BFS Group Limited

Directors' report and financial statements

Registered number 00239718

Year ended 30 June 2018

Contents

Directors and company information

Directors:

A Selley
A Kemp
A Brogan
N Wemyss
S Bender
G Cox
D Cleasby

Secretary

T Hamandi

Registered Office

814 Leigh Road
Slough
Berkshire
SL1 4BD

Auditor

KPMG LLP
1 St Peter's Square
Manchester
M2 3AE

Bankers

HSBC Bank plc
8 Canada Square
London
E14 5XL

Strategic report

Overview

The principal activities of the Group are the sale and distribution of food and non-food products to the catering trade. The company operates under two main trading names of Bidfood and Best Food Logistics (formerly Bidvest Logistics).

BFS Group Limited is ultimately owned by Bid Corporation Limited ("Bidcorp"), an internationally diverse Foodservice business with an entrepreneurial, decentralised business model. Bidcorp has over a period of a few years, been exiting low-margin logistics activities globally where they do not fit into its model for its foodservice business and are thus considered to be non-core. Best Food Logistics were considered to fall into this category, and accordingly, this operation has now been classified as a discontinued operation, with a purchaser for this business being actively sought

This division has not previously been classified as held-for-sale or as a discontinued operation. The profit and loss account has been drawn up to show the split between continuing and discontinued operations, including restatement of prior year comparatives.

A non-cash impairment of £42,636,000 in the cost of investment in PCL Transport 24/7 Limited was made during the year, taking the net book value of this investment to £Nil. The investment has been fully impaired following a second year of disappointing trading results by PCL Transport 24/7 Limited. A release of deferred consideration of £6,366,000 has also taken place, and is included within the £6,528,000 in exceptional items.

Strategy

The Company's strategy is to deliver service excellence, make life easier for our customers, and help them to grow. This will be achieved by delivering real value, recruiting and retaining the best team and through innovation and being forward thinking.

Key Performance Indicators

The directors consider that the key financial performance indicators are Revenue, Gross Margin %, Operating Profit % and optimisation of Net Assets. Together these demonstrate the financial performance and strength of the company. An overview of these indicators, for continuing operations, for both current year and prior year is given below (£000 or %) and the directors are satisfied with the company results for the period:

Revenue: £1,424,435 (2017 - £1,311,531)
Gross Profit %: 23.2 (2017 – 24.2)
Operating profit %: 4.5 (2017 – 4.4)
Net Assets: £146,516 (2017 - £183,226)

A number of non-financial KPI's are also used to monitor the performance (against forecasts and prior year) of the business including service levels to customers and from suppliers, headcounts and health & safety statistics.

Strategic report (continued)

Principal risks and uncertainties

The company's operational risks include environmental, health and safety and IT / power failures. The company manages these risks through an established control framework and internal and external audits. Disaster recovery procedures exist to respond to adverse events, including power and IT outages, and are implemented when required.

The company's commercial risks include unprofitable contracts, cost price inflation and bad debts. Potential new business undergoes both a comprehensive profit study and credit checks before being tendered for. Significant focus is placed on the minimisation of bad debt risk and credit insurance is held for the majority of customers. The availability of qualified lorry drivers and fuel price volatility are also commercial risks. The scarcity of resource is an industry wide issue and attracting and retaining drivers is a key focus.

The Company established a Brexit risk mitigation committee in 2016 and planning and preparation has increased significantly to the latter part of 2018 and early 2019. Over the last few months, the company has been actively engaging directly with government departments and Defra, and have been consulting with customers, UK Hospitality and the Federation of Wholesale Distributors, as well as the company's supplier base, as part of the extensive work that the company has undertaken to prepare for different scenarios, including a no-deal Brexit.

The directors are committed to a robust and detailed approach to planning, to ensure the business remains sustainable, and that the company mitigates risks, leverages opportunities thus achieving the best possible outcomes for the company's customers, employees and suppliers. The key risk is maintaining availability of critical products that are essential to keeping customers' businesses running through a transition period which is likely to involve uncertainty, potential disruption and change.

By order of the board

26/3/19

A Selley
Company Director

814 Leigh Road
Slough
Berkshire, SL1 4BD

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 2018.

Results and dividends

The company made an operating profit, before one-off items, for the year of £26,910,000 *(2017: £53,091,000)*. Of this, £64,646,000 *(2017: £57,807,000)* related to continuing operations.

