

**BIDVESTCO LIMITED**

for the year  
ended  
30 June

**2021**

ANNUAL FINANCIAL STATEMENTS

REG. No. 1966/011512/06

**BIDVESTCO LIMITED**  
**DIRECTORS' REPORT**  
for the year ended 30 June 2021

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**Directors' responsibility for the financial statements**

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), the interpretations adopted by the International Accounting Standards Board, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and in terms of the requirements of the Companies Act of South Africa.

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' responsibility also includes maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the Company's ability to continue as a going concern and there is no reason to believe that the Company will not be a going concern for at least 12 months from the date of this report.

The auditors are responsible for reporting on whether the financial statements are fairly presented in accordance with IFRS and in terms of the requirements of the Companies Act of South Africa.

The financial statements of the Company for the year ended 30 June 2021, were approved by the board of directors on 21 October 2021 and are signed on its behalf by:

Director  
**MJ Steyn**

Director  
**NW Taylor**

**BIDVESTCO LIMITED**  
**DIRECTORS'REPORT**  
for the year ended 30 June 2021

**Preparer of financial statements**

The annual financial statements were prepared in compliance with the Companies Act of 2008 under the supervision of LJ Petzer CA(SA), Financial Accountant. These financial statements have been audited in compliance with section 29 (1) of the Companies Act of South Africa.

**Declaration by company secretary**

In my capacity as company secretary, I hereby confirm, in terms of Section 88(2)(e) of the Companies Act, that for the year ended 30 June 2021, the Company has lodged with the Registrar of Companies, all such returns as are required in terms of this Act and that all such returns are true, correct and up to date.

Company secretary  
**N Katamzi**



## *Independent auditor's report*

To the Shareholders of Bidvestco Limited

### *Report on the audit of the financial statements*

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#### *Our opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Bidvestco Limited (the Company) as at 30 June 2021, and its financial performance and its 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**

Bidvestco Limited's financial statements set out on pages 10 to 32 comprise:

- the statement of financial position as at 30 June 2021;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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#### *Basis for opinion*

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 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 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)*.

PricewaterhouseCoopers Inc., 4 Lisbon Lane, Waterfall City, Jukskei View, 2090  
Private Bag X36, Sunninghill, 2157, South Africa  
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## Our audit approach

### Overview

#### Overall materiality

- R 60 million which represents 1% of total assets, limited to materiality as instructed by the group auditors of Bidvest Group Limited.

#### Key audit matters

- Assessment of guarantor in respect of the bonds

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the 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 financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the 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.

<i>Overall materiality</i>	<i>R 60 million</i>
<i>How we determined it</i>	<i>1% of total assets, which amounted to R 86 million. This was limited to R 60 million based on instructions from the group auditors of Bidvest Group Limited.</i>



<p><i>Rationale for the materiality benchmark applied</i></p>	<p><i>We chose total assets as a benchmark because in our view, it is the benchmark against which the performance of the Company is most commonly measured by users and it is a generally accepted benchmark. We chose 1% which is consistent with the quantitative materiality used for such companies in this sector.</i></p>
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### *Key audit matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p><b><i>Assessment of guarantor in respect of the bonds</i></b></p> <p>The Company issued guaranteed fixed term bonds to institutional investors and these bonds are guaranteed by The Bidvest Group Limited. These bonds are made up of bonds listed on the Johannesburg Stock Exchange as well as unlisted bonds with a total carrying amount of R 8.4 billion as at 30 June 2021.</p> <p>The proceeds from the bond issues have been provided to Bidvest Treasury Proprietary Limited, which serves as the Treasury function for The Bidvest Group Limited. The proceeds are then provided as a source of financing to the subsidiaries within the greater group. The cash flows to service the bonds are derived from the loans receivable from Bidvest Treasury Proprietary Limited.</p> <p>The ability of the guarantor (The Bidvest Group Limited) to honour its long term commitments, including the guarantee liability, was considered a matter of most significance to the audit as the listed debt and equivalent receivable from Bidvest Treasury Services Proprietary Limited</p>	<p><i>We evaluated whether The Bidvest Group Limited, as guarantor, will be able to settle the Company's debt on its behalf by assessing the recoverability of the balance due to the Company from Bidvest Treasury Proprietary Limited. This included an assessment of the Expected Credit Loss (ECL) on the balance. In this regard we performed the following procedures:</i></p> <ul style="list-style-type: none"> <li>• <i>We inspected The Bidvest Group Limited's signed financial statements as at 30 June 2021 to ascertain the viability of whether The Bidvest Group Limited will be able to service its short- and long-term commitments;</i></li> <li>• <i>We evaluated whether there was a significant increase in credit risk by comparing the credit risk at initial recognition to the one at reporting date; assessed the operating performance of the borrower by considering liquidity and evaluating past payment history. Based on the work performed, we noted no further matters to consider in terms of the staging of the guarantee.;</i></li> <li>• <i>We reperformed management's calculation of the ECL, which resulted in no impairment of the loan, and which incorporated the following parameters:</i></li> </ul>



are the most significant balances in the Company's statement of financial position, and any assessments on recoverability of the receivable and ability to repay the liability will have a significant impact on the financial statements.

Refer to the following notes to the financial statements for details:

- Note 2: Owing by fellow subsidiary - At amortised cost.

