

**Bidvest (UK) Limited**

**Directors' report and financial  
statements**

Registered number 03734739

Year ended 30 June 2004



## Contents

Directors and company information	1
Directors' report	2
Statement of directors' responsibilities	5
Report of the independent auditors to the members of Bidvest (UK) Limited	6
Consolidated profit and loss account	7
Consolidated balance sheet	8
Balance sheet	9
Reconciliation of movements in shareholders' funds	10
Notes	11

## **Directors and company information**

### **Directors**

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

FJ Barnes  
SD Bender  
A Fisher  
A Selley

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

B Joffe (Chairman)  
CH Kretzmann  
P Nyman  
DK Rosevear

### **Secretary**

SD Bender

### **Registered Office**

63 Curzon Street  
Mayfair  
London  
W1J 8PD

### **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 2004.

### Results and Dividends

The group results for the year are set out on page 7. The profit for the year, transferred to reserves, was £7,080,000 (2003: £6,515,000). Interim dividends totalling £15,000,000 (2003: £10,000,000) were paid during the year.

### Principal activities and business review

During the year Bidvest plc sold its shareholding in Bidvest (UK) Limited to a fellow subsidiary company, Bid Foodservice (UK) Limited, making it a wholly owned subsidiary of this company. Bid Foodservice (UK) Limited is a wholly owned subsidiary of Bidvest Limited (formerly Bidvest plc). Bidvest Limited is a wholly owned subsidiary of The Bidvest Group Limited, a company incorporated in South Africa.

The principal activity of this company is that of an investment company. The principal activity of the group is the sale and distribution of food and non-food products.

The group enjoyed revenue growth across all business areas. The total revenue growth of 10% was shared equally by the trading and logistics divisions. Whilst volume growth was a strong contributor to the increased operating income, further benefits were derived from increased purchasing power as suppliers recognised the group's strengths in facilitating access to the entire market.

Cost pressures continue to be a problem with labour shortages in certain geographic areas and job functions being an ongoing challenge. In addition, along with much of industry, the group suffered substantial increases in insurance premium costs with the increasingly litigious environment in the United Kingdom pushing up the costs of employers' liability insurance.

The group's strategy is to continue to profitably increase its share of the foodservice market in the United Kingdom, through organic and acquisitive growth.

On 8 August 2003, the Company acquired 100% of the share capital of a catering equipment business, Wilson Watson Limited.

On 26 January 2004, the assets and liabilities of two subsidiary companies, HM Group Limited and Swithenbank Foods Limited were acquired by a fellow subsidiary company, BFS Group Limited. The businesses were acquired at market value.

On 5 April 2004, a subsidiary of the Company acquired the trade and certain assets of Barton Meats via a new company called The Barton Meat Company Limited, which is now an indirect 51% owned subsidiary.

### Tangible fixed assets

Movements in tangible fixed assets are set out in note 12 of the financial statements.

### Employment of disabled persons

It is the policy of the group 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 group employees with information on matters of concern to them, consulting with employees or their representatives, encouraging their involvement in the group's performance, and achieving an awareness on the part of employees of the financial and economic factors affecting the group's performance.

## Directors' report *(continued)*

### Directors

The directors who held office during the year were:

B Joffe  
CH Kretzmann  
P Nyman  
DK Rosevear  
FJ Barnes  
SD Bender  
A Fisher  
A Selley

None of the directors have any interests in the shares of the company.

The interests of B Joffe, CH Kretzmann, P Nyman, DK Rosevear and FJ Barnes in the ultimate parent company, The Bidvest Group Limited, are disclosed in the directors' report of that company.

During the year, SD Bender was awarded 4,000 options over shares in the ultimate parent company, The Bidvest Group Limited. None of the other directors who held office at the end of the financial year were granted any rights to subscribe for shares in the The Bidvest Group Limited, nor did they exercise any existing rights.

The following directors who held office at the end of the financial year had, according to the register of directors' interests, the following changes in interests in the shares of Bidvest Limited (formerly Bidvest plc), an intermediate parent company.

	Share options Granted during the year	Share options Exercised during the year
SD Bender	-	-
A Fisher	-	125,000
A Selley	-	31,250

There are no further disclosable interests in the shares of Bidvest Limited.

### Political and charitable contributions

The group made no political contributions during the year. Donations to UK charities amounted to £68,121 (2003: £25,617).

