

**Bidvest (UK) Limited**

**Directors' report and financial  
statements**

**Registered number 03734739**

**Year ended 30 June 2013**



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## **Directors and company information**

### **Directors:**

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

SD Bender

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

B Joffe (Chairman)

D E Cleasby

A Fisher

A Selley

### **Secretary**

SD Bender

### **Registered Office**

11 Hill Street

Mayfair

London

W1J 5LF

### **Auditor**

KPMG LLP

St James' Square

Manchester

M2 6DS

### **Bankers**

HSBC Bank plc

8 Canada Square

London

E14 5XL

## **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 30 June 2013

### **Principal activities**

The principal activity of the company is that of an investment company

### **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 investment being BFS Group Ltd, trading as 3663 First for Foodservice and Bidvest Logistics, and Bidvest Fresh Limited, Seafood Holdings and Oliver Kay. 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.

### **Key Performance Indicators (KPI)**

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

### **Results and dividends**

The company made a profit for the year after tax of £5,120,000 (2012 £2,234,000).

Dividends paid during the year comprise an interim dividend in respect of the year ended 30 June 2013 of £5,000,000 (2012 £6,000,000) which equates to £2,500,000 per share (2012 £3,000,000 per share). The directors do not recommend payment of a final dividend (2012 £nil).

### **Employment of disabled persons**

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

### **Information to employees**

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

### **Directors**

The directors who held office during the year were

B Joffe  
SD Bender  
DE Cleasby  
A Fisher  
A Selley  
P Nyman (resigned 17 October 2013)

## **Directors' report** *(continued)*

### **Political and charitable contributions**

The company made no political contributions during the year *(2012 £nil)* The company made charitable contributions of £1,000 during the year *(2012 £nil)*

### **Directors and officers liability insurance**

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

### **Disclosure of information to auditor**

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 auditor is 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 auditor is aware of that information

### **Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the board

  
SD Bender  
Company Secretary

2/12/13

3rd Floor  
11 Hill Street  
London W1J 5LF

## **Statement of Directors' responsibilities in respect of the Directors' report and the financial statements**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards ('IFRS') as adopted by the EU 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRSs as adopted by the EU, 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 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. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

St James' Square  
Manchester  
M2 6DS  
United Kingdom

## **Report of the independent auditor's to the members of Bidvest (UK) Limited**

We have audited the financial statements of Bidvest (UK) Limited for the year ended 30 June 2013 set out on pages 7 to 27. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the EU, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Report of the independent auditors to the members of Bidvest (UK) Limited**  
*(continued)*

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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

*N.A. Plumb*

*2/12/13*

**Nick Plumb (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
Chartered Accountants  
St James' Square  
Manchester  
M2 6DS

**Income statement**  
*for the year ended 30 June 2013*

|   | <i>Note</i> | <b>2013</b> |             | <b>2012</b> |             |
|---|-------------|-------------|-------------|-------------|-------------|
|   |             | <b>£000</b> | <b>£000</b> | <b>£000</b> | <b>£000</b> |
| Income from shares in subsidiary undertakings | 3           |             | 8,519       |             | 5,000       |
| Other operating income                        |             |             | 76          |             | 81          |
|   |             |             | <hr/>       |             | <hr/>       |
| Administration expenses                       |             |             | 8,595       |             | 5,081       |
|   |             |             | (1,406)     |             | (384)       |
|   |             |             | <hr/>       |             | <hr/>       |
| <b>Operating profit</b>                       | 2           |             | 7,189       |             | 4,697       |
| Financial income                              | 4           | 247         |             | 284         |             |
| Financial expenses                            | 5           | (3,115)     |             | (3,737)     |             |
|   |             | <hr/>       |             | <hr/>       |             |
| <b>Net financing costs</b>                    |             |             | (2,868)     |             | (3,453)     |
|   |             |             | <hr/>       |             | <hr/>       |
| Profit before taxation                        |             |             | 4,321       |             | 1,244       |
| Tax on profit on ordinary activities          | 8           |             | 799         |             | 990         |
|   |             |             | <hr/>       |             | <hr/>       |
| <b>Profit after taxation</b>                  |             |             | 5,120       |             | 2,234       |
|   |             |             | <hr/>       |             | <hr/>       |

**Statement of comprehensive income**  
*for the year ended 30 June 2013*

|  | <i>Note</i> | <b>2013</b><br><b>£000</b> | <b>2012</b><br><b>£000</b> |
|--|-------------|----------------------------|----------------------------|
| <b>Profit for the year</b>                                     |             | <b>5,120</b>               | <b>2,234</b>               |
| <b>Other comprehensive income</b>                              |             |                            |                            |
| Effective portion of changes in fair value of cash flow hedges |             | <b>574</b>                 | <b>(223)</b>               |
| Deferred tax asset arising on other comprehensive income       |             | <b>(138)</b>               | <b>367</b>                 |
| <b>Total comprehensive income for the year</b>                 | <b>20</b>   | <b>5,556</b>               | <b>2,378</b>               |
| <b>Attributable to:</b>  |             |                            |                            |
| Equity holders   |             | <b>5,556</b>               | <b>2,378</b>               |