*Exposure at Default (EAD), Probability of Default (PD) and Loss Given Default (LGD). We noted no material exceptions in this regard;*

- *We evaluated management's assessment of the PD as at 30 June 2021 with reference to the ability of the counterparty to repay, which was a function of credit risk, liquidity assessment and intention to repay. We noted no further matters for consideration with respect to the PD applied in the ECL assessment; and*
- *We compared the PD percentage as applied by management to reputable, third party sources with no material exceptions noted; and*
- *We assessed the percentage applied by management for the LGD for reasonability relative to the credit risk of the loan receivable, and by considering the guarantee agreement and we did not identify any aspects requiring further consideration.*

### *Other information*

The directors are responsible for the other information. The other information comprises the information included in the document titled "Bidvestco Limited Annual Financial Statements for the year ended 30 June 2021", which includes the Directors' Report, the Declaration by Company Secretary and the Audit Committee's Report as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the 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 financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, 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.



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### *Responsibilities of the directors for the financial statements*

The directors are responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing 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 Company or to cease operations, or have no realistic alternative but to do so.

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### *Auditor's responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 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.

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### *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 Bidvestco Limited for three years.

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*PricewaterhouseCoopers Inc.*

PricewaterhouseCoopers Inc.  
Director: Anastacia Tshesane  
Registered Auditor  
Johannesburg  
25 October 2021

## **BIDVESTCO LIMITED DIRECTORS' REPORT**

for the year ended 30 June 2021

### **Nature of business**

There were no changes in the nature of the Company's business during the year under review. The current business operations of the Company are to raise borrowings in the form of unsecured bonds and commercial paper listed on the JSE Limited and/or unlisted bonds and commercial paper and advance the amounts raised, to a fellow subsidiary.

### **Financial reporting**

The directors are required by the Companies Act of South Africa to produce financial statements, which fairly present the state of affairs of the Company as at the end of the financial year and the profit or loss for that financial year, in conformity with International Financial Reporting Standards (IFRS), the interpretations adopted by the International Accounting Standards Board, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and in terms of the requirements of the Companies Act of South Africa.

The directors are of the opinion that the financial statements fairly present the financial position of the Company as at 30 June 2021 and the results of its operations and cash flows for the year then ended. The directors are satisfied that the 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.

### **Consideration of the impact of Covid-19**

The Covid-19 pandemic impacted the pricing of the four new unlisted bonds issued during November 2020. Had the bonds been issued closer to year end, the margins could have been up to 40bps lower.

### **Corporate governance**

The Company operates under the same corporate governance framework as The Bidvest Group Limited (Bidvest). Bidvest remains committed to implementing the King IV principles and best practice recommendations. Bidvest performs an annual review to assess the extent to which Bidvest continues to apply the principles and recommended practices in King IV. Further details can be found in the Environmental, Social and Governance Report of The Bidvest Group Limited at <https://www.bidvest-reports.co.za/integrated-reports/2021/pdf/full-gov.pdf>.

In terms of the Bidvestco evaluation policy, the board is satisfied that the directors are competent, suitably qualified and experienced.

The Audit Committee has executed its responsibility in terms of paragraph 7.3(e) of the Debt Listing Requirements.

The appointment of Ms Sindisiwe Ntombenhle (Sindi) Mabaso-Koyana and Ms Lulama Boyce to the Audit Committee was to fill the vacancy left by the retirement of Mr Erick Diack and strengthen the skills of the Committee.

### **Dividends**

No dividends were declared and paid during the year (2020: nil).

### **Share capital**

There were no changes in the authorised or issued share capital during the year (2020: nil).

### **Financial results**

The financial results are set out in the attached financial statements.

### **Financial assistance**

Certain loans, that were appropriately approved in terms of Section 45 of the Companies Act of South Africa, were advanced to fellow subsidiaries on commercial terms.

**BIDVESTCO LIMITED**  
**DIRECTORS' REPORT**  
for the year ended 30 June 2021

**Directors and secretary**

The directors of the Company during the year and at the date of this report are:

NT Madisa – Executive director

*Qualification: Masters in Finance and Investment, BCom Honours in Economics and BSc in Economics and Mathematics*

Mpumi was previously chief director in the Gauteng provincial government. During her time at Bidvest, she has held various senior management and executive board director positions such as general manager business development, divisional director business development, corporate affairs director and sales and marketing director. She is a director of numerous Bidvest subsidiaries, board member of Business Leadership South Africa and the chairman of Adcock Ingram

MJ Steyn – Executive director

*Qualification: CA(SA)*

Mark joined Bidvest in May 1997 and has held various financial positions within Bidvest Freight. Since 2012, Mark held the position of chief financial officer of Bidvest Freight. Mark was appointed to the Bidvest board as chief financial officer, effective 1 March 2018. He serves on all South African divisional boards, divisional audit committees and served as a trustee on the various Group retirement funds.

NW Taylor – Executive director and Debt Officer

*Qualifications : BComm, BAcc, CA(SA)*

Neil joined The Bidvest Group in March 2014 as the Group Treasurer. Neil was appointed as the Debt Officer with effect from 29 October 2020 in compliance with paragraph 7.3(G) of the Debt Listing Requirements. During his career he worked in dual roles of Group Financial Manager and Treasurer at PG Bison Ltd, Plate Glass & Shatterprufe Industries Ltd and Tsogo Sun Holdings Ltd. He obtained corporate banking experience at Nedbank Ltd between 2000 and 2004.

The Company secretary during the year was Ms I Roux. Subsequent to the year end on 10 August 2021, Ms I Roux resigned as Company Secretary to exclusively focus on her role as Executive: Corporate Affairs. Ms Nonqaba Katamzi was appointed to the position on the same day.

**Addresses**

Business address - 2<sup>nd</sup> Floor, Bidvest House, 18 Crescent Drive, Melrose Arch, 2196

Postal address - P O Box 87274, Houghton, 2041

**Holding company and ultimate holding company**

The holding company is The Bidvest Group Limited, a company registered in the Republic of South Africa and listed on the JSE.

**Events subsequent to year end**

During July 2021, South Africa experienced civil unrest. This had no impact on the Company, as the company issues bonds and extends loans to fellow subsidiaries at rates linked to 3-month JIBAR. The 3-month JIBAR rate was not negatively impacted by these events.

