

**BIDVESTCO LIMITED**

for the year  
ended  
June 30

**2014**

AUDITED ANNUAL FINANCIAL STATEMENTS

REG. No. 1966/011512/06

**BIDVESTCO LIMITED**  
**(Reg no 1966/011512/06)**  
**AUDITED ANNUAL FINANCIAL STATEMENTS**  
for the year ended June 30 2014

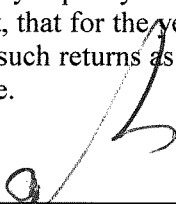
<b>Contents</b>	<b>Page</b>
Directors' approval of the financial statements	1
Audit committee's report	2
Directors' report	3
Independent auditor's report	4 - 5
Statement of financial position	6
Statement of comprehensive income	7
Statement of changes in equity	8
Statement of cash flows	8
Notes to the financial statements	9 – 16

**Preparer of financial statements**

The annual financial statements were prepared in compliance with the Companies Act of 2008 under the supervision of NEJ Goodwin CA (SA), Group Financial Manager. 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 June 30 2014, 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.

  
\_\_\_\_\_  
**Craig Brighten**  
Company secretary

**Directors' approval of the financial statements**

The financial statements for the year ended June 30 2014 set out on pages 6 to 16 were approved by the directors on November 21 2014 and are signed on their behalf by:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

**BIDVESTCO LIMITED**  
**AUDIT COMMITTEE'S REPORT**  
for the year ended June 30 2014

The Audit Committee of The Bidvest Group Limited assumes the role and responsibilities of the audit committee function of the Company. The Audit Committee's operation is guided by a detailed charter that is approved by the Board. The purpose of the committee is to assist the Board in discharging its duties relating to safeguarding of assets, the operation of adequate systems, control and reporting processes, and the preparation of accurate reporting and financial statements in compliance with the applicable legal requirements and accounting standards. Other responsibilities of the committee include assessing and approving the internal audit plan, assessing the report backs from both the internal and external auditors and assessing the going concern of the Company.

The external auditors have unrestricted access to the Audit Committee and attend meetings to report on their findings and to discuss accounting, auditing, internal control and financial reporting matters.

The Audit Committee has reviewed the scope as well as the independence and objectivity of the external auditors. The committee has satisfied itself that the external auditor is independent as defined by the Companies Act.



---

**Audit Committee Chairman**  
The Bidvest Group Limited  
Group Audit Committee  
November 21 2014

**BIDVESTCO LIMITED**  
**DIRECTORS' REPORT**  
for the year ended June 30 2014

**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 listed 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) and 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 June 30 2014 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.

**Dividends**

No dividends were declared and paid during the year (2013: nil).

**Share capital**

There were no changes in the authorised or issued share capital during the year (2013: nil).

**Financial results**

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

**Directors and secretary**

The directors of the Company during the year and at the date of this report are - B Joffe, DE Cleasby, and NEJ Goodwin and the company secretary is CA Brighten. Y Strydom resigned as director on November 30 2013.

**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.

**Post year end 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF BIDVESTCO LIMITED**

We have audited the financial statements of Bidvestco Limited, set out on pages 6 to 16, which comprise the statement of financial position as at June 30 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

### *Directors' Responsibility for the Financial Statements*

The Company's directors are responsible for the preparation and fair presentation of these 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.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### *Opinion*


In our opinion, the financial statements present fairly, in all material respects, the financial position of Bidvestco Limited as at June 30 2014, 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.

**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDER OF BIDVESTCO LIMITED (continued)**

*Other reports required by the Companies Act*

As part of our audit of the financial statements for the year ended June 30 2014, we have read the Directors' Report, the Audit Committee's Report and the Declaration by Company Secretary for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements.

These reports are the responsibility of the preparers. Based on reading these reports, we have not identified material inconsistencies between the reports and the audited financial statements. However, we have not audited the reports and accordingly do not express an opinion on these reports.

The logo for Deloitte & Touche, featuring the company name in a stylized, cursive script font.