**Balance sheet**  
*at 30 June 2013*

|   | <i>Note</i> | <b>2013</b><br><b>£000</b> | <b>2012</b><br><b>£000</b> |
|---|-------------|----------------------------|----------------------------|
| <b>Non-current assets</b>                     |             |                            |                            |
| Plant and equipment                           | 10          | 92                         | 116                        |
| Investments in subsidiaries                   | 11          | 130,404                    | 152,823                    |
| Deferred tax assets                           | 12          | 229                        | 367                        |
|   |             | <u>130,725</u>             | <u>153,306</u>             |
| <b>Current assets</b>                         |             |                            |                            |
| Trade and other receivables                   | 13          | 58,114                     | 56,500                     |
| Cash and cash equivalents                     | 14          | 770                        | -                          |
|   |             | <u>58,884</u>              | <u>56,500</u>              |
| <b>Total assets</b>                           |             | <u>189,609</u>             | <u>209,806</u>             |
| <b>Non-current liability</b>                  |             |                            |                            |
| Other interest – bearing loans and borrowings | 15          | (78,000)                   | (88,000)                   |
|   |             | <u>(78,000)</u>            | <u>(88,000)</u>            |
| <b>Current liabilities</b>                    |             |                            |                            |
| Other interest – bearing loans and borrowings | 15          | (10,685)                   | (11,446)                   |
| Trade and other payables                      | 16          | (93,764)                   | (103,790)                  |
|   |             | <u>(104,449)</u>           | <u>(115,236)</u>           |
| <b>Total liabilities</b>                      |             | <u>(182,449)</u>           | <u>(203,236)</u>           |
| <b>Net assets</b>                             |             | <u>7,160</u>               | <u>6,570</u>               |
| <b>Equity</b>                                 |             |                            |                            |
| Share capital                                 | 18          | -                          | -                          |
| Retained earnings                             | 20          | 7,160                      | 6,570                      |
| <b>Total Equity</b>                           | 20          | <u>7,160</u>               | <u>6,570</u>               |

These financial statements were approved by the board of directors on 21/2/13 and were signed on its behalf by



**SD Bender**  
*Director*

Company number 03734739

**Cash flow statement**  
*for the year ended 30 June 2013*

|  | <i>Note</i> | <b>2013</b><br><b>£000</b> | <b>2012</b><br><b>£000</b> |
|--|-------------|----------------------------|----------------------------|
| <b>Cash flows from operating activities</b>                        |             |                            |                            |
| Profit for the year before taxation                                |             | 4,321                      | 1,244                      |
| Adjustments for  |             |                            |                            |
| Depreciation, amortisation and impairment                          |             | 1,835                      | 38                         |
| Share option   |             | 34                         | 27                         |
| Financial income   |             | (247)                      | (284)                      |
| Financial expense  |             | 3,115                      | 3,737                      |
| Dividend received  | 3           | (8,519)                    | (5,000)                    |
| <b>Operating profit / (loss) before changes in working capital</b> |             | <b>539</b>                 | <b>(238)</b>               |
| (Increase) / decrease in trade and other receivables               |             | (1,663)                    | 9,097                      |
| Increase in trade and other payables                               |             | 11,028                     | 4,370                      |
| <b>Cash generated from operations</b>                              |             | <b>9,904</b>               | <b>13,229</b>              |
| Interest paid  |             | (3,445)                    | (3,350)                    |
| Tax received   |             | 979                        | 339                        |
| <b>Net cash used in operating activities</b>                       |             | <b>7,438</b>               | <b>10,218</b>              |
| <b>Cash flows from investing activities</b>                        |             |                            |                            |
| Interest received  |             | 244                        | 284                        |
| Dividends received   |             | 8,519                      | 5,000                      |
| <b>Net cash from investing activities</b>                          |             | <b>8,763</b>               | <b>5,284</b>               |
| <b>Cash flows from financing activities</b>                        |             |                            |                            |
| Repayment of borrowings  |             | (10,000)                   | (10,000)                   |
| Dividends paid   | 9           | (5,000)                    | (6,000)                    |
| <b>Net cash used in financing activities</b>                       |             | <b>(15,000)</b>            | <b>(16,000)</b>            |
| Net increase / (decrease) in cash and cash equivalents             |             | 1,201                      | (498)                      |
| Cash and cash equivalents at 1 July                                |             | (431)                      | 67                         |
| <b>Cash and cash equivalents at 30 June</b>                        |             | <b>770</b>                 | <b>(431)</b>               |
| <b>Cash and Cash equivalents at 30 June is made up of</b>          |             |                            |                            |
| Cash   |             | 770                        | -                          |
| Bank overdraft   |             | -                          | (431)                      |