There are no facts or circumstances which have occurred between the date of the statement of financial position and the date of this report which in our opinion are material for an appreciation of the state of the Company's affairs.

**BIDVESTCO LIMITED**  
**AUDIT COMMITTEE'S REPORT**  
for the year ended 30 June 2021

The Audit Committee of The Bidvest Group Limited (the Committee) assumed the role and responsibilities of the audit function of the Company. The Committee present its report in terms of section 94 of the Companies Act, 71 of 2008 as amended (“the Companies Act) and the King Code of Governance for South Africa King IV for the financial year ended 30 June 2021. The Committee has conducted its work in accordance with the written terms of reference approved by the board.

The Bidvest board has mandated the Committee as the Audit Committee of all Group companies which have a statutory requirement to have an Audit Committee, with the exception of companies which have established Committees under banking or insurance legislation.

In addition to its statutory responsibilities, the Committee’s main objective is to assist the board in fulfilling its oversight responsibilities, particularly in relation to the evaluation of the adequacy and effectiveness of accounting policies, internal controls financial and corporate reporting processes, and assessing the effectiveness of the internal auditors.

**Composition**

Mr EK Diack, who has been an independent non-executive director for nine years, retired from The Bidvest Group Limited Board (“Bidvest Board”) with effect from 1 April 2021, as per the Group director tenure policy. Ms Sindisiwe Ntombenhle (Sindi) Mabaso-Koyana and Ms Lulama Boyce were appointed to Bidvest Board and to the Audit Committee with effect from 12 March 2021, Ms Mabaso-Koyana being appointed as the new chair to the Audit Committee.

As at the date of this report the Committee comprises the following members, who have the necessary skills and experience to fulfil the duties of the Committee:

- Ms Sindisiwe Ntombenhle (Sindi) Mabaso-Koyana (Independent Non-executive director and Chairman) – appointed 2021
- Ms Lulama Boyce (Independent Non-executive director) – appointed 2021
- Ms RD Mokate (Independent Non-executive director) – appointed 2018
- Ms N Siyotula (Independent Non-executive director) – appointed 2020
- Mr NW Thomson (Independent Non-executive director) – appointed 2018

The appointment of all members of the Committee is subject to shareholders’ approval at the next annual general meeting to be held on Friday, 26 November 2021. The profiles of the members, including their qualifications, can be viewed on the Group website, <https://www.bidvest-reports.co.za/integrated-reports/2021/pdf/full-gov.pdf>.

**Frequency and attendance of meetings**

During the year under review, five meetings were held:

<b>Audit</b>	<b>24 Nov 2020</b>	<b>25 Feb 2021</b>	<b>27 May 2021</b>	<b>30 Aug 2021</b>	<b>2 Sept 2021</b>
S Mabaso-Koyana (chair) <sup>1</sup>			√	√	√
EK Diack (previous chair) <sup>2</sup>	√	√			
L Boyce <sup>1</sup>			√	√	√
RD Mokate	√	√	√	√	√
N Siyotula	√	√	√	√	√
NW Thomson	√	√	√	√	√

<sup>1</sup> - Appointed 12 March 2021

<sup>2</sup> - Retired 1 April 2021

**BIDVESTCO LIMITED**  
**AUDIT COMMITTEE'S REPORT**  
for the year ended 30 June 2021

**Statutory duties**

The Committee is satisfied that it has performed the statutory requirements for an Audit Committee as set out in the Companies Act as well as the functions set out in the terms of reference and that it has therefore complied with its legal, regulatory and other responsibilities.

There were no Reportable Irregularities for Bidvestco Limited, nor were any complaints or queries about the Bidvestco Limited financial reporting brought to the attention of the Audit Committee.

**External auditor**

The Committee nominated and recommended the re-appointment of the external auditor, PricewaterhouseCoopers Inc, to the shareholders in compliance with the Companies Act and the appointment of Ms A Tshesane as designated auditor for the 2022 financial year.

The Committee satisfied itself that the audit firm is accredited, and that PricewaterhouseCoopers Inc was independent of the Company, which evaluation included consideration of the criteria relating to independence proposed by the Independent Regulatory Board for Auditors.

The Committee ensured that the designated external audit partner has not exceeded a five year tenure in this role. The Committee, in consultation with executive management, agreed to the engagement letter, terms, audit plan and budgeted audit fees.

The Committee ensured that the auditors did not provide any prohibited services, nor any services that include a threat of self-review. Non-audit services are pre-approved by the chairman of the Committee, are generally of an assurance nature, and are not material in relation to the external audit fee.

The Committee has the following responsibilities for external audit:

- Recommends the appointment of external auditor and oversees the external audit process. In this regard the Committee must:
  - nominate the external auditor for appointment by the shareholders;
  - approve the annual audit fee and terms of engagement of the external auditor;
  - monitor and report on the independence of the external auditor in the annual financial statements;
  - define a policy for non-audit services and pre-approve non-audit services to be provided by the external auditor;
  - ensure that there is a process for the Committee to be informed of any reportable irregularities as defined in the Auditing Profession Act, 2005, identified and reported by the external auditor;
  - review the quality and effectiveness of the external audit process and performance against their audit plan.

**Key audit matter**

The Committee has applied its mind to the key audit matter identified by the external auditors and is comfortable that it has been adequately addressed and disclosed this item, which required significant judgment, was:

- assessment of guarantor in respect of the bonds

**BIDVESTCO LIMITED**  
**AUDIT COMMITTEE'S REPORT**  
for the year ended 30 June 2021

**Internal audit**

The Committee has satisfied itself that the internal audit function was appropriately independent. The internal audit charter and the internal audit plan were approved by the Committee. Internal audit has access to the Committee, primarily through its chairman.

