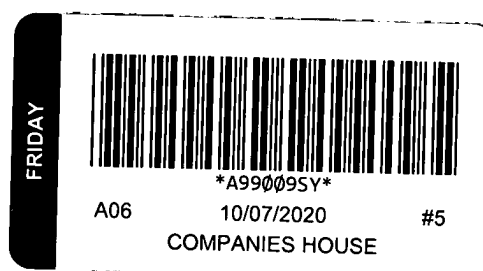


BFS Group Limited

Annual report and financial statements

Registered number 00239718

Year ended 30 June 2019



BFS Group Limited
Annual report and financial statements
Year ended 30 June 2019
Registered number 00239718

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BFS Group Limited
Annual report and financial statements
Year ended 30 June 2019
Registered number 00239718

Directors and company information

Directors:

A Selley
A Kemp
A Brogan
N Wemyss
S Bender
G Cox
D Cleasby

Secretary

T Hamandi

Registered Office

814 Leigh Road
Slough
Berkshire
SL1 4BD

Independent Auditors

PricewaterhouseCoopers LLP
No.1 Spinningfields
1 Hardman Street
Manchester
M3 3EB

Bankers

HSBC Bank plc
8 Canada Square
London
E14 5XL

Strategic report

Overview

The principal activities of the Company are the sale and distribution of food and non-food products to the catering trade. The Company operates under two main trading names of Bidfood and Best Food Logistics. BFS Group Limited is ultimately owned by Bid Corporation Limited (“Bidcorp”), an internationally diverse Foodservice business with an entrepreneurial, decentralised business model.



In October 2019, Bidcorp entered into a contract for the disposal of its Best Food Logistics business and the sale completed on 07 March 2020. The Best Foods activities operate in the QSR contract logistics market and are non-core to Bidcorp. In accordance with accounting standards, the statement of comprehensive income and the balance sheet, have been drawn up to show the split between continuing and discontinued operations, and assets and liabilities held for sale respectively.

Strategy

The Company’s strategy is to deliver service excellence, make life easier for our customers, and help them to grow. This will be achieved by delivering real value, recruiting and retaining the best team and through innovation and being forward thinking.

Key Performance Indicators

The directors consider that the key financial performance indicators are Revenue, Gross Profit %, Operating Profit % and optimisation of Net Assets. Together these demonstrate the financial performance and strength of the company. An overview of these indicators, for continuing operations, for both current year and prior year is given below and the directors are satisfied with the company results for the period:

Revenue:	£1,492,232,000 (2018 - £1,424,435,000)
Gross Profit %:	23.8% (2018 – 23.2%)
Operating profit % (pre-exceptional items):	5.1% (2018 – 4.5%)
Net Assets:	£132,689,000 (2018 - £146,516,000)

A number of non-financial KPI’s are also used to monitor the performance (against forecasts and prior year) of the business including service levels to customers and from suppliers, headcounts and health & safety statistics.

Strategic report (continued)

Principal risks and uncertainties

The Company's operational risks include environmental, health and safety and IT / power failures. The Company manages these risks through an established control framework and internal and external audits. Disaster recovery procedures exist to respond to adverse events, including power and IT outages, and are implemented when required. The availability of qualified lorry drivers is also an operational risk. The scarcity of drivers is an industry wide issue and attracting and retaining drivers is a key focus.

The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

The Company's commercial risks include unprofitable contracts, cost price inflation, bad debts and fuel price volatility. Potential new business undergoes both a comprehensive profit study and credit checks before being tendered for. Significant focus is placed on the minimisation of bad debt risk and credit insurance is held for the majority of customers. Fuel prices are continually monitored, and taken account of in pricing strategy.

The Company established a Brexit risk mitigation committee in 2016 and the directors are committed to a robust and detailed approach to planning, to ensure the business remains sustainable, and that the Company mitigates risks, leverages opportunities thus achieving the best possible outcomes for the Company's customers, employees and suppliers. The key risk is maintaining availability of critical products that are essential to keeping customers' businesses running through the current transition period, following the exit of the UK which is likely to involve uncertainty, potential disruption and change.

COVID-19

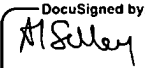
In line with many other businesses operating in the sale and distribution of food and non-food products to the catering trade, the recent COVID-19 outbreak and the subsequent lockdown enforced by the government on 23 March 2020 has led to a downturn in the Company's results.

In the downturn the Company replaced some of the lost business by winning a large contract with the UK government to provide shield support packs to members of the public and has managed to control costs through utilising the Government's furlough scheme.

The Directors believe that the impact will be temporary as the industry recovers. The lockdown is being gradually lifted by the government with pubs and restaurants reopening on 04 July 2020 and schools expected to be fully open in September 2020. However in light of the anticipated lower initial volumes, the Company has commenced a restructuring programme to protect reserves and preserve its core business.

The Company has robust cash flow forecasting reporting in place, this is regularly updated to keep the Directors informed of any funding requirements and as such the Company is in a position to react to a protracted downturn. Based on latest forecasts of the Company's cash position, and the support it has from a fellow Group company, the Directors have satisfied themselves that the Company is a going concern.

Approved on behalf of the board, and signed by:

DocuSigned by:

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A Selley
Company Director

814 Leigh Road
Slough
Berkshire, SL1 4BD

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 2019.

Results and dividends

The Company made an operating profit, before exceptional items, for the year of £72,179,000 (2018: £26,910,000). Of this, £76,307,000 (2018: £64,646,000) related to continuing operations. The Company's net profit amounted to £16,701,000 (2018: loss of £14,837,000). Of this, net profits of £41,398,000 (2018: £16,813,000) related to continuing operations.

Discontinued operations includes a non-cash impairment of £19,837,000 relating to the write off of goodwill that arose on the hive up of assets from HM Group Limited in 2004. Additionally, a non-cash provision of £22,750,000 has been made within continuing operations against inter group loans due from PCL Transport 24/7 Limited, The Barton Meat Company, Giffords Fine Foods Limited and 3663 Alba Limited.

An interim dividend in respect of the year ended 30 June 2019 of £30,450,000 (10.15p per share) (2018: £21,188,000 (7.06p per share)) was paid during the year. The directors do not recommend the payment of a final dividend (2018: £Nil).

