

Registration number: 01568776

**SOUTH LINCS FOODSERVICE LIMITED**  
Annual Report and Financial Statements  
for the Year Ended 30 June 2023



# South Lincs Foodservice Limited

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## South Lincs Foodservice Limited

### Company Information

**Directors** S D Bender  
A Brogan  
A M Selley  
P D J Atyeo

**Company secretary** T Hamandi

**Registered office** 814 Leigh Road  
Slough  
SL1 4BD

**Auditor** Azets Audit Services  
Chartered Accountants & Statutory Auditor  
Bulman House  
Regent Centre  
Gosforth  
Newcastle upon Tyne  
NE3 3LS

## **South Lincs Foodservice Limited**

### **Strategic Report for the Year Ended 30 June 2023**

The directors present their report for the year ended 30 June 2023.

#### **Principal activities**

The principal activities of the company are the sale and distribution of food and non-food products to the catering trade.

#### **Fair review of the business**

The Company's revenue has increased to £24,160,000 from £22,155,000 following strong trading and high food inflation leading to a profit after tax for the financial year of £1,052,000 (2022: £731,000).

Gross profit margin has increased to 32.4% (2022 32.2%) as a result of product mix.

The company has maintained a strong balance sheet position with net current assets of £4.3 million (2022 - £4.8 million) including the payment of a £1.5 million dividend to the parent company during the year. The directors are satisfied with the company's results for the year, and the continued strength of its balance sheet.

#### **Future Developments**

Provided the UK economy remains stable the Directors expect the Company to be profitable for the next financial year as customers continue to value the Company's service excellence.

#### **Financial key performance indicators**

We consider that our key financial performance indicators are those that communicate the financial performance and strength of the company as a whole, these being gross margin percentage, current ratio and net operating margin percentage detailed as follows:

- Revenue has increased from £22.2m to £24.2m.
- Gross margin has remained constant at 32%.
- Operating profit margin has increased from 4.05% to 5.33%
- Net current assets have decreased from £2.66m to £2.45m

#### **Principal risks and uncertainties**

The Company's operational risks include supply chain integrity, staff shortages, environmental, health and safety and IT. The Company manages these risks through an established control framework and internal and external audits. Disaster recovery procedures exist to enable rapid response to adverse events, including power and IT outages, and are implemented when required.

The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash safely and profitably.

The Company's commercial risks include unprofitable contracts, cost price inflation, bad debts and fuel and energy price volatility. Potential new business undergoes both a comprehensive profit study and credit checks before being tendered. Increases in cost prices are largely passed onto customers in pricing reviews. Significant focus is placed on the minimisation of bad debt risk customers. Fuel prices and availability are continually monitored, and taken into account in pricing strategy.

The UK's economic conditions pose somewhat of a risk to the business as the country faces a potential cost of living crisis, with higher fuel costs, taxes and interest rates and potential economic recession. These factors have the ability to reduce demand for the services of our Company's customers and therefore the Company continues to prospect for and win new business.

## South Lincs Foodservice Limited

### Strategic Report for the Year Ended 30 June 2023 (continued)

#### Going concern

In determining whether the Company's financial statements can be prepared on a going concern basis, the Directors considered the Company's business activities together with factors likely to affect its future development, performance and financial position including cash flows, liquidity and borrowing facilities and the principal risks and uncertainties relating to its business activities.

Therefore, the directors have concluded that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and consequently have prepared the financial statements on a going concern basis.

Approved by the board on 19/01/2024.... and signed on its behalf by:

*A Selley*

Andrew Selley 19 Jan 2024 12:28:34 GMT (UTC +0)

A M Selley  
Director

## South Lincs Foodservice Limited

### Directors' Report for the Year Ended 30 June 2023

The directors present their report and the financial statements for the year ended 30 June 2023.

#### Directors' of the company

The directors, who held office during the year, were as follows:

S D Bender

A Brogan

A M Selley

P D J Atyeo

#### 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.

#### Engagement with 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. This action is taken via various different methods including newsletters, CEO briefings, Your Voice annual survey and the Company's intranet site.