The Committee has the following responsibilities for internal audit:

- the appointment, performance assessment and/or dismissal of the internal auditor;
- to approve the internal audit charter and the internal audit plan; and
- to ensure that the internal audit function is subject to an independent quality review as and when the Committee determines appropriate.

The Committee has reviewed the performance, qualifications and expertise of the Chief Audit Executive, Lauren Berrington, and is satisfied with the appropriateness of her expertise.

**Internal financial control**

We have considered the reports of management, internal audit and external audit in arriving at our conclusion that the Company's system of internal controls and risk management is effective and that the internal financial controls form a sound basis for the preparation of reliable financial statements. No material breakdown in controls was identified during the year.

**Risk management**

The Committee is responsible for reviewing the effectiveness of systems for internal control, financial reporting and financial risk management and considering the major findings of any internal investigations into control weaknesses, fraud or misconduct and management's response thereto. We have considered and relied on the work of the Risk Committee as well as the Social and Ethics Committee on the non-financial related risk areas.

The Committee, in conjunction with the Risk Committee, is responsible for:

- obtaining independent assurance on the effectiveness of the IT internal controls;
- overseeing the value delivery on IT and monitoring the return on investments on significant IT projects; and
- ensuring that IT forms an integral part of the Company's risk management.

An anonymous ethics line is in place. The service is managed by Deloitte and is independent of Bidvest. All calls reported are in total anonymity and without fear of discrimination. Monthly reports are provided by the independent service provider. The monitoring of reports from this service is shared between this Committee and the Social and Ethics Committee. The Committee is satisfied that appropriate disciplinary, criminal, and civil action has been taken.

**Expertise of the financial director and finance function**

The Committee has reviewed the current performance and future requirements for the financial management of the Company and concluded that the current team has the appropriate skills, experience and expertise required to fulfil the finance function.

**BIDVESTCO LIMITED**  
**AUDIT COMMITTEE'S REPORT**  
for the year ended 30 June 2021

**Going concern**

The Committee critically reviewed the documents prepared by management in which they assessed the going concern status of the Company. Specific consideration has been given to the impact of the Covid-19 pandemic and liquidity. Management has concluded that the Company is a going concern. The Committee concurred with management's assessment and recommended acceptance of this conclusion to the board.

**Recommendation of the annual financial statements for approval by the board**

The Committee recommended the Company's annual financial statements for approval by the board.

On behalf of the Committee

**SN Mabaso-Koyana**  
**Chairman**  
**21 October 2021**

**BIDVESTCO LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
as at 30 June 2021

	Notes	2021 R	2020 R
<b>Assets</b>			
<b>Non-current assets</b>			
Owing by fellow subsidiary - At amortised cost	2	6 939 000 000	4 421 000 000
Owing by holding company - At cost	3	44 068 357	44 068 357
<b>Current assets</b>			
Owing by fellow subsidiary - At amortised cost	2	1 547 046 974	32 613 884
Derivative financial instruments	4	50 807 644	101 785 032
		8 580 922 975	4 599 467 273
<b>Equity and liabilities</b>			
<b>Capital and deficit</b>			
		44 068 357	44 068 357
Share capital	5	731 840	731 840
Share premium	5	43 523 741	43 523 741
Accumulated loss		(187 224)	(187 224)
<b>Non-current liabilities</b>			
Financial liabilities - At amortised cost	6	6 939 000 000	4 421 000 000
<b>Current liabilities</b>			
Financial liabilities - At amortised cost	6	1 547 046 974	32 613 884
Derivative financial instruments	4	50 807 644	101 785 032
		8 580 922 975	4 599 467 273

**BIDVESTCO LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
for the year ended 30 June 2021

	Notes	2021 R	2020 R
Finance income from fellow subsidiary	7	424 496 342	358 525 727
Finance charges on borrowings	8	(424 496 342)	(358 525 727)
		<hr/>	<hr/>
<b>Profit for the year</b>		-	-
<b>Other comprehensive income</b>			
<i>Items that may be classified subsequent to profit or loss</i>			
Movement in fair value of interest rate swaps –			
financial asset		(50 977 388)	82 927 635
Deferred tax		14 273 669	(23 219 738)
Movement in fair value of interest rate swaps -			
financial liability		50 977 388	(82 927 635)
Deferred tax		(14 273 669)	23 219 738
		<hr/>	<hr/>
<b>Total comprehensive income for the year</b>		-	-
		<hr/>	<hr/>

**BIDVESTCO LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
for the year ended 30 June 2021

	2021 R	2020 R
<b>Share capital</b>	731 840	731 840
<b>Share premium</b>	43 523 741	43 523 741
<b>Accumulated loss</b>		
At beginning of the year	(187 224)	(187 224)
Profit for the year	-	-
Movement in other comprehensive income	-	-
Dividends paid	-	-
	<hr/>	<hr/>
	44 068 357	44 068 357
	<hr/>	<hr/>

**STATEMENT OF CASH FLOWS**  
for the year ended 30 June 2021

	Notes	2021 R	2020 R
<b>Net cash flow from operating activities</b>		-	-
Finance income	7	392 063 252	361 472 347
Finance charges	8	(392 063 252)	(361 472 347)
<b>Net cash flows from investing activities</b>		(4 000 000 000)	(1 082 000 000)
Loans advanced to fellow subsidiaries		(4 000 000 000)	(1 532 000 000)
Loans repaid by fellow subsidiaries		-	450 000 000
<b>Net cash flows from financing activities</b>		4 000 000 000	1 082 000 000
Borrowings raised		4 000 000 000	1 532 000 000
Borrowings repaid		-	(450 000 000)
		<hr/>	<hr/>
<b>Net cash flow</b>		-	-
		<hr/>	<hr/>

**BIDVESTCO LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2021

**1. Accounting policies**

1.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), the interpretations adopted by the International Accounting Standards Board, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, in terms of the requirements of the Companies Act of South Africa and the JSE Debt Listings Requirements.