An interim dividend in respect of the year ended 30 June 2018 of £21,188,000 (7.06p per share) *(2017: £18,909,000 (6.27p per share))* was paid during the year. The directors do not recommend the payment of a final dividend *(2017:£Nil)*.

Employment of disabled persons

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

Information to employees

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

Directors

The directors who held office during the year, and up to the date of approval of these financial statements:

D Cleasby	
S Bender	
A Selley	
N Wemyss	
A Kemp	
A Brogan	
D Hodgson	(resigned 31 August 2017)
G Cox	(appointed 01 September 2017)
G Barnetson	(appointed 01 September 2017, resigned 01 October 2018)

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 53 days of average daily purchases for the year *(2017: 52 days)*.

Political and charitable contributions

The company made no political contributions during the year *(2017: £Nil)*. Donations to UK charities amounted to £38,000 *(2017: £31,000)*.

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 auditor

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

Auditor

A tender process is currently underway in relation to the Bidcorp group's external audit arrangements for year ending 30 June 2019, as such the auditor will not be deemed to be reappointed. KPMG will continue in office until such time as an alternative is appointed.

By order of the board

26/7/19

A Selley
Company Director
Date:

814 Leigh Road
Slough
Berkshire
SL1 4BD

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, 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 UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework.*

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG LLP

1 St Peter's Square
Manchester
M2 3AE
United Kingdom

Report of the independent auditor to the members of BFS Group Limited

Opinion

We have audited the financial statements of BFS Group Limited ("the company") for the year ended 30 June 2018 which comprise the Profit and Loss Account and Other Comprehensive Income, Statement of Changes in Equity, Balance Sheet and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as the carrying value of goodwill and investments and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable facto for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Report of the independent auditor to the members of BFS Group Limited *(continued)*

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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; or

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

Report of the independent auditor to the members of BFS Group Limited *(continued)*

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Mick Davies

Mick Davies (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE

29 March 2019

Profit and Loss Account and Other Comprehensive Income
for the year ended 30 June 2018

	Note	2018 (Continuing) £000	2018 (Discontinued) £000	2018 (Total) £000	2017 (Continuing) £000	2017 (Discontinued) £000	2017 (Total) £000
Revenue	2	**1,424,435**	**1,056,938**	**2,481,373**	1,311,531	1,175,951	2,487,482
Cost of sales		**(1,094,575)**	**(971,217)**	**(2,065,792)**	(994,648)	(1,070,368)	(2,065,016)
Gross profit		**329,860**	**85,721**	**415,581**	316,883	105,583	422,466
Distribution expenses		**(229,419)**	**(110,650)**	**(340,069**	(222,890)	(97,415)	(320,305)
Administration expenses - normal		**(35,795)**	**(12,807)**	**(48,602)**	(36,186)	(12,884)	(49,070)
Operating profit/(loss) before one-off items		**64,646**	**(37,736)**	**26,910**	57,807	(4,716)	53,091
Impairment of investments	3	**(42,636)**	**-**	**(42,636)**	-	-	-
Exceptional income/(costs)	3	**6,528**	**-**	**6,528**	*(866)*	*(634)*	*(1,500)*
Operating (loss)/profit after one-off items	3	**28,538**	**(37,736)**	**(9,198)**	56,941	(5,350)	51,591
Income from shares in group undertakings	6	**1,200**	**-**	**1,200**	1,200	-	1,200
Financial income	7	**91**	**-**	**91**	33	1	34
Financial expenses	8	**(915)**	**(303)**	**(1,218)**	(811)	(200)	(1,011)
(Loss)/profit before taxation		**28,914**	**(38,039)**	**(9,125)**	57,363	(5,549)	51,814
Tax on (loss)/profit on ordinary activities	9	**(12,101)**	**6,389**	**(5,712)**	(11,242)	705	(10,537)
(Loss)/profit after taxation		**16,813**	**(31,650)**	**(14,837)**	46,121	(4,844)	41,277
Other comprehensive income for the period, net of income tax		-	-	-	-	-	-
Total comprehensive (expense)/income for the period		**16,813**	**(31,650)**	**(14,837)**	46,121	(4,844)	41,277

The notes on pages 13-30 form part of these financial statements.

