Consolidated annual financial statements

2021

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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 (JSE) Listing Requirements, 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 accept responsibility for the preparation, integrity and fair presentation of the consolidated and separate financial statements and are satisfied that the systems and internal financial controls implemented by management are effective, including controls over the security over the group and company website and electronic distribution of annual reports and other financial information.

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 auditing firm PricewaterhouseCoopers Inc., who have been given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board of directors and committees of the board, has audited the consolidated and separate financial statements. The directors believe that all representations made to the independent auditors during their audit were valid and appropriate. The independent auditor is 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 2021, were approved by the board of directors and are signed by:

Stephen Koseff
Authorised director
Chairman

Bernard Larry Berson
Authorised director
Chief executive officer

David Edward Cleasby
Authorised director
Chief financial officer

September 29 2021

Preparer of financial statements

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

Chief executive officer and chief financial officer's internal financial control responsibility statement

In line with paragraph 3.84(k) of the JSE Limited (JSE) Listings Requirements, the chief executive officer (CEO) and chief financial officer (CFO) hereby confirm that:

- the annual financial statements set out on pages 28 to 111, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
- no facts have been omitted, or untrue statements made that would make the annual financial statements false or misleading;
- internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the annual financial statements of the issuer;
- the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code; and
- where we are not satisfied, we have disclosed to the audit and risk committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls as well as any fraud that involves directors, and have taken the necessary remedial action.

In respect of the Miumi fraud, please refer to the audit and risk committee report and note 3.3 for further details. No fraudulent activities involving directors were detected.

Bernard Larry Berson
Authorised director
Chief executive officer

David Edward Cleasby
Authorised director
Chief financial officer

September 29 2021

Declaration by company secretary

In my capacity as company secretary representative, 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 representative

September 29 2021

Directors' report

The directors have pleasure in presenting their report for the year ended June 30 2021.

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 positioned 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 2021 and the results of their operations and cash flows for the year then ended.

The directors are satisfied that the group and company 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 2021 the total issued ordinary no par value shares was 335 404 212.

Results of operations

COVID-19 (COVID) has had a continued impact on the results for the year ended June 30 2021. The results of operations are dealt with in the consolidated statement of profit or loss, segmental analysis, and commentary.

Acquisitions and disposals

Acquisition opportunities were limited due to COVID travel restrictions and management's focus on underperforming businesses. As a consequence, five relatively small bolt-on acquisitions were concluded. These bolt-on acquisitions were as follows:

- Craven Foods, a regional food distributor based in Bunbury, Western Australia, on May 31 2021;
- COAR S.p.A, a food distributor situated near Milan, Italy. The group purchased the remaining 50% shareholding it didn't own on March 31 2021;
- Wet Fish Trading LLC, a specialist seafood distributor in Dubai, United Arab Emirates, on July 1 2020;
- Leão Marinho located in São Sebastião, Brazil distributing food and beverages in the region, on February 17 2021; and
- Fein Feinkost GmbH & Co. KG, a small retail bakery supplier located close to Ingolstadt, Germany, on April 1 2021.

These bolt-on acquisitions contributed R206,3 million of revenue and R16,2 million of trading loss for the year ended June 30 2021.

Prior period restatement

In late June 2021, our internal surveillance and control processes uncovered a significant and sophisticated fraud that was being perpetuated in the Miumi division of our Greater China business. This was carried out by our 10% minority shareholder in Miumi, who was also the general manager of that business, certain employees within Miumi, as well as third-party service providers. All employees involved have had their employment terminated. Ernst & Young (China) Limited was appointed in early July 2021 to conduct a comprehensive forensic investigation into this fraud, at the time of finalising the group annual financial statements the forensic investigation is not yet complete. It is apparent that this fraud has been going on since about 2016 and has involved the manipulation of accounts receivables and prepayments, the misappropriation of inventories and unrecorded liabilities, the result of which these balances have been progressively misstated over the past six years.

Miumi operates on a relatively standalone basis specialising in the global procurement of Japanese-style product (mainly seafood, meat, poultry, and dairy) for distribution into Hong Kong and China, through both the direct HORECA market, as well as through other wholesalers, particularly in China. It was in this wholesaling component that the fraud occurred. New management has been put into Miumi, the business has been significantly scaled back and all wholesaler activities have ceased. Management believes based on its own investigations, the forensic work conducted to date and on the work performed by our external auditors, PricewaterhouseCoopers Inc., that this fraud relates only to Miumi, and that the balance of our Greater China business is not impacted and continues to trade profitably and ahead of our expectations, although COVID challenges are rapidly reappearing in that market, which may lead to government restrictions.

Notwithstanding that the forensic investigation is not yet complete, the group has taken the prudent view by reversing the full overstated accounts receivables, prepayments, and inventory involved and providing for unrecorded liabilities. We do, however, remain confident of some future recoveries from insurance companies, the perpetrators and other third parties who were involved, none of which has been accounted for. The quantum of the impairments effected as a result of this six-year fraud are HK$253 million (R471 million) in respect of receivables and prepayments, HK$102 million (R190 million) in respect of inventory, and HK$18 million (R33 million) in respect of unrecorded liabilities, which have been adjusted for the prior period error and impacts of this fraud on the consolidated annual financial statements in note 3.3. The tax deductibility of these amounts is uncertain so no provision for any tax relief has been accounted for.

Subsequent events

Subsequent to year end, South Africa was impacted by civil unrest (looting) in KwaZulu-Natal and Gauteng. Our owned facility in Cornubia, KwaZulu-Natal and Crown Food Group's factory mart sites in Springfield, KZN and Soweto were looted. Current estimates of the total direct loss of assets (including inventory, property and vehicles) is approximately R73 million. A loss of profits claim will be formalised but is not expected to be significant. Losses as a result of the looting will be claimed against Sasria (a South African government-backed insurance programme). As the looting occurred post June 30 2021, no adjusting entries have been processed in the financial statements of the Bidcorp group. On September 22 2021 the group signed a facility agreement with a syndicate of banks giving the group access to a revolving credit facility of €300 million (R5,1 billion) for three years, with options to extend to five years. Other than these matters, there are no other material events since or subsequent to June 30 2021.

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 25 2020	November 16 2020	November 23 2020	February 22 2021	May 26 2021	August 8 2021	August 24 2021	September 28 2021
Chairman									
S Koseff	August 16 2017	^	^	^	^	^	^	^	^
Independent non-executive directors									
T Abdool-Samad	September 16 2019	^	^	^	^	^	^	^	^
PC Baloyi	March 10 2016	^	^	^	^	^	A	^	^
B Joffe	August 17 1995	^	^	^	^	^	^	^	^
DD Mokgatle[1]	October 4 2016	^	^	^	–	–	–	–	–
KR Moloko[2]	July 5 2021	–	–	–	–	–	^	^	^
NG Payne	March 10 2016	^	^	^	^	^	^	^	^
CJ Rosenberg	September 16 2019	^	^	^	^	^	^	^	^
H Wiseman	March 10 2016	^	^	^	^	^	^	^	^
Executive directors									
BL Berson	March 10 2016	^	^	^	A	^	^	^	^
DE Cleasby	September 12 2007	^	^	^	^	^	^	^	^

^ *Attended in person, by video conference, or teleconference.*

[1] *DD Mokgatle sadly passed away on January 9 2021.*

[2] *KR Moloko was appointed to the board on July 5 2021.*

A *Apologies given.*

Dividends

In line with the group dividend policy, the directors declared a final cash dividend of 400,0 cents (320,0 cents net of dividend withholding tax, where applicable) per ordinary share to those members registered on the record date, being October 22 2021. The dividend was declared from income reserves.

For 2020 financial year, the group declared a total dividend for the year of 330,0 cents per share which represented 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' report continued

Directors' shareholdings

Beneficial

The individual beneficial interests declared by directors in the company's stated capital at June 30 2021 held directly or indirectly were:

	2021 Number of shares		2020 Number of shares	
	Direct	Indirect	Direct	Indirect
Director				
BL Berson	8	286 348	8	224 211
DE Cleasby	160 104	–	147 064	–
S Koseff	1 168	–	1 168	–
Total	161 280	286 348	148 240	224 211

Non-beneficial

In addition to the aforementioned holdings:

- B Joffe is a trustee and potential beneficiary of a discretionary trust holding 361 278 (2020: 421 278) shares.
- DE Cleasby is a potential beneficiary of a family trust holding 1 050 (2020: 1 050) shares.
- DE Cleasby is a trustee of The Bidvest Group Limited retirement funds which holds 777 072 (2020: 754 415) 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 2021 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	18 620	299	287	–	19 206
DE Cleasby	6 586	191	438	–	7 215
Total	25 206	490	725	–	26 421

Executive director remuneration and benefits, where paid in foreign currency, are translated into rand at average foreign exchange rates. For the 2021 financial year, no remuneration increases were awarded for the executive directors as a result of the negative impact COVID has had on the group's performance. The 2021 rand increase in the remuneration and benefits paid to directors is reflective of the 30% reduction in remuneration taken in the fourth financial quarter of 2020 and the average rand exchange rates weakening against sterling and the Australian dollar. Refer note 10.1 (d) for the movements in the average foreign exchange rates.

Summary of director's long-term incentives

	2021					2020
	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	18 503	16 030	34 533	(15 186)	19 347	26 158
DE Cleasby	8 087	7 282	15 369	(5 805)	9 564	9 985
Total	26 590	23 312	49 902	(20 991)	28 911	36 143

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 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

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

	2021			
	Director fees R'000	**Other services R'000**	**Total R'000**	2020 R'000
Non-executive director				
T Abdool-Samad	**800**	**–**	**800**	501
PC Baloyi	**1 050**	**–**	**1 050**	930
B Joffe[1]	**655**	**–**	**655**	9 859
S Koseff	**3 575**	**–**	**3 575**	3 307
DD Mokgatle	**344**	**–**	**344**	606
CJ Rosenberg	**1 260**	**–**	**1 260**	837
NG Payne	**1 505**	**–**	**1 505**	1 270
H Wiseman[2]	**1 495**	**585**	**2 080**	1 957
Total	**10 684**	**585**	**11 269**	19 266

[1] *During the 2020 financial year, B Joffe exercised 66 260 of his 2016 replacement conditional rights at an average price of R325,32, with a gross LTI benefit of R9,3 million.*
[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' report continued

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, the company secretarial function of the group was restructured with a change in the registered company secretary to Bidcorp Corporate Services Proprietary Limited (Bidcorp Corporate Services), represented by Ms Ashley Kim Biggs. Effective January 1 2021, Bidcorp Corporate Services assumed the function of the registered company secretary.

In compliance with paragraph 3.84(i) and (j) of the JSE Listings Requirements, the board evaluated Ms AK Biggs, in her role as representative of the appointed juristic company secretary Bidcorp Corporate Services, and is satisfied that she is competent, suitably qualified, and experienced. Furthermore, since Ms Biggs 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 Ms Biggs 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 KR Moloko was appointed to the board as an independent non-executive director on July 5 2021. The board welcomes Mrs Moloko as the new independent non-executive director.

Mr B Joffe completed the three (3) year "cooling off" period, and is now considered an independent non-executive director of the board.

Mrs DD Mokgatle, independent non-executive director of the board, sadly passed away on January 9 2021. The board expresses its deepest condolences to Mrs Mokgatle's family, friends and colleagues.

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 2021, 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, most recently reviewed, and approved at the board meeting held on May 26 2021.

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 overall governance and oversight role provided to the group.

Membership

The committee members for the financial year ended June 30 2021 have been appointed by shareholders' resolution passed at the annual general meeting held on November 26 2020; and is made up of a minimum of four (4) independent non-executive directors. 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 2022 financial year at the annual general meeting scheduled for Thursday, November 18 2021.

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 (DARCs). 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 business within the group presents at the respective geographically defined quarterly DARC, which are also attended by Corporate and internal audit representatives, as well as the external auditors. All committee members are invited to attend all of the DARC 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 six occasions during the period under review, with key members of management attending these meeting by invitation.

Director	August 20 2020	November 12 2020	February 18 2021	May 12 2021	August 19 2021	September 27 2021
H Wiseman (chairman)	^	^	^	^	^	^
T Abdool-Samad	^	^	^	^	^	^
PC Baloyi	^	^	^	^	^	^
NG Payne	^	^	^	^	^	^

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

At the year-end meetings of the committee, closed sessions are provided for committee members to engage independently with internal audit, external audit, and management.

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 reviewing accounting for property sale and leaseback transactions and the valuation of put option liabilities; assessing the carrying value of property, goodwill, intangibles, and investments; assessing the recoverability of trade receivables, valuation of inventory, customer, and supplier rebates, as well as other matters requiring significant judgement.

The committee spent considerable time investigating and evaluating the fraud uncovered in the Miumi division of Angliss Greater China in late June 2021. This matter and the committee's work in relation thereto is separately discussed in paragraph E.

The committee assessed risks associated with management override of controls; the ability of the group to continue as a going concern, review of related party transactions, the overall presentation of the financial information to shareholders review of the application of JSE proactive monitoring, and other pronouncements to group reporting; and review of the annual integrated report. The committee reviewed the 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 the appropriateness of recognition of government grants in respect of staff job retention schemes in various geographies;
- considered 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, subject to the matters discussed in paragraph E below relating to the fraud in the Miumi Division of Angliss Greater China, no material control weakness exists.

External audit

The committee:

- recommended the appointment of PricewaterhouseCoopers Inc (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 2021, 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
- noted and considered the basis of the qualification and key audit matters set out in the independent auditor's report. The qualification is in respect of the impact of fraud in the Miumi division of the Greater China business that was identified in late June 2021 and for which forensic investigations are ongoing. The committee's response to the qualification and key audit matters is contained in Paragraph E below

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. Ongoing COVID lockdowns around the world meant that most of the divisional internal audit teams were required to adjust their plans and approaches to the internal audit work on a continuous basis to take account of emerging risks and travel restrictions eg conducting remote audits, use of data analytics, and other tools. Changes were overseen by the DARCs and communicated to the committee. The committee was satisfied with the overall adequacy of internal audit coverage during the year;
- considered the reports of the internal auditors on the group's systems of internal control including financial 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;
- reviewed incidences of fraud where they have arisen including investigating causes, assessing weaknesses in internal controls, monitoring, and assessing the effectiveness of remediation actions;
- assessed the adequacy of the performance of the internal audit function and found it satisfactory;
- reviewed and considered the approach adopted by executive management to assess the state of the financial control environment, obtaining a body of evidence to support their signed positive attestation to the JSE confirming the robustness of the financial control environment;
- concluded the opinion recommended to the board at year end that with the exception of the fraud that occurred in the Miumi division of Angliss Greater China discussed in paragraph E below, 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 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 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 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;
- assessed the group's approach to managing and mitigating information technology risks including cybersecurity, data protection, business continuity, and disaster recovery across the decentralised businesses that are responsible for managing their own independent IT environments;
- 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 2021, 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.

Audit and risk committee report continued

Comments on key audit matters, addressed by PwC in its external auditor's report

The committee is satisfied with the conduct, quality and independence of PwC in carrying out its external audit of the Bidcorp annual financial statements for the year ended June 30 2021.

In order to provide stakeholders with further insights into its activities and considerations around key audit matters as reported by the external auditors, the committee wishes to elaborate as follows:

Key audit matter – 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, average revenue growth 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 annual financial statements (refer to note 8.3).

Key audit matter – property sale and leaseback transactions

As disclosed in notes 4.2, 7.3, and 10.4 of the consolidated financial statements, the group entered into four property sale and leaseback transactions during the year in Hong Kong and Australia generating net proceeds after commission and legal expenses of R1,6 billion, and total capital profits on disposal of R740,5 million. The properties have been leased back for different lease terms of between three and eight years, and a lease liability of R479,4 million was recognised in respect of these transactions. The committee considered the determination of the fair value of the sales proceeds and the lease rentals, the appropriateness of accounting for capital profit on disposal, the recognition of the lease liability, and the calculation of the right-of-use asset in respect of the retained lessee rights. The committee was satisfied with the accounting treatment of the property sale and leaseback transactions and related disclosures in the consolidated financial statements.

Key audit matter – impact of fraud in the Miumi division of Angliss Greater China

In late June 2021, our internal surveillance and control processes uncovered a significant and sophisticated fraud that was being perpetuated in the Miumi division of the Angliss Greater China business. The fraud was carried out by the 10% minority shareholder in Miumi, who was also the general manager of that business, acting in collusion with a number of employees within Miumi and certain third-party service providers.

Ernst & Young (China) Limited (EY) was appointed in early July 2021 to conduct an external forensic investigation into this fraud in addition to the internal investigations being performed by management and internal audit. These investigations, which are still ongoing, have uncovered manipulation of trade receivables, prepayments, the misappropriation of inventories, and unrecorded liabilities in the wholesale division of Miumi which occurred over a six-year period.

The 2020 financial statements and the consolidated statement of financial position as at July 1 2019 have been restated to correct the prior period errors in relation to the identified fraud. The cumulative effects of the restatement on total equity at June 30 2020 is R696,8 million (2,5% of the reported balance at June 30 2020). The total loss attributable to 2021 financial year is R121 million, based on best available estimates. After recording the impact of the losses attributable to the Miumi fraud, the Miumi contribution of the 2021 consolidated financial statement items is:

- Revenue: R282 million (0,25% of consolidated revenue).
- Cost of revenue: R237 million (0,27% of consolidated cost of revenue).
- Inventories: R33 million (0,33% of consolidated inventories).
- Trade and other receivables: R78 million (0,58% of consolidated trade and other receivables).
- Trade and other payables: R68 million (0,33% of consolidated trade and other payables).

Further details of the fraud and the impact on the annual financial statements are disclosed in note 3.3 on page 40.

The committee has monitored the ongoing internal and EY investigations into the nature of the fraud and reviewed the detailed findings. The committee interrogated the evidence collated to assess whether the fraud has been contained to the Miumi division and has not impacted the remainder of the Angliss Greater China operations; and to assess the reasonableness of management estimates of the apportionment of the prior period error. The bases for arriving at these conclusions are detailed in note 3.3 on page 40 of the annual financial statements.

The committee regularly liaised with the external auditors, PwC, who, as part of their audit work, reviewed and challenged the issues identified, as well as the containment, quantification, and disclosure of the fraud in the 2021 annual financial statements and restatement of the prior year comparatives.

The committee interrogated the causes of the internal control failures and actions being taken by management to improve the Angliss Greater China control environment. Miumi is a relative stand-alone operation within Angliss Greater China. The fraud was able to be perpetrated as a result of Miumi management and third parties colluding to override the internal controls in place including extensive falsification of documents, failure to disclose related party transactions, and misrepresentations by Miumi management in response to Bidcorp codes of conduct and established governance policies and procedures. New management has been put into Miumi, the business has been significantly scaled back, and all wholesaler activities have ceased.

Management have reviewed all key controls across the Angliss Greater China businesses and have concluded that the controls over key processes are effective. The control weaknesses identified in the Miumi division and remediation plans have been put in place to prevent a future recurrence. Implementation of these remediation plans will be closely supervised by the committee.

The committee was satisfied that based on the Miumi fraud investigations to date, there are no reportable irregularities.

Recognising the decentralised nature of Bidcorp's operations and the benefits thereof, through the quarterly DARC process, the committee regularly assesses the risk of fraud and receives reports of smaller frauds that occur from time to time. As the group recovers from the COVID pandemic, the committee will oversee an additional group-wide fraud risk assessment in F2022 and receive regular updates regarding progress of the Miumi fraud investigations, police reporting, and avenues for recovery of losses incurred.

The committee will also perform a comprehensive debrief review into the various factors that failed to prevent and detect the Miumi fraud over the six-year period that it was perpetrated. The scope of the review will include failings in management and governance oversight, internal control failures and their remediation; a review of the internal audit function, and a review of the conduct of prior year external audits. Based on the findings, the committee will make recommendations to management and the board and will report thereon in the audit and risk committee report included in the annual financial statements for the year ended June 30 2022.

Conclusion

Following the review by the committee for the year ended June 30 2021, 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 2021 for approval to the board.

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

Helen Wiseman

Helen Wiseman
Chairman

September 29 2021

Acquisitions committee report

This is the report of the Bidcorp acquisitions committee (committee) appointed for the financial year ended June 30 2021 in compliance with principles of good governance and in terms of the JSE Listings Requirements.

The committee has a board-approved charter that is annually reviewed and adopted, most recently approved at the board meeting held on May 26 2021. The charter complies with the 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.

During the year, the acquisitions committee reviewed the members of the committee and confirmed that no changes were required to the committee at this time. The committee members therefore remain unchanged, comprising Messrs PC Baloyi (chairman), BL Berson (CEO), DE Cleasby (CFO), B Joffe, NG Payne, and CJ Rosenberg. Committee membership therefore includes four independent non-executive directors, and two executive directors, 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; and
- inform the board of acquisitions that were not recommended for consideration.

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 as follows:

Members	August 24 2020	August 23 2021
PC Baloyi (chairman)	^	^
BL Berson	^	^
DE Cleasby	^	^
B Joffe	^	^
NG Payne	^	^
CJ Rosenberg	^	^

^ *Attended in person, by video conference or teleconference.*

Duties carried out

The committee met twice over the period under review, as well as ad hoc engagements through the period as required, to consider potential targets as identified by management; however, no targets presented met the materiality levels requiring the committee's review and approval, as defined by the group delegated levels of authority.

Matters considered by the committee over the period included, but was not limited to:

- updates on the end-of-useful-life sale and leaseback transactions on properties; and
- strategic discussions around the group's approach in the identification and onboarding of acquisitions, both past and future.

During the period there were four separate sale and leaseback property sales, which resulted in cash receipts of approximately R1,6 billion. These property sales are part of the group's strategy in dealing with end-of-useful-life freehold properties.

Cash spent on acquisitions for the year ended June 30 2021 amounted to R86,7 million (F2020: R171,6 million), which included five relatively small bolt-on acquisitions, being:

- Wet Fish Trading LLC, a specialist seafood distributor in Dubai, United Arab Emirates; on July 1 2020;
- Leão Marinho located in São Sebastião, Brazil, distributing food and beverages in the region; on February 17 2021;
- Coar SpA, a food distributor situated near Milan, Italy. The group purchased the remaining 50% shareholding not yet owned on March 31 2021;
- Fein Feinkost GmbH & Co. KG, a small retail bakery supplier located close to Ingolstadt, Germany; on April 1 2021; and
- Craven Foods, a regional food distributor based in Bunbury, Western Australia; on May 31 2021.

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

September 29 2021

Nominations committee report

This is the report of the Bidcorp nominations committee (committee) appointed for the financial year ended June 30 2021 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, most recently approved at the board meeting held on May 26 2021. 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, the majority of whom are independent non-executive directors.

Sadly, the committee lost a member, Mrs Dolly Mokgatle, who passed away suddenly in January 2021. Our deepest condolences are expressed to Dolly's family, friends, and colleagues. Dolly will be greatly missed.

Following this tragic loss, the committee reviewed its composition, in line with charter and regulatory requirements, and resolved that the current membership met the minimum requirements, and therefore no changes were recommended at this time.

The committee members for the reporting period comprise Messrs S Koseff (chairman), NG Payne (LID), and B Joffe; meeting all 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 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;
- 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;
- review and amendment (where necessary) of the board committees; and
- recommendations to shareholders of those directors retiring by rotation, as well as recommendation of those directors proposed for annual reappointment to the audit and risk committee.

