

BFS Group Limited

**Directors' report and financial
statements**

Registered number 239718

Year ended 30 June 2010

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Directors and Company information

Directors:

Executive:

I Crawford
A Fisher
A Kemp
A Selley
IS Uren
NJ Wemyss

Non executive:

B Joffe (Chairman)

Secretary

T Hamandi

Registered Office

Buckingham Court
Kingsmead Business Park
London Road
High Wycombe
Buckinghamshire
HP11 1JU

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, which trades as 3663 First for Foodservice, is the sale and distribution of food and non-food products to the catering trade

Business review

Development and performance of the business

The directors view the company's performance as satisfactory against the economic backdrop, with the UK slowly emerging from recession, but with a continued low level of consumer confidence. Whilst sales increased slightly, there was continued pressure on margins. Efficiencies and cost savings arising from the recent restructuring were in line with expectations.

One further depot, in the Midlands, closed during the period.

Principle risks and uncertainties

The company's operational risks include environmental, health and safety and IT / power failures. The management of environmental risks includes an Environmental Management System Manual and internal and external audits and the company has obtained Corporate Certification to ISO14001, which ensures legal environmental compliance and pollution risk management. The management of health and safety risks includes a Health and Safety Manual, annual Risk Assessment Packs, Operations Standards Diaries and internal audits. Disaster recovery procedures exist in the event of power and IT outages and are implemented when required.

The company's commercial risks include unprofitable contracts and bad debts. Potential new business undergoes both a comprehensive profit study and credit checks before being tendered for. Given the current economic environment, significant focus is being placed on the minimisation of bad debt risk and credit insurance is held for the majority of major customers.

Key Performance Indicators

KPI's used to monitor the performance of the business include the following:

- Turnover
- Gross margin %
- Gross margin per item
- Operating cost per item
- Operating profit
- Funds employed
- Health and safety
- Employee headcount, turnover and absence
- Service levels to customers
- Service levels from suppliers

All financial KPI's are monitored compared to budget and previous year.

Directors' report *(continued)*

Results and dividends

The company made a profit for the year of £18,259,000 (2009 £12,510,000)

An interim dividend in respect of the year ended 30 June 2010 of £20,000,000 (6 7p per share) (2009 £25,000,000 (8 3p per share)) was paid during the year. The directors do not recommend the payment of a final dividend (2009 £nil)

Property plant and equipment

Movements in property plant and equipment are set out in note 10 of the financial statements

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 01 April 2010)
I Crawford	
A Fisher	
A Kemp	
J Scott	(resigned 22 January 2010)
A Selley	
IS Uren	
N Wemyss	

Creditor payments

The Company agrees terms and conditions under which business transactions with suppliers are conducted. It is company policy that payments to its suppliers are made in accordance with these terms, provided that the supplier is also complying with all relevant terms and conditions. The trade creditors at the year end represented 47 days of average daily purchases for the year

Political and charitable contributions

The company made no political contributions during the year (2009 £nil). Donations to UK charities amounted to £130,900 (2009 £155,865)

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

Directors' report *(continued)*

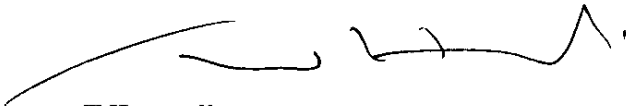
Disclosure of information to auditors

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

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



T Hamandi
Company Secretary

2 March 2011

Buckingham Court
Kingsmead Business Park
London Road
High Wycombe
Buckinghamshire, HP11 1JU

Statement of Directors' Responsibilities in Respect of the Director's 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 judgments 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

Independent auditors' report to the members of BFS Group Limited

We have audited the financial statements of BFS Group Limited for the year ended 30 June 2010 set out on pages 8 to 33. 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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

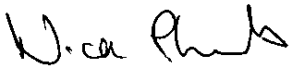
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report to the members of BFS Group 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



2 March 2011

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

Statement of Comprehensive Income
for the year ended 30 June 2010

	<i>Note</i>	2010 £000	2009 £000
Revenue	2	1,684,613	1,677,776
Cost of sales		(1,375,149)	(1,362,321)
Gross profit		309,464	315,455
Distribution expenses		(237,996)	(248,432)
Administration expenses - normal		(37,641)	(36,887)
Operating profit before impairment and restructuring charges		33,827	30,136
Administration expenses			
Impairment and restructuring charges	3	(4,591)	(8,500)
Total administration expenses		(42,232)	(45,387)
Operating profit after impairment and restructuring charges	3	29,236	21,636
Financial income	6	184	710
Financial expenses	7	(1,270)	(1,478)
Net financing expenses		(1,086)	(768)
Profit before taxation		28,150	20,868
Taxation	8	(9,891)	(8,358)
Profit after taxation		18,259	12,510
Other comprehensive income for the period, net of income tax		-	-
Total comprehensive income for the period		18,259	12,510