Future developments

As explained in the Strategic Report on page 2, the company secured the sale of the Best Food Logistics business on 07 March 2020.

While the recent coronavirus outbreak has had no effect on the results for the year ended 30 June 2019, it will have a material effect on the Company's 30 June 2020 results.

Financial Instruments

The Company's financial instruments and associated risks are considered in the Strategic Report on page 3.

Employment of disabled persons

It is the policy of the Company to give full and fair consideration to applications for employment made by disabled persons having regard to their particular aptitudes and abilities. Wherever possible, arrangements are made for the continued employment of persons who have become disabled during service and for appropriate training, career development and promotion of disabled persons.

Information to employees

Appropriate action has been taken to develop arrangements aimed at providing Company employees with information on matters of concern to them, consulting with employees or their representatives, encouraging their involvement in the Company's performance, and achieving an awareness on the part of employees of the financial and economic factors affecting the Company's performance.

Directors

The directors who held office during the year, and up to the date of approval of these financial statements:

D Cleasby
S Bender
A Selley
N Wemyss
A Kemp
A Brogan
G Cox
G Barnetson (resigned 01 October 2018)

Directors' report *(continued)*

Creditor payments

The Company agrees terms and conditions under which business transactions with suppliers are conducted. It is Company policy that payments to its suppliers are made in accordance with these terms, provided that the supplier is also complying with all relevant terms and conditions. The trade creditors at the year end represented 52 days of average daily purchases for the year (2018: 53 days).

Political and charitable contributions

The Company made no political contributions during the year (2018: £Nil). Donations to UK charities amounted to £12,000 (2018: £38,000).

Directors and officers liability insurance

The Company provided qualifying third party indemnity provisions to certain directors of associated companies during the financial year and at the date of this report.

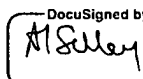
Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

The independent auditors PricewaterhouseCoopers LLP, who were appointed in the year, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be processed at a future board meeting.

Approved on behalf of the board, and signed by:

DocuSigned by:

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A Selley
Company Director

814 Leigh Road
Slough
Berkshire
SL1 4BD

Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulation.

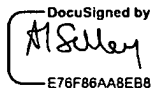
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

This statement was approved by the board of directors on 10 July 2020 and was signed on its behalf by:

DocuSigned by:

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A Selley
Company Director

Independent auditors' report to the members of BFS Group Limited

Opinion

In our opinion, BFS Group Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements, which comprise: the balance sheet as at 30 June 2019; the Statement of comprehensive income, the Statement of changes in equity for the year then ended; and the Notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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 remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Independent auditors' report to the members of BFS Group Limited *(continued)*

Reporting on other information

The other information comprises all of the information in the annual report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information 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 we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the strategic report and directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the strategic report and directors' report for the year ended 30 June 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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 (UK) 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

BFS Group Limited
Annual report and financial statements
Year ended 30 June 2019
Registered number 00239718

Independent auditors' report to the members of BFS Group Limited *(continued)*

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

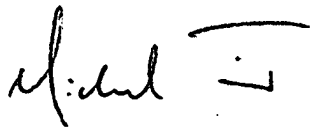
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Michael Timar (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
10 July 2020

Statement of comprehensive income
for the year ended 30 June 2019

	Note	2019 (Continuing) £000	2019 (Discontinued) £000	2019 (Total) £000	2018 (Continuing) £000	2018 (Discontinued) £000	2018 (Total) £000
Revenue	2	1,492,232	1,012,293	2,504,525	1,424,435	1,056,938	2,481,373
Cost of sales		(1,137,120)	(920,666)	(2,057,786)	(1,094,575)	(971,217)	(2,065,792)
Gross profit		355,112	91,627	446,739	329,860	85,721	415,581
Distribution costs		(242,346)	(85,106)	(327,452)	(229,419)	(110,650)	(340,069)
)Administrative expenses – normal		(36,459)	(10,649)	(47,108)	(35,795)	(12,807)	(48,602)
Operating profit/(loss) before exceptional items	3	76,307	(4,128)	72,179	64,646	(37,736)	26,910
Impairment of investments & goodwill	4	-	(19,837)	(19,837)	(42,636)	-	(42,636)
Inter group loan provisioning	4	(22,750)	-	(22,750)	-	-	-
Exceptional (costs)/income	4	-	(1,350)	(1,350)	6,528	-	6,528
Operating profit/(loss) after exceptional items		53,557	(25,315)	28,242	28,538	(37,736)	(9,198)
Income from shares in group undertakings	7	2,200	-	2,200	1,200	-	1,200
Finance income	8	137	-	137	91	-	91
Finance expenses	9	(842)	(316)	(1,158)	(915)	(303)	(1,218)
Profit/(loss) before taxation		55,052	(25,631)	29,421	28,914	(38,039)	(9,125)
Tax on profit/(loss)	10	(13,654)	934	(12,720)	(12,101)	6,389	(5,712)
Profit/(loss) after taxation		41,398	(24,697)	16,701	16,813	(31,650)	(14,837)
Other comprehensive income for the period, net of income tax		-	-	-	-	-	-
Total comprehensive income/(expense) for the period		41,398	(24,697)	16,701	16,813	(31,650)	(14,837)

The notes on pages 13-33 form part of these financial statements.

