

Bidvest (UK) Limited

**Directors' report and financial
statements**

Registered number 03734739

Year ended 30 June 2010

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Directors and company information

Directors:

Executive:

SD Bender

Non executive:

B Joffe (Chairman)

D E Cleasby

P Nyman

A Fisher

A Selley

Secretary

SD Bender

Registered Office

11 Hill Street

Mayfair

London

W1J 5LF

Auditors

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 2010

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. 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 £19,033,000 (2009 £24,360,000).

Dividends paid during the year comprise an interim dividend in respect of the year ended 30 June 2010 of £20,000,000 (2009 £25,000,000) (£10,000,000 per share (2009 £12,500,000 per share)). The directors do not recommend payment of a final dividend (2009 £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
FJ Barnes (resigned 31 March 2010)
SD Bender
DE Cleasby
A Fisher
A Selley
P Nyman

Directors' report *(continued)*

Political and charitable contributions

The group made no political contributions during the period (2009 £nil) The company made charitable contributions of £nil during the period (2009 £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 auditors

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

Auditors

Pursuant to a shareholders' resolution, the company is not obliged to reappoint its auditors annually and KPMG LLP will therefore continue in office

By order of the board



S Bender
Company Secretary

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 IFRSs 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



KPMG LLP

St James' Square
Manchester
M2 6DS
United Kingdom

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

We have audited the financial statements of Bidvest (UK) Limited for the year ended 30 June 2010 set out on pages 7 to 26. 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 sections 495 and 496 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 auditors' 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 auditors

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 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 (APB'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 APB's web-site at www.frc.org.uk/apb/scope/UKNP

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 2010 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



20 December 2010

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

Income statement
for the year ended 30 June 2010

	<i>Note</i>	2010 £000	2009 £000
Dividend income	3	20,000	25,000
Other operating income		88	145
		<hr/>	<hr/>
		20,088	25,145
Administration expenses		(715)	(489)
Profit on disposal of other investment		409	1,882
		<hr/>	<hr/>
Operating profit	2	19,782	26,538
Financial income	4	274	614
Financial expenses	5	(1,549)	(3,711)
		<hr/>	<hr/>
Net financing costs		(1,275)	(3,097)
		<hr/>	<hr/>
Profit before taxation		18,507	23,441
Taxation	8	526	919
		<hr/>	<hr/>
Profit after taxation		19,033	24,360
		<hr/>	<hr/>

Statement of comprehensive income
for the year ended 30 June 2010

	<i>Note</i>	2010 £000	2009 £000
<i>Profit for the year</i>		19,033	24,360
<i>Total comprehensive income for the year</i>	20	19,033	24,360
Attributable to:			
Equity holders		19,033	24,360

Balance sheet
at 30 June 2010

	<i>Note</i>	2010 £000	2009 £000
Non-current assets			
Plant and equipment	<i>10</i>	203	125
Investments in subsidiaries	<i>11</i>	133,174	132,990
Other investments	<i>12</i>	-	-
		<hr/> 133,377 <hr/>	<hr/> 133,115 <hr/>
Current assets			
Trade and other receivables	<i>13</i>	26,455	27,692
Cash and cash equivalents	<i>14</i>	103	24
		<hr/> 26,558 <hr/>	<hr/> 27,716 <hr/>
Total assets		<hr/> 159,935 <hr/>	<hr/> 160,831 <hr/>
Non-current liability			
Other interest – bearing loans and borrowings	<i>15</i>	58,000	58,000
		<hr/> 58,000 <hr/>	<hr/> 58,000 <hr/>
Current liabilities			
Other interest – bearing loans and borrowings	<i>15</i>	674	2,025
Trade and other payables	<i>16</i>	96,791	95,369
		<hr/> 97,465 <hr/>	<hr/> 97,394 <hr/>
Total liabilities		<hr/> 155,465 <hr/>	<hr/> 155,394 <hr/>
Net assets		<hr/> 4,470 <hr/>	<hr/> 5,437 <hr/>
Equity			
Share capital	<i>20</i>	-	-
Retained earnings	<i>20</i>	4,470	5,437
		<hr/> 4,470 <hr/>	<hr/> 5,437 <hr/>
Total Equity	<i>20</i>	4,470	5,437

These financial statements were approved by the board of directors on *20/12/10* and were signed on its behalf by