**Statement of changes in equity**  
*for the year ended 30 June 2013*

|  | Share capital<br>£000 | Retained profit<br>£000 | Total<br>£000 |
|--|-----------------------|-------------------------|---------------|
| Balance at 30 June 2011                                      | -                     | 10,165                  | 10,165        |
| <b>Total comprehensive income for the year</b>               |                       |                         |               |
| Retained profit for the year                                 | -                     | 2,234                   | 2,234         |
| Other comprehensive income                                   |                       | 144                     | 144           |
|  | <u>-</u>              | <u>2,378</u>            | <u>2,378</u>  |
| <b>Transactions with owners, recorded directly in equity</b> |                       |                         |               |
| Dividends  | -                     | (6,000)                 | (6,000)       |
| Equity settled share based payment transaction               | -                     | 27                      | 27            |
|  | <u>-</u>              | <u>6,570</u>            | <u>6,570</u>  |
| Balance at 30 June 2012                                      | -                     | 6,570                   | 6,570         |
|  | <u>-</u>              | <u>6,570</u>            | <u>6,570</u>  |
| Balance at 30 June 2012                                      | -                     | 6,570                   | 6,570         |
| <b>Total comprehensive income for the year</b>               |                       |                         |               |
| Retained profit for the year                                 | -                     | 5,120                   | 5,120         |
| Other comprehensive income                                   |                       | 436                     | 436           |
|  | <u>-</u>              | <u>5,556</u>            | <u>5,556</u>  |
| <b>Transactions with owners, recorded directly in equity</b> |                       |                         |               |
| Dividends  | -                     | (5,000)                 | (5,000)       |
| Equity-settled share based payment transactions              | -                     | 34                      | 34            |
|  | <u>-</u>              | <u>7,160</u>            | <u>7,160</u>  |
| Balance at 30 June 2013                                      | -                     | 7,160                   | 7,160         |

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

Bidvest (UK) Limited (the "Company") is a company incorporated in the UK

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.

The company financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs")

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 30 June 2013, and have not been applied in preparing these financial statements. The Directors have considered these new standards, amendments to standards and interpretations and their current assessment is that the adoption of these changes will not impact significantly on the Company's financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 27.

The accounts have been prepared on a going concern basis on the basis of (i) the continued profitability of the subsidiaries and increasing dividend streams and (ii) the continued support of the wider Bidvest group evidenced by increased funding in the year and continued performance guarantees in respect of the Eurobond and bank debt.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

#### **Measurement convention**

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

#### **Classification of financial instruments issued by the Company**

Following the adoption of IAS 32, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company, and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

## **Notes (continued)**

### **1 Accounting policies (continued)**

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

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

#### ***Plant and equipment***

Plant and equipment 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

#### ***Trade and other receivables***

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

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

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

#### ***Impairment***

The carrying amounts of the Company's assets 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.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

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

#### ***Interest-bearing borrowings***

Interest-bearing 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.

#### ***Fair value hedges***

Where a derivative financial instrument is designated as a hedge of the variability in fair value of a recognised asset or liability or an unrecognised firm commitment, all changes in the fair value of the derivative are recognised immediately in the income statement. The carrying value of the hedged item is adjusted by the change in fair value that is attributable to the risk being hedged (even if it is normally carried at cost or amortised cost) and any gains or losses on remeasurement are recognised immediately in the income statement (even if those gains would normally be recognised directly in reserves).

## Notes (continued)

### 1 Accounting policies (continued)

#### *Expenses*

##### *Operating lease payments*

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

##### *Net financing costs*

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

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

#### *Employee benefits*

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

The share option programme allows 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.

#### *Taxation*

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

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

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

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

## Notes (continued)

### 2 Expenses and auditor's remuneration

|  | 2013<br>£000 | 2012<br>£000 |
|--|--------------|--------------|
|--|--------------|--------------|

*Included in operating profit are the following:*

|  |         |       |
|--|---------|-------|
| Depreciation   |         |       |
| Owned assets   | 27      | 38    |
| Operating lease and hire charges   |         |       |
| Land and buildings   | 126     | 112   |
| Impairment of investments  | 1,210   | -     |
| Profit on sale of trade of Swithenbank Food Limited to BFS Group Limited | (1,026) | -     |
|  | <hr/>   | <hr/> |

|                                     |       |       |
|-------------------------------------|-------|-------|
|                                     | £000  | £000  |
| <i>Auditor's remuneration:</i>      |       |       |
| Audit of these financial statements | 5     | 2     |
| Taxation                            | 8     | 9     |
|                                     | <hr/> | <hr/> |

### 3 Income from shares in group undertakings

|                    | 2013<br>£000 | 2012<br>£000 |
|--------------------|--------------|--------------|
| Dividends received | 8,519        | 5,000        |
|                    | <hr/>        | <hr/>        |

### 4 Financial income

|                            | 2013<br>£000 | 2012<br>£000 |
|----------------------------|--------------|--------------|
| Interest from subsidiaries | 247          | 284          |
|                            | <hr/>        | <hr/>        |
|                            | 247          | 284          |
|                            | <hr/>        | <hr/>        |