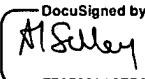
Balance sheet
at 30 June 2019

	<i>Note</i>	2019 £000	2018 £000
Fixed assets			
Property, plant and equipment (<i>including 2019 £13,568; 2018 £11,742 held for sale</i>)	12	99,709	95,654
Intangible assets (<i>including 2019 £311; 2018 £412 held for sale</i>)	13	12,575	31,893
Investments (<i>including 2019 £Nil 2018 £24 held for sale</i>)	14	59,997	59,997
		172,281	187,544
Current assets			
Assets held for sale	15	391	-
Stocks (<i>including 2019 £28,410; 2018 £23,736 held for sale</i>)	16	102,596	93,404
Trade and other receivables (<i>including 2019 £88,590; 2018 £69,574 held for sale</i>)	17	315,162	252,231
Cash at bank and in hand (<i>including 2019 £3; 2018 £(1,845) held for sale</i>)		13,842	77,189
		431,991	422,824
Total assets		604,272	610,368
Current liabilities			
Loans and borrowings (<i>including 2019 £(Nil); 2018 £(Nil) held for sale</i>)	18	(22,400)	(13,274)
Trade and other creditors (<i>including 2019 £(147,674); 2018 £(143,903) held for sale</i>)	19	(423,350)	(434,040)
Provisions (<i>including 2019 £(Nil); 2018 £(2,287) held for sale</i>)	21	(3,940)	(2,949)
		(449,690)	(450,263)
Non-current liabilities			
Loans and borrowings (<i>including 2019 £(1,499); 2018 £(Nil) held for sale</i>)	18	(1,851)	(449)
Provisions (<i>including 2019 £(5,539); 2018 £(3,410) held for sale</i>)	21	(16,943)	(9,377)
Deferred tax liabilities (<i>including 2019 £Nil; 2018 £(284) held for sale</i>)	22	(3,099)	(3,763)
		(21,893)	(13,589)
Total liabilities		(471,583)	(463,852)
Net assets		132,689	146,516
Capital and reserves			
Called up share capital	24	30,000	30,000
Share premium account		11,843	11,843
Retained earnings		90,846	104,673
Total shareholders' funds		132,689	146,516

All values in italicised brackets above are in £000's

The notes on pages 13-33 form part of these financial statements.

These financial statements were approved by the board of directors on 10 July 2020 and were signed on its behalf by:

DocuSigned by:

A Selley
Company Director

Statement of changes in equity
for year ended 30 June 2019

	Share capital £000	Share premium £000	Retained earnings £000	Total £000
Balance at 1 July 2017	30,000	11,843	141,383	183,226
Total comprehensive expense for the period				
Loss after taxation	-	-	(14,837)	(14,837)
Other comprehensive income	-	-	-	-
Total comprehensive expense for the period	-	-	(14,837)	(14,837)
Transactions with owners, recorded directly in equity				
Dividends	-	-	(21,188)	(21,188)
Equity settled share-based payments	-	-	(685)	(685)
Balance at 30 June 2018	30,000	11,843	104,673	146,516
Balance at 01 July 2018	30,000	11,843	104,673	146,516
Total comprehensive income for the period				
Profit after taxation	-	-	16,701	16,701
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	16,701	16,701
Transactions with owners, recorded directly in equity				
Dividends	-	-	(30,450)	(30,450)
Equity settled share-based payments	-	-	(78)	(78)
Balance at 30 June 2019	30,000	11,843	90,846	132,689

The notes on pages 13-33 form part of these financial statements.

Notes to the financial statements

1 Accounting policies

BFS Group Limited (the “Company”) is a company incorporated in the UK, and is a private company limited by shares. The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (“FRS 101”).

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU (“Adopted IFRSs”), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of Bid Corporation Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- IFRS 2 *Share Based Payments* in respect of group settled share-based payments;
- Certain disclosures required by IAS 36 *Impairment of assets* in respect of the impairment of goodwill and indefinite life intangible
- The disclosures required by IFRS 7 *Financial Instrument Disclosures*

The Company’s ultimate parent undertaking, Bid Corporation Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Bid Corporation Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from the Group’s website (www.bidcorpgroup.com).

New accounting standards

The Company has applied the following standard for the first time for their annual reporting period commencing 1 July 2018.

IFRS 9 Financial Instruments

IFRS 15 Revenue with Contracts from Customers

This adoption did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

Going concern

At 30 June 2019, the company had net current-liabilities at 2019 of £17.7m (2018: £27.4m), due to intercompany loans payable to wholly owned subsidiaries, which are directly controlled by the entity. In addition, subsequent to the year end and, as described in the Director's report, the COVID-19 pandemic has had a material impact on the Company's trading. In concluding that the going concern basis of preparation is appropriate the Directors have:

- Confirmed that the Board will ensure that these intercompany loans are repaid only if the Company has sufficient capital resources to continue in its principal trading activities.
- Prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which take into account current trading conditions and reasonably possible downsides

Based on these forecasts of the Company's cash position, and the support it has from a fellow Group company, the Directors have reasonable assurance that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Measurement convention

The financial statements are prepared on the historical cost basis. Non-current assets and disposal groups held for sale are stated at the lower of value in use and fair value less costs to sell.

Non-current assets held for sale and discontinued operations

A non-current asset or a group of assets containing a non-current asset (a disposal group) is classified as held for sale if its carrying amount will be recovered principally through sale rather than through continuing use, it is available for immediate sale and sale is highly probable within one year.

On initial classification as held for sale, non-current assets and disposal groups are measured at the lower of previous carrying amount and fair value less costs to sell with any adjustments taken to profit or loss. The same applies to gains and losses on subsequent re-measurement although gains are not recognised in excess of any cumulative impairment loss. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to stocks, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Company's accounting policies

A discontinued operation is a component of the Company's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative profit and loss account is restated as if the operation has been discontinued from the start of the comparative period.

The balance sheet items of the discontinued operations are shown on the face of the balance sheet, in brackets, within the balance sheet captions for the total Company. The non-current assets held for sale have not been reclassified to current on the face of the balance sheet although they are expected to be realised in the short term through a sale. Note 25 includes the prior year comparatives.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

Investments in debt and equity securities

Investments in subsidiaries are carried at cost less impairment. Acquisition costs are expensed to the income statement as they are incurred.

Derivative financial instruments

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates the fair value was determined.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under finance leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses.

Depreciation is charged to the income statement within distribution and administrative expenses, on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

Land	- not depreciated
Freehold building	- fifty years
Long leasehold properties	- the shorter of the lease term or fifty years
Short leasehold properties	- the period of the lease
Plant, machinery and vehicles	- three to ten years

Assets under construction are recorded at cost. No depreciation is provided on these assets until the assets are completed, and have been brought into use, at which point, they are transferred into one of the above categories, and depreciation commences.

Intangible assets and goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units. It is not amortised but is tested annually for impairment.