### Creditor payments

The group agrees terms and conditions under which business transactions with suppliers are conducted. It is group policy that payments to its suppliers are made in accordance with these terms, provided that the supplier is also complying with all relevant terms and conditions. Trade creditors at the year end represented 52 days of average daily purchases for the year.

### Directors and officers liability insurance

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

## Directors' report *(continued)*

### Auditors

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

On behalf of the board



SD Bender      30/3/05  
*Company Secretary*

63 Curzon Street  
Mayfair  
London  
W1J 8PD

## **Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and group and of the profit or loss for that period. In preparing those 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 applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



KPMG LLP

St James' Square  
Manchester  
M2 6DS  
United Kingdom

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

We have audited the financial statements on pages 7 to 24.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors

The directors are responsible for preparing the directors' report and, as described on page 5, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the group has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the group is not disclosed.

### Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion the financial statements give a true and fair view of the state of the affairs of the company and the group as at 30 June 2004 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

30/3/05

KPMG LLP  
Chartered Accountants  
Registered Auditor



**Consolidated profit and loss account**  
*for the year ended 30 June 2004*

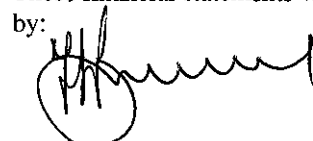
	Note	Year ended 30 June 2004 £000	Year ended 30 June 2004 £000	Year ended 30 June 2003 £000	Year ended 30 June 2003 £000
<b>Turnover</b>	2				
Continuing operations		1,174,223		1,069,195	
Acquisitions		11,959		4,739	
			1,186,182		1,073,934
Cost of sales	3		(906,034)		(841,161)
<b>Gross profit</b>			280,148		232,773
Distribution costs	3		(171,312)		(147,005)
Administration costs	3		(72,832)		(57,218)
<b>Operating profit/(loss)</b>	6				
Continuing operations		37,036		30,209	
Acquisitions		(1,032)		(1,659)	
			36,004		28,550
Interest receivable	4		1,265		1,584
Interest payable and similar charges	5		(3,214)		(3,701)
<b>Profit on ordinary activities before taxation</b>			34,055		26,433
Tax on profit on ordinary activities	9		(12,188)		(9,918)
<b>Profit on ordinary activities after taxation</b>			21,867		16,515
Minority interests - equity			213		-
<b>Profit for the financial year</b>			22,080		16,515
Dividends	10		(15,000)		(10,000)
<b>Retained profit for the financial year for group</b>	21		7,080		6,515

There were no recognised gains or losses in either year other than the profit for the year.

**Consolidated balance sheet**  
*at 30 June 2004*

	<i>Note</i>	<b>2004</b> <b>£000</b>	<b>2004</b> <b>£000</b>	<b>2003</b> <b>£000</b>	<b>2003</b> <b>£000</b>
<b>Fixed assets</b>					
Intangible assets					
Goodwill	11	45,850		48,424	
Tangible assets	12	67,465		58,546	
			113,315		106,970
<b>Current assets</b>					
Stocks	15	43,512		38,096	
Debtors	16	104,743		91,755	
Cash at bank and in hand		55,125		54,661	
		203,380		184,512	
<b>Creditors:</b> amounts falling due within one year	17	(232,283)		(213,517)	
<b>Net current liabilities</b>			(28,903)		(29,005)
<b>Total assets less current liabilities</b>			84,412		77,965
<b>Creditors:</b> amounts falling due after more than one year	18		(51,139)		(54,165)
<b>Provisions for liabilities and charges</b>	19		(8,982)		(6,499)
<b>Net assets</b>			24,291		17,301
<b>Capital and reserves</b>					
Called up share capital	20		-		-
Profit and loss account	21		24,381		17,301
<b>Shareholders' funds - equity</b>			24,381		17,301
Minority interests	22		(90)		-
			24,291		17,301

These financial statements were approved by the board of directors on 30/3/05 and were signed on its behalf by:

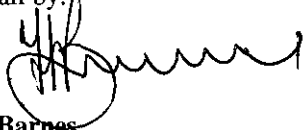


**FJ Barnes**  
Director

**Balance sheet**  
*at 30 June 2004*

	<i>Note</i>	<b>2004</b> <b>£000</b>	<b>2004</b> <b>£000</b>	<b>2003</b> <b>£000</b>	<b>2003</b> <b>£000</b>
<b>Fixed assets</b>					
Tangible assets	12	65		86	
Investments in subsidiaries	13	145,996		145,806	
			<b>146,061</b>		<b>145,892</b>
<b>Current assets</b>					
Debtors	16	32,983		32,425	
Cash at bank and in hand		1,873		3,992	
		<b>34,856</b>		<b>36,417</b>	
<b>Creditors: amounts falling due within one year</b>	17	<b>(58,643)</b>		<b>(55,643)</b>	
<b>Net current liabilities:</b>					
Due within one year		<b>(54,640)</b>		<b>(50,079)</b>	
Due after more than one year	16	<b>30,853</b>		<b>30,853</b>	
			<b>(23,787)</b>		<b>(19,226)</b>
<b>Total assets less current liabilities</b>			<b>122,274</b>		<b>126,666</b>
<b>Creditors: amounts falling due after more than one year</b>	18		<b>(119,955)</b>		<b>(122,983)</b>
<b>Net assets</b>			<b>2,319</b>		<b>3,683</b>
<b>Capital and reserves</b>					
Called up share capital	20		-		-
Profit and loss account	21		<b>2,319</b>		<b>3,683</b>
<b>Equity shareholders' funds</b>			<b>2,319</b>		<b>3,683</b>

These financial statements were approved by the board of directors on behalf by:



**FJ Barnes**  
Director

30/3/05

and were signed on its

## Reconciliation of movements in equity shareholders' funds

*for the year ended 30 June 2004*

	Group 2004 £000	Company 2004 £000	Group 2003 £000	Company 2003 £000
Profit/(loss) for the financial year	7,080	(1,364)	6,515	3,557
Net addition to/(reduction in) shareholders' funds	7,080	(1,364)	6,515	3,557
Opening shareholders' funds	17,301	3,683	10,786	126
Closing shareholders' funds	24,381	2,319	17,301	3,683

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's financial statements.

#### ***Basis of preparation***

The financial statements, are prepared in accordance with applicable accounting standards and under the historical cost convention.

#### ***Basis of consolidation***

The group accounts consolidate the accounts of Bidvest (UK) Limited and its subsidiary undertakings for the year ended 30 June 2004.

Unless otherwise stated, the acquisition method of accounting has been adopted. Under this method, the results of the subsidiary undertakings acquired or disposed of in the period are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

In the company's accounts, investments in subsidiary undertakings are stated at cost less any amounts written off. Dividends received and receivable are credited to the company's profit and loss account to the extent that they represent a realised profit for the company.

In accordance with Section 230(4) of the Companies Act 1985 Bidvest (UK) Limited is exempt from the requirement to present its own profit and loss account.

The amount of the profit or loss for the financial year dealt with in the financial statements of Bidvest (UK) Limited is disclosed in note 21 to these accounts.

Under Financial Reporting Standard 1 the group is exempt from the requirement to prepare a cashflow statement on the grounds that a parent undertaking includes the group's cash flows in its own published financial statements.

#### ***Goodwill and negative goodwill***

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on consolidation is capitalised and is amortised to nil by equal annual instalments over its estimated useful life, which does not exceed twenty years.

Negative goodwill arising on consolidation in respect of acquisitions is included within fixed assets and released to the profit and loss account in the periods in which the fair values of the non-monetary assets purchased on the same acquisition are recovered, whether through depreciation or sale.

#### ***Related party transactions***

As the company is a wholly owned subsidiary of Bidvest Limited (formerly Bidvest plc), the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Bidvest Limited, within which the company is included can be obtained from the address given in note 26.

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

The cost of fixed assets less the estimated residual value is depreciated on a straight line basis over the period of their estimated useful lives as follows:

Land	-	Not depreciated
Freehold building	-	Fifty years
Long leasehold properties	-	Fifty years
Short leasehold properties	-	The period of the lease
Plant, machinery, fixtures and fittings and vehicles	-	Three to ten years

## Notes (continued)

### 1 Accounting policies (continued)

#### Operating Leases

Operating lease and hire costs are charged directly to the profit and loss account on a straight line basis over the term of the lease.

#### Post retirement benefits

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

#### Stocks

Stocks are valued at the lower of cost and net realisable value.

#### Deferred tax

In accordance with FRS 19, deferred tax is provided in full where a taxation liability will arise as a result of transactions or events which have occurred by the balance sheet date. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Provision is made at the rates expected to be applicable when the liabilities or assets are likely to crystallise.