### 5 Financial expense

|   | 2013<br>£000 | 2012<br>£000 |
|---|--------------|--------------|
| Interest paid to group on Eurobond      | 1,414        | 1,502        |
| Amounts due from managers of subsidiary | -            | 47           |
| Bank interest                           | 1,701        | 2,188        |
|   | <hr/>        | <hr/>        |
|   | 3,115        | 3,737        |
|   | <hr/>        | <hr/>        |

Amounts due from managers of subsidiary relate to the reversal of an incentive arrangement in a subsidiary undertaking

## Notes (continued)

### 6 Directors' remuneration

|                       | 2013<br>£000 | 2012<br>£000 |
|-----------------------|--------------|--------------|
| Remuneration          | 146          | 142          |
| Share based payments  | 34           | 27           |
|                       | <hr/> 180    | <hr/> 169    |
| Remuneration includes |              |              |
| Highest paid director | <hr/> 146    | <hr/> 142    |

At the end of the year one director (2012 one) was accruing retirement benefits under a money purchases scheme

The above remuneration payments relate to one director only, the remaining directors received no remuneration for their services as directors of Bidvest (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 |      |
|------------|---------------------|------|
|            | 2013                | 2012 |
| Management | 3                   | 2    |

The aggregate employment costs during the year were as follows

|                       | 2013<br>£000 | 2012<br>£000 |
|-----------------------|--------------|--------------|
| Wages and salaries    | 225          | 160          |
| Social security costs | 22           | 19           |
| Pension costs         | 19           | 17           |
|                       | <hr/> 266    | <hr/> 196    |

## Notes (continued)

### 8 Taxation

#### a) Recognised in the income statement

|                                       | 2013<br>£000 | 2012<br>£000 |
|---------------------------------------|--------------|--------------|
| Current year                          | (792)        | (962)        |
| Adjustments in respect of prior years | (7)          | (28)         |
| Total current tax credit              | (799)        | (990)        |
| Total tax in income statement         | (799)        | (990)        |

#### b) Reconciliation of effective tax rate

|  | 2013<br>£000 | 2012<br>£000 |
|--|--------------|--------------|
| Profit before taxation   | 4,321        | 1,244        |
| Income tax using the UK corporation tax rate of 23.75% (2012: 25.5%) | 1,026        | 317          |
| Tax exempt revenues  | (2,024)      | (1,275)      |
| Non deductible expenses  | 206          | (6)          |
| Deferred tax movement not recognised                                 | -            | 2            |
| Over-provided in prior years   | (7)          | (28)         |
| Total tax in income statement  | (799)        | (990)        |

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

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013.

It has not yet been possible to quantify the full anticipated effect of the announced further 3% rate reduction, although this will further reduce the company's future tax charge.

### 9 Dividends paid

|   | 2013<br>£000 | 2012<br>£000 |
|---|--------------|--------------|
| Interim – paid at £2,500,000 per share (2012: £3,000,000 per share) | 5,000        | 6,000        |

**Notes (continued)**

**10 Plant and equipment**

|                                | <b>Plant<br/>machinery<br/>and vehicles<br/>£000</b> |
|--------------------------------|--|
| <i><b>Cost</b></i>             |  |
| Balance at 1 July 2011         | 332  |
| Additions                      | -  |
| Disposals                      | -  |
|                                | <hr/>  |
| Balance at 30 June 2012        | 332  |
|                                | <hr/>  |
| Balance at 1 July 2012         | 332  |
| Additions                      | 3  |
| Disposals                      | -  |
|                                | <hr/>  |
| <b>Balance at 30 June 2013</b> | <b>335</b>   |
|                                | <hr/>  |
| <i><b>Depreciation</b></i>     |  |
| Balance at 1 July 2011         | 178  |
| Charge for the year            | 38   |
| Disposals                      | -  |
|                                | <hr/>  |
| Balance at 30 June 2012        | 216  |
|                                | <hr/>  |
| Balance at 1 July 2012         | 216  |
| Charge for year                | 27   |
| Disposals                      | -  |
|                                | <hr/>  |
| <b>Balance at 30 June 2013</b> | <b>243</b>   |
|                                | <hr/>  |
| <i><b>Net book value</b></i>   |  |
| At 30 June 2011                | 154  |
|                                | <hr/>  |
| At 30 June 2012                | 116  |
|                                | <hr/>  |
| <b>At 30 June 2013</b>         | <b>92</b>  |
|                                | <hr/>  |

## Notes (continued)

### 11 Investments in subsidiaries

|                           | £000           |
|---------------------------|----------------|
| As at 30 June 2011        | 152,678        |
| Additions during year     | 145            |
|                           | <hr/>          |
| As at 30 June 2012        | 152,823        |
| Disposals during year     | (21,209)       |
| Impairment of investments | (1,210)        |
|                           | <hr/>          |
| <b>As at 30 June 2013</b> | <b>130,404</b> |
|                           | <hr/>          |