SD Bender
Director
Company number 03734739

Cash flow statement
for the year ended 30 June 2010

	<i>Note</i>	2010 £000	2009 £000
Cash flows from operating activities			
Profit for the year before taxation		18,507	23,441
Adjustments for			
Depreciation, amortisation and impairment		46	48
Financial income		(274)	(614)
Financial expense		1,549	3,711
Dividend received	9	(20,000)	(25,000)
Operating (loss)/profit before changes in working capital		(172)	1,586
(Increase)/Decrease in trade and other receivables		809	(7,248)
Increase in trade and other payables		1,422	8,144
Cash generated from operations		2,059	2,482
Interest paid		(2,900)	(4,060)
Tax received		954	935
Net cash used in operating activities		113	(643)
Cash flows from investing activities			
Interest received		274	614
Dividends received		20,000	25,000
Investment		(184)	-
Acquisition of plant and equipment		(124)	-
Net cash from investing activities		19,966	25,614
Cash flows from financing activities			
Repayment of borrowings		-	-
Dividends paid		(20,000)	(25,000)
Net cash used in financing activities		(20,000)	(25,000)
Net decrease in cash and cash equivalents		79	(29)
Cash and cash equivalents at 1 July		24	53
Cash and cash equivalents at 30 June		103	24

Statement of changes in equity
for the year ended 30 June 2010

	Share capital £000	Retained profit £000	Total £000
1 July 2008	-	6,077	6,077
Retained profit for the year	-	24,360	24,360
Dividends	-	(25,000)	(25,000)
	<hr/>	<hr/>	<hr/>
Balance at 30 June 2009	-	5,437	5,437
	<hr/>	<hr/>	<hr/>
Balance at 1 July 2009	-	5,437	5,437
Retained profit for the year	-	19,033	19,033
Dividends	-	(20,000)	(20,000)
	<hr/>	<hr/>	<hr/>
Balance at 30 June 2010	-	4,470	4,470
	<hr/>	<hr/>	<hr/>

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")

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

There is one new standard that has had a material impact on disclosure in this year's financial statements: Amendments to IAS 1 Presentation of Financial Statements. The amendments to IAS 1 require a Statement of Comprehensive Income as a primary statement in addition to Statements of changes in equity.

During the year, the Group has also adopted the following new standards, amendments to standards and interpretations issued under IFRS which are mandatory for accounting periods beginning on or after 1 January 2009, but which have no material effect on the Company's results or equity:

New standard

IFRS 8 Operating Segments

Amendments to

IFRS 2 'Share based payment: Vesting conditions and cancellations'

IFRS 7 'Improving Disclosures about Financial Instruments'

IAS 32 'Financial Instruments: Presentation'

IAS 36 'Impairment of Assets'

IAS 38 'Intangible Assets'

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.

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.

Notes (continued)

1 Accounting policies (continued)

Classification of financial instruments issued by the Company (continued)

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.

Investments in debt and equity securities

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

Intra-group financial instruments

Intra-group financial instruments constitute loans that are repayable on demand. No adjustment is therefore required as a result of the adoption of IAS 32 and IAS 39.

Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment losses.

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

Plant and equipment (continued)

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.

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.

Adopted IFRS not yet applied

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 30 June 2010, 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.

Notes (continued)

2 Expenses and auditors' remuneration

	2010 £000	2009 £000
<i>Included in profit/loss are the following.</i>		
Depreciation		
Owned assets	46	48
Profit on sale of other investment	(409)	(1,882)
Operating lease and hire charges		
Land and buildings	86	50
	<u>2010</u>	<u>2009</u>
	<u>£000</u>	<u>£000</u>
<i>Auditors' remuneration</i>		
Audit of these financial statements	4	4
Taxation	12	14
	<u>4</u>	<u>14</u>

3 Income from shares in group undertakings

	2010 £000	2009 £000
Dividends received	20,000	25,000
	<u>20,000</u>	<u>25,000</u>

4 Financial income

	2010 £000	2009 £000
Bank interest	1	1
Interest from subsidiaries	273	613
	<u>274</u>	<u>614</u>

5 Financial expense

	2010 £000	2009 £000
Interest paid to group on Eurobond	1,549	3,711
	<u>1,549</u>	<u>3,711</u>

Notes (continued)

6 Directors' remuneration

	2010 £000	2009 £000
Remuneration	127	138
Share based payments	-	-
	<u>127</u>	<u>138</u>
Remuneration includes		
Highest paid director	<u>127</u>	<u>138</u>

At the end of the year one director (2009 none) 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 2010	2009
Management	<u>2</u>	<u>2</u>

The aggregate employment costs during the year were as follows

	2009 £000	2008 £000
Wages and salaries	328	168
Social security costs	34	20
Pension costs	13	-
	<u>375</u>	<u>188</u>

Notes (continued)

