

BIDVESTCO LIMITED

for the year
ended
30 June

2023

ANNUAL FINANCIAL STATEMENTS

REG. No. 1966/011512/06

BIDVESTCO LIMITED
CORPORATE INFORMATION
for the year ended 30 June 2023

Nature of business

The current business operations of Bidvestco Limited (the “Company”) are to raise borrowings in the form of unsecured bonds and commercial paper in listed form on the JSE Limited (the “JSE”) and/or in unlisted form and advance the amounts raised to a fellow subsidiary.

Country of incorporation

Republic of South Africa

Registered office

Second Floor
Bidvest House
18 Crescent Drive
Melrose Arch
2196

Holdings and ultimate holding company

The Bidvest Group Limited

Preparer of financial statements

The annual financial statements were prepared in compliance with the Companies Act No. 71 of 2008 (“Companies Act”) under the supervision of LJ Petzer CA(SA), Head office financial manager. These financial statements have been audited in compliance with section 29(1) of the Companies Act.

BIDVESTCO LIMITED
AUDITED ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2023

Contents	Page
Corporate information	2
Directors' responsibility for the financial statements	3
Declaration by company secretary	4
Independent auditor's report	5 - 10
Directors' report	11 - 12
Audit Committee's report	13 - 16
Statement of financial position	17
Statement of comprehensive income	18
Statement of changes in equity	19
Statement of cash flows	19
Notes to the financial statements	20 - 33
Annexure A	34

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.

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.

The financial statements of the Company for the year ended 30 June 2023, were authorised for issue by the board of directors on 20 October 2023 and are signed on its behalf by:

Director
Mr MJ Steyn

Director
Mr NW Taylor

BIDVESTCO LIMITED
AUDITED ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2023

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 2023, 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

Ms NC Katamzi
20 October 2023



Independent auditor's report

To the Shareholders of Bidvestco Limited

Report on the audit of the financial statements

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 2023, 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 17 to 34 comprise:

- the statement of financial position as at 30 June 2023;
- 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.

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)*.

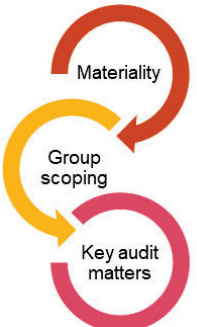
PricewaterhouseCoopers Inc., 4 Lisbon Lane, Waterfall City, Jukskei View, 2090
Private Bag X36, Sunninghill, 2157, South Africa
T: +27 (0) 11 797 4000, F: +27 (0) 11 209 5800, www.pwc.co.za

Chief Executive Officer: L S Machaba

The Company's principal place of business is at 4 Lisbon Lane, Waterfall City, Jukskei View, where a list of directors' names is available for inspection.
Reg. no. 1998/012055/21, VAT reg.no. 4950174682.

Our audit approach

Overview

	Overall group materiality <ul style="list-style-type: none"> Overall group materiality: R45,76 million, which represents 1% of Total Assets
	Key audit matters <ul style="list-style-type: none"> Assessment of the credit risk of the guarantor in respect of guaranteed 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 group materiality</i>	R45,76 million
<i>How we determined it</i>	1% of Total Assets
<i>Rationale for the materiality benchmark applied</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.

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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.

Key audit matter	How our audit addressed the key audit matter
<p>Assessment of the credit risk of the guarantor in respect of the guaranteed bonds</p> <p>The Company has, in prior years, issued guaranteed fixed term bonds to institutional investors. These bonds are guaranteed by The Bidvest Group Limited (“the Bidvest group”) and comprise of bonds listed on the Johannesburg Stock Exchange as well as one unlisted bond, with a total carrying amount of R4.532 billion as at 30 June 2023</p> <p>The proceeds from these bond issues have been provided to Bidvest Treasury Proprietary Limited (“Bidvest Treasury”), which serves as the treasury function for the Bidvest group. These proceeds are then used to finance certain of the subsidiaries within the greater Bidvest group. The cash flows required to service the capital and interest outflows on the bonds are derived from the loans receivable from Bidvest Treasury.</p> <p>The credit risk and ability of the guarantor (the Bidvest group) to honour its long term commitments, including the guarantee liability (if required), was considered a matter of most significance to the audit as the listed and unlisted debt and corresponding receivable from Bidvest Treasury are the most significant balances in the Company’s statement of financial position, and the assessment of the recoverability of the receivable and ability to repay the liability will have a significant impact on the financial statements.</p> <p>Refer to the following notes to the financial statements for details: Note 2: Owing by fellow subsidiary – At amortised cost.</p>	<p>We evaluated whether the Bidvest group, as guarantor, will be able to settle the Company’s debt on its behalf (if so required) by assessing the recoverability of the balances due to the Company from Bidvest Treasury Services (Pty) Ltd. This included an assessment of the probability of default (PD) to determine the Expected Credit Loss (ECL) on these balances. We made use of our actuarial expertise to assess the reasonability of the ECL. In this regard we performed the following procedures:</p> <ul style="list-style-type: none"> • We inspected the Bidvest group’s signed financial statements for the year ended 30 June 2023 to ascertain the viability of whether the Bidvest group will be able to service its short and long-term commitments; • We evaluated whether there was a significant increase in credit risk during the current financial year, by comparing the credit risk at initial recognition to the one at reporting date; assessing the operating performance of the borrower by considering its 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. • We reperformed management’s calculation of the ECL, which resulted in no impairment on the loan, and which incorporated the following parameters: 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 2023 with reference to the ability of the counterparty to repay, which is a