**Deloitte & Touche**  
Registered Auditors  
MH Holme  
Partner  
November 21 2014

**BIDVESTCO LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
as at June 30 2014

	Notes	2014 R	2013 R
<b>Assets</b>			
<b>Non-current asset</b>			
Owing by fellow subsidiary	2	2 925 000 000	2 925 000 000
<b>Current assets</b>			
Owing by fellow subsidiary	2	3 693 932 320	2 237 696 001
Owing by holding company	3	44 068 357	44 068 357
Financial instrument	6	58 029 580	57 646 629
		<hr/>	<hr/>
		6 721 030 257	5 264 410 987
		<hr/> <hr/>	<hr/> <hr/>
<b>Equity and liabilities</b>			
<b>Capital and deficit</b>			
Share capital	4	731 840	731 840
Share premium		43 523 741	43 523 741
Accumulated loss		(187 224)	(187 224)
<b>Non-current liabilities</b>			
Borrowings	5	2 925 000 000	2 925 000 000
<b>Current liabilities</b>			
Borrowings	5	3 693 932 320	2 237 696 001
Financial instrument	6	58 029 580	57 646 629
		<hr/>	<hr/>
		6 721 030 257	5 264 410 987
		<hr/> <hr/>	<hr/> <hr/>

**BIDVESTCO LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
for the year ended June 30 2014

	Notes	2014 R	2013 R
Finance income from fellow subsidiary	7	401 667 630	348 137 165
Finance charges on borrowings	8	(401 667 630)	(348 137 165)
		<hr/>	<hr/>
<b>Profit for the year</b>		-	-
<b>Other comprehensive income</b>			
Opening balance		-	-
Movement in fair value adjustment to interest rate swap - financial asset		(382 951)	(57 646 629)
Deferred tax		107 226	16 141 056
Movement in fair value adjustment to interest rate swap - financial liability		382 951	57 646 629
Deferred tax		(107 226)	(16 141 056)
		<hr/>	<hr/>
		-	-
		<hr/>	<hr/>
<b>Total comprehensive income for the year</b>		-	-
		<hr/> <hr/>	<hr/> <hr/>



**BIDVESTCO LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
for the year ended June 30 2014

	<b>2014</b>	<b>2013</b>
	<b>R</b>	<b>R</b>
<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)
Comprehensive income for the year	—	—
<b>Other comprehensive income</b>		
Fair value of financial instruments	—	—
	<hr/>	<hr/>
	44 068 357	44 068 357
	<hr/> <hr/>	<hr/> <hr/>

**STATEMENT OF CASH FLOWS**  
for the year ended June 30 2014

	<b>Notes</b>	<b>2014</b>	<b>2013</b>
		<b>R</b>	<b>R</b>
<b>Net cash flow from operating activities</b>		—	—
<b>Net cash outflow from investing activities</b>		(1 054 568 689)	(755 004 593)
Increase in amount owing by fellow subsidiary		(1 448 544 725)	(1 103 998 355)
Interest received	7	393 976 036	348 993 762
		<hr/>	<hr/>
<b>Net cash inflow from financing activities</b>		1 054 568 689	755 004 593
Borrowings raised		7 032 544 725	8 787 998 355
Borrowings repaid		(5 584 000 000)	(7 684 000 000)
Interest paid	8	(393 976 036)	(348 993 762)
		<hr/>	<hr/>
<b>Net cash flow</b>		—	—
		<hr/> <hr/>	<hr/> <hr/>

**BIDVESTCO LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended June 30 2014

**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 and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council and in terms of the requirements of the Companies Act of South Africa.

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 a historic cost basis, with the exception of financial instruments stated at fair value.

1.3 New and revised accounting standards

The Company considered adopting the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of July 1 2013.

- IFRS 10 - Consolidated Financial Statements
- IFRS 11 - Joint Arrangements
- IFRS 12 - Disclosure of Interests in Other Entities
- IFRS 13 - Fair Value Measurement
- IAS 19 - Employee Benefits

With the exception of IFRS 13, these standards are not applicable to the financial statements.