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 as follows:

Members	August 24 2020	February 16 2021	June 8 2021	August 23 2021
S Koseff (chairman)	^	^	^	^
B Joffe	^	^	^	^
DD Mokgatle (deceased January 9 2021)	^	–	–	–
NG Payne	^	^	^	^

^ *Attended in person, by video conference or teleconference.*

Duties carried out

The committee met four times over the period under review, as well as held informal communications between members to discuss various matters under review. The significant topics considered by the committee over this period included:

- board succession planning following the sad and sudden passing of Mrs Dolly Mokgatle;
- recruitment and appointment of a new non-executive director to the board;
- review and assessment of the board's composition, ensuring the requirements of the board diversity policy, as adopted, are complied with;
- review of the board committee's membership and recommendations of any changes required, in particular following the new non-executive director's appointment;
- instructing an independent board performance assessment, last completed in August 2019, to be completed before the end of the 2021 calendar year;
- review and recommendation of those directors eligible for rotational re-election, and those to be appointed as members of the audit and risk committee, as presented to the 2021 annual general meeting for shareholder consideration and approval; and
- continuing focus and progression of a succession plan for roles within the board, the group chief executive and chief financial officer, as well as other senior management roles within the group.

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

September 29 2021

Remuneration committee report

This is the report of the Bidcorp remuneration committee (committee) appointed for the financial year ended June 30 2021 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, most recently approved at the board meeting held on May 26 2021. 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 and is chaired by the lead independent non-executive director, Mr NG Payne. The committee membership has not changed during the current reporting period, and comprises Messrs NG Payne (chairman), PC Baloyi and CJ Rosenberg.

The chief executive officer and other executive management are invited to attend meetings, but do not participate in the voting process of decisions of the committee. These invitees recuse themselves from any discussion regarding executive performance appraisals, remuneration and incentivisation discussions.

The committee has appointed the legal advisory services of Bowmans, represented by Mr Martin Hopkins, to perform the role of the independent remuneration advisor.

The board considers the membership of the committee adequate, and the members are sufficiently experienced to perform the charter-defined duties.

Purpose

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

- consideration and approval of fair and responsible remuneration of the group executives and group-wide senior management;
- determination of the necessary performance criteria and assessment thereof of the group executives in their respective roles;
- consideration and recommendation of the quantum and allocation of the long-term incentive awards to group executives and group-wide senior management;
- review and recommendation of the non-executive directors' annual fees, as recommended to the shareholders for approval at the annual general meeting (AGM); and
- review and approval of the annual remuneration report, ensuring complete and transparent disclosure of remuneration costs and awards, as well as the remuneration policy, in compliance with legal and regulatory requirements.

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 24 2020	August 23 2021
NG Payne (chairman)	^	^
PC Baloyi	^	^
CJ Rosenberg	^	^

^ *Attended in person, by video conference or teleconference.*

* *In addition to these scheduled meetings, the committee had a number of engagements during the year to consider feedback from shareholders and ensure that appropriate actions were taken in consequence thereof.*

Following the 2020 AGM shareholder advisory vote regarding the remuneration policy and implementation thereof as tabled, there was an extensive shareholder engagement process conducted. This matter was elevated to the board, and all discussions and meetings (both formal and informal) regarding this matter were considered by the board, to ensure all concerns raised by dissenting shareholders were appropriately addressed. The actions taken as a consequence of these discussions are detailed in the 2021 remuneration report.

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.

The significant matters considered specifically by the committee included, but were not limited to, the:

- shareholder engagement process following the results of the AGM vote in November 2020 to address the concerns of the dissenting shareholders;
- review and approval of the CSP awards granted to senior group-wide management, in compliance with the Bidcorp Incentive Scheme;
- review and recommendation of the annual non-executive directors' fees to be presented to shareholders for approval at the AGM;
- defining and assessing the performance of the chief executive and chief financial officer against the criteria as determined;
- considering the allocation of short- and long-term incentives to the executives and senior group-wide management on the basis of the current year's performance; and
- finalisation and approval of the annual remuneration report (including the remuneration policy) as presented to the shareholders at the AGM.

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 period under review, the committee sets out the required remuneration disclosures as part of the directors' report, as included in the 2021 annual financial statements, and in the 2021 remuneration report.

Signed on behalf of the remuneration committee by:

Nigel Payne
Chairman

September 29 2021

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 2021 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, most recently approved at the board meeting held on May 26 2021. 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. A copy of the charter is available either on request from the company secretary or can be downloaded from the company website.

Membership

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

Sadly, the committee lost a member, Mrs Dolly Mokgatle, who passed away suddenly in January 2021. Our deepest condolences are expressed to Dolly's family, friends, and colleagues. Dolly will be greatly missed.

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:

- ensuring responsible corporate citizenship is demonstrated in each operating jurisdiction;
- establishing a zero-tolerance standard for group-wide ethics and code of conduct compliance;
- strict adherence and compliance with the relevant regulatory, statutory, and legislative requirements in all jurisdictions;
- positive and engaging stakeholder relations group-wide;
- monitoring and reporting of the COVID pandemic impact on global operations;
- in line with B-BBEE reporting guidance, monitoring and reporting of social and economic development, empowerment and transformation developments, in line with the South African legislated requirements;
- ongoing progress and improvements are monitored and measured in the areas of climate change and the residual impact on the operational environment, in line with globally accepted reporting and measurement standards, eg GRI, SASB, and TCFD; and
- confirming fair, transparent and positive labour practices are in place, ensuring a positive and constructive employment environment is available for all.

Attendance

Those members in office during the period under review and the committee meetings attended by each of the members are as follows:

Members	August 25 2020	November 19 2020	February 22 2021	May 20 2021	August 24 2021
NG Payne (chairman)	^	^	^	^	^
T Abdool-Samad	^	^	^	^	^
BL Berson	^	^	A	^	^
DD Mokgatle (deceased January 9 2021)	^	^	–	–	–
H Wiseman	^	^	^	^	^

^ *Attended in person, by video conference or teleconference.*
A *Apologies.*

Duties carried out

The committee believes progress can only be credibly reported if ESG indicators are identified, monitored, measured, and recorded. Notably the monthly group-wide 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. The quarterly divisional audit and risk committee meetings review and interrogate the information gathered, an important source of oversight for reporting into this committee. Each individual operation drives uniquely determined and implemented sustainability programmes, designed to improve sustainability performance in each environment, and in so doing contributes to the group-wide reported climate change initiatives and targets in place.

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 divisional audit and risk committee meetings are reviewed and updated as required by internal assurance governance processes.

Sadly, the COVID pandemic has resulted in the loss of a further seven (7) members of staff, five (5) from our South African operations, and two (2) from our UK operations (F2020: Three (3) COVID-related fatalities). We extend our sincere condolences to the families of those deceased and to those who have tragically lost loved ones due to the COVID pandemic.

In May 2021, a workplace fatality in South Africa was reported, a result of non-compliances to established health and safety protocols. The board and management were deeply saddened at notification of this fatality. Condolences and support was provided to the family and colleagues of the deceased.

The board and management implemented an immediate response following this unfortunate incident, requiring all staff (regardless of seniority or tenure) to be fully retrained in all warehouse health and safety protocols. In addition, across the group, strict restrictions on the use of lift cages were implemented with immediate effect, ensuring that the use of these cages are minimised, used only under exceptional circumstances and with the highest degree of caution and safety.

We reiterate our commitment to maintaining the highest standards in health and safety protocols for all members of the global Bidcorp team. Group-wide health and safety awareness programmes are ongoing, focussed on the reinforcement of all internal safety policies, training programmes, and additional warning mechanisms to ensure the highest standards of safety are in place for our staff.

Food safety is a top priority. Quarterly updates and ongoing feedback are provided from both internal and external assurance providers. Incidents of listeria and food contamination do occur from time-to-time, however, as they are identified, an immediate response is initiated through internal policies and procedures, triggering product recalls and subsequent effective communications. We did note an instance of product contamination and recall during the period but are pleased to report that this incident was pro-actively identified by the internal controls in place and was successfully addressed by the local management team, following internal protocols. We are pleased to report that there were no serious incidents of food contamination experienced during the year, a non-negotiable standard.

Post the financial year end, the South African provinces of Gauteng and KwaZulu-Natal were subject to a civil insurrection. Significant stock and vehicle theft, as well as considerable damage to the BCFA-owned facility in Cornubia was suffered. Sprinkler systems in place saved the premises from repeated efforts by the looters to set the building alight. The risk and mitigation processes for fire prevention and detection, and related responses remain a key focus area, with ongoing monitoring and independent verification a priority.

Bidcorp's commitment to an ethical environment is demonstrated by the globally accessible, independently administered Bidcorp whistleblowing facility. Ongoing marketing and awareness campaigns are rolled out, ensuring the knowledge of and access to the local whistleblowing facility, in a language of choice, is available to all. Review of calls received and follow-up action is presented to the committee quarterly for review.

Conclusion

The committee notes that there were no items identified by management nor reported directly to the committee by third parties, that would indicate any reportable non-compliances, in terms of the Companies Act requirements.

Following the review by the committee for the year ended June 30 2021, the committee is of the opinion that, in all material respects, it has achieved its objectives for the financial year.

For more information and detail on the progress and outcomes noted by the committee over the period under review, please refer to the 2021 annual integrated report.

Signed on behalf of the social and ethics committee by:

Nigel Payne
Chairman

September 29 2021

Directors' curricula vitae

Stephen Koseff
Chairman

Brian Joffe
Independent non-executive director

Executive directors

Bernard Berson
Chief executive

David Cleasby
Chief financial officer

Helen Wiseman
Independent non-executive director

Tasneem Abdool-Samad
Independent non-executive director

Nigel Payne
Lead independent non-executive director

Clifford Rosenberg
Independent non-executive director

Paul Baloyi
Independent non-executive director

Welcome

Keneilwe Moloko
Independent non-executive director

Appointed: July 5 2021

Stephen Koseff

Qualifications: BComm, CA(SA), MBA, H Dip BDP and Hon DCom (Wits)

Age: 70

CHAIRMAN

INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed: August 16 2017

Board committee: Nominations committee (chairman)

Experience and expertise: Stephen is the former chief executive officer of the Investec Group. Dual listed on the London Stock Exchange and the Johannesburg Stock Exchange. Stephen was with Investec for 39 years in various capacities and CEO from 1996 to 2018.

In 2017, Stephen was awarded an Honorary Doctor of Commerce Degree by the University of the Witwatersrand. He is a former non-executive director of the South African Banking Association, a former board member of Business Leadership South Africa, former non-executive director and chairman of the South African Banking Association, a former director of the JSE Limited, a former member of the Financial Markets Advisory Board, and former chairman of the Independent Bankers Association.

Stephen currently serves as a non-executive director of Investec Ltd, Investec Plc, and the Investec Australia Property Fund. Stephen is chairman of Bid Corporation Ltd, Bud Group (Pty) Ltd, IEP Group (Pty) Ltd, and co-chair of Youth Employment Service (YES).

Bernard Larry Berson*

Qualifications: BComm and BAcc

Age: 56

CHIEF EXECUTIVE

Appointed: March 10 2016

Board committee: Acquisitions committee, social and ethics committee

Experience and expertise: Since 1996, Bernard has been involved in all aspects of the development of Bidcorp's foodservice business in Australia, New Zealand and Asia, and in 2010 assumed responsibility for Bidcorp's global foodservice businesses, including its operations in the UK and Europe.

Over the past 21 years Bernard has been involved in all material acquisitions and directing the strategic focus of the businesses. Bernard was appointed as chief executive of Bid Corporation Limited on April 14 2016.

David Edward Cleasby

Qualifications: CA(SA)

Age: 59

CHIEF FINANCIAL OFFICER

Appointed: September 12 2007

Board committee: Acquisitions committee

Experience and expertise: David was financial director of Rennies Terminals when Bidvest acquired Rennies group in 1998. In 2001, he joined the Bidvest corporate office where he was involved in both group corporate finance and investor relations. David was appointed as Bidvest financial director on July 9 2007. David managed Bidvest's interests in the investments made by the group over the years.

David was appointed as chief financial officer of Bid Corporation Limited on April 14 2016.

Nigel George Payne

Qualifications: BCom (Hons), CA(SA), MBL (Unisa)

Age: 61

LEAD INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed: March 10 2016

Board committee: Remuneration committee (chairman), social and ethics committee (chairman), acquisitions committee, audit and risk committee, nominations committee

Experience and expertise: Nigel is a professional non-executive director, with no executive responsibilities. Nigel is the chairman of the board of the Mr Price Group Limited. Nigel chairs the board at Strate (Pty) Ltd. Nigel is a member of the board of Alexander Forbes Holdings Limited, and Vukile Property Fund Limited.

Paul Cambo Baloyi

Qualifications: MBA (University of Manchester and Bangor University), SEP (Harvard), AMD: INSEAD (France), MDP (Stellenbosch University)

Age: 65

INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed: March 10 2016

Board committee: Acquisitions committee (chairman), audit and risk committee, remuneration committee

Experience and expertise: Paul is the managing director of CAP Leverage Proprietary Limited. He is a former chief executive officer and managing director of the Development Bank of Southern Africa. Paul also served as chief executive officer and managing director of DBSA Development Fund.

Paul has spent 30 years in the financial services sector, with both Standard Bank and the Nedbank group. His last position at Nedbank was as managing director of Nedbank Africa.

Paul has been an independent non-executive director on many boards locally and internationally, including African financial institutions. He was a council member of the Institute of Bankers and also served as chairman of the Ned Medical Aid. Other boards include Discovery Bank Limited and Discovery Bank Holdings Limited and CAP Leverage Proprietary Limited. Paul also serves on various board committees (audit, risk, remuneration and nominations) as member and chairman.

Brian Joffe

Qualifications: CA(SA)

Age: 74

INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed: August 17 1995

Board committee: Acquisitions committee, nominations committee

Experience and expertise: The founder of the Bidvest Group Limited and Bid Corporation Limited, Brian has over 50 years' commercial experience, both locally and internationally. Among his achievements, Brian has been recognised by Sunday Times as SA's businessman of the year, won the South African chapter of the Ernst & Young Entrepreneur Award and represented South Africa at the World Entrepreneur Awards. Profiled as one of South Africa's Greatest Entrepreneurs by MME Media in association with Gordon Institute of Business Science, Brian has been named by Wits Business School Journal as one of SA's top 25 business leaders with significant impact on South African business.

Brian is the recipient of an Honorary Doctorate in Commerce from the University of South Africa, an Honorary Doctorate in Commerce from the University of Witwatersrand and awarded the Sunday Times Lifetime Achiever Award. He has been included in the Forbes list of the 20 most influential people in Africa and awarded the CNBC All Africa Lifetime Achievers Award.

Brian currently serves as CEO of Long4Life Limited, a company he founded and listed on the JSE in 2017 and serves as a non-executive director of Bid Corporation Limited.

Helen Wiseman*

Qualifications: BSc (Hons) (University of Manchester), CA, GAICD, IDP-C INSEAD

Age: 55

INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed: March 10 2016

Board committee: Audit and risk committee (chairman), social and ethics committee

Experience and expertise: A non-executive director, Helen has extensive international business experience across a range of sectors including food, pharmaceutical, manufacturing, distribution, mining, energy, and financial services. Prior to embarking on her non-executive career, Helen was a partner at KPMG Australia. Helen chaired Bidvest's International foodservice business divisional audit committees from 2011 to 2016.

Helen has held various board and audit committee roles, including her current non-executive director and audit and risk committee chairman roles for Bid Corporation Limited.

Helen is chairman of Elixinol Wellness Limited, as well as a director of the Australian Indigenous Mentoring Experience Corporation (AIME), INSEAD International Directors Network, Elancial Group Pty Ltd and a non-executive director of Imalia Pty Ltd. She is also vice-patron of SHINE for Kids (Australia).

Tasneem Abdool-Samad

Qualifications: CA(SA)

Age: 47

INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed: September 16 2019

Board committee: Audit and risk committee, social and ethics committee

Experience and expertise: In 2014 Tasneem was appointed to the board of Reunert Limited as non-executive director, where she chairs the investment committee and serves as a member of the audit committee, risk committee, and nominations and governance committee.

Tasneem sits on the board of Absa Group Limited and Absa Bank Limited as non-executive director. She chairs the Absa Group audit committee and is a member of the group audit and compliance committee, the board finance committee, and the group risk and capital committee. Appointed to the board of Absa Financial Services Limited as a non-executive director. Tasneem chairs the Absa Financial Services Board.

Tasneem was appointed to the board of Long4Life Limited as a non-executive director on March 22 2017, and chairs the audit and risk committee, as well as serving as a member of the social, ethics and transformation, and remuneration committees.

Clifford Johann Rosenberg*

Qualifications: BBusSci (Hons) (UCT), MScM (Hons) (Boston University)

Age: 57

INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed: September 16 2019

Board committee: Acquisitions committee, remuneration committee

Experience and expertise: Clifford has over 20 years of experience in the digital space as an entrepreneur and as an executive, with specific experience in disrupting businesses.

Clifford is a non-executive director of Nearmap Limited, Technology One Limited, and A2B Limited. His previous executive roles include Managing Director of LinkedIn (for southeast Asia, Australia and New Zealand), appointed in 2009 until 2017. Clifford was the managing director of Yahoo! Australia and New Zealand (from 2003 to 2006) and is the founder and managing director of iTouch Australia and New Zealand, one of the largest mobile content and application providers in Australia.

Keneilwe Rachel Moloko

Qualifications: NDip (Building Survey), BSc (QS), BCom, PGDA, CA(SA)

Age: 52

INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed: July 5 2021

Experience and expertise: Keneilwe started her career as a quantity surveyor and then qualified as a chartered accountant after nearly a decade in the construction industry.

Keneilwe serves as an independent non-executive director on the Brimstone Investment Corporation Limited board. Keneilwe was appointed to the board of Long4Life Limited on November 1 2017, where she chairs the remuneration committee and is a member of the audit and risk committee and social, ethics and transformation committee.

* *Australian.*

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, except for the possible effects of the matter described in the Basis for qualified opinion section of our report, 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 June 30 2021, 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 28 to 111 comprise:

- the consolidated and separate statements of financial position as at 30 June 2021;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated and separate statements of 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; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for qualified opinion

As disclosed in note 3.3 to the consolidated financial statements, management identified a fraud perpetrated at the Miumi division of the Group which comprises four subsidiaries and one division of the Greater China business (collectively, the "Miumi division"). This fraud commenced in prior financial years and involved the manipulation of trade receivables, prepayments, inventories, liabilities, revenue and cost of revenue resulting in the cumulative misstatement of these balances.

Management has quantified and recorded a cumulative estimated loss in the amount of R694 million in the consolidated financial statements for the year ended June 30 2021. The forensic investigation into the matter has not been concluded as at the date of this report. Consequently, we were unable to obtain sufficient and appropriate audit evidence to conclude on whether the recorded loss and the associated disclosures are complete and accurate.

Furthermore, as detailed in note 3.3, management has quantified and disclosed the loss allocation attributable to the current and preceding financial years. We were unable to obtain sufficient and appropriate evidence to support this allocation in respect of the various financial years.

After recording the allocated portion of the current year loss as described above, we were unable to determine whether any further adjustments were required to the Miumi division's contribution to the consolidated financial statement line items, which includes:

- Revenue: R282 million;
- Cost of revenue: R237 million;
- Inventories: R33 million;
- Trade and other receivables: R78 million;
- Trade and other payables: R68 million.

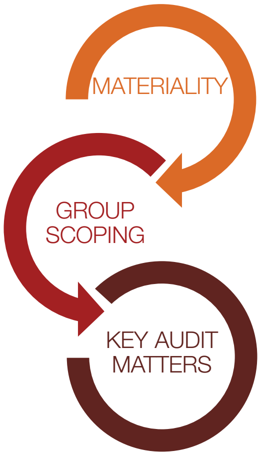
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report.

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

- 5% of adjusted average profit before taxation from continuing operations of the past 5 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 four non-significant components to obtain sufficient appropriate audit evidence to express an opinion on the consolidated financial statements as a whole.

Key audit matters

- Goodwill impairment assessment;
- Sale-and-leaseback transactions; and
- Audit response to assess the impact of fraud in the Miumi division on the remainder of the Greater China business

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	R239.8 million
How we determined it	5% of adjusted average profit before taxation from continuing operations of the past 5 years. The 2020 profit before tax from continuing operations, was adjusted for the goodwill impairment expense (refer to note 8.3).
Rationale for the materiality benchmark applied	We chose adjusted average profit before taxation from continuing operations of the past 5 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. An adjusted average of the profit before taxation from continuing operations of the past 5 years was used due to the volatility arising in the past two years as a result of COVID-19 on the Group, and to adjust for the impacts of once-off goodwill impairment in 2020 that is not reflective of the Group's continuing operations. 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; Australasia, United Kingdom, Europe, Emerging Markets and Corporate.

The Group's financial statements are a consolidation of fifty four reporting components, which make up the Group's five operating segments. Of these reporting components, we selected thirteen 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 four other components and analytical review procedures were performed on the thirty seven 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.

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 key audit matters below relate to the consolidated financial statements. We have determined that there are no key audit matters to report with respect to the separate financial statements.

Key audit matter	How our audit addressed the key audit matter
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 recognised goodwill amounting to R15.3 billion. Management tested goodwill for impairment within all cash generating units (CGUs), and concluded that there were no impairments relating to any of the identified CGUs as all the recoverable amounts exceeded the carrying amounts as per management's assumptions. The recoverable amount was based on the fair value less cost of disposal method for all CGUs. In determining the fair value less costs of disposal of the CGUs, management applied judgement in determining the following key assumptions: • The discount rates; • Cashflows beyond the 10 year forecasted period; • Expected net revenue; and • EBITDA margins. We considered the goodwill impairment assessments to be a matter of most significance to our current year audit due to the following: • The level of judgement applied by management in performing the impairment assessments, including determining the key assumptions; • The sensitivity of the impairment assessments to certain key assumptions and the possible risk of material misstatement, as limited movement in these assumptions could potentially result in impairments for the Spain and German CGUs; and • The magnitude of the consolidated goodwill balance.	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 fair value less costs of disposal calculations. We evaluated management's calculations by: • Challenging and testing the reasonability of the key assumptions used by management in the calculations, which included the key assumptions relating to the discount rates, cashflows beyond the 10 year forecasted period, expected net revenue and the EBITDA margins. We compared these key assumptions to industry benchmarks, historical performance and future market forecasts. Whilst we noted that our independently determined assumptions varied from those used by management, there was no material impact to the carrying amount of goodwill. • 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. Where variances were noted, we followed up with management and assessed the reasonability of the variances, and noted that these do not impact the accuracy of forecasts based on available information at the time they were made. • We performed an independent reasonability assessment on management forecasts by taking into consideration the vaccination rates within each CGU's country and the predicted recovery from the pandemic to assess the reasonability of management's economic growth assumptions included in their forecasts, and noted no items requiring further consideration. • We made use of our valuation expertise to test the appropriateness and reasonability of the discount rate. We recalculated the discount rate using independent inputs obtained of comparable companies in the same industry and of similar size. Whilst we noted that our independently determined discount rates differed to those applied by management, the impact was immaterial to the decision to impair CGUs. • We compared the terminal growth rates used by management to economic and industry forecasts and found most of the long term growth rates applied by management to be relatively low in comparison. This has no impact on the impairment assessment, as the conclusion that no CGUs are impaired remains unchanged. • We tested the mathematical accuracy of management's impairment assessment and no material differences were noted. • We evaluated the valuation methodology applied by management and 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, revenue growth rate, terminal growth rate and trading margins) 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.