### 2 Turnover

Turnover, which excludes value added tax, represents the amounts invoiced to customers for goods sold and services supplied during the year, in respect of the sale and distribution of food and non-food products, less credits for returns. All turnover derives from one class of business and is based in the United Kingdom, with the exception of the MoD business which is also conducted in Europe (including UK) and other overseas countries. The overseas turnover for the period for this business amounted to £59,793,000 (2003: £23,849,000)

### 3 Cost of sales and other operating expenses

	Continuing 2004	Acquisitions 2004	Total 2004	Continuing 2003	Acquisitions 2003	Total	Continuing 2003
	£000	£000	£000	£000	£000	£000	£000
Cost of sales	896,956	9,078	906,034	837,517	3,644	841,161	837,517
Distribution costs	168,229	3,083	171,312	144,878	2,127	147,005	144,878
Administrative expenses	72,002	830	72,832	56,591	627	57,218	56,591
	<u>1,137,187</u>	<u>12,991</u>	<u>1,150,178</u>	<u>1,038,986</u>	<u>6,398</u>	<u>1,045,384</u>	<u>1,038,986</u>

## Notes (continued)

### 4 Interest receivable

	2004 £000	2003 £000
Bank interest	1,263	1,564
Other interest	2	20
	<hr/> 1,265	<hr/> 1,584

### 5 Interest payable and similar charges

	2004 £000	2003 £000
On bank loans and overdrafts	123	510
Group interest	2,910	3,008
Unwinding of discount on vacant properties provision (note 19)	144	153
Other interest	37	30
	<hr/> 3,214	<hr/> 3,701

### 6 Operating profit

	2004 £000	2003 £000
<i>Operating profit is stated after charging/(crediting)</i>		
Depreciation:		
Owned assets	10,614	11,095
Leased assets	441	454
Amortisation of goodwill	3,254	3,027
Release of negative goodwill	(5)	(328)
Impairment of fixed assets		
Owned assets	-	766
Leased assets	-	363
Operating lease and hire charges:		
Other	5,507	5,132
Land and buildings	6,696	5,601
Auditors' remuneration		
Group - audit	126	109
- other	83	86
Company - audit	30	11
- other	14	-
(Profit)/Loss on sale of tangible fixed assets	<hr/> (38)	<hr/> 149

## Notes (continued)

### 7 Directors' remuneration

	2004 £000	2003 £000
Remuneration	1,041	824
Company contributions to money purchase pension scheme	30	23
	<hr/> 1,071	<hr/> 847
Remuneration includes:		
Highest paid director	<hr/> 415	<hr/> 319

Company pension contributions of £18,000 (2003: £12,000) were made to a money purchase scheme on behalf of the highest paid director.

At the end of the year, 3 (2003: 3) of the directors were accruing retirement benefits under a money purchase scheme.

The above remuneration payments relate to 4 (2003: 4) directors only, the remaining directors received no remuneration for their services as directors of Bidvest (UK) Limited or its subsidiaries during the current or prior year.

### 8 Employees

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

	2004 Number of Employees	2003 Number of Employees
Management	1,073	1,051
Distribution	3,323	3,118
Sales	850	783
	<hr/> 5,246	<hr/> 4,952

The aggregate employment costs during the year were as follows:

	2004 £000	2003 £000
Wages and salaries	115,646	99,692
Social security costs	11,049	9,102
Other pension costs (note 23)	1,903	1,700
	<hr/> 128,598	<hr/> 110,494



## Notes (continued)

### 9 Taxation

#### a) Analysis of charge in the year

	2004		2003
	£000	£000	£000
UK corporation tax at 30% (2003: 30%) on profits for the year	11,783		9,332
Adjustments in respect of prior years	234		992
	<hr/>		<hr/>
Total current tax		12,017	10,324
Deferred tax (see note 19):			
Origination/reversal of timing differences	500		(406)
Adjustments in respect of prior years	(329)		-
	<hr/>		<hr/>
		171	(406)
		<hr/>	<hr/>
Tax on profit on ordinary activities		12,188	9,918
		<hr/>	<hr/>

The effective rate of tax for the year of 36% is greater than the standard rate of corporation tax in the UK of 30%.  
The differences are explained below:

#### b) Factors affecting the tax charge for the current period

	2004	2003
	£000	£000
Profit on ordinary activities before taxation	34,055	26,433
	<hr/>	<hr/>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2003: 30%)	10,217	7,930
Effects of:		
Expenses not deductible for tax purposes	736	197
Depreciation for the year in excess of capital allowances	(486)	(68)
Other timing differences	21	(109)
Ineligible depreciation and amortisation	1,295	1,382
Adjustments to tax charge in respect of previous years	234	992
	<hr/>	<hr/>
Total current tax charge (see above)	12,017	10,324
	<hr/>	<hr/>

#### c) Factors that may affect future tax charges

The company expects its effective tax rate in future years to exceed the standard rate of corporation tax in the UK due principally to depreciation charged on assets not eligible for capital allowances and permanently disallowable expenditure.

## Notes (continued)

### 10 Dividends

	2004 £000	2003 £000
Interim – paid at £7,500,000 per share (2003: £5,000,000 per share)	15,000	10,000

### 11 Intangible fixed assets

Group	Negative goodwill £000	Goodwill £000	Total £000
<b>Cost</b>			
At beginning of year	(328)	61,626	61,298
Additions (note 14)	(5)	680	675
At end of year	(333)	62,306	61,973
<b>Amortisation</b>			
At beginning of year	328	(13,202)	(12,874)
(Charged)/released in the year	5	(3,254)	(3,249)
At end of year	333	(16,456)	(16,123)
<b>Net book value</b>			
At 30 June 2004	-	45,850	45,850
At 30 June 2003	-	48,424	48,424

## Notes (continued)

### 12 Tangible fixed assets

Group	Land and Freehold properties	Long Leasehold Properties	Short Leasehold Properties	Plant and Machinery motor vehicles fixtures and fittings	Assets in the course of construction	Total
	£000	£000	£000	£000	£000	£000
<b>Cost</b>						
At start of year	15,155	2,658	6,128	107,298	2,554	133,793
Additions	2,751	276	140	8,190	8,647	20,004
On acquisition of subsidiaries	-	-	14	189	-	203
Disposals	(2)	(325)	(335)	(3,403)	-	(4,065)
Reclassification	38	2,868	-	5,806	(8,712)	-
At end of year	17,942	5,477	5,947	118,080	2,489	149,935
<b>Depreciation</b>						
At start of year	3,113	957	4,528	66,649	-	75,247
Charge for year	262	289	132	10,372	-	11,055
On acquisition of subsidiaries	-	-	3	80	-	83
Disposals	(2)	(325)	(280)	(3,308)	-	(3,915)
Reclassification	(10)	10	(7)	7	-	-
At end of year	3,363	931	4,376	73,800	-	82,470
<b>Net book value</b>						
<b>At 30 June 2004</b>	<b>14,579</b>	<b>4,546</b>	<b>1,571</b>	<b>44,280</b>	<b>2,489</b>	<b>67,465</b>
At 30 June 2003	12,042	1,701	1,600	40,649	2,554	58,546

The amount on which depreciation of freehold properties and long leasehold properties is based is £20,207,000 (2003: £15,103,000)

## Notes (continued)

### 12 Tangible fixed assets (continued)

Company	Plant and machinery, motor vehicles, fixtures and fittings £000
<b>Cost</b>	
At beginning of year	167
Additions	5
Disposals	(3)
	<hr/>
At end of year	169
	<hr/>
<b>Depreciation</b>	
At beginning of year	81
Charge for the year	26
Disposals	(3)
	<hr/>
At end of year	104
	<hr/>
<b>Net book value</b>	
<b>At 30 June 2004</b>	<b>65</b>
	<hr/>
At 30 June 2003	86
	<hr/>

## Notes (continued)

### 13 Fixed asset investments

Company	Shares in subsidiary undertakings £000
At start of year	145,806
Additions (note 14)	190
At end of year	<u>145,996</u>