The notes on pages 12-33 form part of these financial statements

Statement of changes in equity
for year ended 30 June 2010

	Share capital £000	Share premium £000	Retained profit £000	Total £000
Balance at 1 July 2008	30,000	11,843	66,893	108,736
Total comprehensive income for the period				
Profit after taxation	-	-	12,510	12,510
Other comprehensive income	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	-	-	12,510	12,510
	<u>-</u>	<u>-</u>	<u>12,510</u>	<u>12,510</u>
Transactions with owners, recorded directly in equity				
Dividends	-	-	(25,000)	(25,000)
Equity settled share based payments	-	-	29	29
	<u>-</u>	<u>-</u>	<u>29</u>	<u>29</u>
Balance at 30 June 2009	30,000	11,843	54,432	96,275
	<u>30,000</u>	<u>11,843</u>	<u>54,432</u>	<u>96,275</u>
Balance at 1 July 2009	30,000	11,843	54,432	96,275
Total comprehensive income for the period				
Profit after taxation	-	-	18,259	18,259
Other comprehensive income	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	-	-	18,259	18,259
	<u>-</u>	<u>-</u>	<u>18,259</u>	<u>18,259</u>
Transactions with owners, recorded directly in equity				
Dividends	-	-	(20,000)	(20,000)
Equity settled share based payments	-	-	31	31
	<u>-</u>	<u>-</u>	<u>31</u>	<u>31</u>
Balance at 30 June 2010	30,000	11,843	52,722	94,565
	<u>30,000</u>	<u>11,843</u>	<u>52,722</u>	<u>94,565</u>

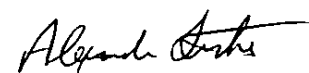
The notes on pages 12 – 33 form part of these financial statements

Balance sheet
at 30 June 2010

	<i>Note</i>	2010 £000	2009 £000
Non-current assets			
Property, plant and equipment	<i>10</i>	98,305	108,742
Intangible assets	<i>11</i>	39,952	40,815
Investments in subsidiaries	<i>12</i>	13,013	13,013
		<hr/> 151,270 <hr/>	<hr/> 162,570 <hr/>
Current assets			
Inventories	<i>13</i>	58,078	51,734
Trade and other receivables	<i>14</i>	130,121	150,456
Cash and cash equivalents	<i>15</i>	57,172	39,029
		<hr/> 245,371 <hr/>	<hr/> 241,219 <hr/>
Total assets		<hr/> 396,641 <hr/>	<hr/> 403,789 <hr/>
Current liabilities			
Other interest – bearing loans and borrowings	<i>16</i>	(26,068)	(24,537)
Trade and other payables	<i>17</i>	(241,966)	(243,847)
Tax payable		(11,787)	(13,482)
Provisions	<i>19</i>	(1,263)	(2,968)
		<hr/> (281,084) <hr/>	<hr/> (284,834) <hr/>
Non-current liabilities			
Other interest – bearing loans and borrowings	<i>16</i>	(1,704)	(1,870)
Provisions	<i>19</i>	(14,124)	(15,141)
Deferred tax liabilities	<i>20</i>	(5,164)	(5,669)
		<hr/> (20,992) <hr/>	<hr/> (22,680) <hr/>
Total liabilities		<hr/> (302,076) <hr/>	<hr/> (307,514) <hr/>
Net assets		<hr/> 94,565 <hr/>	<hr/> 96,275 <hr/>
Equity			
Share capital	<i>22,23</i>	30,000	30,000
Share premium	<i>23</i>	11,843	11,843
Retained earnings	<i>23</i>	52,722	54,432
Total Equity	<i>23</i>	<hr/> 94,565 <hr/>	<hr/> 96,275 <hr/>

The notes on pages 12-33 form part of these financial statements

These financial statements were approved by the board of directors on *2 March 2011* and were signed on its behalf by