- function of credit risk, the liquidity assessment and intention to repay. We independently recalculated the PD by making use of our actuarial experts. 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 the PD assessed by our actuarial experts and no material exceptions were noted. We assessed the LGD percentage applied by management 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 2023”, which includes the Directors’ Report, the Audit Committee’s Report and the Company Secretary’s Certificate 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.

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.



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 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 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 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.

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 five years.

PricewaterhouseCoopers Inc.
Director: A Tshesane
Registered Auditor
Johannesburg
26 October 2023

BIDVESTCO LIMITED
DIRECTORS' REPORT

for the year ended 30 June 2023

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 in listed form on the JSE and/or in unlisted form and advance the amounts raised, to a fellow subsidiary.

Financial reporting

The directors are required by the Companies Act 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, 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, the requirements of the Companies Act and the JSE Debt Listings Requirements.

The directors are of the opinion that the financial statements fairly present the financial position of the Company as at 30 June 2023 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.

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, which includes Bidvestco Limited. Further details can be found on page 2 of the Environmental, Social and Governance Report of The Bidvest Group Limited at <https://www.bidvest.co.za/integrated-annual-report-archive.php>

In terms of the Bidvestco evaluation policy, the board is satisfied that the directors are competent, suitably qualified and experienced and have executed their responsibilities under the evaluation policy. The evaluation of the composition and independence of directors is performed at the Bidvest level as the board services Bidvest and Bidvestco Limited.

The Audit Committee has executed its responsibilities in terms of paragraph 7.3(e) of the JSE Debt Listings Requirements and paragraph 22.15(h) of section 22 of the JSE Listings Requirements, which are measured and reported at both a Corporate Audit Committee level and also at a Group Audit Committee level.

Dividends

No dividends were declared and paid during the year (2022: nil).

Share capital

There were no changes in the authorised or issued share capital during the year (2022: nil).

Financial results

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

Financial assistance

Loans, that were appropriately approved in terms of Section 45 of the Companies Act, were advanced to a fellow subsidiary on commercial terms.

BIDVESTCO LIMITED
DIRECTORS' REPORT

for the year ended 30 June 2023

Directors and secretary

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

Ms NT Madisa – Executive director

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

Ms NT Madisa is the chairperson of the UN Global Compact SA board and the chairperson of Adcock Ingram. She was appointed as The Bidvest Group Limited CEO on 1 October 2020. She is a director of numerous Bidvest subsidiaries and 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 was previously chief director in the Gauteng provincial government.

Mr MJ Steyn – Executive director

Qualification: CA(SA)

Mr MJ Steyn 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.

Mr NW Taylor – Executive director and Debt Officer

Qualifications : BComm, BAcc, CA(SA)

Mr NW Taylor joined The Bidvest Group in March 2014 as the Group Treasurer. Mr NW Taylor was appointed as the Debt Officer with effect from 29 October 2020 in compliance with paragraph 7.3(g) of the JSE Debt Listings 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 NC Katamzi.

Addresses

Business address - 2nd Floor, Bidvest House, 18 Crescent Drive, Melrose Arch, 2196, Johannesburg, South Africa

Postal address - P O Box 87274, Houghton, 2041

The immediate and ultimate holding company

The holding company is The Bidvest Group Limited, (“Holding Company”) a company registered in the Republic of South Africa and listed on the Main Board of the JSE.

