

**Bidcorp (UK) Limited**

**Annual report and financial statements**

**Registered number 03734739**

**Year ended 30 June 2020**



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## **Directors and company information**

### **Directors:**

#### ***Executive:***

S D Bender

#### ***Non executive:***

D E Cleasby

A M Selley

### **Secretary**

S D Bender

### **Registered Office**

814 Leigh Road

Slough

SL1 4BD

### **Independent Auditors**

PricewaterhouseCoopers LLC

Sixty Circular Road

Douglas

Isle of Man

IM1 1SA

### **Bankers**

HSBC Bank plc

8 Canada Square

London

E14 5XL

## Strategic Report

The directors present their annual strategic report and the audited financial statements for the year ended 30 June 2020.

### Principal activities

The principal activity of Bidcorp (UK) Limited (the 'Company') is that of an investment company.

The strategy of the company is to invest in, and assist in the development of, businesses operating in the foodservice sector in the UK.

### Business review

#### *Development and performance of the business:*

The company continues to prospect for new investment opportunities and to oversee its existing investments, the principal investments being BFS Group Limited trading as Bidfood, Bidfresh Holdings Limited, Bidfresh Limited, Campbell Brothers Limited and R Noone & Son Limited. The investments continue to perform adequately.

#### *Principal risks and uncertainties:*

The key risk to the business remains the ability of its investments to continue paying adequate dividends, since the company has substantial borrowings which require servicing. Brexit is not expected to have material impact on the company's activities given it is a holding entity which only owns and mainly transacts with its subsidiaries based in the UK. The Board however closely monitors its subsidiaries' operations, specifically relating to labour and supply chain impact, which is likely to involve uncertainty, potential disruption and change. There is no expected material impact on the credit risks arising from the company's subsidiaries which results from Brexit.

#### *Impact of Covid-19*

The global Covid-19 pandemic had a significant impact on the performance of the company's investments as UK demand for out of home eating substantially diminished at the end of March 2020/early April 2020. The businesses actively sought solutions to mitigate against this reduction in demand. At 30 June 2020, the company's assessment is that activity levels will be around 80% - 90% of pre-Covid levels in the next 12 months.

### Key Performance Indicators (KPI)

The main KPIs used to drive and support the business are the performance of investments and operating costs.

### Directors' duties

Under section 172 of the Companies Act 2006, the directors are required to have regard, among other matters, to the:

- Likely consequences of any decision in the long term;
- Interest of the company's employees;
- Need to foster the company's business relationships with suppliers, customers and others;
- Impact of the company's operations on the community and environment;
- Desirability of the company maintaining a reputation for high standards of business conduct; and
- The need to act fairly towards the sole shareholder of the company.

As part of their induction, the directors are briefed on their duties and they can access professional advice on these, either through the company, the wider Bid Corporation Limited ('Bidcorp') group of companies ('Group') or from an independent adviser if deemed necessary.

The following paragraphs summarise how the directors fulfil their duties:

#### Risk Management and Developing Strategy

The Board oversees a structured approach to the development of the Company's strategy, looking at commercial considerations and the development of current and possible future markets. It made certain recommendations to management and appraised potential investment opportunities which comprised wholly-owned acquisitions and joint-venture opportunities. The Board receives regular updates and maintains oversight of the UK operations and offers guidance and support to subsidiaries to maximise performance and mitigate risk. The Company also offer financing facilities to subsidiaries when appropriate, given the disparities between various funding sources. These funding offers

## Strategic Report

### Directors' duties (continued)

#### Risk Management and Developing Strategy (continued)

are generally made in conjunction with Group, in order to ensure that the optimum combinations of currency, tenor and pricing is obtained.

Certain subsidiaries have encountered difficulties in executing to their agreed strategies, and accordingly have had to refresh the approach adopted, for example, by Bidfresh. The Board has assisted other subsidiaries to review their long term strategies and have led to the divestment of divisions or subsidiaries that have been identified as non-core, eg Best Food Logistics and PCL 24/7.

#### Interest in company employees

The Directors recognise that employees are fundamental to the business and delivery of the business' strategy. 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 the implications of decisions on employees and the wider workforce, where relevant and feasible. Employees are frequently consulted and updated on the latest business developments.

The Group Code of Ethics are reviewed and updated as required for internal assurance governance process.

#### Business relationships

The company's business relationship is primarily with related parties, being an investment holding company. The Board seeks the promotion and application of good general business principles in these relationships, as well as promoting application of the same principles by subsidiary undertakings to their suppliers and customers.