A Fisher

Director

Company Registration No 239718

Cash flow statement
for year ended 30 June 2010

	<i>Note</i>	2010 £000	2009 £000
Cash flows from operating activities			
Profit for the year before taxation		28,150	20,868
<i>Adjustments for</i>			
Depreciation, amortisation and impairment	3	19,933	21,395
Financial income	6	(184)	(710)
Financial expense	7	1,270	1,478
(Profit)/loss on sale of property, plant and equipment	3	(19)	163
Equity settled share-based payment expenses		31	29
Operating profit before changes in working capital and provisions		49,181	43,223
Decrease/(increase) in trade and other receivables		20,335	(7,016)
(Increase)/decrease in inventories		(6,344)	2,240
Increase/(decrease) in trade and other payables		1,739	(3,120)
(Decrease)/increase in provisions		(2,989)	5,705
Cash generated from the operations		61,922	41,032
Interest paid		(731)	(935)
Tax paid		(15,983)	(6,350)
Net cash from operating activities		45,208	33,747
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		2,126	374
Proceeds from sale of intangible assets		2	-
Interest received		184	710
Acquisition of property, plant and equipment including inter group transfers	10	(10,575)	(24,864)
Acquisition of intangible assets	11	(167)	(4,679)
Net cash used in investing activities		(8,430)	(28,459)
Cash flows from financing activities			
Proceeds from new loans/finance leases entered into		1,640	4,060
Payment of finance lease liabilities		(275)	(536)
Dividends paid	9	(20,000)	(25,000)
Net cash used in financing activities		(18,635)	(21,476)
Net (increase)/decrease in cash and cash equivalents		18,143	(16,188)
Cash and cash equivalents at 1 July		39,029	55,217
Cash and cash equivalents at 30 June	15	57,172	39,029

The notes on pages 12 – 33 form part of these financial statements

Notes

(forming part of the financial statements)

1 Accounting policies

BFS Group 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 which 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 requires 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 Group's results or equity.

New standards

IFRS 3 'Business Combinations'

IAS 27 'Consolidated and Separate Financial Statements'

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 30.

Going concern

The Board of Directors have prepared forecasts for the forthcoming twelve month period which indicate that the Company has sufficient committed income and financial resources in order to enable it to meet its obligations as they fall due. As a consequence the Board of Directors believe that the Company is well placed to manage its business risks successfully in the current economic environment.

After making all enquiries, the Board of Directors has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the Company's accounts.

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.

Notes (continued)

1 Accounting policies (continued)

Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates the fair value was determined.

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.

Where a financial instrument that contains both equity and financial liability components exists, these components are separated and accounted for individually under the above policy.

Investments in debt and equity securities

Investments in subsidiaries are carried at cost less impairment.

Derivative financial instruments and hedging

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

The fair value of forward exchange contracts is their quoted market price at the balance sheet date.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

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

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under finance leases, the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. Lease payments are accounted for as described below.

Notes (continued)

1 Accounting policies (continued)

Property, 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 property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

- Land - not depreciated
- Freehold building - fifty years
- Long leasehold properties - the shorter of the lease term or fifty years
- Short Leasehold properties - the period of the lease
- Plant, machinery and vehicles - three to ten years

Intangible assets and goodwill

Subject to transitional relief in IFRS1, all unincorporated business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of businesses. In respect of business acquisitions that have occurred since 30 June 2007, goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. Identifiable intangibles are those which can be sold separately or which arise from legal rights regardless of whether those rights are separable.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment.

In respect of acquisitions prior to 30 June 2007, goodwill is included on the basis of its deemed cost, which represents the amount recorded under UK GAAP which was broadly comparable save that only separable intangibles were recognised and goodwill was amortised. On transition, amortisation of goodwill has ceased as required by IFRS 1.

Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred.

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and impairment losses.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Software assets - three to seven years

Investments

Shares in Group undertakings are stated at cost less any provision for impairment.

Trade and other receivables

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

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.

Notes *(continued)*

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

Impairment

The carrying amounts of the Company's assets other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

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.

Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

Share-based payment transactions

The share option programme allows certain Company employees to acquire shares of the ultimate parent company, these awards are granted by the ultimate parent. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option valuation model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is due only to share prices not achieving the threshold for vesting.

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Revenue

Revenue, 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 to the catering trade, less credits for returns. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable and the amount of revenue can be measured reliably.

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.

Notes *(continued)*

1 Accounting policies *(continued)*

Expenses *(continued)*

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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 and 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.

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.

2 Revenue

All revenue derives from one class of business and is mainly based in the United Kingdom. The overseas turnover for the business amounted to £4,099,000 (2009: £5,576,000).

Notes (continued)

3 Operating profit is stated after charging/(crediting):

	2010 £000	2009 £000
Depreciation		
Owned assets	15,156	15,094
Leased assets	2,052	2,086
Amortisation of software	1,028	1,310
Impairment		
Inter group loans receivable	-	2,905
Property, plant & equipment	1,697	-
Restructuring charges	2,894	5,595
Operating lease and hire charges		
Land and buildings	8,510	9,320
Other	7,734	8,788
(Profit)/loss on disposal of property plant & equipment	(19)	163
Foreign exchange gains	-	(86)
	<hr/>	<hr/>
Auditors remuneration		
Audit of these financial statements	125	120
Other services relating to tax	68	98
	<hr/>	<hr/>

4 Directors' remuneration

	2010 £000	2009 £000
Remuneration	1,510	1,793
Share based payment	31	29
Company contributions to money purchase pension scheme	83	84
	<hr/>	<hr/>
	1,624	1,906
	<hr/>	<hr/>
Remuneration includes		
Highest paid director	354	543
	<hr/>	<hr/>

	Number of directors 2010	2009
Retirement benefits are accruing to the following number of directors under Money purchase schemes	6	7
	<hr/>	<hr/>
The number of directors who exercised share options was	2	1
	<hr/>	<hr/>

Company pension contributions of £20,000 (2009 £19,000) were made to a money purchase scheme on behalf of the highest paid director. At the end of the year, 6 directors (2009 7) were accruing retirement benefits under a money purchase scheme.

