BFS Group Limited

Annual report and financial statements

Registered number 00239718

Year ended 30 June 2020

Contents

Directors and Company information

Directors:

A Selley
A Kemp MBE
A Brogan
S Bender
G Cox
D Cleasby

Secretary

T Hamandi

Registered Office

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Slough
Berkshire
SL1 4BD

Independent Auditors

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

Bankers

HSBC Bank plc
8 Canada Square
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E14 5XL

Strategic report

Principal Activities

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 the main trading name of Bidfood. BFS Group Limited is ultimately owned by Bid Corporation Limited ("Bidcorp or "Group"), an internationally diverse foodservice business with an entrepreneurial, decentralised business model.

Business Review

In line with many other businesses operating in the sale and distribution of food and non-food products to the catering trade, the COVID-19 outbreak and the subsequent lockdown enacted by the UK governments on 23 March 2020 led to a downturn in the Company's results for the last 3 months of the financial year. Prior to the pandemic, the Company was performing ahead of the prior year and as such has generated a profit for the financial year of £23,008,000 (2019: £16,701,000) of which £31,158,000 relates to continuing activities (2019: £41,398,000).

During the main downturn period, the Company replaced some of the lost catering business by winning a large contract with the UK government to provide shield support packs to vulnerable members of the public and has managed to control costs through utilising the Government's Job Retention scheme. The Company commenced a restructuring programme to protect its reserves and preserve its core business and as such, exceptional costs for the year of £11,470,000 were recognised in respect of continuing operations. This leaves the Company in a lean and agile position to win new business and support growing customers when the impact of the pandemic reduces.

The Statement of comprehensive income for the year is set out on page 19.

On 07 March 2020 the Company successfully completed the sale of the Best Food Logistics trading division. Best Food Logistics operated in the QSR (Quick Service Restaurants) contract logistics market and were non-core to Bidcorp. Accordingly, the results of Best Food Logistics have been included in the Statement of comprehensive income until the sale date and have been classified as a discontinued operation.

Future Developments

The Company traded closer to pre-Covid levels in July and August 2020 thanks to reduced Government restrictions and the 'Eat out to help out' scheme. However the Government has subsequently introduced national and local lockdowns, creating uncertainty for many of our customers, albeit schools and universities, which form a key part of our offering, have largely remained open.

Key Performance Indicators

The Directors consider that the key financial performance indicators are: Revenue, Gross Profit %, Operating Profit % and 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's results for the year:

Revenue:	£1,317,081,000 (2019 - £1,492,232,000)
Gross Profit %:	25.8% (2019 – 23.8%)
Operating profit % (pre-exceptional items):	4.6% (2019 – 5.1%)
Net Assets:	£106,082,000 (2019 - £132,689,000)

For continuing operations:

Revenue from continuing operations fell by 11.7% as a result of the pandemic however margin improved by 2% due to product and customer mix changes during the year. Pre-exceptional operating profit for continuing operations remained stable at 4.6% owing to extremely good cost control despite falling revenues. Net assets at total company level fell by £26,607,000 as a result of IFRS 16 transition adjustments of £16,441,000, pre-Covid dividends of £32,650,000 and long-term equity settled share based payments of £524,000 offset profit after taxation of £23,008,000.

Strategic report (continued)

Key Performance Indicators (continued)

The Company views the external audit of compliance with the BRCGS Storage and Distribution Standard a key non-financial KPI. This is an independent audit performed annually at each site by NSF International; during the financial year 2020 the Company received 26 AA ratings (2019: 22 AA ratings, 2 A ratings and a B rating).

Principal risks and uncertainties

The Company's operational risks include supply chain integrity, environmental, health and safety and IT. The Company manages these risks through an established control framework and internal and external audits. Disaster recovery procedures exist to enable rapid response to adverse events, including power and IT outages, and are implemented when required.

The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash 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. 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 into account 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, that the Company mitigates risks, leverages opportunities and thus achieves the best possible outcomes for the Company, its customers, employees and suppliers. The key risk is maintaining availability of critical products that are essential to keeping customers' businesses running beyond the current transition period, following the exit of the UK from the EU; a period which is likely to involve uncertainty, potential disruption and change.

As set out in the business review, COVID-19 has caused a downturn in the Company's results notably through the initial lockdown period when the Government enforced closures of schools, hotels, restaurants, pubs and cafes and as such further waves of the pandemic pose further risks to the Company. The Company benefits from a diverse customer base therefore while the pandemic has negatively affected the hospitality sector, other institutional sectors such as prisons and hospitals remain largely unaffected. The Company has put in place regular COVID-19 meetings and working groups to ensure rapid responses to changes in regulations caused by the pandemic. A large number of safeguarding measures have been implemented at depots and offices to ensure staff remain safe and as such the internal impact of the pandemic on our people and operations has been limited.

Going Concern

In determining whether the Company's financial statements can be prepared on a going concern basis, the Directors considered the Company's business activities together with factors likely to affect its future development, performance and its financial position including cash flows, liquidity position and borrowing facilities and the principal risks and uncertainties relating to its business activities.

In concluding that the going concern basis of preparation is appropriate the Directors have:

- 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, such as the hospitality sector being closed due to further COVID-19 restrictions.
- Considered the Company's net current liability position and have received written confirmation that the current amounts due to be paid to immediate parent, will only be paid if the Company has sufficient liquidity to meet its financial liabilities as they fall due.

Based on these forecasts of the Company's cash position, the Directors have reasonable certainty 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.

Strategic report (continued)

Section 172 statement Companies Act 2006

The Company has adopted the King IV Governance principles, using the framework to demonstrate how the Board makes decisions for the long term success of the Company and its stakeholders in meeting the requirements of Section 172 of the Companies Act 2006. Further information regarding the role of the Board and how they have complied with the requirements of section 172 are included in the Corporate Governance statement on page 6.

Strategy

The Company's operates a triple bottom line strategy, this ensure that the Company focuses not solely on results but also the wider social and environmental impact it has on the communities in which it operates;

- Results – *in alignment with the Company's KPIs*
- Reputation – focussed on delivering service excellence
- Relationships – with employees and key stakeholders

The Company implements this strategy through our proposition to support customers using our Key Ingredients model:

Service Excellence - a 'second to none' service is one of the most critical elements required for our customers to run their business effectively. The aim is to provide a seamless service that allows customers the reassurance that once the order is placed, that's a job done.

Great Food - whatever the customers menu requires, we can provide the best choice of products in the market, across food, drink and catering supplies. We are passionate about food quality, its provenance, and operating a sustainable supply chain.

Real Value - Delivering long term value through our supplier partnerships and procurement expertise while keeping prices competitive, fair and transparent. We add value to our customers beyond simple commercial activity, through marketing initiatives, trends, menu development support and management information.

Best Team - In order to deliver service excellence we have a strategy of attracting, developing and retaining the best people who work together, creating great partnerships, both inside and outside of our business.

Forward thinking - Anticipating future food and consumer trends to ensure we can support customers with tailored insight and innovation. Leading the industry's sustainability and social responsibility agenda and embracing new technology to continuously enhance our service.

Key Decisions Made in the year

Acquisition of Elite Frozen Foods Limited

In July 2019, the Company acquired Elite Frozen Foods Limited, a business that shares our passion for great food and service, Elite is a very successful foodservice regional provider and aligns perfectly with our mission to provide service excellence and make customers' lives easier. The acquisition was financed through cash and we conducted extensive financial and operational due diligence prior to the acquisition. The financial performance of the business, until the pandemic, was in line with our pre acquisition expectations.

We consulted with impacted stakeholder groups before, during and after the acquisition. Elite employees were notified immediately upon completion, with an explanation of how the change affected each individual. Key suppliers were notified in writing and through existing relationships with supply agreements being aligned with other businesses within the Group. We have been in close communication with the key customers and they have been supportive of the acquisition. The Board and Bidcorp were closely consulted throughout the due diligence process and provided review and challenge on the potential transaction at key milestones.

Strategic report (continued)

Key Decisions Made in the year (continued)

Sale of Best Food Logistics

In March, we successfully completed the sale of the Best Food Logistics trading division to Booker Direct Limited. Unfortunately, despite significant financial investment and great commitment from the Best team, the business had been loss making over a number of years. Best Food Logistics operated in the Quick Service Restaurants contract logistics market and therefore was non-core to the Bidcorp group.