The accounting policies have been consistently applied with the previous financial year.

The Company is incorporated in the Republic of South Africa.

1.2 Basis of Preparation

The financial statements are prepared on the historical cost basis, other than certain financial instruments, which are valued at their fair value.

1.3 New standards adopted during the year

During the period the Company implemented the amendments to IAS 1: 'Presentation of financial statements' and IAS 8: 'Accounting policies, changes in accounting estimates and errors' (amendment in the definition of material). In addition, the amendments to IFRS 9, IAS 39 and IFRS 7 relating to the measurement and disclosure of financial instruments were also applied. The application of the aforementioned amendments has had no material impact on the financial statements.

1.4 Standards issued and not yet effective

- IFRS 9: (Amendments to) Financial Instruments; IAS 39: (Amendments to) Financial Instruments: Recognition and Measurement; and IFRS 7: (Amendments to) Financial Instruments: Disclosure – Interest rate benchmark reform (phase 2) (amendments for financial periods starting on or after 1 January 2021)
- IAS 1: (Amendments to) 'Presentation of Financial Statements' classification of liabilities as current or non-current (amendments for financial periods starting on or after 1 January 2021)
- IAS 37: (Amendments to) 'Provisions, Contingent Liabilities and Contingent Assets' on Onerous Contract / Cost of Fulfilling a Contract (amendments for financial periods starting on or after 1 January 2022)
- Annual improvements cycle 2018 -2020 - 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. (amendments for financial periods starting on or after 1 January 2022)

The directors do not believe that the changes in the above standards will have a material impact on the companies' financial statements.

**BIDVESTCO LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2021

1.5 Financial Instruments

A financial instrument is a contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity. Financial instruments are recognised when the Company becomes party to the contractual provisions of the arrangement.

Financial instruments are initially measured at fair value.

**Classification and subsequent measurement**

The Company classifies financial assets in each of the IFRS 9 measurement categories based on the Company's business model for managing the financial asset and the cash flow characteristics of the financial asset.

Financial assets are classified into the following categories:

- Financial assets at amortised cost
- Investment at fair value through other comprehensive income (FVOCI)\*

\*These relate to derivatives that are designated as hedging instruments.

A financial asset is measured at amortised cost if the financial asset is held in order to collect contractual cash flows, the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets measured at amortised cost comprise of receivables from fellow subsidiaries and the holding company. These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by expected credit losses. Interest income, foreign exchange gains and losses and impairments are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

In assessing whether contractual cash flows are solely payments of principal and interest, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time for other basic lending risks and costs as well as profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of the contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers: contingent events that would change the amount or timing of the cash flows; terms that may adjust the contractual coupon rate, including variable rate features; prepayment and extension features; and terms that limit the Company's claim to cash flows from specified assets.

Financial liabilities are classified into the following categories:

- Derivatives; and
- Financial liabilities at amortised cost.

Financial liabilities are classified as measured at amortised cost using the effective interest method and comprise of long-term financial liabilities and payables.

**BIDVESTCO LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2021

1.5 Financial Instruments (continued)

**Derecognition**

Financial assets are derecognised when the Company realises the rights to the benefits specified in the contract, the rights expire, or the Company surrenders or otherwise loses control of the contractual rights that comprise the financial asset. On derecognition, the difference between the carrying amount of the financial asset and proceeds receivable and are recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition, the difference between the carrying amount of the financial liability, including related unamortised costs, and the amount paid for it, is recognised in profit or loss.

**Off-setting**

Financial assets and liabilities are offset, and the net amount is presented in the statement of financial position, when there is a legally enforceable right to set off the amounts and there is an intention to settle them on a net basis or to realise the asset and settle the liability simultaneously.

**Impairment**

The Company calculates allowance for credit losses as expected credit losses (ECLs) for financial assets measured at amortised cost. ECLs are credit losses considering the historical loss rates and the expected macroeconomic environment that the counterparties operate in. Credit losses are measured as the present value of all cash shortfalls, the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive. ECLs are discounted at the original effective interest rate of the financial asset.

Twelve-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of an instrument is less than 12 months). Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events: significant financial difficulty of the borrower; a breach of contract, such as a default; and/or it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

The Company assumes that the credit risk on a financial instrument has not increased significantly if the financial instrument is determined to have a low credit risk at the reporting date. Loans with fellow subsidiaries are considered to have a low credit risk due to their profit making and no default history. If fellow subsidiaries default on their loan repayments, credit risk is considered to have increased, and the loan receivable is moved to Stage 2. A lifetime credit loss allowance is recognised for receivables classified in Stage 2.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. The gross carrying amount of the financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

**BIDVESTCO LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2021

1.5 Financial Instruments (continued)

**Impairment (continued)**

The Company measures expected credit losses of a financial instrument in a way that reflects: An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; The time value of money; and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions, and forecasts of future economic conditions of the industries in which the borrowers operate.

The following methodologies were implemented, where ECLs are calculated using three main components; a probability of default (PD); a loss given default (LGD); and the exposure at default (EAD):

**Point-in-time PD estimates:**

Calibration of credit risk to a 12- month PD as required for the Bidvest Group.

**LGD estimates:**

An LGD benchmarking approach was used due to limited default and recovery data.

**EAD estimates:**

EAD estimates were determined using a combination of external benchmark studies for committed lines and regulatory estimates for financial guarantees.