Statement of Changes in Equity
for year ended 30 June 2018

	Share capital £000	Share premium £000	Retained profit £000	Total £000
Balance at 1 July 2016	30,000	11,843	121,135	162,978
Total comprehensive income for the period				
Profit after taxation	-	-	41,277	41,277
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	**41,277**	**41,277**
Transactions with owners, recorded directly in equity				
Dividends	-	-	(18,909)	(18,909)
Equity settled share based payments	-	-	(2,120)	(2,120)
Balance at 30 June 2017	**30,000**	**11,843**	**141,383**	**183,226**
Balance at 01 July 2017	30,000	11,843	141,383	183,226
Total comprehensive income for the period				
Loss after taxation	-	-	(14,837)	(14,837)
Other comprehensive income	-	-	-	-
Total comprehensive expense for the period	-	-	**(14,837)**	**(14,837)**
Transactions with owners, recorded directly in equity				
Dividends	-	-	(21,188)	(21,188)
Equity settled share based payments	-	-	(685)	(685)
Balance at 30 June 2018	**30,000**	**11,843**	**104,673**	**146,516**

The notes on pages 13-30 form part of these financial statements.

Balance Sheet
at 30 June 2018

	Note	**2018 £000**	2017 £000
Fixed assets			
Tangible assets *(including 2018:£11,742 held for sale)*	*11*	**95,654**	89,853
Intangible assets *(including 2018:£412 held for sale)*	*12*	**31,893**	32,174
Investments in subsidiaries *(including 2018:£24 held for sale)*	*13*	**59,997**	102,609
		187,544	224,636
Current assets			
Stocks *(including 2018:£23,736 held for sale)*	*14*	**93,404**	91,634
Trade and other debtors *(including 2018:£69,574 held for sale)*	*15*	**252,231**	251,668
Cash at bank and in hand *(including 2018:£(1,845) held for sale)*		**77,189**	77,226
		422,824	420,528
Total assets		**610,368**	645,164
Current liabilities			
Other interest – bearing loans and borrowings	*16*	**(13,274)**	(14,923)
Trade and other creditors *(including 2018:£(138,309) held for sale)*	*17*	**(434,040)**	(432,350)
Provisions *(including 2018:£(2,287) held for sale)*	*19*	**(2,949)**	(1,477)
		(450,263)	(448,750)
Non-current liabilities			
Other interest – bearing loans and borrowings	*16*	**(449)**	(645)
Provisions *(including 2018:£(3,410) held for sale)*	*19*	**(9,377)**	(8,822)
Deferred tax liabilities *(including 2018:£(284) held for sale)*	*20*	**(3,763)**	(3,721)
		(13,589)	(13,188)
Total liabilities		**(463,852)**	(461,938)
Net assets		**146,516**	183,226
Capital and reserves			
Share capital	*22*	**30,000**	30,000
Share premium		**11,843**	11,843
Retained earnings		**104,673**	141,383
Shareholders' equity		**146,516**	183,226

All values in italicised brackets above are in £000's

The notes on pages 13-30 form part of these financial statements.

These financial statements were approved by the board of directors on 26/7/19 and were signed on its behalf by:

A Selley

A Selley
Company Director

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.

Statement of compliance

These financial statements were prepare in accordance with Finance Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The amendments to FRS 101 (2013/2014 cycle) issues in July 2016 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

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

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of Bid Corporation Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 *Share Based Payments* in respect of group settled share based payments;
- Certain disclosures required by IAS 36 *Impairment of assets* in respect of the impairment of goodwill and indefinite life intangible
- The disclosures required by IFRS 7 *Financial Instrument Disclosures*

The Company's ultimate parent undertaking, Bid Corporation Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Bid Corporation Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from the Group's website (www.bidcorpgroup.com).

Going concern

Notwithstanding net current-liabilities of £27.4m as at 30 June 2018, due to intercompany loans payable to wholly owned subsidiaries, which are directly controlled by the entity, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

- The Board will ensure that these intercompany loans are repaid only if the Company has sufficient capital resources to continue in its principal trading activities.
- The Board of Directors have prepared cash flow forecasts for a period of 15 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through its overdraft facility and in downside cases funding from its intermediate parent company, Bidcorp Foodservice International Limited, to meet its liabilities as they fall due for that period.
- Those forecasts are dependent on Bidcorp Foodservice International Limited providing additional financial support during that period. Bidcorp Foodservice International Limited has indicated its intention to continue to make available such funds as are needed by the company for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 15 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Notes *(continued)*

1 Accounting policies *(continued)*

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.

Non-current assets held for sale and discontinued operations

A non-current asset or a group of assets containing a non-current asset (a disposal group) is classified as held for sale if its carrying amount will be recovered principally through sale rather than through continuing use, it is available for immediate sale and sale is highly probable within one year.