Key audit matter	How our audit addressed the key audit matter
Sale-and-leaseback transactions	
Refer to notes 4.2, 7.3 and 10.4 to the consolidated financial statements. The Group entered into four sale-and-leaseback transactions during the year, three of which were in the Australasia segment, and one in the Emerging Markets segment. The total consideration received amounted up to R1.6 billion and a capital profit of R741 million was recorded. These properties have been leased back for different periods, which vary between 3 and 8 years. The Group has applied the sale-and-leaseback guidance under International Financial Reporting Standard (IFRS) 16: Leases. We considered the sale-and-leaseback transactions to be a matter of most significance to our current year audit due to the following: • The judgement applied in determining whether the transaction price approximates fair value; • The complexity in applying IFRS 15 specifically whether the transfer of the properties are accounted for as a sale and IFRS 16 to a sale-and-leaseback transaction, which results in a potential risk of material misstatement; and • The magnitude of the sale-and-leaseback transactions.	We obtained an understanding of the transactions through inquiry with management and by reviewing the sale and leaseback agreements. Our audit procedures included, among others, testing of the principles and integrity of management's calculations. We evaluated management's calculations by: • Reviewing management's assessment of transfer of control over the assets sold by evaluating the relevant facts and terms under the sales and the lease agreements against the requirements of IFRS 15. We noted that the requirements to recognise the sales had been met. • Using our real estate expertise to test the appropriateness and reasonability of management's assessment that the sales price approximates the fair value of the assets sold by comparison to available market information. We found that the sales prices approximate fair value. • Assessing key assumptions applied in determining fair value of the assets sold, by comparing management's assumptions to data from other independent sources to assess appropriateness of key assumptions applied in the valuation. We found that the key assumptions used by management were comparable to those from independent sources. • Using our real estate expertise to assess whether the agreed on rents are in accordance with the current market conditions by comparison to independently obtained market rental information, being rental rates for similar properties. We noted that the rents were consistent with current market conditions. • Testing the calculation of the gain on sale, being the difference between the selling price and net book value of the assets sold. No material differences were noted. • Testing consideration received by agreeing the sales amount to the sales contract and tracing the receipt of the proceeds to bank statements. • Comparing management's assessment of lease terms and lease classification to the requirements of IFRS 16. We noted no further matters for consideration.
Audit response to assess the impact of fraud in the Miumi division on the remainder of the Greater China business	
Refer to note 3.3 to the consolidated financial statements. As noted in the Basis for qualified opinion section above, the Group identified a fraud perpetrated at the Miumi subsidiaries of the Greater China business (collectively, the "Miumi division"). The Miumi division and the Greater China business are disclosed within the Emerging Markets segment. We performed procedures to determine whether management's conclusion that the fraud was contained to the Miumi division was appropriate, and to conclude whether the remainder of the Greater China business was impacted. We considered the procedures performed to test the containment of the fraud to the Miumi division to be a matter of most significance to the current year audit due to the potential risk of material misstatement in the consolidated financial statements, if the remainder of the Greater China business was impacted.	Utilising our forensics expertise, we obtained an understanding of the process and procedures applied by management to determine that the fraud relates only to the Miumi division by: • Obtaining an understanding of the fraud through inquiry with management and the Group's forensics investigation team. • Assessing the competence, capability, and objectivity of the Group's forensics investigation team, by inspecting their curriculum vitae, certificates of qualifications and company profiles. • Assessing the extent of oversight over the forensics investigation, by considering whether the individuals within the Group's management that provide such oversight are appropriately qualified and at a level of seniority that is commensurate to the significance of the matter. • Assessing the adequacy and reliability of the work performed by the Group's forensic investigation team with reference to other investigations of a similar nature. Based on our procedures performed above, we noted no aspects requiring further attention. We assessed the procedures performed by management to ascertain that the fraud was contained to the Miumi division by: • Agreeing the affected areas included in the Group's assessment to the preliminary results of the Group's forensic investigation team. • Attending additional inventory observations together with the Group's representatives. • Inspection of third party correspondence made available by the Group. Based on our procedures performed above, we noted no aspects requiring further attention. We extended our planned audit procedures over the remainder of the Greater China business by: • Performing test of control procedures at a more disaggregated level on the revenue and receivables, purchases and payables, and inventory cycles. • Elevating our risk assessment for certain key financial statement line items, and performing additional substantive testing in response to the risk assessment. • Performing additional inventory observations and tracing these to the perpetual stock records. No material differences were noted. • Extending our enquiries to additional individuals within the Group to identify if other management in the group has oversight or involvement in the Miumi division. We did not identify any such individuals. • Performing detailed testing over transactions with third party entities which were identified as parties involved in the fraud at Miumi during the forensic investigation to verify that these transactions were valid. We tested these transactions by tracing them to relevant agreements, invoices, proof of delivery and evidence of settlement of the transactional amount. We did not identify any exceptions in this testing.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Bidcorp Consolidated Annual Financial Statements 2021", 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 2021 Annual Integrated Report", 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 3 years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: E J Gerryts
Registered Auditor
4 Lisbon Lane, Waterfall City, Jukskei View, 2090
Private Bag X36, Sunninghill, 2157, Johannesburg, South Africa

30 September 2021

Consolidated statement of profit or loss

for the year ended June 30

	Note	2021 R'000	Restated[1] 2020 R'000
CONTINUING OPERATIONS			
Revenue	4.1	**114 803 442**	120 574 182
Cost of revenue		**(87 296 234)**	(91 455 371)
Gross profit		**27 507 208**	29 118 811
Operating expenses	4.2	**(22 719 556)**	(25 051 650)
Sales and distribution costs		**(17 857 422)**	(19 111 521)
Administration costs		**(4 235 843)**	(4 352 332)
Impairment of trade receivables		**(231 646)**	(892 726)
Other costs		**(394 645)**	(695 071)
Trading profit		**4 787 652**	4 067 161
Share-based payment expense	11.1	**(107 452)**	(100 774)
Acquisition costs	8.1	**(6 151)**	(1 968)
Capital items	4.2	**242 750**	(923 687)
Operating profit		**4 916 799**	3 040 732
Net finance costs		**(693 400)**	(710 263)
Finance income	10.2	**51 383**	85 647
Finance charges	10.2	**(744 783)**	(795 910)
Share of profit of associates and jointly controlled entities		**29 904**	6 448
Profit before taxation		**4 253 303**	2 336 917
Taxation	5.1	**(1 134 694)**	(868 614)
Profit for the year from continuing operations		**3 118 609**	1 468 303
DISCONTINUED OPERATIONS			
Loss after taxation from discontinued operations		**–**	(331 578)
Profit for the year		**3 118 609**	1 136 725
Attributable to			
Shareholders of the company		**3 088 860**	1 121 428
From continuing operations		**3 088 860**	1 453 006
From discontinued operations		**–**	(331 578)
Non-controlling interests from continuing operations		**29 749**	15 297
		3 118 609	1 136 725
Continuing operations (cents)			
Basic earnings per share	6.1	**924,6**	434,9
Diluted basic earnings per share	6.2	**923,2**	434,1
Headline earnings per share	6.3	**868,4**	712,7
Diluted headline earnings per share	6.3	**867,1**	711,2
Discontinued operations (cents)			
Basic loss per share		**–**	(99,3)
Diluted basic loss per share		**–**	(99,1)
Headline loss per share		**–**	(47,3)
Diluted headline loss per share		**–**	(47,2)
Total operations (cents)			
Basic earnings per share		**924,6**	335,6
Diluted basic earnings per share		**923,2**	335,0
Headline earnings per share		**868,4**	665,4
Diluted headline earnings per share		**867,1**	664,0
Dividends per share (cents)		**400,0**	330,0

[1] *Refer note 3.3 – Restatement of consolidated annual financial statements for the impact on profit or loss.*

Consolidated statement of other comprehensive income

for the year ended June 30

	2021 R'000	Restated[1] 2020 R'000
Profit for the year	**3 118 609**	1 136 725
Other comprehensive income net of taxation	**(2 298 355)**	4 207 807
Items that may be classified subsequently to profit or loss	**(2 333 289)**	4 203 943
(Decrease) increase in foreign currency translation reserve	**(2 334 345)**	4 258 082
Movement in investment held at fair value through other comprehensive income		
Fair value loss	**–**	(54 139)
Movement in fair value of cash flow hedges	**1 056**	–
Fair value gain	**1 393**	–
Deferred taxation charge	**(337)**	–
Items that will not be reclassified subsequently to profit or loss		
Defined benefit obligations	**34 934**	3 864
Remeasurement of defined benefit obligations	**36 067**	2 035
Deferred taxation (charge) relief	**(1 133)**	1 829
Total comprehensive income for the year	**820 254**	5 344 532
Attributable to		
Shareholders of the company	**827 877**	5 287 448
Non-controlling interest	**(7 623)**	57 084
	820 254	5 344 532

[1] *Refer note 3.3 – Restatement of consolidated annual financial statements for the impact on other comprehensive income.*

Consolidated statement of cash flows

for the year ended June 30

	Note	2021 R'000	2020 R'000
Cash flows from operating activities		**5 823 001**	3 928 340
Cash generated by continuing operations	4.4	**7 660 187**	8 374 137
Finance income received	10.2	**48 018**	80 683
Finance charges paid	10.2	**(654 585)**	(677 897)
Taxation paid	5.3	**(1 230 619)**	(1 354 174)
Dividends paid	12.2	**–**	(2 213 668)
Net operating cash flows from discontinued operations		**–**	(280 741)
Cash effects from investment activities		**(307 870)**	(3 153 212)
Additions to property, plant and equipment	7.1	**(1 831 140)**	(2 724 587)
Additions to intangible assets	7.2	**(138 286)**	(191 576)
Proceeds on disposal of property, plant and equipment		**1 895 733**	370 328
Proceeds on disposal of intangible assets		**819**	9 148
Acquisition of businesses and subsidiaries	8.1	**(86 669)**	(171 604)
Proceeds on disposal of interests in subsidiary	8.2	**–**	34 659
Investment in jointly controlled entity	9.3	**(14 968)**	–
Payments to associates		**(4 314)**	(8 048)
Investments acquired		**(19 540)**	(42 832)
Proceeds on disposal of investments		**32 986**	72 167
Payments made to puttable non-controlling interests	10.5	**(82 606)**	(12 828)
Payments made to vendors for acquisition		**(59 885)**	(58 553)
Net investing activities from discontinued operations		**–**	(429 486)
Cash effects from financing activities		**(3 761 408)**	(912 235)
Borrowings raised	10.3	**4 473 408**	6 476 215
Borrowings repaid	10.3	**(7 274 843)**	(6 408 623)
Right-of-use lease liability payments from continuing operations	10.4	**(820 362)**	(720 512)
Right-of-use lease liability payments from discontinued operations		**–**	(230 994)
Payments to non-controlling interests		**(25 535)**	(28 321)
Treasury shares purchased	12.1	**(114 076)**	–
Net increase (decrease) in cash and cash equivalents		**1 753 723**	(137 107)
Cash and cash equivalents at beginning of the year		**7 024 426**	6 058 269
Effects of exchange rate fluctuations on cash and cash equivalents		**(657 510)**	1 103 264
Cash and cash equivalents at end of the year		**8 120 639**	7 024 426

Consolidated statement of financial position

at June 30

	Note	2021 R'000	Restated[1] 2020 R'000	Restated[1] July 1 2019 R'000
ASSETS				
Non-current assets		**37 513 404**	42 088 766	31 294 178
Property, plant and equipment	7.1	**15 505 841**	17 618 435	14 025 113
Intangible assets	7.2	**649 722**	838 223	667 572
Right-of-use lease assets	7.3	**3 924 117**	4 934 213	–
Goodwill	8.3	**15 292 841**	16 676 574	14 784 154
Deferred taxation assets	5.2	**1 381 263**	1 202 709	944 212
Interest in associates	9.1	**151 652**	193 364	177 978
Investments and loans	9.2	**92 928**	117 307	192 246
Investment in jointly controlled entities	9.3	**493 011**	489 933	481 975
Defined benefit pension assets	11.3	**22 029**	18 008	20 928
Current assets		**31 696 619**	28 841 167	33 183 290
Inventories	7.4	**10 145 738**	10 097 193	9 578 561
Trade and other receivables	7.5	**13 430 242**	11 719 548	14 884 406
Assets classified as held-for-sale		**–**	–	2 944 460
Cash and cash equivalents		**8 120 639**	7 024 426	5 775 863
Total assets		**69 210 023**	70 929 933	64 477 468
EQUITY AND LIABILITIES				
Capital and reserves		**28 088 174**	27 241 767	28 261 187
Capital and reserves attributable to shareholders of the company	12.1	**27 855 302**	26 975 737	28 023 920
Non-controlling interests		**232 872**	266 030	237 267
Non-current liabilities		**11 512 934**	16 000 901	6 524 604
Deferred taxation liabilities	5.2	**751 678**	686 554	686 849
Long-term borrowings	10.3	**1 479 252**	4 565 025	4 659 325
Long-term right-of-use lease liabilities	10.4	**4 597 519**	5 363 091	–
Long-term puttable non-controlling interest liabilities	10.5	**3 983 808**	4 632 682	336 620
Long-term vendors for acquisition		**23 779**	73 150	275 144
Post-retirement obligations	11.3	**25 985**	67 478	59 117
Long-term provisions	7.7	**650 913**	612 921	430 462
Long-term operating lease liabilities		**–**	–	77 087
Current liabilities		**29 608 915**	27 687 265	29 691 677
Trade and other payables	7.6	**20 729 001**	17 630 591	18 718 765
Short-term provisions	7.7	**303 978**	632 950	313 892
Short-term puttable non-controlling interest liabilities	10.5	**74 753**	55 262	1 126 128
Short-term vendors for acquisition		**175 395**	204 188	103 882
Taxation	5.3	**286 537**	246 077	470 753
Short-term right-of-use lease liabilities	10.4	**894 376**	872 229	–
Short-term borrowings	10.3	**7 144 875**	8 045 968	5 841 624
Liabilities classified as held-for-sale		**–**	–	3 116 633
Total equity and liabilities		**69 210 023**	70 929 933	64 477 468
Net asset value per share (cents)		**8 305**	8 043	8 355
Net tangible asset value per share (cents)		**3 552**	2 821	3 748

[1] *Refer note 3.3 – Restatement of consolidated annual financial statements for the impact on the statement of financial position.*

Consolidated statement of changes in equity

for the year ended June 30

	2021 R'000	Restated[1] 2020 R'000
Equity attributable to shareholders of the company	**27 855 302**	26 975 737
Stated capital	**5 428 016**	5 428 016
Treasury shares	**(272 679)**	(247 824)
Balance at beginning of the year	**(247 824)**	(435 584)
Shares disposed of in terms of share incentive plans	**89 221**	187 760
Shares purchased during the year	**(114 076)**	–
Foreign currency translation reserve	**7 206 888**	9 485 974
Balance previously reported		5 263 176
Prior year restatement[1]		2 921
Balance at beginning of the year (2020: restated)	**9 485 974**	5 266 097
Arising during the year (2020: restated)	**(2 296 973)**	4 213 374
Realisation of reserve on foreign subsidiaries	**17 887**	6 503
Hedging reserve	**–**	(1 056)
Balance at beginning of the year	**(1 056)**	(1 056)
Fair value loss arising during the year	**1 393**	–
Deferred tax recognised directly in reserve	**(337)**	–
Equity-settled share-based payment reserve	**346 364**	290 007
Balance at beginning of the year	**290 007**	341 798
Arising during the year from total operations	**124 139**	102 408
Deferred tax recognised directly in reserve	**29 188**	(22 560)
Utilisation during the year from total operations	**(89 221)**	(487 256)
Transfer (from) to retained earnings	**(7 749)**	355 617
Retained earnings	**15 146 713**	12 020 620
Balance previously reported		17 902 350
Prior year restatement[1]		(477 701)
Balance at beginning of the year (2020: restated)	**12 020 620**	17 424 649
IFRS 16 transition adjustment to retained earnings at beginning of the year	**–**	(1 035 469)
Attributable profit (2020: restated)	**3 088 860**	1 121 428
Remeasurement of defined benefit obligations during the year	**34 934**	3 864
Recognition of puttable non-controlling interest liabilities	**–**	(2 673 442)
Remeasurement of puttable non-controlling interest	**12 082**	131 537
Fair value adjustments held at fair value through other comprehensive income	**–**	(54 139)
Dividends paid	**–**	(2 213 668)
Reclassification of Nowaco equity-incentive scheme to cash-settled scheme	**–**	(322 020)
Surplus as a result of an exchange with non-controlling interest	**355**	–
Transfer from foreign currency translation reserve	**(17 887)**	(6 503)
Transfer to (from) equity-settled share-based payment reserve	**7 749**	(355 617)
Equity attributable to non-controlling interests of the company	**232 872**	266 030
Balance at beginning of the year	**266 030**	237 267
Total comprehensive income	**(7 623)**	57 084
Attributable profit	**29 749**	15 297
Movement in foreign currency translation reserve	**(37 372)**	41 787
Dividends paid	**(29 673)**	(28 321)
Changes in shareholding	**4 138**	2 673 442
Transfer to puttable non-controlling interest liability (refer note 10.5)	**–**	(2 673 442)
Total equity	**28 088 174**	27 241 767

[1] *Refer note 3.3 – Restatement of consolidated annual financial statements for the impact on the statement of changes in equity.*

Notes to the consolidated financial statements

for the year ended June 30

Notes to the consolidated financial statements continued

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 2021 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.

The consolidated and separate financial statements adopted the following new accounting pronouncements:

Accounting pronouncement	Adoption impact
Definition of Material – Amendments to IAS 1 and IAS 8	The IASB made amendments to IAS 1 *Presentation of Financial Statements and* IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarifying when information is material and incorporating some of the guidance in IAS 1 about immaterial information. The amendment did not have a material impact for the group.
Definition of a Business – Amendments to IFRS 3	The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits. The amendment did not have a material impact for the group as our acquisitions generate outputs through the selling of frozen, chilled, ambient and non-food products (goods) to customers.
Conceptual Framework	The IASB also issued amendments to references to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. The amendments did not have a material impact for the group.
Phase 2 amendments – interest rate benchmark to IFRS 9, IFRS 7 and IAS 2	The Phase 2 amendments address issues that arise from the implementation of the reform of an interest rate benchmark, including the replacement of one benchmark with an alternative one. The amendment did not have a material impact for the group.

The consolidated and separate financial statements were approved by the board of directors on September 29 2021.

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 group and 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.

2. BASIS OF CONSOLIDATION (continued)

The group and 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.

2.1 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.

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 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, FAIR VALUES AND PRIOR PERIOD RESTATEMENT

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 (refer note 7.1)

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 (refer note 8.3 and note 7.2)

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 (refer note 7.3 and note 10.4)

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 (refer note 5.2)

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 (refer note 7.4)

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, FAIR VALUES AND PRIOR PERIOD RESTATEMENT** (continued)

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

Revenue (agent versus principal) (refer note 4.1)

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 (refer note 7.5)

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. The group's ECL percentages have been based, not only on historical loss experience, but also forward-looking information on a country-by-country basis. The ECL is determined on a country-by-country basis that is 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 (refer note 10.5)

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 R12,1 million (2020: R131,5 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.

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

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

Share-based payments (refer note 11.1)

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 that are based on historical share price data.

Prior period restatement allocation (refer note 3.3)

The Miumi fraud loss allocation for the 2021 financial year, 2020 financial year and prior periods has been based on the group's best estimates and evidence at the time of finalising the Bidcorp group annual financial statements.

The statement of profit or loss allocations for the 2021 financial year is HK$ 60,9 million (R121 million), HK$ 47,5 million (R95 million) relates to the 2020 financial year and HK$ 264,1 million (R524 million) to the prior financial periods.

3.2. **Financial impact of COVID on the group's consolidated annual financial statements**

Based on the ongoing COVID pandemic and its potential impact on the consolidated annual financial statements, the group has reassessed the possible financial effects that COVID could have on the measurement, presentation and disclosure provided in the group consolidated annual financial statements. The future remains 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 COVID crisis and its likely future impacts.

The group has considered the ongoing impacts of COVID on the group by taking a variety of risk elements into account which include 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. Due to COVID, 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 and 2021 financial years 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 overall ECL percentage for trade receivables increased from 4,5% in 2019 to 11,5% in 2020 and has been reduced in 2021 to 9,8%, given improvements in forward-looking information arising out of the effectiveness of the global vaccine programmes has enabled increased economic activity in most parts of the world. The calculated ECL at June 2021 is performed on a country-by-country basis based on evidence available at the time of finalising the Bidcorp group annual financial statements.	**High** (2020: High)	7.5

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

3.2. Financial impact of COVID on the group's consolidated annual financial statements (continued)

COVID consideration	Assessment of COVID consideration	Potential impact	Note reference
Revenue	The operating environment in most countries remains volatile and restrictions are often imposed to varying degrees with no advance warning, which has challenged both ourselves and our customers' abilities to operate effectively and efficiently. Our teams around the world have come to expect this unpredictability and continue to remain flexible, nimble, and highly adaptive to the inevitably changing circumstances. Trading towards the end of the financial year gained strong momentum as the UK and Europe emerged from the COVID-induced winter hibernation and economies were progressively reopened. Notwithstanding restricted activity in Australia and parts of Asia due to further COVID lockdowns, as well as subdued activity in South Africa following the recent civil unrest, constant currency group sales, measured against our 2019 comparatives from April to June, were 76% (April), 89% (May) and 95% (June) and has continued to improve into July, August and September 2021. All businesses have continued operating in each geography; however, each country is at a different stage of the COVID crisis. There have been no significant contract modifications that took place and both new and existing contracts were assessed to be still enforceable at the reporting date.	**Medium** (2020: Medium)	4.1
Liquidity risk	The group's priority has been to ensure that our operations have sufficient liquidity for their respective requirements. The group and its subsidiaries have available to it, as at June 30 2021, undrawn facilities of R7,3 billion (£369 million) and cash and cash equivalents of R8,1 billion (£410 million).	**Low** (2020: Medium)	10.1
Non-financial asset impairments	Goodwill is tested for impairment annually and whenever there are indicators of impairment. In determining the recoverable amounts for the group's cash-generating units (CGU), the group considered several sources of estimation uncertainty and made certain assumptions or judgements about the future. These recoverable amounts are inherently uncertain and require a high degree of estimation and judgement and are subject to change based on future changes, industry and global economic and geo-political conditions, and the timing and success of the implementation of current strategic initiatives. The impact of the COVID pandemic on estimated future cash flows is uncertain and will largely depend on the outcome of future events, which could result in further goodwill impairments going forward. Management also considered various scenario analysis 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** (2020: Medium)	8.3
Inventories	During the year, the group's businesses actively managed their inventory exposure, particularly their short-dated stock. All inventory obsolescence has been expensed as incurred and the group does 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.	**Low** (2020: Low)	7.4
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** (2020: Low)	12.8

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

3.3 Restatement of consolidated annual financial statements

In late June 2021, our internal surveillance and control processes uncovered a significant and sophisticated fraud that was being perpetuated in the Miumi division of our Greater China business. This was carried out by our 10% minority shareholder in Miumi, who was also the general manager of that business, certain employees within Miumi as well as third-party service providers. All employees involved have had their employment terminated. Ernst & Young (China) Limited was appointed in early July to conduct a comprehensive forensic investigation into this fraud. However, at the time of finalising the group annual financial statements the forensic investigation is not yet complete. It is apparent that this fraud has been going on since about 2016 and has involved the manipulation of accounts receivables, prepayments, the misappropriation of inventories and unrecorded liabilities, the result of which these balances have been progressively misstated over the past six years.

