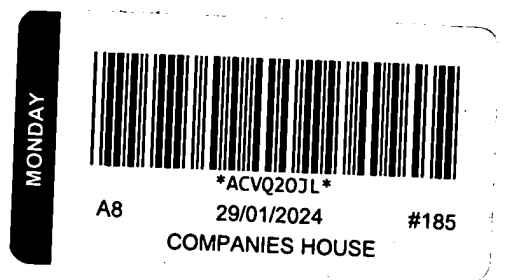


BFS Group Limited

Annual report and financial statements

Registered number 00239718

Year ended 30 June 2023



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Directors and Company information

Directors:

A Selley
A Kemp
A Brogan
S Bender
G Cox
D Cleasby
J Gouldie

Secretary

T Hamandi

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Independent Auditors

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1 Hardman Square
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M3 3EB

Bankers

HSBC Bank plc
8 Canada Square
London
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 international foodservice business with an entrepreneurial, decentralised business model.

Business Review

The Company’s revenue has increased to £2,008,364,000 from £1,566,972,000 following strong trading and high food inflation leading to a profit after tax for the financial year of £40,919,000 (2022: £41,449,000).

The Company has seen unprecedented inflationary pressure to both its inventory and non-inventory cost base during the year and a combination of this with changing customer and product mix has resulted in gross profit margin falling to 20.5% (2022 22.5%).

The Statement of comprehensive income for the year is set out on page 27.

Future Developments

The Company anticipates a strong trading performance in the next financial year due to customers valuing our service excellence.

Key Performance Indicators

The Directors consider that the key financial performance indicators are: Revenue, Gross Profit %, Operating Profit (pre-exceptional) % 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:	£2,008,364,000 (2022 - £1,566,972,000)
Gross Profit %:	20.5% (2022 – 22.5%)
Operating profit % (pre-exceptional items):	2.9% (2022 – 3.2%)
Net Assets:	£175,259,000 (2022 - £151,522,000)

Revenue increased by 28.2% as the Company traded solidly throughout the year. The Company increased capacity through opening a new depot in Glasgow and increased volumes by winning significant new business whilst prices increased due to exceptional inflation levels. Gross profit margin decreased by 2.0 percentage points as a result of inflation, changes in customers and product mix. Operating profit margin declined due to increasing cost of overheads driven by inflation. Net assets increased as a result of profit after taxation of £40,919,000 less a £18,000,000 interim dividend payment.

The Company views the external audit of compliance with the BRCGS Storage and Distribution Standard to be a key non-financial KPI. This is an independent audit performed annually at each site by NSF International; during the financial year 2023 the Company received 11 AA, 6 AA+ and 3 A+ ratings (2022: 21 AA, 4 AA+ and 2A+ratings).

Principal risks and financial risks

The Company’s operational risks include supply chain integrity, staff shortages, 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.

Strategic report (continued)

Principal risks and uncertainties (continued)

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 and energy price volatility. Potential new business undergoes both a comprehensive profit study and credit checks before being tendered. Increases in cost prices are largely passed onto customers in pricing reviews. Significant focus is placed on the minimisation of bad debt risk and credit insurance is held for the majority of large customers. Fuel prices, alternative fuels and availability are continually monitored, and taken into account in pricing strategy.

The UK's economic conditions pose somewhat of a risk to the business as the country addresses a cost of living crisis, with higher fuel costs, taxes, interest rates and potential economic recession. These factors have the ability to reduce demand for the services of our Company's customers and therefore the Company continues to advise upon opportunities for our existing customers and also to prospect for, and win, new business.

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 financial position including cash flows, liquidity and borrowing facilities and the principal risks and uncertainties relating to its business activities.

The UK currently going through a phase of economic uncertainty with high inflation and therefore subsequent high interest rates which could see the demand for the Company's services diminish as consumer spending is refocussed. The Company have not seen any indications of this in recent results, and whilst the Directors consider it highly unlikely, were the Company to need financial support to continue its operations, Bidcorp Foodservice (Europe) Limited, the Company's parent, has provided a letter of support which confirms that, if required in the normal course of business, they will provide sufficient funding to allow the Company to meet its liabilities as they fall due.

Therefore, the directors have concluded 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 consequently have prepared the financial statements on a going concern basis.

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. King IV Governance principles (available at www.iodsa.co.za/page/kingIV) are a basket of guidelines for governance structures and operation for companies in South Africa, where the Company's ultimate parent is listed on the Johannesburg Stock Exchange. 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 ensures 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; and
- Relationships – with employees and key stakeholders.

Strategic report (continued)

Strategy (continued)

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.

Passion for 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 improving the sustainability of the 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, food attributes, packaging optimisation, 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 collaborate, 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.

Positive Force – Partnering with stakeholders to be a positive force for change.

Key Decisions Made in the year

Investment in our employees' well-being

The wellbeing of our employees has continued to be a focus for the business this year as we see increasing levels of absence, mainly for muscular-skeletal (MSK) reasons. To combat this, we have introduced onsite-physiotherapists to coach and support affected staff across the estate (currently in 12 sites with another 4 being on boarded next financial year), which has already seen a 25% reduction in MSK absence.

In response to the financial crisis, we have also focused on supporting our people with their financial wellbeing by introducing two salary finance products that allow people to not only access a proportion of their salary earlier in the month, but also, if necessary, to access loans when they have emergencies. These products along with our pension scheme also provide on line training courses and planning tools to help staff to improve and proactively manage their finances and plan for the future. We are looking to continue to develop this offering in 2024.

Away from these two key solutions, we have also given all employees 1 additional day's leave to volunteer at any chosen charity; we are providing free flu jabs to all eligible employees; and we've campaigned for better men's health. In recognition of all of this work, we are proud to have recently won two industry awards.

Strategic report (continued)

Key Decisions Made in the year (continued)

Continuous investment in our operation

During the year we've invested around £27m into tangible fixed assets as we continue to invest in reducing our environmental impact, improve the efficiency, safety and geographical reach of our operation. Our new depot in Glasgow is fully operational and we expect our New Bedford site to be operational by December 2023. In addition (through our subsidiary 3663 Transport Limited) we have purchased £15m of commercial vehicles to maintain and improve the efficiency of our fleet.

We've also invested long term upgrades into our intangible fixed assets, spending £1m, plus ongoing maintenance, to improve our IT infrastructure; positioning the business with a strong, secure, modern foundation to support future growth. Innovative solutions developments and the successful implementations of warehouse management systems, delivery tracking, consolidation of the computer environment and other digital projects improved efficiencies and customer experience during the year and will help in future years.

The Board plans to increase capital investments in the coming years with further investments in new facilities, vehicles (through our subsidiary 3663 Transport Limited) and technology all with the intention of making life easier for our customers.

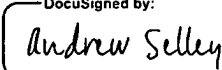
Inflation

There has been unprecedented inflation during the year which has seen the Company's direct and indirect costs not only rise but also introduce large amounts of volatility. The Directors have, where possible, agreed future fixed prices for indirect costs such as energy, water and other premises' costs. This gives greater certainty for planning, budgeting and negotiating customer prices as overhead costs are controlled as much as possible.

The Company's staff have been awarded pay rises and we continue to benchmark staff pay against the market to ensure our staff are remunerated fairly and line with market conditions.