The decision to sell was a difficult one, however, we believe the sale of Best will provide better long-term opportunities for both the business and the people who work in it and now allows the Company to focus on the core business of the Bidcorp group. This was a significant project for the Company with the Board, employees and shareholder consulted throughout and with a formal review each quarter at the Group Divisional Audit and Risk Committee (DARC).

Covid-19/Restructure

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

During the pandemic the Company has kept employees and customers informed of the latest government regulations through weekly emails, posters and manager communication to ensure that safeguarding measures are applied and adhered to. Worked examples of the Government furlough scheme were provided to affected employees to ensure they were fully briefed on what being on furlough meant for their salary and working obligations. Despite the impact of the pandemic on the Company, wherever possible, the Company did not default to the minimum, but went above and beyond the minimum requirements.

The Company commenced a restructuring programme to protect its reserves and preserve its core business. During this process, there was a high level of engagement and consultation with affected employees and the appointment of employee representatives, where appropriate. This high level of engagement led to a voluntary redundancy agreement in a number of operational areas.

This restructure programme leaves the Company in a lean and agile position to win new business and support growing customers when the impact of the pandemic reduces.

Approved on behalf of the board, and signed by:

DocuSigned by:
A T Selley
E76F86AA8E3B48D...

A Selley
Company Director

814 Leigh Road
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Berkshire, SL1 4BD

Directors' report

Corporate Governance Report

For the year ended 30 June 2020, under The Companies (miscellaneous Reporting) Regulations 2018, the Company has applied the King IV Governance principles (available at www.iodsa.co.za/page/kingIV). A gap analysis of existing corporate governance practices in the Company has been completed and compared to: the BidCorp Group responses, the King IV corporate governance standards and the Companies Act 2006 s.172 disclosure requirements. The analysis by the Company concluded that 16 of the 17 Principles of King IV were met in full compliance - with the 17th principle not being relevant - as detailed as follows;

Principle 1: The governing body should lead ethically and effectively.

The Board exercises effective leadership, adhering to the duties of a director. The directors have the necessary competence and act ethically in discharging their responsibility to provide strategic direction and control of the Company as provided for in the board charter. The key areas reviewed and adopted as being components of the director duties are integrity, competence, responsibility, accountability, fairness and transparency and are all measured and controlled by the CEO and reported in meeting minutes and management reporting to Group.

The Board adheres to the Bidcorp Declaration of Interest and Code of Ethics policies based on the Companies Act requirements. The Board acknowledges the declaration made through the DARC and acts on all conflicts of interest.

The Board are required to undertake specific e-learning training which has been identified for their role. This includes Competition Act, Data Protection, Bribery and Health and Safety, in addition a Legal Health and Safety brief is provided on an annual basis.

Principle 2: The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.

The Board sets out a clear message and leads by example, including: ethical business practice, human rights and being a responsible corporate citizen, through its code of ethics policy which is integrated throughout the business ways of working, ensuring honesty and fairness to all stakeholders, including the 'Care, Share and Dare' Company values on interactions with all employees.

The Board support a whistleblowing tip off line known as 'Safecall' to detect breaches of ethical standards. The Ethics Code and details of the tip off line are published on the Bidfood intranet and a copy is issued to all new employees. All calls are logged and appropriately investigated by the HR & Sustainability Director and where necessary escalated to the Board.

Principle 3: The governing body should ensure that the organisation is, and is seen to be, a responsible corporate citizen.

The Board is committed to strategic objectives, and managing the key risks and opportunities related to being a good corporate citizen, in particular regarding sustainability.

The Company is a leading force in engagement and collaboration within the UK wholesale trade to find lasting solutions to the sustainability challenges. The Company has won 29 industry awards for sustainability initiatives and has ISO certification 14001&14064 and The Planet Mark certification.

The Company has signed up to the WRAP Courtauld Commitment 2025, which aims to reduce the resources needed to provide food and drink in the UK by 20% in 10 years. The business has also pledged to Target, Measure and Act on food waste that goes to landfill, not least because there it decomposes and generates greenhouse gases.

Directors' report (continued)

Corporate Governance Report (continued)

Principle 4: The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.

The Board has a five year strategic plan in place which ensures that the business and its stakeholders are all aware of, and are committed to, working to the same goals. In line with Bidcorp standards, the Board ensures and monitors that all targets and business performance are reported and communicated to stakeholders as appropriate. Risks and opportunities are considered by the Risk and Assurance Group (on behalf of the Board) which consists of senior managers and 3 Board members, who review all risks and opportunities across the business on a quarterly basis reporting to the DARC and the Board. This ensures key issues, risks and opportunities are considered by the Board in all key decision making.

Principle 5 – The board should ensure that reports issued by the Company enable stakeholders to make informed assessments of the company's performance, and its short, medium and long-term prospects.

The Board reviews extensive management information provided from the Company's systems, together with analysis of that information from the business. The Finance function is responsible for the integrity and accuracy of the financial information, supported by its Information Technology function. Trading and other information is reviewed on a daily, weekly or monthly basis, depending on the nature of the information. Performance against budgets, forecasts and other KPIs is also measured and reported on to the same timescales.

The Board acknowledge and comply with the requests for real-time management information from Group to enable them to report on Group wide activities. The Board fully comply with DARC reporting deadlines and ensures all relevant disclosures are reported to the Group each month and quarter. The Board ensure that all legally required reporting of financial data, sustainability reporting and government taxes and declarations are made on time, with other relevant data being published on the Bidfood UK website.

Principle 6 – The board should serve as the focal point and custodian of corporate governance in the company.

The business has established a Corporate Governance Policy booklet to collate key charters, policies and guides on areas of governance procedures being followed across the business. The CEO and CFO confirm adherence each quarter in the Management Representation letter to Group on behalf of the business ensuring full compliance with governance standards.

The Board's key roles include establishing a vision, mission and values (Care, Share & Dare) to guide and set the pace for its current operations and future developments. To ensure the values are promoted throughout the company, whilst reviewing company goals. A 5 year Strategic Plan has been agreed to identify future opportunities, threats and risks in the external environment; and current and future strengths, weaknesses and risks relating to the business. This is communicated to all employees to ensure that the company's organisational structure and capability are appropriate for implementing the chosen strategies.

Directors' report (continued)

Corporate Governance Report (continued)

Principle 7 – The board should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.

The Board comprises the following members:

- A Selley - CEO
- A Kemp MBE - Group Sales and Marketing Director
- A Brogan - CFO
- S Bender – European FD
- G Cox – Operations Executive
- D Cleasby – Bidcorp Group CFO

The Board considers nominations of new directors and considers the skills required against a range of criteria including: background, experience, professional skills, personal qualities and capacity to commit to the Company's activities.

Operational responsibility for day to day running of the business is executed through the divisional leadership team which meets regularly for operational meetings, with a minimum of a quarterly Board meeting chaired by the CEO to consider planning and strategic issues. Oversight of the Board is provided through regular communication with the Group Board and DARC that meets quarterly and which is chaired by a non-executive director.

A divisional leadership team has responsibility for day to day operations to the Board. The divisional leadership team comprises experienced leaders in their respective fields, reporting ultimately to the CEO.

Principle 8 – The board should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties.

The Board acknowledges the Group process of sub - committees, both their structure, and membership appointed by the Group. The Board has established committees in order to share detailed work and each committee reports back to the Board to advise on any matters of substance. The key committees include: DARC, Risk and Assurance Group, National Accounts Executive, Commercial Strategy Executive, E-commerce Executive, Operational Efficiency Executive and Range Optimisation Committee.

Adequate processes and structures have been implemented to assist the committees in providing oversight and ensuring the integrity of financial reporting, internal control and other governance matters relating to the business are in place.

Principle 9 – The board should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.

The Board acknowledge the ongoing reviews that are carried out by the Group Nominations committee of the Chairman and non-executive directors on a regular basis.

The CEO conducts an evaluation of the Boards performance on an ongoing basis, this included discussions both collectively and individually about: the role of the Board, the processes, Company performance, performance of individual directors and continuing professional development.

There is an ongoing informal review of the Board by the CEO and Group CEO. The Board members are subject to annual performance appraisals and key performance targets being agreed.

Directors' report (continued)

Corporate Governance Report (continued)

Principle 10 – The board should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.

The CEO was appointed in May 2014 on the recommendation of the nominations committee. The Board reviews and approves the framework for top level delegation of authority and has delegated responsibility for matters relating to the Company and subsidiaries.

The Group General Counsel and Company Secretary was duly appointed by the Board in accordance with the Companies Act 2006. The Board considers the competence, qualifications and experience of the company secretary annually and is satisfied that he is competent and has the appropriate qualifications and experience to serve as the company secretary. The company secretary has a direct channel of communication to the CEO, while maintaining an arm's-length relationship with the Board as far as reasonably possible.