Key relationships for the Company are the providers of funding, both external and internal, and the Board engages with these providers to update business strategy and investment proposals. The Board also ensures, where necessary, that appropriate contracts are in place that reconcile to available facilities.

The Board continuously assess funding priorities within the context of business strategy updates and investment proposals.

#### Community and environment

The Board is party to the various divisional audit and risk committees (DARC) set by Bidcorp's Audit and Risk Committee. The DARC reports from relevant subsidiaries of the company includes a detailed report on Environmental and Social Governance (ESG). The review and interrogation provided by the quarterly DARC meetings are an important source of oversight for reporting into the committee. Operations adopt individually determined targets for improved sustainability performance and in doing so meet group-wide reporting metrics and targets, whilst all the while functioning efficiently within their unique operational requirements.

A summary of the responsibilities and activities of the Group Social and Ethics Committee are given in the Bid Corporation Limited consolidated annual financial statements for the year ended 30 June 2020 on pages 16 and 17, and further examples are provided in ESG reporting, all available on [www.bidcorpgroup.com](http://www.bidcorpgroup.com).

#### Reputation for high standards of business conduct

This, complemented by the ways the Board is informed and monitors compliance with relevant governance standards, helps assure its decisions are taken and that subsidiary companies act in ways that promote high standards of business conduct. The Board oversees an independent internal audit function. The annually presented risk-based internal audit plan, approved by the Group audit and risk committee, is based on an assessment of risk areas identified by internal audit, as well as focus areas identified by the board, Group or internal audit. Internal audit functions independently from the Board and have the necessary authority, which includes unfettered access to meetings, minutes, documentation and risk registers of the businesses. Many businesses are also subject to external regulation and assessment, eg assessed by the British Retail Consortium to ensure that UK food safety systems are being maintained.

## Strategic Report

### Directors' duties (continued)

#### Acting fairly towards the sole shareholder of the Company

The Board has a close working relationship with the sole shareholder of the company. The various DARC meetings provide an important venue for the shareholder to participate in the governance of the company.

The Board fully embrace the corporate tip-off line to detect breaches of ethical standards, as well as resolving all reported calls to the tip off line. The Ethics Code and details of tip-off lines are published on the Group website.

By order of the board



**S D Bender**  
*Company Secretary*  
16 October 2020

814 Leigh Road  
Slough  
SL1 4BD

## Directors' Report

The directors present their annual directors' report and the audited financial statements for the year ended 30 June 2020.

### Employment of disabled persons

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

### Information to employees

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

### Directors

The directors who held office during the year and to date were:

S D Bender  
D E Cleasby  
A M Selley

### Future developments

The directors are working closely with all subsidiaries to manage through the differing obstacles and difficulties created by Brexit and the reactions to the Covid19 pandemic. In the longer term the directors consider that there will be significant growth opportunities in the UK.

### Dividends

A dividend in respect of the year ended 30 June 2020 of £20,000,000 (£10,000,000 per share) (2019: £12,000,000 (£6,000,000 per share)) was paid on 12 March 2020. The directors do not recommend the payment of a final dividend (2019: £Nil).

### Political and charitable contributions

The company made no political contributions during the year (2019: £nil). The company made charitable contributions amounting to £nil during the year (2019: £5,000).

### Directors and officers liability insurance

During the year, the Company maintained liability insurance for its directors and officers.

### Financial instruments

The company is exposed to a variety of financial risks that arise from and apply to the company's activities: credit risk, liquidity risk and cash flow interest rate risk.

Management pay rigorous attention to treasury management requirements and continue to:

- ensure sufficient committed loan facilities are in place to support anticipated business requirements;
- ensure the company's debt service will be supported by anticipated cash flows and that covenants will be complied with; and

## Directors' Report (continued)

### Financial instruments (continued)

- manage interest rate exposure with a combination of floating rate debt and interest rate swaps when deemed appropriate.

Risk management is carried out by management under policies reviewed and approved by the directors, covering foreign exchange risk, interest rate risk, credit risk and investing excess liquidity.

#### (a) Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the company's loans to companies under common control and cash at bank. The credit risk on cash and cash equivalents is addressed by utilising financial institutions of good standing for investment and cash management purposes. The impact of Covid-19 has been factored into the company's exposure to credit risk relating to these intercompany loans. Despite Covid-19 the credit risk is not considered to be significant since these do not have historical default risk.