Events subsequent to year end

The Company has announced an issuance of 2 listed bonds on 9 November 2023 up to a value of R1,4 billion across 3- and 5-year tenures.

Apart from the above 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 2022

The Audit Committee of The Bidvest Group Limited (the “Committee”) assumed the role and responsibilities of the audit function of the Company. The Committee presents its report in terms of section 94 of the Companies Act and the King Code of Governance for South Africa King IV for the financial year ended 30 June 2023. 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. As such, the Bidvest board accepts final responsibility for Bidvestco Limited, the composition requirements of which are met and assessed at the Bidvest Group level.

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 financial controls and corporate reporting processes and assessing the effectiveness of the internal auditors. These evaluations are performed at the Bidvest Corporate Audit Committee level, with ultimate reporting and responsibility taking place at the Bidvest Group Audit Committee level in terms of ensuring compliance.

Composition

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

- Ms SN Mabaso-Koyana (Sindi) (Independent Non-executive director and Chairman) – appointed 2021
- Ms L Boyce (Independent Non-executive director) – appointed 2021
- Ms MG Khumalo (Koko) (Independent Non-executive director) – appointed 2022
- Ms RD Mokate (Independent Non-executive director) – appointed 2018
- Mr NW Thomson (Independent Non-executive director) – appointed 2018

Ms N Siyotula retired with effect from 25 November 2022, in accordance with the Group director tenure policy.

Frequency and attendance of meetings

During the year under review, five meetings were held:

Audit	24 Nov 2022	1 Mar 2023	1 Jun 2023	28 Aug 2023	31 Aug 2023
Ms SN Mabaso-Koyana (chair)	√	√	√	√	√
Ms L Boyce	√	√	√	√	√
Ms MG Khumalo	√	√	√	√	√
Ms RD Mokate	√	√	√	√	√
Ms N Siyotula ¹	√				
Mr NW Thomson	√	√	√	√	√

¹ - Retired 25 November 2022

BIDVESTCO LIMITED
AUDIT COMMITTEE'S REPORT
for the year ended 30 June 2022

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 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 Mr. P Pelcher as designated auditor for the 2024 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. No non-audit services were provided by the external auditors during the current or prior year.

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; and
 - 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 below key audit matter identified by the external auditors, which required significant judgment and is comfortable that it has been adequately addressed:

- assessment of the credit risk of the guarantor in respect of the guaranteed bonds.

BIDVESTCO LIMITED
AUDIT COMMITTEE'S REPORT
for the year ended 30 June 2022

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

As the audit committee of record, 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 2022

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 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

Ms SN Mabaso-Koyana
Chairman
20 October 2023

BIDVESTCO LIMITED
STATEMENT OF FINANCIAL POSITION
as at 30 June 2023

	Notes	2023 R	2022 R
Assets			
Non-current assets			
Owing by fellow subsidiary – At amortised cost	2	3 125 000 000	4 532 000 000
Owing by holding company – At amortised cost	3	44 068 357	44 068 357
Current assets			
Owing by fellow subsidiary – At amortised cost	2	1 450 929 638	649 625 317
Derivative financial instruments	4	2 668 712	5 605 097
		4 622 666 707	5 231 298 771
		4 622 666 707	5 231 298 771
Equity and liabilities			
Capital and deficit			
		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)
Non-current liabilities			
Financial liabilities – At amortised cost	6	3 125 000 000	4 532 000 000
Current liabilities			
Financial liabilities – At amortised cost	6	1 450 929 638	649 625 317
Derivative financial instruments	4	2 668 712	5 605 097
		4 622 666 707	5 231 298 771
		4 622 666 707	5 231 298 771

BIDVESTCO LIMITED
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2023

	Notes	2023 R	2022 R
Interest revenue from fellow subsidiary	7	389 990 335	385 436 257
Finance charges on borrowings	8	(389 990 335)	(385 436 257)
		<hr/>	<hr/>
Profit for the year		-	-
Other comprehensive income			
<i>Items that may subsequently be classified to profit or loss</i>			
Movement in fair value of interest rate swaps – financial asset		8 273 809	(45 202 547)
Deferred tax – Current year		(2 233 928)	12 204 688
– Tax rate change		-	508 076
Movement in fair value of interest rate swaps - financial liability		(8 273 809)	45 202 547
Deferred tax – Current year		2 233 928	(12 204 688)
– Tax rate change		-	(508 076)
		<hr/>	<hr/>
Total comprehensive income for the year		-	-
		<hr/>	<hr/>