Shares in group undertakings comprise entirely of shares held in subsidiary undertakings

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

| Subsidiary undertakings        | Class of shares held | Ownership |      | Principal activity                     |
|--------------------------------|----------------------|-----------|------|--|
|                                |                      | 2013      | 2012 |  |
| BFS Group Limited              | £0 10 Ordinary       | 100%      | 100% | National foodservice distribution      |
| HM Group Limited               | £1 Ordinary          | 100%      | 100% | Non trading company                    |
| Pullman Foods Limited          | £1 Ordinary          | 100%      | 100% | Property company                       |
| Swithenbank Foods Limited      | £1 Ords&£1 Pref      | 100%      | 100% | Non trading company                    |
| Wilson Watson Ltd              | £1 Ordinary          | 100%      | 100% | Non trading company                    |
| 3663 Transport Ltd             | £1 Ordinary          | 100%      | 100% | Non trading company                    |
| Vincent Sorge (Wholesale) Ltd  | £1 Ordinary          | 100%      | 100% | Non trading company                    |
| Bidvest Logistics Limited      | £0 01 Ordinary       | 100%      | 100% | Non trading company                    |
| 3663 Developments Limited      | £1 Ordinary          | 100%      | 100% | Non trading company                    |
| 3663 Limited                   | £1 Ordinary          | 100%      | 100% | Non trading company                    |
| 3663 Group Limited             | £1 Ordinary          | 100%      | 100% | Non trading company                    |
| 3663 First for Foodservice Ltd | £1 Ordinary          | 100%      | 100% | Non trading company                    |
| Three Six Six Three Limited    | £1 Ordinary          | 100%      | 100% | Non trading company                    |
| 3663 Alba Limited              | £1 Ordinary          | 100%      | 100% | Non trading company                    |
| First for Foodservice Limited  | £1 Ordinary          | 100%      | 100% | Non trading company                    |
| 3663 Edinburgh Limited         | £1 Ordinary          | 100%      | 100% | Non trading company                    |
| The Barton Meat Company Ltd    | £1 Ordinary          | 100%      | 100% | Non trading company                    |
| Giffords Fine Foods Ltd        | £1 Ordinary          | 100%      | 100% | Non trading company                    |
| MGS Management Services Ltd    | £1 Ordinary          | 100%      | 5%   | Regional foodservice distribution      |
| South Lincs Food Service Ltd   | £1 Ordinary          | 100%      | 5%   | Non trading company                    |
| Chef's Trolley Ltd             | £1 Ordinary          | 100%      | 5%   | Non trading company                    |
| Churchill's Fine Foods Ltd     | £1 Ords&£1 Pref      | 100%      | 5%   | Non trading company                    |
| Bidvest Fresh Ltd              | £1 Ordinary          | 100%      | -    | Sub holding company                    |
| Seafood Holdings Ltd           | £1 Ordinary          | 100%      | 100% | Processing and distribution of fish    |
| Oliver Kay Holdings Ltd        | £0 1 Ordinary        | 75%       | -    | Sub holding company                    |
| Oliver Kay Ltd                 | £1 Ordinary          | 75%       | -    | National distribution of fresh produce |

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

| Associate          | Class of shares held | Principal activity |
|--------------------|----------------------|--------------------|
| Delix XL Belgie 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

| Associate                    | Class of shares held | Principal activity                  |
|------------------------------|----------------------|-------------------------------------|
| Bidvest Czech Republic s r o | CZK1 Ordinary        | Foodservice and retail distribution |

**Notes (continued)**

**12 Deferred tax asset**

|  | 2013<br>£000 | 2012<br>£000 |
|--|--------------|--------------|
| At start of year                             | 367          | -            |
| Arising on movements in comprehensive income | (138)        | 367          |
|  | <u>229</u>   | <u>367</u>   |

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. The deferred tax liability at 30 June 2013 has been calculated based on the rate of 23% substantively enacted at the balance sheet date.

**13 Trade and other receivables**

|   | 2013<br>£000  | 2012<br>£000  |
|---|---------------|---------------|
| Other receivables, prepayments and accrued income         | 1,067         | 1,382         |
| Trade receivables due from fellow subsidiary undertakings | 57,047        | 55,118        |
|   | <u>58,114</u> | <u>56,500</u> |

Amounts due from fellow subsidiaries are interest bearing, unsecured and have no fixed terms of repayment. Amounts due from managers in subsidiary relate to an incentive arrangement in a subsidiary undertaking, and are secured on the shares.