#### (b) Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation. Due to Covid-19 the company has arranged, as a member of the wider Bidcorp Group (see note 18), access to further liquidity should it be required. This along with the dynamic nature of the underlying businesses allows management to maintain flexibility in funding by maintaining availability under committed credit lines.

#### (c) Cash flow interest rate risk

As the company's interest bearing assets do not generate significant amounts of interest, changes in market interest rates do not have any significant direct effect on the company's income.

### Statement as to 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 (as defined by Section 418 of the Companies Act 2006) 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

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLC will therefore continue in office.

By order of the board



**SD Bender**  
*Company Secretary*  
16 October 2020

814 Leigh Road  
Slough  
SL1 4BD



## **Statement of Directors' responsibilities in respect of the Annual report and 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.

# ***Independent auditors' report to the members of Bidcorp (UK) Limited***

## **Report on the audit of the financial statements**

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### **Opinion**

In our opinion, Bidcorp (UK) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 30 June 2020; the profit and loss account and other comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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### **Conclusions relating to going concern**

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

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

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

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### **Reporting on other information**

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

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

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

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

### ***Strategic Report and Directors' Report***

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 June 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

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### **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 Annual report and financial statements set out on page 7, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### ***Auditors' responsibilities for the audit of the financial statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://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.

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## **Other required reporting**

### **Companies Act 2006 exception reporting**

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

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

We have no exceptions to report arising from this responsibility.



Andrew Dunn BSc FCA (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLC  
Chartered Accountants and Statutory Auditors  
Sixty Circular Road  
Douglas  
Isle of Man  
IM1 1SA

16 October 2020

**Profit and Loss Account and other Comprehensive Income**  
*for the year ended 30 June 2020*

	<i>Note</i>	<b>2020</b>		<b>2019</b>
		<b>£000</b>	<b>£000</b>	<b>£000</b>
Income from shares in subsidiary undertakings	3	32,650		30,450
Other operating income		1,273		1,098
		<hr/>		<hr/>
Administration expenses		33,923		31,548
		(2,147)		(2,404)
		<hr/>		<hr/>
<b>Operating profit</b>	2	<b>31,776</b>		<b>29,144</b>
Financial income	4	1,048	763	
Financial expense	5	-	-	
		<hr/>	<hr/>	
<b>Net financing costs</b>		<b>1,048</b>		<b>763</b>
		<hr/>		<hr/>
Profit before taxation		32,824		29,907
Income tax	8	(54)		93
		<hr/>		<hr/>
<b>Profit after taxation</b>		<b>32,770</b>		<b>30,000</b>
		<hr/>		<hr/>
<b>Other comprehensive income</b>				
<i>Items that are or may be reclassified subsequently to profit or loss</i>				
Effective portion of change in fair value of cash flow hedges, net of income tax		-		-
		<hr/>		<hr/>
<b>Total comprehensive income for the period</b>		<b>32,770</b>		<b>30,000</b>
		<hr/>		<hr/>

The notes on pages 13 to 25 form an integral part of these financial statements

## Balance Sheet

At 30 June 2020

	Note	2020 £000	2019 £000
<b>Fixed assets</b>			
Tangible assets	10	31	69
Investments in subsidiaries	11	139,775	139,775
Amount due from subsidiaries	12	69,783	24,330
		<u>209,589</u>	<u>164,174</u>
<b>Current assets</b>			
Other debtors	13	39,815	41,496
Cash at bank and in hand		240	289
		<u>40,055</u>	<u>41,785</u>
<b>Total assets</b>		<u>249,644</u>	<u>205,959</u>
<b>Creditors: amounts falling due within one year</b>			
Other creditors	14	(174,006)	(143,087)
<b>Total liabilities</b>		<u>(174,006)</u>	<u>(143,087)</u>
<b>Net assets</b>		<u>75,638</u>	<u>62,872</u>
<b>Capital and Reserves</b>			
Share capital	16	-	-
Profit and loss account		75,638	62,872
<b>Shareholders' Equity</b>		<u>75,638</u>	<u>62,872</u>

The notes on pages 13 to 25 form an integral part of these financial statements

These financial statements were approved and authorised for issue by the Board of Directors on 16 October 2020 and were signed on its behalf by:



**S D Bender**  
Director

Company number: 03734739

**Statement of Changes in Equity**  
*for the year ended 30 June 2020*

	Share capital £000	Retained profit £000	Total £000
Balance at 30 June 2018	-	44,911	44,911
<b>Total comprehensive income for the year</b>			
Retained profit for the year	-	30,000	30,000
Other comprehensive income	-	-	-
	<hr/>	<hr/>	<hr/>
	-	74,911	74,911
<b>Transactions with owners, recorded directly in equity</b>			
Dividends	-	(12,000)	(12,000)
Equity settled share based payment transaction	-	(39)	(39)
	<hr/>	<hr/>	<hr/>
Balance at 30 June 2019	-	62,872	62,872
	<hr/>	<hr/>	<hr/>
Balance at 30 June 2019	-	62,872	62,872
<b>Total comprehensive income for the year</b>			
Retained profit for the year	-	32,770	32,770
Other comprehensive income	-	-	-
	<hr/>	<hr/>	<hr/>
	-	95,642	95,642
<b>Transactions with owners, recorded directly in equity</b>			
Dividends	-	(20,000)	(20,000)
Equity-settled share based payment transactions	-	(4)	(4)
	<hr/>	<hr/>	<hr/>
<b>Balance at 30 June 2020</b>	-	75,638	75,638
	<hr/>	<hr/>	<hr/>

The notes on pages 13 to 25 form an integral part of these financial statements.

## Notes to the financial statements

### 1 Accounting policies

Bidcorp (UK) Limited (the 'Company') is a company incorporated and domiciled in the UK.

The company is a wholly owned subsidiary of Bidcorp Foodservice (Europe) Limited and of its ultimate parent, Bid Corporation Limited. It is included in the consolidated financial statements of Bid Corporation Limited, which are publicly available. Therefore, the company is exempt, by virtue of section 401 of the Companies Act 2006, from the requirement to prepare 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](http://www.bidcorpgroup.com)).

#### *Statement of compliance and basis of preparation*

These financial statements were prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Although estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances (the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources), the actual outcome may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made in the application of FRS 101 that have had an effect on the financial statements and estimates with a risk of adjustment in the next year are discussed in note 19.

The accounting policies have been applied consistently to all periods presented in these financial statements.

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

- A Cash flow statement and related notes;
- Comparative period reconciliations for share capital and tangible fixed assets;
- Disclosures in respect of transactions entered into between two or more member of a group;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRS's;
- Disclosures in respect of the compensation of Key Management Personnel;
- IFRS 2 *Share Based Payments* in respect of group settled share based payments; and
- The disclosures required by IFRS 7 *Financial Instrument Disclosures*.

#### *Going Concern*

As at 30 June 2020, the company has net current liabilities of £133,951 thousand (2019: £101,302 thousand) arising through intercompany loans payable to the parent and fellow subsidiary undertakings. These are all within the same ultimate group of companies and have controlling directors in common. These directors within the group have confirmed that the boards will ensure that these intercompany loans are only requested to be repaid only when the company has sufficient resources to be able to do so. The company's main source of income is dividends from its investments. The directors are also of the opinion that its investments are highly marketable and, should the need ever arise, could be disposed internally or externally at a significant premium to the carrying cost.

The directors have assessed the impact of Covid-19 on the company and its ability to continue as a going concern. They believe the company's investments are well positioned in the UK foodservice market with robust financial positions and access to adequate committed and non-committed resources should the need arise, along with the continued support of Bidcorp Foodservice International Limited, and intermediate parent company for at least the next twelve months from the date of signing. The accounts have been prepared on a going concern basis.

## Notes to the financial statements (continued)

### 1 Accounting policies (continued)

#### *New and revised accounting standards*

With effect from July 1, 2019, the Company adopted IFRS 16 Leases and IFRIC 23 Uncertainty over Income Tax Treatments.

The adoption of these standards did not have a material impact to the Company.

#### *Financial Instruments*

##### *Financial Assets*

##### *(i) Classification*

The Company classifies its financial assets in the following measurement categories:

- a) those to be measured subsequently at fair value (through profit or loss), and
- b) those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

##### *(ii) Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership.

##### *(iii) Measurement*

At initial recognition, the company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

##### *Debt instruments*

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the cash flow characteristics of the asset. The company classifies its debt instruments at amortised cost. Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss. Debt instruments at amortised cost comprise of amount due from subsidiaries, other debtors and cash at bank and in hand.



## Notes to the financial statements *(continued)*

### 1 Accounting policies *(continued)*

#### *Equity instruments*

The Company subsequently measures all equity investments at fair value. Dividends from such investments continue to be recognised in profit or loss when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable.