Principle 11 – The board should govern risk in a way that supports the company in setting and achieving its strategic objectives.

The Board is directly responsible for the governance of risk management and its direction across the business. This is reaffirmed in the Risk and Assurance Group Charter. The Board has instituted a Risk and Assurance Group (Combined Assurance) to oversee the business risk and assurance structure to ensure risk management is fully embedded across the business operations.

The Risk Assurance Group advise the Board on emergent risks, current risks and the risk appetite of the business, considering the level of risk aversion the Board is prepared to accept. The Risk Assurance Group review and present the Top 25 business risks to the Board and DARC every quarter. To support the board in ensuring effective risk management oversight, the DARC is responsible for ensuring effective monitoring of relevant group top risks. During the COVID-19 pandemic, we created a Covid-19 risk register which was continually updated and reviewed by the Board.

Principle 12 – The board should govern technology and information in a way that supports the company setting and achieving its strategic objectives.

The Board is ultimately responsible for the governance for Information Technology (IT), supported be the IT Director and the IT Team who are responsible for the day to day management of IT controls. The IT Team manage all risks in this area and the top risks are reported to the DARC. Internal Audit also review the IT related controls every year and report their findings to the business and DARC. The business acknowledges the Bidcorp IT Framework, which is aligned to all Group risks, third party management and disaster recovery plans. All our major IT projects are aligned to the key strategic objectives of the business agreed, authorised and managed throughout to ensure compliance to all legislation.

Principle 13 – The board should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the company being ethical and a good corporate citizen.

The Board is regularly updated on key changes in rules, regulations and law, and delegates compliance with them to the relevant departments within the business. The Board confirms each quarter that they have put in place the necessary processes and tools to ensure that they continuously strive to minimise the negative impact their operations might have on the environment and the communities within which they operate. These efforts are demonstrated through waste management activities, water and energy efficiencies and overall climate change awareness and monitoring.

Directors' report (continued)

Corporate Governance Report (continued)

Principle 14 – The board should ensure that the company remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.

The Board recognises that its employees are its greatest asset and ensure that the business remunerates fairly and transparently to ensure that employees are rewarded and motivated to achieve individual targets, whilst retaining and attracting skilled resource in line the business and stakeholder interests.

Executive pay structures are designed to promote sustainable, long-term success. The Company operates a long term incentive plan that is intended to enable the Company to attract and retain high quality senior management while incentivising required behaviours and performance.

The Board are ultimately responsible, although the day to day management is delegated to the People & Sustainability Director, to ensure full legal compliance is maintained, whilst engaging with trade unions and other organisations where required. There is a job grading process which allows external benchmarking of salaries and benefits for job roles and the business participates in industry led market analysis and produces, with actions, a gender pay gap report.

Principle 15 – The board should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision making and of the company's external reports.

The Board is responsible for assurance to ensure that an effective control environment is in place. The Board have implemented a combined assurance process which is overseen by the Risk and Assurance Group who report to the Board and support the management reporting to the DARC. The combined assurance approach has been implemented that assists in addressing control over the key risks facing the business. Such risks and their mitigating controls are identified and controlled by management, and the process is monitored and evaluated by the Group Internal Audit team.

An Internal Audit Charter is in place and outlines the responsibilities of the internal audit function and the DARC has been delegated the responsibility for overseeing that assurance services are executed in line with the charter. On an annual basis a risk-based internal audit plan is approved by the DARC, which is based on an assessment of risk areas identified by internal audit, as well as focus areas highlighted by the DARC and management. Internal Audit team operate independently from the Board; who have the necessary authority, which includes unfettered access to meetings, minutes, documentation and risk registers of the business. Internal Audit's performance is evaluated annually by the DARC and management who confirm that they have the necessary competence and independence.

Directors' report (continued)

Corporate Governance Report (continued)

Principle 16 – In the execution of its governance role and responsibilities, the board should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the company over time.

The Company has a number of key stakeholders and the relationship the Company maintains with its stakeholders are critical to the business' success. As such these relationships are continually considered when key decisions are made by the board and, where necessary, the Board may discuss decisions with stakeholders ahead of committing to change.

The success of our business depends on attracting, retaining and motivating employees. From ensuring that we remain a responsible employer, from pay and benefits to our health, safety and workplace environment, the Directors factor in the implications of decisions on employees and the wider workforce, where relevant and feasible.

Activities include:

- Quarterly consultation meetings with Employee Representatives from the operational departments and twice yearly consultation meetings with Employee Representatives from Business Support units;
- Quarterly Health and Safety meetings with our Trade Unions nationally;
- Local Employee Voice meetings held every other month at depots;
- "Your Voice" engagement survey and subsequent action planning.

We are committed to pay equality and diversity in the business and produce an annual Gender Pay Report and associated plans, and have a series of initiatives promoting diversity in the business.

We engage fully and openly with colleagues and their representatives through channels such as consultative committees, joint working parties, briefing groups and collective bargaining agreements with trade unions.

Staff are regularly updated on corporate and individual business unit objectives, trading performance and market conditions through a variety of communication methods.

Principle 17 – The governing body of an institutional investor organisation should ensure that responsible investment is practiced by the organisation to promote good governance and the creation of value by the companies in which it invests.

As the Company is not an institutional investor, this principle does not apply to the Company.

Employee engagement

It's paramount that the Company acts as a responsible employer as employees are fundamental to the success of the business, examples of the activities performed to engage with employees during the year are listed in principle 16 above. The Company remunerates employees fairly and transparently as set out in principle 14 and the Company values of Care, Share and Dare, detailed in principle 2, are ingrained in employee ways of working. In the key decisions made in the year, discussed in the strategic report, examples are given on how employees are considered throughout the Board's decision making processes and when applicable this can lead to decisions changing. In Covid-19 restructuring example, discussions led to voluntary redundancy being offered in certain operational areas.

Stakeholder engagement

The Company operates in a highly connected environment and therefore stakeholder engagement is critical to the Company's success. Key stakeholders need to access Company information quickly and accurately - which is detailed in principle 5. In the key decisions made in the year, discussed in the strategic report, examples are given on how stakeholders are considered throughout the Board's decision making processes. In the example of the acquisition of Elite, there was extensive dialogue with Elite's existing customer and supplier bases.

Directors' report (continued)

Energy and emissions report

	Continuing		Discontinued		Total	
	Tonnes of CO2e	**kWh**	**Tonnes of CO2e**	**kWh**	**Tonnes of CO2e**	**kWh**
Scope 1 emissions from gas	384	2,088,377	119	645,523	503	2,733,900
Scope 1 emissions from fleet	-	-	20,049	744,300	20,049	744,300
Scope 1 emissions from cars	1,670	62,001	43	1,593	1,713	63,594
Scope 1 emissions from refrigeration	2,746	-	3,263	-	6,009	-
Total Scope 1	**4,800**	**2,150,378**	**23,474**	**1,391,416**	**28,274**	**3,541,794**
Scope 2 emissions from standard electricity	10,503	45,051,721	2,456	10,533,702	12,959	55,585,423
Scope 2 emissions from onsite renewable energy generation	-	789,546	-	230,037	-	1,019,583
Scope 2 emissions reduction from export of onsite renewable energy to grid	(11)	(47,595)	-	(25,929)	(11)	(73,524)
Total Scope 2 emissions gross	**10,503**	**45,841,267**	**2,456**	**10,763,739**	**12,959**	**56,605,006**
Total Scope 2 emissions NET	**10,492**	**45,793,672**	**2,456**	**10,737,810**	**12,948**	**56,531,482**
Total Scope 1 and 2 emissions NET	**15,292**	**47,944,050**	**25,930**	**12,129,226**	**41,222**	**60,073,276**
CO2e (kg) per case delivered	**0.11**		**0.48**		**0.23**	

Scope 1 – All Direct Emissions from the activities of the Company.

Scope 2 – Indirect Emissions from electricity purchased and used by the Company.

For the ninth consecutive year the Bidfood Leadership Team has chosen to progress carbon management to ISO 14064-1 certification. This is verified by an external consultant and the figures reported in Bidfood's annual CSR (Corporate Social Responsibility) Report. The methodology used by Bidfood has been applied to Best Food Logistics to calculate the Company's carbon emissions. Bidfood's CSR Report includes emissions from fleet diesel and fleet refrigerant gas but which are excluded from this report and reported separately as the assets are held in a separate subsidiary.

