operating lease liabilities, but exclude cash, borrowings, current taxation, post-retirement obligations and defined benefit pension assets and deferred taxation.

	2019 R'000	2018 R'000
Continuing segmental operating assets		
Trading division		
Bidfood	**39 514 425**	36 980 378
Australasia	**8 902 038**	7 816 095
United Kingdom	**9 289 118**	9 310 496
Europe	**13 515 711**	12 782 632
Emerging Markets	**7 807 558**	7 071 155
Corporate	**287 983**	278 884
	39 802 408	37 259 262
Continuing segmental operating liabilities		
Trading division		
Bidfood	**19 392 773**	19 665 093
Australasia	**4 476 748**	4 353 549
United Kingdom	**4 715 800**	5 600 002
Europe	**7 494 583**	7 291 209
Emerging Markets	**2 705 642**	2 420 333
Corporate	**127 163**	98 671
	19 519 936	19 763 764