2. New and revised accounting standards (continued)

Standard/interpretation	Description	Reporting period beginning on or after
Annual improvements cycle 2018 – 2020	These amendments include minor changes to: • IFRS 1, *First time adoption of IFRS* has been amended for a subsidiary that becomes a first-time adopter after its parent. The subsidiary may elect to measure cumulative translation differences for foreign operations using the amounts reported by the parent at the date of the parent's transition to IFRS. • IFRS 9, *Financial Instruments* has been amended to include only those costs or fees paid between the borrower and the lender in the calculation of "the 10% test" for derecognition of a financial liability. Fees paid to third parties are excluded from this calculation. • IFRS 16, *Leases*, amendment to the Illustrative Example 13 that accompanies IFRS 16 to remove the illustration of payments from the lessor relating to leasehold improvements. The amendment intends to remove any potential confusion about the treatment of lease incentives. • IAS 41, *Agriculture* has been amended to align the requirements for measuring fair value with those of IFRS 13. The amendment removes the requirement for entities to exclude cash flows for taxation when measuring fair value.	1 January 2022

The impact of the aforementioned new standards, interpretations and amendments not yet effective is currently being assessed.

3. Overview of Group structure

The consolidated financial statements include the financial statements of the Company and its subsidiaries. The reportable segments of the Group have been identified based on the nature of the businesses. This basis is representative of the internal structure for management purposes and as reported to the chief operating decision-maker ("CODM"), Mpumi Madisa and the executive board.

The CODM has identified the eight reportable operating segments as follows:

Bidvest Automotive

An industry-leader and innovator, known for setting the national standard in technical training with its rapid adoption of online motor retailing and the development of sophisticated systems to drive customer service. It also operates in the vehicle auctioneering sector.

Bidvest Commercial Products

The industrial grouping of companies includes manufacturing and trading businesses in South Africa, representing global brands which include Hitachi Power Tools, Signode (strapping), Unicarriers (forklifts), Rational Ovens, Tajima (embroidery machines), Juki (sewing machines) and Tesa Tapes, while Plumblink supplies a full range of bathroom and plumbing products, and through the Voltex distribution outlets the division is a leading distributor of a vast array of electrical cable and allied products servicing the industrial, mining, contractor, construction, engineering and retail sectors. Consumer products include motor vehicle accessories (Moto Quip), camping and outdoor equipment (Leisure Quip).

Bidvest Financial Services

Comprises Bidvest Bank, the Bidvest Insurance Group (which offers both long and short-term insurance offerings), Master Currency Foreign Exchange, Compendium Insurance Brokers and Bidvest Wealth and Employee Benefits. The segment offers services specialising in fleet management and foreign exchange services, insurance and other financial services for the corporate and business markets.

Bidvest Freight

A leading private sector freight management group in sub-Saharan Africa, drawing on more than 150 years of portside experience, whose primary objective is to handle multiple products across berths and provide capacity to serve current and future demand. Independent businesses focus on terminal operations and support, international clearing and freight forwarding, integrated logistics, supply chain solutions and marine and insurance services. The segment facilitates storage, handling and movement of cargo via ocean freight, air freight, road and rail.

3. Overview of Group structure (continued)

Bidvest Branded Products

Offers a comprehensive suite of services relating to office products, office automation and office furniture, while also meeting all print, packaging, labelling and communication requirements. Offerings include the supply of stationery, paper or printer cartridges, and packaging and data services. The consumer-facing trading and distribution businesses represent local and global brands such as Russell Hobbs, Salton, George Foreman, Maxwell & Williams and prestigious luggage and travel accessories brands such as Cellini amongst others. This segment includes the manufacture, marketing and distribution of a wide range of healthcare products to both the private and public market sectors, through Adcock Ingram.

Bidvest Services

Operating across multiple sectors, in South Africa and abroad, Services' comprehensive and diverse range of facilities management service capabilities creates a unique platform for customised solutions. Service offerings include facilities management, security, travel and aviation services.

Bidvest Properties

Owns, manages and develops property and provides a unique offering of professional property services and consulting on all property-related matters for the Group.

Bidvest Corporate and Investments

Provides treasury, secretarial, corporate finance and governance services for the Group and is responsible for overall management and strategic direction.

All intragroup transactions are in the ordinary course of business and on similar terms to external parties and 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.

4. Accounting estimates and judgements and the determination of fair values

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

4.1 Critical accounting policies

The Group Audit Committee is satisfied that the critical accounting policies are appropriate to the Group.

4.2 Key sources of uncertainty

The following key sources of uncertainty have been identified:

Goodwill and indefinite life intangible assets

The Group has assessed the carrying value of goodwill and indefinite life intangible assets to determine whether any of the amounts have been impaired. The recoverable values were assessed using the value-in-use method based on actual results and forecasts for future years (refer *note 9.4. Intangible assets* and *note 9.5*. *Goodwill* for further disclosure). The Group assessed the goodwill and intangible assets arising from Purchase Price Allocation of the prior period acquisition of the PHS Group (refer *note 9.2. Acquisition of business, subsidiaries and associates – restatement of comparatives for details of valuation methodology and assumptions used*).

Trade, other receivables and banking advances

The Group applies the simplified approach to determine the Expected Credit Losses ("ECLs") for trade receivables, contract assets, lease and other receivables (collectively, accounts receivable). ECLs for accounts receivable are calculated using a provision matrix (refer *note 8.9. Trade and other receivables*). For banking advances the measurement of ECLs is performed using a three stage model, based on changes in credit quality since initial recognition (*refer note 8.3. Banking advances*).