BFS Group Limited have solar panels installed at Bidfood's Chepstow depot which exports electricity not used on site to the grid, and also at the now sold Best Food Logistics' Royton depot which consumes all energy generated on site.

Opportunities to drive energy efficiency across the estate are constantly under review in Bidfood's 'Managing Our Impacts' work stream in line with the Company's sustainability strategy. BFS Group Limited has continued to invest in upgrading lighting across the estate to more energy efficient LED solutions. Bidfood have a number of energy reduction targets in place. Progress against these are published in the annual CSR Report alongside measures taken to increase energy efficiency and reduce consumption throughout the year.

Directors' report (continued)

Results and dividends

The Company made an operating profit, before exceptional items, for the year of £58,052,000 *(2019: £72,179,000)*. Of this, £60,478,000 *(2019: £76,307,000)* related to continuing operations. The Company's net profit amounted to £23,008,000 *(2019: profit of £16,701,000)*. Of this, net profits of £31,158,000 *(2019: £41,398,000)* related to continuing operations.

Exceptional items in the continuing operations are primarily restructuring costs of £10,124,000 and a non-cash impairment of £6,000,000 against increased inter group debtors due from PCL Transport 24/7 Limited.

An interim dividend in respect of the year ended 30 June 2020 of £32,650,000 (10.88p per share) *(2019: £30,450,000 (10.15p per share))* was paid prior to the impact of the pandemic. The Directors do not recommend the payment of a final dividend *(2019: £Nil)*.

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. This action is taken via various different methods including newsletters, CEO briefings, Union discussions, Your Voice survey and the Company's intranet site.

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	(resigned 30 September 2020)
A Kemp MBE	
A Brogan	
G Cox	

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 creditor days on a continuing basis as at the year-end decreased to 36 days of average daily purchases compared to 47 days in the prior year.

Political and charitable contributions

The Company made no political contributions during the year *(2019: £Nil)*. Donations to UK charities amounted to £16,000 *(2019: £12,000)*.

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.

Directors' report (continued)

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, 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:
A Selley
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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 13 November2020 and was signed on its behalf by:

DocuSigned by:
A T Selley
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A Selley
Company Director

Independent auditors' report to the members of BFS Group Limited

Report on the audit of the financial statements

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 2020 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 (the "Annual Report"), which comprise: the Balance sheet as at 30 June 2020; the Statement of comprehensive income, and 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.

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.

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

Reporting on other information *(continued)*

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 2020 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.

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.

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

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
13 November 2020

Statement of comprehensive income
for the year ended 30 June 2020

	Note	2020 (Continuing) £000	2020 (Discontinued) £000	2020 (Total) £000	2019 (Continuing) £000	2019 (Discontinued) £000	2019 (Total) £000
Revenue	*4*	**1,317,081**	**867,637**	**2,184,718**	1,492,232	1,012,293	2,504,525
Cost of sales		**(977,550)**	**(788,067)**	**(1,765,617)**	(1,137,120)	(920,666)	(2,057,786)
Gross profit		**339,531**	**79,570**	**419,101**	355,112	91,627	446,739
Distribution costs		**(253,636)**	**(72,839)**	**(326,475)**	(242,346)	(85,106)	(327,452)
Administrative expenses		**(31,707)**	**(9,157)**	**(40,864)**	(36,459)	(10,649)	(47,108)
Other operating income	*5*	**6,290**	**-**	**6,290**	-	-	-
Operating profit/(loss) before exceptional items	*6*	**60,478**	**(2,426)**	**58,052**	76,307	(4,128)	72,179
Impairment of investments & goodwill	*7*	**-**	**-**	**-**	-	(19,837)	(19,837)
Inter group loan provisioning	*7*	**(6,000)**	**-**	**(6,000)**	(22,750)	-	(22,750)
Exceptional costs	*7*	**(11,470)**	**(5,097)**	**(16,567)**	-	(1,350)	(1,350)
Operating profit/(loss) after exceptional items		**43,008**	**(7,523)**	**35,485**	53,557	(25,315)	28,242
Income from shares in group undertakings	*10*	**1,550**	**-**	**1,550**	2,200	-	2,200
Finance income	*11*	**17**	**3**	**20**	137	-	137
Finance expenses	*12*	**(5,781)**	**(1,596)**	**(7,377)**	(842)	(316)	(1,158)
Profit/(loss) before taxation		**38,794**	**(9,116)**	**29,678**	55,052	(25,631)	29,421
Tax on profit/(loss)	*13*	**(7,636)**	**966**	**(6,670)**	(13,654)	934	(12,720)
Profit/(loss) for the financial year		**31,158**	**(8,150)**	**23,008**	41,398	(24,697)	16,701
Other comprehensive income for the financial year, net of income tax		**-**	**-**	**-**	-	-	-
Total comprehensive income/(Expense) for the financial year		**31,158**	**(8,150)**	**23,008**	41,398	(24,697)	16,701

The notes on pages 22-45 form part of these financial statements.

Balance sheet
at 30 June 2020

	Note	2020 £000	2019 £000
Fixed assets			
Property, plant and equipment *(including 2019 £13,568 held for sale)*	*15*	**91,512**	99,709
Right of use assets	*16*	**71,965**	-
Intangible assets *(including 2019 £311 held for sale)*	*17*	**14,674**	12,575
Investments	*18*	**66,566**	59,997
Deferred tax	*26*	**1,680**	-
		246,397	172,281
Current assets			
Assets held for sale	*19*	**-**	391
Stocks *(including 2019 £28,410 held for sale)*	*20*	**63,781**	102,596
Trade and other receivables *(including 2019 £88,590 held for sale)*	*21*	**127,796**	315,162
Cash at bank and in hand *(including 2019 £3 held for sale)*		**34,103**	13,842
		225,680	431,991
Total assets		**472,077**	604,272
Current liabilities			
Bank overdrafts		**(4,869)**	-
Loans and borrowings	*22*	**(29,593)**	(22,400)
Trade and other creditors *(including 2019 £(147,674) held for sale)*	*23*	**(204,577)**	(423,350)
Provisions for liabilities	*25*	**(14,068)**	(3,940)
		(253,107)	(449,690)
Non-current liabilities			
Loans and borrowings *(including 2019 £(1,499) held for sale)*	*22*	**(101,174)**	(1,851)
Provisions for liabilities *(including 2019 £(5,539) held for sale)*	*25*	**(11,714)**	(16,943)
Deferred tax liabilities	*26*	**-**	(3,099)
		(112,888)	(21,893)
Total liabilities		**(365,995)**	(471,583)
Net assets		**106,082**	132,689
Capital and reserves			
Called up share capital	*28*	**30,000**	30,000
Share premium account		**11,843**	11,843
Retained earnings		**64,239**	90,846
Total shareholders' funds		**106,082**	132,689

All values in italicised brackets above are in £000's and relate to discontinued operations for the prior year. Current year values are all nil due to the sale of the Best Food Logistics trading division prior to the Balance Sheet date.

The notes on pages 22-45 form part of these financial statements.

These financial statements were approved by the board of Directors on 13 November 2020 and were signed on its behalf by:

DocuSigned by:
A T Selley
F76F66AA8FB346D
A Selley
Company Director

Statement of changes in equity
for year ended 30 June 2020

	Share capital £000	Share premium £000	Retained earnings £000	Total £000
Balance at 1 July 2018	30,000	11,843	104,673	146,516
Total comprehensive income for the year				
Profit after taxation	-	-	16,701	16,701
Other comprehensive income	-	-	-	-
Total income for the year	-	-	**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**
Impact of transition to IFRS 16 at 1 July 2019	-	-	(19,808)	(19,808)
Deferred tax on transition to IFRS 16	-	-	3,367	3,367
Balance at 1 July 2019 (see Note 2)	30,000	11,843	74,405	116,248
Total comprehensive income for the year				
Profit after taxation	-	-	23,008	23,008
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	**23,008**	**23,008**
Transactions with owners, recorded directly in equity				
Dividends	-	-	(32,650)	(32,650)
Equity settled share-based payments	-	-	(524)	(524)
Balance at 30 June 2020	**30,000**	**11,843**	**64,239**	**106,082**

The notes on pages 22-45 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. Accounting policies have been consistently applied other than where new accounting standards have been applied, as detailed further below.

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).