On initial classification as held for sale, non-current assets and disposal groups are measured at the lower of previous carrying amount and fair value less costs to sell with any adjustments taken to profit or loss. The same applies to gains and losses on subsequent re-measurement although gains are not recognised in excess of any cumulative impairment loss. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to stocks, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Company's accounting policies

A discontinued operation is a component of the Company's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative profit and loss account is restated as if the operation has been discontinued from the start of the comparative period.

The balance sheet items of the discontinued operations are shown on the face of the balance sheet, in brackets, within the balance sheet captions for the total group. The non-current assets held for sale have not been reclassified to current on the face of the balance sheet although they are expected to be realised in the short term through a sale. Note 23 includes the prior year comparatives.

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:

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

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 his 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 relations 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. Acquisition costs are expensed to the income statement as they are incurred.

Derivative financial instruments

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on re-measurement 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).

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.

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.

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

Assets under construction are recorded at cost. No depreciation is provided on these assets until the assets are completed, and have been brought into use, at which point, they are transferred into one of the above categories, and depreciation commences.

Intangible assets and goodwill

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

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 ten years
Licences	ten years

Investments and income from group undertakings

Shares in Group undertakings are stated at cost less any provision for impairment. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established.

Trade and other debtors

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

Notes *(continued)*

1 Accounting policies *(continued)*

Stocks

Stocks are stated at the lower of cost and net realisable value and are net of supplier rebates receivable. Cost includes expenditure incurred in acquiring the stocks and bringing them to their existing location and condition.

Cash at bank and in hand

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

Impairment

The carrying amounts of the Company's assets 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.

Notes *(continued)*

1 Accounting policies *(continued)*

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.

Rebates

Customer and supplier rebates are based on a mixture of sales/purchase volumes and values, as agreed with the respective customers and suppliers. The rebates can be estimated with a reasonable level of certainty and involve a minimal level of judgement. Arising rebate income/expense streams are recognised in a prudent manner in the income statement, and are regularly reviewed for completeness and accuracy.

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.

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 finance 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.

Exceptional items

Exceptional items are those material items which, by virtue of their size or incidence, are presented separately in the income statement to give a full understanding of the Company's financial performance. Transactions which may give rise to exceptional items include the restructuring of business activities.

Notes *(continued)*

2 Revenue

All revenue derives from one class of business and is mainly based in the United Kingdom. The overseas turnover for the business, including discontinued operations, amounted to £28,601,000 (2017: £20,736,000), of this £2,080,000 *(2017: £834,000)* relates to continuing operations.

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

	2018	2017
	£000	£000
Property, plant and equipment – depreciation on:		
Owned assets *(continuing operations 2018: £4,230; 2017: £5,169)*	**5,260**	6,407
Leased assets *(continuing operations 2018: £2,832 2017 : £2,702)*	**2,922**	2,836
Property, plant and equipment – impairment on:		
Owned assets *(continuing operations 2018: £171: 2017: £Nil)*	**959**	-
Leased assets *(continuing operations 2018: £483: 2017: £Nil)*	**976**	-
Intangible assets - amortisation:		
Software *(continuing operations 2018: £1,314; 2017: £2,751)*	**1,493**	2,927
Licences *(continuing operations 2018: £91: 2017: £Nil)*	**91**	100
Intangible assets – impairment:		
Software *(continuing operations 2018: £1,271; 2017: £Nil)*	**1,271**	-
Operating lease and hire charges:		
Land and buildings *(continuing operations 2018: £6,926; 2017: £6,881)*	**11,844**	11,593
Other *(continuing operations 2018: £3,802; 2017: £4,197,000)*	**11,927**	12,873
(Profit) on disposal of plant & equipment *(continuing operations 2018: £1,694; 2017: £Nil)*	**(1,694)**	(4)
Loss on disposal of intangible assets *(continuing operations 2018: £Nil; 2017: £1)*	**307**	1
Foreign exchange losses/(gains) *(continuing operations 2018: £(2); 2017: £15)*	**194**	(84)

All values in italicised brackets above are in £000's

Exceptional expenditure/(income):		
Continuing:		
Restructuring charges	**1,687**	-
Rebranding charges	**-**	866
Vendor for acquisition release	**(6,528)**	-
Profit on property sale	**(1,687)**	-
	(6,528)	866
Impairment of investments	**42,636**	-
	36,108	866
Discontinued:		
Redundancy costs	**-**	284
Rebranding charges	**-**	350
	-	634
Total exceptional expenditure	**36,108**	1,500

Auditors remuneration:

Audit of these financial statements	**159**	147
Other services	**86**	135

Notes *(continued)*

4 Directors' remuneration

	2018	2017
	£000	£000
Remuneration	**3,334**	3,182
Compensation for loss of office	**30**	-
Share based payment	**437**	415
Company contributions to money purchase pension scheme	**37**	38
	3,838	3,635
Remuneration includes:		
Highest paid director	**1,076**	1,030

	Number of directors	
	2018	**2017**
Retirement benefits were accruing to the following number of directors who served during the year under:		
Money purchase schemes	**5**	5
The number of directors who served during the year and who exercised share options was	**6**	6

Company pension contributions of £Nil (*2017: £Nil*) were made to a money purchase scheme on behalf of the highest paid director. At the end of the year, 4 directors *(2017: 3)* were accruing retirement benefits under a money purchase scheme.

5 Staff numbers and costs

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

	Number of employees	
	2018	2017
Management	**1,017**	1,044
Distribution	**2,810**	3,041
Sales	**848**	916
	4,675	5,001

The aggregate employment costs during the year, were as follows:

	2018	2017
	£000	£000
Wages and salaries	**145,321**	148,336
Social security costs and apprenticeship levy	**15,336**	15,015
Other pension costs (Note 18)	**3,610**	3,404
	164,267	166,755

Notes *(continued)*

6 Income from shares in group undertakings

	2018 £000	2017 £000
Dividends received	**1,200**	1,200
	1,200	1,200

7 Financial income

	2018 £000	2017 £000
Interest income *(continuing operations 2018: £91,000; 2017 £33,000)*	**91**	34
	91	34

All values in italicised brackets above are in £000's

8 Financial expenses

	2018 £000	2017 £000
Group interest *(continuing operations 2018: £214; 2017 £199)*	**214**	199
Bank interest *(continuing operations 2018: £1; 2017 £Nil)*	**214**	115
Unwinding of discount on dilapidations *(continuing operations 2018: £259; 2017 £299)* see note 19	**348**	284
Finance leases *(continuing operations 2018: £148; 2017 £162)*	**148**	162
Other interest *(continuing operations 2018: £294; 2017 £25)*	**294**	251
	1,218	1,011

All values in italicised brackets above are in £000's

Notes *(continued)*

9 Taxation

a) Recognised in the statement of comprehensive income:

	2018		2017	
	£000	£000	£000	£000
Current year	5,776		10,723	
Adjustments for prior years	(106)		437	
Total current tax		5,670		11,160
Origination and reversal of temporary differences	(50)		(331)	
Adjustments for prior years	92		(102)	
Reduction in tax rates	-		(190)	
Total deferred tax charge (note 20)		42		(623)
Total tax in the statement of comprehensive income		5,712		10,537

The above charge includes 2018: £12,101,000 *(2017: £11,242,000)* re continuing operations.

b) Reconciliation of effective tax rate

	2018 £000	2017 £000
(Loss)/profit before taxation	(9,125)	51,814
Tax using the UK corporation tax rate of 19.0% *(2017:19.75%)*	(1,734)	10,233
Non deductible expenses - impairment of investment	8,100	-
Non deductible expenditure	(1,741)	159
Exempt Income	1,103	-
Non taxable income	-	-
Adjustment in respect of prior years	(14)	335
Reduction in tax rates	(2)	(190)
Total tax in the statement of comprehensive income	5,712	10,537

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 30 June 2018 has been calculated based on these rates.

10 Dividends

	2018 £000	2017 £000
Interim – paid at 7.06 per share *(2017: 6.27p per share)*	21,188	18,909

There are no final dividends proposed *(2017: £Nil)*.

Notes *(continued)*

11 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 2017	57,676	47,852	3,214	91,008	2,760	202,510
Additions	2,779	755	124	2,675	10,365	16,698
Reclassifications	50	906	358	871	(2,185)	-
Disposals	(994)	(605)	-	(2,654)	-	(4,253)
Balance at 30 June 2018	**59,511**	**48,908**	**3,696**	**91,900**	**10,940**	**214,955**
Depreciation						
Balance at 1 July 2017	13,770	20,702	3,050	75,135	-	112,657
Charge for year	1,731	2,867	55	3,529	-	8,182
Impairment	5	976	-	954	-	1,935
Reclassifications	-	-	-	-	-	-
Disposals	(249)	(603)	-	(2,621)	-	(3,473)
Balance at 30 June 2018	**15,257**	**23,942**	**3,105**	**76,997**	-	**119,301**
Net book value						
At 30 June 2017	43,906	27,150	164	15,873	2,760	89,853
At 30 June 2018	**44,254**	**24,966**	**591**	**14,903**	**10,940**	**95,654**

The amount on which depreciation of freehold and long leasehold properties is based is £94,113,000 *(2017:* £103,541,000).