Notes (continued)

5 Staff numbers and costs

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

	Number of employees	
	2010	2009
Management	1,072	1,156
Distribution	3,450	3,599
Sales	881	886
	<u>5,403</u>	<u>5,641</u>

The aggregate employment costs during the year were as follows

	2010 £000	2009 £000
Wages and salaries	137,613	141,682
Social security costs	13,845	14,042
Other pension costs (Note 18)	2,689	2,515
	<u>154,417</u>	<u>158,239</u>

6 Financial income

	2010 £000	2009 £000
Interest income	55	428
Group interest	28	122
Other interest	101	160
	<u>184</u>	<u>710</u>

7 Financial expenses

	2010 £000	2009 £000
Bank Interest	1	5
Group interest	302	739
Unwinding of discount on dilapidation provisions (see note 19)	267	248
Finance leases	277	319
Other interest	423	167
	<u>1,270</u>	<u>1,478</u>

Notes (continued)

8 Taxation

a) Recognised in the statement of comprehensive income

	2010		2009
	£000	£000	£000
Current year	9,688		7,307
Adjustments for prior years	708		150
<i>Total current tax</i>		10,396	7,457
Origination and reversal of temporary differences	(922)		652
Adjustments for prior years	417		249
<i>Total deferred tax expense</i>		(505)	901
Total tax in the statement of comprehensive income		9,891	8,358

b) Reconciliation of effective tax rate

	2010	2009
	£000	£000
Profit before taxation	28,150	20,868
Tax using the UK corporation tax rate of 28.0% (2009 28.0%)	7,882	5,843
Non deductible expenses	884	2,216
Under provided in prior years	1,125	299
Total tax in the statement of comprehensive income	9,891	8,358

The Emergency Budget on 22 June 2010 announced that the UK corporation tax rate will reduce from 28% to 24% over a period of 4 years from 2011. The first reduction in the UK corporation tax rate from 28% to 27% was substantively enacted on 20 July 2010 and will be effective from 1 April 2011. This will reduce the company's future current tax charge accordingly. The tax disclosures for the period reflect the deferred tax at the 27% substantively enacted rate. It has not yet been possible to quantify the full anticipated effect of the further 3% rate reduction, although this will further reduce the company's future tax charge and reduce the company's deferred tax liabilities/ assets accordingly.

9 Dividends

	2010	2009
	£000	£000
Interim – paid at 6.7p per share (2009 8.3p per share)	20,000	25,000

There are no final dividends proposed

Notes (continued)

10 Property plant and equipment

	Land and Freehold Properties £000	Long leasehold Properties £000	Short leasehold properties £000	Plant machinery and vehicles £000	Assets in the Course of Construction £000	Total £000
Cost						
Balance at 1 July 2008	18,890	25,494	10,158	145,638	3,446	203,626
Additions	106	539	-	4,342	19,958	24,945
Reclassifications	(186)	6,692	(6,203)	5,453	(5,756)	-
Inter group transfers	-	-	-	(89)	-	(89)
Tfr to intangible assets	-	-	-	113	-	113
Disposals	-	(203)	(4)	(11,086)	-	(11,293)
Balance at 30 June 2009	18,810	32,522	3,951	144,371	17,648	217,302
Balance at 1 July 2009	18,810	32,522	3,951	144,371	17,648	217,302
Additions	2,999	84	70	5,209	1,242	9,604
Reclassifications	11,350	(88)	-	3,719	(14,981)	-
Inter group transfers	1,198	-	-	(31)	-	1,167
Disposals	(1,464)	(721)	(732)	(12,424)	-	(15,341)
Balance at 30 June 2010	32,893	31,797	3,289	140,844	3,909	212,732
Depreciation						
Balance at 1 July 2008	3,845	7,992	4,913	85,319	75	102,144
Charge for year	363	1,989	97	14,581	150	17,180
Reclassifications	30	1,701	(1,731)	-	-	-
Inter group transfers	-	-	-	(8)	-	(8)
Disposals	-	(9)	(3)	(10,744)	-	(10,756)
Balance at 30 June 2009	4,238	11,673	3,276	89,148	225	108,560
Balance at 1 July 2009	4,238	11,673	3,276	89,148	225	108,560
Charge for year	597	1,936	116	14,415	144	17,208
Impairment charge	-	1,545	-	152	-	1,697
Reclassifications	99	(1)	-	(98)	-	-
Inter group transfers	215	-	-	(19)	-	196
Disposals	(259)	(488)	(600)	(11,887)	-	(13,234)
Balance at 30 June 2010	4,890	14,665	2,792	91,711	369	114,427
Net book value						
At 30 June 2009	14,572	20,849	675	55,223	17,423	108,742
At 30 June 2010	28,003	17,132	497	49,133	3,540	98,305