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and impairment losses.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

Intangible assets and goodwill (continued)

Amortisation is charged to the income statement within distribution and administrative expenses, on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Software assets - three to ten years

Investments and income from group undertakings

Shares in Group undertakings are stated at cost less any provision for impairment. Dividend income is recognised in the profit and loss account on the date the Company's right to receive payments is established.

Trade and other receivables

Trade and other receivables are stated at their nominal amount (discounted if material) less impairment losses.

Stocks

Stocks are stated at the lower of cost and net realisable value and are net of supplier rebates receivable. Cost includes expenditure incurred in acquiring the stocks and bringing them to their existing location and condition.

Cash at bank and in hand

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows

Impairment

The carrying amounts of the Company's assets other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Loans and borrowings

Loans and borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of borrowings on an effective interest basis.

Trade and other creditors

Trade and other creditors are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade creditors are recognised at fair value, and are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Share capital and reserves

Ordinary shares are classified as equity.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

Share-based payment transactions

The share option programme allows certain Company employees to acquire shares of the ultimate parent company; these awards are granted by the ultimate parent. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option valuation model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is due only to share prices not achieving the threshold for vesting.

Revenue

Revenue, which excludes value added tax, represents the amounts invoiced to customers for goods sold and services supplied during the year in respect of the sale and distribution of food and non-food products to the catering trade, less credits for returns. Full consideration has been given to IFRS 15, and revenue is recognised when the significant risks and rewards have been transferred to the buyer, recovery of the consideration is probable and the amount of revenue can be measured reliably.

Rebates

Customer and supplier rebates are based on a mixture of sales/purchase volumes and values, as agreed with the respective customers and suppliers. The rebates can be estimated with a reasonable level of certainty and involve a minimal level of judgement. Arising rebate income/expense streams are recognised in a prudent manner in the income statement, and are regularly reviewed for completeness and accuracy.

Expenses

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Net financing costs

Net finance costs comprise interest payable, finance charges on shares classified as liabilities and finance leases, interest receivable on funds invested, dividend income and foreign exchange gains and losses that are recognised in the income statement.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established.

Notes to the financial statements (continued)

1 Accounting policies (continued)

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. 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 balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Exceptional items

Exceptional items are those material items which, by virtue of their size or incidence, are presented separately in the income statement to give a full understanding of the Company's financial performance. Transactions which may give rise to exceptional items include the restructuring of business activities.

2 Revenue

Analysis of revenue by geographic area:	2019 £000	2018 £000
United Kingdom (<i>continuing operations 2019 £1,490,162; 2018 £1,422,355</i>)	2,466,463	2,452,772
Europe (<i>continuing operations 2019 £1,988; 2018 £1,993</i>)	29,504	22,208
Rest of World (<i>continuing operations 2019 £82; 2018 £87</i>)	8,558	6,393
	2,504,525	2,481,373

All values in italicised brackets above are in £000's

3 Operating profit/(loss) before exceptional items

Operating profit/(loss) before exceptional items is stated after charging/(crediting):	2019 £000	2018 £000
Property, plant and equipment – depreciation on:		
Owned assets (<i>continuing operations 2019 £4,304; 2018 £4,230</i>)	4,304	5,260
Leased assets (<i>continuing operations 2019 £3,652; 2018 £2,832</i>)	3,652	2,922
Property, plant and equipment – impairment on:		
Owned assets (<i>continuing operations 2019 £159; 2018 £171</i>)	1,124	959
Leased assets (<i>continuing operations 2019 £Nil; 2018 £483</i>)	90	976
Intangible assets – amortisation:		
Software (<i>continuing operations 2019 £1,347; 2018 £1,314</i>)	1,448	1,493
Licences (<i>continuing operations 2019 £Nil; 2018 £91</i>)	-	91
Intangible assets – impairment:		
Software (<i>continuing operations 2019 £704; 2018 £1,271</i>)	805	1,271
Operating lease and hire charges:		
Land and buildings (<i>continuing operations 2019 £8,004; 2018 £6,926</i>)	11,113	11,844
Other (<i>continuing operations 2019 £3,155; 2018 £3,802</i>)	10,510	11,927
Loss/(profit) on disposal of plant & equipment (<i>continuing operations 2019 £(1); 2018 £1,694</i>)	117	(1,694)
Loss on disposal of intangible assets (<i>continuing operations 2019 £Nil; 2018 £Nil</i>)	174	307
Foreign exchange (gains)/losses (<i>continuing operations 2019 £(7); 2018 £(2)</i>)	(42)	194

All values in italicised brackets above are in £000's

Notes to the financial statements *(continued)*

3 Operating profit/(loss) before exceptional items *(continued)*

Operating profit/(loss) before exceptional items is stated after charging/(crediting):	2019	2018
	£000	£000
Auditors' remuneration:		
Audit of these financial statements	188	159

4 Exceptional costs/(income)

	2019	2018
	£000	£000
Exceptional costs/(income):		
<i>Continuing:</i>		
Restructuring charges	-	1,687
Vendor for acquisition release	-	(6,528)
Profit on property sale	-	(1,687)
	-	(6,528)
Impairment of investments	-	42,636
Inter group loan provisions (see note 17)	22,750	-
	22,750	36,108
<i>Discontinued:</i>		
Impairment of goodwill (see note 13)	19,837	-
Legal costs re disposal of the Best Food Logistics trading division	1,350	-
	21,187	-
Total exceptional expenditure	43,937	36,108

Exceptional costs in respect of provision against inter group loans receivable and the impairment of goodwill are explained in notes 17 and 13 respectively as indicated above. Legal costs relates to expenses incurred re the post year end sale of the Best Food Logistics trading division. All these items are disallowable for tax purposes.

Notes to the financial statements *(continued)*

5 Directors' remuneration

	2019 £000	2018 £000
Remuneration	3,327	3,334
Compensation for loss of office	-	30
Share based payment	476	437
Company contributions to money purchase pension scheme	17	37
	<u>3,820</u>	<u>3,838</u>
Remuneration includes: Highest paid director	<u>1,091</u>	<u>1,076</u>
	Number of directors	
	2019	2018
Retirement benefits were accruing to the following number of directors who served during the year under:		
Money purchase schemes	<u>2</u>	<u>5</u>
The number of directors who served during the year and who exercised share options was	<u>5</u>	<u>6</u>

Company pension contributions of £Nil (2018: £Nil) were made to a money purchase scheme on behalf of the highest paid director. At the end of the year, 2 directors (2018: 4) were accruing retirement benefits under a money purchase scheme. 2 of the directors (2018: 2) receive their remuneration from other group companies.