Miumi operates on a relatively standalone basis specialising in the global procurement of Japanese-style product (mainly seafood, meat, poultry, and dairy) for distribution into Hong Kong and China, through both the direct HORECA market, as well as through other wholesalers, particularly in China. It was in this wholesaling component that the fraud occurred. New management has been put into Miumi, the business has been significantly scaled back and all wholesaler activities have ceased. Management believe based on its own investigations, the forensic work conducted to date and the work performed by our external auditors, PricewaterhouseCoopers Inc., that this fraud relates only to Miumi, and that the balance of our Greater China business is not impacted and continues to trade profitably and ahead of our expectations, although COVID challenges are rapidly reappearing in that market.

Notwithstanding that the forensic investigation is not yet complete, the group has taken the prudent view by reversing the full overstated accounts receivables, prepayments, and inventory involved and providing for the unrecorded liabilities. We do, however, remain confident of some future recoveries from insurance, the perpetrators and other third parties involved. The quantum of the losses as a result of this six-year fraud are HK$253 million (R471 million) in respect of receivables and prepayments, and HK$102 million (R190 million) in respect of inventory, and an unrecorded liability of HK$18 million (R33 million), which have been adjusted as set out below. The tax deductibility of these amounts is uncertain so no provision for any tax relief has been accounted for.

The group's best estimate based on evidence available is that the loss attributable to the statement of profit or loss for the 2021 financial year is HK$60,9 million (R121 million), around HK$47,5 million (R95 million) relates to the financial year ended June 2020 and the balance to the financial years prior to this, these rand amounts were translated at the respective average South African rand/Hong Kong dollar exchange rates for these respective financial years. These losses per financial year approximate the statement of financial position movements in the net of intercompany debt and cash related balances for Miumi, which is considered reasonable given that Miumi had little or no investment activities.

After recording the impact of the losses attributable to the Miumi fraud, the Miumi contribution of the 2021 consolidated financial statement items is:

- Revenue: R282 million (0,25% of consolidated revenue);
- Cost of revenue: R237 million (0,27% of consolidated cost of revenue);
- Inventories: R33 million (0,33% of consolidated inventories);
- Trade and other receivables: R78 million (0,58% of consolidated trade and other receivables); and
- Trade and other payables: R68 million (0,33% of consolidated trade and other payables).

Processes followed to restate the trade and other receivables, inventory and trade and other payables at July 1 2019 and June 30 2020:

- **Trade and other receivables**
  We reviewed the background of the Miumi customers that were managed by implicated Miumi employees and cross-border trading wholesalers. In addition, the fraudulent debtors were also identified by:
  - if the customer used an abnormal delivery/business registration address (eg address in the People's Republic of China (PRC), residential address or non-existent Hong Kong business registration/operation address);
  - incorrect customer name in PRC legal format (ie there is a typical naming requirement in the PRC, normally contains the PRC province/city name in the company name);
  - through Angliss Greater China management review, if the customer was associated with abnormal accounting activities such as significant sales returns and trading balances that had been directly set-off with trade payable balances; and
  - from the Miumi accounting records and the above fraudulent debtor approach we were able to generate a detailed sales and cost of sales transaction listing (by invoice and by customer) that identified the fraudulent trade debtor balances at July 1 2019, June 30 2020 and June 30 2021. These fraudulent trade debtor balances at these respective dates were reversed.

- **Inventory**
  Due to the reliability of documentation to support the Miumi inventory balance, the following procedures/calculations were performed to determine a Miumi inventory balance at July 1 2019 and June 30 2020. Miumi specialises in the global procurement of Japanese-style product (mainly seafood, meat, poultry, and dairy) for distribution into Hong Kong and China, through both the direct HORECA market, as well as through other wholesalers particularly in China. The average inventory stock-holdings for similar Angliss businesses is between 60 and 80 days stock on hand. This is supported by evidence that other Angliss PRC companies and the Miumi closing inventory balances for June 30 2021 (which have all been physically counted) are within these expected stock days on hand of 60 to 80 days. The group selected the mid-point of this range being 70 days to determine the expected Miumi inventory balances on hand at July 1 2019 and June 30 2020.

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

3.3 Restatement of consolidated annual financial statements (continued)

A sensitivity analysis was done using stock days at 35, 53, 63, 77, 88 and 105 days. Results are compared against the calculated stock-holding balance of 70 days. Negatives reflect lower stock-holding numbers and positives reflect higher stock-holding numbers:

	July 1 2019 R'000	June 30 2020 R'000
Stock-holding at 35 days (50% change in assumption)	(18 319)	(18 525)
Stock-holding at 53 days (25% change in assumption)	(9 159)	(9 263)
Stock-holding at 63 days (10% change in assumption)	(3 664)	(3 705)
Stock-holding at 77 days (10% change in assumption)	3 664	3 705
Stock-holding at 88 days (25% change in assumption)	9 159	9 263
Stock-holding at 105 days (50% change in assumption)	18 319	18 525

Results from the sensitivity analysis performed are that changes in number of stock-holding days (including 50% changes) does not result in a material change to the expected Miumi inventory balance at July 1 2019 and June 30 2020 or prior period loss allocation. The calculated inventory balances at July 1 2019 and June 30 2020 is comparable to the physically counted inventory balance of HK$16,8 million (R30,9 million) at June 30 2021. The June 30 2021 Miumi inventory balance represents 0,3% of the group's total inventory balance at June 30 2021.

- **Trade and other payables**

  The unrecorded trade and other payables have been allocated to prior financial periods based on the financial years in which the loans/services were received by Miumi. No future costs were provided for and all known claims against Miumi at the time of finalising the group annual financial statements have been provided for.

Net debt movements in Miumi

These losses per financial year approximate the statement of financial position movements in the net of intercompany debt and cash-related balances for Miumi, which is considered reasonable given that Miumi had little or no investment activities.

Restatement of prior period errors

The 2020 financial statements and the consolidated statement of financial position as at July 1 2019 have been restated to correct the prior period errors in relation to the identified fraud.

Statement of financial position (extract) as at July 1 2019

	Reported balance June 30 2019 R'000	Cumulative effects of restatement R'000	Restated July 1 2019 R'000
Trade and other receivables	15 213 598	(329 192)	14 884 406
Inventory	9 703 879	(125 318)	9 578 561
Trade and other payables	(18 698 495)	(20 270)	(18 718 765)
Net assets	28 735 967	(474 780)	28 261 187
Foreign currency translation reserve	5 263 176	2 921	5 266 097
Retained earnings	17 902 350	(477 701)	17 424 649
Total equity	28 735 967	(474 780)	28 261 187

Notes to the consolidated financial statements continued

for the year ended June 30

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

3.3 **Restatement of consolidated annual financial statements** (continued)

Statement of financial position (extract) as at June 30 2020

	Reported balance June 30 2020 R'000	Cumulative effects of restatement R'000	Restated June 30 2020 R'000
Trade and other receivables	12 289 674	(570 126)	11 719 548
Inventory	10 195 539	(98 346)	10 097 193
Trade and other payables	(17 602 244)	(28 347)	(17 630 591)
Net assets	27 938 586	(696 819)	27 241 767
Foreign currency translation reserve	9 609 715	(123 741)	9 485 974
Retained earnings	12 593 698	(573 078)	12 020 620
Total equity	27 938 586	(696 819)	27 241 767

Statement of profit or loss (extract) for the year ended June 30 2020

	Reported balance June 30 2020 R'000	Effects of restatement R'000	Restated June 30 2020 R'000
Continuing operations			
Revenue	121 117 480	(543 298)	120 574 182
Cost of sales	(91 921 749)	466 378	(91 455 371)
Gross profit	29 195 731	(76 920)	29 118 811
Operating expenses	(25 033 193)	(18 457)	(25 051 650)
Trading profit	4 162 538	(95 377)	4 067 161
Share-based payment expense	(100 774)	–	(100 774)
Acquisition costs	(1 968)	–	(1 968)
Capital items	(923 687)	–	(923 687)
Operating profit	3 136 109	(95 377)	3 040 732
Net finance charges	(710 263)	–	(710 263)
Share of profit of associates and jointly controlled entities	6 448	–	6 448
Profit before taxation	2 432 294	(95 377)	2 336 917
Taxation	(868 614)	–	(868 614)
Profit for the year from continuing operations	1 563 680	(95 377)	1 468 303
Loss after taxation from discontinued operations	(331 578)	–	(331 578)
Profit for the year	1 232 102	(95 377)	1 136 725
Other comprehensive income	4 331 548	(123 741)	4 207 807
Total comprehensive income for the year	5 563 650	(219 118)	5 344 532
Profit for the year attributable to:			
Shareholders of the company	1 216 805	(95 377)	1 121 428
Non-controlling interests	15 297	–	15 297
Total comprehensive income attributable to:			
Shareholders of the company	5 506 566	(219 118)	5 287 448
Non-controlling interests	57 084	–	57 084

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

3.3 Restatement of consolidated annual financial statements (continued)

Statement of profit or loss (extract) for the year ended June 30 2020 (continued)

	Reported balance June 30 2020	Effects of restatement	Restated June 30 2020
Continuing operations (cents)			
Basic earnings per share	463,5	(28,6)	434,9
Diluted basic earnings per share	462,6	(28,5)	434,1
Headline earnings per share	741,3	(28,6)	712,7
Diluted headline earnings per share	739,7	(28,5)	711,2
Discontinued operations (cents)			
Basic loss per share	(99,3)	–	(99,3)
Diluted basic loss per share	(99,1)	–	(99,1)
Headline loss per share	(47,3)	–	(47,3)
Diluted headline earnings per share	(47,2)	–	(47,2)
Total operations (cents)			
Basic earnings per share	364,2	(28,6)	335,6
Diluted basic earnings per share	363,5	(28,5)	335,0
Headline earnings per share	694,0	(28,6)	665,4
Diluted headline earnings per share	692,5	(28,5)	664,0

Statement of cash flows (extract) for the year ended June 30 2020

	Reported balance June 30 2020 R'000	Effects of restatement R'000	Restated June 30 2020 R'000
Cash flows from operating activities	3 928 340	–	3 928 340
Cash generated by continuing operations	8 374 137	–	8 374 137
Operating profit	3 136 109	(95 377)	3 040 732
Adjustments to operating profit	4 053 593	–	4 053 593
Working capital changes	1 184 435	95 377	1 279 812
Finance income received	80 683	–	80 683
Finance charges paid	(677 897)	–	(677 897)
Taxation paid	(1 354 174)	–	(1 354 174)
Dividends paid	(2 213 668)	–	(2 213 668)
Net operating cash flows from discontinued operations	(280 741)	–	(280 741)
Cash effects from investment activities	(3 153 212)	–	(3 153 212)
Cash effects from financing activities	(912 235)	–	(912 235)
Net movement in cash and cash equivalents	(137 107)	–	(137 107)
Cash and cash equivalents at beginning of the year	6 058 269	–	6 058 269
Effects of exchange rate fluctuations on cash and cash equivalents	1 103 264	–	1 103 264
Cash and cash equivalents at end of the year	7 024 426	–	7 024 426

The cash flow restatements are non-cash adjustments on the changes in the statement in financial position.

		2021 R'000	Restated[1] 2020 R'000
4.	OPERATING PERFORMANCE		
4.1	**Revenue**		
	Sale of goods – frozen	**41 869 896**	41 492 665
	Sale of goods – chilled	**31 625 186**	34 312 270
	Sale of goods – ambient	**34 334 272**	36 444 944
	Sale of goods – non-food	**6 731 945**	8 057 712
	Rendering of services and commissions earned	**242 143**	266 591
		114 803 442	120 574 182
	Revenue percentage by market segmentation		
	Independent	**56%**	50%
	Chain	**31%**	34%
	Logistics	**6%**	6%
	Retail and other	**7%**	10%
	Revenue percentage by customer type		
	Hotels, restaurants and cafés	**35%**	36%
	Quick-service restaurants	**16%**	16%
	Retail, wholesalers and other distributors	**15%**	13%
	Caterers, butcheries and canteens	**14%**	15%
	Healthcare and aged care	**10%**	10%
	Education	**5%**	5%
	Travel (airlines and cruise liners)	**2%**	3%
	Government-related customers	**3%**	2%
	Analysis of revenue per country by percentage		
	United Kingdom	**22%**	26%
	Australia	**18%**	16%
	New Zealand	**11%**	9%
	People's Republic of China and Hong Kong	**7%**	6%
	Netherlands	**7%**	9%
	Italy	**6%**	5%
	Czech Republic	**6%**	6%
	Belgium	**5%**	6%
	South Africa	**5%**	5%
	Other	**13%**	12%

[1] *Refer note 3.3 – Restatement of consolidated annual financial statements for the impact on the statement of profit or loss.*

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

Predominantly include independent restaurants. These customers typically generate higher gross margins that more than offset the higher supply chain costs that we incur in serving these customers. These 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 those who instruct 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 2,7% of the group's 2021 revenue (2020: 2,4%).

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.

Notes to the consolidated financial statements continued

for the year ended June 30

	2021 R'000	2020 R'000
4. OPERATING PERFORMANCE (continued)		
4.2 Operating profit		
Determined after charging (crediting)		
Auditors' remuneration	**77 748**	66 730
Group auditor audit fees and related expenses	**60 941**	56 519
Group auditor related tax, consulting, other related expenses	**9 953**	3 294
Other audit firm fees and related expenses	**6 854**	6 917
Depreciation of property, plant and equipment	**1 394 679**	1 411 954
Freehold properties	**23 334**	56 312
Leasehold improvements	**107 105**	99 495
Plant and equipment	**460 700**	452 772
Office equipment, furniture and fittings	**188 755**	198 253
Vehicles	**614 785**	605 122
Impairment of property, plant and equipment	**360 938**	116 572
Freehold properties	**185 524**	7 578
Leasehold improvements	**2 009**	45 295
Plant and equipment	**83 391**	6 847
Office equipment, furniture and fittings	**55 536**	52 541
Vehicles	**34 478**	4 311
Amortisation of intangible assets	**28 145**	122 400
Patents, trademarks, tradenames and other intangibles	**8 094**	18 198
Computer software	**20 051**	104 202
Right-of-use lease asset depreciation	**826 954**	771 412
Leasehold properties	**627 259**	567 065
Vehicles	**184 733**	188 641
Equipment and other	**14 962**	15 706
Directors' emoluments (refer note 11.2 for full details of executive and non-executive remuneration)		
Executive directors	**26 421**	22 599
Basic remuneration	**25 206**	21 435
Retirement and medical benefits	**725**	708
Other benefits	**490**	456
Non-executive director emoluments	**11 269**	19 705
Director fees	**10 684**	9 910
Long-term incentives	**–**	9 253
Other services	**585**	542
Employer contributions to	**1 803 317**	1 486 199
Defined contribution pension funds	**456 528**	348 307
Provident funds	**23 183**	25 044
Retirement funds	**110 359**	77 116
Social securities	**1 144 959**	968 144
Medical aids	**68 288**	67 588
Defined benefit pension plans related expenses	**15 297**	15 516
Share-based payment expenses	**107 452**	100 774
Bidvest Incentive Scheme (BIS)	**114**	5 682
Bid Corporation Limited Share Appreciation Rights Plan (SARs)	**44 878**	67 659
Bidcorp Conditional Share Plan (CSP)	**79 147**	32 405
Nowaco Management Scheme	**(16 687)**	(4 972)

	2021 R'000	2020 R'000
4. OPERATING PERFORMANCE (continued)		
4.2 Operating profit (continued)		
Staff costs excluding directors' emoluments, employer contributions	**11 721 942**	13 187 194
Gross staff costs excluding directors' emoluments, employer contributions	**12 921 723**	13 993 504
Government grants recognised in the consolidated statement of profit or loss	**(1 199 781)**	(806 310)
The group received government grants in respect of staff job retention schemes 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 losses (gains) on hedging activities	**29 302**	(5 219)
Forward exchange contracts	**26 634**	(13 778)
Foreign bank accounts	**2 668**	8 559
Foreign exchange gains on transactions	**(8 841)**	(4 399)
Realised	**(10 357)**	(7 057)
Unrealised	**1 516**	2 658
Transport costs	**2 943 933**	3 129 359
Fuel	**688 056**	810 054
Vehicle running and transport costs (repairs, road tax, etc)	**1 290 989**	1 387 436
Freight out	**964 888**	931 869
Accommodation and premise costs	**1 783 665**	1 799 837
Electricity, gas and water (utilities)	**568 517**	563 104
Repairs and maintenance	**455 415**	435 154
Health and safety costs	**227 014**	223 979
Packaging and pallets	**158 792**	170 296
Other accommodation and premise costs	**373 927**	407 304
Office and communication costs	**615 972**	642 420
IFRS 16-related lease expenses recognised in the consolidated statement of profit or loss	**178 754**	248 291
Expenses relating to short-term leases (leases shorter than 12 months)	**140 379**	212 865
Expenses relating to leases of low-value assets that are not shown above as short-term leases	**18 551**	24 731
Expense relating to variable lease payments not included in lease liabilities	**19 824**	10 695
Impairment of trade receivables (2020: restated)	**231 646**	892 726
Impairment of assets relating to continuing operations#	**587 530**	951 847
Property, plant and equipment	**360 938**	116 572
Intangible assets	**226 592**	25 638
Goodwill	**–**	797 899
Associates	**–**	11 738
Net capital profit relating to continuing operations#	**(830 280)**	(28 160)
Profit on disposal of property, plant and equipment[1]	**(794 835)**	(43 335)
Insurance proceeds in relation to impaired property, plant and equipment	**(32 309)**	–
Gain from bargain purchase	**(3 136)**	–
Loss on disposal of interests in subsidiary	**–**	15 175
# Items above included as capital items on consolidated statement of profit or loss	**(242 750)**	923 687

[1] *Included in the profit on disposal of property, plant and equipment are four sale and leaseback transactions. Sale and leaseback transactions were concluded on the following properties:*
- *Hong Kong's KC property for proceeds of HK$315,8 million (R626,2 million) after commission and legal expenses. Total lease commitments of HK$107,9 million (R198,7 million) including a three-year renewal period. The capital profit recognised on the sale and leaseback of this property R379,1 million.*
- *Girraween, Perth and Newcastle properties in Australia for A$86,6 million (R994,7 million) after commission and legal expenses. Total lease commitments of A$31,6 million (R339,2 million). The capital profit recognised on the sale and leaseback of these Australian properties R361,4 million.*

These freehold property sales are part of our property strategy in terms of dealing with end-of-useful life freehold properties, where we are taking advantage of very low yields currently being achieved in many markets on big demand for industrial property.
The related right-of-use lease assets and right-of-use lease liabilities have been recognised in notes 7.3 and 10.4 respectively.

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.

	2021 R'000	Restated[1] 2020 ccc
Segmental revenue		
Australasia	**33 010 216**	28 986 744
United Kingdom	**24 955 373**	31 462 683
Europe	**35 706 221**	40 199 177
Emerging Markets	**21 131 632**	19 925 578
	114 803 442	120 574 182

[1] *Refer note 3.3 – Restatement of consolidated annual financial statements for the impact on the statement of profit or loss.*

	Total R'000	Australasia R'000	United Kingdom R'000	Europe R'000	Emerging Markets R'000
Segmental revenue by category and market					
2021					
Sale of goods – frozen	41 869 896	12 990 025	8 597 528	12 838 801	7 443 542
Sale of goods – chilled	31 625 186	8 512 804	5 506 039	11 615 690	5 990 653
Sale of goods – ambient	34 334 272	9 613 882	8 573 716	9 277 605	6 869 069
Sale of goods – non-food	6 731 945	1 893 505	2 271 160	1 741 822	825 458
Rendering of services and commissions	242 143	–	6 930	232 303	2 910
	114 803 442	33 010 216	24 955 373	35 706 221	21 131 632
Independent	56%	65%	40%	59%	54%
Chain	31%	15%	60%	24%	35%
Logistics	6%	12%	0%	8%	0%
Retail and other	7%	8%	0%	9%	11%
Hotels, restaurants and cafés	35%	37%	22%	41%	35%
Quick-service restaurants	16%	16%	25%	16%	5%
Caterers, butcheries and canteens	14%	7%	11%	15%	24%
Retail, wholesalers and other distributors	15%	14%	3%	16%	31%
Healthcare and aged care	10%	13%	15%	9%	4%
Education	5%	2%	15%	2%	1%
Travel (airlines and cruise liners)	2%	8%	1%	0%	0%
Government-related customers	3%	3%	8%	1%	0%

4. **OPERATING PERFORMANCE** (continued)

4.3 **Segmental operational performance** (continued)

	Total[1] R'000	Australasia R'000	United Kingdom R'000	Europe R'000	Emerging Markets[1] R'000
Segmental revenue by category and market (continued)					
2020					
Sale of goods – frozen	41 492 665	11 134 391	9 751 721	13 182 000	7 424 553
Sale of goods – chilled	34 312 270	7 523 025	7 226 418	14 143 652	5 419 175
Sale of goods– ambient	36 444 944	8 659 493	10 717 216	10 869 154	6 199 081
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
	120 574 182	28 986 744	31 462 683	40 199 177	19 925 578
Independent	50%	67%	40%	46%	51%
Chain	34%	13%	60%	25%	41%
Logistics	6%	11%	0%	9%	0%
Retail and other	10%	9%	0%	20%	8%
Hotels, restaurants and cafés	36%	34%	25%	44%	38%
Quick-service restaurants	16%	15%	22%	19%	4%
Caterers, butcheries and canteens	15%	8%	16%	15%	24%
Retail, wholesalers and other distributors	13%	16%	4%	11%	26%
Healthcare and aged care	10%	13%	12%	9%	3%
Education	5%	2%	13%	2%	2%
Travel (airlines and cruise liners)	3%	9%	2%	0%	2%
Government-related customers	2%	3%	6%	0%	1%

[1] Refer note 3.3 – Restatement of consolidated annual financial statements.