*IFRS 13 - Fair Value Measurement*

IFRS 13 is a single cohesive standard consolidating the principles of fair value measurement and disclosures for financial reporting. Fair value measurements of a non-financial asset will take into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

In accordance with the transitional provisions of IFRS 13, the Company has applied the new fair value measurement guidance prospectively. Notwithstanding the above, the change had no significant impact on the measurement of the Company's assets and liabilities.

**BIDVESTCO LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
for the year ended June 30 2014

**1. Accounting policies (continued)**

1.4 Financial Instruments

Financial instruments are recognised when the Company becomes party to the contractual provisions of the arrangement.

Financial instruments are initially measured at fair value plus any directly attributable transaction costs. Trade and other receivables are stated at fair value less an allowance for impairment losses. Cash and cash equivalents are measured at fair value. Financial liabilities are recognised at amortised cost using the effective interest rate method.

A financial asset is derecognised if the Company's contractual rights to the cash flows from the financial asset expire or if the Company transfers the financial assets to another party without retaining control, or substantially all the risks and rewards of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference in the respected carrying amounts is recognised in profit and loss.

1.5 Hedge accounting

Where a derivative is designated as a cash flow hedge, the effective part of the gains or losses from remeasuring the hedging instruments to fair value are initially recognised directly in equity. If the hedged firm commitment or forecast transaction results in the recognition of a non-financial asset or liability, the cumulative amount recognised in equity up to the transaction date is adjusted against the initial measurement of the non-financial asset or liability. The ineffective part of any gain or loss is recognised in profit and loss immediately. For other cash flow hedges, the cumulative amount recognised in equity is included in net profit or loss in the period when the commitment or forecast transaction affects profit or loss.

Where the hedging instrument or hedge relationship is terminated but the hedged transaction is still expected to occur, the cumulative unrealised gain or loss at that point remains in equity and is recognised in accordance with the aforementioned policy when the transaction occurs. If the hedged transaction is no longer expected to occur, the cumulative unrealised gain or loss is recognised in profit and loss immediately.

1.6 Impairment of assets

The carrying value of assets is reviewed annually to assess whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated. Where the carrying value exceeds the estimated recoverable amount, such assets are written down to their recoverable amount.

**BIDVESTCO LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
for the year ended June 30 2014

**1. Accounting policies (continued)**

1.6 Impairment of assets (continued)

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. Impairment losses are reversed if there has been a change in the estimates used to determine the recoverable amount.

1.7 Finance income and costs

Finance income and costs are recognised on an accrual basis using the effective interest rate method.

1.8 Taxation

Income taxation comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current taxation comprises tax payable calculated on the basis of the expected taxable income for the year, using the tax rates enacted or substantially enacted at the balance sheet date, and any adjustment of tax payable for previous years.

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 charged to the income statement except to the extent that it relates to a transaction that is recognised directly in equity, or a business combination that is an acquisition. The effects on deferred taxation of any changes in tax rates are recognised in the income statement, except to the extent that it relates to items previously charged or credited directly to equity.

**BIDVESTCO LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
for the year ended June 30 2014

	2014 R	2013 R
<b>2. Owing by fellow subsidiary</b>		
Amounts advanced to Bid Industrial Holdings Proprietary Limited		
<i>Non-current</i>		
Unsecured loan, repayable on August 6 2014 bearing interest at 10.19%, interest payable six-monthly	–	1 500 000 000
Unsecured loan repayable on June 30 2019 bearing interest at an effective rate of 8.75%, interest payable on a quarterly basis	260 000 000	–
Unsecured loan repayable on June 30 2019 bearing interest at 8.86%, interest payable six monthly	1 240 000 000	
Unsecured loan repayable on November 23 2017 bearing interest an effective rate of 7.15%, interest payable on a quarterly basis	1 425 000 000	1 425 000 000
	<hr/>	<hr/>
	2 925 000 000	2 925 000 000
	<hr/> <hr/>	<hr/> <hr/>
<i>Current</i>		
Unsecured loan, repayable on August 6 2014 bearing interest at 10.19%, interest payable six-monthly	1 500 000 000	–
Unsecured loan, repayable on August 5 2014 bearing interest at 6.59%, interest payable on maturity	237 203 200	–
Unsecured loan repayable on September 4 2014 bearing interest at 6.61%, interest payable on maturity	967 922 507	–
Unsecured loan repayable on October 16 2014 bearing interest at 6.56%, interest payable on maturity	878 258 898	–
Unsecured loan repayable on October 21 2013 bearing interest at 5.39%, interest payable on maturity	–	774 932 918
Unsecured loan repayable on September 4 2013 bearing interest at 5.29%, interest payable on maturity	–	925 031 518
Unsecured loan repayable on August 2 2013 bearing interest at 5.78%, interest payable on maturity	–	434 875 444
Interest payable	110 547 715	102 856 121
	<hr/>	<hr/>
	3 693 932 320	2 237 696 001
	<hr/> <hr/>	<hr/> <hr/>
<b>3. Owing by holding company</b>		
Amount owing, interest free with no fixed terms of repayment, repayable on demand	44 068 357	44 068 357
	<hr/> <hr/>	<hr/> <hr/>