8 Taxation

a) Recognised in the income statement

	2010 £000	2009 £000
Current year	(519)	(928)
Adjustments in respect of prior years	(7)	9
Total current tax expense	<u>(526)</u>	<u>(919)</u>
Total tax in income statement	<u>(526)</u>	<u>(919)</u>

b) Reconciliation of effective tax rate

	2010 £000	2009 £000
Profit before taxation	18,507	23,441
Income tax using the UK corporation tax rate of 28% (2009 28%)	5,182	6,563
Tax exempt revenues	(5,715)	(7,527)
Non deductible expenses	12	34
Deferred tax movement not recognised	2	2
(Over-provided) / under-provided in prior years	(7)	9
Total tax in income statement	<u>(526)</u>	<u>(919)</u>

9 Dividends paid

	2010 £000	2009 £000
Interim – paid at £10,000,000 per share (2009 £12,500,000 per share)	<u>20,000</u>	<u>25,000</u>

Notes (continued)

10 Plant and equipment

	Plant machinery and vehicles £000
<i>Cost</i>	
Balance at 1 July 2008	373
Additions	-
	<hr/>
Balance at 30 June 2009	373
	<hr/>
Balance at 1 July 2009	373
Additions	124
Disposals	(165)
	<hr/>
Balance at 30 June 2010	332
	<hr/>
<i>Depreciation</i>	
Balance at 1 July 2008	200
Charge for the year	48
	<hr/>
Balance at 30 June 2009	248
	<hr/>
Balance at 1 July 2009	248
Charge for year	46
Disposals	(165)
	<hr/>
Balance at 30 June 2010	129
	<hr/>
<i>Net book value</i>	
At 1 July 2008	173
	<hr/>
At 30 June 2009	125
	<hr/>
At 30 June 2010	203
	<hr/>

Notes (continued)

11 Investments in subsidiaries

	£000
As at 30 June 2008, and 2009	132,990
Additions during year	184
As at 30 June 2010	<u>133,174</u>

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
		2010	2009	
BFS Group Limited	£0 10 Ordinary	100%	100%	Sale and distribution nationally of food and non-food products to the catering trade
HM Group Limited	£1 Ordinary	100%	100%	Non trading company
Pullman Foods Limited	£1 Ordinary	100%	100%	Property company
Swithenbank Foods Limited	£1 Ordinary & £1 preference	100%	100%	Non trading company
Wilson Watson Foods	£1 Ordinary	100%	100%	Non trading company
Fitch Food Services	£1 Ordinary	100%	100%	Non trading company
Vincent Sorge (Wholesale) Limited	£1 Ordinary	100%	100%	Non trading company
Ravenglass 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 Holdings Limited	£1 Ordinary	100%	100%	Non trading company
Three Six Six Three Limited	£1 Ordinary	100%	100%	Non trading company
First Foodservice 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%	Sale and distribution of fine foods

The company directly holds 18% 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
Nowaco Czech Republic s r o	CZK1 Ordinary	Foodservice and retail distribution

Notes (continued)

12 Other investments

	2010 £000	2009 £000
At start of year	-	590
Disposals	-	(590)
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

13 Trade and other receivables

	2010 £000	2009 £000
Other receivables, prepayments and accrued income	1,472	2,755
Trade receivables due from fellow subsidiary undertakings	24,983	24,937
	<u>26,455</u>	<u>27,692</u>

Amounts due from fellow subsidiaries are interest bearing, unsecured and have no fixed terms of repayment

14 Cash and cash equivalents/bank overdrafts

	2010 £000	2009 £000
Cash and cash equivalent per balance sheet	103	24
	<u>103</u>	<u>24</u>
Cash and cash equivalents per cash flow statement	103	24
	<u>103</u>	<u>24</u>

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.

	2010 £000	2009 £000
Non-current liabilities		
Quoted Eurobonds due November 2014	58,000	58,000
	<u>58,000</u>	<u>58,000</u>

Maturity of non-current financial liabilities

	2010 £000	2009 £000
More than five years	58,000	58,000
	<u>58,000</u>	<u>58,000</u>

	2010 £000	2009 £000
Current liabilities		
Accrued Eurobond interest	674	2,025
	<u>674</u>	<u>2,025</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 2010 (2009 6%), 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.