BIDVESTCO LIMITED
STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2023

		2023 R	2022 R
Share capital	5	731 840	731 840
Share premium	5	43 523 741	43 523 741
Accumulated loss			
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 2023

	Notes	2023 R	2022 R
Net cash flow from operating activities		-	-
Interest received	7	381 686 014	414 857 914
Interest paid	8	(381 686 014)	(414 857 914)
Net cash flows from investing activities		614 000 000	3 275 000 000
Loans advanced to fellow subsidiary		-	(1 082 000 000)
Loans repaid by fellow subsidiary		614 000 000	4 357 000 000
Net cash flows from financing activities		(614 000 000)	(3 275 000 000)
Borrowings raised		-	1 082 000 000
Borrowings repaid		(614 000 000)	(4 357 000 000)
		<hr/>	<hr/>
Net cash flow		-	-
		<hr/>	<hr/>

BIDVESTCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2023

1. Accounting policies

1.1 Statement of compliance

The financial statements have been prepared and conforms to the requirements of the International Financial Reporting Standards, 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 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. The financial statements are presented in South African Rands, which is also the Company's functional currency.

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 Accounting standards and interpretations effective for the first time in the 30 June 2023 financial year

- Annual improvements cycle 2018 - 2020. These amendments include minor changes to:
 - 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 beginning on or after 1 January 2022).

1.4 Standards issued and not yet effective

- Amendments to IAS 1, 'Presentation of financial statements', on Classification of Liabilities as Current or Non-current. The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. The IASB has issued a new exposure draft proposing change to this amendment (amendments for financial periods starting not earlier than 1 January 2024).
- Amendments to IAS 12, Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction. The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. (amendments for financial periods beginning on or after 1 January 2023, earlier application is permitted.)
- Narrow scope amendments to IAS 1 'Presentation of Financial Statements' Practice statement 2 and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish changes in accounting policies from changes in accounting estimates. (amendments for financial periods beginning on or after 1 January 2023, earlier application is permitted).

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

BIDVESTCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2023

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. Refer to note 4.

A financial asset is measured at amortised cost if the financial asset is held in order to collect contractual cash flows and 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, impairments and any gain or loss on derecognition is recognised in profit or loss as and when applicable.

Investments at fair value through other comprehensive income are initially recognized at fair value on the date a derivative contract is entered into, and they are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Company designates its derivatives as cash flow hedges.

At inception of the hedge relationship, the Company documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Company documents its risk management objective and strategy for undertaking its hedge transactions.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other gains/(losses).

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.

BIDVESTCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2023

1.5 Financial Instruments (*continued*)

Classification and subsequent measurement (*continued*)

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.

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 is 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. There were no modifications to financial liabilities during the current or prior financial years.

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 an insignificant credit risk at the reporting date. Loans to fellow subsidiaries are considered to have an insignificant credit risk due to their profit making and no default history. If the fellow subsidiary defaults on its 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.

BIDVESTCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2023

1.5 Financial Instruments (*continued*)

Impairment (*continued*)

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.

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. Refer to note 10.1 for methodologies applied.

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 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, 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/item is no longer expected to occur, the cumulative unrealised gain or loss is recognised in profit and loss immediately.

1.7 Interest revenue and finance charges

Interest revenue and finance 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. Interest revenue earned by the Company is not considered to be revenue from contracts with customers as included in the scope of IFRS 15 Revenue from Contract with Customers.

BIDVESTCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2023

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, relating to the same taxation authority and the same tax entity. 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 tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

It was announced in the 2022 National Budget that the rate of corporate income tax would be reduced to 27% from 28%, effective for years of assessment commencing on or after 1 April 2022. As a result, the opening deferred tax balance was remeasured in the 2022 financial year. The impact of the change in tax rate was recognised in other comprehensive income in line with the classification of the underlying accounting entries.

1.9 Segmental information

As there is only one segment, 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. The Bidvest Group Limited has issued a guarantee to the Bidvestco note holders in respect of or arising out of the Domestic Medium-Term Note and Commercial Paper Programme, refer to note 6 for further details, for the due and punctual payment by Bidvestco of all the amounts owing by Bidvestco in respect of all notes issued under the Programme. Refer to note 10.1 for comprehensive disclosure on the factors considered in determining a loss allowance. Taking the above factors into account the loss allowance on loans receivable from fellow subsidiaries and the holding company is considered to be immaterial.