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 year 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*

Going concern

In determining whether the Company's financial statements can be prepared on a going concern basis, the Directors considered the Company's business activities together with factors likely to affect its future development, performance and its financial position including cash flows, liquidity position and borrowing facilities and the principal risks and uncertainties relating to its business activities. As described in the Strategic 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:

- 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, such as the hospitality sector being closed due to further COVID-19 restrictions.
- Considered the Company's net current liability position and have received written confirmation that the current amounts due to be paid to immediate parent, will only be paid if the Company has sufficient liquidity to meet its financial liabilities as they fall due.

Based on these forecasts of the Company's cash position, the Directors have reasonable certainty 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.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

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 Statement of comprehensive income is restated as if the operation has been discontinued from the start of the comparative period.

The balance sheet items of the discontinued operations for the prior year, 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 and were realised as part of the sale of the Best Food Logistics business.

Lease agreements

From 1 July 2019 the Company adopted IFRS 16 Leases and as such operating leases were brought onto the Company's balance sheet with a right-of-use asset and an associated lease liability recognised.

At the commencement date the right-of-use asset is measured at cost, which is equal to the amount of the initial measurement of the lease liability plus payments made less incentives received before the commencement date of the lease. The lease liability is initially measured at the present value of future lease payments. The present value of future lease payments is the total lease payments unpaid, discounted at the Company's incremental borrowing rate. The right-of-use asset is subsequently measured at cost less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability arising from a reassessment of the lease term, revision to lease break assumptions or revision to in-substance fixed lease repayments.

The depreciation and impairment accounting policies applied to the right-of-use assets are consistent with those applied to the respective tangible asset categories with depreciation charged on a straight-line basis over the lease term. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and adjusted to reflect any reassessment of the lease term. The interest expense is recognised in the Statement of comprehensive income.

This represents a change in accounting policy - see note 2 to the financial statements.

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 are recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in the Statement of comprehensive income.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

Foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the Statement of comprehensive income, except when deferred in other comprehensive income as qualifying cash flow hedges. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within distribution costs and administrative expenses.

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.

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	- over the properties' useful life to its estimated residual value
Long leasehold improvements	- the shorter of the lease term or fifty years
Short leasehold improvements	- 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 and is allocated to cash-generating units. It is not amortised but is tested annually for impairment. 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.

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

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

Software work in progress is recorded at cost. No amortisation is provided on these assets until the assets are completed, and have been brought into use, at which point, they are transferred into the above category, and amortisation commences.

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 Statement of comprehensive income on the date the Company's right to receive payments is established.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

Trade and other receivables

Trade and other receivables are amounts due from customers for goods sold or services performed in the ordinary course of business.

Trade receivables are recognised initially at the amount of consideration that is unconditional. The company holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables are grouped, based on shared credit risk characteristics and the days past due.

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 and are valued at average delivered cost.

Cash at bank and in hand

Cash and cash equivalents comprise cash and bank balances, call deposits and bank overdrafts, which are netted off, where there is a legal right of set-off. Where no legal right of set-off exists, bank overdrafts are shown separately within current liabilities.

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.

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 initially at fair value and subsequently measured at amortised cost using the effective interest method, 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. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

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. The increase in the provision due to passage of time is recognised as an interest expense in the Statement of comprehensive income.

Exceptional items

Exceptional items are those material items which, by virtue of their size and non-recurring nature, 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 typically include the restructuring of business activities, disposal and impairment of investments or goodwill, inter group loan provisions, discontinued operations and impairment of property plant and equipment and intangible assets.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

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 is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods and services supplied, stated net of retrospective rebate agreements and value added taxes. The Company recognises revenue when performance obligations have been satisfied and for the Company this is when the goods have transferred to the customer and the customer has control of these.

The Company's revenue is primarily derived from the sale of goods as detailed below.

The Company sells and distributes food and non-food products to the catering trade. Sales are recognised when the control of the products has transferred, being when the products are delivered to the customer and there is no unfulfilled performance obligation that could affect the customer's acceptance of the products.

The products are often sold with retrospective volume rebates based on the contracts in place with the customers Accumulated experience is used to estimate and provide for the discounts. The volume discounts can be estimated with a reasonable level of certainty and as such the Company's contracts do not involve significant judgment.

A retrospective rebate liability is recognised and netted off against trade and other receivables for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are not made with extended credit terms, which is consistent with market practice.

Rebates

Supplier rebates are based on a mixture of purchase volumes and values, as agreed with the respective suppliers. The rebates can be estimated with a reasonable level of certainty and involve a minimal level of judgement. Arising rebate income streams are recognised in a prudent manner in the Statement of comprehensive income, are netted against cost of sales, as appropriate, and are regularly reviewed for completeness and accuracy.

Other operating income

Government grants relating to the costs incurred by the Company are recognised in the Statement of comprehensive income over the period necessary to match them with costs that they are intended to compensate. Government grants are presented separately and disclosed in Other operating income in the Statement of comprehensive income.

Other operating income solely consists of the UK Government assistance provided through Coronavirus Job Retention Scheme during the Covid-19 pandemic.

Net financing costs

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

Finance income and expenses are 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.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets against current tax liabilities, and when the assets and liabilities relate to taxes that are levied within the same jurisdiction.

2 Adoption of IFRS 16

IFRS 16 Leases was adopted by the Company on 1 July 2019 and the modified retrospective approach was applied on transition. Under the modified retrospective approach, a lessee does not restate the comparative figures; instead the Company applies the new standard from the beginning of the current year.

The incremental borrowing rate was calculated using the average property yield of freehold property held adjusted for factors such as lease term and credit rating.

When applying IFRS 16 Leases, the Company has applied the following practical expedients;

- Reliance on the previous identification of a lease (as provided by IAS 17) for all contracts that existed on the date of initial application
- Reliance on previous assessments on whether leases are onerous instead of performing an impairment review
- Exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application
- The accounting for operating leases with a remaining lease term of less than 12 months as short-term leases
- The use of hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.
- The whole contract (lease component and non-lease component) are treated as one lease contract.

The cumulative effect of adopting IFRS 16 Leases, comprising the recognition of the right-of-use asset of £99,503,000 (see note 16 to the financial statements), release of creditors and prepayments relating to rental payments of £6,657,000, creating a lease liability of £112,654,000 (see note 27), and an adjustment to the opening balance of retained earnings at 1 July 2019 of £19,808,000 (see the Statement of Changes in Equity). A deferred tax asset has been recognised in respect of the adoption of £3,367,000 (see note 26) with a corresponding adjustment to the opening balance of retained earnings at 1 July 2019 (see the Statement of Changes in Equity). The effect on the income statement reporting under IFRS 16 rather than IAS 17 is an increase in depreciation of £14,650,000, increase of interest charge of £6,256,000 and a decrease in administrative expenses of £17,164,000.

Notes to the financial statements *(continued)*

2 Adoption of IFRS 16 *(continued)*

A reconciliation of the operating lease commitment as at 30 June 2019 to the opening right of use lease liability as at 1 July 2019 has been prepared as follows:

	£000
Operating lease commitment as at 30 June 2019	**85,315**
Discounting using the incremental borrowing rate at the date of initial application	**(34,167)**
Adjustments as a result of a different accounting treatment[i]	**12,328**
Adjustments as a result of a different treatment of extension and termination options	**51,253**
Low-value leases not recognised as a liability	**(491)**
Short-term leases not recognised as a liability	**(1,584)**
Opening right of use lease liability as at 1 July 2019	**112,654**

[i]Relates to a number of leases where subsidiaries use the property and equipment (and previously paid the lease charges), but where the lessee is BFS Group Limited, and thus the lease liability is recognised on the BFS Group Limited balance sheet. See note 27 for further details of the lease liability.

3 Accounting estimates and judgments

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The key areas where estimates and judgements have been made are detailed below:

Impairment of non-financial assets

The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill is tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying value may not be recoverable.

When value in use calculations are undertaken, the Company must estimate the expected future cash flows from the asset or cash generating unit, including suitable sales growth, and choose a suitable discount rate in order to calculate the present value of those cash flows. The future cash flows are derived using the most recent budgets and business plans and using a post-tax discount rate of 6.5% and real growth rate of 1%.

Trade and other receivables

The Company makes an estimate of the recoverable value of trade and other receivables using the Expected Credit Loss model in accordance with IFRS 9. When assessing impairment of trade and other receivables, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. At the current year end the Company categorised the trade and other receivables based on the impact the Covid-19 pandemic had on the customers' businesses providing more against customer who were forced to close.