**14 Cash and cash equivalents**

|                           | 2013<br>£000 | 2012<br>£000 |
|---------------------------|--------------|--------------|
| Cash and cash equivalents | 770          | -            |

## Notes (continued)

### 15 Other interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings. For more information about the Company's exposure to interest rate and foreign currency risk, see note 21.

|                                    | 2013<br>£000  | 2012<br>£000  |
|------------------------------------|---------------|---------------|
| <b>Non-current liabilities</b>     |               |               |
| Quoted Eurobonds due November 2014 | 58,000        | 58,000        |
| Bank loan                          | 20,000        | 30,000        |
|                                    | <u>78,000</u> | <u>88,000</u> |

#### Maturity of non-current financial liabilities

|                      | 2013<br>£000  | 2012<br>£000  |
|----------------------|---------------|---------------|
| More than five years | -             | 58,000        |
| Two to five years    | 78,000        | 30,000        |
|                      | <u>78,000</u> | <u>88,000</u> |

|                            | £000          | £000          |
|----------------------------|---------------|---------------|
| <b>Current liabilities</b> |               |               |
| Bank overdraft             | -             | 431           |
| Accrued Eurobond interest  | 685           | 1,015         |
| Bank loan                  | 10,000        | 10,000        |
|                            | <u>10,685</u> | <u>11,446</u> |

#### Terms and debt repayment schedule

The Quoted Eurobonds have a duration of 10 years from 2005 and are listed on the Irish Alternative Securities Market. The loan is unsecured and carries an interest rate of 1% over UK base rates, equalling circa 2% for the year to 30 June 2013 (2012: 2%), with interest payable annually. The Quoted Eurobonds are held by BidCorp Finance Limited, a related company. Performance of the Quoted Eurobond obligations is guaranteed by Bidvest Foodservice International Limited, a common parent of both Bidvest (UK) Limited and BidCorp Finance Limited.

The bank loan totalled £50m and amortises at a rate of £10m per annum over 5 years. An interest rate swap has been taken out to protect the company against adverse interest rate movements. The swap interest rate takes effect from 1 July 2013, and fixes at an effective rate of 4.5% for the remainder of the loan.

## Notes (continued)

### 16 Trade and other payables

|   | 2013<br>£000  | 2012<br>£000   |
|---|---------------|----------------|
| Accruals and deferred income                              | 163           | 882            |
| Amounts owed to parent and fellow subsidiary undertakings | 92,650        | 101,383        |
| Other financial liabilities (note 21)                     | 951           | 1,525          |
|   | <u>93,764</u> | <u>103,790</u> |

Amount owing to parent and subsidiaries is interest free and has no fixed term of repayment

### 17 Employee benefits

#### Share-based payments

Share options have been granted to a director of the company by the ultimate parent company

The terms and conditions of the grants are as follows, whereby all options are settled by physical delivery of shares

| Grant date / employees entitled                      | Number of instruments | Vesting conditions                 | Contractual life of options |
|--|-----------------------|------------------------------------|-----------------------------|
| Equity settled award granted by parent on April 2013 | 10,000                | Become exercisable from April 2017 | April 2023                  |

The number and weighted average exercise prices of share options are as follows

|  | Weighted average exercise price<br>2013 | Number of options<br>2013 | Weighted average exercise price<br>2012 | Number of options<br>2012 |
|--|---|---------------------------|---|---------------------------|
| Outstanding at the beginning of the period | ZAR134.88                               | 32,500                    | ZAR135.15                               | 17,500                    |
| Issued during period                       | ZAR208.91                               | 10,000                    | ZAR134.56                               | 15,000                    |
| Exercised in period                        | -                                       | -                         | -                                       | -                         |
| Outstanding at the end of the period       | <u>ZAR152.30</u>                        | <u>42,500</u>             | <u>ZAR134.88</u>                        | <u>32,500</u>             |
| Exercisable at the end of the period       | <u>-</u>                                | <u>-</u>                  | <u>-</u>                                | <u>-</u>                  |

### 18 Share capital

|   | 2013<br>£ | 2012<br>£ |
|---|-----------|-----------|
| <i>Allotted, called up and fully paid</i> |           |           |
| 2 ordinary shares of £1 each              | <u>2</u>  | <u>2</u>  |

## Notes (continued)

### 19 Pension Scheme

Bidvest (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 £19,000 (2012 £17,000)

### 20 Capital and reserves

|   | Share capital<br>£000 | Retained profit<br>£000 | Total<br>£000 |
|---|-----------------------|-------------------------|---------------|
| Balance at 30 June 2011                           | -                     | 10,165                  | 10,165        |
| Retained profit for the year                      | -                     | 2,234                   | 2,234         |
| Other comprehensive income                        | -                     | 144                     | 144           |
| Dividends   | -                     | (6,000)                 | (6,000)       |
| Equity – settled share based payment transaction  | -                     | 27                      | 27            |
|   | <hr/>                 | <hr/>                   | <hr/>         |
| Balance at 30 June 2012                           | -                     | 6,570                   | 6,570         |
|   | <hr/>                 | <hr/>                   | <hr/>         |
| Balance at 30 June 2012                           | -                     | 6,570                   | 6,570         |
| Retained profit for the year                      | -                     | 5,120                   | 5,120         |
| Other comprehensive income                        | -                     | 436                     | 436           |
| Dividends   | -                     | (5,000)                 | (5,000)       |
| Equity – settled shared based payment transaction | -                     | 34                      | 34            |
|   | <hr/>                 | <hr/>                   | <hr/>         |
| Balance at 30 June 2013                           | -                     | 7,160                   | 7,160         |
|   | <hr/>                 | <hr/>                   | <hr/>         |

The Company defines capital as the capital and reserves as shown above. The company's policy on capital management is to retain sufficient capital to sustain the development of the company, and to pay dividends to its parent when appropriate. There are no regulatory limits on capital.