#### *(iv) Impairment*

The Company assesses, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Amounts due from Group companies are considered to be low risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

#### ***Financial Liabilities***

##### *(i) Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at amortised cost.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include other creditors.

##### *(ii) Subsequent measurement*

After initial recognition, other creditors are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The amortisation is included as finance costs in the statement of profit or loss. This category generally applies to other creditors. For more information, refer to note 14.

##### *(iii) Derecognition*

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

#### ***Investments in debt and equity securities***

Investments in subsidiaries and other investments are carried at cost less impairment.

## Notes to the financial statements *(continued)*

### 1 Accounting policies *(continued)*

#### ***Tangible fixed assets***

Plant and equipment, fixtures and fittings, computer equipment and motor vehicles are stated at cost less accumulated depreciation and impairment losses.

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

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment. The estimated useful lives are as follows:

Plant, machinery and vehicles - three to ten years

#### ***Cash and cash equivalents***

Cash and cash equivalents comprise cash balances and call deposits.

#### ***Impairment of assets***

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

#### ***Income***

Interest income is recognised in profit or loss as it accrues, using the effective interest method.

Dividends are recognised when the right to receive payment is established.

Management fees and other operating income is recognised on an accrual basis when earned.

#### ***Distributions to shareholder***

Distributions to shareholder are accounted for when paid. Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

#### ***Expenses***

##### ***Operating lease payments***

Leases where the lessor retains the risks and rewards of ownership of the underlying asset are classified as operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

##### ***Administration expenses***

Expenses are recognised when incurred.

## Notes to the financial statements *(continued)*

### 1 Accounting policies *(continued)*

#### *Employee benefits*

##### *Share-based payment transactions*

The share option programme grant awards/options of the ultimate holding company, Bid Corporation Limited ('Bidcorp'), to executive directors, management and staff. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. All Bidcorp share-based payment schemes are treated as equity-settled share-based payment schemes. 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 is measured using a binomial model, taking into account the terms and conditions upon which the options were granted. Measurement inputs include share price at measurement date, exercise price of the instrument, expected volatility (based on the historic volatility), option life, distribution yield and the risk-free interest rate (based on national South African government bonds). The amount recognised as an expense is adjusted to reflect the number of awards for which related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

#### *Taxation*

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

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

#### *Share capital*

Ordinary shares are classified as equity.

#### *Share premium*

Share premium arose on the issue of share capital.

## Notes to the financial statements *(continued)*

### 2 Operating profit is stated after charging/(crediting):

	2020 £000	2019 £000
<i>Included in operating profit are the following:</i>		
Depreciation:		
Owned assets	56	52
Operating lease and hire charges:		
Land and buildings	1	1
	<u>          </u>	<u>          </u>
	£000	£000
<i>Auditor's remuneration:</i>		
Audit of these financial statements	12	5
Taxation	-	-
	<u>          </u>	<u>          </u>

### 3 Income from shares in group undertakings

	2020 £000	2019 £000
Dividends received	32,650	30,450
	<u>          </u>	<u>          </u>

### 4 Financial income

	2020 £000	2019 £000
Interest from subsidiaries	1,048	763
	<u>          </u>	<u>          </u>
	1,048	763
	<u>          </u>	<u>          </u>

### 5 Financial expense

	2020 £000	2019 £000
Bank interest	-	-
	<u>          </u>	<u>          </u>
	-	-
	<u>          </u>	<u>          </u>

## Notes to the financial statements *(continued)*

### 6 Directors' remuneration

	2020 £000	2019 £000
Remuneration	213	230
Share based payments	80	79
Pensions	10	10
	<u>303</u>	<u>319</u>
Highest paid director	<u>303</u>	<u>319</u>

At the end of the year one director (*2019: one*) was accruing retirement benefits under a money purchase scheme.

The above remuneration payments relate to one director only, the remaining directors received no remuneration for their services as directors of Bidcorp (UK) Limited.

No directors had rights to subscribe for shares in or debentures of the company and its subsidiaries.

All directors benefited from qualifying third party indemnity provisions.