Incremental borrowing rate

The Company's incremental borrowing rate used in the adoption of IFRS 16 is considered to be a key accounting estimate. The rate was calculated using the average property yield of freehold property held, adjusted for factors such as lease term and credit rating, and has been used for all classes of assets. Changes in the incremental borrowing rate have negligible effect on the total lease charge to the income statement, however do affect the mix between depreciation and interest charges, as well as the associated right of use assets and lease liabilities.

Provisions

Liabilities are recorded for various provisions including restructuring, self insurance and dilapidation provisions in the normal course of the business. The provisions are based on the Company's best estimate of the probability and measurement of the loss incurred. The Company has used estimates based on its own expertise and experience, and third parties in relation to assessing the carrying values of provisions. Where practical management have used an expert to form the provision.

Notes to the financial statements *(continued)*

4 Revenue

Analysis of revenue by geographic area:	2020 £000	2019 £000
United Kingdom *(continuing operations 2020 £1,312,726; 2019 £1,490,162)*	**2,154,224**	2,466,463
Europe *(continuing operations 2020 £4,291; 2019 £1,988)*	**25,813**	29,504
Rest of World *(continuing operations 2020 £64; 2019 £82)*	**4,681**	8,558
	2,184,718	2,504,525

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

5 Other operating income

	2020 £000	2019 £000
UK Government Job Retention Scheme funding *(continuing operations 2020 £6,290; 2019 £Nil)*	**6,290**	-
	6,290	-

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

6 Operating profit/(loss) before exceptional items

Operating profit/(loss) before exceptional items is stated after charging/(crediting):	2020 £000	2019 £000
Property, plant and equipment – depreciation on:		
Owned assets *(continuing operations 2020 £3,915; 2019 £4,304)*	**3,915**	4,304
Leasehold assets *(continuing operations 2020 £3,953; 2019 £3,652)*	**3,953**	3,652
Property, plant and equipment – impairment on:		
Owned assets *(continuing operations 2020 £627; 2019 £159)*	**7,138**	1,124
Leasehold assets *(continuing operations 2020 £156; 2019 £Nil)*	**156**	90
Right of use assets – depreciation *(continuing operations 2020 £10,120; 2019 £Nil*	**14,650**	-
Right of use assets – impairment *(continuing operations 2020 £875; 2019 £Nil*	**27,758**	-
Intangible assets - amortisation:		
Software *(continuing operations 2020 £1,582; 2019 £1,347)*	**1,582**	1,448
Intangible assets – impairment:		
Software *(continuing operations 2020 £389; 2019 £704)*	**389**	805
Operating lease and hire charges:		
Land and buildings *(continuing operations 2020 £1,400; 2019 £8,004)*	**1,712**	11,113
Other *(continuing operations 2020 £1,115; 2019 £3,155)*	**3,362**	10,510
Impairment of trade receivables	**6,687**	945
Loss on disposal of plant & equipment *(continuing operations 2020 £422; 2019 £(1))*	**422**	117
Loss on disposal of intangible assets *(continuing operations 2020 £Nil; 2019 £Nil)*	**-**	174
Foreign exchange losses/(gains) *(continuing operations 2020 £11; 2019 £(7))*	**36**	(42)

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

Auditors' remuneration charged to statement of comprehensive income		
Audit of these financial statements	**229**	188
Non Audit Fees:		
Corporate finance services	**214**	-
Taxation compliance services	**8**	-
Other services	**8**	-

Notes to the financial statements *(continued)*

7 Exceptional costs/(income)

	2020 £000	2019 £000
Exceptional costs/(income):		
Continuing:		
Restructuring charges	**10,124**	-
Right of use assets impairment	**407**	-
Legal dispute	**939**	-
	11,470	-
Inter group loan provisions	**6,000**	22,750
	17,470	22,750
Discontinued:		
Impairment of goodwill	**-**	19,837
Costs incurred on disposal of the Best Food Logistics trading division:		
Legal and professional costs re disposal of the Best Food Logistics trading division	**2,682**	1,350
Property, plant and equipment impairment	**6,511**	-
Net gain on release of right of use liabilities/assets	**(5,946)**	-
Other Sale costs	**877**	-
Loss on sale division (note 29)	**973**	-
	5,097	21,187
Total exceptional expenditure	**22,567**	43,937

Continuing operations:

- Due to the impact of Covid-19 pandemic, the Company took the difficult decision, within the current year, to accelerate long term restructuring plans, resulting in a number of redundancies being announced and some non-core operations ceasing.
- Right of Use assets leased in respect of the ceased non-core operations have been impaired.
- The Company has on-going legal case for which provisions have been made based on the most likely outcome.
- Inter group receivables were reviewed for recoverability at the financial year end, based on the companies' actual and budgeted trading performance and therefore ability to pay the debt. Given the size and non trading nature this has been classified as an exceptional item.

With the exception of the legal dispute and inter group loan, all other items are fully allowable for corporation tax purposes.

Discontinued operations:

A number of completion costs have been recognised on the sale of Best Food Logistics;

- Legal and professional costs relate to advisors and legal counsel utilised throughout the sale process.
- Property, plant and equipment impaired to its realisable value prior to the sale.
- Right of use assets and liabilities written off upon sale.
- Other sale costs relate to additional liabilities recognised by the purchaser as part of the completion process.
- The final loss on sale is reconciled in note 29.

Property plant and equipment impairments and the net gain on release of right of use assets/liabilities are allowable for corporation tax purposes, all other items are disallowable

Notes to the financial statements *(continued)*

8 Directors' remuneration

	2020	2019
	£000	£000
Remuneration	**1,673**	3,327
Share based payment	**464**	476
Company contributions to money purchase pension scheme	**33**	17
	2,170	3,820
Remuneration includes:		
Highest paid Director	**508**	1,091

	Number of Directors	
	2020	**2019**
Retirement benefits were accruing to the following number of Directors who served during the year under:		
Money purchase schemes	**3**	**2**
The number of Directors who served during the year and who exercised share options in Bidcorp, including the highest paid director, was	**6**	**5**

Company pension contributions of £15,000 *(2019: £Nil)* were made to a money purchase scheme on behalf of the highest paid Director. At the end of the year, 3 Directors *(2019: 2)* were accruing retirement benefits under a money purchase scheme. 2 of the Directors *(2019: 2)* receive their remuneration from other group companies.

9 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	
	2020	2019
Management	**1,088**	1,115
Distribution	**2,647**	2,811
Sales	**742**	769
	4,477	4,695

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

	2020	2019
	£000	£000
Wages and salaries	**141,141**	149,698
Social security costs	**14,483**	15,677
Other pension costs (see note 24)	**5,102**	4,693
	160,726	170,068

Notes to the financial statements *(continued)*

10 Income from shares in group undertakings

	2020 £000	2019 £000
Dividends received	**1,550**	2,200
	1,550	2,200

11 Finance income

	2020 £000	2019 £000
Interest income *(continuing operations 2020: £17; 2019 £137)*	**20**	137
	20	137

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

12 Finance expenses

	2020 £000	2019 £000
Group interest *(continuing operations 2020: £417; 2019 £262)*	**418**	268
Bank interest *(continuing operations 2020: £59; 2019 £6)*	**121**	248
Unwinding of discount on dilapidation provisions *(continuing operations 2020: £241; 2019 £232)* - see note 25	**368**	299
Lease interest *(continuing operations 2020: £4,963; 2019 £132)* – see note 27	**6,369**	132
Other interest *(continuing operations 2020: £101; 2019 £210)*	**101**	211
	7,377	1,158

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

Notes to the financial statements *(continued)*

13 Tax on profit/(loss)

a) Recognised in the statement of comprehensive income:

	2020		2019	
	£000	**£000**	£000	£000
Current year	**8,171**		13,144	
Adjustments for prior years	**(89)**		240	
Total current tax		**8,082**		13,384
Origination and reversal of temporary differences	**(892)**		(126)	
Adjustments for prior years	**(351)**		(551)	
Other temporary differences	**(169)**		13	
Total deferred tax charge (note 26)		**(1,412)**		(664)
Total tax in the statement of comprehensive income		**6,670**		12,720

The above charge includes 2020: £7,636,000 *(2019: £13,654,000)* in respect of continuing operations.

b) Reconciliation of effective tax rate

	2020	2019
	£000	£000
Profit before taxation	**29,678**	29,421
Tax using the UK corporation tax rate of 19.0% *(2019:19.0%)*	**5,639**	5,590
Non-deductible expenses - impairment of investment	**-**	8,059
Non-deductible expenditure	**2,060**	528
Non-taxable income	**(336)**	(1,159)
Adjustment in respect of prior years	**(440)**	(311)
Change in tax rate	**(84)**	-
Other temporary differences	**(169)**	13
Total tax in the statement of comprehensive income	**6,670**	12,720

A UK corporation rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. This will increase the Company's future current tax charge accordingly. The deferred tax liability at 31 March 2020 has been calculated at 19% (2019: 17%).