For direct costs, the Directors have invested substantially in the level of inventory holding which helps to ensure consistent product availability and reduce volatility for our customers. Fuel costs have been closely monitored and forward hedges purchased when the Directors feel it is in the Company's best interest. Furthermore, we work closely with our customers to review prices and seek alternative solutions, whilst protecting our margin as far as possible.

Approved on behalf of the board, and signed by:

DocuSigned by:

6215D033ABCF499...
A Selley
Company Director

814 Leigh Road
Slough
Berkshire, SL1 4BD

Directors' report

Corporate Governance Report

For the year ended 30 June 2023, 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 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 each 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 directors' 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 and other stakeholders.

The Board adheres to the Bidcorp Declaration of Interest and Code of Ethics policies based on the Companies Act requirements. The Board acknowledges the declarations made through the Divisional Audit and Risk committee (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, anti-Bribery and Health and Safety training, 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 Company's 'Care, Share and Dare' values in interactions with all employees.

The Board support a whistleblowing tip-off line to detect potential breaches of ethical standards. The Ethics Code and details of the tip-off line are published on the Bidfood intranet and copies are 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 multiple industry awards for sustainability initiatives and has ISO certification 9001, 14001 and 45001.

The Company is also part of WRAP's Food Waste Reduction Roadmap, which means that the Company is committed to reducing food waste by 63% between 2020 and 2030. The Company is currently on trajectory to achieve this.

The Company acts on food waste as it has an ethical and environmental imperative to do so; in 2023 the Company hit the milestone of a million meals donated to FareShare in total.

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 three 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 five 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 - Executive Director
- A Brogan - CFO
- S Bender – European FD
- G Cox – Operations Executive
- D Cleasby – Bidcorp Group CFO
- J Gouldie – Supply Chain and Technical Services Director

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 includes 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.

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 by 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 adopt, 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 emissions reporting.

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 with 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 has 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. 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. The 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. The people vision for the business is to develop "Outstanding leaders at all levels, developing talent and driving business performance."

Activities include:

- Consultation meetings across specific job roles in the business from the operational departments, regular informal site visits from members of the Board to each site as well as a relaunch of the core brief process across all sites.
- Quarterly Health and Safety meetings with our Trade Unions nationally;
- Local Employee Voice meetings held every other month at depots;
- Senior management engagement and monitoring of the Company's defined contribution pension scheme;
- "Your Voice" engagement survey and subsequent action planning.
- Leadership conferences, development programmes, talent identification processes and strategic discussions to ensure that we recruit leaders across our business with the skills to support our vision, live by our values and engage our employees.

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 practised 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.

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.

Directors' report (continued)

Task Force on Climate-related Financial Disclosures

Statement of Compliance

We set out below our climate-related financial disclosures consistent with all of the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations and recommended disclosures.

To measure and manage climate related risks and opportunities, the Company's Board meet monthly and has overall responsibility for the oversight of our sustainability strategy and objectives. The Board are updated on climate-related issues, risks and opportunities and are responsible for the Group's strategic plans, annual budget and the approval of sustainability linked capital expenditure.

The Board are presented with Company information which includes measures relating to the Company's journey to net zero. In 2022 the Company relaunched its sustainability strategy to bring greater focus on the Company's sustainability goals, and setting targets for emissions which are continuously monitored to ensure the Company remains on track to achieve the target. The Company has an overall ambition to achieve net zero emissions by 2045, with medium term reduction targets set for 2032.

The Company has an established risk management standard and processes in place for which climate related risks are integrated and therefore measured and managed. A companywide risk register is maintained with an impact and likelihood ranking based on a 3 year timespan which is evaluated each quarter by the Company's risk and assurance group ahead of review by the Company's Board and reporting to the Company divisional audit and risk committee.

The Company thinks of climate related risks in two major categories;

- risks related to the transition to a lower carbon economy
- risks related to the physical impacts of climate change

As these risks arise in different areas of the Company's operations, risk owners identify risks pertinent to the areas they manage. When risks are above the Company's risk appetite, after the Company's existing controls, the risk and assurance group ensure a detailed plan, with actions, is put in place to mitigate the risk to an acceptable level.

Efforts the Company make to reduce these risks can also lead to opportunities for cost saving, new customers, new products and a more resilient supply chain. For example, seeking to reduce the Company's operational carbon footprint has led to the Company installing solar panels at sites – which, following the recent increases in energy costs, has reduced Company cost.

Risks related to a lower carbon economy;

The Company faces increasing pressures from its customers to reduce carbon emissions and therefore the Company's key risk is that it falls behind its competitors and thus loses customers. When tendering for new business it's becoming increasingly common for customers to review the Company's net zero targets and in the long term the Company anticipates having to show how much carbon is used in delivering each product. Scope 3 emissions account for 94% of the Company's total emissions and therefore to reach this goal, the Company will work with its suppliers to identify the scope 3 emissions in the Company's supply chain. Depending on customers' sensitivity to, and prioritisation of scope 3 emissions reduction, this could lead to a drop in demand for typically high impact categories such as dairy and ruminant meat, but presents opportunities for products that are either plant-based or flexitarian in composition. Changes to consumer preferences also present the Company's suppliers with commercial advantage, should they differentiate their product via emissions reduction and a lower carbon footprint.

The Company uses its subsidiary 3663 Transport Limited for fleet services and, as with any logistics business, faces a challenge in reducing the carbon emissions from the vehicle fleet. We currently run only one electric vehicle (EV); this is used at our central London depot, with further trials of other vehicles imminent. As it stands, EV technology hasn't sufficiently evolved for the batteries to be able to cope with the demands of our operation, other than where there is a very small radial distribution area such as central London. For large HGV fleets, it's currently unclear as to whether the key to decarbonisation lies in electric or hydrogen technology, for which we continually monitor developments.

Directors' report (continued)

Task Force on Climate-related Financial Disclosures (continued)

Risks related to a lower carbon economy (continued)

Refrigerants pose another challenge for the Company and there is a risk that future legislation could prohibit the use of some refrigerants. Currently there are a range of different refrigerant gases in use across our estate, with differing global warming potential (GWP) ratings. We now have five sites operating chill chambers using CO₂ (with a GWP of only 1) and eight sites operating chill chambers using ammonia (with a GWP of zero). All remaining chill chambers are operating using refrigerants with a higher GWP but our preference for all new or replacement installations going forwards is CO₂. All our vehicle fridges are electric however, meaning that we generate no additional emissions from mobile refrigeration units.

Risks related to physical impacts of climate change;

Adverse weather conditions can lead to the Company halting deliveries to customers and therefore if these events increase in frequency this could lead to a loss of Company revenue. The most recent example was storm Eunice in February 2022 where wind speeds in London reached 122 mph; all deliveries across London were cancelled for 6 hours during the storm. Thankfully none of our infrastructure has been substantially damaged as a result of storms. An increase in the sea level of 5m, predicted to occur with current increases by the year 2200, could see 7 of the Company's depots heavily impacted, as well as a number of the customer sites that they serve. The Company operates a multi-site model and is continuously expanding the number of depots we operate from; so if a depot became redundant due to higher sea levels, the Company would use other depots to fulfil the demands of its customers. For new depots the Company always reviews flood risk to ensure the risk is not high and that suitable insurance can be obtained for the site.