	2021 R'000	Restated[1] 2020 R'000
4. OPERATING PERFORMANCE (continued)		
4.3 Segmental operational performance (continued)		
Segmental trading profit		
Trading division	4 893 592	4 138 045
Australasia	2 489 692	1 923 857
United Kingdom	394 303	666 755
Europe	1 086 046	958 081
Emerging Markets	923 551	589 352
Corporate	(105 940)	(70 884)
	4 787 652	4 067 161
Segmental trading EBITDAR[2]		
Trading division	7 138 104	6 429 942
Australasia	2 916 090	2 304 806
United Kingdom	1 085 874	1 381 502
Europe	1 796 228	1 738 922
Emerging Markets	1 339 912	1 004 712
Corporate	(100 674)	(57 017)
	7 037 430	6 372 925
Segmental employee benefits and remuneration		
Trading division	13 478 208	14 627 165
Australasia	3 427 740	3 143 363
United Kingdom	3 649 323	4 449 295
Europe	4 406 744	5 018 624
Emerging Markets	1 994 401	2 015 883
Corporate	106 395	103 402
	13 584 603	14 730 567
Share-based payment expense	107 452	100 774
	13 692 055	14 831 341
	Number of employees	Number of employees
Segmental number of employees		
Trading division	22 491	23 365
Australasia	4 213	4 095
United Kingdom	5 753	6 807
Europe	6 605	6 567
Emerging Markets	5 920	5 896
Corporate	61	62
	22 552	23 427

[1] *Refer note 3.3 – Restatement of consolidated annual financial statements for the impact of the restatement.*
[2] *Segmental trading EBITDAR includes the effect of IFRS 16.*

	2021 R'000	Restated[1] 2020 R'000
4. OPERATING PERFORMANCE (continued)		
4.4 Cash generated by continuing operations		
Reconciliation of operating profit to cash generated from continuing operations		
Operating profit	**4 916 799**	3 040 732
Adjustments for:		
Costs incurred in respect of acquisitions	**6 151**	1 968
Dividends received from jointly controlled entity	**40 000**	20 000
Nowaco share incentive scheme	**(16 699)**	(299 496)
Adjustment for depreciation and amortisation	**1 422 824**	1 534 354
Adjustment for RoU lease asset depreciation	**826 954**	771 412
Adjustment for non-cash items	**(168 154)**	2 025 355
Non-cash movement in the trade receivables impairment allowance	**274 263**	808 527
Impairment of goodwill	**–**	797 899
Non-cash movement in the provision for stock obsolescence	**(39 652)**	238 208
Non-cash movement in provisions	**(162 562)**	374 160
Charge to profit or loss for share-based payments	**107 452**	100 774
Profit on disposal of plant, property and equipment	**(862 524)**	(42 482)
Impairment of plant, property and equipment	**360 938**	116 572
Impairment of intangible assets	**226 592**	25 638
Non-cash movements related to RoU lease assets and RoU lease liabilities	**(2 646)**	(165 442)
Other non-cash items movements	**(70 015)**	(228 499)
Working capital changes	**632 312**	1 279 812
(Increase) decrease in inventories	**(1 273 893)**	929 871
(Increase) decrease in trade and other receivables	**(3 315 197)**	4 792 497
Increase (decrease) in trade and other payables and provisions	**5 221 402**	(4 442 556)
Cash generated by continuing operations	**7 660 187**	8 374 137

[1] *Refer note 3.3 – Restatement of consolidated annual financial statements for the impact of the restatement.*

	2021 R'000	2020 R'000
5. TAXATION		
5.1 Income taxation expense		
Current taxation	**1 300 687**	1 064 385
Current year	**1 317 313**	1 071 008
Prior years' over provision	**(16 626)**	(6 623)
Deferred taxation	**(175 769)**	(197 343)
Current year	**(311 987)**	(283 010)
Prior years' under provision	**111 290**	73 497
Change in rate of taxation	**24 928**	12 170
Foreign withholding taxation	**9 776**	1 572
Total taxation per consolidated statement of profit or loss	**1 134 694**	868 614
Comprising		
South African taxation	**131 735**	92 488
Foreign taxation	**1 002 959**	776 126
	1 134 694	868 614

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.

The reconciliation of the group's effective taxation rate applies the South African taxation rate as the holding company is a South African taxation resident. On a group basis, the foreign taxation rate differentials are not considered significant and the method has been applied consistently from period to period.

	2021 %	Restated[1] 2020 %
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	**26,7**	37,2
Associates	**0,2**	0,1
Effective rate excluding associate income	**26,9**	37,3
Dividend and exempt income	**4,5**	2,3
Foreign taxation rate differential	**(1,0)**	(0,2)
Non-deductible expenses	**(3,4)**	(12,9)
Deferred taxation assets not previously raised	**1,9**	4,7
Exempt portion of capital gains	**1,9**	0,1
Changes in prior years' estimation	**(2,2)**	(2,8)
Change in rate of taxation	**(0,6)**	(0,5)
Rate of South African company taxation (%)	**28,0**	28,0

Non-deductible expenses comprise impairments relating to 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. For the 2020 financial year, the significant non-deductible expense that has not been repeated in 2021 is the goodwill impairments of €45,9 million (R793,8 million) relating to Guzmán Gastronomía S.L. (Spain).

[1] *Refer note 3.3 – Restatement of consolidated annual financial statements for the impact of the restatement.*

	2021 R'000	2020 R'000
5. TAXATION (continued)		
5.2 Deferred taxation		
Deferred taxation assets	**1 381 263**	1 202 709
Deferred taxation liabilities	**(751 678)**	(686 554)
Net deferred taxation asset	**629 585**	516 155
Movement in net deferred taxation assets and liabilities		
Balance at beginning of the year	**516 155**	257 363
Deferred taxation charge	**175 769**	197 343
Items recognised directly in equity and other comprehensive income	**27 718**	(20 731)
On acquisition of businesses	**6 689**	(935)
Transfer from liabilities classified as held-for-sale	**–**	(67)
Exchange rate adjustments	**(96 746)**	83 182
Balance at end of the year	**629 585**	516 155
Analysis of deferred taxation balances		
Differential between carrying values and tax values of property, plant and equipment	**(595 718)**	(543 903)
Differential between carrying values and tax values of intangible assets	**(26 631)**	7 920
Estimated taxation losses	**175 094**	149 092
Staff-related allowances and liabilities	**330 256**	257 882
Differential between right-of-use lease assets and liabilities	**328 350**	232 329
Inventories	**44 049**	54 130
Investments	**(127 437)**	(124 897)
Trade and other receivables	**177 655**	144 462
Trade, other payables and provisions	**323 967**	339 140
	629 585	516 155

Deferred taxation has been provided at rates ranging between 15% to 35% (2020: 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.

		2021 R'000	2020 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	**1 452 645**	1 193 265
	Utilised in the computation of deferred taxation	**(175 094)**	(149 092)
	Not accounted for in deferred taxation	**1 277 551**	1 044 173

The significant amount of the taxation losses not accounted for as deferred taxation relates to the Guzmán Gastronomía S.L. group (Spain). At June 30 2021 estimated taxation losses for Guzmán Gastronomía S.L. was €62,9 million (R1,1 billion).

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 or the nature of the taxation losses remain uncertain, against which the benefits can be utilised. Miumi International Food Company Limited incurred losses of HK$379 million (R698 million). At June 30 2021, these losses have not been included in the above reconciliation as it is uncertain that a tax deduction will be obtained against future taxable income.

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 right-of-use 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.

		2021 R'000	2020 R'000
5.3	**Taxation paid**		
	Amounts payable at beginning of the year	**(246 077)**	(470 753)
	Continuing operations current taxation charge	**(1 310 463)**	(1 065 957)
	Businesses acquired	**(1 076)**	(3 845)
	Transfer from assets classified as held-for-sale	**–**	(15 055)
	Exchange rate adjustments	**40 460**	(44 641)
	Amounts payable at end of the year	**286 537**	246 077
	Amounts paid	**(1 230 619)**	(1 354 174)

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.

		2021	Restated[1] 2020
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)	3 088 860	1 453 006
	Weighted average number of shares in issue ('000)	334 058	334 041
	Basic earnings per share (cents)	924,6	434,9
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)	3 088 860	1 453 006
	Weighted average number of shares in issue ('000)	334 058	334 041
	Potential dilutive impact of outstanding share options and conditional awards ('000)	506	694
	Number of outstanding staff share options	3 181	3 773
	Number of share awards deemed to be issued at fair value	(3 094)	(3 533)
	Contingent issuable shares in terms of conditional share plan to be issued not at fair value	419	454
	Dilutive weighted average number of shares ('000)	334 564	334 735
	Diluted basic earnings per share (cents)	923,2	434,1
	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	3 088 860	1 453 006
	Impairments	473 005	939 836
	Property, plant and equipment	360 938	116 572
	Intangible assets	226 592	25 638
	Goodwill	–	797 899
	Associate	–	11 738
	Taxation relief	(114 525)	(12 011)
	Capital profit on disposal of property, plant and equipment	(631 681)	(29 058)
	Property, plant and equipment	(794 835)	(43 335)
	Taxation charge	163 154	14 277
	Insurance proceeds in relation to an impairment of property, plant and equipment	(26 170)	–
	Insurance proceeds	(32 309)	–
	Taxation charge	6 139	–
	Gain from bargain purchase	(3 136)	–
	Loss on disposal of interests in subsidiary	–	16 920
	Disposal of subsidiary	–	15 175
	Taxation charge	–	1 745
	Headline earnings	2 900 878	2 380 704
	Headline earnings per share (cents)	868,4	712,7
	Diluted headline earnings per share (cents)	867,1	711,2
	Dilution (%)	0,1	0,2

[1] *Refer note 3.3 – Restatement of consolidated annual financial statements for the impact of the restatement.*

	2021 R'000	2020 R'000
7. NET OPERATING ASSETS		
7.1 Property, plant and equipment		
Freehold land and buildings	9 384 240	9 890 603
Cost	10 515 485	11 456 117
Accumulated depreciation and impairments	(1 131 245)	(1 565 514)
Leasehold improvements	649 569	795 834
Cost	1 587 524	1 738 290
Accumulated depreciation and impairments	(937 955)	(942 456)
Plant and equipment	2 265 313	2 758 087
Cost	6 290 450	7 162 723
Accumulated depreciation and impairments	(4 025 137)	(4 404 636)
Office equipment, furniture and fittings	614 535	766 901
Cost	2 062 885	2 215 432
Accumulated depreciation and impairments	(1 448 350)	(1 448 531)
Vehicles	2 181 357	2 559 316
Cost	5 437 770	5 966 905
Accumulated depreciation and impairments	(3 256 413)	(3 407 589)
Capital work-in-progress	410 827	847 694
	15 505 841	17 618 435

Property, plant and equipment with an estimated carrying value of R1 011 million (2020: R1 371 million) were pledged as security for borrowings of R690 million (2020: R952 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 2021 is R13,1 billion (2020: 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.

7. NET OPERATING ASSETS (continued)

7.1 Property, plant and equipment (continued)

Movement in property, plant and equipment

	2021 R'000	2020 R'000
Carrying value at beginning of the year	**17 618 435**	14 025 113
Capital expenditure	**1 831 140**	2 724 587
Freehold land and buildings	**399 281**	567 314
Leasehold improvements	**12 792**	28 470
Plant and equipment	**180 294**	522 684
Office equipment, furniture and fittings	**99 268**	111 625
Vehicles	**258 291**	387 433
Capital work-in-progress	**881 214**	1 107 061
Acquisition of businesses	**40 393**	44 679
Freehold land and buildings	**23 550**	–
Leasehold improvements	**12**	–
Plant and equipment	**5 781**	17 661
Office equipment, furniture and fittings	**1 605**	–
Vehicles	**9 445**	25 601
Capital work-in-progress	**–**	1 417
Disposals	**(605 675)**	(327 846)
Freehold land and buildings	**(499 492)**	(197 684)
Leasehold improvements	**(6 244)**	(17 736)
Plant and equipment	**(66 497)**	(38 102)
Office equipment, furniture and fittings	**(5 756)**	(12 358)
Vehicles	**(21 630)**	(50 911)
Capital work-in-progress	**(6 056)**	(11 055)
Net transfers	**–**	–
Freehold land and buildings	**698 397**	546 279
Leasehold improvements	**20 766**	5 838
Plant and equipment	**178 613**	243 406
Office equipment, furniture and fittings	**86 742**	66 751
Vehicles	**262 140**	271 989
Capital work-in-progress	**(1 246 658)**	(1 134 263)
Disposal of business	**–**	(18 678)
Plant and equipment	**–**	(6 924)
Office equipment, furniture and fittings	**–**	(3 057)
Vehicles	**–**	(8 697)
Exchange rate adjustments	**(1 622 835)**	2 699 106
Freehold land and buildings	**(919 241)**	1 482 718
Leasehold improvements	**(64 477)**	140 299
Plant and equipment	**(246 874)**	403 019
Office equipment, furniture and fittings	**(89 934)**	134 312
Vehicles	**(236 942)**	398 517
Capital work-in-progress	**(65 367)**	140 241
Depreciation (refer note 4.2)	**(1 394 679)**	(1 411 954)
Impairment losses (refer note 4.2)	**(360 938)**	(116 572)
Carrying value at end of the year	**15 505 841**	17 618 435

		2021 R'000	2020 R'000
7.	**NET OPERATING ASSETS** (continued)		
7.1	**Property, plant and equipment** (continued)		
	Segmental capital expenditure		
	Bidfood	**1 830 871**	2 723 525
	Australasia	**577 347**	990 875
	United Kingdom	**479 351**	607 274
	Europe	**543 697**	913 547
	Emerging Markets	**230 476**	211 829
	Corporate	**269**	1 062
	Continuing operations	**1 831 140**	2 724 587
	Discontinued operations	**–**	143 247
	Total operations	**1 831 140**	2 867 834
	Segmental depreciation		
	Trading division		
	Bidfood	**1 392 421**	1 408 882
	Australasia	**283 983**	263 671
	United Kingdom	**421 915**	457 145
	Europe	**503 781**	494 759
	Emerging Markets	**182 742**	193 307
	Corporate	**2 258**	3 072
	Total continuing operations	**1 394 679**	1 411 954
	Segmental impairments		
	Trading division		
	Bidfood		
	Australasia	**93 375**	–
	United Kingdom	**14 345**	51 920
	Europe	**185 582**	49 517
	Emerging Markets	**67 636**	15 135
	Total continuing operations	**360 938**	116 572

The European impairments are impairments to freehold property, plant and equipment related to the Kralupy nad Vltavou (Czech Republic) fire that occurred in November 2020. The new Czech Republic fish factory is expected to be available for use by the end of the 2021 calendar year. In Australasia, impairments were recognised on plant and equipment in John Lewis, Sydney Meat, Lismore and Darwin's freehold property as a new depot is being built. In Emerging Markets, impairments were recognised in Greater China on the ready-to-eat production centre factory. This factory has been loss-making for the past four years and was unable to import ready-to-eat products into China and reduced demand in Hong Kong.

	2021 R'000	2020 R'000
7. NET OPERATING ASSETS (continued)		
7.2 Intangible assets		
Patents, trademarks, tradenames and other intangibles	**266 706**	302 154
Cost	**813 259**	899 997
Accumulated amortisation and impairments	**(546 553)**	(597 843)
Computer software	**305 017**	470 983
Cost	**1 656 170**	1 772 224
Accumulated amortisation and impairments	**(1 351 153)**	(1 301 241)
Capital work-in-progress	**77 999**	65 086
	649 722	838 223
Movement in intangible assets		
Carrying value at beginning of the year	**838 223**	667 572
Additions	**138 286**	191 576
Patents, trademarks, tradenames and other intangibles	**114**	16 348
Computer software	**119 271**	172 883
Capital work-in-progress	**18 901**	2 345
Expenditure	**51 223**	90 906
Transfers to other categories	**(32 322)**	(88 561)
Acquisition of businesses		
Patents, trademarks, tradenames and other intangibles	**917**	–
Disposals	**(820)**	(9 649)
Patents, trademarks, tradenames and other intangibles	**–**	(1 316)
Computer software	**(820)**	(8 333)
Exchange rate adjustments	**(72 147)**	136 762
Patents, trademarks and tradenames	**(26 490)**	51 254
Computer software	**(39 669)**	75 363
Capital work-in-progress	**(5 988)**	10 145
Amortisation (refer note 4.2)	**(28 145)**	(122 400)
Impairment losses (refer note 4.2)	**(226 592)**	(25 638)
Carrying value at end of the year	**649 722**	838 223
Segmental amortisation		
Bidfood	**27 009**	113 286
Australasia	**15 517**	12 943
United Kingdom	**4 733**	27 577
Europe	**–**	62 855
Emerging Markets	**6 759**	9 911
Corporate	**1 136**	9 114
Total continuing operations	**28 145**	122 400
Segmental impairment		
Australasia	**55 498**	–
United Kingdom	**23 239**	19 214
Europe	**147 855**	6 424
Total continuing operations	**226 592**	25 638

7. **NET OPERATING ASSETS** (continued)

7.2 Intangible assets (continued)

Intangible asset impairments in Europe relate to superseded Mercurius software in the Netherlands. Australasia relates to impairments of out-of-date mybidfood intangibles. New mybidfood cloud-based code has been developed and implemented in Bidcorp entities that use this ecommerce software. Mybidfood intangibles have a carrying value of R10,9 million at June 30 2021.

Included in patents, trademarks and tradenames 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 is R207,8 million (2020: R224,3 million). As at June 30, these intangible assets are considered to have an indefinite useful life.

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 tradenames	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).

	2021 R'000	2020 R'000
7. NET OPERATING ASSETS (continued)		
7.3 Right-of-use lease assets (RoU lease assets)		
Leasehold properties	3 516 056	4 317 868
Cost	4 890 176	5 189 013
Accumulated depreciation	(1 374 120)	(871 145)
Vehicles	377 380	566 976
Cost	686 400	770 792
Accumulated depreciation	(309 020)	(203 816)
Equipment and other	30 681	49 369
Cost	57 855	69 654
Accumulated depreciation	(27 174)	(20 285)
	3 924 117	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).

RoU lease asset additions include R51,0 million of previously held freehold properties that were sold under sale and leaseback transactions in Hong Kong and Australia.

Movement in RoU lease assets

	2021 R'000	2020 R'000
Carrying value at beginning of the year	4 934 213	4 670 182
New leases entered into	357 076	702 014
Leasehold properties	308 078	502 686
Vehicles	45 258	197 238
Equipment and other	3 740	2 090
Lease modifications and remeasurements	55 759	189 608
Leasehold properties	44 917	185 664
Vehicles	10 842	3 732
Equipment and other	–	212
Cancelled leases	(69 472)	(793 511)
Leasehold properties	(55 182)	(463 761)
Vehicles	(9 484)	(295 035)
Equipment and other	(4 806)	(34 715)

		2021 R'000	2020 R'000
7.	**NET OPERATING ASSETS** (continued)		
7.3	**Right-of-use lease assets (RoU lease assets)** (continued)		
	Movement in RoU lease assets (continued)		
	Acquisition of business		
	Equipment and other	**528**	–
	Depreciation	**(826 954)**	(771 412)
	Exchange rate adjustments	**(527 033)**	937 332
	Leasehold properties	**(472 366)**	795 275
	Vehicles	**(51 479)**	128 825
	Equipment and other	**(3 188)**	13 232
		3 924 117	4 934 213
	Segmental RoU depreciation		
	Bidfood	**825 082**	769 731
	Australasia	**126 898**	104 335
	United Kingdom	**227 971**	230 025
	Europe	**243 353**	223 227
	Emerging Markets	**226 860**	212 144
	Corporate	**1 872**	1 681
		826 954	771 412

		2021 R'000	Restated[1] 2020 R'000
7.4	**Inventories**		
	Raw materials	**391 942**	478 812
	Work-in-progress	**21 538**	20 637
	Finished goods	**9 668 452**	9 550 831
	Roll cages	**63 806**	46 913
		10 145 738	10 097 193
	Value of inventory expensed to the consolidated statement of profit or loss	**93 964 938**	98 536 891
	Provision for stock obsolescence included in inventories	**338 486**	455 479
	Total value of inventories on hand at June 30 written down to net realisable value	**438 954**	586 474
	Provision for stock obsolescence (credited) debited to the consolidated statement of profit or loss	**(72 619)**	231 731

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.

[1] *Refer note 3.3 – Restatement of consolidated annual financial statements.*

	2021 R'000	Restated 2020 R'000
7. NET OPERATING ASSETS (continued)		
7.5 Trade and other receivables		
Trade receivables	**13 210 683**	11 642 484
Impairment allowances	**(1 296 189)**	(1 335 860)
Net trade receivables	**11 914 494**	10 306 624
Forward exchange contracts asset	**4 993**	6 229
Prepayments	**750 393**	751 151
Deposits	**144 750**	153 448
Value added taxation receivable	**209 117**	223 543
Signing and listing fees	**149 547**	122 576
Other receivables	**256 948**	155 977
	13 430 242	11 719 548

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 (FECs) 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, across multiple geographies is R114 million (2020: R245 million). The group had 321 653 individual trade debtors at June 30 2021 (2020: 286 374). 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 has 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:

	2021 R'000	Restated 2020 R'000
Hotels, restaurants and cafés	**4 711 247**	4 127 574
Retail, wholesalers and other distributors	**1 821 068**	1 894 709
Quick-service restaurants	**1 857 787**	1 652 922
Caterers, butcheries and canteens	**3 094 087**	1 652 670
Healthcare and aged care	**1 080 271**	1 440 529
Education	**239 804**	271 391
Travel (airlines and cruise liners)	**223 957**	197 649
Government-related customers	**182 462**	405 040
	13 210 683	11 642 484

7. **NET OPERATING ASSETS** (continued)

7.5 Trade and other receivables (continued)

The increase in caterers, butcheries and canteens trade receivables is due to restrictions on trade being eased and these customer markets which were opening across the UK and Europe during May and June 2021 that led to a significant increase in sales to this customer group.

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 that use 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 ECLs recognised, which is most relevant to customers that have been temporarily or permanently affected by lockdown regulations in their respective geographies.

ECLs were considered for deposits, signing and listing fees and other receivables. Carrying values at June 30 reflect the fair value of these receivables less an expected credit allowances.

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.

	2021 Gross debtor R'000	2021 Loss rate %	2021 Expected credit loss R'000	2020 Restated[1] Gross debtor R'000	2020 Loss rate %	2020 Expected credit loss R'000
7. NET OPERATING ASSETS (continued)						
7.5 Trade and other receivables (continued)						
The ECL matrix at reporting date can be summarised as follows:						
Not past due	10 249 828	3,0	307 691	7 193 560	3,0	215 867
Independent	4 952 996	3,9	193 833	3 256 989	3,5	114 994
Chain	3 877 862	1,7	64 285	2 084 794	2,0	41 667
Logistics	598 962	2,7	15 991	517 041	1,9	9 586
Retail and other	820 008	4,1	33 582	1 334 736	3,7	49 620
Past due 0 – 30 days	1 129 220	7,8	88 514	1 275 451	5,2	66 444
Independent	560 819	10,9	61 301	591 223	6,5	38 683
Chain	388 389	4,3	16 625	385 504	2,6	10 041
Logistics	31 761	3,2	1 011	57 019	5,3	3 012
Retail and other	148 251	6,5	9 577	241 705	6,1	14 708
Past due 31 – 180 days	586 119	23,9	139 817	1 995 041	22,0	439 478
Independent	273 856	32,0	87 679	1 083 228	26,6	288 129
Chain	238 514	15,6	37 097	737 049	17,6	129 477
Logistics	13 680	42,7	5 838	50 360	7,1	3 600
Retail and other	60 069	15,3	9 203	124 404	14,7	18 272
Past due 181 + days**	1 245 516	61,0	760 167	1 178 432	52,1	614 071
Independent	743 261	70,7	525 379	829 463	43,0	356 787
Chain	346 866	44,7	155 214	235 018	62,7	147 257
Logistics	91 552	58,4	53 462	59 022	99,1	58 468
Retail and other	63 837	40,9	26 112	54 929	93,9	51 559
Total	13 210 683	9,8	1 296 189	11 642 484	11,5	1 335 860

** *The increase in the 180 days + impairment allowance from 52,1% to 61,0% is due to specific impairments raised on the Miumi trade receivables.*

[1] *Refer note 3.3 – Restatement of consolidated annual financial statements.*

The impact of COVID has been factored into ECLs for trade receivables that are most relevant to customers who have been temporarily or permanently affected by lockdown regulations in their respective countries. Based on this assessment, the overall ECL percentage for trade receivables increased from 4,5% in 2019 to 11,5% in 2020. The ECL percentage reduced in 2021 to 9,8% given better-than-expected collections and improvements in forward-looking information arising from the effectiveness of global vaccine programmes that has enabled increased economic activity in most parts of the world.