6 Staff numbers and costs

The average monthly number of persons employed by the Company during the year, including discontinued operations, analysed by category, was as follows:

	Number of employees 2019	2018
Management	1,115	1,017
Distribution	2,811	2,810
Sales	769	848
	<u>4,695</u>	<u>4,675</u>

The aggregate employment costs during the year, were as follows:

	2019 £000	2018 £000
Wages and salaries	149,698	145,321
Social security costs	15,677	15,336
Other pension costs (Note 20)	4,693	3,610
	<u>170,068</u>	<u>164,267</u>

Notes to the financial statements *(continued)*

7 Income from shares in group undertakings

	2019 £000	2018 £000
Dividends received	2,200	1,200
	<u>2,200</u>	<u>1,200</u>

8 Finance income

	2019 £000	2018 £000
Interest income <i>(continuing operations 2019: £137; 2018 £91)</i>	137	91
	<u>137</u>	<u>91</u>

All values in italicised brackets above are in £000's

9 Finance expenses

	2019 £000	2018 £000
Group interest <i>(continuing operations 2019: £262; 2018 £214)</i>	268	214
Bank interest <i>(continuing operations 2019: £6; 2018 £Nil)</i>	248	214
Unwinding of discount on dilapidations <i>(continuing operations 2019: £232; 2018 £259)</i> see note 21	299	348
Finance leases <i>(continuing operations 2019: £132; 2018 £148)</i>	132	148
Other interest <i>(continuing operations 2019: £210; 2018 £294)</i>	211	294
	<u>1,158</u>	<u>1,218</u>

All values in italicised brackets above are in £000's

Notes to the financial statements (continued)

10 Tax on profit/(loss)

a) Recognised in the statement of comprehensive income:

	2019		2018
	£000	£000	£000
Current year	13,144		5,776
Adjustments for prior years	240		(106)
	<hr/>		<hr/>
<i>Total current tax</i>		13,384	5,670
Origination and reversal of temporary differences	(126)		(50)
Adjustments for prior years	(551)		92
Other temporary differences	13		-
	<hr/>		<hr/>
<i>Total deferred tax charge (note 22)</i>		(664)	42
		<hr/>	<hr/>
Total tax in the statement of comprehensive income		12,720	5,712
		<hr/>	<hr/>

The above charge includes 2019: £13,654,000 (2018: £12,101,000) in respect of continuing operations.

b) Reconciliation of effective tax rate

	2019	2018
	£000	£000
Profit/(loss) before taxation	29,421	(9,125)
	<hr/>	<hr/>
Tax using the UK corporation tax rate of 19.0% (2018: 19.0%)	5,590	(1,734)
Non-deductible expenses - impairment of investment	8,059	8,100
Non-deductible expenditure	528	(1,741)
Non-taxable income	(1,159)	1,103
Adjustment in respect of prior years	(311)	(14)
Other temporary differences	13	(2)
	<hr/>	<hr/>
Total tax in the statement of comprehensive income	12,720	5,712
	<hr/>	<hr/>

A reduction in the UK corporation tax rate from 19.0% to 17.0% (effective from 1 April 2020) was substantively enacted on 6 September 2016, however the March 2020 budget announced that the reduction in the UK rate to 17% will not occur. As substantive enactment is after the Balance Sheet date, the deferred tax balances as at 30 June 2019 continue to be measured at 17%. This will reduce the Company's future current tax charge accordingly.

11 Dividends

	2019	2018
	£000	£000
Interim – paid at 10.15p per share (2018: 7.06p per share)	30,450	21,188
	<hr/>	<hr/>

There are no final dividends proposed (2018: £Nil).

Notes to the financial statements (continued)

12 Property, plant and equipment

	Land and freehold properties £000	Long leasehold properties £000	Short leasehold properties £000	Plant machinery and vehicles £000	Assets under Construction "AUC" £000	Total £000
Cost						
Balance at 1 July 2018	59,511	48,908	3,696	91,900	10,940	214,955
Additions	1,417	1,184	169	6,230	4,758	13,758
AUC capitalisations	432	4,701	1,851	2,252	(9,236)	-
Reclassifications	(8,768)	8,768	-	-	-	-
Reclassified as assets held for sale	(1,616)	(1)	-	-	-	(1,617)
Disposals	-	-	-	(551)	(23)	(574)
Balance at 30 June 2019	50,976	63,560	5,716	99,831	6,439	226,522
Accumulated depreciation						
Balance at 1 July 2018	15,257	23,942	3,105	76,997	-	119,301
Charge for year	1,164	3,486	166	3,140	-	7,956
Impairment	256	90	-	868	-	1,214
Reclassifications	(1,946)	1,946	-	-	-	-
Reclassified as assets held for sale	(1,226)	-	-	-	-	(1,226)
Disposals	-	-	-	(432)	-	(432)
Balance at 30 June 2019	13,505	29,464	3,271	80,573	-	126,813
Net book value						
At 30 June 2018	44,254	23,966	591	14,903	10,940	95,654
At 30 June 2019	37,471	34,096	2,445	19,258	6,439	99,709

The amount on which depreciation of freehold and long leasehold properties is based (for continuing operations), is £106,624,000 (2018: £94,113,000).