#### Directors' liabilities

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

#### Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

#### Reappointment of auditor

Azets Audit Services Limited, trading as Azets Audit Services, were appointed auditor to the company following the resignation of Streets Audit LLP during the year.

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Azets Audit Services as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the board on 19/01/2024.... and signed on its behalf by:

*A Selley*

Andrew Selley 19 Jan 2024 12:28:34 GMT (UTC +0)

A M Selley  
Director

## **South Lincs Foodservice Limited**

### **Statement of Directors' Responsibilities**

The directors acknowledge their responsibilities for preparing the Annual 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has been followed, subject to any material departures disclosed and explained in the financial statements; 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **South Lincs Foodservice Limited**

### **Independent Auditor's Report to the Members of South Lincs Foodservice Limited**

#### **Opinion**

We have audited the financial statements of South Lincs Foodservice Limited (the 'company') for the year ended 30 June 2023, which comprise the Income Statement, Statement of Financial Position, Statement of Changes in Equity, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 under those standards are further described in the auditor responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## South Lincs Foodservice Limited

### Independent Auditor's Report to the Members of South Lincs Foodservice Limited (continued)

#### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

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

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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.

#### Responsibilities of directors

As explained more fully in the [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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### Auditor Responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness;
- enquiries of management about any known or suspected instances of non-compliance with laws and regulations and fraud;
- challenging assumptions and judgements made by management in their significant accounting estimates; and

## South Lincs Foodservice Limited

### Independent Auditor's Report to the Members of South Lincs Foodservice Limited (continued)

- reviewing financial statement disclosures and testing to support documentation.

Because of the field in which the client operates, we identified the following areas as those most likely to have a material impact on the financial statements: Health and Safety; employment law (including the Working Time Directive); and compliance with the UK Companies Act.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognise the non-compliance.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### Use of our report

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.



.....  
Claire Hinshaw ACCA (Senior Statutory Auditor)  
For and on behalf of  
Azets Audit Services  
Chartered Accountants  
Statutory Auditor  
Bulman House  
Regent Centre  
Gosforth  
Newcastle upon Tyne  
NE3 3LS

Date: 19 January 2024  
.....

Azets Audit Services is a trading name of Azets Audit Services Limited

## South Lincs Foodservice Limited

### Income Statement for the Year Ended 30 June 2023

	Note	2023 £ 000	2022 £ 000
Turnover	4	24,160	22,155
Cost of sales		<u>(16,343)</u>	<u>(15,029)</u>
Gross profit		7,817	7,126
Distribution costs		(4,447)	(4,563)
Administrative expenses		<u>(2,082)</u>	<u>(1,665)</u>
Operating profit	5	1,288	898
Interest receivable and similar income	6	<u>-</u>	<u>1</u>
Profit before tax		1,288	899
Tax on profit	9	<u>(236)</u>	<u>(168)</u>
Profit for the year		<u>1,052</u>	<u>731</u>

The above results were derived from continuing operations.

The company has no other comprehensive income for the current or prior year.

The notes on pages 12 to 25 form an integral part of these financial statements.

## South Lincs Foodservice Limited

(Registration number: 01568776)

### Statement of Financial Position as at 30 June 2023

	Note	2023 £ 000	2022 £ 000
<b>Fixed assets</b>			
Intangible assets	10	11	16
Tangible assets	11	1,895	2,148
		<u>1,906</u>	<u>2,164</u>
<b>Current assets</b>			
Stocks	13	1,933	1,776
Debtors	14	2,595	2,521
Cash at bank and in hand		1,274	1,644
		<u>5,802</u>	<u>5,941</u>
<b>Creditors: Amounts falling due within one year</b>	15	<u>(3,352)</u>	<u>(3,280)</u>
<b>Net current assets</b>		<u>2,450</u>	<u>2,661</u>
<b>Total assets less current liabilities</b>		4,356	4,825
<b>Provisions for liabilities</b>	9	<u>(9)</u>	<u>(30)</u>
<b>Net assets</b>		<u>4,347</u>	<u>4,795</u>
<b>Capital and reserves</b>			
Called up share capital	16	1	1
Share premium reserve		150	150
Profit and loss account		4,196	4,644
<b>Shareholders' funds</b>		<u>4,347</u>	<u>4,795</u>

