36. RE-PRESENTATIONS AND RESTATEMENTS OF PRIOR YEAR ERRORS

36.1 RE-PRESENTATION AND RESTATEMENTS

1. Avis fleet re-presented to continuing operations

As at 30 September 2019, Avis Fleet was disclosed as held for sale and a discontinued operation on the basis of management's firm intention to dilute Barloworld's interest in Avis Fleet to a 50% shareholding. Management have subsequently reconsidered this decision and concluded that this initiative will be placed on hold. This position will be re-assessed at the appropriate time and in the context of the Group's strategy and optimal portfolio mix. Going forward Avis Fleet will be re-presented as part of continuing operations. The impact of the decision has resulted in the income statement and balance sheet being restated to include Avis Fleet as part of continuing operations per below:

2. Inventories and floor plan payables restatement

Management omitted to raise inventory in transit, and the related floor plan facility, resulting in an understatement for the 2020 interim period, the 2019 financial year and 2018 financial year. The purchase agreement states that control of the inventory passes on delivery to the carrier or the dealer, whichever occurs first, whereas previously the inventory, and related floor plan liability, was recorded only on receipt by the dealer on the basis that this was how the agreement was understood.

The agreement has been in place since 2015, but as required by IFRS only those financial periods affected in the current set of financial statements are restated. Accordingly, the 2019 balance sheet has restated to take into account the impact, as has the interim Balance Sheet for March 2020. The 30 September 2018 balance sheet could not be restated as sufficient records were not available internally to do so. Furthermore, the third party carrier and the financier do not retain the information required for a period longer than 24 months, making it impractical to determine the inventory balance, nor the floor plan liability which should have been recorded at 30 September 2018.

These errors had no impact on profit or loss (on the basis that interest on the floor plan liability was recorded previously) nor any tax effect.

3. Classification of trade and other payables and non-current liabilities to contract liabilities restatement

Management has reviewed the current presentation of the Deferred Income Maintenance Contracts in context to IFRS 15 adoption. The 2019 full year and 2020 March presentation was incorrect. This means there was an error in the presentation of these values for the 2019 and 2020 reporting. The correct treatment is to present the Deferred Income Maintenance Contracts as Contract Liability, split between non-current and current.

The "insurance contract" note from the prior period has also been removed as all of these maintenance contracts are accounted for under IFRS 15 and have been accounted for as such since IFRS 15 was adopted by the entity. This note should this have been removed in 2019, it, however, does not impact any balances and is purely disclosure that should have been removed.

36.1 RE-PRESENTATION AND RESTATEMENTS continued

CONSOLIDATED INCOME STATEMENT

	Previously stated 2019 Rm	1. Avis fleet re-presented to continuing operations 2019 Rm	Restated 2019 Rm
Revenue	**56 834**	**3 372**	**60 206**
Operating profit before items listed below	**5 078**	**1 469**	**6 547**
Impairment losses on financial assets and contract assets	(57)	(18)	(75)
Depreciation	(1 561)	(826)	(2 387)
Amortisation of intangible assets	(115)		(115)
Operating profit before B-BBEE transaction charge	**3 345**	**625**	**3 970**
B-BBEE transaction charge	(73)		(73)
Operating profit	**3 272**	**625**	**3 897**
Fair value adjustments on financial instruments	32	(10)	22
Finance costs	(1 085)	(49)	(1 134)
Income from investments	192	11	203
Profit before non-operating and capital items	**2 411**	**577**	**2 988**
Non-operating and capital items comprising of:			
Impairment of investments	(25)		(25)
Impairment of property, plant and equipment, intangibles and other assets	(115)	(12)	(127)
Fair value gain on deconsolidation of subsidiary	212		212
Other non-operating and capital items	15		15
Profit before taxation	**2 498**	**565**	**3 063**
Taxation	(771)	(79)	(850)
Profit after taxation	**1 727**	**486**	**2 213**
Income from associates and joint ventures	231		231
Profit for the year from continuing operations	**1 958**	**486**	**2 444**
DISCONTINUED OPERATIONS			
Profit from discontinued operations	519	(486)	33
Profit for the year	**2 477**		**2 477**