### 21 Financial risk management

The Company holds or issues financial instruments in order to achieve the following main objectives:

- a) to finance its operations and
- b) to manage its exposure to interest risk from its operations and from its sources of finance

Various financial instruments (e.g. trade receivables, trade payables, accruals and prepayments) arise directly from the Company's operations.

Transactions in financial instruments result in the Company assuming or transferring to another party in one or more of the financial risks described below.

The Board of Directors has overall responsibility for the establishment, development and monitoring of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks they face, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

#### Credit risk

The Company monitors credit risk closely and considers that its current policies meet its objectives of managing exposure to credit risk.

## Notes (continued)

### 21 Financial risk management (continued)

#### Exposure to credit risk

All trade receivables are due in the UK. The Company has no significant concentrations of external credit risk. The intercompany balances are not considered to represent a significant credit risk by the Directors. Amounts shown in the balance sheet best represent the maximum credit risk exposure in the event other parties fail to perform their obligations under financial instruments.

#### Exposure to credit risk (continued)

Credit risk with respect to trade receivables is monitored on an ongoing basis by the credit control team and finance management. The terms of debt are agreed per transaction. At the balance sheet date for both current and prior year, there were no trade external receivables and all amounts were not past due. Based on historic default rates, the Company believes that no impairment allowance is necessary in respect of trade receivables not past due or past due by up to one year, all of this balance relates to customers that have a good track record with the Company.

There are no amounts past due and no impairment losses or provision at 30 June 2013 and 30 June 2012.

#### Liquidity risk

The Company at all times maintains adequate credit facilities in order to meet all its commitments as and when they fall due.

Trade and other payables relate mainly to intercompany payables.

In summary the repayment of borrowings is set out below. The Company manages its exposure to liquidity risk through monitoring the performance of its subsidiaries, and their ability to pay dividends, and being subject to the overall treasury management of the wider Bidvest Group.

| 30 June 2013                                | Carrying<br>amount<br>£000 | Contractual<br>cash flows<br>£000 | 6 months<br>or less<br>£000 | 6-12<br>months<br>£000 | 1-2 years<br>£000 | 2-5 years<br>£000 | More than<br>5 years<br>£000 |
|---|----------------------------|-----------------------------------|-----------------------------|------------------------|-------------------|-------------------|------------------------------|
| <b>Non-derivative financial liabilities</b> |                            |                                   |                             |                        |                   |                   |                              |
| Quoted Eurobonds                            | 58,685                     | 60,358                            | 1,179                       | -                      | 59,179            | -                 | -                            |
| Bank loan                                   | 30,000                     | 31,996                            | 10,680                      | 439                    | 10,658            | 10,219            | -                            |
| Intercompany payables                       | 92,650                     | 92,650                            | 92,650                      | -                      | -                 | -                 | -                            |
|   | <b>181,335</b>             | <b>185,004</b>                    | <b>104,509</b>              | <b>439</b>             | <b>69,837</b>     | <b>10,219</b>     |                              |
| <b>30 June 2012</b>                         |                            |                                   |                             |                        |                   |                   |                              |
| <b>Non-derivative financial liabilities</b> |                            |                                   |                             |                        |                   |                   |                              |
| Quoted Eurobonds                            | 59,015                     | 62,103                            | 1,745                       | -                      | 1,179             | 59,179            | -                            |
| Bank loan                                   | 40,000                     | 43,817                            | 10,904                      | 735                    | 10,726            | 21,452            | -                            |
| Intercompany payables                       | 101,383                    | 101,383                           | 101,383                     | -                      | -                 | -                 | -                            |
|   | <b>200,398</b>             | <b>207,303</b>                    | <b>114,032</b>              | <b>735</b>             | <b>11,905</b>     | <b>80,631</b>     | <b>-</b>                     |

## Notes (continued)

### 21 Financial risk management (continued)

#### Interest rate risk

The Company is part funded through group balances and part funded through Eurobonds. There is no significant exposure to interest rates on Group loans as they are interest free. On the Eurobond loan, annual interest rate is charged at 1% over UK base rate. Although the bank loan accrues interest based on LIBOR, the company has contracted a 5 year swap to fix the interest rate at 4.5% irrespective of LIBOR movements.

The Company invests its cash in a range of cash deposit accounts with banks in the UK. Interest earned therefore closely follows movements in Bank of England base rates.