Stage 1 - A financial instrument that is not credit impaired on initial recognition is classified in “Stage 1” and has its credit risk continuously monitored by the Company.

Stage 2 - If a significant increase in credit risk (SICR) since initial recognition is identified, the financial instrument is moved to “Stage 2” but is not yet deemed to be credit impaired.

Stage 3 - If the financial instrument is credit impaired, the financial instrument is then moved to “Stage 3”.

Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stage 2 and 3 have their ECL measured based on expected credit losses on a lifetime basis. Both forward looking and historical information are considered when determining ECL. The Company does not rebut the presumption in IFRS 9 that all financial assets which are more than 30 days past due have experienced a significant increase in credit risk, and accordingly are classified as Stage 2 in the calculation of ECL. In addition, the Company’s policy is not to rebut the presumption in IFRS 9 that financial assets which are more than 90 days past due are in default, and accordingly are classified as Stage 3 in the ECL calculation.

**BIDVESTCO LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2021

1.6 Hedge accounting

A derivative is a financial instrument whose value changes in response to an underlying variable, that requires little or no initial investment and that is settled at a future date.

The Company uses derivative financial instruments to manage its exposure to interest rate risk. Derivative financial instruments comprise of interest rate swaps. Derivative financial instruments are initially measured at fair value and are subsequently re-measured at their fair value with all changes in fair value recognised in other comprehensive income. The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Interest rate swaps are entered into in order to fix interest rates for predetermined periods.

The Company designates interest rate swaps as cash flow hedges. Hedge accounting is used for derivatives designated in this way, provided specific criteria are met. The Company documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an on-going basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in the cash flow hedging reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Hedge accounting is discontinued when the Company revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting.

If the hedged transaction is no longer expected to occur, the cumulative unrealised gain or loss is recognised in profit and loss immediately.

1.7 Finance income and charges

Finance revenue and costs are recognised on an accrual basis using the effective interest rate method. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating finance revenue over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

1.8 Taxation

Deferred taxation is recognised using the balance sheet liability method based on temporary differences between the tax base of an asset or liability and its balance sheet carrying amount. Temporary differences are differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax base. 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 statement of financial position date. Deferred taxation is recognised directly in equity. The effects on deferred taxation of any changes in tax rates are charged or credited directly to equity.

**BIDVESTCO LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2021

1.9 Segmental information

There are no other segments, the information as included in the financial statements are presented to the chief operating decision maker.

1.10 Accounting estimates and judgements

All financial assets are receivable from the holding company and Bidvest Treasury Services Pty Ltd (BTS). BTS manages the Bidvest Group's South African funding requirements and facilities. The likelihood of BTS defaulting on their debt owing is highly unlikely. BTS only extends loans to fellow subsidiaries, all of which have a profit-making history. In the unlikely event that the fellow subsidiaries are unable to repay their debt owing to BTS, the ultimate holding company, The Bidvest Group Limited, will step in to settle the debt. Taking the above factors into account the loss allowance on loans receivable from fellow subsidiaries and the holding company is considered to be immaterial.

Over the counter derivative financial instruments are valued using internal models. The fair values are determined using dealer price quotations, discounted cash flow models and option pricing models, which use various inputs including current market and contractual prices for underlying instruments, time to expiry, yield curves and volatility of underlying instruments. Such instruments are classified within Level 2 hierarchy as the inputs used in pricing models are generally market observable or derived from market observable data.

No other significant judgements or estimates were made when preparing these financial statements.

**BIDVESTCO LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2021

	2021 R	2020 R
<b>2. Owing by fellow subsidiary – At amortised cost</b>		
Amounts advanced to Bidvest Treasury Services Proprietary Limited		
<i>Non-current</i>		
Loans receivable	<u>6 939 000 000</u>	<u>4 421 000 000</u>
<i>Current</i>		
Loans receivable	1 482 000 000	-
Interest receivable accrued	65 046 974	32 613 884
	<u>1 547 046 974</u>	<u>32 613 884</u>

*Terms of loans*

The loan capital is payable in bullet repayments from 15 November 2021 – 6 November 2024. Interest on all loans are payable on a quarterly basis, except for one loan of R200 million on which interest is payable on a bi-annual basis.

Loans bearing interest at effective fixed interest rates ranging between 8.35% - 9.60% (2020: 8.35% - 9.60%)	1 611 000 000	1 611 000 000
Loans bearing interest linked to 3-month JIBAR plus margins ranging between 1.17% - 2.10% (2020: 1.17% - 1.35%)	<u>6 810 000 000</u>	<u>2 810 000 000</u>

The fair value of financial assets advanced at variable and fixed rates are categorised as Level 2.

The carrying value of all financial assets approximate their fair value except for the aggregated financial assets below:

Carrying value	4 200 000 000	2 396 000 000
Fair value	<u>4 250 268 810</u>	<u>2 372 916 116</u>

The fair value of all financial assets approximates their carrying amount, except as indicated above. The fair value of all financial assets awarded, with a carrying value of R8 421 million is R 8 477 million (2020: Carrying value of R4 421 million and fair value of R4 399 million).

Refer to note 10.2 for details on the contractual maturities of the financial assets, including interest receipts.

**3. Owing by holding company – At amortised cost**

Amount owing by The Bidvest Group Limited, interest free with no fixed terms of repayment, repayable on demand	<u>44 068 357</u>	<u>44 068 357</u>
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**BIDVESTCO LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2021

**4. Derivative financial instruments**

The Company has the following active interest rate swap contracts with counterparty banks:

Hedge items – Stock code	BID08	BID09	BID010
Principle Bond and Swap notional value – R'000	300 000	568 000	543 000
Term	5-year bond	3-year bond	5-year bond
Swap start date	1 April 2019	15 May 2019	15 May 2019
Bond redemption date, swap termination date	30 June 2022	15 November 2021	15 November 2023
Spread (bps) above 3-month JIBAR	180	123	140
Fixed swap rate, including spread	9,00%	8,35%	8,78%
Interest settlement periods	Quarterly	Quarterly	Quarterly

The difference between the fixed and floating interest rates on the above swaps are settled on a quarterly basis simultaneously with the payment of interest to bondholders. The interest rate swap contracts have enabled the Company to mitigate the risk of fluctuating interest rates on the fair value of the bonds issued. The interest rate swaps have been designated as hedging instruments and accounted for as cash flow hedges.