Around 35% of the Company's sales are frozen products and therefore in order to store and deliver these products we rely on the use of freezers both in the delivery vehicle and in the depot. Heatwaves and other volatile shifts in temperature cause freezers to use more energy and can lead to service issues as the freezers are put under continued strain.

Climate change is likely to have a material impact on the ability for the Company to source certain products demanded by its customers. The Company has a wide supply chain with multiple suppliers for the same good therefore should one supplier suffer the Company would look to use alternatives. However for products which are dependent on specific geographic areas, or are particularly vulnerable to climate change, the Company would have to offer substitutes to its customers.

The impact of water shortages would have a material impact on the company's ability to source products from current suppliers, and is considered a growing risk area, especially given recent estimates that there will be a 56% deficit by 2030 in global freshwater.

The Company is therefore approaching this risk from 2 key perspectives:

- 1) What can we do to save or harvest water in our own operations:

Through our annual sustainability report, we report annually on a) mains water consumption and b) water saved by rainwater harvesting/reuse of water in truck wash. However, water data heavily fluctuates massively due to estimated billing versus actual – it takes a year to actualise and each year incorporates yet more estimates. The Company isn't a major user of water; the main uses being sanitation and truck washing. We have rainwater harvesting in place at Cannock and Paddock Wood depots and we recycle truck wash water at depots in Nottingham, Bicester, Paddock Wood, Manchester, Slough, Wakefield, Chepstow, Liverpool and Worthing. This is an area of growing focus.

Directors' report (continued)

Task Force on Climate-related Financial Disclosures (continued)

Risks related to physical impacts of climate change (continued);

- 2) Impact of water shortages in our supply chain for products we source.

This is specific concern in availability of fresh products. For instance circa 90% of UK fruit comes from overseas, often from drought prone areas in which 70% of freshwater withdrawals are for agriculture. The Company has engaged and supported funding in The Waste and Resources Action Programme (WRAP) looking at varieties, cultivars and sustainable water sources in Southern Spain, specifically given its importance in fruit growing, and the Company's new ESG strategy includes an objective to gather qualitative and quantitative data from suppliers to understand more about their approach to water resilience.

Deforestation is driver of climate change and indirectly causes transitional risks such as increases in regulatory requirements. The Company has policies related to areas affecting deforestation in soya and palm oil and have commitments to supply own label products using 100% sustainable palm oil by the end of 2023 and 100% sustainable soya (including in animal feeds) by 2030.

Overfishing is considered a significant threat to both marine wildlife and habitats. According to the United Nations FAO's 2022 State of World Fisheries and Aquaculture (SOFIA) report, the fraction of fishery stocks within biologically sustainable levels decreased to 64.6 percent in 2019, 1.2 percent lower than in 2017. Improving global fisheries management remains crucial to restore ecosystems to a healthy and productive state and protect the long-term supply of aquatic foods. The Company sources seafood products globally, and has a responsibility to source only from fisheries or farmed aquaculture operations that are responsibly managed. Responsible sourcing aims to ensure that fish populations remain healthy, safeguarding supplies for future generations.

The Company is a proud member of the Sustainable Seafood Coalition (SSC) which is a progressive partnership of businesses cooperating to address important issues in fish and seafood sustainability.

As a member of the SSC, the Company aligns with the two voluntary codes of conduct:

- 1) The voluntary code of conduct on environmentally responsible fish and seafood sourcing,
- 2) The voluntary code of conduct on environmental claims.

All of our own brand fish and seafood should be fully traceable back to the original fishery or farmed (aquaculture) source, including all stages of handling, processing and distribution. Our purchasing decision for both wild caught, and farmed fish, is based on risk assessment, which is reviewed on a six-monthly basis and should be from sustainable stocks as defined by Marine Stewardship Council.

Opportunities;

Our ultimate climate-related aim is to provide foodservice to our customers sustainably and be a positive force for change. The ability to do this represents our strongest opportunity to maintain our position as an industry leader in sustainability and therefore benefit from the associated reputational and market opportunities this will bring.

The ever-increasing demand and focus on using renewable energy sources, such as solar and wind, with our desire to improve operational efficiency, creates favourable conditions to reduce risk and costs at our depots.

We continue to monitor changes in consumer preferences demanding carbon labelling, sustainable sourced or plant-based products, and these preferences offer the Company an opportunity to differentiate from competitors.

Directors' report (continued)

Task Force on Climate-related Financial Disclosures (continued)

Business Model and Strategy

The Company has a resilient business model which was proven as such through the Covid-19 pandemic. The Company sources the majority of its products from large branded suppliers and as such these brands already tend to have climate strategies in place. The Company will continue to work with these branded suppliers to ensure they have consistent climate risk, mitigation and decarbonisation strategies in place.

Our business model has successfully shown, through the recent period of high inflation, that our customers value our service excellence and wide range allowing for menu change.

In accordance with the TCFD recommendations, a review has been undertaken of the impact of certain risks under different climate outcomes. We have used the Intergovernmental Panel on Climate Change (IPCC) as a source to better understand the Company's resilience to climate change. The IPCC have a range of possible scenarios and we have focused on the least and most severe of these, a change in global average temperature by 2100 of 1.5°C when greenhouse gases are strongly reduced and a change of 4.1 °C when emissions continued to grow. The severity of impact on the risks related to a lower carbon economy and physical impacts has then been considered over a ten year timeframe.

Impact	+1.5°C Impact	+4.1°C Impact	Business Action
Increased regulation including the use of carbon labelling products and having our sustainability data audited	Low	Low	The Company already has a sustainability team in place who keep abreast with new regulations. We're embarking on a product carbon footprinting project, to enhance engagement with suppliers and improve carbon accounting accuracy for customers and the value chain. There has been extensive discussion with our chosen provider of product carbon footprinting to acknowledge the requirement to maintain accuracy and adherence to evolving standards.
Increased costs of products, energy, operations etc	Low	Low	Customers value our service excellence and have been receptive previously to our alternatives or market price increases.
Freezer use could become restricted due to the gases they use or extreme temperatures	High	High	Replace assets that use any restricted refrigerants, this could be costly as other sources to date have not proved to be as nearly cost effective. The business could alter temperature band mix to supply less frozen and more ambient goods based on the change in demand of customers.
Extreme weather conditions	Medium	High	Reviewing the possibility of flexible working around extreme weather events.
Sea levels rising	Medium	High	We review flood risk when purchasing new sites and if require would use flood protection systems at high risk locations.
Availability of products	Low	High	When products become unavailable for the Company they will also become unavailable for the Company's competitors and therefore if substitutes were available, these will be supplied, otherwise consumer tastes will have to change.

As this is the Company's first year reporting and monitoring a number of these risks, we anticipate the business actions to evolve to have metrics which can be monitored in future periods.

Directors' report (continued)

Task Force on Climate-related Financial Disclosures (continued)

Measuring performance

In 2022, as part of the Company's relaunch of its sustainability strategy, we committed to report our sustainability targets against a framework and as such we have selected the Food Retailers & Distributors Sustainability Accounting Standard published by the Sustainability Accounting Standards Board (SASB) as being the most appropriate framework for the Company to follow. The table below lists the topics under this standard and the accounting metrics applicable, and material to us, which we have disclosed against a target for the financial year. Please note some of the metrics and targets aren't climate related.

