

	2020 R'000	2019 Restated * R'000
13. Acquisition of businesses, subsidiaries and associates		
Property, plant and equipment	(1 150 004)	(98 586)
Right-of-use assets	(922 448)	–
Deferred taxation	(49 685)	128 250
Interest in associates and joint ventures	(1 514)	(654 033)
Investments and advances	(4 728)	(4 167)
Inventories	(236 557)	(53 563)
Trade and other receivables	(1 659 738)	(254 210)
Cash and cash equivalents	(1 281 038)	(73 982)
Borrowings	12 390 274	15 916
Trade and other payables and provisions	3 124 936	281 676
Lease liabilities	907 877	–
Taxation	189 278	15 082
Net fair value of liabilities (assets)	11 306 653	(697 617)
Goodwill	(12 408 811)	(713 777)
Intangible assets	(496 866)	(460 128)
Non-controlling interest	–	(19 963)
Total value of acquisitions	(1 599 024)	(1 891 485)
Less: Cash and cash equivalents acquired	1 281 038	73 982
Vendors for acquisition at beginning of year	(518 231)	(22 708)
Vendors for acquisition at end of year	2 611	518 231
Costs incurred in respect of acquisitions	(178 179)	(22 940)
Net amounts paid	(1 011 785)	(1 344 920)

* Refer accounting policies note 27.

Effective 7 May 2020, the Group acquired 100% of the share capital and voting rights of, and claims on loan accounts against PHS Bidco Limited and PHS Group Limited (PHS Group) via its UK subsidiary, Bidvest Services Group (UK) Limited. The PHS Group are specialists in washroom, healthcare and floorcare hygiene, and are the leading hygiene service provider in the UK, Spain and Ireland. With over 120 000 customers in over 300 000 locations the Group supports, among others, restaurants, offices, hospitals and schools and meets the hygiene needs of up to 100 million people. The acquisition adds significance to the Group's hygiene service offerings as a whole and in the UK and Europe geography. The Group will gain and achieve substantial synergies from this acquisition, which has been funded with a one year sterling bridge facility, with an option to extend for a further one year period.

Effective 1 July 2019, the Group acquired 100% of the share capital and voting rights of Future Cleaning Services Limited (Future Cleaning) via its UK subsidiary, Noonan Services Group (UK) Limited. Future Cleaning, a North Yorkshire company formed in 2003, is an office and commercial cleaning services company operating throughout the UK and Ireland through bespoke packages designed to service any size company and budget providing the best value contracts. Specialist cleaning services include boat, transport and escalator cleaning, jet washing and road sweeping. General cleaning services include, daily contract, commercial, industrial, window and carpet cleaning. This bolt-on acquisition increases the Group's cleaning service footprint and market share in the UK and Ireland and was funded from existing cash resources and facilities.

As at 1 July 2019 the Group acquired 100% of the share capital and voting rights of New Frontiers Tours Proprietary Limited (New Frontiers). New Frontiers is a full service ground handler, specialising in the deluxe end of the market and offering accommodation, safaris, car rental, transfers, day tours, private touring, charter flights and VIP Meet and Greet services throughout Southern Africa. The consulting team is made up of travel professionals who have been in the industry a minimum of seven years and who are driven by passion and creativity to ensure impeccable on the ground service and responses. This inbound travel and tourism acquisition compliments the Group's existing portfolio of internal and out bound travel and tourism offerings. The acquisition was funded from existing cash resources and facilities.

Included in other acquisitions is Plush Professional Leather Care Proprietary Limited (Plush). Adcock Ingram acquired 100% of Plush, a company offering an extensive range of homecare, cleaning and leather care products, which are sold through most major retailers in South Africa and selected Southern African countries. The acquisition of Plush is part of Adcock Ingram's strategy to expand into non-regulated markets, including homecare. Plush was acquired for R322 million.

Notes to the consolidated financial statements (continued)

13. Acquisition of businesses, subsidiaries and associates (continued)

The goodwill, intangible and tangible asset values represented for PHS Group are provisional, as this acquisition was completed close the Group's reporting date. The remaining values represent the final at acquisition fair values consolidated by the Group.

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

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

Trade receivables acquired above are stated net of impairment allowances of R151 million (2019: R11.5 million). There were no significant contingent liabilities identified in the businesses acquired.

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

	PHS Group R'000	Future Cleaning R'000	New Frontiers R'000	Other acquisitions R'000	Total R'000
Identifiable assets and liabilities acquired					
Property, plant and equipment	1 079 088	60 885	2 291	7 740	1 150 004
Right-of-use assets	916 375	4 037	2 036	–	922 448
Deferred taxation	166 683	(48 603)	(1 822)	(66 573)	49 685
Interest in associates and joint ventures	–	–	617	897	1 514
Investments and advances	–	–	4 728	–	4 728
Inventories	177 736	147	–	58 674	236 557
Trade and other receivables	1 413 900	112 115	93 926	39 797	1 659 738
Cash and cash equivalents	1 218 465	9 201	31 720	21 652	1 281 038
Borrowings	(12 377 334)	–	–	(12 940)	(12 390 274)
Trade and other payables and provisions	(2 891 003)	(100 986)	(83 443)	(49 504)	(3 124 936)
Lease liabilities	(901 659)	(4 037)	(2 181)	–	(907 877)
Taxation	(186 155)	(5 832)	3 777	(1 068)	(189 278)
Intangible assets	–	236 034	25 022	235 810	496 866
	(11 383 904)	262 961	76 671	234 485	(10 809 787)
Goodwill	11 685 164	296 493	215 715	211 439	12 408 811
Net assets acquired	301 260	559 454	292 386	445 924	1 599 024
Less: Cash and cash equivalents acquired	(1 218 465)	(9 201)	(31 720)	(21 652)	(1 281 038)
Net consideration	(917 205)	550 253	260 666	424 272	317 986
Contribution to results for the year					
Revenue	767 204	572 088	1 112 227	177 549	2 629 068
Profit or loss	121 040	25 654	41 367	(2 788)	185 273
Contribution to results for the year if the acquisitions had been effective on 1 July 2019					
Revenue	5 143 764	572 088	1 112 227	406 549	7 234 628
Profit or loss	741 449	25 654	41 367	19 516	827 986