Approved by the board on 19/01/2024.... and signed on its behalf by:

*A Selley*

Andrew Selley 19 Jan 2024 12:28:34 GMT (UTC +0)

A M Selley  
Director

The notes on pages 12 to 25 form an integral part of these financial statements.

## South Lincs Foodservice Limited

### Statement of Changes in Equity for the Year Ended 30 June 2023

	<b>Share capital</b> £ 000	<b>Share premium</b> £ 000	<b>Profit and loss account</b> £ 000	<b>Total</b> £ 000
At 1 July 2021	1	150	3,913	4,064
Profit for the year	-	-	731	731
Total comprehensive income	-	-	731	731
At 30 June 2022	<u>1</u>	<u>150</u>	<u>4,644</u>	<u>4,795</u>
	<b>Share capital</b> £ 000	<b>Share premium</b> £ 000	<b>Profit and loss account</b> £ 000	<b>Total</b> £ 000
At 1 July 2022	1	150	4,644	4,795
Profit for the year	-	-	1,052	1,052
Total comprehensive income	-	-	1,052	1,052
Dividends	-	-	(1,500)	(1,500)
At 30 June 2023	<u>1</u>	<u>150</u>	<u>4,196</u>	<u>4,347</u>

The notes on pages 12 to 25 form an integral part of these financial statements.

## South Lincs Foodservice Limited

### Notes to the Financial Statements for the Year Ended 30 June 2023

#### 1 General information

The company is a private company limited by share capital, incorporated and domiciled in England and Wales.

The address of its registered office is 814 Leigh Road, Slough, SL1 4BD.

#### 2 Accounting policies

##### Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework.

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.

##### Summary of disclosure exemptions

The company's parent undertaking, Bidcorp Corporation Limited, includes the company in its consolidated financial statements. The consolidated financial statements of Bidcorp Corporation Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Postnet Suite 136, Private Bag X9976, Johannesburg 2146, South Africa.

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.

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

- The disclosures required by IFRS 7 Financial Instrument Disclosures.

## **South Lincs Foodservice Limited**

### **Notes to the Financial Statements for the Year Ended 30 June 2023 (continued)**

#### **2 Accounting policies (continued)**

##### **Going concern**

In determining whether the Company's financial statements can be prepared on a going concern basis, the Directors considered the Company's business activities together with factors likely to affect its future development, performance and financial position including cash flows, liquidity and borrowing facilities and the principal risks and uncertainties relating to its business activities.

Therefore, the directors have concluded that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and consequently have prepared the financial statements on a going concern basis.

##### **Revenue recognition**

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. Full consideration has been given to IFRS 15, and revenue is recognised when the significant risks and rewards have been transferred to the buyer, recovery of the consideration is probable and the amount of revenue can be measured reliably.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that it is probable the expenses recognised will be recovered.

##### **Government grants**

Government grants relating to the costs incurred by the Company are recognised in the Statement of comprehensive income over the period necessary to match them with costs that they are intended to compensate.

Government grants are presented separately and disclosed in Other operating income in the Statement of comprehensive income.

Government grants included within other operating income solely consists of the UK Government assistance provided through Coronavirus Job Retention Scheme during the Covid-19 pandemic.

##### **Finance income and costs policy**

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

##### **Tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

## South Lincs Foodservice Limited

### Notes to the Financial Statements for the Year Ended 30 June 2023 (continued)

#### 2 Accounting policies (continued)

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

#### Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

#### Depreciation

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Freehold property	Over the properties useful life to its estimated residual value.
Plant and machinery	5%, 6.66%, 10% or 20% straight line
Motor vehicles	11 % or 20% straight line

#### Intangible assets

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.