Topic	SASB Standard	The Company's Business Metric	Target
Fleet Fuel Management	Fleet fuel consumed, percentage renewable	As previously disclosed, the Company uses its subsidiary 3663 Transport Limited for fleet services and as such directly consumes no fleet fuel.	n/a
Air Emissions from Refrigeration	Gross global Scope 1 emissions from refrigerants	1,604 Tonnes of CO2e emitted due to refrigerant leaks during the year	We target zero
	Percentage of refrigerants consumed with zero ozone-depleting potential	58% of our refrigerants have zero ozone-depleting potential	We target zero
	Average refrigerant emissions rate	Total gas loss 21/22 was 1,458 kg which equates to 7%	Covered by our net zero target
Energy Management	(1) Operational energy consumed (2) percentage grid electricity (3) percentage renewable	45,465,714kWh of which 710,797kWh was own produced (1.6%) from solar panels meaning the remaining 98.4% is (mainly non-renewable) grid electricity	Yet to set percentage target but we are in the process of rolling our solar panels at a number of sites.
Food Waste Management	Amount of food waste generated, percentage diverted from the waste stream	529 tonnes of food waste, all diverted	63% reduction between 2020 and 2030. 2022 showed a 26% reduction v's 2020 year and similar reduction is targeted this year
Data Security	(1) Number of data breaches (2) percentage involving personally identifiable information (3) number of customers affected	There have been no data breaches in the financial year reportable to the ICO. Therefore, no personally identifiable information or customers affected.	Target is zero breaches in the year
	Description of approach to identifying and addressing data security risks	The Company follows these steps: Assessment: Conduct a thorough assessment to identify potential vulnerabilities. – Risk identification: Identify potential data security risks. – Prioritisation: Prioritise the identified risks based impact. – Solution development: Develop solutions to address the identified risks. – Implementation: Implement the solutions and monitor their effectiveness. – Maintenance: Regularly review and update.	n/a

Directors' report (continued)

Task Force on Climate-related Financial Disclosures (continued)

Measuring performance (continued)

Topic	SASB Standard	The Company's Business Metric	Target
Food Safety	High-risk food safety violation rate	Customer Complaints (95% closed in 5 working days) Category 1 Complaints (98% investigated, and closed in 2 weeks with CA's in place)	100% Response and closed in 5 working days 100% Resolved and closed within 2 weeks with associated corrective action in place
	(1) Number of recalls (2) number of units recalled (3) percentage of units recalled that are private-label products	Number of product quarantines (where product is removed from sale but not removed from customer) rolling 12 months - 144 Number of product recalls (where product is removed from sale and recalled from customer) rolling 12 months - 20 Of products recalled 33% were own brand and these equated to 56% of credits for cases recalled from customer	Quarantine fully completed within 3.5 hours of notification (Business Critical in 2 hours). Recalls – notified to affected customer in 1 working day
Product Health & Nutrition	Revenue from products labelled and/or marketed to promote health and nutrition attributes	Not currently tracked – Own label products should align to Government Buying Standards	n/a
	Discussion of the process to identify and manage products and ingredients related to nutritional and health concerns among consumers	Given the Company's customer base, we align ourselves to Government Buying Standards and assess factors such as fibre content, salt and sugar reduction. Ongoing assessment of progress is managed for own label products with the Companies technical and Buying teams, headed by the Companies' Nutrition and Allergen Manager with ongoing progress and performance reviewed at the Companies Health and Sustainability Working Group. The Company also utilises a Nutrition Screening Tool vs Public Health England's requirements for own brand products and ensures there is no reformulation that worsens performance in areas such as salt or sugar content. This review also considers protein and fibre to ensure this either remains as is or improves in any reformulation. Reduction in salt / sugar content is also reviewed quarterly within this group.	n/a

Directors' report (continued)

Task Force on Climate-related Financial Disclosures (continued)

Measuring performance (continued)

Topic	SASB Standard	The Company's Business Metric	Target
Product Labelling & Marketing	Number of incidents of non-compliance with industry or regulatory labelling and/or marketing codes	We have no incidents of non-compliance with labelling or marketing codes for our own label products.	We target zero incidents
	Total amount of monetary losses as a result of legal proceedings associated with marketing and/or labelling practices	None.	We target zero
	Revenue from products labelled as containing genetically modified organisms	No revenue from Own Brand products contain genetically modified organisms. 10 core range products are identified as containing genetically modified organisms and have sales revenue of £2.4m	No own brand products
Labour Practices	(1) Average hourly wage and (2) percentage of in-store and distribution centre employees earning minimum wage, by region	4,261,203 hours worked with total payroll cost of £87,179,967 (Basic pay plus hourly rates bonus) for an average hourly wage of £20.45. We have no employees earning minimum wage.	No target for the whole Company's hourly wage but ensure we pay better than minimum wage.
	Percentage of active workforce covered under collective bargaining agreements	53.6% (warehouse as portion of total employees (less transport).	n/a
	(1) Number of work stoppages and (2) total days idle	The number of work stoppages involving 1,000 or more workers lasting one full shift or Longer is nil and therefore no days idle.	We target no instances.
	Total amount of monetary losses as a result of legal proceedings associated with: (1) labour law violations and (2) employment discrimination	We have not had any monetary losses as a result of labour law violations or employment discrimination.	Our target for this is nil.

Directors' report (continued)

Task Force on Climate-related Financial Disclosures (continued)

Measuring performance (continued)

Topic	SASB Standard	The Company's Business Metric	Target
Management of Environmental & Social Impacts in the Supply Chain	Revenue from products third-party certified to environmental or social sustainability sourcing standard	The Company promotes the use to its customers on a range of products that have third party certification for environmental / social sustainability including areas such as Fair Trade, Red Tractor, Free Range, Organic, Rain Forest Alliance, RSPCA Assured and Marine Steward Council products – albeit the revenue of these products is not currently captured.	No targets at this stage
	Percentage of revenue from (1) eggs that originated from a cage-free environment and (2) pork produced without the use of gestation crates	The Company has targeted to supply only cage free eggs (in shell eggs and products containing eggs) in its core range offer by end of 2025 – market availability allowing. To date approximately 26% of all eggs meet this target. Given extreme volatility in egg market and availability, supply of eggs to customer demand is the priority.	100% supply of cage free eggs by end 2025
	Discussion of strategy to manage environmental and social risks within the supply chain, including animal welfare	In addition to the Company's ESG structure already defined, within the customer pillar is activity to provide policies for all own brand products to meet customer demands. As such the Healthy and Sustainable Working Group (HSWG) was established 2 years ago and includes members of our Sales, Technical, Nutritional, Marketing and Buying Teams. The aim is to assess customer requirements, and market capabilities and establish appropriate policies, targets and measures such that progress can be driven and tracked. Key policies that have been updated / implemented since this time include: Modern Slavery, Cage Free Eggs, Ethical Trading, Sustainable Palm Oil, Sustainable Soya, Plastics/Packaging, Sustainable Fish and salt and sugar reduction.	n/a
	Discussion of strategies to reduce the environmental impact of packaging	Within the HSWG a policy area includes sustainable packaging and the Company aligns itself to the Plastic pact and makes the following commitments: By the end of 2025 we expect to achieve the following targets for own brand packaging: – eliminate problematic or unnecessary single-use packaging through redesign, innovation or alternative (reuse) delivery models. – 100% of packaging to be reusable, recyclable or compostable. – 70% of plastic packaging effectively recycled or composted. – 30% average recycled content across all plastic packaging. These targets include all packaging types, including: Primary – individual sale units (bags, cans, etc.) and Secondary – case packaging (outers, transit boxes, etc.)	Targets discussed in strategy