**BIDVESTCO LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
for the year ended June 30 2014

	2013 R	2012 R
<b>4. Share capital</b>		
Authorised		
120 000 000 ordinary shares of 1 cent each	1 2000 000	1 200 000
Issued		
73 183 968 ordinary shares of 1 cent each	731 840	731 840
<b>5. Borrowings</b>		
<i>Non-current</i>		
Unsecured loan, repayable on August 6 2014 bearing interest at 10.19%, interest payable six-monthly	-	1 500 000 000
Unsecured loan repayable on June 30 2019 bearing interest an effective rate of 8.75%, interest payable on a quarterly basis	260 000 000	-
Unsecured loan repayable on June 30 2019 bearing interest at 8.86%, interest payable six monthly	1 240 000 000	
Unsecured loan repayable on November 23 2017 bearing interest an effective rate of 7.15%, interest payable on a quarterly basis	1 425 000 000	1 425 000 000
	2 925 000 000	2 925 000 000
<i>Current</i>		
Unsecured loan, repayable on August 6 2014 bearing interest at 10.19%, interest payable six-monthly	1 500 000 000	-
Unsecured loan, repayable on August 5 2014 bearing interest at 6.59%, interest payable on maturity	237 203 200	-
Unsecured loan repayable on September 4 2014 bearing interest at 6.61%, interest payable on maturity	967 922 507	-
Unsecured loan repayable on October 16 2014 bearing interest at 6.56%, interest payable on maturity	878 258 898	-
Unsecured loan repayable on October 21 2013 bearing interest at 5.39%, interest payable on maturity	-	774 932 918
Unsecured loan repayable on September 4 2013 bearing interest at 5.29%, interest payable on maturity	-	925 031 518
Unsecured loan repayable on August 2 2013 bearing interest at 5.78%, interest payable on maturity	-	434 875 444
Interest payable	110 547 715	102 856 121
	3 693 932 320	2 237 696 001

**BIDVESTCO LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
for the year ended June 30 2014

**5. Borrowings (continued)**

The Company's facility in the current year is R 9 billion (2013: R9 billion). As at June 30 2014, the Company has R 2.4 billion (2013: 3.9 billion) of undrawn facility at its disposal.

**6. Financial instruments**

The Company has entered into the following interest rate swap contracts:

- two fixed for floating interest rate swaps with ABSA, of equal amount, totalling R1 425 million, to fix the interest rate on the R1 425 million, five year, variable rate corporate bond issued in November 2012. The variable three month JIBAR rate plus 130 basis points, has been fixed at annual rates of 7.17% and 7.13% per swap respectively, with an average rate of 7.15% achieved. The swap contracts match the duration of the bond and expire in November 2017.
- a fixed for floating interest rate swap with RMB for R260 million to fix the interest rate on the R260 million, five year, variable rate corporate bond issued in June 2014. The variable three month JIBAR rate plus 125 basis points, has been fixed at an annual rate of 8.75%. The swap contract matches the duration of the bond and expires in June 2019.