Improvements in collections is evidenced by the fact that the trade debtors ageing has improved in 2021 and receivables not past due has increased from 62% (2020) to 78% (2021). However, in times of economic uncertainty and constant changes to the macro-economic environment (ie government restrictions) the calculated ECL for the year ended June 30 2021 has been conservatively calculated on a country-by-country basis, based on evidence available at the time of finalising the Bidcorp group annual financial statements.

	2021				2020			
	Loss rate %	Gross trade receivables R'000	Expected credit loss R'000	Net trade receivables R'000	Loss rate %	Restated[1] Gross trade receivables R'000	Impairment allowance R'000	Net trade receivables R'000
7. NET OPERATING ASSETS (continued)								
7.5 Trade and other receivables (continued)								
Ageing of trade receivables per segment at June 30								
Not past due	3,0	10 249 828	(307 691)	9 942 137	3,0	7 193 560	(215 867)	6 977 693
Australasia	5,2	2 080 464	(107 647)	1 972 817	4,2	1 894 057	(79 393)	1 814 664
United Kingdom	1,1	2 718 679	(28 598)	2 690 081	2,3	1 104 087	(25 225)	1 078 862
Europe	3,8	3 418 137	(129 040)	3 289 097	3,3	2 571 989	(83 638)	2 488 351
Emerging Markets	2,1	2 032 548	(42 406)	1 990 142	1,7	1 623 427	(27 611)	1 595 816
Past due 0 – 30 days	7,8	1 129 220	(88 514)	1 040 706	5,2	1 275 451	(66 444)	1 209 007
Australasia	12,6	68 114	(8 573)	59 541	16,9	112 112	(18 918)	93 194
United Kingdom	1,6	210 466	(3 375)	207 091	2,9	287 236	(8 202)	279 034
Europe	12,2	463 240	(56 646)	406 594	4,9	506 641	(24 728)	481 913
Emerging Markets	5,1	387 400	(19 920)	367 480	4,0	369 462	(14 596)	354 866
Past due 31 – 180 days	23,9	586 119	(139 817)	446 302	22,0	1 995 041	(439 478)	1 555 563
Australasia	37,6	11 473	(4 318)	7 155	38,7	131 034	(50 750)	80 284
United Kingdom	22,4	91 200	(20 462)	70 738	20,1	581 769	(117 108)	464 661
Europe	23,5	284 692	(67 015)	217 677	15,2	925 413	(140 700)	784 713
Emerging Markets	24,2	198 754	(48 022)	150 732	36,7	356 825	(130 920)	225 905
Past due 181 + days**	61,0	1 245 516	(760 167)	485 349	52,1	1 178 432	(614 071)	564 361
Australasia	95,7	13 233	(12 660)	573	91,9	13 589	(12 483)	1 106
United Kingdom	55,0	278 040	(152 993)	125 047	62,8	140 941	(88 568)	52 373
Europe	44,6	592 764	(264 380)	328 384	58,7	641 337	(376 387)	264 950
Emerging Markets	91,3	361 479	(330 134)	31 345	35,7	382 565	(136 633)	245 932
Total	9,8	13 210 683	(1 296 189)	11 914 494	11,5	11 642 484	(1 335 860)	10 306 624

** *The increase in the 180 days + impairment allowance from 52,1% to 61,0% is due to specific impairments raised on the Miumi trade receivables.*

[1] *Refer note 3.3 – Restatement of consolidated annual financial statements.*

The impact of COVID has been factored into ECLs for trade receivables that are most relevant to customers who have been temporarily or permanently affected by lockdown regulations in their respective countries. Based on this assessment, the overall ECL percentage for trade receivables increased from 4,5% in 2019 to 11,5% in 2020. The ECL percentage reduced in 2021 to 9,8% given better-than-expected collections and improvements in forward-looking information arising from the effectiveness of global vaccine programmes that has enabled increased economic activity in most parts of the world.

Improvements in collections is evidenced by the fact that the trade debtors ageing has improved in 2021 and receivables not past due has increased from 62% (2020) to 78% (2021). However, in times of economic uncertainty and constant changes to the macro-economic environment (ie government restrictions), the calculated ECL for the year ended June 30 2021 have been conservatively calculated on a country-by-country basis, based on evidence available at the time of finalising the Bidcorp group annual financial statements.

	2021 R'000	2020 R'000
7. NET OPERATING ASSETS (continued)		
7.5 Trade and other receivables (continued)		
Movement in the impairment allowance in respect of trade receivables		
Balance at July 1	**1 335 860**	656 630
Allowances raised during the year	**506 552**	850 693
Australasia	**17 706**	115 767
United Kingdom	**56 936**	213 058
Europe	**178 123**	312 468
Emerging Markets	**253 787**	209 400
Bad debts written off during the year	**(174 491)**	(303 837)
Australasia	**(2 601)**	(40 896)
United Kingdom	**(73 686)**	(36 286)
Europe	**(60 776)**	(215 615)
Emerging Markets	**(37 428)**	(11 040)
Acquisition of businesses	**13 055**	3 943
Australasia	**1 316**	3 943
Europe	**10 481**	–
Emerging Markets	**1 258**	–
Allowances reversed during the year	**(232 289)**	(42 165)
Australasia	**(29 426)**	–
United Kingdom	**–**	(798)
Europe	**(160 748)**	(18 813)
Emerging Markets	**(42 115)**	(22 554)
Exchange rate adjustments	**(152 498)**	170 596
Balance at June 30	**1 296 189**	1 335 860

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.

	2021		2020	
	Fair value of collateral held R'000	Trade receivables net of impairment allowance R'000	Fair value of collateral held R'000	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	20 735	20 735	50 957	50 957
United Kingdom	57 657	57 657	337 069	337 069
Europe	209 312	209 149	281 433	290 009
Emerging Markets	70 806	68 638	149 411	151 287
Total	358 510	356 179	818 870	829 322

The majority of the collateral held (R353 million) relates to credit insurance held in respect of trade receivable balances. 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

	2021 R'000	2020 R'000
Trade payables	16 276 633	12 919 960
Forward exchange contracts liability	3 792	12 766
Salary and wage-related creditors	2 361 985	2 262 586
Value added taxation liability	353 918	449 114
Nowaco cash-settled incentive scheme	286 094	343 368
Other payables and accrued expenses	1 446 579	1 642 797
	20 729 001	17 630 591
Trade payables by segment		
Trade payables		
Bidfood	16 244 241	12 899 004
Australasia	3 684 449	3 009 934
United Kingdom	4 371 444	2 893 486
Europe	5 930 268	4 943 984
Emerging Markets	2 258 080	2 051 600
Corporate	32 392	20 956
	16 276 633	12 919 960

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 2021 was R4,9 million (2020: R19,1 million).

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

	2021 R'000	2020 R'000
7. NET OPERATING ASSETS (continued)		
7.7 Provisions		
Long-term portion	**650 913**	612 921
Short-term portion	**303 978**	632 950
	954 891	1 245 871

	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 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
Created	**1 997**	**118 916**	**36 127**	**9 970**	**75 881**	**242 891**
Utilised	**(9 316)**	**(27 810)**	**(19 384)**	**(327 106)**	**(51 638)**	**(435 254)**
On acquisition of business	**–**	**–**	**–**	**–**	**5 186**	**5 186**
Exchange rate adjustments	**(7 472)**	**(35 371)**	**(12 558)**	**(24 087)**	**(29 240)**	**(108 728)**
Effect of discounting	**–**	**4 925**	**–**	**–**	**–**	**4 925**
Balance at June 30 2021	**72 347**	**396 012**	**119 564**	**126 294**	**240 674**	**954 891**

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 at 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

The 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 2020 financial year, the group provided for restructuring provisions of R469,9 million that is directly related to the impact of COVID in terms of redundancy-related provisions and other related costs on affected locations of which in the 2021 financial year R327,1 million have been settled/utilised. 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, intangible assets, investments and loans, inventories and trade and other receivables. Segmental operating liabilities includes trade and other payables and provisions.

	2021 R'000	Restated 2020 R'000
Continuing segmental operating assets		
Trading division		
Bidfood	**39 334 283**	40 159 874
Australasia	**9 600 126**	10 157 016
United Kingdom	**9 253 204**	8 807 527
Europe	**12 936 910**	13 580 572
Emerging Markets	**7 544 043**	7 614 759
Corporate	**490 188**	230 832
	39 824 471	40 390 706
Continuing segmental operating liabilities		
Trading division		
Bidfood	**21 281 405**	18 646 624
Australasia	**5 068 921**	4 326 684
United Kingdom	**5 333 367**	4 550 632
Europe	**7 571 364**	6 820 937
Emerging Markets	**3 307 753**	2 948 371
Corporate	**402 484**	229 978
	21 683 889	18 876 602

	2021 R'000	2020 R'000
8. ACQUISITIONS, DISPOSALS AND GOODWILL		
8.1 Acquisitions		
Property, plant and equipment	(40 393)	(44 679)
RoU leased assets	(528)	–
Deferred taxation	(6 689)	935
Investments and advances	(1 117)	–
Inventories	(39 189)	(39 395)
Trade and other receivables	(85 332)	(124 860)
Cash and cash equivalents	(13 064)	34 080
Defined pension fund obligations	9 247	–
Borrowings	28 242	14 554
RoU lease liabilities	528	–
Trade and other payables and provisions	55 363	100 061
Taxation	1 076	3 845
Total identifiable net assets at fair value	(91 856)	(55 459)
Separately identifiable intangible assets	(917)	–
Gain from bargain purchase	3 136	–
Derecognition of previously held investment in associate	26 346	–
Goodwill	(68 657)	(80 307)
Total value of acquisitions	(131 948)	(135 766)
Cash and cash equivalents acquired	13 064	(34 080)
Vendors for acquisition recognised	38 366	210
Costs incurred in respect of acquisitions	(6 151)	(1 968)
Net amounts paid	(86 669)	(171 604)

Acquisition opportunities due to COVID travel restrictions and management's focus on underperforming businesses were limited. As a consequence, five relatively small bolt-on acquisitions were concluded. These bolt-on acquisitions were as follows:

- Craven Foods, a regional food distributor based in Bunbury, Western Australia, on May 31 2021;
- COAR S.p.A, a food distributor situated near Milan, Italy. The group purchased the remaining 50% shareholding it didn't own on March 31 2021;
- Wet Fish Trading LLC, a specialist seafood distributor in Dubai, United Arab Emirates, on July 1 2020;
- Leão Marinho located in São Sebastião, Brazil distributing food and beverages in the region, on February 17 2021; and
- Fein Feinkost GmbH & Co. KG, a small retail bakery supplier located close to Ingolstadt, Germany, on April 1 2021.

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. The acquisitions have enabled the group to expand its range of complementary products and services and, as a consequence, has broadened the group's base in the marketplace. Qualitative factors that support (but, not limited to) the goodwill recognised on Craven Foods of R38,7 million:

- growing scale and access to customers in the southwest of Australia;
- improving purchasing power for the group; and
- management's skill and expertise as a platform from which to consolidate the regional foodservice market.

These bolt-on acquisitions contributed R206,3 million of revenue and R16,2 million of trading loss for the year ended June 30 2021.

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

The purchase price allocations for the bolt-on acquisitions 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.

		2021 R'000	2020 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
	Net proceeds	–	(34 659)

No subsidiary disposals occurred during the year ended June 30 2021.

		2021 R'000	2020 R'000
8.3	**Goodwill**		
	Carrying value at beginning of the year	**16 676 574**	14 784 154
	Acquisition of businesses	**68 657**	80 307
	Disposal of business	–	(20 993)
	Impairment of goodwill	–	(797 899)
	Exchange rate adjustments	**(1 452 390)**	2 631 005
	Carrying value at end of the year	**15 292 841**	16 676 574
	The carrying value of goodwill allocated to cash-generating units grouped in segments as follows:		
	Australasia	**3 139 844**	3 410 984
	United Kingdom	**3 214 909**	3 444 167
	Europe	**7 667 569**	8 468 480
	Emerging Markets	**1 270 519**	1 352 943
		15 292 841	16 676 574

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 (DCFs). The valuation was performed on an enterprise value basis less the net debt per CGU and expected costs of disposal.

Impairment testing of goodwill

During the year, no goodwill impairments were identified against goodwill (2020: goodwill impairments of €45,9 million (R793,8 million) and R4,1 million relating to Guzmán Gastronomía S.L. (Spain) and Bidfresh Proprietary Limited (South Africa) respectively).

Fair value less costs of disposal calculations in respect to the impact of COVID and potential impact of COVID on future cash flow projections have been considered given the evidence available at the time of finalising the Bidcorp group annual financial statements. Discount rates applied in the fair value less costs of disposal calculations were determined on a normalised basis.

The key assumptions in the fair value less costs of disposal calculations are:

- Expected net revenues were based on past experience and management's future expectations of business performance.
- 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.
- The post-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 account the financial risk of the CGU (ie level of debt); forecasted 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) and the CGU's cost of debt.

8. **ACQUISITIONS, DISPOSALS AND GOODWILL** (continued)

8.3 **Goodwill** (continued)

The critical underlying assumptions applied (ie discount rate, average revenue growth, 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 following table illustrates the discount rate, average revenue growth rates, average trading margins and terminal growth rates that were used in the discounted cash flow valuations for the CGUs:

	Discount rate		Average revenue growth[1]	
	2021 %	2020 %	**2021 %**	2020 %
Australia	**6,0**	6,0	**2,8**	4,2
New Zealand	**6,3**	6,3	**4,1**	5,1
United Kingdom	**6,0**	6,5	**2,6**	4,5
The Netherlands	**4,5**	5,5	**5,8**	3,2
Belgium	**5,8**	6,5	**3,3**	3,2
Czech Republic and Slovakia	**6,5**	7,0	**4,7**	4,5
Poland	**7,0**	8,0	**5,8**	8,6
Italy	**6,7**	8,5	**9,3**	10,1
Spain	**7,0**	7,0	**8,8**	8,7
Portugal	**7,0**	8,0	**7,2**	6,0
Baltics	**6,8**	7,0	**3,0**	9,8
Germany	**5,3**	5,3	**6,6**	9,2
Greater China	**7,5**	7,5	**4,1**	11,8
Singapore	**7,0**	7,0	**4,7**	6,7
Brazil	**12,0**	13,0	**10,5**	11,6
Chile	**8,0**	8,0	**10,8**	11,4
South Africa	**12,0**	14,5	**4,1**	8,6
Turkey	**18,5**	18,5	**9,4**	15,2
Middle East	**10,0**	10,5	**4,9**	5,3

[1] *Disclosed average revenue growth rates are from 2023 to 2031. 2022 average revenue growth rates were excluded from this disclosure as it was considered that these revenue growth numbers would distort the average revenue growth rates for most geographies. The 2021 revenue base was low due to the effect of COVID on the 2021 financial year.*

Germany and Spain were identified as CGUs that were sensitive to changes in critical assumptions (see disclosure below on sensitivity analyses). 2022 budgeted revenues for Germany and Spain CGUs were as follows:

- *Germany – 2022 revenues represent a 66% increase from 2021 revenue which was affected by government restrictions. 2022 revenues for Germany represent 85% of revenue results achieved in 2019 (pre-COVID). Trading in July 2021 and August 2021 has been ahead of expectations for 2022.*
- *Spain – 2022 revenues represent a 66% increase from 2021 revenue which was affected by government restrictions. 2022 revenues for Germany represent 59% of revenue results achieved in 2019 (pre-COVID). To date in 2022, trading in July 2021 and August 2021 has been ahead of expectations for 2022.*

8. ACQUISITIONS, DISPOSALS AND GOODWILL (continued)

8.3 Goodwill (continued)

	Average trading margins		Terminal growth rate	
	2021 %	2020 %	2021 %	2020 %
Australia	**7,4**	6,9	**1,0**	1,0
New Zealand	**6,5**	6,3	**1,0**	1,0
United Kingdom	**4,9**	5,3	**1,0**	1,0
The Netherlands	**1,9**	2,6	**1,0**	1,0
Belgium	**2,4**	2,6	**1,0**	1,5
Czech Republic and Slovakia	**8,4**	9,1	**1,5**	1,5
Poland	**3,5**	3,1	**1,5**	2,0
Italy	**4,8**	4,9	**1,5**	2,0
Spain	**4,0**	3,0	**1,5**	2,0
Portugal	**4,6**	3,7	**1,5**	2,0
Baltics	**3,3**	2,6	**1,5**	2,0
Germany	**1,5**	1,7	**1,5**	1,5
Greater China	**3,7**	3,3	**1,5**	2,0
Singapore	**3,3**	3,0	**1,5**	2,0
Brazil	**4,7**	6,1	**2,5**	2,5
Chile	**4,0**	3,4	**2,0**	2,5
South Africa	**8,7**	8,9	**1,5**	2,0
Turkey	**3,3**	2,4	**2,5**	2,5
Middle East	**5,0**	4,8	**1,5**	2,0

Sensitivity analyses

Discounted cash flow valuations are inherently uncertain and require a high degree of estimation and judgement and are subject to change based on future changes, industry and global economic and geo-political conditions, and the timing and success of the implementation of current strategic initiatives. The impact of the COVID pandemic on estimated future cash flows is uncertain and will largely depend on the outcome of future events, which could result in further goodwill impairments going forward.

Sensitivity analyses of reasonably possible changes in the discount rates, average revenue growth rates, terminal growth rates and average trading margins were performed for each CGU. The sensitivity analyses showed that the Germany and Spain CGU-calculated recoverable amounts were sensitive to changes in these key assumptions. In the sensitivity analysis below, positive numbers reflect headroom and negative numbers reflect expected impairments should the primary assumptions not be achieved by these CGUs.

	Goodwill attributable to CGU R'000	Net identifiable assets per CGU R'000	Calculated recoverable amount R'000	Headroom R'000
Germany	**319 195**	**669 579**	**781 542**	**111 963**
Spain	**668 172**	**744 270**	**950 754**	**206 484**

	20% reduction in average revenue R'000	20% reduction in terminal growth rate R'000	20% increase in discount rate R'000	20% decrease in average trading margins R'000
Germany	**22 076**	**48 100**	**(143 433)**	**(15 051)**
Spain	**24 543**	**155 152**	**(108 908)**	**(46 384)**

8. **ACQUISITIONS, DISPOSALS AND GOODWILL** (continued)

8.3 **Goodwill** (continued)

Sensitivity analyses (continued)

Qualitative factors for Germany are that 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 are 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 ecommerce development; and
- investment in human capital.

Qualitative factors for Spain are that this operation went through a significant restructure in the 2021 financial year to achieve simplification and focus on their core competencies and markets. Significant structural changes included closing down five Guzman branches, leaving Barcelona and Madrid, yet still offering national distribution; a responsive management ream focused on the independent sales market and growing the customer base to second tier restaurants. It is unlikely that the Spanish hospitality industry will return to normality in the short term, but Spain remains an extremely attractive tourist destination which in the medium term our Spanish business will be well positioned to take advantage of the market opportunities that arise.

The forecasted performance of Greater China is that the CGU is expected to trade profitably through the DCF period. Performance in 2022 has been in line with our expectations. As at June 30 2021, Greater China has net identifiable assets of R2,9 billion and a calculated recoverable amount of R3,8 billion net of costs of disposal. This reflects adequate headroom should the primary assumptions not be achieved by Greater China.

The fair value less costs of disposal valuation method is considered a level 3 type valuation in accordance with IFRS 13 *Fair Value Measurement*.

	2021 R'000	2020 R'000
9. INVESTMENTS		
9.1 Interest in associates		
Investments in unlisted associates at cost less impairments	**73 884**	111 192
Balance at beginning of the year	**111 192**	87 154
Change in shareholding in associate	**(26 346)**	–
Transfer from share of post-acquisition reserves of associates	**322**	–
Increase in unlisted associate investment	**–**	11 700
Impairment of associate	**–**	(4 643)
Exchange difference	**(11 284)**	16 981
Attributable share of post-acquisition reserves of associates	**47 021**	47 431
At beginning of the year	**47 431**	58 940
Share of earnings (losses) net of dividends	**6 407**	(14 643)
Transfer to investments in unlisted associates	**(322)**	–
Share of intangible asset impairment	**–**	(7 095)
Share of movement in exchange rate adjustments	**(6 495)**	10 229
Advances to associates held at amortised cost	**30 747**	34 741
	151 652	193 364

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.

Unsecured advances to associates bear interest at a rate of 1,7% to 3,3% (2020: 1,7% to 3,3%) 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.

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

		2021 R'000	2020 R'000
9.	**INVESTMENTS** (continued)		
9.2	**Investments and loans**		
	Unlisted investments held at fair value through other comprehensive income	**27 281**	26 995
	Unlisted loans held at fair value through other comprehensive income	**5 692**	5 269
	Unlisted loans held at amortised cost	**59 955**	85 043
		92 928	117 307

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 South African 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 2021 (2020: nil).

During the year no impairments were recognised on unlisted investments (2020: an impairment of R54,1 million was recorded on Icelandic Water Holdings ehf (IWH). IWH is a spring water producer from Ölfus, Iceland).

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.

		2021 R'000	2020 R'000
9.3	**Investments in jointly controlled entities**		
	Investments in jointly controlled entities	**489 598**	489 933
	Balance at beginning of the year	**489 933**	481 975
	Additions to jointly controlled entities	**14 968**	–
	Share of profit from jointly controlled entities	**23 497**	21 091
	Exchange difference	**1 200**	6 867
	Dividends received from jointly controlled entity	**(40 000)**	(20 000)
	Advances to jointly controlled entities at amortised cost	**3 413**	–
	Balance at end of the year	**493 011**	489 933

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 baking 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. An additional 8% interest was acquired during the year taking the total investment to 46%. 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.

Unsecured advances to jointly controlled entities bear interest at a rate of 5% and have no fixed terms of repayment.

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 (2020: 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 represents 1,5% (2020: 1,3%), trading profit of 2,2% (2020: 2,0%) and total assets of 0,7% (2020: 0,7%) of the continuing operations of 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 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;
- 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; and
- consideration of reports provided by management, internal assurance providers and the independent auditors regarding compliance with legal and regulatory requirements.

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 DARCs 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.