The amount on which depreciation of freehold and long leasehold properties is based is £57,758,000 (2009 £48,676,000). Additions to assets under the course of construction include £5,546,000 (2009 £8,253,000) transferred from 3663 Developments Limited in respect of the construction of a new site within the South East of England, which became fully operational in August 2010.

Leased plant and machinery

The Company leases a number of properties and plant under finance lease agreements. At 30 June 2010, the net carrying amount of leased plant and buildings was £3,966,000 (2009 £4,489,000).

Notes (continued)

11 Intangible assets

	IT software £000	IT software work in progress £000	Goodwill £000	Total £000
Cost				
Balance at 1 July 2008	6,606	14,293	23,999	44,898
Additions	96	4,583	-	4,679
Transfer to property plant & equipment	-	(113)	-	(113)
Balance at 30 June 2009	6,702	18,763	23,999	49,464
Balance at 1 July 2009	6,702	18,763	23,999	49,464
Additions	109	58	-	167
Reclassifications	33	(33)	-	-
Disposals	(56)	-	-	(56)
Balance at 30 June 2010	6,788	18,788	23,999	49,575
Amortisation				
Balance at 1 July 2008	5,321	75	1,943	7,339
Charge for period	810	500	-	1,310
Transfer to property plant & equipment	-	-	-	-
Balance at 30 June 2009	6,131	575	1,943	8,649
Balance at 1 July 2009	6,131	575	1,943	8,649
Charge for period	452	576	-	1,028
Reclassifications	-	-	-	-
Disposals	(54)	-	-	(54)
Balance at 30 June 2010	6,529	1,151	1,943	9,623
Net book value				
At 30 June 2009	571	18,188	22,056	40,815
At 30 June 2010	259	17,637	22,056	39,952

Impairment Review -

The carrying value of the purchased goodwill has been reviewed as at 30 June 2010 and no write down for any impairment is deemed appropriate

Goodwill arose on the acquisition of the trade and assets of HM Group Limited, Swithenbank Foods Limited & Wilson Watson Limited in 2004. As the cashflows of this business are not independent of the cash flows from the rest of the Company the Cash Generating Unit (CGU) for the testing of goodwill is the entire Company

The recoverable amount is based on the value in use which is determined by discounting the future cashflows generated using a discount rate of 12%. There is significant headroom on this basis

Notes (continued)

11 Intangible assets (continued)

Amortisation and impairment charge

The amortisation and impairment charge is recognised in the following line items in the income statement

	2010 £000	2009 £000
Administration expenses	1,028	1,310
	<u>1,028</u>	<u>1,310</u>

12 Investments in subsidiaries

	Shares in subsidiary undertakings £000
At start and end of year	13,013

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

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

Subsidiary undertakings	Holding	Class of shares held	Principal activity
The Barton Meat Company Ltd	100% holding	£1 Ordinary	Ceased trading
3663 Developments Ltd	100% holding	£1 Ordinary	Property development
3663 (Edinburgh) Ltd	100% holding	£1 Ordinary	Non trading company

The investment in The Barton Meat Company Limited of £769,000 was fully written down during year ended 30 June 2008

Notes (continued)

13 Inventories

	2010 £000	2009 £000
Raw materials and consumables	501	597
Goods for resale	57,577	51,137
	<u>58,078</u>	<u>51,734</u>

14 Trade and other receivables

	2010 £000	2009 £000
Trade receivables	111,598	130,709
Other receivables, prepayments and accrued income	5,554	6,507
Property held for resale	300	-
Other receivables due from subsidiary undertakings	3,892	3,972
Other receivables due from immediate parent company	7,914	7,857
Other receivables due from fellow subsidiary undertakings	863	1,411
	<u>130,121</u>	<u>150,456</u>

Full provision has been made against £16,500,000 (2009 £16,500,000), included within amounts due from subsidiary undertakings, due from The Barton Meat Company Limited, as at 30 June 2010

15 Cash and cash equivalents

	2010 £000	2009 £000
Cash and cash equivalent per balance sheet and cash flow statement	57,172	39,029