Certain properties were reclassified during the year from freehold to long leasehold. The total net book value of this reclassification is £6,822,000

Leased plant and machinery: The Company leases a number of properties and plant under finance lease agreements. At 30 June 2019, the net carrying amount of leased plant and buildings was £1,404,000 (2018: £1,654,000)

The above table includes assets classified as held for sale (relating to discontinued operations) of:

	2019 £000	2018 £000
Cost	34,542	31,932
Accumulated depreciation	(20,974)	(20,190)
Net book value	13,568	11,742

Notes to the financial statements *(continued)*

13 Intangible assets

	IT software £000	IT software work in progress £000	Goodwill £000	Total £000
Cost				
Balance at 1 July 2018	43,228	755	26,021	70,004
Additions	686	2,158	-	2,844
Reclassifications	730	(730)	-	-
Disposals	(341)	-	-	(341)
Balance at 30 June 2019	44,303	2,183	26,021	72,507
Accumulated amortisation				
Balance at 1 July 2018	34,821	-	3,290	38,111
Charge for period	1,347	-	-	1,347
Impairment	805	-	19,837	20,642
Disposals	(168)	-	-	(168)
Balance at 30 June 2019	36,805	-	23,127	59,932
Net book value				
At 30 June 2018	8,407	755	22,731	31,893
At 30 June 2019	7,498	2,183	2,894	12,575

Impairment Review: -

The above non-cash impairment of £19,837,000 relates to the write off of goodwill that arose on the hive up of assets from HM Group Limited in 2004. This has been included within discontinued operations.

Goodwill also arose on the acquisition of the trade and assets of Swithenbank Foods Limited & Wilson Watson Limited in 2004, and the Inverness Farmers and Forteith's trading divisions of 3663 Alba Limited in 2013 and 2016 respectively. As the cash flows of the businesses are not independent from the cash flows of the rest of the Company the Cash Generating Unit (CGU) for the testing of goodwill is the entire Company. The recoverable amount is based on the value in use, which is determined by discounting the future cash flows based on approved budgets for the next three years using a post-tax discount rate of 6%. The post-tax discount rate of 6.0% is based on an estimate of the weighted average cost of capital. There is significant headroom on this basis and after adjusting for reasonably possible scenarios.

Over the last few years the Company has in-sourced the majority of its IT solutions. As part of this, a number of solutions were no longer required or were replaced and, therefore, an impairment of £704,000 (2018: £1,271,000) has been incurred in the current financial year in respect of continuing operations.

The above table includes assets classified as held for sale (relating to discontinued operations) of:

	2019 £000	2018 £000
Cost	3,387	3,555
Accumulated amortisation	(3,076)	(3,143)
Net book value	311	412

Notes to the financial statements (continued)

14 Investments

	Shares in subsidiary undertakings £000
At 1 July 2018	59,997
Additions	-
At 30 June 2019	<u>59,997</u>

Of the above totals, £Nil (2018: £24,000) is held by discontinued operations.

The company directly or indirectly holds share capital and voting rights in the following companies, which are registered and which operate in England and Wales.

Subsidiary undertakings	Holding	Class of shares held	Principal activity
The Barton Meat Company Ltd	100% holding	£1 Ordinary	Ceased trading
Bidcorp Developments Ltd (formerly known as 3663 Developments Limited)	100% holding	£1 Ordinary	Property development
3663 (Edinburgh) Ltd	100% holding	£1 Ordinary	Property management
MGS Management Services Ltd	100% holding	£1 Ordinary	Trading company
3663 Transport Ltd	100% holding	£1 Ordinary	Trading company
PCL Transport 24/7 Ltd	100% holding	£1 Ordinary	Trading company
PCL 24/7 Ltd	100% holding	£1 Ordinary	Trading company
Caterfood Holdings Ltd	100% holding	£1 Ordinary	Holding company
Caterfood (South West) Ltd	100% holding	£1 Ordinary	Trading company
Quality Cuisine (South West) Ltd	100% holding	£1 Ordinary	Trading company
Yarde Farm Ltd	100% holding	£1 Ordinary	Trading company
Motec (SW) Ltd	100% holding	£1 Ordinary	Trading company
Bidcorp Manufacturing Ltd	100% holding	£0.10 Ordinary	Holding company
Texmod Holdings Ltd	90% holding	£0.10 Ordinary	Holding company
Simply Food Solutions Ltd	90% holding	£1 Ordinary	Trading company
Snowdon & Bridge Ltd	100% holding	£1 Ordinary	Trading company
Best Food Logistics France	100% holding	1 Euro Ordinary	Trading Company

The registered office address for Bidfood France is 95 Rue la Boetie, 75007 Paris, France. The registered office address for all other companies above, is 814 Leigh Road, Slough, Berkshire SL1 4BD

During the current year, the company acquired a 100% holding in Bidcorp Manufacturing Holdings Ltd, a 90% holding in Texmod Holdings Ltd and Simply Food Solutions Ltd, and a 100% holding in Snowdon & Bridge Ltd, which was formerly a direct subsidiary of the immediate parent company Bidcorp (UK) Ltd.

Following the year end the Company disposed of its holding in PCL 24/7 Limited

Associate undertakings	Holding	Class of shares held	Principal activity
HGVH Ltd	20% holding	£1 Ordinary	Software development

HGVH Limited, which trades under the name of Computer Systems for Distribution (CSD). CSD are a business partner of the company and undertake software development and maintenance for the company.

Notes to the financial statements *(continued)*

15 Assets held for sale

	2019 £000	2018 £000
Freehold properties	391	-

Assets held for sale, relate to a site vacated by the Company during the year, and which was held up for sale as at 30 June 2019, and is held in continuing operations.

16 Stocks

	2019 £000	2018 £000
Raw materials and consumables	176	116
Goods for resale	102,420	93,288
	<u>102,596</u>	<u>93,404</u>

Of the above totals £28,410,000 (2018: £23,736,000) relate to discontinued operations.

The net cost of raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £2,056,110,000 (2018: £2,064,422,000). The write-down of stocks to net realisable value amounted to £725,000 (2018: £686,000).

17 Trade and other receivables

	2019 £000	2018 £000
Trade debtors	222,901	192,858
Other debtors, prepayments and accrued income	27,486	16,480
Other debtors due from subsidiary undertakings	60,770	37,247
Other debtors due from fellow subsidiary undertakings	47	940
Other debtors due from other group undertakings	3,958	4,706
	<u>315,162</u>	<u>252,231</u>

Of the above totals £88,590,000 (2018: £69,574,000) relate to discontinued operations

Full provision has been made against the following amounts due from subsidiary undertakings:

The Barton Meat Company Limited £17,211,000 (2018: £16,500,000)

PCL Transport 24/7 Limited £13,000,000 (2018: £Nil)

Full provision has also been made against the following amounts due from fellow subsidiary undertakings:

Giffords Fine Foods Limited £730,000 (2018: £733,000)

3663 Alba Limited £893,000 (2018: £Nil)

A provision of £4,900,000 (2018: £Nil) has been made against amounts due from other group undertakings.