#### Cash flow sensitivity analysis for variable rate instruments

As at year end, the interest rate profile of the company's interest bearing financial instruments are as follows

|  | Carrying amount |        |
|--|-----------------|--------|
|  | 2013            | 2012   |
|  | £000            | £000   |
| <b>Variable rate financial instruments</b> |                 |        |
| Amount due from subsidiaries               | 17,733          | 25,936 |
| Eurobond                                   | 58,685          | 59,015 |
| Cash and cash equivalent                   | 770             | (431)  |

#### Variable rate financial instruments

A movement of 1 per cent in the interest rate (increase or decrease) would result in a difference as follows

|                              | Profit or loss |      |
|------------------------------|----------------|------|
|                              | 2013           | 2012 |
|                              | £000           | £000 |
| Amount due from subsidiaries | 177            | 259  |
| Eurobond                     | 580            | 580  |
| Cash and cash equivalent     | 1              | (1)  |

#### Fair value

The directors are of the opinion that the carrying value of financial instruments approximates fair value. This includes the Eurobond which aligns itself and reset to LIBOR each November.

Trade and other receivables are valued at amortised cost. Impairment losses are estimated at year end by reviewing amounts outstanding and assessing recoverability.

### 22 Capital commitments

Capital commitments authorised as at 30 June 2013, but not provided for in these financial statements amounted to £nil (2012 £nil), in respect of which contracts for £nil (2012 £nil) have been placed.

## Notes (continued)

### 23 Operating lease commitments

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

|                                       | Land and<br>buildings<br>2013<br>£000 | Land and<br>buildings<br>2012<br>£000 |
|---------------------------------------|---------------------------------------|---------------------------------------|
| <i>Operating leases which expire:</i> |                                       |                                       |
| Over one year and under five years    | 6                                     | 5                                     |
| Over five years                       | 623                                   | 720                                   |
|                                       | <u>629</u>                            | <u>725</u>                            |

The Company leases property under an operating lease. The lease runs for a period of 10 years, expiring in 2020. The lease does not include contingent rentals.

During the year ended 30 June 2013, £123,000 was recognised as an expense in the income statement in respect of operating leases (2012 £112,000).

### 24 Related party transactions

| Name of entity                            | Related party relationship |
|---|----------------------------|
| BFS Group Limited                         | Subsidiary                 |
| Seafood Holdings Ltd                      | Subsidiary                 |
| The Barton Meat Company Limited           | Indirect subsidiary        |
| DelixL Belgie NV                          | Fellow subsidiary          |
| DelixL BV                                 | Fellow subsidiary          |
| Bid Foodservice (Europe) Limited          | Direct parent              |
| Bidvest Foodservice International Limited | Parent of parent           |
| BidCorp Finance Limited                   | Fellow subsidiary          |
| Bidcorp Limited                           | Fellow subsidiary          |

#### Transactions with group companies

During the year the company has continued to provide funding and management services to its main trading subsidiary, BFS Group Limited, and has entered into certain other transactions with other companies within the Bidvest group in the UK and Isle of Man.

|  | 2013<br>£000 | 2012<br>£000 |
|--|--------------|--------------|
| <i>Income Statement</i>                            |              |              |
| Dividends received from BFS Group Limited          | 8,519        | 5,000        |
| Dividends paid to Bid Foodservice (Europe) Limited | (5,000)      | (6,000)      |
| Interest receivable from BFS Group Limited         | 247          | 284          |
| Interest paid to fellow subsidiaries               | (1,414)      | (1,502)      |
| Sales less purchases from BFS Group Limited        | 70           | 70           |
| Sales less purchases from fellow subsidiaries      | 9            | 9            |
| <i>Balance sheet</i>                               |              |              |
| Loans to BFS Group Limited                         | 17,733       | 25,936       |
| Loans to Seafood Holdings Ltd                      | 39,287       | 28,557       |
| Loans from parent                                  | (4,624)      | (7,024)      |
| Loans to subsidiaries                              | 27           | 625          |
| Loans from parent's parent                         | (57,703)     | (43,556)     |
| Loans from subsidiaries                            | (30,323)     | (50,803)     |

## **Notes (continued)**

### **24 Related party transactions (continued)**

5 directors of the company receive remuneration from other group companies in respect of their services to those companies (2012 5)

#### *Transactions with key management personnel*

Directors of the Company and their immediate relatives control nil per cent of the voting shares of the company

There have been no transactions with key management personnel in the year, other than directors remuneration which is set out in note 6

### **25 Ultimate holding company and controlling party**

The ultimate holding company of Bidvest (UK) Limited is The Bidvest Group 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 The Bidvest Group Limited are available upon application to the Company Secretary at the following address PO Box 87274, Houghton 2041, Johannesburg, South Africa

### **26 Subsequent events**

No subsequent events have been identified that require disclosure in the financial statement

### **27 Accounting estimates and judgments**

Management discussed with the Audit Committee the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates

The key accounting policies relate to the valuation of investments in subsidiaries. The company monitors the performance of the investments and assesses the impact on valuation of any material deviations from expectations