### 7 Employees

The average number of persons employed by the company during the period, analysed by category, was as follows:

	Number of employees	
	2020	2019
Management	<u>7</u>	<u>7</u>
The aggregate employment costs during the year were as follows:		
	2020 £000	2019 £000
Wages and salaries	526	551
Social security costs	66	73
Pension costs	27	25
	<u>619</u>	<u>649</u>

## Notes to the financial statements *(continued)*

### 8 Income tax

#### a) *Recognised in the income statement*

	2020 £000	2019 £000
Current year	54	(24)
Adjustments in respect of prior years	-	(69)
Total current tax charge (credit)	<u>54</u>	<u>(93)</u>
Total tax charge (credit) in income statement	<u><u>54</u></u>	<u><u>(93)</u></u>

#### b) *Reconciliation of effective tax rate*

	2020 £000	2019 £000
Profit before taxation	32,824	29,907
Income tax using the UK corporation tax rate of 19% (2019: 19%)	6,237	5,682
Tax exempt revenues	(6,204)	(5,786)
Non-deductible expenses	21	80
Adjustment in respect of prior years	-	(69)
Total tax in income statement	<u><u>54</u></u>	<u><u>(93)</u></u>

#### *Factors that may affect future current and total tax charges*

At Summer Budget 2015, the government announced legislation setting the Corporation Tax main rate at 19% for the years starting 1 April 2017, 2018 and 2019 and at 18% for the year starting 1 April 2020. A further reduction to 17% for the year starting 1 April 2020 was announced at Budget 2016.

At Budget 2020, the government announced that the Corporation Tax main rate for the years starting 1 April 2020 and 2021 would remain at 19%.

These were substantively enacted at the balance sheet date.

### 9 Dividends paid

	2020 £000	2019 £000
Paid at £10,000,000 per share (2019: £6,000,000 per share)	<u><u>20,000</u></u>	<u><u>12,000</u></u>

## Notes to the financial statements *(continued)*

### 10 Tangible assets

	<b>Fixtures and fittings, Computer equipment and vehicles £000</b>
<i>Cost</i>	
Balance at 1 July 2019	326
Additions	18
Disposals	(2)
	<hr/>
<b>Balance at 30 June 2020</b>	<b>342</b>
	<hr/>
<i>Depreciation</i>	
Balance at 1 July 2019	257
Charge for year	56
Disposals	(2)
	<hr/>
<b>Balance at 30 June 2020</b>	<b>311</b>
	<hr/>
<i>Net book value</i>	
At 30 June 2019	69
	<hr/>
<b>At 30 June 2020</b>	<b>31</b>
	<hr/>

### 11 Investments in subsidiaries

	<b>2020 £000</b>
As at 30 June 2019	139,775
Additions during the year	-
	<hr/>
<b>As at 30 June 2020</b>	<b>139,775</b>
	<hr/>
Investments in subsidiaries	139,583
Investments in other unlisted investments	192
	<hr/>
	<b>139,775</b>
	<hr/>

## Notes to the financial statements (continued)

### 11 Investments in subsidiaries (continued)

The company directly or indirectly holds 100% of the share capital and voting rights of the significant subsidiaries, all of which are registered and operate in England and Wales:

Subsidiary undertakings	Class of shares held	Ownership		Principal activity
		2020	2019	
Bidcorp Developments Limited (formerly 3663 Developments Limited) *	Ordinary	100%	100%	Construction
Bidcorp Property Limited (formerly 3663 (Edinburgh) Limited) *	Ordinary	100%	100%	Property company
3663 Transport Limited *	Ordinary	100%	100%	Transport services
BFS Group Limited *	Ordinary	100%	100%	National foodservice company
Beanice Limited *	Ordinary	100%	-	Chilled distributor
Bidcorp Manufacturing Limited *	Ordinary	100%	100%	Holding company
Bidfresh Limited #	Ordinary	100%	100%	Processing and distribution of fish
Bidfresh Holdings Limited #	Ordinary	100%	100%	Holding company
Campbell Brothers Limited *	Ordinary	100%	100%	Chilled distributor
Caterfood Holdings Limited *	Ordinary	100%	100%	Holding company
Caterfood (South West) Limited *	Ordinary	100%	100%	Regional foodservice distribution
Catering2You Limited **	Ordinary	100%	-	Online food sales
Elite Frozen Food Limited	Ordinary	100%	-	Foodservice distributor
MGS Management Services Limited *	Ordinary	100%	100%	Regional foodservice distribution
Motec (South West) Limited *	Ordinary	100%	100%	Vehicle maintenance and repairs
PCL Transport 24/7 Limited *	Ordinary	100%	100%	Chilled distributor
PCL 24/7 Limited *	Ordinary	-	100%	Warehousing services
Quality Cuisine (South West) Limited *	Ordinary	100%	100%	Quality food producer
Simply Food Solutions Limited (formerly The Punjab Kitchen Limited) *	Ordinary	90%	90%	Food manufacturer
Snowdon & Bridge Limited **	Ordinary	100%	100%	National foodservice company
Texmod Holdings Limited *	Ordinary	90%	90%	Holding company
Yarde Farm Limited *	Ordinary	100%	100%	Quality ice cream producer
Bidfood France SA	Ordinary	100%	100%	Foodservice distributor
3663 Alba Limited *	Ordinary	100%	100%	Dormant
3663 First For Foodservice Limited *	Ordinary	100%	100%	Dormant
Anglo Frozen Foods Limited *	Ordinary	90%	90%	Dormant
Bidfood One Limited (formerly Best Food Logistics Limited) *	Ordinary	100%	100%	Dormant
Bidfood Foodservice Limited *	Ordinary	100%	100%	Dormant
Bidfood Limited *	Ordinary	100%	100%	Dormant
Boston Coffee Company Limited *	Ordinary	100%	100%	Dormant
C & G Neve Limited #	Ordinary	100%	100%	Dormant
Campbell Brothers Fish Company Limited \$	Ordinary	100%	100%	Dormant
Campbell Brothers Produce Limited #	Ordinary	100%	100%	Dormant
Campbell Brothers Holdings Limited #	Ordinary	100%	100%	Dormant
Chef's Trolley Limited *	Ordinary	100%	100%	Dormant
Childhay Manor Ice Cream Limited *	Ordinary	100%	100%	Dormant
Churchill's Fine Foods Limited *	Ordinary	100%	100%	Dormant
County Farm Butchers Limited #	Ordinary	100%	100%	Dormant
Daily Fish Supplies Limited #	Ordinary	100%	100%	Dormant
Direct Seafoods Limited #	Ordinary	100%	100%	Dormant
Direct Seafoods Scotland Limited #	Ordinary	100%	100%	Dormant
Elite Fine Foods Limited *	Ordinary	100%	-	Dormant
First for Foodservice Limited *	Ordinary	100%	100%	Dormant
Giffords Fine Foods Limited *	Ordinary	100%	100%	Dormant
Henson Foods Limited #	Ordinary	100%	100%	Dormant
Hensons Famous Salt Beef Limited #	Ordinary	100%	100%	Dormant
HM Group Limited *	Ordinary	100%	100%	Dormant



## Notes to the financial statements *(continued)*

### 11 Investments in subsidiaries *(continued)*

The company directly or indirectly holds 100% of the share capital and voting rights of the significant subsidiaries, all of which are registered and operate in England and Wales:

Subsidiary undertakings	Class of shares held	Ownership		Principal activity
		2020	2019	
Kingfisher (Brixham) Limited #	Ordinary	100%	100%	Dormant
Knight Meats Limited #	Ordinary	100%	100%	Dormant
Murrays Fresh Fish Limited #	Ordinary	100%	100%	Dormant
Oliver Kay Holdings Limited #	Ordinary	100%	100%	Dormant
Oliver Kay Limited #	Ordinary	100%	100%	Dormant
Pullman Foods Limited *	Ordinary	100%	100%	Dormant
R Noone & Son Limited #	Ordinary	100%	100%	Dormant
Simply A La Carte Limited *	Ordinary	90%	90%	Dormant
Simplypuree.com Limited *	Ordinary	90%	90%	Dormant
South Lincs Food Service Limited *	Ordinary	100%	100%	Dormant
Southbank Fresh Fish Limited #	Ordinary	100%	100%	Dormant
Swithenbank Fresh Limited #	Ordinary	100%	100%	Dormant
Taylor Foods Limited #	Ordinary	100%	100%	Dormant
The Black and White Coffee Company Limited *	Ordinary	100%	100%	Dormant
Fresh Food Hub Limited (formerly The London Fine Meat Company) #	Ordinary	100%	100%	Dormant
The Barton Meat Company Limited *	Ordinary	100%	100%	Dormant
The Punjab Kitchen Limited (formerly Simply Food Solutions Limited) *	Ordinary	90%	90%	Dormant
The Rustic Cheese Company Limited #	Ordinary	100%	100%	Dormant
Three Six Six Three Limited *	Ordinary	100%	100%	Dormant
Wyn Lee Holdings Limited #	Ordinary	100%	100%	Dormant
Wynne-Williams (Flint) Limited #	Ordinary	100%	100%	Dormant