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 2023

	2023 R	2022 R
2. Owing by fellow subsidiary – At amortised cost		
Amounts advanced to Bidvest Treasury Services Proprietary Limited		
<i>Non-current</i>		
Loans receivable	<u>3 125 000 000</u>	<u>4 532 000 000</u>
<i>Current</i>		
Loans receivable	1 407 000 000	614 000 000
Interest receivable accrued	43 929 638	35 625 317
	<u>1 450 929 638</u>	<u>649 625 317</u>

Terms of loans

The loan capital is receivable in bullet repayments from 15 November 2023 – 24 June 2027. Interest on all loans are receivable on a quarterly basis, except for one loan of R200 million on which interest is receivable on a bi-annual basis.

Loans bearing interest at effective fixed interest rates that range between 8.78% - 9.60% (2022: 8.78% - 9.60%)	743 000 000	743 000 000
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Loans bearing interest linked to 3-month JIBAR plus margins that range between 1.20% - 2.10% (2022: 1.17% - 2.10%)	<u>3 789 000 000</u>	<u>4 403 000 000</u>
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The fair value of financial assets advanced at variable and fixed rates are categorised as Level 2.

The carrying value of the below financial assets do not approximate their fair value.

Carrying value	1 125 000 000	1 325 000 000
Fair value	<u>1 138 029 661</u>	<u>1 352 796 615</u>

The total fair value of all financial assets approximate their carrying amount, except as indicated above. The fair value of all financial assets, with a carrying value of R4 532 million is R 4 551 million (2022: Carrying value of R5 146 million and fair value of R 5 180 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 2023

4. Derivative financial instruments

The Company has the following derivative financial instruments, included in the following line items in the balance sheet:

	2023	2022
	R	R
Current assets		
Derivative financial instruments – Interest rate swap – cash flow hedge	2 668 712	5 605 097
Current liabilities		
Derivative financial instruments – Interest rate swap – cash flow hedge	2 668 712	5 605 097

Derivatives are only used for economic hedging purposes and not as a speculative investment. The Company's accounting policy for its cash flow hedges is set out in accounting policy 1.6.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments, to ensure that an economic relationship exists between the hedged item and the hedging instrument. The Company performs a qualitative assessment of effectiveness. The Company further uses a hypothetical derivative method in parallel with the above to test effectiveness.

Hedge ineffectiveness for interest rate swaps may arise due to:

- the credit value/debit value adjustment on the interest rate swap which is not matched by the loan, and
- differences in critical terms between interest rate swaps and loans.

The hedge ineffectiveness in relation to the interest rate swap was negligible.

The Company enters into interest rate swaps that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amounts. All critical terms matched during the year.

The Company has the following active interest rate swap contract with a counterparty bank:

Hedge item – Stock code	BID010
Principle Bond and Swap notional value – R'000	543 000
Term	5-year bond
Swap start date	15 May 2019
Bond redemption date, swap termination date	15 November 2023
Spread (bps) above 3-month JIBAR	140
Fixed swap rate, including spread	8,78%
Interest settlement periods	Quarterly

The difference between the fixed and floating interest rate on the above swap is settled on a quarterly basis simultaneously with the payment of interest to bondholders. The interest rate swap contract has enabled the Company to mitigate the risk of the fluctuating interest rate on the fair value of the bond issued. The interest rate swap has been designated as a hedging instrument and accounted for as a cash flow hedge.

The fair value of the interest rate swap 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 contract, resulting in a fair value asset of R2 668 712 (2022: Liability of R5 605 097).

BIDVESTCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2023

4. Derivative financial instruments (continued)

The Company has a back-to-back agreement with BTS for the above interest rate swap. The back-to-back agreement reflects the same terms and conditions as per the counterparty bank's interest rate swap contract. The fair value of the back-to-back interest rate swap 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 agreement, resulting in a fair value liability of R2 668 712 (2022: Asset of R5 605 097).