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

## South Lincs Foodservice Limited

### Notes to the Financial Statements for the Year Ended 30 June 2023 (continued)

#### 2 Accounting policies (continued)

##### Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Amortisation method and rate
Computer software	20% straight line

##### Investments

Investments in securities are classified on initial recognition as available-for-sale and are carried at fair value, except where their fair value cannot be measured reliably, in which case they are carried at cost, less any impairment.

Unrealised holding gains and losses other than impairments are recognised in other comprehensive income. On maturity or disposal, net gains and losses previously deferred in accumulated other comprehensive income are recognised in income.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

##### Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

##### Inventories

Stocks are stated at the lower of cost and net relisable value, being the estimated selling price less costs to complete and sell. Cost is based on the costs of purchase on a first in, first out basis.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit and loss.

##### Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

## South Lincs Foodservice Limited

### Notes to the Financial Statements for the Year Ended 30 June 2023 (continued)

#### 2 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.

##### Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

##### Defined contribution pension obligation

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

##### 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.

##### Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

Transactions which may give rise to exceptional items include the restructuring of business activities.

## **South Lincs Foodservice Limited**

### **Notes to the Financial Statements for the Year Ended 30 June 2023 (continued)**

#### **2 Accounting policies (continued)**

##### **Financial instruments**

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

##### **Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

## **South Lincs Foodservice Limited**

### **Notes to the Financial Statements for the Year Ended 30 June 2023 (continued)**

#### **3 Critical accounting judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes an estimate of the recoverable value of assets held on the Balance Sheet, including Property, plant and equipment, Intangible assets, Investments, Stocks, Trade and other receivables and Provisions.

When assessing impairment of Property, plant and equipment and Intangible assets other than Goodwill management consider factors including the nature of the assets and their purpose within the business to assess whether they are carried at more than their recoverable amount, which is the higher of their value in use and their fair value less costs to sell.

See note 11 for the carrying value of tangible fixed assets and any associated impairment. See note 10 for the carrying value of intangible assets and any associated impairment provisions.

When assessing impairment of investments and goodwill, management considers factors including the current results of the Company for the year and the net asset position.

See note 10 for the carrying amount of goodwill and the associated impairment provision. See note 12 for the carrying amount of investments. No impairment provision has been recognised.

The stock balance is stated at the lower of cost and net realisable value. Management review stock for obsolescence and to write it down to net realisable value where required.

See note 13 for the carrying amount of stock and details of the amounts written down to net realisable value.

The Company makes an estimate of the recoverable value of trade and other debtors using the Expected Credit Loss model in accordance with IFRS 9. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

## South Lincs Foodservice Limited

### Notes to the Financial Statements for the Year Ended 30 June 2023 (continued)

#### 4 Turnover

The analysis of the company's turnover for the year from continuing operations is as follows:

	2023 £ 000	2022 £ 000
Sale of goods	24,037	21,957
Rendering of services	123	198
	<u>24,160</u>	<u>22,155</u>

The whole of the revenue is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

#### 5 Operating profit

Arrived at after charging/(crediting)

	2023 £ 000	2022 £ 000
Depreciation expense	265	270
Amortisation expense	6	6
Profit on disposal of property, plant and equipment	(3)	-
	<u>          </u>	<u>          </u>

#### 6 Interest receivable and similar income

	2023 £ 000	2022 £ 000
Interest income on bank deposits	-	1
	<u>          </u>	<u>          </u>

#### 7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2023 £ 000	2022 £ 000
Wages and salaries	3,510	3,534
Social security costs	346	350
Pension costs, defined benefit scheme	96	89
	<u>3,952</u>	<u>3,973</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2023 No.	2022 No.
Administration	9	9
Sales	26	26
Distribution	80	82
	<u>115</u>	<u>117</u>

## South Lincs Foodservice Limited

### Notes to the Financial Statements for the Year Ended 30 June 2023 (continued)

#### 8 Auditor's remuneration

	2023 £ 000	2022 £ 000
Audit of the financial statements	18	12
<b>Other fees to auditors</b>		
Other non-audit services	3	7