10. FINANCIAL RISK MANAGEMENT AND NET DEBT (continued)

10.1 Financial risk management (continued)

(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 R11 914 million (2020: R10 307 million) for trade receivables (refer note 7.5 for credit risk disclosure), other receivables (including deposits, signing and listing fees) amounting to R551 million (2020: R432 million), and R93 million (2020: R117 million) for investments (refer note 9.2) and cash and cash equivalents of R8 121 million (2020: R7 024 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 with 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 2021 cash and cash equivalents were 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
2021							
Borrowings (refer note 10.3)							
Loans secured by mortgage bonds over fixed property	322 892	332 132	12 058	15 384	23 838	46 129	234 723
Loans secured by lien over certain property, plant and equipment	367 323	387 101	73 626	66 253	105 947	139 970	1 305
Unsecured loans	7 933 912	8 100 002	1 714 220	5 390 213	741 703	189 449	64 417
	8 624 127	8 819 235	1 799 904	5 471 850	871 488	375 548	300 445
RoU lease liabilities (refer note 10.4)	5 491 895	5 560 549	548 416	548 416	993 239	2 196 997	1 273 481
Puttable non-controlling liabilities (refer note 10.5)	4 058 561	4 306 043	67 391	7 363	135 272	4 096 017	–
Vendors for acquisition	199 174	201 792	148 783	27 059	10 499	15 451	–
Trade and other payables (refer note 7.6) excluding forward exchange contracts and value added taxation liability	20 371 291	20 371 291	20 371 291	–	–	–	–
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	17 168 711	17 168 711	17 168 711	–	–	–	–

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.

	2021 R'000	2020 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	**1 897 360**	2 123 621
Utilised	**63 663**	153 975
Unutilised	**1 833 697**	1 969 646
Unsecured loan facility with various maturity dates through to 2027 and which may be extended by mutual agreement	**11 877 680**	22 081 813
Utilised	**7 738 757**	11 434 331
Unutilised	**4 138 923**	10 647 482
Secured loan facilities with various maturity dates through to 2032 and which may be extended by mutual agreement	**397 887**	445 762
Utilised	**349 898**	445 762
Unutilised	**47 989**	–
Other banking facilities	**1 451 942**	451 161
Utilised	**129 597**	–
Unutilised	**1 322 345**	451 161
Total utilised facilities	**8 281 915**	12 034 068
Total unutilised facilities	**7 342 954**	13 068 289
Total facilities	**15 624 869**	25 102 357

(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) 2021	2020	Statement of financial position (spot) 2021	2020
10. FINANCIAL RISK MANAGEMENT AND NET DEBT (continued)				
10.1 Financial risk management (continued)				
(d) Foreign currency risk (continued)				
Rand/sterling	**20,72**	19,73	**19,79**	21,37
Rand/euro	**18,35**	17,31	**16,99**	19,46
Rand/Australian dollar	**11,49**	10,50	**10,74**	11,92
Rand/New Zealand dollar	**10,69**	9,96	**9,99**	11,14
Rand/Hong Kong dollar	**1,98**	2,01	**1,84**	2,24
Rand/Singapore dollar	**11,43**	11,32	**10,64**	12,43
Rand/Czech koruna	**0,70**	0,67	**0,67**	0,73
Rand/Polish zloty	**4,07**	3,97	**3,76**	4,37
Rand/Brazilian real	**2,85**	3,51	**2,88**	3,19
Rand/US dollar	**15,38**	15,65	**14,30**	17,33

Borrowings are matched to the same functional currency as the business raising the liability, thereby limiting the businesses' exposure to changes in a foreign currency that 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 that 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 functional currency that 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 that 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.

	2021 R'000	2020 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	(3 813 362)	(5 224 667)
Puttable non-controlling interest liabilities	(4 058 561)	(4 687 944)
Derivative instruments in designated hedge accounting relationships	(3 792)	(12 766)
Financial assets		
Derivative instruments in designated hedge accounting relationships	4 993	6 229
Variable rate instruments		
Financial assets		
Cash and cash equivalents	8 120 639	7 024 426
Financial liabilities		
Borrowings	(4 810 765)	(7 386 326)

The group's exposure to interest rates on financial assets and liabilities is 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 according to 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 may not be representative of the average borrowings during the year. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as for 2020. A decrease in interest rates would have an equal and opposite effect on profit after taxation as detailed below.

	2021		2020	
	Increase in interest rates %	Decrease in profit after taxation R'000	Increase in interest rates %	Decrease in profit after taxation R'000
Emerging Markets	0,50	8 307	0,50	10 643
United Kingdom and Europe	0,25	6 748	0,25	6 669
Australasia	0,25	498	0,25	1 344
		15 553		18 656

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:

	2021		2020	
	Carrying amount R'000	Fair value R'000	Carrying amount R'000	Fair value R'000
Borrowings (refer note 10.3)				
Emerging Markets	1 980 131	1 980 111	3 065 809	3 065 784
Loans secured by lien over certain property, plant and equipment in terms of financial leases and suspensive sale agreements	9 066	9 066	6 219	6 219
Unsecured loans	1 971 065	1 971 045	3 059 590	3 059 565
United Kingdom and Europe	6 570 328	6 570 328	9 049 721	9 049 721
Loans secured by mortgage bonds over fixed property	322 892	322 892	383 628	383 628
Loans secured by lien over certain property, plant and equipment in terms of financial leases and suspensive sale agreements	358 258	358 258	562 205	562 205
Unsecured loans	5 889 178	5 889 178	8 103 888	8 103 888
Australasia				
Unsecured loans	73 668	73 668	495 463	495 462
	8 624 127	8 624 107	12 610 993	12 610 967
Unrecognised gain	20		26	

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 2021 plus an adequate credit spread that ranges from 0,0% to 27,4% (2020: 0,0% to 26,0%).

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 2021						
Financial assets measured at fair value	**–**	**27 281**	**–**	**–**	**–**	**27 281**
Financial liabilities measured at fair value	**(3 983 808)**	**–**	**(23 779)**	**(74 753)**	**(175 395)**	**(4 257 735)**
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)

	Total	Level 1	Level 2	Level 3
June 30 2021				
Financial assets measured at fair value	**27 281**	**–**	**–**	**27 281**
Financial liabilities measured at fair value	**(4 257 735)**	**–**	**–**	**(4 257 735)**
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)

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: 16% (2020: 10%) • EBITDA multiples: 10,5x (2020: 10,5x) • Risk-adjusted discount rate 1,7% (2020: 1,7%)	The estimated fair value would increase (decrease) if: • the EBITDA were higher (lower); or • the risk-adjusted discount rate was lower (higher).

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

	Increase in assumption %	Increase (decrease) in liability R'000	Decrease in assumption %	Decrease (increase) in liability R'000
Average EBITDA growth rate	10	127 757	10	124 190
Risk-adjusted discount rate	10	(27 734)	10	(27 979)

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.

	2021 R'000	2020 R'000
10. FINANCIAL RISK MANAGEMENT AND NET DEBT (continued)		
10.2 Net finance costs		
Finance income	**51 383**	85 647
Interest income on bank balances	**42 515**	70 847
Interest income on advances	**5 503**	9 836
Interest imputed on post-retirement assets	**3 365**	4 964
Finance charges	**(744 783)**	(795 910)
Interest imputed on RoU lease liabilities (refer note 10.4)	**(375 447)**	(369 391)
Interest expense on bank borrowings	**(243 852)**	(325 176)
Unwinding of discount on puttable non-controlling interest liabilities (refer note 10.5)	**(48 765)**	(27 868)
Interest expense on provisions and tax liabilities	**(35 359)**	(24 887)
Interest expense on bank overdrafts	**(30 064)**	(32 072)
Interest expense on financed assets	**(9 520)**	(12 700)
Interest imputed on post-retirement obligations	**(1 776)**	(3 816)
	(693 400)	(710 263)

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 completed 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.

	2021 R'000	2020 R'000
Finance income received per the consolidated statement of cash flows		
Income per the statement of profit or loss	**51 383**	85 647
Interest imputed on post-retirement obligations	**(3 365)**	(4 964)
Amounts received	**48 018**	80 683
Finance charges paid per the consolidated statement of cash flows		
Charge per the statement of profit or loss	**(744 783)**	(795 910)
Unwinding of discount on puttable non-controlling interest liabilities	**48 765**	27 868
Interest imputed on post-retirement obligations and provisions	**6 675**	6 575
Amounts capitalised to borrowings	**34 758**	83 570
Amounts paid	**(654 585)**	(677 897)

		2021 R'000	2020 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)	**322 892**	383 628
	Loans secured by lien over certain property, plant and equipment (refer note 7.1)	**367 323**	568 424
	Unsecured borrowings	**7 933 912**	11 658 941
	Borrowings	**8 624 127**	12 610 993
	Less short-term portion of borrowings	**(7 144 875)**	(8 045 968)
	Long-term portion of borrowings	**1 479 252**	4 565 025
	Schedule of repayment of borrowings		
	Within one year	**7 144 875**	8 045 968
	One year to two years	**862 245**	3 636 093
	Two years to three years	**172 947**	590 864
	Three years to four years	**107 869**	83 810
	Four years to five years	**132 333**	92 006
	Thereafter	**203 858**	162 252
		8 624 127	12 610 993
	Total borrowings comprise		
	Foreign subsidiaries borrowings	**7 933 878**	11 710 097
	South African subsidiary borrowings	**690 249**	900 896
		8 624 127	12 610 993
		%	%
	Effective weighted average rate of interest on		
	South African borrowings excluding overdrafts	**5,0**	5,3
	Foreign borrowings excluding overdrafts	**2,1**	2,1
		R'000	R'000
	Movement in borrowings		
	Carrying value at beginning of the year	**12 610 993**	10 500 949
	Borrowings raised during the year	**4 473 408**	6 476 215
	Borrowings repaid during the year	**(7 274 843)**	(6 408 623)
	Interest capitalised during the year	**34 758**	84 453
	On acquisition of business	**28 242**	14 554
	On disposal of discontinued operations	**–**	(102 090)
	Exchange rate adjustments	**(1 248 431)**	2 045 535
		8 624 127	12 610 993

	Currency	Nominal interest rate %	Financial year of maturity	**2021 R'000**	2020 R'000
10. FINANCIAL RISK MANAGEMENT AND NET DEBT (continued)					
10.3 Borrowings (continued)					
Terms and debt repayment schedule					
Borrowings of South African subsidiaries					
Unsecured loans	ZAR	5.0	2022	**689 937**	900 584
Borrowings of foreign subsidiaries				**7 934 190**	11 710 409
Loans secured by mortgage bonds over fixed property	EUR	0,8 – 4,8	2025 – 2032	**322 892**	355 960
	GBP			**–**	27 668
Loans secured by lien over certain property, plant and equipment	EUR	0,3 – 3,5	2022 – 2028	**233 343**	397 685
	PLN	1,3	2022 – 2026	**112 722**	140 965
	GBP	1,8 – 7,9	2023 – 2024	**12 192**	23 555
	BRL	7,4 – 9,0	2022 – 2025	**6 845**	3 500
	MYR	3,0 – 3,6	2024 – 2026	**2 220**	2 719
Unsecured loans	EUR	0,1 – 3,1	2022 – 2027	**3 543 228**	5 027 574
	GBP	1,4 – 2,5	2022 – 2027	**2 211 858**	2 918 133
	HKD	1,1 – 3,7	2022 – 2023	**1 007 666**	1 712 396
	CLP	2,8 – 4,9	2022 – 2024	**141 562**	172 059
	CZK	3,6	2022	**110 311**	120 534
	Other			**229 351**	807 661
Total interest-bearing borrowings				**8 624 127**	12 610 993

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

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. **FINANCIAL RISK MANAGEMENT AND NET DEBT** (continued)

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

	2021 R'000	2020 R'000
Leasehold properties	**5 026 531**	5 548 662
Vehicles	**432 180**	632 233
Equipment and other	**33 184**	54 425
Total RoU lease liabilities	**5 491 895**	6 235 320
Short-term RoU lease liabilities	**894 376**	872 229
Long-term RoU lease liabilities	**4 597 519**	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 — eight-year average lease term for 288 leases;
- Vehicles — three-year average lease term for 1 436 leases; and
- Equipment and other — five-year average lease term for 118 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.

To determine the incremental borrowing rate (IBR), 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 IBR applied to leases per segment was as follows:

	2021 %	2020 %
Australasia	**5,0 – 6,0**	5,0 – 6,0
Emerging Markets[1]	**4,8 – 18,0**	5,0 – 23,0
Europe	**4,0 – 8,0**	5,0 – 8,0
United Kingdom	**5,0 – 6,0**	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.*

10. **FINANCIAL RISK MANAGEMENT AND NET DEBT** (continued)

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

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.

A sale and leaseback transaction is where the group sells an asset and immediately reacquires the use of the asset by entering into a lease with the buyer. A sale occurs when control of the asset passes to the buyer. As the group is the lessee in the subsequent arrangement, a lease liability is recognised, and the associated property, plant and equipment asset is derecognised. A RoU leased asset is recognised at the proportion of the previous carrying value of the asset relating to the RoU retained. The gain (loss) that the seller-lessee recognises, is limited to the proportion of the total gain (loss) that relates to the rights transferred to the buyer-lessor. Any gain or loss that relates to the rights transferred to the buyer-lessor is recorded within items of a capital nature (refer note 4.2). During the year, the group concluded four sale and leaseback transactions and a total lease liability of R479,4 million was recognised in respect of these transactions (refer note 4.2 for further details).

The group has applied its judgement in determining that the sales proceeds approximate fair value, based on the properties being sold at arms-length price to an unrelated buyer, and that the sales price are comparable to available market information at the date of these transactions.

The movement in RoU lease liabilities is as follows:

	2021 R'000	2020 R'000
Carrying value at beginning of the year	6 235 320	5 752 925
New leases entered into	784 610	702 014
Lease modifications and remeasurements	55 759	189 608
Finance charges	375 447	369 391
Cancelled leases	(74 607)	(862 645)
Lease payments	(1 195 809)	(1 089 903)
Acquisition of business	528	–
Exchange rate adjustments	(689 353)	1 173 930
	5 491 895	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	1 096 832	1 172 958
One to two years	993 239	1 117 763
Two to five years	2 196 997	2 349 868
After five years	1 273 481	1 985 145
Total contractual undiscounted cash flows related to RoU lease liabilities	5 560 549	6 625 734
Future cash flows included for renewal periods	1 515 717	1 857 382
Total undiscounted cash flows including renewal periods related to RoU lease liabilities	7 076 266	8 483 116
Effects of discounting	(1 584 371)	(2 247 796)
Carrying amount of RoU lease liabilities	5 491 895	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:

	2021 R'000	2020 R'000
Balance at beginning of the year	**4 687 944**	1 462 748
Arising on the granting of put options to non-controlling interests during the year	**–**	2 673 442
Payments made to non-controlling interest during the year	**(82 606)**	(12 828)
Remeasurement of put options during the year	**(12 082)**	(131 537)
Unwinding of present value discount recognised to the statement of profit or loss	**48 765**	27 868
Exchange rate adjustments	**(583 460)**	668 251
	4 058 561	4 687 944
Long-term portion	**3 983 808**	4 632 682
Short-term portion	**74 753**	55 262

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.

At June 30 2021 the group has the following significant put options:

Distrubuzione Alimentari Convivenze SPA (DAC)

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 or about June 30 2024 onwards. The minority shareholders agreed not to directly or indirectly sell, transfer or otherwise dispose their stake in DAC for 5 (five) years. 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. The puttable NCI liability is calculated as the present value of the contracted redemption value discounted from the expected redemption date to the reporting date.

The sensitivity assumption used in the calculation of the DAC puttable NCI liability is the contracted redemption value at the expected redemption date(s). Refer to sensitivity analysis performed in note 10.1.

The non-controlling shareholders have the option to put their 40% interest in Guzmán to the group, at 10,5 times EBITDA less net debt. The discount rate used for the DAC put option was 1,70% (2020: 1,70%). The fair value of this put option liability at June is R3,8 billion (2020: R4,3 billion), which is lower than the comparative balance due to closing forex rates being lower at June 30 2021.

Simply Food Solutions Limited (Simply Food Solutions)

The non-controlling shareholder has the option to put their 10% interest in Simply Food Solutions to the group, at 10 times EBITDA less net debt. The discount rate used for the Simply Food Solutions put option was 2,0% (2020: 2,0%). The fair value of this put option liability at June is R79,7 million (2020: R84,3 million).

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

The non-controlling shareholder has the option to put their 40% interest in Quartiglia to the group. The fair value of this put option liability at June is R59,5 million (2020: R68,1 million).

Bidfood SA (Chile)

The non-controlling shareholder has 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 is R54,5 million (2020: R59,3 million).

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, SAR 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 and SAR awards are measured using a binomial model and the fair value of CSP awards are measured using the Monte Carlo method, 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.

	2021 R'000	2020 R'000
Share-based payment expenses recognised for continuing operations:		
Equity-settled share-based payment schemes		
Bidvest Incentive Scheme (BIS)	**114**	5 682
Bidcorp Share Appreciation Rights Plan (SARs)	**44 878**	67 659
Bidcorp Conditional Share Plan (CSP)	**79 147**	32 405
Cash-settled share-based payment scheme		
Nowaco Management Scheme	**(16 687)**	(4 972)
	107 452	100 774

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.

11. STAFF REMUNERATION (continued)

11.1 Share-based payments (continued)

The Bidvest Incentive Scheme (BIS) (continued)

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

	2021		2020	
	Number of awards	Average price R	Number of awards	Average price R
Beginning of the year	571 556	264,27	959 557	259,14
Lapsed	(6 875)	239,22	(1 750)	301,54
Exercised	(229 775)	255,86	(386 251)	251,36
End of the year	334 906	270,56	571 556	264,27
Share options outstanding at June 30 by year of grant are:				
2011	3 400	135,00	17 800	135,00
2012	7 500	134,56	31 250	134,56
2013	31 000	208,91	48 500	208,91
2014	37 375	237,54	59 375	237,54
2015	67 506	252,74	97 631	252,12
2016	188 125	301,54	317 000	301,54
	334 906	270,56	571 556	264,27

The options outstanding at June 30 2021 have an exercise price in the range of R134,56 to R301,54 (2020: R134,56 to R301,54) and a weighted average contractual life of 0,4 to 4,5 years (2020: 0,4 to 5,5 years). The fair value of services received in return for shares allotted is measured based on a binomial model. The contractual life of the option is used as an input into this model.

Bid Corporation Limited 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)

Bid Corporation Limited Share Appreciation Rights Plan (SARs) (continued)

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

	2021		2020	
	Number of awards	Average price R	Number of awards	Average price R
Beginning of year	3 201 478	250,87	3 390 814	250,52
Granted	180 000	251,59	–	–
Exercised	(453 550)	238,04	(139 750)	238,04
Lapsed	(81 552)	249,33	(49 586)	262,95
End of year	2 846 376	252,54	3 201 478	250,87
Share awards outstanding at June 30 by year of grant are:				
2016	404 376	238,04	608 193	238,04
2017	626 500	263,75	809 621	263,66
2018	781 000	242,21	900 640	241,84
2019	854 500	257,28	883 024	257,19
2021	180 000	268,40	–	–
	2 846 376	252,54	3 201 478	250,87

The awards outstanding at June 30 2021 have an exercise price in the range of R238,04 to R313,08 (2020: R238,04 to R313,08) and a weighted average contractual life of 2,0 to 6,9 years (2020: 3,0 to 6,0 years). The fair value of services received in return for shares allotted is measured based on a binomial model.

Bidcorp Conditional Share Plan (CSP)

The CSP awards executives of Bidcorp a conditional right to receive shares in Bidcorp free of any cost. 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.

Executive directors CSP awards

Executive directors were granted 2020 CSP awards on October 22 2020. These awards are subject to a 100% performance condition. The vesting period is that 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 2020 conditional share awards allotted during the year is R221,05 per share (2020: R190,22 per share).

11. STAFF REMUNERATION (continued)

11.1 Share-based payments (continued)

Bidcorp Conditional Share Plan (CSP) (continued)

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

	Balance at July 1 2020	CSP replacement rights awarded	CSP replacement rights exercised	CSP replacement rights forfeited	Closing balance June 30 2021
CSP replacement right awards					
Director					
BL Berson	10 212	–	(10 212)	–	–
DE Cleasby	5 560	–	(5 560)	–	–
	15 772	–	(15 772)	–	–
CSP awards					
Director					
BL Berson	269 325	150 000	(51 925)	(56 400)	311 000
DE Cleasby	110 400	70 000	(18 150)	(21 900)	140 350
	379 725	220 000	(70 075)	(78 300)	451 350

Senior management

In terms of the conditional share plan scheme, a conditional right to a 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; an additional 25% of total number of awards vest at the expiry of four years; and the remaining 25% 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 or dividend rights attributable to ordinary shareholders.

The fair value of services received in return for the conditional share awards has been determined by multiplying the number of conditional share awards expected to vest, by the share price at the date of the award, less discounted 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 R265,47 per share (2020: R190,22 per share). The assumptions used to determine the fair value of the conditional share awards was a distribution yield of 2,26% (2020: 3,19%) and risk-free interest rate (based on South African government bonds) of 5,58% (2020: 5,13%). A total of 85 000 senior management conditional share awards were forfeited during the year (2020: 40 500).

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

	2021 Number	2020 Number
Beginning of the year	1 065 750	135 000
Awarded	642 250	971 250
Exercised	(11 375)	–
Forfeited	(85 000)	(40 500)
End of the year	1 611 625	1 065 750

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 of companies (Nowaco) 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 Coronavirus pandemic, the determined fair value was lower at £14.5 million (R286 million). The Nowaco Management Scheme share-based payment liability has been separately disclosed in trade and other payables (note 7.6). 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 7.6).

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 2021 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	18 620	299	287	–	19 206
DE Cleasby	6 586	191	438	–	7 215
Total	25 206	490	725	–	26 421

Executive director remuneration and benefits, where paid in foreign currency, are translated into rand at average foreign exchange rates. For the 2021 financial year, no remuneration increases were awarded for the executive directors as a result of the negative impact COVID has had on the group's performance. The 2021 rand increase in the remuneration and benefits paid to directors is reflective of the 30% reduction in remuneration taken in the fourth financial quarter of 2020 and the average rand exchange rates weakening against sterling and the Australian dollar. Refer note 10.1 (d) for the movements in the average foreign exchange rates.

Summary of directors' long-term incentives

	2021					2020
	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
Director						
BL Berson	18 503	16 030	34 533	(15 186)	19 347	26 158
DE Cleasby	8 087	7 282	15 369	(5 805)	9 564	9 985
Total	26 590	23 312	49 902	(20 991)	28 911	36 143

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 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

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

	2021			2020
	Director fees R'000	**Other services R'000**	**Total R'000**	R'000
Non-executive director				
T Abdool-Samad	**800**	**–**	**800**	501
PC Baloyi	**1 050**	**–**	**1 050**	930
B Joffe[1]	**655**	**–**	**655**	9 859
S Koseff	**3 575**	**–**	**3 575**	3 307
DD Mokgatle	**344**	**–**	**344**	606
CJ Rosenberg	**1 260**	**–**	**1 260**	837
NG Payne	**1 505**	**–**	**1 505**	1 270
H Wiseman[2]	**1 495**	**585**	**2 080**	1 957
Total	**10 684**	**585**	**11 269**	19 266

[1] *During the 2020 financial year, B Joffe exercised 66 260 of his 2016 replacement conditional rights at an average price of R325,32, gross LTI benefit of R9,3 million.*

[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.