16 Other interest-bearing loans and borrowings

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

	2010 £000	2009 £000
<i>Non-current liabilities</i>		
Finance lease liabilities	1,704	1,870
	<u>1,704</u>	<u>1,870</u>
<i>Current liabilities</i>		
Amounts owed to immediate parent company	25,943	24,303
Current portion of finance lease liabilities	125	234
	<u>26,068</u>	<u>24,537</u>

Notes (continued)

16 Other interest bearing loans and borrowings (continued)

Finance lease liabilities

Finance lease liabilities are payable as follows

	Minimum lease payments 2010 £000	Interest 2010 £000	Principal 2010 £000	Minimum lease payments 2009 £000	Interest 2009 £000	Principal 2009 £000
Less than one year	287	162	125	412	178	234
Between one and five years	1,094	533	561	1,141	595	546
More than five years	1,585	442	1,143	1,967	643	1,324
	<u>2,966</u>	<u>1,137</u>	<u>1,829</u>	<u>3,520</u>	<u>1,416</u>	<u>2,104</u>

The amount owed to the immediate parent company is unsecured, payable on demand and incurs interest at the following rates

	2010 £000	2009 £000
At 1.5% above HSBC Bank plc base rate	10,228	10,228
At HSBC Bank plc base rate	14,095	13,923
At LIBOR	1,620	152
	<u>25,943</u>	<u>24,303</u>

17 Trade and other payables

	2010 £000	2009 £000
Trade payables	177,845	184,245
Other taxation and social security	3,783	3,521
Accruals and deferred income	25,710	23,250
Amounts owed to fellow subsidiary companies	16,562	15,300
Amounts owed to subsidiary companies	18,039	17,505
Amounts owed to immediate parent company	27	26
	<u>241,966</u>	<u>243,847</u>

Notes (continued)

18 Employee benefits

Pension scheme

Bidvest (UK) Limited, the immediate parent company, operates a defined contribution scheme, for which BFS Group Limited is a participating employer. The pension cost for the year represents contributions payable by the company to the scheme and amounted to £2,689,000 (2009 £2,515,000).

Contributions amounting to £11,000 (2009 £14,000) were payable to the scheme at the year end.

Share-based payments

Share options have been granted to 1 (2009 3) 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
June 2009	99,162	Exercisable from June 2010	June 2010 to June 2017
	<u>99,162</u>		

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	ZAR101.36	145,412	ZAR99.10	152,500
Forfeited during the period				-
Exercised during the period	ZAR48.52	(46,250)	ZAR52.81	(7,088)
Granted during the period				-
Lapsed during the period				-
Outstanding at the end of the period	<u>ZAR126.00</u>	<u>99,162</u>	<u>ZAR101.36</u>	<u>145,412</u>
Exercisable at the end of the period		<u>49,581</u>		<u>46,250</u>

Options are exercisable on the following dates:

- i) 50% on the third anniversary of grant date
- ii) 75% on the fourth anniversary of grant date
- iii) 100% on the fifth anniversary of grant date

Options then remain open for a further 5 years.

Notes (continued)

19 Provisions for liabilities and charges

	Restructuring Provisions	Self insurance £000	Redundant properties £000	Dilapidations £000	Total £000
At beginning of year	3,188	8,128	114	6,679	18,109
Provided during the year	4,591	-	2	70	4,663
Discount unwind	-	-	-	267	267
Utilised during the year	(6,747)	(337)	-	(568)	(7,652)
At end of year	1,032	7,791	116	6,448	15,387
Current	1,032	-	2	229	1,263
Non-current	-	7,791	114	6,219	14,124
At end of year	1,032	7,791	116	6,448	15,387

The provision for restructuring relates to costs incurred re the closure of certain sites during the current and preceding year. It is envisaged that the provision will be utilised in full during 2011. There are no major areas of uncertainty in the calculation of the provision.

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

The provision for 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. The major area of uncertainty in the calculation of the provision relates to the dilapidation liabilities at the conclusion of the leases.

The provision for dilapidations relates to amounts payable at lease expiry on certain leased properties which are occupied by the company. Lease expiry dates range from 2010 to 2023. The provisions have been based on estimates provided by the company's property management agents.