14 Dividends

	2020	2019
	£000	£000
Interim – paid at 10.88p per share *(2019: 10.15p per share)*	**32,650**	30,450

There are no final dividends proposed *(2019: £Nil)*.

Notes to the financial statements *(continued)*

15 Property, plant and equipment

	Land and freehold properties £000	Long leasehold improvements £000	Short leasehold improvements £000	Plant machinery and vehicles £000	Assets under Construction "AUC" £000	Total £000
Cost						
Balance at 1 July 2019	50,976	63,560	5,716	99,831	6,439	226,522
Additions	682	738	108	11,076	9,043	21,647
AUC capitalisations	360	5,278	-	1,963	(7,601)	-
Inter group transfers	-	(42)	-	-	-	(42)
Disposals	(2,726)	(6,094)	(2,719)	(35,052)	-	(46,591)
Sale of business	(12,141)	(1,431)	-	(26,810)	(30)	(40,412)
Balance at 30 June 2020	**37,151**	**62,009**	**3,105**	**51,008**	**7,851**	**161,124**
Accumulated depreciation						
Balance at 1 July 2019	13,505	29,464	3,271	80,573	-	126,813
Charge for year	159	3,754	199	3,756	-	7,868
Impairment	6,385	156	-	753	-	7,294
Reclassifications	(147)	147	-	-	-	-
Inter group transfers	-	(14)	-	-	-	(14)
Disposals	(2,579)	(5,968)	(2,719)	(34,987)	-	(46,253)
Sale of business	(8,542)	(902)	-	(16,652)	-	(26,096)
Balance at 30 June 2020	**8,781**	**26,637**	**751**	**33,443**	-	**69,612**
Net book value						
At 30 June 2019	37,471	34,096	2,445	19,258	6,439	99,709
At 30 June 2020	**28,370**	**35,372**	**2,354**	**17,565**	**7,851**	**91,512**

Various items of property plant and equipment were impaired during the year due to their carrying value not being fully recoverable. Of the above impairment £6,511,000 related to discontinued operations, and related to impairing the assets down to their realisable value on sale of the Best Food Logistics trading division.

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

	2020 £000	2019 £000
Cost	-	34.542
Accumulated depreciation	-	(20,974)
Net book value	-	13,568

Notes to the financial statements *(continued)*

16 Right of use assets

	Leasehold Properties £000	Plant & Machinery £000	Motor Vehicles £000	Total £000
Cost				
On adoption at 1 July 2019	68,696	1,329	29,478	99,503
Additions	9,577	573	3,972	14,122
Inter group transfers	3,035	960	-	3,995
Disposals	(13,133)	(1,902)	(16,750)	(31,785)
Balance at 30 June 2020	**68,175**	**960**	**16,700**	**85,835**
Accumulated depreciation				
Charge for year	7,416	427	6,807	14,650
Impairment	12,125	1,582	14,051	27,758
Inter group transfers	3,035	212	-	3,247
Disposals	(13,133)	(1,902)	(16,750)	(31,785)
Balance at 30 June 2020	**9,443**	**319**	**4,108**	**13,870**
Net book value				
At 30 June 2020	**58,732**	**641**	**12,592**	**71,965**

Various right of use assets were impaired based on the assets value in use during the year, and corresponding lease liabilities of £33,298,000 (see note 27) were released. Within the impairment £27,352,000 relates to discontinued operations. The resulting net profit/(loss) is disclosed in note 7.

Notes to the financial statements *(continued)*

17 Intangible assets

	IT software £000	IT software work in progress £000	Goodwill £000	Total £000
Cost				
Balance at 1 July 2019	44,303	2,183	26,021	72,507
Additions	570	4,022	-	4,592
Reclassifications	3,415	(3,415)	-	-
Disposals	(28,751)	-	-	(28,751)
Sale of business	(3,506)	-	-	(3,506)
Balance at 30 June 2020	**16,031**	**2,790**	**26,021**	**44,842**
Accumulated amortisation				
Balance at 1 July 2019	36,805	-	23,127	59,932
Charge for year	1,582	-	-	1,582
Impairment	389	-	-	389
Disposals	(28,659)	-	-	(28,659)
Sale of business	(3,076)	-	-	(3,076)
Balance at 30 June 2020	**7,041**	**-**	**23,127**	**30,168**
Net book value				
At 30 June 2019	7,498	2,183	2,894	12,575
At 30 June 2020	**8,990**	**2,790**	**2,894**	**14,674**

Impairment Review:

Goodwill 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 6.5% and a real growth rate of 1%. The post-tax discount rate of 6.5% 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 £389,000 *(2019: £704,000)* 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:

	2020 £000	2019 £000
Cost	-	3,387
Accumulated amortisation	-	(3,076)
Net book value	-	311

Notes to the financial statements *(continued)*

18 Investments

	Shares in subsidiary undertakings £000
At 1 July 2019	59,997
Additions	6,569
At 30 June 2020	**66,566**

Of the above totals, £Nil *(2019: £Nil)* 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 Limited	100% holding	£1 Ordinary	Ceased trading
Bidcorp Developments Limited (formerly 3663 Developments Limited)	100% holding	£1 Ordinary	Property development
Bidcorp Property Limited (formerly 3663 (Edinburgh) Limited)	100% holding	£1 Ordinary	Property management
South Lincs Foodservice Limited (formerly MGS Management Services Limited)	100% holding	£1 Ordinary	Trading company
3663 Transport Limited	100% holding	£1 Ordinary	Trading company
PCL Transport 24/7 Limited	100% holding	£1 Ordinary	Trading company
Caterfood Holdings Limited	100% holding	£1 Ordinary	Holding company
Caterfood (South West) Limited	100% holding	£1 Ordinary	Trading company
Quality Cuisine (South West) Limited	100% holding	£1 Ordinary	Trading company
Yarde Farm Limited	100% holding	£1 Ordinary	Trading company
Motec (SW) Limited	100% holding	£1 Ordinary	Trading company
Bidcorp Manufacturing Limited	100% holding	£0.10 Ordinary	Holding company
Texmod Holdings Limited	90% holding	£0.10 Ordinary	Holding company
Simply Food Solutions Limited	90% holding	£1 Ordinary	Trading company
Snowdon & Bridge Limited	100% holding	£1 Ordinary	Trading company
Best Food Logistics France	100% holding	1 Euro Ordinary	Trading Company
Elite Frozen Foods Limited	100% holding	£1 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.

The Company acquired a 100% holding in Elite Frozen Foods Limited on 12 July 2019, and disposed of its holding in PCL 24/7 Limited on 05 March 2020.

Associate undertakings	Holding	Class of shares held	Principal activity
HGVH Limited	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. HGVH Limited's registered office is Lower Ground, Rickyard Barn, Pury Hill Business Park, Alderton, Towcester, Northamptonshire NN12 7LS.

Notes to the financial statements *(continued)*

19 Assets held for sale

	2020 £000	2019 £000
Freehold properties	-	391

Assets held for sale, related to a site vacated by the Company and which was sold during the year. This property was held in continuing operations.

20 Stocks

	2020 £000	2019 £000
Raw materials and consumables	28	176
Goods for resale	63,753	102,420
	63,781	102,596

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 £1,761,344,000 *(2019: £2,056,110,000)*. The write-down of stocks to net realisable value amounted to £4,739,000 *(2019: £725,000)*.

Of the above totals £Nil *(2019: £28,410,000)* relate to discontinued operations.

21 Trade and other receivables

	2020 £000	2019 £000
Trade debtors	70,708	222,901
Other debtors, prepayments and accrued income	6,126	27,486
Other debtors due from subsidiary undertakings	47,088	60,770
Other debtors due from fellow subsidiary undertakings	47	47
Other debtors due from other group undertakings	3,827	3,958
	127,796	315,162

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

Trade debtors are stated after provisions for impairments of £7,210,000 *(2019: £1,548,000)*.

Of the above totals £Nil *(2019: £88,590,000)* relate to discontinued operations

Notes to the financial statements *(continued)*

22 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 £Nil *(2019: £1,499,000)* which were held in discontinued operations.