Leased plant and machinery: The Company leases a number of properties and plant under finance lease agreements. At 30 June 2018, the net carrying amount of leased plant and buildings was £1,654,000 *(2017:* £1,956,000)

The above table includes assets classified as held for sale (relating to discontinued operations) of:

	2018 £000	2017 £000
Cost	**31,932**	33,380
Accumulated depreciation	**(20,190)**	(19,734)
Net book value	**11,742**	13,646

Notes *(continued)*

12 Intangible assets

	IT software £000	IT software work in progress £000	Licences £000	Goodwill £000	Total £000
Cost					
Balance at 1 July 2017	40,547	558	1,000	26,021	68,126
Additions	1,217	1,664	-	-	2,881
Reclassifications	1,467	(1,467)	-	-	-
Disposals	(3)	-	(1,000)	-	(1,003)
Balance at 30 June 2018	**43,228**	**755**	**-**	**26,021**	**70,004**
Amortisation					
Balance at 1 July 2017	32,060	-	602	3,290	35,952
Charge for period	1,493	-	91	-	1,584
Impairment	1,271	-	-	-	1,271
Disposals	(3)	-	(693)	-	(696)
Balance at 30 June 2018	**34,821**	**-**	**-**	**3,290**	**38,111**
Net book value					
At 30 June 2017	8,487	558	398	22,731	32,174
At 30 June 2018	**8,407**	**755**	**-**	**22,731**	**31,893**

Impairment Review: -

The carrying value of the purchased goodwill has been reviewed as at 30 June 2018 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, and the Inverness Farmers and Forteith's trading divisions of 3663 Alba Limited in 2013 and 2016 respectively. As the cashflows of these 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 6%. There is significant headroom on this basis and after adjusting for reasonably possible scenarios.

Over the last few years the company has in-sourced the majority of its IT solutions. As part of this, a number of solutions were no longer required or were replaced and, therefore, an impairment of £1,271,000 has been incurred in the current financial year.

The above table includes assets classified as held for sale (relating to discontinued operations) of:

	2018 £000	2017 £000
Cost	**3,555**	3,354
Accumulated amortisation	**(3,143)**	(2,965)
Net book value	**412**	389

Notes *(continued)*

13 Investments in subsidiaries

	Shares in subsidiary undertakings £000
At 30 June 2017	102,609
Additions	24
Impairment	(42,636)
At 30 June 2018	**59,997**

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	Property management
MGS Management Services Ltd	100% holding	£1 Ordinary	Trading company
3663 Transport Ltd	100% holding	£1 Ordinary	Trading company
PCL Transport 24/7 Ltd	100% holding	£1 Ordinary	Trading company
PCL 24/7 Ltd	100% holding	£1 Ordinary	Trading company
Caterfood Holdings Ltd	100% holding	£1 Ordinary	Holding company
Caterfood (South West) Ltd	100% holding	£1 Ordinary	Trading company
Quality Cuisine (South West) Ltd	100% holding	£1 Ordinary	Trading company
Yarde Farm Ltd	100% holding	£1 Ordinary	Trading company
Motec (SW) Ltd	100% holding	£1 Ordinary	Trading company
Bidfood France	100% holding	1 Euro Ordinary	Trading Company

The registered office address for Bidfood France is 95 Rue la Boetie, 75007 Paris, France. The registered office address for all other companies above, is 814 Leigh Road, Slough, Berkshire SL1 4BD

During the current year, the company acquired the remaining 6% holding in Caterfood Holdings Ltd, the parent company of Caterfood (South West) Ltd, Quality Cuisine (South West) Ltd, Yarde Farm Ltd and Motec (SW) Ltd. The company acquired a 100% holding in Bidfood France (a company incorporated in France during the year at a total cost of £24,000.

Associate undertakings	Holding	Class of shares held	Principal activity
HGVH Ltd	20% holding	£1 Ordinary	Software development

HGVH Limited, which trades under the name of Computer Systems for Distribution (CSD). CSD are a business partner of the company and undertake software development and maintenance for the company.

An impairment of £42,636,000 in the cost of investment in PCL Transport 24/7 Limited was made during the year, taking the net book value of this investment to £Nil.