Notes (continued)

20 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following

	Assets		Liabilities		Net	
	2010 £000	2009 £000	2010 £000	2009 £000	2010 £000	2009 £000
Property, plant and equipment	-	-	5,738	6,271	5,738	6,271
Provisions	(574)	(602)	-	-	(574)	(602)
Net tax (assets) / liabilities	(574)	(602)	5,738	6,271	5,164	5,669

Movement in deferred tax during the year

	1 July 2009 £000	Recognised in income £000	30 June 2010 £000
Property, plant and equipment	6,271	(533)	5,738
Provisions	(602)	28	(574)
	5,669	(505)	5,164

21 Financial instruments

The Company is exposed to the following risks from its use of financial instruments

- a) credit risk
- b) liquidity risk
- c) market risk

This note presents information about the Company's exposure to each of the above risks, and their objectives, policies and processes for measuring and managing risk

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

Notes (continued)

21 Financial instruments (continued)

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company receivables from customers and investment securities

The directors believe that the Company is not exposed to any significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet, as follows

	2010 £000	2009 £000
Trade receivables	111,598	130,709
Amounts due from fellow group companies	12,669	13,240
	<u>124,267</u>	<u>143,949</u>

The maximum exposure to credit risk for loans and receivables at the reporting date by geographic region is

	2010 £000	2009 £000
UK	124,233	143,714
Europe	34	235
	<u>124,267</u>	<u>143,949</u>

Impairment losses

The ageing of loans and receivables at the reporting date was

	Gross 2010 £000	Impairment 2010 £000	Gross 2009 £000	Impairment 2009 £000
Not past due	136,383	(13,029)	151,812	(12,848)
Past due 0-30 days	1,460	(1,052)	2,107	(40)
Past due 31-60 days	497	(263)	1,517	(313)
Past due 61-90 days	637	(526)	1,462	(938)
More than 90 days	3,578	(3,418)	6,193	(5,003)
	<u>142,555</u>	<u>(18,288)</u>	<u>163,091</u>	<u>(19,142)</u>

Notes (continued)

21 Financial instruments (continued)

Impairment losses

The movement in the allowance for impairment in respect of trade receivables and amounts due from fellow group companies during the year was as follows

	2010 £000	2009 £000
Balance at 1 July	(19,142)	(15,012)
Reversal of previous year impairment/(impairment loss recognised)	854	(4,130)
Balance at 30 June	<u>(18,288)</u>	<u>(19,142)</u>

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient funds to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Company's reputation.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements

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
<i>Non-derivative financial liabilities</i>							
Amounts due to group undertakings							
- Interest bearing loans	25,943	25,943	25,943	-	-	-	-
- Other balances	34,628	34,628	34,628	-	-	-	-
Trade and other payables	207,338	207,338	207,338	-	-	-	-
Finance lease	1,829	2,966	144	144	302	791	1,585
	<u>269,738</u>	<u>270,875</u>	<u>268,053</u>	<u>144</u>	<u>302</u>	<u>791</u>	<u>1,585</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
<i>Non-derivative financial liabilities</i>							
Amounts due to group undertakings							
- Interest bearing loans	24,303	24,303	24,303	-	-	-	-
- Other balances	32,831	32,831	32,831	-	-	-	-
Trade and other payables	211,016	211,016	211,016	-	-	-	-
Finance lease	2,104	3,520	254	158	285	856	1,967
	<u>270,254</u>	<u>271,670</u>	<u>268,404</u>	<u>158</u>	<u>285</u>	<u>856</u>	<u>1,967</u>

Notes (continued)

21 Financial instruments (continued)

Interest rate risk

Interest income on cash deposits is exposed to fluctuations in the market rate of interest. Amounts due to and from related parties in respect of trading balances are interest free and consequently the Company is not exposed to interest rate risk on those balances.

At the reporting date, the interest rate profile of the Company's interest bearing financial instruments was

	2010 £000	2009 £000
<i>Fixed rate instruments</i>		
Finance leases	2,966	3,520
Intercompany loans	29,751	28,939
	<u> </u>	<u> </u>

Cash flow sensitivity analysis for variable rate instruments

An increase of 1% in interest rates at the reporting date would have decreased equity and profit or loss by £34,000, whereas a decrease of 1% in interest rates at the reporting date would have increased equity and profit or loss by £249,000.

Fair values

The fair values of financial assets and liabilities are deemed to approximate their book value.

Investments in equity securities

The fair value of available for sale investments is determined by reference to their quoted bid price at the reporting date.

Loans and receivables

Loans and receivables are valued at their amortised cost, which is deemed to reflect fair value.

Derivatives

There are no derivatives.

Non-derivative financial liabilities

The fair value is calculated based on the present value of future principal and interest cash flows.

Notes (continued)

22 Share capital

	2010 £000	2009 £000
<i>Authorised</i>		
1,000,000,000 ordinary shares of 10p each	100,000	100,000
<i>Allotted, called up and fully paid</i>		
300,000,000 ordinary shares of 10p each	30,000	30,000

23 Capital and Reserves

	Share capital £000	Share premium £000	Retained profit £000	Total £000
Balance at 1 July 2008	30,000	11,843	66,893	108,736
Profit after taxation	-	-	12,510	12,510
Dividends	-	-	(25,000)	(25,000)
Equity settled share based payments	-	-	29	29
Balance at 30 June 2009	30,000	11,843	54,432	96,275
Balance at 1 July 2009	30,000	11,843	54,432	96,275
Profit after taxation	-	-	18,259	18,259
Dividends	-	-	(20,000)	(20,000)
Equity settled share based payments	-	-	31	31
Balance at 30 June 2010	30,000	11,843	52,722	94,565

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.