The difference between the fixed and floating interest rates on the above swaps is 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 asset of R58 029 580.

The Company entered into back-to-back agreements with Bid Industrial Holdings Proprietary Limited on November 23, 2012 for the two ABSA interest rate swaps and on June 30, 2014 for the RMB swap, reflecting the same terms and conditions as per the bank 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 liability of R58 029 580.

The fair value of these financial instruments is based on factors that are observable for the asset and liability either as prices or derived from prices.

	2014 R	2013 R
<b>7. Finance income from fellow subsidiary</b>		
Balance at beginning of the year	102 856 121	103 712 718
Interest income	401 667 630	348 137 165
Balance at end of the year	(110 547 715)	(102 856 121)
	<hr/>	<hr/>
Interest received in cash	393 976 036	348 993 762
	<hr/> <hr/>	<hr/> <hr/>

**BIDVESTCO LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
for the year ended June 30 2014

	<b>2014</b>	<b>2013</b>
	<b>R</b>	<b>R</b>
<b>8. Finance charges on borrowings</b>		
Balance at beginning of the year	(102 856 121)	(103 712 718)
Interest charge	(401 667 630)	(348 137 165)
Balance at end of the year	110 547 715	102 856 121
	<hr/>	<hr/>
Interest paid in cash	(393 976 036)	(348 993 762)
	<hr/> <hr/>	<hr/> <hr/>

**9. Related party information**

9.1 Related parties

The Holding Company of Bidvestco Limited is The Bidvest Group Limited, which holds 100% (2013 – 100%) of the Company’s ordinary shares. The Holding Company and its subsidiaries are considered to be related parties.

The directors of the Company are DE Cleasby, B Joffe, and NEJ Goodwin, who are also considered to be related parties.

9.2 Related party transactions

The Company raised borrowings in the form of unsecured fixed rate notes (refer note 5) and advanced 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.

In terms of an agreement, the fellow subsidiary to which the loan was advanced was charged interest at the same rate as the senior fixed rate notes and in return any administrative expenses or expenses relating to the issuing of the fixed rate notes were borne by the fellow subsidiary.

Related party transactions are conducted on an arms length basis.

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. Messrs Cleasby and Joffe are also directors of Bid Industrial Holdings Proprietary Limited, a fellow subsidiary by whom they are employed, and The Bidvest Group Limited, the Company’s holding company. Details of remuneration earned by these directors in respect of the carrying on of the affairs of Bid Industrial Holdings Proprietary Limited, as required by section 30 of the Companies Act 71 of 2008, is fully disclosed in the Directors’ Report of The Bidvest Group Limited’s Annual Report 2014 which is available on the website [www.bidvest.co.za](http://www.bidvest.co.za).



**BIDVESTCO LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
for the year ended June 30 2014

**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 5 are guaranteed by The Bidvest Group Limited.

Details of policies and procedures followed to measure and manage the risks from use of financial instruments can be found in the Holding Company, The Bidvest Group Limited's Annual Report 2014. The Group financial risks are managed by segment (as defined within The Bidvest Group Limited Annual Report 2014).

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**

The Company only trades with fellow subsidiaries of The Bidvest Group Limited and thus the Company's directors believe that it is not exposed to any credit risk.

**10.2 Liquidity risk**

The borrowings have been on-lent to a fellow subsidiary within The Bidvest Group Limited. The fellow subsidiary has access to facilities as well as the support of the Holding Company to settle the loan which in turn will be utilised by the Company to settle the outstanding borrowings. Refer note 5 for details of borrowings. The expected maturity of financial liabilities is not expected to differ from the contractual maturities as disclosed in note 5.

**10.3 Interest rate risk**

The Company's exposure to interest rate risk is limited as the interest rates for borrowings have been fixed (refer note 5).

**11. IFRS standards and interpretations not yet effective**

There are new accounting standards and interpretations in issue that are not yet effective. The directors have considered all of these standards and interpretations and believe they will have no impact on the Company.

**12. Accounting estimates and judgements**

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

**13. Taxation**

No provision has been made for tax by the Company as its taxable income is nil (2013: nil).