Directors' report (continued)

Energy and emissions report

	2023 Total		2022 Total	
	Tonnes of CO2e	kWh	Tonnes of CO2e	kWh
Scope 1 emissions from gas	253	1,385,187	282	1,542,190
Scope 1 emissions from cars	1,274	598,441	1,645	588,936
Scope 1 emissions from refrigeration	2,024	-	1,604	-
Scope 1 emissions from onsite renewable energy generation	-	1,079,418	-	-
Total Scope 1	3,551	3,063,046	3,531	2,131,126
Scope 2 emissions from standard electricity	9,368	45,238,004	8,642	44,689,557
Scope 2 emissions from onsite renewable energy generation	-	-	-	719,900
Scope 2 emissions reduction from export of onsite renewable energy to grid	(29)	(139,873)	(4)	(21,547)
Total Scope 2 emissions gross	9,368	45,238,004	8,642	45,409,457
Total Scope 2 emissions NET	9,339	45,088,131	8,638	45,387,910
Total Scope 1 and 2 emissions NET	12,890	48,161,177	12,169	47,519,036
CO2e (kg) per case delivered	0.08		0.08	

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

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

CO2e (kg) per case delivered has been used as an intensity ratio given it is a comparable measure between fellow Group companies and other UK businesses.

The Company continued to see business activity growth during 2022/2023 with the on boarding of several new major national customers. This has resulted in a c.10% increase in cases picked and delivered, however the carbon intensity measure has remained consistent with the previous reporting year at 0.08 CO2e (kg) per case delivered.

During the year, the Company invested in the installation and commissioning of 5 solar photo voltaic (PV) systems at 5 depots across the estate under Phase 1 of the Solar Project. The Company now have a total of 6 PV installations at Operational Depots with an additional one due to become live next year. The total consumption for onsite renewable electricity for 2022/2023 is detailed above, with the surplus electricity generated passed back to the grid resulting in an emissions saving of 28.96 tCO2e which is highlighted in the lower nett CO2e figure. The Company is currently working on Phase 2 of the Solar Project to identify further sites across estate for potential PV installations.

The Company avoided 4.500 tCO2e of waste by redistributing food to charity, food banks, animal food and staff sales.

Directors' report (continued)

Results and dividends

The Company made an operating profit, before exceptional items, for the year of £57,352,000 (2022: £50,816,000). The Company's profit after tax for the financial year amounted to £40,919,000 (2022: £41,449,000).

Interim Dividends of £18,000,000 have been paid in respect of the year ended 30 June 2023 (2022: £10,000,000). The Directors do not recommend the payment of a final dividend (2022: £Nil).

Future developments are disclosed within the Strategic report.

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 annual 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:

A Selley
A Kemp
A Brogan
S Bender
G Cox
D Cleasby
J Gouldie

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 at the year-end remained at 70 days which was the same as prior year.

Political and charitable contributions

The Company made no political contributions during the year (2022: £Nil). Donations to UK charities amounted to £20,000 (2022: £30,000).

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.

BFS Group Limited
Annual report and financial statements
Registered number 00239718
Year ended 30 June 2023

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:

6215D033ABCF499...

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.

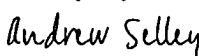
Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure 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 8 December 2023 and was signed on its behalf by:

DocuSigned by:

6215D033ABCF499...

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 2023 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, including 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 2023; 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, as applicable to other entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

We have provided no non-audit services to the company or its controlled undertakings in the period under audit.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- obtaining the directors' forecasts and going concern assessment for the period to the end of December 2024;
- reviewing the arithmetical accuracy of the directors' forecasts;
- evaluating and assessing the directors' key assumptions in the going concern assessment, including the forecast revenues and anticipated operating margins over the period to the end of December 2024, which included a sensitivity analysis of the key assumptions underpinning the cash flows throughout the going concern period;
- reviewing the directors' disclosures in the financial statements; and
- obtaining a letter of support and assessing the ability of the issuing company to provide that support.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires 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 2023 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to manipulation of the financial statements through fictitious journal postings and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing relevant meeting minutes;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
- Challenging assumptions and judgements made by management in their significant accounting estimates.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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.

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 obtained 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.

Victoria Coe

Victoria Coe (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
11 December 2023

Statement of comprehensive income
for the year ended 30 June 2023

	<i>Note</i>	2023	2022
		£000	£000
Revenue	3	2,008,364	1,566,972
Cost of sales		(1,596,351)	(1,214,442)
Gross profit		412,013	352,530
Distribution costs		(311,717)	(266,025)
Administrative expenses		(42,944)	(35,689)
Operating profit	4	57,352	50,816
Exceptional income	5	54	1,154
Operating profit after exceptional items		57,406	51,970
Income from shares in group undertakings	8	900	3,267
Finance income	9	3,535	179
Finance expenses	10	(10,680)	(5,640)
Profit before taxation		51,161	49,776
Tax on profit	11	(10,242)	(8,327)
Profit for the financial year		40,919	41,449
Other comprehensive income for the financial year, net of income tax		-	-
Total comprehensive income for the financial year		40,919	41,449

All revenues and operating profits are derived from continuing operations.

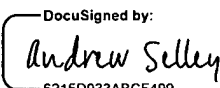
The notes on pages 30 - 48 form part of these financial statements.

Balance sheet
at 30 June 2022

	<i>Note</i>	2023 £000	2022 £000
Fixed assets			
Property, plant and equipment	<i>13</i>	120,507	101,745
Right of use assets	<i>14</i>	71,926	59,909
Intangible assets	<i>15</i>	11,928	13,256
Investments	<i>16</i>	78,444	78,444
		<hr/> 282,805	<hr/> 253,354
Current assets			
Stocks	<i>17</i>	116,589	91,783
Trade and other receivables	<i>18</i>	444,544	255,154
Cash at bank and in hand		40,066	16,409
		<hr/> 601,199	<hr/> 363,346
Total assets		<hr/> 884,004	<hr/> 616,700
Current liabilities			
Loans and borrowings	<i>19</i>	(9,175)	(9,592)
Trade and other creditors	<i>20</i>	(428,074)	(338,711)
Provisions for liabilities	<i>22</i>	(3,018)	(2,974)
		<hr/> (440,267)	<hr/> (351,277)
Non-current liabilities			
Loans and borrowings	<i>19</i>	(253,825)	(99,281)
Provisions for liabilities	<i>22</i>	(7,213)	(10,398)
Deferred tax liabilities	<i>23</i>	(7,440)	(4,222)
		<hr/> (268,478)	<hr/> (113,901)
Total liabilities		<hr/> (708,745)	<hr/> (465,178)
Net assets		<hr/> 175,259	<hr/> 151,522
Capital and reserves			
Called up share capital	<i>25</i>	30,000	30,000
Share premium account		11,843	11,843
Retained earnings		133,416	109,679
Total shareholders' funds		<hr/> 175,259	<hr/> 151,522

The notes on pages 30 - 48 form part of these financial statements.