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

The company 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	Principal activity
BFS Group Limited	£0.10 Ordinary	Sale and distribution nationally of food and non food products to the catering trade
HM Group Limited	£1 Ordinary	Non trading company since 24/01/04 (formerly contract distribution to chains of branded restaurants)
Pullman Foods Limited	£1 Ordinary	Property company
Swithenbank Foods Limited	£1 Ordinary & £1 Preference	Non trading company since 24/01/04 (formerly sale and distribution nationally of food and non food products to the catering trade)
Wilson Watson Limited	£1 Ordinary	Sale and distribution nationally of non food products to the catering trade
Fitch Food Services	£1 Ordinary	Non trading company
Vincent Sorge (Wholesale) Limited	£1 Ordinary	Non trading company
Ravenglass Limited	£0.01 Ordinary	Non trading company
Eskdale Limited	£1 Ordinary	Non trading company
3663 Limited	£1 Ordinary	Non trading company
3663 Group Limited	£1 Ordinary	Non trading company
3663 Holdings Limited	£1 Ordinary	Non trading company
Three Six Six Three Limited	£1 Ordinary	Non trading company
First Foodservice Limited	£1 Ordinary	Non trading company
First for Foodservice Limited	£1 Ordinary	Non trading company

## Notes (continued)

### 14 Acquisitions

On 8 August 2003 the company acquired all of the share capital of Wilson Watson Limited.

On 5 April 2004, a subsidiary of the Company acquired the trade and certain assets of Barton Meats via a new company called The Barton Meat Company Limited, which is now an indirect 51% owned subsidiary.

	Wilson Watson Limited	Barton Meats
	Book value and fair value £000	Book value and fair value £000
<b>Fixed assets</b>		
Tangible	120	-
<b>Current assets</b>		
Stock	397	-
Debtors	944	-
Cash	-	250
<b>Total assets</b>	<u>1,461</u>	<u>250</u>
<b>Liabilities:</b>		
Creditors (including bank overdrafts)	(1,951)	(20)
<b>Total liabilities</b>	<u>(1,951)</u>	<u>(20)</u>
<b>Net assets/(liabilities)</b>	(490)	230
Less: Minority share at 49%	-	(113)
<b>Group share of net assets/(liabilities)</b>	<u>(490)</u>	<u>117</u>
<b>Goodwill</b>	<u>680</u>	<u>(5)</u>
<b>Purchase consideration and costs of acquisition</b>	<u>190</u>	<u>112</u>
<b>Satisfied by :</b>		
Shares allotted	-	-
Cash	<u>190</u>	<u>112</u>

Wilson Watson Limited made a loss of £320,000 from beginning of its financial year to the date of acquisition. In its previous financial year the loss was £123,000.

The Barton Meat Company Limited made no profit or loss prior to acquisition as it was a newly formed company.

## Notes (continued)

### 15 Stocks

	Group 2004 £000	Group 2003 £000
Raw materials and consumables	602	475
Goods for resale	42,910	37,621
	<u>43,512</u>	<u>38,096</u>

### 16 Debtors

	Group 2004 £000	Company 2004 £000	Group 2003 £000	Company 2003 £000
Trade debtors	98,848	-	88,339	-
Prepayments and accrued income	5,326	38	2,689	35
Other debtors	569	2,092	727	1,537
Amounts owed by subsidiary undertakings	-	30,853	-	30,853
	<u>104,743</u>	<u>32,983</u>	<u>91,755</u>	<u>32,425</u>

The following amounts included in debtors are due after more than one year:

Amounts owed by a subsidiary undertaking	-	30,853	-	30,853
--	---	--------	---	--------

### 17 Creditors: amounts falling due within one year

	Group 2004 £000	Company 2004 £000	Group 2003 £000	Company 2003 £000
Loan notes	58,217	58,217	55,308	55,308
Trade creditors	130,131	-	116,453	-
Corporation tax	7,639	-	6,332	-
Other taxation and social security	3,001	-	2,710	-
Accruals and deferred income	33,295	426	32,714	95
Amounts owed to parent and fellow subsidiary undertakings	-	-	-	240
	<u>232,283</u>	<u>58,643</u>	<u>213,517</u>	<u>55,643</u>

The loan notes are payable to Bidcorp (Finance) Limited, a related company. The loan notes are unsecured and are issued at a discount to the redemption value. The discount is amortised over the life of the loan note and approximates to an interest rate of 6%.