#### 9 Income tax

Tax charged/(credited) in the income statement

	2023 £ 000	2022 £ 000
<b>Current taxation</b>		
UK corporation tax	257	174
UK corporation tax adjustment to prior periods	1	(1)
	258	173
<b>Deferred taxation</b>		
Arising from origination and reversal of temporary differences	(18)	(5)
Arising from changes in tax rates and laws	(4)	-
Total deferred taxation	(22)	(5)
Tax expense in the income statement	236	168

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2022 - lower than the standard rate of corporation tax in the UK) of 20.5% (2022 - 19%).

The differences are reconciled below:

	2023 £ 000	2022 £ 000
Profit before tax	1,288	899
Corporation tax at standard rate	264	171
Increase in current tax from adjustment for prior periods	1	-
Increase from effect of expenses not deductible in determining taxable profit (tax loss)	1	-
Deferred tax credit relating to changes in tax rates or laws	(4)	-
Other tax effects for reconciliation between accounting profit and tax income	(26)	(3)
Total tax charge	236	168

## South Lincs Foodservice Limited

### Notes to the Financial Statements for the Year Ended 30 June 2023 (continued)

#### 9 Income tax (continued)

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase from 19% to 25%. This new law was deemed substantively enacted on 24 May 2021 and the deferred tax balances at the year end have been calculated based on this rate.

#### Deferred tax

##### Deferred tax assets and liabilities

	<b>Liability</b> <b>£ 000</b>
<b>2023</b>	
Accelerated capital allowances	(9)
	<u>(9)</u>

	<b>Liability</b> <b>£ 000</b>
<b>2022</b>	
Accelerated capital allowances	(32)
Pension benefit obligations	2
	<u>(30)</u>

	<b>At 1 July 2022</b> <b>£ 000</b>	<b>In income</b> <b>£ 000</b>	<b>At 30 June</b> <b>2023</b> <b>£ 000</b>
<b>2023</b>			
Accelerated tax depreciation	(32)	23	(9)
Pension benefit obligations	2	(2)	-
	<u>(30)</u>	<u>21</u>	<u>(9)</u>

	<b>At 1 July 2021</b> <b>£ 000</b>	<b>In income</b> <b>£ 000</b>	<b>At 30 June</b> <b>2022</b> <b>£ 000</b>
<b>2022</b>			
Accelerated capital allowances	(35)	3	(32)
Pension benefit obligations	-	2	2
	<u>(35)</u>	<u>5</u>	<u>(30)</u>

## South Lincs Foodservice Limited

### Notes to the Financial Statements for the Year Ended 30 June 2023 (continued)

#### 10 Intangible assets

	Goodwill £ 000	Computer software £ 000	Total £ 000
<b>Cost or valuation</b>			
At 1 July 2022	318	29	347
At 30 June 2023	318	29	347
<b>Amortisation</b>			
At 1 July 2022	318	13	331
Amortisation charge	-	5	5
At 30 June 2023	318	18	336
<b>Carrying amount</b>			
At 30 June 2023	-	11	11
At 30 June 2022	-	16	16

#### 11 Property, plant and equipment

	Freehold property £ 000	Plant and machinery £ 000	Motor vehicles £ 000	Total £ 000
<b>Cost or valuation</b>				
At 1 July 2022	1,383	1,449	2,121	4,953
Additions	-	14	-	14
Disposals	-	(516)	-	(516)
At 30 June 2023	1,383	947	2,121	4,451
<b>Depreciation</b>				
At 1 July 2022	368	1,193	1,244	2,805
Charge for the year	-	82	182	264
Eliminated on disposal	-	(513)	-	(513)
At 30 June 2023	368	762	1,426	2,556
<b>Carrying amount</b>				
At 30 June 2023	1,015	185	695	1,895
At 30 June 2022	1,015	256	877	2,148

Freehold Property includes £173,000 (2022 - £173,000) for land which is non-depreciable.