	2021 R'000	2020 R'000
11. STAFF REMUNERATION (continued)		
11.3 Post-retirement obligations		
Post-retirement assets		
The Bidvest South Africa Pension Fund in South Africa	**(22 029)**	(18 008)
Post-retirement obligations	**25 985**	67 478
Angliss Hong Kong Food Service Limited Retirement Benefit Plan	**11 221**	49 790
Unfunded defined benefit early retirement plan	**14 764**	17 688
	3 956	49 470

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 339 (2020: 321).

	Discount rate (%)	Salary increase (%)
Key assumptions applied in the actuarial valuations:		
2021		
The Bidvest South Africa Pension Fund in South Africa	**9,8**	6,8
Angliss Hong Kong Food Service Limited Retirement Benefit Plan	**0,8**	3,0
Unfunded defined benefit early retirement plan	**0,8**	2,0
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

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

	2021 R'000	2020 R'000
Issued stated capital	**5 428 016**	5 428 016
Treasury shares	**(272 679)**	(247 824)
Balance at beginning of the year	**(247 824)**	(435 584)
Shares disposed of in terms of share incentive plans	**89 221**	187 760
Shares purchased during the year	**(114 076)**	–
Reserves		
Foreign currency translation reserve	**7 206 888**	9 485 974
Hedging reserve	**–**	(1 056)
Equity-settled share-based payment reserve	**346 364**	290 007
Retained earnings	**15 146 714**	12 020 621
Total capital reserves comprise		
Amounts attributable to shareholders of the company	**27 855 303**	26 975 738
Amounts attributable to non-controlling interests	**232 872**	266 030
	28 088 175	27 241 768

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 in 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 R124,1 million (2020: R102,4 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 R89,2 million (2020: R487,3 million) utilisation during the year represents the market value (R89,2 million) of Bidcorp shares received by participants for share awards that were exercised during the year. The credit entry for the R89,2 million (2020: R172,6 million) is recorded under treasury shares representing the Bidcorp shares that were sold to satisfy the participant share awards that were exercised.

The transfer to retained earnings of R7,7 million (2020: R355,6 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 (continued)

	2021 Number of shares ('000)	2020 Number of shares ('000)
Authorised		
540 000 000 ordinary shares of no par value (2020: 540 000 000 ordinary shares of no par value)		
Issued		
335 404 212 ordinary shares of no par value (2020: 335 404 212 ordinary shares of no par value)	**335 404**	335 404
Treasury shares held by Bidcorp Treasury Company	**(1 332)**	(1 154)
Balance at beginning of the year	**(1 154)**	(1 721)
Shares disposed in terms of share incentive plans	**322**	567
Shares purchased during the year	**(500)**	–
	334 072	334 250

16 750 000 unissued no par value ordinary shares are under the control of the directors until the next annual general meeting. The issued stated capital is fully paid up.

	2021 R'000	2020 R'000
12.2 Dividends paid		
No 2020 final dividend was declared (2019: final dividend paid of 330,0 cents per share)	**–**	(1 106 834)
No 2021 interim dividend was declared (2020 interim dividend paid of 330,0 cents per share).	**–**	(1 106 834)
Amounts paid per the consolidated statement of cash flows	**–**	(2 213 668)

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 % 2021	2020
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
BFS Botany Pty Limited	Australia	1	**100**	100
BFS Byron Bay Limited	Australia	1	**100**	100
BFS Group Limited	United Kingdom	1	**100**	100
BFS Port Macquarie Pty 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 Pty Limited	South Africa	1	**100**	100
Bidcorp Food Property Pty 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	**100**	100
Bidfood (NSW) Pty Limited	Australia	1	**100**	100
Bidfood (Victoria) Pty Limited	Australia	1	**100**	100
Bidfood (WA) Pty Limited	Australia	1	**100**	100
Bidfood Australia Limited	Australia	1	**100**	100
Bidfood Belgium BV	Belgium	1	**100**	100
Bidfood Czech Republic s.r.o.	Czech Republic	1	**98**	98
Bidfood De Clercq NV	Belgium	1	**100**	100
Bidfood Efe Dağıtım ve Pazarlama A.Ş	Turkey	1	**55**	55
Bidfood Horeca Service NV	Belgium	1	**100**	100
Bidfood Holdings AS	Turkey	1	**85**	85
Bidfood Spain S.L.	Spain	1	**100**	90
Bidfood Limited	Botswana	1	**100**	100
Bidfood Limited	New Zealand	1	**100**	100
Bidfood Pty Limited	South Africa	1	**100**	100
Bidfood SA	Belgium	1	**100**	100
Bidfood Chile S.A.	Chile	1	**88**	88
Bidfood China Limited	China	1	**100**	100
Bidfood Malaysia Sdn. Bhd.	Malaysia*	1	**85**	85

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

12. EQUITY, DISTRIBUTIONS AND GROUP INFORMATION (continued)

12.3 Group composition (continued)

	Principal place of business	Nature of business	Effective holdings % 2021	Effective holdings % 2020
Subsidiaries (continued)				
Bid Foodservice Middle East-Jordan	Jordan	1	**42**	42
Bidfresh Limited	United Kingdom	1	**100**	100
BTW Investments Pty Limited	South Africa	2	**100**	100
Burleigh Marr Distributions Pty Limited	Australia	1	**100**	100
Campbell Brothers Limited	United Kingdom	1	**100**	100
Cárnicas Sáez, S.L.	Spain	1	**100**	68
Cater Plus Pty Limited	Australia	1	**100**	100
Caterfood Holdings Limited	United Kingdom	1	**100**	100
Cimandis Limited	Jersey	1	**100**	100
Clayton Cold Store Pty Limited	Australia	1	**100**	100
Cold Seas Pty Limited	Australia	1	**100**	100
Crown Food Group Pty Limited	South Africa	1	**100**	100
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**	100
Farutex Sp. z.o.o.	Poland	1	**91**	91
Fein Feinkost GmbH & Co. KG	Germany	1	**100**	–
Food & Wine Sp.z o.o	Poland	1	**91**	91
Foodreporter B.V.	Netherlands	1	**100**	100
Frustock - Foodservice, S.A.	Portugal*	1	**100**	72
Goldline Distributors Pty Limited	Australia	1	**100**	100
Guzmán Gastronomía S.L.	Spain	1	**100**	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	**100**	90
Jilin Bidcorp Food Service Limited	China	1	**60**	60
John Lewis Foodservice Pty Limited	Australia	1	**100**	100
Linson Global Seafood Trading Limited	Hong Kong	1	**63**	63
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**	90
Simply Food Solutions 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. Pty Limited	Australia	1	**100**	100
Wet Fish Trading LLC	United Arab Emirates	1	**51**	–

** 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).*

Nature of business

1. *Catering supplies, food and allied products.*
2. *Group services, investments and property holding.*

12. EQUITY, DISTRIBUTIONS AND GROUP INFORMATION (continued)

12.3 Group composition (continued)

	Principal place of business	Nature of business	Effective holdings % 2021	2020
Associates				
ATL Seafood Ijmuiden BV	Netherlands	1	**30**	30
ATL Vastgoed BV	Netherlands	1	**30**	30
Griffith Crown Foods Pty Limited	South Africa	1	**49**	49
Farm Fresh Real Estate BV	Netherlands	1	**25**	25
Meatstreet O.G. (formerly Farm Fresh Holding BV)	Netherlands	1	**25**	25
Maxxam BV	Netherlands	1	**17**	17
Maxxam CV	Netherlands	1	**17**	17
Van Gelder Ridderkerk BV	Netherlands	1	**20**	20
Vanilla Venture BV	Netherlands	1	**25**	25
Foodl BV	Netherlands	1	**33**	33
Jointly controlled entities				
Chipkins Puratos Pty Limited	South Africa	1	**50**	50
Distribuidora Blancaluna S.A.	Argentina	1	**46**	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

	2021 R'000	2020 R'000
Outstanding advances due at year end by associates (refer note 9.1)	**30 747**	34 741
Total value of revenue received from associates	**75 085**	84 837
Amounts due by associates included in trade receivables	**21 443**	33 509
Total value of inventory purchased from associates	**840 162**	1 243 133
Total value of services purchased from associates	**15**	46 284
Amounts due to associates included in trade payables	**95 719**	78 922
Total value of revenue received from jointly controlled entity	**21 734**	22 692
Property rental income from jointly controlled entity	**15 489**	15 432
Total value of purchases from jointly controlled entity	**10 981**	9 754
Amounts due by jointly controlled entity included in trade receivables	**8 493**	4 080
Amounts due to jointly controlled entity included in trade payables	**2 489**	1 311
Outstanding advances due at year end by jointly controlled entity (note 9.3)	**3 413**	–

Details of effective interest, investments and loans to associates and jointly controlled entities are disclosed in note 9.1 and 9.3 respectively.

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.

	2021 R'000	2020 R'000
Capital expenditure approved:		
Contracted for	**1 060 248**	747 726
Not contracted for	**1 316 229**	686 007
	2 376 477	1 433 733
Capital expenditure split:		
Property, plant and equipment	**2 298 914**	1 336 171
Computer software	**77 562**	97 562
	2 376 476	1 433 733

It is anticipated that capital expenditure will be financed out of existing cash resources.

Significant contracted capital expenditures relate to the following:
- Australia – infrastructure investment in five new buildings;
- Bidfood UK – infrastructure investment in new Glasgow site and vehicle fleet;
- Czech Republic – new fish plant to replace the burnt-down Kralupy fish plant;
- South Africa – infrastructure investment in Port Elizabeth building; and
- Netherlands – new building in Zierikzee and a new freezer in Meppel and an upgrade to the warehouse management system.

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, South Africa was impacted by civil unrest (looting) in KwaZulu-Natal (KZN) and Gauteng. Our owned facility in Cornubia, KwaZulu-Natal and Crown Food group's factory mart sites in Springfield, KZN and Soweto were looted. Current estimates of the total direct loss of assets (including inventory, property and vehicles) is approximately R73 million. A loss of profits claim will be formalised but is not expected to be significant. Losses as a result of the looting will be claimed against Sasria (a South African government-backed insurance programme). As the looting occurred post June 30 2021, no adjusting entries have been processed in the financial statements of the Bidcorp group. On September 22 2021, the group signed a facility agreement with a syndicate of relationship banks giving the group access to a revolving credit facility of €300 million (R5,1 billion) for three years, with options to extend to five years. Other than these matters, there are no other material events since or subsequent to June 30 2021.

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.

The group has access to liquid funds amounting to R8,1 billion with gross debt at year end of R8,6 billion, R7,1 billion of which is short term. At June 30 the group had access to unutilised facilities of R7,3 billion (refer note 10.1). In addition, on September 22 2021 the group signed a facility agreement with a syndicate of relationship banks giving the group access to a revolving credit facility of €300 million (R5,1 billion) for three years, with options to extend to five years.

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 in the year ahead.

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.

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. ACCOUNTING STANDARDS AND INTERPRETATIONS NOT EFFECTIVE AT JUNE 30 2021

The following new standards, interpretations and amendments to existing standards are not yet effective as at June 30 2021. It is expected that the group will adopt the pronouncements on their respective effective dates. The adoption of the new accounting standards and amendments is not expected to have a material impact on the group results, financial position or cash flows:

- IAS 1 *Presentation of Financial Statements* – classification of liabilities as current or non–current and disclosure of accounting policies (effective January 1 2023)
- IAS 8 – *Accounting Policies*, *Changes In Accounting Estimates And Errors* – definition of accounting estimates (effective January 1 2023)
- IAS 12 *Income Taxes* – deferred tax related to assets and liabilities arising from a single transaction (effective January 1 2023)
- IFRS 17 *Insurance Contracts* – IFRS 17 replaces IFRS 4 (effective January 1 2023)
- IFRS 4 *Insurance Contracts* – extension of the temporary exemption (effective January 1 2023)
- IFRS 3 *Business Combinations* – referencing update (effective January 1 2022)
- Annual Improvements to IFRS Standards 2018–2020 – IAS 41, IFRS 9, IFRS 1 and IFRS 16 (effective January 1 2022)
- IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* – onerous contracts— cost of fulfilling a contract (effective January 1 2022)
- IAS 16 *Property, Plant and Equipment* – proceeds before intended use (effective January 1 2022)
- IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associate and Joint Ventures* – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective date deferred indefinitely)
- IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement*, IFRS 7 *Financial instruments: Disclosure,* IFRS 4 *Insurance Contracts* and IFRS 16 *Leases* – Interest Rate Benchmark Reform Phase 2 (effective January 1 2022)

Company statements

Separate statement of comprehensive income

for the year ended June 30

	Note	2021 R'000	2020 R'000
Revenue	1	**9 710**	2 341 131
Guarantee fee income		**2 750**	2 750
Share-based payment expense	16	**(124 139)**	(102 408)
Impairment of investments	2	**–**	(217 072)
Shareholder-related costs		**(33 102)**	(31 895)
Operating expenses		**(720)**	(767)
Operating (loss) profit		**(145 501)**	1 991 739
Finance income	3	**743**	7 086
Finance costs	4	**–**	(2)
(Loss) profit before taxation		**(144 758)**	1 998 823
Taxation	5	**774**	(2 810)
(Loss) profit for the year attributable to shareholders		**(143 984)**	1 996 013
Other comprehensive income net of taxation		**–**	–
Total comprehensive income for the year		**(143 984)**	1 996 013

Separate statement of financial position

as at June 30

	Note	2021 R'000	2020 R'000
ASSETS			
Non-current assets		**7 385 615**	7 385 166
Investment in subsidiaries	6	**7 379 359**	7 379 359
Amounts owing by subsidiaries		**6 156**	5 807
Deferred taxation	7	**100**	–
Current assets		**4 055**	24 380
Taxation receivable		**711**	–
Cash and cash equivalents		**3 344**	24 380
Total assets		**7 389 670**	7 409 546
EQUITY AND LIABILITIES			
Capital and reserves			
Capital and reserves	8	**7 387 909**	7 407 754
Current liabilities		**1 761**	1 792
Unclaimed dividends		**1 761**	1 786
Taxation payable		**–**	6
Total equity and liabilities		**7 389 670**	7 409 546

Separate statement of changes in equity

for the year ended June 30

	2021 R'000	2020 R'000
Equity attributable to shareholders of the company	**7 387 909**	7 407 754
Stated capital	**5 428 016**	5 428 016
Retained earnings	**1 959 893**	1 979 738
Balance at beginning of the year	**1 979 738**	2 094 986
Attributable (loss) profit	**(143 984)**	1 996 013
Equity movement on share-based payment expense	**124 139**	102 408
Dividends paid	**–**	(2 213 669)

Separate statement of cash flows

for the year ended June 30

	Note	2021 R'000	2020 R'000
Cash flows from operating activities		**(21 036)**	102 413
Cash utilised by operations	9	**(31 097)**	(29 464)
Finance income received		**384**	7 086
Finance costs paid		**–**	(2)
Taxation paid	10	**(33)**	(2 669)
Dividends received		**9 710**	2 341 131
Dividends paid		**–**	(2 213 669)
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)
Net decrease in cash and cash equivalents		**(21 036)**	(8 105)
Cash and cash equivalents at beginning of the year		**24 380**	32 485
Cash and cash equivalents at end of the year		**3 344**	24 380

Notes to the separate financial statements

for the year ended June 30

		2021 R'000	2020 R'000
1.	**REVENUE**		
	Revenue includes dividends received from subsidiaries:		
	South African subsidiaries	–	365 000
	Foreign subsidiaries	9 710	1 976 131
		9 710	2 341 131
2.	**IMPAIRMENT OF INVESTMENTS**		
	Impairment of BTW Investments Proprietary Limited	–	217 072
		–	217 072
	No impairments were recognised to investments for the year ended June 30 2021.		
3.	**FINANCE INCOME**		
	Finance income		
	Interest income on bank balances	384	6 567
	Interest income on subsidiary loans	349	518
	Interest income from the South African Revenue Service	10	1
		743	7 086
4.	**FINANCE COSTS**		
	Finance expense		
	Interest cost charged by the South African Revenue Services	–	2
5.	**TAXATION**		
	Current taxation	(674)	2 810
	Current year	–	2 778
	Prior years' (over) under provision	(674)	32
	Deferred taxation	(100)	–
	Total taxation per separate statement of comprehensive income	(774)	2 810
	Comprising		
	South African taxation	(774)	2 810
	The reconciliation of the effective tax rate with the South African company tax rate is:	%	%
	Taxation for the year as a percentage of (loss) profit before taxation	(0,5)	0,1
	Dividend income	1,9	32,8
	Prior year's tax adjustment	0,5	–
	Non-deductible expenses	(29,9)	(4,8)
	Section 9D Foreign income inclusion	(0,0)	(0,1)
	Rate of South African company taxation (%)	(28,0)	28,0

The non-deductible expenses are Bidcorp group shareholder related costs that are treated as non-deductible expenses for taxation purposes.

Notes to the separate financial statements continued

for the year ended June 30

		2021 %	2020 %	2021 R'000	2020 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	**–**	–
	Bidcorp Food Africa Proprietary Limited	**100**	100	**3 163 173**	3 163 173
	Bidcorp Food Property Proprietary Limited	**100**	100	**851 028**	851 028
	BTW Investments Proprietary Limited	**100**	100	**666 389**	666 389
				7 379 359	7 379 359

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.

Bidvest Food Malawi was deregistered on November 30 2020.

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

		2021 R'000	2020 R'000
7.	**DEFERRED TAXATION**		
	Balance at beginning of the year	**–**	–
	Deferred taxation raised due to income taxation loss	**100**	–
	Balance at end of the year	**100**	–
8.	**CAPITAL AND RESERVES**		
	Stated capital	**5 428 016**	5 428 016
	Reserves		
	Retained earnings	**1 959 893**	1 979 738
	Total capital and reserves comprise	**7 387 909**	7 407 754

	Number '000	Number '000
Stated capital		
Authorised		
540 000 000 ordinary shares of no par value (2020: 540 000 000 ordinary shares of no par value)		
Issued		
335 404 212 ordinary shares of no par value (2020: 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.

		2021 R'000	2020 R'000
9.	**CASH UTILISED BY OPERATIONS**		
	Operating (loss) profit	(145 501)	1 991 739
	Impairment of investments	–	217 072
	Dividends received from subsidiaries	(9 710)	(2 341 131)
	Share-based payment expense	124 139	102 408
	Working capital changes		
	(Decrease) increase in unclaimed dividends	(25)	448
	Cash utilised by operations	(31 097)	(29 464)
10.	**TAXATION PAID**		
	Balance receivable at beginning of the year	(6)	135
	Current taxation relief (charge)	674	(2 810)
	SARS interest earned	10	–
	Balance (receivable) payable at end of the year	(711)	6
	Amounts paid	(33)	(2 669)

11. SUBSEQUENT EVENTS

No material subsequent events have arisen since June 30 2021.

12. RELATED PARTIES

The subsidiaries and associates of the group are related parties of the company. The company loaned an amount to Crown Food Ingredients Zambia Limited (Crown Zambia). As from May 1 2021 the loan changed to a participative loan (interest charged when the company is profitable), interest when charged is charged 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.

13. 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.

14. 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.

15. 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.

16. DIRECTORS' EMOLUMENTS

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

17. 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.

Shareholders' information

	Total shareholding	%
BENEFICIAL SHAREHOLDINGS		
Major shareholders holding 3% or more of the shares in issue		
Government Employees Pension Fund (PIC)	57 119 142	17,0
INVESTMENT MANAGEMENT SHAREHOLDINGS		
Fund managers holding 3% or more of the shares in issue		
Government Employees Pension Fund (PIC)	49 851 106	14,9
Coronation Asset Management (Pty) Ltd	26 621 940	7,9
J.P. Morgan Asset Management	24 842 699	7,4
Ninety One Plc	20 513 067	6,1
Genesis Investment Management LLP	16 421 480	4,9
BlackRock Inc	12 550 252	3,7
The Vanguard Group Inc	11 924 556	3,6
Old Mutual Ltd	11 127 508	3,3
	173 852 608	51,8
SHARES IN ISSUE		
Total number of shares in issue	335 404 212	
BTW Investments Proprietary Limited (treasury shares)	(1 332 073)	
	334 072 139	
BENEFICIAL SHAREHOLDER CATEGORIES		
Pension Funds	109 860 594	32,8
Unit Trusts	77 901 553	23,2
Mutual Funds	35 097 887	10,5
Private Investors	24 655 801	7,4
Sovereign Wealth Companies	17 384 212	5,2
Insurance Companies	11 004 422	3,3
Hedge Funds	8 817 932	2,6
Exchange-Traded Funds	6 595 774	2,0
Trading Positions	5 035 323	1,5
Custodians	4 145 597	1,2
Corporate Holdings	2 788 125	0,8
Investment Trusts	2 530 377	0,8
Charities	2 053 466	0,6
Black Economic Empowerment	1 537 455	0,5
Universities	1 031 923	0,3
Medical Aid Schemes	567 601	0,2
Local Authorities	463 217	0,1
Foreign Governments	284 248	0,1
ESG Funds	109 170	0,0
Other Managed Funds	10 236	0,0
Remainder	23 529 311	7,0
	335 404 224	100,0

	Total shareholding	%
GEOGRAPHICAL SPLIT OF BENEFICIAL SHAREHOLDERS		
Region		
South Africa	173 951 967	51,9
United States of America and Canada	69 625 062	20,8
United Kingdom	15 088 276	4,5
Europe	30 550 146	9,1
Rest of World[1]	46 188 773	13,8
	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	37 529	84,5	9 521 059	2,8
1 001 – 10 000 shares	5 578	12,6	14 711 072	4,4
10 001 – 100 000 shares	959	2,2	31 162 881	9,3
100 001 – 1 000 000 shares	271	0,6	81 283 794	24,2
1 000 001 shares and above	50	0,1	198 725 406	59,2
Total	44 387	100,0	335 404 212	100,0
Shareholder type				
Non-public shareholders	18	0,03	2 919 101	0,9
Directors	7	0,02	809 956	0,2
Bidvest Pension/Retirement Funds	10	0,01	777 072	0,2
BTW Investments Proprietary Limited	1	0,00	1 332 073	0,4
Public shareholders	44 369	99,96	332 485 111	99,1
Total	44 387	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/September
Annual integrated report	October

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, B Joffe, KR Moloko, CJ Rosenberg*, H Wiseman*
Executive directors: BL Berson* (chief executive), DE Cleasby (chief financial officer)
** Australian*

SECRETARY
Bidcorp Corporate Services Proprietary Limited
represented by Ms AK Biggs

INDEPENDENT AUDITOR
PricewaterhouseCoopers Inc.
Registration number: 1998/012055/21
Waterfall City, 4 Lisbon Lane, Jukskei View
Midrand, 2090

LEGAL ADVISERS
Baker & McKenzie
Edward Nathan Sonnenbergs

TRANSFER SECRETARIES
Computershare Investor Services (Pty) Ltd
Registration number: 2004/003647/07
Private Bag X9000, Saxonwold, 2132

SPONSOR
The Standard Bank of South Africa Limited
30 Baker Street, Rosebank, 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
The Royal Bank of Scotland Group Plc
The Standard Bank of South Africa Limited
Standard Chartered PLC
UBI Banca

REGISTERED OFFICE
2nd Floor North Wing, 90 Rivonia Road, Sandton, 2196
Postnet Suite 136, Private Bag X9976, Sandton, 2146

WHISTLE BLOWING LINE
Freecall: +27 (0) 800 205 052
Email: bidcorp@tip-offs.com

Further information regarding our group can be found on the Bidcorp website: www.bidcorpgroup.com

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