All amounts due from group companies are interest free, unsecured and have no fixed terms of repayment.

Notes to the financial statements (continued)

18 Loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings. All amounts relate to continuing operations other than other borrowings at £1,499,000 (2018: £Nil) which is held in discontinued operations.

	2019 £000	2018 £000
Non-current liabilities		
Finance lease liabilities	352	449
Other borrowings	1,499	-
	<hr/> 1,851	<hr/> 449
Current liabilities		
Current portion of finance lease liabilities	97	196
Amounts owed to immediate parent company	22,303	13,078
	<hr/> 22,400	<hr/> 13,274

Other borrowings above relate to discontinued operations.

Finance lease liabilities

Finance lease liabilities are payable as follows:

	Minimum lease payments 2019 £000	Interest 2019 £000	Principal 2019 £000	Minimum lease payments 2018 £000	Interest 2018 £000	Principal 2018 £000
Less than one year	140	43	97	256	60	196
Between one and five years	422	70	352	562	113	449
More than five years	-	-	-	-	-	-
	<hr/> 562	<hr/> 113	<hr/> 449	<hr/> 818	<hr/> 173	<hr/> 645

Amounts due to immediate parent companies

The amount owed to the immediate parent company is unsecured, payable on demand and incurs interest at the following rates:

	2019 £000	2018 £000
At 1.5% above HSBC Bank plc base rate	10,228	10,228
At HSBC Bank plc base rate	12,075	2,850
	<hr/> 22,303	<hr/> 13,078

Other borrowings

Other borrowings of £1,499,000 (2018: £Nil) consist of amounts due on loans relating to certain operating leases.

Notes to the financial statements *(continued)*

19 Trade and other creditors

	2019 £000	2018 £000
Trade payables	294,533	300,895
Other taxation and social security	6,447	7,934
Accruals and deferred income	51,858	63,182
Corporation tax	7,481	5,359
Amounts owed to fellow subsidiary companies	13,600	13,602
Amounts owed to subsidiary companies	29,811	34,284
Amounts owed to immediate parent company	19,009	8,550
Amounts owed to intermediate parent company	362	-
Amounts owed to other group undertakings	249	234
	<hr/>	<hr/>
	423,350	434,040
	<hr/>	<hr/>

Of the above totals £147,674,000 (2018: £138,309,000) relate to discontinued operations.

Amounts due to group companies are interest free, unsecured and have no fixed terms of repayment.

20 Employee benefits

Pension scheme

Bidcorp (UK) Limited, the immediate parent company, operates a defined contribution scheme, for which BFS Group Limited is a participating employer. The pension cost for the year represents contributions payable by the company to the scheme and amounted to £4,693,000 (2018: £3,610,000). Contributions amounting to £1,092,000 (2018: £716,000) were payable to the scheme at the year end.

Notes to the financial statements (continued)

21 Provisions

	Depot Infrastructure £000	Self Insurance £000	Dilapidations £000	Total £000
2018				
At beginning of year	-	2,812	7,487	10,299
Provided during the year	-	1,988	432	2,420
Discount unwind (see note 8)	-	-	348	348
Utilised during the year	-	-	(741)	(741)
At end of year	-	4,800	7,526	12,326
2019				
At beginning of year	-	4,800	7,526	12,326
Provided during the year	50	1,004	3,833	4,887
Discount unwind (see note 8)	-	-	299	299
Transfer from subsidiary company	3,371	-	-	3,371
Utilised during the year	-	-	-	-
At end of year	3,421	5,804	11,658	20,883
Current	399	2,884	657	3,940
Non-current	3,022	2,920	11,001	16,943
At end of year	3,421	5,804	11,658	20,883
Of the above amounts, the following values relate to discontinued operations.				
At 30 June 2018				
Current	-	2,287	-	2,287
Non current	-	1,749	1,661	3,410
	-	4,036	1,661	5,697
At 30 June 2019				
Current	-	-	-	-
Non current	-	-	5,539	5,539
	-	-	5,539	5,539

The provision for self insurance relates to the programmes the company operates for certain classes of insurance, whereby the company bears the cost of all claims up to an agreed aggregate limit. There is a degree of uncertainty as to when the claims will be settled and for how much and the provision is therefore calculated using management's expertise and experience together with best estimates of liabilities arising, using claims history and details of pending claims supplied by the insurance providers.

The provision for dilapidations relates to amounts payable at lease expiry on certain leased properties which are occupied by the company. Lease expiry dates range from 2013 to 2031. The provisions have been estimated by management, based on advice provided by the company's property management agents.

The provision for depot infrastructure relates to a site no longer occupied by the company where the lease runs until September 2021. The provision is based on estimated outgoing costs through to lease expiry, net of an income stream from the provision of warehousing services.

Notes to the financial statements (continued)

22 Deferred tax

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2019 £000	2018 £000	2019 £000	2018 £000		2 £
Property, plant and equipment	-	-	4,522	4,721		4,
Provisions	(1,423)	(958)	-	-		(
Net tax (assets) / liabilities	(1,423)	(958)	4,522	4,721		3,
<i>Movement in deferred tax during the year</i>			01 July 2018 £000		Revised in:	30 J 2 £
Property, plant and equipment			4,721		(4,
Provisions			(958)		((1,4
Net tax (assets)/liabilities			3,763			3,

Deferred tax assets are recognised on the basis that the Company will continue to make taxable trading profit in the future.