## South Lincs Foodservice Limited

### Notes to the Financial Statements for the Year Ended 30 June 2023 (continued)

#### 12 Investments

<b>Subsidiaries</b>	<b>£ 000</b>
<b>Cost or valuation</b>	
At 1 July 2022	103
Disposals	<u>(103)</u>
At 30 June 2023	<u>-</u>
<b>Provision</b>	
At 1 July 2022	103
Eliminated on disposals	<u>(103)</u>
At 30 June 2023	<u>-</u>
<b>Carrying amount</b>	
At 30 June 2023 and 30 June 2022	<u><u>-</u></u>

#### Other fixed asset investments

	<b>£ 000</b>
<b>Cost or valuation</b>	
At 1 July 2022	<u>60</u>
At 30 June 2023	<u>60</u>
<b>Provision</b>	
At 1 July 2022	<u>60</u>
At 30 June 2023	<u>60</u>
<b>Carrying amount</b>	
At 30 June 2023 and 30 June 2022	<u><u>-</u></u>

The company owned 100% of the issued share capital of Chef's Trolley Limited, Boston Coffee Company Limited and Churchill's Fine Foods Limited. All three companies were dormant and dissolved during the year.

The company is also a partner in Spotlight Productions (3) LLP, registered office 115 Eastbourne Mews, London, W2 6LQ. The investment was previously impaired to a £Nil carrying value. The directors are of the opinion that this carrying value is still appropriate.

#### 13 Inventories

	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>£ 000</b>
Raw materials and consumables	<u>1,933</u>	<u>1,776</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

## South Lincs Foodservice Limited

### Notes to the Financial Statements for the Year Ended 30 June 2023 (continued)

#### 14 Trade and other receivables

	2023	2022
	£ 000	£ 000
Current		
Trade receivables	2,198	1,922
Provision for impairment of trade receivables	(115)	(106)
Net trade receivables	2,083	1,816
Amounts owed by group undertakings	-	420
Prepayments	444	269
Other receivables	68	16
	<u>2,595</u>	<u>2,521</u>

All amounts due from group companies are interest free, unsecured and have no fixed terms of repayment.

#### 15 Trade and other payables

	2023	2022
	£ 000	£ 000
Trade payables	2,238	2,460
Accrued expenses	479	528
Amounts due to group undertakings	55	-
Social security and other taxes	148	119
Corporation tax	432	173
	<u>3,352</u>	<u>3,280</u>

All amounts due to group companies are interest free, unsecured and have no fixed terms of repayment.

#### 16 Share capital

##### Allotted, called up and fully paid shares

	No.	2023 £	No.	2022 £
Ordinary A shares of £1 each	260	260	260	260
Ordinary B shares of £1 each	990	990	990	990
	<u>1,250</u>	<u>1,250</u>	<u>1,250</u>	<u>1,250</u>

## South Lincs Foodservice Limited

### Notes to the Financial Statements for the Year Ended 30 June 2023 (continued)

#### 17 Pension and other schemes

##### Defined contribution pension scheme

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £96,000 (2022 - £88,000). Contributions totaling £17,000 (2022 - £17,000) were payable to the fund at the reporting date and are included in creditors.

#### 18 Dividends

##### Interim dividends paid

	2023 £ 000	2022 £ 000
Interim dividend of £1,200 (2022 - £Nil) per each ordinary share	<u>1,500</u>	<u>-</u>

#### 19 Reserves

##### Share premium account

This reserve records the amount above the nominal value received for shares sold, less transactions costs.

##### Profit and loss account

This reserve records retained earnings and accumulated losses.

#### 20 Parent and ultimate parent undertaking

The company's immediate parent is Caterfood Holdings Limited, incorporated in England and Wales.

The ultimate parent is Bid Corporation Limited, incorporated in South Africa.

The most senior parent entity producing publicly available financial statements is Bid Corporation Limited. These financial statements are available upon request from Postnet Suite 136, Private Bag X9976, Johannesburg, 2146 South Africa.