The fair value of the interest rate swaps at the reporting date is determined by discounting the future cash flows using the interest rate curves at the reporting date and the credit risk inherent in the contracts, resulting in a fair value liability of R50 807 644 (2020: R101 785 032).

The Company has back-to-back agreements with BTS for the above interest rate swaps. The back-to-back agreements reflect the same terms and conditions as per the counterparty banks interest rate swap contracts. The fair value of the back-to-back interest rate swaps at the reporting date is determined by discounting the future cash flows using the interest rate curves at the reporting date and the credit risk inherent in the agreements, resulting in a fair value asset of R50 807 644 (2020: R101 785 032).

Refer to 1.10 Accounting estimates and judgements for further details as to how the fair value of Derivative financial instruments are determined.

	<b>2021</b>	2020
	<b>R</b>	R
<b>5. Share capital and premium</b>		
Authorised		
120 000 000 ordinary shares of 1 cent each	<u><b>1 200 000</b></u>	<u>1 200 000</u>
Issued		
73 183 968 ordinary shares of 1 cent each	<u><b>731 840</b></u>	<u>731 840</u>
Share premium	<u><b>43 523 741</b></u>	<u>43 523 741</u>

**BIDVESTCO LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2021

	<b>2021</b>	2020
<b>6. Financial liabilities - At amortised cost</b>	<b>R</b>	R
<i>Non-current</i>		
Bonds	<u><b>6 939 000 000</b></u>	<u>4 421 000 000</u>
<i>Current</i>		
Bonds	<b>1 482 000 000</b>	-
Interest payable accrued	<b>65 046 974</b>	32 613 884
	<u><b>1 547 046 974</b></u>	<u>32 613 884</u>
<i>Schedule of repayment of borrowings</i>		
Year ended June 2021	-	-
Year ended June 2022	<b>1 482 000 000</b>	1 482 000 000
Year ended June 2023	<b>1 614 000 000</b>	614 000 000
Thereafter	<b>5 325 000 000</b>	2 325 000 000
	<u><b>8 421 000 000</b></u>	<u>4 421 000 000</u>

The fair value of financial liabilities issued at variable and fixed rates are categorised as Level 2. The fair value of all bonds approximates their carrying amount, except as detailed below. The fair value of all bonds in issue, with a carrying value of R8 421 million is R 8 477 million (2020: Carrying value of R4 421 million and fair value of R4 399 million). Refer to note 1.10.

The carrying value of all bonds approximate their fair value except for material differences affecting the aggregated bonds below:

Carrying value	<b>4 200 000 000</b>	2 396 000 000
Fair value	<u><b>4 250 268 810</b></u>	<u>2 372 916 116</u>

The fair values are determined using listed market pricing, dealer price quotations, discounted cash flow models and option pricing models, which use various inputs including current market and contractual prices for underlying instruments, time to expiry, yield curves and volatility of underlying instruments. Such instruments are classified within Level 2 hierarchy as the inputs used in pricing models are generally market observable or derived from market observable data. Yields ranging between 4.85 and 8.96 were used to value these instruments.

*Bond terms*

The bond capital is payable in bullet repayments from 15 November 2021 – 6 November 2024. Interest on all bonds is payable on a quarterly basis, except for one bond of R200 million for which the interest is payable on a bi-annual basis.

Bonds bearing interest at effective fixed rates ranging between 8.35% - 9.60% (2020: 8.35% - 9.60%)	1 611 000 000	1 611 000 000
Bonds bearing interest linked to 3-month JIBAR plus margins ranging between 1.17% - 2.10% (2020: 1.17% - 1.35%).	<u>6 810 000 000</u>	<u>2 810 000 000</u>

**BIDVESTCO LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2021

**6. Financial liabilities - At amortised cost (continued)**

The Company's Domestic Medium-Term Note and Commercial Paper Programme is R12 billion (2020: R9 billion). Under the Programme, the issuer may from time-to-time issue Notes denominated in South African Rands subject to the terms and conditions described in the Programme Memorandum. The Programme was increased to R12 million prior to the issue of new bonds to the value of R4 billion and to increase future borrowing capacity. As at 30 June 2021, the Company had R3,6 billion (2020: R4,6 billion) available under the program.

The bonds issued by the Company are guaranteed by The Bidvest Group Limited.

	2021	2020
	R	R
<b>7. Finance revenue from fellow subsidiary</b>		
Balance at beginning of the year	32 613 884	35 560 504
Finance revenue	424 496 342	358 525 727
Balance at end of the year	<b>(65 046 974)</b>	<b>(32 613 884)</b>
	<u>392 063 252</u>	<u>361 472 347</u>
Interest received in cash		

**8. Finance charges on borrowings**

Balance at beginning of the year	<b>(32 613 884)</b>	<b>(35 560 504)</b>
Interest charge	<b>(424 496 342)</b>	<b>(358 525 727)</b>
Balance at end of the year	<b>65 046 974</b>	<b>32 613 884</b>
	<u><b>(392 063 252)</b></u>	<u><b>(361 472 347)</b></u>
Interest paid in cash		

**9. Related party information**

9.1 Related parties

The Holding Company of Bidvestco Limited is The Bidvest Group Limited, which holds 100% (2020: 100%) of the Company's ordinary shares. The Holding Company and its subsidiaries are considered to be related parties.