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

	2023 R	2022 R
5. Share capital and premium		
Authorised		
120 000 000 ordinary shares of 1 cent each	<u>1 200 000</u>	<u>1 200 000</u>
Issued		
73 183 968 ordinary shares of 1 cent each	<u>731 840</u>	<u>731 840</u>
Share premium	<u>43 523 741</u>	<u>43 523 741</u>
6. Financial liabilities – At amortised cost		
<i>Non-current</i>		
Bonds	<u>3 125 000 000</u>	<u>4 532 000 000</u>
<i>Current</i>		
Bonds	1 407 000 000	614 000 000
Interest payable accrued	43 929 638	35 625 317
	<u>1 450 929 638</u>	<u>649 625 317</u>
<i>Schedule of repayment of borrowings</i>		
Year ended June 2023		614 000 000
Year ended June 2024	1 407 000 000	1 407 000 000
Year ended June 2025	2 499 000 000	2 499 000 000
Thereafter	626 000 000	626 000 000
	<u>4 532 000 000</u>	<u>5 146 000 000</u>

BIDVESTCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2023

6. Financial liabilities – At amortised cost (continued)

The fair value of financial liabilities issued at variable and fixed rates are categorised as Level 2. The fair value of bonds approximate their carrying amount, except as detailed below.

	2023	2022
	R	R
Carrying value	1 125 000 000	1 325 000 000
Fair value	1 138 029 661	1 352 796 615

The total fair value of all bonds in issue, with a carrying value of R4 532 million is R 4 551 million (2022: Carrying value of R5 146 million and fair value of R 5 180 million). Refer to note 1.10.

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 as Level 2 as the inputs used in pricing models are generally market observable or derived from market observable data. Yields ranging between 9.25 and 10,58 (2022: 5.57 and 9.36) were used to value these instruments.

Bond terms

The bond capital is payable in bullet repayments from 15 November 2023 – 24 June 2027. 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 that range between 8.78% - 9.60% (2022: 8.78% - 9.60%)	743 000 000	743 000 000
Bonds bearing interest linked to 3-month JIBAR plus margins that range between 1.20% - 2.10% (2022: 1.17% - 2.10%)	3 789 000 000	4 403 000 000

The Company's Domestic Medium-Term Note and Commercial Paper Programme is R12 billion (2022: R12 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. As at 30 June 2023, the Company had R7,5 billion (2022: R6,9 billion) available under the program.

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

7. Interest revenue from fellow subsidiary

Balance at beginning of the year	35 625 317	65 046 974
Interest revenue	389 990 335	385 436 257
Balance at end of the year	(43 929 638)	(35 625 317)
Interest received in cash	381 686 014	414 857 914

BIDVESTCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2023

	2023	2022
	R	R
8. Finance charges on borrowings		
Balance at beginning of the year	(35 625 317)	(65 046 974)
Interest charge	(389 990 335)	(385 436 257)
Balance at end of the year	43 929 638	35 625 317
Interest paid in cash	<u>(381 686 014)</u>	<u>(414 857 914)</u>

9. Related party information

9.1 Related parties

The Holding Company of Bidvestco Limited is The Bidvest Group Limited, which holds 100% (2022: 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 further has a back-to-back agreement with BTS for the interest rate swap (refer note 4). 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 the agreement, the fellow subsidiary to which the loan was advanced is charged interest at the same rate as the unsecured fixed and variable rate notes. Interest of R 389 990 335 (2022: R 385 436 257) was accrued from the fellow subsidiary for the year.

Loans to the value of R614,0 million were repaid by the fellow subsidiary in the current year (2022: Loans to the value of R4 357,0 million were repaid). No new loans were advanced to the fellow subsidiary in the current year (2022: Loans to the value of R 1 082,0 million were advanced). Administrative expenses are paid for by the fellow subsidiary.

Related party transactions are conducted on an arm's length basis, other than the loan to the holding company that is interest free. The details of loans advanced to fellow subsidiaries are disclosed in note 2. The details of the loan receivable from the Holding company are disclosed in note 3.

BIDVESTCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2023

9. Related party information *(continued)*

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 2023 and 2022 years can be analysed as follows:

	Basic Remuneration/ Directors' fees R'000	Other Benefits and costs R'000	Retirement/ medical benefits R'000	Cash incentives R'000	Long-term Incentives* R'000	Total Remuneration R'000
2023 Total paid by fellow subsidiaries	21 209	1 036	1 227	32 697	22 891	79 060
2022 Total paid by fellow subsidiaries	16 954	707	1 283	28 521	7 087	54 552

* 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.

None of the directors have any personal financial interest in the business of Bidvestco.