These financial statements were approved by the board of Directors on 8 December 2023 and were signed on its behalf by:

DocuSigned by:

6215D033ABCF499...
A Selley
Company Director

Statement of changes in equity
for year ended 30 June 2023

	Share capital £000	Share premium £000	Retained earnings £000	Total £000
Balance at 1 July 2021	30,000	11,843	77,901	119,744
Total comprehensive income for the year				
Profit after taxation	-	-	41,449	41,449
Other comprehensive income	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	-	41,449	41,449
	<hr/>	<hr/>	<hr/>	<hr/>
Transactions with owners, recorded directly in equity				
Dividends	-	-	(10,000)	(10,000)
Equity settled share-based payments			329	329
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 June 2022	30,000	11,843	109,679	151,522
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year				
Profit after taxation	-	-	40,919	40,919
Other comprehensive income	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	-	40,919	40,919
	<hr/>	<hr/>	<hr/>	<hr/>
Transactions with owners, recorded directly in equity				
Dividends	-	-	(18,000)	(18,000)
Equity settled share-based payments	-	-	311	311
Deferred Tax (note 23)			507	507
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 June 2023	30,000	11,843	133,416	175,259
	<hr/>	<hr/>	<hr/>	<hr/>

The notes on pages 30 - 48 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 accounting standards in conformity with the requirements of the 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 financial position including cash flows, liquidity and borrowing facilities and the principal risks and uncertainties relating to its business activities.

The UK currently going through a phase of economic uncertainty with high inflation and therefore subsequent high interest rates which could see the demand for the Company’s services diminish as consumer spending reduces. The Company have not seen any indications of this in recent results, and whilst the Directors consider it highly unlikely, were the Company to need financial support to continue its operations Bidcorp Foodservice (Europe) Limited, the Company’s parent, has provided a letter of support which confirms that, if required in the normal course, they will provide sufficient funding to allow the Company to meet its liabilities as they fall due.

Therefore, the directors have concluded 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 consequently 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 are stated at the lower of cost less accumulated depreciation or fair value less costs to sell.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

Lease agreements

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.

Investments

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.

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.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

Intangible assets

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:

IT Software assets	- three to ten years
--------------------	----------------------

IT 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.

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.

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 credit 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.

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.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

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.

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.

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.

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.

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.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

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 judgement.

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.

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.

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 the statement of changes 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.

Notes to the financial statements *(continued)*

2 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 investments in subsidiaries

The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date, including the investments in subsidiaries. Investments in subsidiaries, are tested for impairment when there are indicators that the carrying value may not be recoverable.

When performing the assessment over the indicators of impairment, the Company has considered external factors, such as market value declines and changes in interest rates and internal factors such as the economic performance of the underlying subsidiary investments. The Company has not identified indicators of impairment from this assessment and therefore has not proceeded to evaluate the recoverable amount of the individual subsidiary investments.

3 Revenue

Analysis of revenue by geographic area:

	2023 £000	2022 £000
United Kingdom	2,008,131	1,566,469
Europe	-	456
Rest of World	233	47
	<u>2,008,364</u>	<u>1,566,972</u>

Notes to the financial statements *(continued)*

4 Operating profit before exceptional items

Operating profit before exceptional items is stated after charging:	2023	2022
	£000	£000
Property, plant and equipment – depreciation on:		
Owned assets	4,009	3,858
Leasehold assets	3,796	4,420
Property, plant and equipment – impairment on:		
Owned assets	195	946
Leasehold assets	16	-
Right of use assets – depreciation	8,664	9,128
Right of use assets – impairment	5,701	41
Intangible assets - amortisation:		
Software	2,190	2,093
Intangible assets – impairment:		
Software	-	1,834
Short term leases:		
Land and buildings	148	238
Other	435	252
Impairment of trade receivables	1,868	350
Profit on disposal of plant & equipment	6	155
Profit on disposal of right of use assets	2,361	230
	<hr/>	<hr/>
Auditors' remuneration charged to statement of comprehensive income		
Audit of these financial statements	330	269
	<hr/>	<hr/>

5 Exceptional income/(costs)

	2023	2022
	£000	£000
Exceptional income/(costs) :		
Provision releases for discontinued operations	444	1,550
Restructuring charges	(390)	(396)
	<hr/>	<hr/>
	54	1,154
	<hr/>	<hr/>

The Company held provisions in relation to the sale of Best Food Logistics; these have been released to the income statement as they become legally extinguished.

In prior years, due to the impact of Covid-19 pandemic, the Company took the difficult decision to accelerate long term restructuring plans, resulting in a number of redundancies being announced and some non-core operations ceasing. During the prior year the Company negotiated the early termination of a lease relating to an exited non-core site and as such provisions relating to this site have been released back to the income statement.

Notes to the financial statements *(continued)*

6 Directors' remuneration

	2023 £000	2022 £000
Remuneration	2,011	3,172
Share based payment	145	304
Company contributions to money purchase pension scheme	12	12
	<u>2,168</u>	<u>3,488</u>
Remuneration includes:		
Highest remunerated Director	<u>874</u>	<u>1,294</u>
	Number of Directors	
	2023	2022
Retirement benefits were accruing to the following number of Directors who served during the year under:		
Money purchase schemes	<u>2</u>	<u>2</u>
The number of Directors who served during the year and who exercised share options in Bidcorp, including the highest paid director, was	<u>3</u>	<u>3</u>

Directors' remuneration includes amounts accrued and not yet paid in relation to long term incentive plans. At the end of the year, 2 Directors (2022: 2) were accruing retirement benefits under a money purchase scheme.

7 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 2023	2022
Management	964	815
Distribution	2,071	1,599
Sales	609	581
	<u>3,644</u>	<u>2,995</u>

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

	2023 £000	2022 £000
Wages and salaries	126,097	108,370
Social security costs	12,723	11,040
Other pension costs (see note 21)	4,433	3,764
	<u>143,253</u>	<u>123,174</u>

Notes to the financial statements *(continued)*

8 Income from shares in group undertakings

	2023 £000	2022 £000
Dividends received	900	3,267

9 Finance income

	2023 £000	2022 £000
Group interest received	3,390	-
Interest income	145	179
	<u>3,535</u>	<u>179</u>

10 Finance expenses

	2023 £000	2022 £000
Group interest	5,980	1,303
Bank interest	600	1
Unwinding of discount on dilapidation provisions - see note 22	243	244
Lease interest – see note 24	3,803	3,985
Other interest	54	107
	<u>10,680</u>	<u>5,640</u>

Notes to the financial statements *(continued)*

11 Tax on profit

a) *Recognised in the statement of comprehensive income:*

	2023	2022
	£000	£000
Current year	7,641	7,481
Adjustments for prior years	(1,233)	(632)
<i>Total current tax</i>	6,408	6,849
Origination and reversal of temporary differences	3,558	1,644
Adjustments for prior years	276	(166)
<i>Total deferred tax charge/(credit) (note 23)</i>	3,834	1,478
Total tax in the statement of comprehensive income	10,242	8,327

b) *Reconciliation of effective tax rate*

	2023	2022
	£000	£000
Profit before taxation	51,161	49,776
Tax using the UK corporation tax rate of 20.5% (2022: 19.0%)	10,488	9,457
Non-deductible expenditure	(231)	74
Non-taxable income	268	(406)
Adjustment in respect of prior years	(957)	(798)
Adjustment in respect of equity settled transactions	106	-
Change in tax rate	568	-
Total tax in the statement of comprehensive income	10,242	8,327

The corporate tax rate changed from 19% to 25% on 1 April 2023 resulting in a hybrid rate of 20.5% for the year.