The directors of the Company during the year were NT Madisa, MJ Steyn and NW Taylor, who are also considered to be related parties.

9.2 Related party transactions

The Company raises borrowings in the form of unsecured fixed and variable rate notes (refer note 6) and advances the same amount, with the same terms, to a fellow subsidiary (refer note 2). The Company has a liability for interest payable to note holders, which is matched by an interest receivable from the fellow subsidiary, refer to notes 6 and 2.

In terms of an agreement, the fellow subsidiary to which the loan was advanced was charged interest at the same rate as the unsecured fixed and variable rate notes. Interest of R424 496 342 (2020: R358 525 727) was accrued from the fellow subsidiary.

**BIDVESTCO LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2021

**9. Related party information** *(continued)*

9.2 Related party transactions

No loans were repaid by the subsidiary in the current year (2020: R450 million). Administrative expenses are paid for by the fellow subsidiary.

Related party transactions are conducted on an arm's length basis. The details of loans advance to fellow subsidiaries are disclosed in note 2.

9.3 Directors' remuneration

No remuneration was paid to any of the directors by the Company, the holding company or any fellow subsidiary, for their services as directors to the Company, during the current or preceding financial year.

Details of remuneration paid by fellow subsidiaries to the directors as employees during the year ended 30 June 2021 can be analysed as follows:

	Basic Remuneration/ Directors fees R'000	Other Benefits and costs R'000	Retirement/ medical benefits R'000	Cash incentives <sup>1</sup> R'000	Long-term Incentives* R'000	Total Remuneration R'000
<b>2021 Total paid by fellow subsidiaries</b>	<b>20 322</b>	<b>953</b>	<b>1 543</b>	<b>22 261</b>	<b>13 422</b>	<b>58 501</b>
2020 Total paid by fellow subsidiaries	16 811	1 244	1 370	16 028	25 867	61 320

\* Includes taxable benefits arising on the exercise of Share Replacement Rights, Share Appreciation Rights and the award of shares in terms of the Conditional Share Plan.

<sup>1</sup> - A provision for FY20 short term incentives had been made during the FY20 year, based on the performance testing outcome. The payment of incentives were deferred to November 2020.

Full details of remuneration paid to the individual directors as employees of fellow subsidiaries is contained in Annexure A of these financial statements.

**10. Financial instruments**

The Company has limited exposure to risks arising from its use of financial instruments. The Company is a subsidiary of The Bidvest Group Limited and the instruments listed in note 6 are guaranteed by The Bidvest Group Limited.

The loans listed in note 2 have been advanced to a fellow subsidiary.

The Company considered the following risks from its use of financial instruments: credit risk; liquidity risk; and market risk (which comprises interest rate risk).

**BIDVESTCO LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2021

**10. Financial instruments (continued)**

10.1 Credit risk

Credit risk is the risk of default on a loan receivable due to a borrower failing to make required payments on the loan.

Although Bidvestco is exposed to credit risk on loans receivable from fellow subsidiaries, The Bidvest Group Limited will support these entities and step in if they are unable to repay their loans. Also refer to note 1.10.

The Company only trades with fellow subsidiaries of The Bidvest Group Limited and thus the Company's directors believe that the credit risk is immaterial.

10.2 Liquidity risk

The borrowings have been on-lent to a fellow subsidiary within The Bidvest Group Limited on exactly the same terms and conditions as that of the borrowings. This mitigates the liquidity risk as loans receivable become due as borrowings need to be repaid. The fellow subsidiary has access to facilities as well as the support of the Holding company to settle the loans which in turn will be utilised by the Company to settle the outstanding borrowings. Refer notes 2 and 6 for details of the loans advanced and borrowings. The expected maturity of financial assets and liabilities is not expected to differ from the contractual maturities as disclosed in notes 2 and 6.

Contractual maturities of the financial assets and liabilities, including interest payments:

	<b>Carrying amount</b>	<b>Total</b>	<b>6 months or less</b>	<b>6 - 12 months</b>	<b>1 – 2 years</b>	<b>2 - 5 years</b>
<b>2021</b>						
<b>Loans receivable/ Borrowings</b>	8 421 000 000	9 578 688 878	824 011 461	1 143 160 561	1 976 138 426	5 635 378 430
2020						
Loans receivable/ Borrowings	4 421 000 000	5 284 479 610	150 027 778	147 581 672	1 747 206 487	3 239 663 673

10.3 Market risk

Market risk is the risk that changes in market price, such as interest rates will affect the Company'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.

10.3.1 Interest rate risk

The Company's floating rate borrowings exposed to interest rate risk amounts to R6,8 billion (2020: R2,8 billion). As the Company's borrowings are on-lent on exactly the same terms, the Company is not exposed to interest rate risk, therefore no interest rate sensitivity analysis has been disclosed.

**BIDVESTCO LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2021

**11. Capital management**

The Company is a wholly owned subsidiary of The Bidvest Group Limited (the Group) and any funds raised through the issue of bonds are utilised in the Group. The capital management of the company is thus guided by the requirements of the Group.

The Bidvest Group Limited Board of Directors' policy is to maintain a strong capital base so as to maintain investor, supplier and market confidence, whilst also being able to sustain future development of the businesses. The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of gearing and the advantages and security afforded by a sound equity position.

**12. Taxation**

No provision has been made for tax by the Company as its taxable income is nil (2020: nil). A deferred tax asset will only be raised to the extent that there is taxable profit in future.

**13. Events subsequent to year end**

There are no facts or circumstances which have occurred between the date of the statement of financial position and the date of this report which are material for an appreciation of the state of the Company's affairs.