36. RE-PRESENTATIONS AND RESTATEMENTS OF PRIOR YEAR ERRORS continued

36.1 RE-PRESENTATION AND RESTATEMENTS continued

	Previously stated 2019 Rm	1. Avis fleet re-presented to continuing operations 2019 Rm	Restated 2019 Rm
Attributable to:			
Owners of Barloworld Limited	2 428		2 428
Non-controlling interests in subsidiaries	49		49
	2 477		2 477
Earnings per share from Group (cents)			
– basic	1 150.2		1 150.2
– diluted	1 146.9		1 146.9
Earnings per share from continuing operations (cents)			
– basic	907.2	227.4	1 134.6
– diluted	904.6	226.7	1 131.3
Earnings per share from discontinued operation (cents)			
– basic	243.0	(227.4)	15.6
– diluted	242.3	(226.7)	15.6
Weighted average number of ordinary shares in issue during the period (000)			
– basic	211 085		211 085
– diluted	211 698		211 698

36.1 RE-PRESENTATION AND RESTATEMENTS continued

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 September

	Previously stated	1. Avis fleet reclassified to continuing operations	2. Inventories and floor plan payables	3. Classification of trade and other payables and non-current liabilities to contract liabilities	Restated
	2019	2019	2019	2019	2019
	Rm	Rm	Rm	Rm	Rm
ASSETS					
Non-current assets	14 540	4 666			**19 206**
Property, plant and equipment	7 879	4 183			**12 062**
Goodwill	1 408	292			**1 700**
Intangible assets	1 527	31			**1 558**
Investment in associates and joint ventures	2 253				**2 253**
Finance lease receivables	2	155			**157**
Long-term financial assets	710				**710**
Deferred taxation assets	761	5			**766**
Current assets	26 871	787	197		**27 855**
Vehicle rental fleet	3 137				**3 137**
Inventories	8 072	59	197		**8 328**
Trade and other receivables	7 384	668			**8 052**
Contract assets	981				**981**
Taxation	71	12			**83**
Cash and cash equivalents	7 226	48			**7 274**
Assets classified as held for sale	5 780	(5 453)			**327**
Total assets	47 191		197		**47 388**

FOR THE YEAR ENDED 30 SEPTEMBER

36. RE-PRESENTATIONS AND RESTATEMENTS OF PRIOR YEAR ERRORS continued

36.1 RE-PRESENTATION AND RESTATEMENTS continued

	Previously stated	1. Avis fleet reclassified to continuing operations	2. Inventories and floor plan payables	3. Classification of trade and other payables and non-current liabilities to contract liabilities	Restated
	2019	2019	2019	2019	2019
	Rm	Rm	Rm	Rm	Rm
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital and premium	441				**441**
Other reserves	4 523				**4 523**
Retained income	18 659				**18 659**
Interest of shareholders of Barloworld Limited	23 623				**23 623**
Non-controlling interest	272				**272**
Interest of all shareholders	23 895				**23 895**
Non-current liabilities	7 336	594			**7 930**
Interest-bearing	4 621				**4 621**
Deferred taxation liabilities	356	216			**572**
Provisions and other accruals	102	21			**123**
Contract liabilities		16		351	**367**
Other non-current liabilities	2 257	341		(351)	2 247
Current liabilities	**13 738**	**1 550**	**197**		**15 485**
Trade and other payables	9 363	878	197	(259)	10 179
Contract liabilities	601	10		259	870
Provisions and other accruals	507	94			**601**
Taxation	80	7			**87**
Amounts due to bankers and short-term loans	3 187	561			**3 748**
Liabilities directly associated with assets classified as held for sale	2 222	(2 144)			**78**
Total equity and liabilities	47 191		197		**47 388**

36.1 RE-PRESENTATION AND RESTATEMENTS continued

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 March

	Previously stated 2020 Rm	2. Inventories and floor plan payables 2020 Rm	Restated 2020 Rm
ASSETS			
Non-current assets	**14 996**		**14 996**
Property, plant and equipment	**8 415**		**8 415**
Goodwill	**1 769**		**1 769**
Intangible assets	**770**		**770**
Investment in associates and joint ventures	**863**		**863**
Finance lease receivables	**1 876**		**1 876**
Long-term financial assets	**11**		**11**
Contract asset	**398**		**398**
Deferred taxation assets	**894**		**894**
Current assets	**26 525**	**220**	**26 745**
Vehicle rental fleet	**3 306**		**3 306**
Inventories	**8 925**	**220**	**9 145**
Trade and other receivables	**8 736**		**8 736**
Contract assets	**949**		**949**
Taxation	**31**		**31**
Cash and cash equivalents	**4 578**		**4 578**
Assets classified as held for sale	**5 606**		**5 606**
Total assets	**47 127**	**220**	**47 347**