Notes *(continued)*

14 Stocks

	2018 £000	2017 £000
Raw materials and consumables	**116**	79
Goods for resale	**93,288**	91,555
	93,404	91,634

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £2,126,062,000 *(2017: £2,126,890,000)*. The write-down of stocks to net realisable value amounted to £686,000 *(2017: £865,000)*.

15 Trade and other debtors

	2018 £000	2017 £000
Trade debtors	**192,858**	191,006
Other debtors, prepayments and accrued income	**16,480**	19,878
Other debtors due from subsidiary undertakings	**37,247**	35,530
Other debtors due from fellow subsidiary undertakings	**940**	1,654
Other debtors due from other group undertakings	**4,706**	3,600
	252,231	251,668

Full provision has been made against £16,500,000 (*2017: £16,500,000),* included within amounts due from subsidiary undertakings (due from The Barton Meat Company Limited), as at 30 June 2018. Full provision has also been made against £733,000 *(2017: £733,000),* included within amounts due from fellow subsidiary undertakings, (due from Giffords Fine Foods Limited), as at 30 June 2018.

16 Other interest-bearing loans and borrowings

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

	2018 £000	2017 £000
Non-current liabilities		
Finance lease liabilities	**449**	645
	449	645
Current liabilities		
Amounts owed to immediate parent company	**13,078**	14,743
Current portion of finance lease liabilities	**196**	180
	13,274	14,923

Notes *(continued)*

16 Other interest bearing loans and borrowings *(continued)*

Finance lease liabilities

Finance lease liabilities are payable as follows:

	Minimum lease payments 2018 £000	**Interest 2018 £000**	**Principal 2018 £000**	Minimum lease payments 2017 £000	Interest 2017 £000	Principal 2017 £000
Less than one year	**256**	**60**	**196**	256	76	180
Between one and five years	**562**	**113**	**449**	677	160	517
More than five years	**-**	**-**	**-**	141	13	128
	818	**173**	**645**	1,074	249	825

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

	2018 £000	2017 £000
At 1.5% above HSBC Bank plc base rate	**10,228**	10,228
At HSBC Bank plc base rate	**2,850**	4,515
	13,078	14,743

17 Trade and other creditors

	2018 £000	2017 £000
Trade payables	**300,895**	296,255
Other taxation and social security	**7,934**	8,677
Accruals and deferred income	**63,182**	49,560
Corporation tax	**5,359**	7,483
Amounts owed to fellow subsidiary companies	**13,602**	13,603
Amounts owed to subsidiary companies	**34,284**	38,169
Amounts owed to immediate parent company	**8,550**	18,393
Amounts owed to other group undertakings	**234**	210
	434,040	432,350

18 Employee benefits

Pension scheme

Bidcorp (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 £3,610,000 (*2017:* £3,404,000).

Contributions amounting to £716,000 (*2017:* £519,000) were payable to the scheme at the year end.

Notes *(continued)*

19 Provisions for liabilities and charges

	Self Insurance £000	Dilapidations £000	Total £000
2017			
At beginning of year	4,756	8,706	13,462
Provided during the year	-	-	-
Discount unwind (see note 8)	-	284	284
Utilised during the year	(1,944)	(1,503)	(3,447)
At end of year	2,812	7,487	10,299

	Self Insurance £000	Dilapidations £000	Total £000
2018			
At beginning of year	2,812	7,487	10,299
Provided during the year	1,988	432	1,988
Discount unwind (see note 8)	-	348	348
Utilised during the year	-	(741)	(741)
At end of year	4,800	7,526	12,326
Current	2,496	453	2,949
Non-current	2,304	7,073	9,377
At end of year	4,800	7,526	12,326

The provisions 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 dilapidations relates to amounts payable at lease expiry on certain leased properties which are occupied by the company. Lease expiry dates range from 2017 to 2027. The provisions have been estimated by management, based on advice 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	
	2018	2017	**2018**	2017	**2018**	2017
	£000	£000	**£000**	£000	**£000**	£000
Property, plant and equipment	-	-	**4,721**	4,144	**4,721**	4,144
Provisions	**(958)**	(423)	-	-	**(958)**	(423)
Net tax (assets) / liabilities	**(958)**	(423)	**4,721**	4,144	**3,763**	3,721

Movement in deferred tax during the year

	01 July 2017 £000	Recognised in income £000	30 June 2018 £000
Property, plant and equipment	4,144	577	**4,721**
Provisions	(423)	(535)	**(958)**
Net tax (assets) / liabilities	3,721	42	**3,763**