23 Operating lease commitments

Non-cancellable operating lease rentals, including those for discontinued operations, are payable as follows:

	2019		2018	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Less than one year	7,032	8,640	8,792	9,208
Between one and five years	28,981	17,943	35,574	16,143
More than five years	20,723	1,996	33,213	1,710
	56,736	28,579	77,579	27,061

The Company leases property, plant and machinery, office equipment and certain commercial vehicles under operating leases. The leases typically run for a period of 3 to 10 years, with an option to renew the lease after that date. None of the leases includes contingent rentals. During the year ended 30th June 2019, £21,623,000 was recognised as an expense in the income statement in respect of operating leases and hire charges (2018: £23,771,000).

In addition to the above commitments, there are further commitments in respect of PCL Transport 24/7 Ltd and 3663 Transport Ltd, both wholly owned subsidiary companies, whereby BFS Group Ltd are the lessor, but PCL Transport 24/7 Ltd and 3663 Transport Ltd use the properties and equipment, and pay the lease charges. The prior year comparatives have been restated, to include 3663 Transport Ltd. The total value of all commitments is shown below:

	2019		2018 (restated)	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Less than one year	975	3,062	1,997	7,679
Between one and five years	3,800	9,063	5,264	24,591
More than five years	745	178	1,254	3,752
	5,520	12,303	8,515	36,022

Notes to the financial statements (continued)

24 Called up share capital

	2019 £000	2018 £000
<i>Allotted, called up and fully paid</i>		
300,000,000 (2018:300,000,000) ordinary shares of 10p each	30,000	30,000

25 Discontinued operations

In October 2019, Bidcorp entered into a contract for the disposal of its Best Food Logistics business and the sale completed on 7th March 2020. The Best Foods activities operate in the QSR contract logistics market and are non-core to the ultimate parent company Bid Corporation Limited. The profit and loss account has been drawn up to show the split between continuing and discontinued operations.

The relevant requirements of IFRS 5 continue to be met for this operation to be classified as a discontinued operation.

The effect of the discontinued operation on the balance sheet position of the company is as follows:

	2019 £000	2018 £000
<i>Assets classified as held for sale:</i>		
Property, plant and equipment	13,568	11,742
Intangible assets	311	412
Investments	-	24
Stocks	28,410	23,736
Trade and other receivables	88,590	69,574
Corporation tax	-	5,594
Cash at bank	3	1,756
Total assets	130,882	112,838
<i>Liabilities classified as held for sale:</i>		
Bank overdraft	-	(3,601)
Trade and other payables	(147,674)	(143,903)
Loans and borrowings	(1,499)	-
Provisions – short term	-	(2,287)
Provisions – long term	(5,539)	(3,410)
Deferred taxation	-	(284)
Total liabilities	(154,712)	(153,485)
Total net liabilities	(23,830)	(40,647)

There are no re-measurement gains or losses on the above reclassification as assets/liabilities held for sale.

Notes to the financial statements *(continued)*

26 Contingent liabilities

The company has given a guarantee in respect of an earn out option in Texmod Holdings Limited, the fair value is £4,372,572 (2018: £nil). The option is contingent on the trading performance of Simply Food Solutions Ltd.

27 Capital commitments

Capital commitments, excluding those for discontinued operations, authorised as at 30 June 2019, but not provided for in these financial statements amounted to £14,656,000 (2018: £1,360,000), in respect of which contracts for £14,656,000 (2018: £1,360,000) have been placed.

28 Ultimate holding company

The immediate parent company of the Company is Bidcorp (UK) Limited, a company incorporated in England and Wales.

The ultimate holding company of BFS Group Limited is Bid Corporation Limited, a Company incorporated in South Africa. The largest group in which the results of the company are consolidated is that headed by that company.

Copies of financial statements of Bid Corporation Limited are available upon application to the Company Secretary at the registered address of the company: Postnet Suite 136, Private Bag X9976, Johannesburg, 2146 South Africa.

29 Accounting estimates and judgments

The Company makes an estimate of the recoverable value of assets held on the Balance Sheet, including Property, plant and equipment, Intangible assets, Investments, Stocks, Trade and other receivables and Provisions.

When assessing impairment of Property, plant and equipment and Intangible assets other than Goodwill management consider factors including the nature of the assets and their purpose within the business to assess whether they are carried at more than their recoverable amount, which is the higher of their value in use and their fair value less costs to sell.

- See note 12 for the carrying value of Property, plant and equipment and any associated impairment provisions.
- See note 13 for the carrying value of Intangible assets and any associated impairment provisions.

When assessing impairment of investments and goodwill, management considers factors including the current results of the Company for the year and the net asset position.

- See note 13 for the carrying amount of goodwill and the associated impairment provision.
- See note 14 for the carrying amount of investments. No impairment provision has been recognised.

The stock balance is stated at the lower of cost and net realisable value. Management review stock for obsolescence and to write it down to net realisable value where required.

- See note 16 for the carrying amount of stock and details of the amounts written down to net realisable value.

The Company makes an estimate of the recoverable value of trade and other debtors using the Expected Credit Loss model in accordance with IFRS 9. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

The Company has determined certain categories of assets to be held for sale based on their intention at the Balance Sheet date to dispose of the Best Food Logistics trading division.

- See note 25 for the carrying values of amounts classified as held for sale

The Company has used estimates based on its own expertise and experience, and third parties in relation to assessing the carrying values of provisions.

- See note 21 for details.

Notes to the financial statements *(continued)*

30 Post Balance Sheet Events

On 12 July 2019, the Company acquired a 100% holding in Elite Frozen Foods Limited. Sharing our passion for great food and service, Elite is a very successful foodservice provider, delivering across the UK from seven multi temperature sites.

In October 2019, Bidcorp entered into a contract for the disposal of the Best Food Logistics trading division, and the sale completed on 07 March 2020. Best Food Logistics operate in the QSR contract logistics market and are non-core to Bidcorp.

The recent COVID-19 outbreak has had no effect on the results for the year ended 30 June 2019 and is not considered to be an adjusting post balance sheet event. It will have a material effect on the Company's 30 June 2020 results, as set out in the Strategic Report.

31 New accounting standards

The Company has applied the following standards for the first time for their annual reporting period commencing 1 July 2018.

IFRS 9 Financial Instruments

IFRS 15 Revenue with Contracts from Customers

This adoption did not have any material impact on the amounts recognised in prior periods and is not expected to significantly affect the current or future periods.