Notes to the consolidated annual financial statements CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER

36. RE-PRESENTATIONS AND RESTATEMENTS OF PRIOR YEAR ERRORS continued

36.1 RE-PRESENTATION AND RESTATEMENTS: continued

	Previously stated	2. Inventories and floor plan payables	Restated
	2020	2020	2020
	Rm	Rm	Rm
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital and premium	(1 121)		(1 121)
Other reserves	6 268		6 268
Retained income	15 915		15 915
Interest of shareholders of Barloworld Limited	21 062		21 062
Non-controlling interest	253		253
Interest of all shareholders	21 315		21 315
Non-current liabilities	9 300		9 300
Interest-bearing	5 018		5 018
Deferred taxation liabilities	516		516
Lease liabilities	2 073		2 073
Provisions	103		103
Other non-current liabilities	1 590		1 590
Current liabilities	14 214		14 214
Trade and other payables	8 333	220	8 553
Lease liabilities	272	220	492
Contract liabilities	894		894
Provisions	426		426
Taxation	71		71
Amounts due to bankers and short-term loans	4 218		4 218
Liabilities directly associated with assets classified as held for sale	2 298		2 298
Total equity and liabilities	47 127	220	47 347

36.2 THE FOLLOWING RESTATEMENTS AROSE AS A RESULT ERRORS OCCURRING WHEN REPORTING AND PRESENTING THE YEAR END FINANCIAL RESULTS FOR THE PERIOD ENDED 30 SEPTEMBER 2019

1. Presentation of cash flows

The error occurred when applying IAS 7 Statement of Cash Flows (IAS 7). IAS 7 requires cash flows for major classes of gross cash receipts and gross cash payments to be reported separately. The cash flow line item 'Acquisition of subsidiaries, investments and intangibles' as at 30 September 2019 erroneously included cash inflows and outflows as a single net balance (3a). Further, it was identified that the line item 'Investment in leasing receivables' was erroneously classified as an investing activity when the nature of these cash flows is better reflected as an operating cash flow (3b). These errors have been corrected for all periods presented in the 30 September 2019 year ended financial statements as follows:

	30 September 2019		
R' million	**As previously presented**	**Restatements**	**Restated**
Cash flows from operating activities			
Cash generated from operations before investment in rental fleets and leasing receivables	7 239		7 239
Inflow of investment in leasing receivables		161	161
Cash generated from operations	7 239	161	7 400
Net cash used in investing activities			
Acquisition of subsidiaries, investments and intangibles (3a)	(54)	(114)	(168)
Investments realised (3a)		114	114
Inflow of investment in leasing receivables (3b)	161	(161)	
Net cash used in investing activities	**(486)**	**(161)**	**(647)**

The following restatement arose as a result of errors occurring when reporting and presenting the consolidated annual financial statements for the period ended 30 September 2019

2. Classification of the expected credit loss (ECL)

This error occurred when applying IAS 1 *Presentation of Financial Statements* for the presentation of ECL in the consolidated income statement for the period ended 30 September 2019. IAS 1 requires in paragraph 82(ba) that impairment losses (including reversals of impairment losses or impairment gain) determined in accordance with IFRS 9 section 5.5 are separately presented. However, there were reversals of impairment losses on financial assets and contract assets incorrectly presented in earnings before interest tax depreciation and amortisation (EBITDA) instead of reducing the impairment losses of financial assets and contract assets. This error has been corrected by restating the consolidated income statement as follows:

Line items R 'million	Presented as at 30 September 2019	Reclassifications	Reclassified as at 30 September 2019
Income statement – continued operations			
Impairment of financial assets and contract assets	(124)	67	(57)
Operating profit before items listed below	5 145	(67)	5 078
Income statement – discontinued operations			
Impairment of financial assets and contract assets	(49)	31	(18)
Operating profit before items listed below	1 500	(31)	1 469
Due to Avis fleet not being presented as a discontinued operation the restated impact noted above is as follows:			
Income statement – continued operations			
Impairment of financial assets and contract assets	(173)	98	(75)
Operating profit before items listed below	6 645	(98)	6 547