16 Trade and other payables: current

	2010 £000	2009 £000
Accruals and deferred income	113	137
Amounts owed to parent and fellow subsidiary undertakings	96,678	95,232
	<u>96,791</u>	<u>95,369</u>

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

Notes (continued)

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 May 2004	4,000	Become exercisable from May 2007	May 2014

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

	Weighted average exercise price 2010	Number of options 2010	Weighted average exercise price 2009	Number of options 2009
Outstanding at the beginning of the period	ZAR51.51	4,000	ZAR51.51	4,000
Exercised in period	ZAR51.51	(4,000)	-	-
Outstanding at the end of the period	-	-	ZAR51.51	4,000
Exercisable at the end of the period	-	-	ZAR51.51	4,000

18 Share capital

	2010 £	2009 £
<i>Authorised</i> 60,000,000 ordinary shares of £1 each	60,000,000	60,000,000
<i>Allotted, called up and fully paid</i> 2 ordinary shares of £1 each	2	2

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 £13,000 (2009 £ nil)

Notes (continued)

20 Capital and reserves

	Share capital £000	Retained profit £000	Total £000
Balance at 1 July 2008	-	6,077	6,077
Retained profit for the year	-	24,360	24,360
Dividends	-	(25,000)	(25,000)
Equity – settled share based payment transaction	-	-	-
	<hr/>	<hr/>	<hr/>
Balance at 30 June 2009	-	5,437	5,437
	<hr/>	<hr/>	<hr/>
Balance at 1 July 2009	-	5,437	5,437
Retained profit for the year	-	19,033	19,033
Dividends	-	(20,000)	(20,000)
Equity – settled shared based payment transaction	-	-	-
	<hr/>	<hr/>	<hr/>
Balance at 30 June 2010	-	4,470	4,470
	<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.

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.

Notes (continued)

21 Financial risk management (continued)

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 impairment losses or provision at 30 June 2010 and 30 June 2009.

Liquidity risk

The Company at all times maintains adequate credit facilities in order to meet all its commitments as and when they fall due. There are no long term borrowings apart from the Eurobonds.

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 2010	Carrying amount £000	Contractual cash flows £000	6 months or less £000	6-12 months £000	1-2 years £000	2-5 years £000	More than 5 years £000
Non-derivative financial liabilities							
Quoted Eurobonds	58,674	58,674	674	-	-	58,000	-
Intercompany payables	96,678	96,678	96,678	-	-	-	-
	<u>155,352</u>	<u>155,352</u>	<u>97,352</u>	<u>-</u>	<u>-</u>	<u>58,000</u>	<u>-</u>
30 June 2009	Carrying amount £000	Contractual cash flows £000	6 months or less £000	6-12 months £000	1-2 years £000	2-5 years £000	More than 5 years £000
Non-derivative financial liabilities							
Quoted Eurobonds	60,025	60,025	2,025	-	-	-	58,000
Intercompany payables	95,232	95,232	95,232	-	-	-	-
	<u>155,257</u>	<u>155,257</u>	<u>97,257</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,000</u>

Interest rate risk

The Group is part funded through group balances and part funded through Eurobonds. There is no significant exposure to Group loans as they are interest free. On the Eurobond loan, annual interest rate is charged at 1% over UK base rate.

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.

Notes (continued)

21 Financial risk management (continued)

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	
	2010	2009
	£000	£000
Variable rate financial instruments		
Amount due from subsidiaries	24,983	24,937
Eurobond	58,674	60,025
Cash and cash equivalent	103	24

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	
	2010	2009
	£000	£000
Amount due from subsidiaries	250	249
Eurobond	580	580
Cash and cash equivalent	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 2010, but not provided for in these financial statements amounted to £nil (2009 £nil), in respect of which contracts for £nil (2009 £nil) have been placed.

23 Operating lease commitments

The Company has annual rental commitments in respect of operating leases expiring as follows

	Land and buildings	Land and buildings
	2010	2009
	£000	£000
Operating leases which expire:		
Over one year and under five years	1	33
Over five years	96	-
	<u>97</u>	<u>33</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 2010, £86,000 was recognised as an expense in the income statement in respect of operating leases (2009 £50,000).

Notes (continued)

24 Related party transactions

Name of entity	Related party relationship
BFS Group Limited	Subsidiary
The Barton Meat Company Limited	Indirect subsidiary
DehXL Belgie NV	Fellow subsidiary
DehXL 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

	2010 £000	2009 £000
<i>Income Statement</i>		
Dividends received from BFS Group Limited	20,000	25,000
Dividends paid to Bid Foodservice (Europe) Limited	(20,000)	(25,000)
Interest receivable from BFS Group Limited	273	613
Interest paid to fellow subsidiaries	(1,549)	(3,711)
Sales less purchase from BFS Group Limited	62	73
Sales less purchase from parent	-	17
Sales less purchases from fellow subsidiaries	19	1
<i>Balance sheet</i>		
Loans to BFS Group Limited	25,266	24,151
Loans to from parent	(5,288)	(6,877)
Loans to fellow subsidiary of ultimate shareholder	87	(52)
Loans to subsidiaries	625	625
Loans from parent's parent	(40,500)	(37,500)
Loans from subsidiaries	(50,803)	(50,803)

Five directors of the company receive remuneration from other group companies in respect of their services to those companies (2009 6)

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

Notes *(continued)*

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.