	2020 £000	2019 £000
Current liabilities		
Current portion of lease liabilities (see note 27)	**9,593**	97
Amounts owed to immediate parent company	**20,000**	22,303
	29,593	22,400
Non-current liabilities		
Lease liabilities (see note 27)	**69,674**	352
Other borrowings	**-**	1,499
Amounts owed to immediate parent company	**31,500**	-
	101,174	1,851

Of the above totals for other borrowings £Nil *(2019: 1,499,000)* relate to discontinued operations.

Amounts due to immediate parent companies

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

	2020 £000	2019 £000
At 3.15% above HSBC Bank plc base rate	**20,000**	-
At 1.5% above HSBC Bank plc base rate	**10,228**	10,228
At HSBC Bank plc base rate	**21,272**	12,075
	51,500	22,303

Notes to the financial statements *(continued)*

23 Trade and other creditors

	2020	2019
	£000	£000
Trade payables	**96,683**	294,533
Other taxation and social security	**7,736**	6,447
Accruals and deferred income	**33,019**	51,858
Corporation tax	**2,016**	7,481
Amounts owed to intermediate parent company	**78**	362
Amounts owed to immediate parent company	**19,259**	19,009
Amounts owed to subsidiary companies	**32,186**	29,811
Amounts owed to fellow subsidiary companies	**13,600**	13,600
Amounts owed to other group undertakings	**-**	249
	204,577	423,350

Of the above totals £Nil *(2019: £147,674,000)* relate to discontinued operations.

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

24 Employee benefits

Pension scheme

The pension cost for the year represents contributions payable by the Company to a third party defined contribution scheme for which the assets are managed separately from the Company. The costs amounted to £5,102,000 (*2019: £4,693*,000) and contributions amounting to £577,000 (*2019: £1,092*,000) were payable to the scheme at the year end.

Notes to the financial statements *(continued)*

25 Provisions for liabilities

	Restructuring	Self Insurance	Dilapidations	Total
	£000	£000	£000	£000
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 12)	-	-	299	299
Transfer from subsidiary company	3,371	-	-	3,371
At end of year	3,421	5,804	11,658	20,883
2020				
At beginning of year	3,421	5,804	11,658	20,883
Provided during the year	10,123	-	-	10,123
Discount unwind (see note 12)	-	-	368	368
Transfers	355	-	(355)	-
Transfer from subsidiary company	3,084	-	-	3,084
Utilised during the year	(2,139)	(775)	(5,762)	(8,676)
At end of year	14,844	5,029	5,909	25,782
Current	12,321	1,747	-	14,068
Non-current	2,523	3,282	5,909	11,714
At end of year	14,844	5,029	5,909	25,782

Of the above amounts, £Nil related to discontinued operations. The prior year values for discontinued operations were as follows:

At 30 June 2019	Restructuring	Self Insurance	Dilapidations	Total
	£000	£000	£000	£000
Current	-	-	-	-
Non current	-	-	5,539	5,539
	-	-	5,539	5,539

The restructuring provision relates to changes in both depot infrastructure and redundancy costs. Changes in depot infrastructure are as a result of exiting depots as they either are not economically efficient or are non-core to the Company's operations. For redundancy costs, a formal announcement has occurred and employees affected are aware they are at risk. Management's best estimates have been used in forming these provisions based on past experience, known facts and most likely outcomes. The provision will be utilised over the next 4 years.

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 2020 to 2031. The provisions have been estimated by management, based on advice provided by the Company's property management agents. Unwinding discount is applied at the rate of 4.0% per annum, on each property, based on the opening provision balance at the start of each financial year, through to the point of lease exit or the financial year end.

Notes to the financial statements *(continued)*

26 Deferred tax

Recognised deferred tax assets and liabilities

Deferred tax (asset)/liabilities are attributable to the following:

	2020 £000	2019 £000
Liabilities *-property, plant and equipment:*		
At 30 June 2019	4,522	4,721
Recognised in the Statement of comprehensive income	(674)	(199)
At end of the year	**3,848**	4,522
(Assets) - *provisions and IFRS16 transition adjustment:*		
At 30 June 2019	(1,423)	(958)
On transition to IFRS 16	(3,367)	-
Recognised in the Statement of comprehensive income	(738)	(465)
At end of the year	**(5,528)**	(1,423)
Net (assets)/liabilities		
At 30 June 2019	3,099	3,763
On transition to IFRS 16	(3,367)	-
Recognised in the Statement of comprehensive income	(1,412)	(664)
At end of the year	**(1,680)**	3,099

Deferred tax assets are recognised on the basis that the Company will continue to make taxable trading profits in the future. There are no unused tax losses or unused tax credits.

27 Lease Liability

IFRS 16 Leases was adopted by the Company on 1 July 2019;

	1 July 2019 £000	Additions £000	Inter Group Transfers £000	Interest (Note 12) £000	Capital repaid £000	Disposals £000	30 June 2020 £000
Leasehold Property	77,804	4,639	3,168	4,661	(11,675)	(14,623)	**63,974**
Plant & Machinery	1,369	573	790	83	(447)	(1,599)	**769**
Motor Vehicles	33,481	3,972	-	1,625	(7,478)	(17,076)	**14,524**
	112,654	9,184	3,958	6,369	(19,600)	(33,298)	**79,267**

Of the lease liabilities that were disposed of during the year £32,830,000 relates to discontinued operations.

Interest is charged at the Company's incremental borrowing rate which is deemed to be 6%.

Notes to the financial statements *(continued)*

27 Lease Liability (continued)

The actual cash flows of the lease repayment are as follows;

	Within 1 Year	2 – 5 years	Greater than 5 Years	Future cashflows included for renewal periods	Future interest component	Total
	£000	£000	£000	£000	£000	**£000**
Leasehold Property	(9,867)	(31,924)	(30,966)	(17,738)	26,521	**(63,974)**
Plant & Machinery	(470)	(591)	-	-	292	**(769)**
Motor Vehicles	(4,374)	(11,826)	(76)	-	1,752	**(14,524)**
	(14,711)	(44,341)	(31,042)	(17,738)	28,565	**(79,267)**

In the prior year financial statements, leases were accounted for following IAS 17 as such the comparatives for these are as follows;

	2019 Land and buildings	Other
	£000	£000
Less than one year	7,032	8,640
Between one and five years	28,981	17,943
More than five years	20,723	1,996
	56,736	28,579

During the year ended 30 June 2019, £21,623,000 was recognised as an expense in the income statement in respect of operating leases and hire charges.

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

	2019 Land and buildings	Other
	£000	£000
Less than one year	975	3,062
Between one and five years	3,800	9,063
More than five years	745	178
	5,520	12,303

Notes to the financial statements *(continued)*

28 Called up share capital

	2020	2019
	£000	£000
Allotted, called up and fully paid		
300,000,000 *(2019:300,000,000)* ordinary shares of 10p each	**30,000**	30,000

29 Disposal of Business

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 Statement of comprehensive income has been drawn up to show the split between continuing and discontinued operations.

The loss on disposal reconciles as follows:

	7 March 2020
	£000
Property, plant and equipment	14,318
Intangible assets	430
Stocks	30,237
Trade and other receivables	79,366
Cash at bank	3
Total assets	124,354
Bank overdraft	-
Trade and other payables	(126,626)
Loans and borrowings	(5,175)
Provisions	(5,098)
Total liabilities	(136,899)
Total net liabilities	**(12,545)**
Sale cost paid on completion	**13,518**
Loss on disposal (see note 7)	**973**

Notes to the financial statements *(continued)*

30 Contingent liabilities

The Company has given a guarantee in respect of an earn out option in a subsidiary company Texmod Holdings Limited, the fair value is £1,350,000 *(2019: £4,372,572)*. The option is contingent on the trading performance of another subsidiary Simply Food Solutions Limited.

31 Capital commitments

Capital commitments, excluding those for discontinued operations, authorised as at 30 June 2020, but not provided for in these financial statements, amounted to £11,100,000 *(2019: £14,656,000)*, in respect of which contracts for £11,100,000 *(2019: £14,656,000)* have been placed.

32 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 the 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 or from the website www.bidcorpgroup.com.

33 Post Balance Sheet Events

On 01 July 2020 the Company acquired Bidfresh Holdings Limited from its immediate parent Bidcorp (UK) Limited at investment carrying value.

On 01 July 2020 the Company transferred its shareholding in its subsidiaries South Lincs Foodservice Limited and Elite Frozen Food Limited to another subsidiary Caterfood Holdings Limited at investment carrying value.