12 Dividends

	2023	2022
	£000	£000
2023 Interim Dividend (60p per share)	18,000	10,000

No final dividend has been proposed in respect of 2023 (2022: £Nil).

Notes to the financial statements *(continued)*

13 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 2022	43,008	62,236	3,105	53,698	22,083	184,130
Additions	564	242	-	4,070	22,083	26,959
AUC capitalisations	20,197	534	-	7,435	(28,166)	-
Disposals	-	(58)	-	(1,128)	(181)	(1,367)
Balance at 30 June 2023	63,769	62,954	3,105	64,075	15,819	209,722
Accumulated depreciation						
Balance at 1 July 2022	9,027	33,885	1,150	38,323	-	82,385
Charge for year	150	3,606	190	3,859	-	7,805
Impairment	-	16	-	195	-	211
Disposals	-	(59)	-	(1,128)	-	(1,186)
Balance at 30 June 2023	9,177	37,448	1,340	41,249	-	89,215
Net book value						
At 30 June 2022	33,981	28,351	1,955	15,375	22,083	101,745
At 30 June 2023	54,592	25,505	1,765	22,826	15,819	120,507

14 Right of use assets

	Leasehold Properties £000	Plant & Machinery £000	Motor Vehicles £000	Total £000
Cost				
Balance at 1 July 2022	72,738	646	16,320	89,704
Additions	26,337	46	-	26,383
Disposals	(9,699)	(683)	(2,437)	(12,819)
Balance at 30 June 2023	89,376	9	13,883	103,268
Accumulated depreciation				
Balance at 1 July 2022	19,004	495	10,296	29,795
Charge for year	5,802	66	2,796	8,664
Impairment	5,605	131	(35)	5,701
Disposals	(9,699)	(683)	(2,436)	(12,818)
Balance at 30 June 2023	20,712	9	10,621	31,342
Net book value				
At 30 June 2022	53,734	151	6,024	59,909
At 30 June 2023	68,664	-	3,262	71,926

Notes to the financial statements *(continued)*

15 Intangible assets

	IT software £000	IT software work in progress £000	Goodwill £000	Total £000
Cost				
Balance at 1 July 2022	22,690	1,027	26,021	49,738
Additions	-	862	-	862
Reclassifications	1,117	(1,117)	-	-
Disposals	(3,680)	-	-	(3,680)
Balance at 30 June 2023	20,127	772	26,021	46,920
Accumulated amortisation				
Balance at 1 July 2022	13,355	-	23,127	36,482
Charge for year	2,190	-	-	2,190
Impairment	-	-	-	-
Disposals	(3,680)	-	-	(3,680)
Balance at 30 June 2023	11,865	-	23,127	34,992
Net book value				
At 30 June 2022	9,335	1,027	2,894	13,256
At 30 June 2023	8,262	772	2,894	11,928

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.

Notes to the financial statements *(continued)*

16 Investments

	Shares in subsidiary undertakings £000
At 1 July 2021	78,468
Disposals	(24)
	<hr/>
At 30 June 2022 & 1 July 2022	78,444
	<hr/>
Disposals	-
	<hr/>
At 30 June 2023	78,444
	<hr/>

The Company directly or indirectly holds share capital and voting rights in the following companies;

Subsidiary undertakings	Holding	Registered Office	Principal activity
Bidcorp Developments Limited	100% holding	814 Leigh Road, SL1 4BD	Property development
Bidcorp Property Limited	100% holding	814 Leigh Road, SL1 4BD	Property management
South Lincs Foodservice Limited	100% holding	814 Leigh Road, SL1 4BD	Trading company
3663 Transport Limited	100% holding	814 Leigh Road, SL1 4BD	Trading company
PCL Transport 24/7 Limited	100% holding	814 Leigh Road, SL1 4BD	Trading company
Caterfood Holdings Limited	100% holding	814 Leigh Road, SL1 4BD	Holding company
Caterfood (South West) Limited	100% holding	814 Leigh Road, SL1 4BD	Trading company
Quality Cuisine (South West) Limited	100% holding	814 Leigh Road, SL1 4BD	Trading company
Yarde Farm Limited	100% holding	814 Leigh Road, SL1 4BD	Trading company
Motec (SW) Limited	100% holding	814 Leigh Road, SL1 4BD	Trading company
Bidcorp Manufacturing Limited	100% holding	814 Leigh Road, SL1 4BD	Holding company
Texmod Holdings Limited	100% holding	814 Leigh Road, SL1 4BD	Holding company
Simply Food Solutions Limited	100% holding	814 Leigh Road, SL1 4BD	Trading company
The Punjab Kitchen Limited	100% holding	814 Leigh Road, SL1 4BD	Dormant company
Simply A LA Carte Limited	100% holding	814 Leigh Road, SL1 4BD	Dormant company
Simplypuree.com Limited	100% holding	814 Leigh Road, SL1 4BD	Dormant company
Anglo Frozen Foods Limited	100% holding	814 Leigh Road, SL1 4BD	Dormant company
Snowdon & Bridge Limited	100% holding	Unit 5 Crowland, PR9 7RL	Trading company
Elite Fine Foods Limited	100% holding	814 Leigh Road, SL1 4BD	Trading company
Elite Frozen Foods Limited	100% holding	814 Leigh Road, SL1 4BD	Dormant company
The Barton Meat Company Limited	100% holding	814 Leigh Road, SL1 4BD	Trading company
Cimandis Limited	100% holding	3 L'Avenue Le Bas, JE4 8NB	Trading company
Beanice Limited	100% holding	814 Leigh Road, SL1 4BD	Trading company
Catering2you Limited	100% holding	814 Leigh Road, SL1 4BD	Trading company
Bidfresh Holdings Limited	100% holding	Unit 5 Crowland, PR9 7RL	Trading company
Bidfresh Limited	100% holding	Unit 5 Crowland, PR9 7RL	Trading company
County Farm Butchers Limited	100% holding	Unit 4 Sherwood, EH19 3LW	Trading company
Campbell Brothers Limited	100% holding	Unit 4 Sherwood, EH19 3LW	Trading company
Nicol Hughes Foodservice Limited	100% holding	814 Leigh Road, SL1 4BD	Trading company
Harvest Fine Foods Limited	100% holding	814 Leigh Road, SL1 4BD	Trading company
Thomas Ridley & Son Limited	100% holding	814 Leigh Road, SL1 4BD	Trading company
Food Angles Limited	100% holding	814 Leigh Road, SL1 4BD	Trading company

Notes to the financial statements *(continued)*

17 Investments *(continued)*

Subsidiary undertakings	Holding	Registered Office	Principal activity
Bidfood Foodservice Limited	100% holding	10-14 Cedar Way, NIC 4PD	Dormant company
The Rustic Cheese Company Limited	100% holding	10-14 Cedar Way, NIC 4PD	Dormant company
Henson Foods Limited	100% holding	10-14 Cedar Way, NIC 4PD	Dormant company
Knight Meats Limited	100% holding	10-14 Cedar Way, NIC 4PD	Dormant company
Oliver Kay Limited	100% holding	10-14 Cedar Way, NIC 4PD	Dormant company
Wynne-Williams (Flint) Limited	100% holding	10-14 Cedar Way, NIC 4PD	Dormant company
R Noone & Son Limited	100% holding	10-14 Cedar Way, NIC 4PD	Dormant company
Fresh Food Hub Limited	100% holding	10-14 Cedar Way, NIC 4PD	Dormant company
Southbank Fresh Fish Limited	100% holding	10-14 Cedar Way, NIC 4PD	Dormant company
Daily Fish Supplies Limited	100% holding	10-14 Cedar Way, NIC 4PD	Dormant company
Direct Seafoods Limited	100% holding	10-14 Cedar Way, NIC 4PD	Dormant company
Mckenna Fish Sales Limited	100% holding	Unit 30 Milenium, D11 D FW2	Dormant company
Murrays Fresh Fish Limited	100% holding	10-14 Cedar Way, NIC 4PD	Dormant company
Taylor Foods Limited	100% holding	10-14 Cedar Way, NIC 4PD	Dormant company
Kingfisher (Brixham) Limited	100% holding	10-14 Cedar Way, NIC 4PD	Dormant company

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 is 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.