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 and risk management

The Company's risk management is predominantly controlled by the requirements of The Bidvest Group Limited ("Group") under policies approved by the Group board of directors. The Company identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

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

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. The loans receivable is subject to the expected credit loss model. The Company applies the general approach for assessing the impairments because the loans do not fall within the scope of the simplified approach.

The general model requires recognising impairment losses in line with whether there is an increase in credit risk ("SICR"). Where the credit risk of the financial asset has not increased significantly since recognition, the loss allowance is based on the 12-month ECL. Where credit risk has significantly increased the loss allowance is based on lifetime ECL.

BIDVESTCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2023

10. Financial instruments and risk management (*continued*)

10.1 Credit risk (*continued*)

ECLs are probability weighted averages on credit losses with the likelihood of the respective defaults occurring as the weighting. Three elements are considered:

- Probability of default (“PD”) – is the percentage likelihood that the borrower will not be able to repay its debt within some period.
- Loss given default (“LGD”) – is the percentage that could be lost in the event of a default by the borrower not paying its debt (principal and interest).
- Exposure at default (“EAD”) – is the outstanding balance of the loan – how much the Company is owed at balance sheet date.

Default is defined as interest and capital payments on loans not being received as per the agreed loan terms. There is a rebuttable presumption that if the interest and capital payments on loan is more than 30 days past due, there has been a significant increase in credit risk.

The Company applies a probability weighted methodology for calculating expected credit losses under IFRS 9 ($ECL = PD * LGD * EAD$). A weighted average PD rate is computed based on a probability weighted outcomes approach. The qualitative factors considered when assessing whether or not there has been a SICR include:

- Adverse forecasts for the fellow subsidiary’s operating results;
- Evidence of working capital deficiencies or liquidity problems in the fellow subsidiary, which could also be the results of financing or cash management decisions taken by the Company;
- Changes in credit spread in the sector that the fellow subsidiary operates in, that indicate an increase in credit risk or deterioration over time, which may provide a general indicator of potential exposures;
- Changes in the enterprise values of the underlying fellow subsidiary and indicators of decline in values; and
- the history of default by the fellow subsidiary.

Under a 12-month ECL scenario, the impairment loss is limited to the effect of discounting the amount due on the loans at the effective interest rate (present value). However, forward-looking information, in the form of forecasted operating results for the fellow subsidiary is also considered.

After considering the qualitative factors described above, including that none of the loans are more than 30 days past their due date and that the fellow subsidiary has no history of default, it was concluded that there has not been a SICR. The Bidvest Group Limited and Bidvest Treasury Services Pty Ltd are financially healthy companies with access to loan facilities from external parties. The loan receivable from Bidvest Treasury Services Pty Ltd is expected to be recovered over time. In addition, The Bidvest Group Limited has issued a guarantee in favour of the note holders under the program to settle the obligations of the Company, in the unlikely event that the fellow subsidiary is unable to repay its loans to the Company. The guarantee in favor of the note holders reduces the loss given default to zero.

Based on the above considerations management calculated the ECL to be negligible.

BIDVESTCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2023

10. Financial instruments and risk management (*continued*)

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 6 and 2.

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

	Carrying amount	Undiscounted carrying amount	6 months or less	6 – 12 months	1 – 2 years	2 – 5 years
2023						
Loans receivable/ Borrowings	4 532 000 000	5 267 324 224	963 512 758	849 146 251	2 704 942 575	749 722 640
Derivative financial instruments	2 668 712	2 668 712	2 668 712	-	-	-
2022						
Loans receivable/ Borrowings	5 146 000 000	5 897 606 871	767 615 127	133 915 002	1 660 680 956	3 335 395 786
Derivative financial instruments	5 605 097	5 605 097	-	5 605 097	-	-

10.3 Market risk

Market risk is the risk that changes in market price, including inter alia changes in 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.

Where considered appropriate interest rate hedges are entered into and hedge accounted for if the relevant criteria are met. This will effectively result in recognising the interest expense at a fixed interest rate for the hedged floating rate loans.

The Company's floating rate borrowings exposed to interest rate risk amounts to R4,0 billion (2022: R4,4 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 2023

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 (2022: nil). A deferred tax asset will only be raised to the extent that there is taxable profit in future.

13. Going concern

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.

14. Events subsequent to year end

The Company has announced an issuance of 2 listed bonds on 9 November 2023 up to a value of R1,4 billion across 3- and 5-year tenures.

Apart from the above there are no other 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.