## Notes (continued)

### 18 Creditors: amounts falling due after more than one year

	Group 2004 £000	Company 2004 £000	Group 2003 £000	Company 2003 £000
Amounts owed to parent and fellow subsidiary undertakings	51,139	119,955	54,165	122,983

### 19 Provisions for liabilities and charges

Group	Sell insurance £000	Redundant properties £000	Fair value adjustments £000	Deferred taxation £000	Total £000
At start of year	1,469	1,913	1,428	1,689	6,499
Provided during the year	2,564	100	-	171	2,835
Utilised during the year	-	(453)	(43)	-	(496)
Unwinding of discount	-	144	-	-	144
<b>At end of year</b>	<b>4,033</b>	<b>1,704</b>	<b>1,385</b>	<b>1,860</b>	<b>8,982</b>

The provision for Self Insurance relates to the programmes the company operates for certain classes of insurance, whereby the company bears the cost of all claims up to an agreed aggregate limit. There is a degree of uncertainty as to when the claims will be settled and the provision is therefore calculated using management's expertise and experience, together with its best estimates of liabilities arising.

The provision for redundant properties relates to rental shortfalls and dilapidation provisions on certain leased properties that are no longer used by the company in its main trading activity. It is envisaged that the provision will be utilised in full by 2016, with the bulk being utilised by December 2006. The major area of uncertainty in the calculation of the provision relates to the dilapidation liabilities at the conclusion of the leases.

The fair value adjustments reflect the utilisation of the provision for over rented properties; this provision was established at the time of the acquisition of BFS Group Limited in 1999.

Deferred taxation is provided for in full, the elements are as follows:

	2004 £000	2003 £000
Differences between accumulated depreciation and amortisation and capital allowances	2,714	2,322
Other timing differences	(854)	(633)
	<b>1,860</b>	<b>1,689</b>



## Notes (continued)

### 20 Called up share capital

	2004 £	2003 £
<i>Authorised</i>		
Equity: Ordinary shares of £1 each	60,000,000	60,000,000
	<u>60,000,000</u>	<u>60,000,000</u>
<i>Allotted, called up and fully paid</i>		
Equity: Ordinary shares of £1 each	<u>2</u>	<u>2</u>

### 21 Profit and loss account

	Group 2004 £000	Company 2004 £000	Group 2003 £000	Company 2003 £000
At beginning of year	17,301	3,683	10,786	126
Profit/(Loss) for the year	7,080	(1,364)	6,515	3,557
	<u>24,381</u>	<u>2,319</u>	<u>17,301</u>	<u>3,683</u>

### 22 Minority interests

	Group 2004 £000	Company 2004 £000	Group 2003 £000	Company 2003 £000
At beginning of year	-	-	-	-
On acquisition	113	-	-	-
Fair value adjustment	10	-	-	-
Loss for the year	(213)	-	-	-
	<u>(90)</u>	<u>-</u>	<u>-</u>	<u>-</u>

### 23 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 group to the scheme and amounted to £1,903,000 (2003: £1,700,000).

Contributions amounting to £6,000 (2003: £6,000) were payable to the scheme at the year end and are included in creditors.

## Notes (continued)

### 24 Capital commitments

Capital commitments authorised as at 30 June 2004, but not provided for in these financial statements amounted to £27,586,000 (2003: £4,398,000), in respect of which contracts for £7,201,000 (2003: £1,544,000) have been placed.

### 25 Operating lease commitments

Annual rental commitments in respect of operating leases expiring as follows:

	Land and Buildings 2004 £000	Other 2004 £000	Land and Buildings 2003 £000	Other 2003 £000
<b>Group</b>				
Operating leases which expire:				
Within one year	688	878	908	1,147
Over one year and under five years	3,041	2,600	2,054	3,248
Over five years	3,137	-	2,770	-
	<hr/>	<hr/>	<hr/>	<hr/>
	6,866	3,478	5,732	4,395
	<hr/>	<hr/>	<hr/>	<hr/>
	Land and Buildings 2004 £000	Other 2004 £000	Land and Buildings 2003 £000	Other 2003 £000
<b>Company</b>				
Operating leases which expire:				
Within one year	-	-	-	-
Over one year and under five years	-	-	-	-
Over five years	60	-	60	-
	<hr/>	<hr/>	<hr/>	<hr/>
	60	-	60	-
	<hr/>	<hr/>	<hr/>	<hr/>

### 26 Ultimate parent company

The company is a subsidiary undertaking of The Bidvest Group Limited which is the ultimate parent company incorporated in South Africa.

This is the largest group in which the results of the company are consolidated.

Copies of the accounts 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.

The smallest group in which the results of the company are consolidated is Bidvest Limited.

Copies of the accounts of Bidvest Limited are available upon application to the Company Secretary at the following address, Murdoch Chambers, Douglas Head Road, South Quay, Isle of Man, IM1 5AS.