17 Stocks

	2023 £000	2022 £000
Goods for resale	116,589	91,783
	<u>116,589</u>	<u>91,783</u>

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 £1,772,400,000 (2022: £1,369,030,000).

Notes to the financial statements *(continued)*

18 Trade and other receivables

	2023 £000	2022 £000
Trade debtors	224,836	173,492
Other debtors, prepayments and accrued income	9,469	8,467
Corporation tax receivable	1,460	-
Other debtors due from subsidiary undertakings	208,732	73,101
Other debtors due from fellow subsidiary undertakings	47	47
Other debtors due from other group undertakings	-	47
	<u>444,544</u>	<u>255,154</u>

Some amounts due from subsidiary undertakings bear interest at 1.8% + HSBC base rate and are repayable 12 months and 1 day from either party giving notice.

Trade debtors are stated after provisions for impairments of £3,702,000 (2022: £2,785,000).

19 Loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings.

	2023 £000	2022 £000
<i>Current liabilities</i>		
Current portion of lease liabilities (see note 24)	9,175	9,592
	<u>9,175</u>	<u>9,592</u>
<i>Non-current liabilities</i>		
Lease liabilities (see note 24)	67,310	58,419
Amounts owed to immediate parent company	186,515	40,862
	<u>253,825</u>	<u>99,281</u>

Amounts due to immediate parent companies

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

	2023 £000	2022 £000
At 1.8% above HSBC Bank plc base rate	186,515	40,863
	<u>186,515</u>	<u>40,863</u>

Notes to the financial statements *(continued)*

20 Trade and other creditors

	2023 £000	2022 £000
Trade payables	308,586	232,097
Other taxation and social security	1,003	6,564
Accruals and deferred income	14,165	5,823
Corporation tax	-	779
Amounts owed to immediate parent company	49,404	47,320
Amounts owed to subsidiary companies	41,516	32,528
Amounts owed to fellow subsidiary companies	13,400	13,600
	428,074	338,711

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

21 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 £4,433,000 (2022: £3,764,000) and contributions amounting to £749,000 (2022: £673,000) were payable to the scheme at the year end.

Notes to the financial statements *(continued)*

22 Provisions for liabilities

	Legal £000	Restructuring £000	Self Insurance £000	Dilapidations £000	Total £000
1 July 2021	596	5,179	5,308	6,099	17,182
Charged/(credited) to income statement	-	396	259	-	655
Discount unwind (see note 10)	-	-	-	244	244
Utilised	(38)	(1,444)	(3,227)	-	(4,709)
30 June 2022	558	4,131	2,340	6,343	13,372
1 July 2022	558	4,131	2,340	6,343	13,372
Charged/(credited) to income statement	-	390	1,191	(393)	1,188
Discount unwind (see note 10)	-	-	-	243	243
Utilised	(49)	(3,347)	(1,176)	-	(4,572)
30 June 2023	509	1,174	2,355	6,193	10,231
Current	509	1,174	1,335	-	3,018
Non-current	-	-	1,020	6,193	7,213
At end of year	509	1,174	2,355	6,193	10,231

The Company has on-going legal cases for which provisions have been made based on the most likely outcome.

The restructuring provision relates to changes in both depot infrastructure and redundancy costs. 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. 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. The provision will be utilised over the next 3 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 2025 to 2031. The provisions have been estimated by management, based on advice provided by the Company's property management agents. An unwinding discount is applied to the provision based on inflation and the long term risk free rate of return 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)

23 Deferred tax liabilities

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

	2023 £000	2022 £000
<i>Liabilities - property, plant and equipment:</i>		
Opening balance	9,662	7,967
Recognised in the Statement of comprehensive income	3,499	1,695
At end of the year	13,161	9,662
<i>(Assets) - provisions and IFRS16 transition adjustment:</i>		
Opening balance	(5,440)	(5,223)
Recognised in the Statement of comprehensive income	335	(217)
Recognised in equity	(507)	-
Transferred via intercompany	(109)	0
At end of the year	(5,721)	(5,440)
Net liabilities/(assets)		
Opening balance	4,222	2,744
Recognised in the Statement of comprehensive income	3,834	1,478
Recognised in equity	(507)	-
Transferred via intercompany	(109)	-
At end of the year	7,440	4,222

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.

24 Lease Liability

	1 July 2021 £000	Additions £000	Interest (Note 10) £000	Capital repaid £000	Disposals £000	30 June 2022 £000
Leasehold Property	58,446	6,634	3,433	(8,193)	-	60,320
Plant & Machinery	556	-	14	(320)	(17)	233
Motor Vehicles	11,081	-	538	(4,144)	(17)	7,458
	70,083	6,634	3,985	(12,657)	(34)	68,011

Notes to the financial statements *(continued)*

24 Lease Liability (continued)

	1 July 2022	Additions	Interest (Note 10)	Capital repaid	Disposals	30 June 2023
	£000	£000	£000	£000	£000	£000
Leasehold Property	60,320	26,337	3,452	(10,245)	(7,715)	72,149
Plant & Machinery	233	46	5	(42)	(227)	15
Motor Vehicles	7,458	-	346	(3,462)	(21)	4,321
	<u>68,011</u>	<u>26,383</u>	<u>3,803</u>	<u>(13,749)</u>	<u>(7,963)</u>	<u>76,485</u>

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 compon ent	Total
	£000	£000	£000	£000	£000	£000
Leasehold Property	8,562	32,964	59,103	-	(28,480)	72,149
Plant & Machinery	15	-	-	-	-	15
Motor Vehicles	3,336	1,171	-	-	(186)	4,321
	<u>11,913</u>	<u>34,135</u>	<u>59,103</u>	<u>-</u>	<u>(28,666)</u>	<u>76,485</u>

25 Called up share capital

	2023 £000	2022 £000
<i>Allotted, called up and fully paid</i>		
300,000,000 (2022:300,000,000) ordinary shares of 10p each	<u>30,000</u>	<u>30,000</u>

26 Capital commitments

Capital commitments authorised as at 30 June 2023 for which contracts are in place but have not been provided for in these financial statements, amounted to £16,403,000 (2022: £14,680,000).

27 Ultimate holding company

The immediate parent company of the Company is Bidcorp Foodservice (Europe) 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.