21 Operating lease commitments

Non-cancellable operating lease rentals, including those for discontinued operations, are payable as follows:

	2018		2017	
	Land and buildings	**Other**	Land and buildings	Other
	£000	**£000**	£000	£000
Less than one year	**8,792**	**9,208**	10,235	9,258
Between one and five years	**35,574**	**16,143**	40,411	19,837
More than five years	**33,213**	**1,710**	43,239	4,494
	77,579	**27,061**	93,885	33,589

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 10 years, with an option to renew the lease after that date. None of the leases includes contingent rentals. During the year ended 30th June 2018, £23,771,000 was recognised as an expense in the income statement in respect of operating leases and hire charges *(2017:* £21,682,000).

In addition to the above commitments, there are further commitments in respect of PCL Transport 24/7 Limited, a wholly owned subsidiary company, whereby BFS Group Ltd are the lessor, but PCL Transport 24/7 Ltd use the properties and equipment, and pay the lease charges. The value of such commitments is shown below:

	2018		2017	
	Land and buildings	**Other**	Land and buildings	Other
	£000	**£000**	£000	£000
Less than one year	**1,975**	**4,512**	1,975	3,945
Between one and five years	**5,234**	**12,979**	6,539	13,817
More than five years	**1,254**	**2,550**	1,954	4,319
	8,493	**20,041**	10,468	22,031

Notes *(continued)*

22 Share capital

	2018 £000	2017 £000
Allotted, called up and fully paid		
300,000,000 ordinary shares of 10p each	**30,000**	30,000

23 Discontinued operations

During the year, Bid Corporation Limited ("Bidcorp") management committed to a plan to discontinue the Best Food Logistics ("Best Foods") division of the company. By 30 June 2018, a proposed exit was close to finalisation for this non-core business. Costs associated with this anticipated exit were substantially provided for, and any further costs are unlikely to be significant. The Best Foods business divisional operations and cash flows can be clearly distinguished within the company. The relevant requirements of IFRS 5 were met for this operation to be classified as a discontinued operation (please see note 1).

Post 30 June 2018, the prospective purchaser of the Best Foods business notified Bidcorp that, it had decided not to proceed with the purchase of the business. The Best Foods business remains a non-core activity in respect of Bidcorp's global foodservice operations, and the intention is, to dispose of this business. Accordingly, Bidcorp is currently considering alternative proposals which were previously suspended due to the advanced sale process

The Best Foods business was not previously classified as held-for-sale or as a discontinued operation. The comparative statement of profit and loss has been restated to show the discontinued operation separately from continuing operations.

The effect of the discontinued operation on the balance sheet position of the company is as follows:

	2018 £000	2017 £000
Assets classified as held for sale:		
Property, plant and equipment	**11,742**	13,646
Intangible assets	**412**	389
Investments	**24**	-
Stocks	**23,736**	24,560
Trade and other receivables	**69,574**	89,110
Corporation tax	**5,594**	523
Cash at bank	**1,756**	3,093
Total assets	**112,838**	131,321
Liabilities classified as held for sale:		
Bank overdraft	**(3,601)**	(12,013)
Trade and other payables	**(143,903)**	(135,928)
Provisions – short term	**(2,287)**	(909)
Provisions – long term	**(3,410)**	(3,094)
Deferred taxation	**(284)**	(459)
Total liabilities	**(153,485)**	(152,403)
Total net (liabilities)/assets	**(40,647)**	(21,082)

There are no re-measurement gains or losses on the above reclassification as assets/liabilities held for sale.

Notes *(continued)*

24 Capital commitments

Capital commitments, excluding those for discontinued operations, authorised as at 30 June 2018, but not provided for in these financial statements amounted to £1,360,000 *(2017: £12,485,000)*, in respect of which contracts for £1,360,000 *(2017: £11,945,000)* have been placed.

25 Ultimate holding company

The ultimate holding company of BFS Group Limited is Bid Corporation Limited, a Company incorporated in South Africa. The largest group in which the results of the company are consolidated is that headed by that company. Copies of financial statements of Bid Corporation Limited are available upon application to the Company Secretary at the registered address of the company: Postnet Suite 136, Private Bag X9976, Johannesburg, 2146 South Africa.

26 Accounting estimates and judgments

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.

27 Post Balance Sheet Events

On 11 February 2019, the company acquired a 90% holding in The Punjab Kitchen Limited, at an initial cost of £16,000,000.