#### Registered offices:

\* 814 Leigh Road, Slough SL1 4BD

\*\* Unit 5 Crowland Commerce Park, Crowland Street, Southport PR9 7RL

# Units 10-14 Cedar Way Industrial Estate, Camley Street, London, N1C 4PD

\$ Unit 4, Sherwood Industrial Estate, Bonnyrigg, Midlothian, EH19 3LW

The registered office of Bidfood France SA is 95 rue La Boetie, 75008 Paris, France

Hanlon's Smokehouse Dublin Limited	Ordinary	100%	100%	Dormant
Mckenna Fish Sales Limited	Ordinary	100%	100%	Dormant

**Registered office: Mckenna Fish Sales, Unit 30 Block B Millennium Business Park, Finglas, Dublin 11**

Wilson Watson Limited	Ordinary	100%	100%	Dormant
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**Registered office: 3663 First For Foodservice, Roxburgh Street, Galashiels, TD1 1PB**

The company directly holds 1% of the share capital and voting rights of the following company, which is registered and operates in Belgium:

Other unlisted investments	Class of shares held	Principal activity
Bidfood Belgium NV	€1 Ordinary	Investment company

The company directly holds 1% of the share capital and voting rights of the following company, which is registered and operates in the Czech Republic:

Other unlisted investments	Class of shares held	Principal activity
Bidfood Czech Republic s.r.o.	CZK1 Ordinary	Foodservice and retail distribution

## Notes to the financial statements *(continued)*

### 12 Amount due from subsidiaries

	2020 £000	2019 £000
Due from subsidiary undertakings	<u>69,783</u>	<u>24,330</u>

Amounts due are unsecured and bear interest at rates between 0.10% to 3% (2019: 2%).

### 13 Other debtors

	2020 £000	2019 £000
Other debtors, prepayments and accrued income	15	31
Amounts due from subsidiary undertakings	<u>39,800</u>	<u>41,465</u>
	<u>39,815</u>	<u>41,496</u>

Other amounts due from fellow subsidiaries are mainly interest bearing at 3.25% (2019: 0.75% to 2.25%), unsecured and are repayable on demand.

### 14 Other creditors

	2020 £000	2019 £000
Accruals and deferred income	171	189
Amounts owed to parent and fellow subsidiary undertakings	<u>173,835</u>	<u>142,898</u>
	<u>174,006</u>	<u>143,087</u>

Amounts owing to parent and subsidiaries are interest free and have no fixed term of repayment.

### 15 Pension Scheme

Bidcorp (UK) Limited operates a defined contribution scheme which was set up in July 2001. The pension cost for the year represents contributions payable by the company and amounted to £27,000 (2019: £25,000).

## Notes to the financial statements *(continued)*

### 16 Share capital

	2020 £	2019 £
<i>Allotted, called up and fully paid</i>		
2 ordinary shares of £1 each	2	2
	<u>2</u>	<u>2</u>

### 17 Operating lease commitments

The Company has annual rental commitments, excluding service charges, in respect of operating leases expiring as follows:

	Plant & equipment 2020 £000	Plant & Equipment 2019 £000
<i>Operating leases which expire:</i>		
Over one year and under five years	1	1
Over five years	-	-
	<u>1</u>	<u>1</u>

During the year ended 30 June 2020, £1,000 was recognised as an expense in the income statement in respect of operating leases (2019: £1,000).

### 18 Ultimate holding company and controlling party

The ultimate holding company of Bidcorp (UK) 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, Sandton 2146, South Africa.

### 19 Accounting estimates and judgments

Judgements and estimates made in the application of FRS 101 that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year relate to the valuation of investments in and amounts due from subsidiaries. The company monitors the performance of the investments and assesses the impact on valuation of any material deviations from expectations. The company further evaluates the expected credit loss on amounts due from subsidiaries on a case by case basis, which may be assessed based on indicators such as changes in financial capability of the subsidiary and default or significant delay in repayments. Based on the analysis, no impairments were identified and therefore it is management's judgement that no adjustments are required to the value of investments in or amounts due from subsidiaries.

### 20 Subsequent events

As of 1 July 2020, the company has sold its entire investment in Bidfresh Holdings Limited to BFS Group Limited, another subsidiary company. The sale was at the carrying value of the company's investment.