24 Capital commitments

Capital commitments authorised as at 30 June 2010, but not provided for in these financial statements amounted to £6,586,000 (2009 £8,875,000), in respect of which contracts for £6,269,000 (2009 £8,086,000) have been placed.

25 Operating lease commitments

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

	2010 Land and buildings £000	Other £000	2009 Land and buildings £000	Other £000
Expiring - within one year	562	450	931	1,928
Expiring - over one year and under five years	9,564	8,381	5,600	5,418
Expiring - over five years	72,134	-	77,867	-
	82,260	8,831	84,398	7,346

Notes (continued)

26 Operating lease commitments (continued)

The Company leases property, plant and machinery, office equipment and certain commercial vehicles under operating leases. The leases typically run for a period of 3 to 5 years, with an option to renew the lease after that date. None of the leases includes contingent rentals.

During the year ended 30 June 2010, £16,244,000 was recognised as an expense in the income statement in respect of operating leases (2009 £18,108,000).

27 Related parties

Name of entity	Related party relationship 000
Bidvest (UK) Limited	Immediate parent company
3663 Developments Limited	100% owned subsidiary company
The Barton Meat Company Limited	100% owned subsidiary company
Pullman Foods Limited	Fellow wholly owned subsidiary company of Bidvest (UK) Limited
HM Group Limited	Fellow wholly owned subsidiary company of Bidvest (UK) Limited
Swithenbank Foods Limited	Fellow wholly owned subsidiary company of Bidvest (UK) Limited
Wilson Watson Limited	Fellow wholly owned subsidiary company of Bidvest (UK) Limited
Giffords Fine Foods Limited	Fellow wholly owned subsidiary company of Bidvest (UK) Limited
Bid Commercial Products (UK) Limited	Fellow wholly owned subsidiary company of The Bidvest Group Limited

Summary of related party transactions

	2010 £000	2009 £000
Management charge paid to Bidvest (UK) Limited	575	551
Management charge receivable from 3663 Developments Limited	34	48
Sales to The Barton Meat Company Limited	-	1
Sales to Giffords Fine Foods Limited	17	12
Purchases from The Barton Meat Company Limited	-	2,765
Purchases from Giffords Fine Foods Limited	33	-
Net book value of property plant & equipment transferred from Pullman Foods Limited	983	-
Net book value of property plant & equipment transferred to Giffords Fine Foods Limited	12	81
Acquisition cost of capital work in progress from 3663 Developments Limited	5,546	8,253
Rent payable to Pullman Foods Limited	13	23
Interest paid on loan to The Barton Meat Company Limited	-	3
Interest received from Bidvest (UK) Limited	28	122
Interest paid to Bidvest (UK) Limited	302	736

Summary of related party balances

	2010 £000	2009 £000
Interest free and short term loans due from Bidvest (UK) Limited	7,987	7,857
Interest bearing loans payable to Bidvest (UK) Limited	(25,943)	(24,303)
Short term loans due to Bidvest (UK) Limited	(27)	(26)
Interest free loan due to 3663 Developments Limited	(13,013)	(13,013)
Interest free loan due (to) from 3663 Developments Limited	(958)	(600)
Interest free loan due to HM Group Limited	(15,000)	(15,000)
Interest free loan due to Swithenbank Foods Limited	(100)	(100)
Interest free loan due to Wilson Watson Limited	(200)	(200)
Interest free loan due from Pullman Foods Limited	47	1,043
Interest free loan due from Giffords Fine Foods Limited	816	368
Interest free loan due from The Barton Meat Company Limited	3,972	3,972
Short term loans due to The Barton Meat Company Limited	(176)	-
Group relief payable to The Barton Meat Company Limited	(3,892)	(3,892)
Group relief payable to Bid Commercial Products (UK) Limited	(1,263)	-

Notes (*continued*)

27 Related parties (*continued*)

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 remuneration which is disclosed in note 4

28 Ultimate holding company

The ultimate holding company of BFS Group 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.

29 Subsequent events

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

30 Accounting estimates and judgments

The preparation of the financial statements involves, in certain areas, the use of accounting estimates and management judgment. The key areas involving estimates and judgments are as follows:

- (a) Self insurance provisions

Details of the estimates are detailed in note 19.

- (b) Provisions for dilapidations

Details of the estimates are set out in note 19.