Bidfood Limited

Annual Report
for the year ended 30 June 2021

Directors' Declaration

In the opinion of the directors of Bidfood Limited, the annual report, which includes the consolidated financial statements, on pages 3 to 20;

- comply with New Zealand generally accepted accounting practice and present fairly, in all material aspects the financial position of the Group as at 30 June 2021 and the results of the operations for the year to that date
- have been prepared using the appropriate accounting policies, which have been consistently applied and supported by reasonable judgements and estimates

The directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Group and facilitate compliance of the consolidated financial statements with the Financial Reporting Act 2013.

The directors believe they have taken adequate steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide reasonable assurance as to the integrity and reliability of the consolidated financial statements.

The directors are pleased to present the annual report, which includes the consolidated financial statements of Bidfood Limited (the "Company") with the wholly owned subsidiaries BidOne Limited and Applied Logic Systems Limited (the "Group") and the independent auditor's report for the year ended 30 June 2021.

The shareholder of the Company has exercised their right under section 211 (3) of the Companies Act 1993 and have taken advantage of the reporting concessions available to it.

The consolidated financial statements were authorised for issue by the directors on 1 November 2021. The directors have the power to amend and reissue the consolidated financial statements.

For and on behalf of the Board of Directors of Bidfood Limited

Director	Director
1-11-2021	1-11-2021
Date	Date

Contents

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2021

in thousands New Zealand Dollars

	Note	2021	2020
Revenue from contracts with customers		1,153,659	1,052,442
Discounts and rebates paid		(16,296)	(16,703)
Cost of sales		(875,639)	(804,833)
Gross profit		**261,724**	**230,906**
Other income		4,018	7,979
Warehouse, distribution and selling expenses	4	(144,206)	(142,436)
Administration expenses	4	(52,125)	(34,381)
Operating profit		**69,411**	**62,068**
Finance income		80	52
Finance expenses		(1,790)	(2,025)
Net finance expenses	5	**(1,710)**	**(1,973)**
Share of loss of jointly controlled entities	7	(1,362)	(149)
Profit before income tax		**66,339**	**59,946**
Income tax expense	6	(18,526)	(12,485)
Profit for the period		**47,813**	**47,461**
Other comprehensive income		-	-
Total comprehensive income for the period		**47,813**	**47,461**

The above consolidated statement of comprehensive income should be read in conjunction with the notes to the consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2021

in thousands New Zealand Dollars

2021	**Note**	**Share capital**	**Other reserves**	**Retained earnings**	**Total equity**
Balance at 30 June 2020		6,439	2,435	241,289	250,163
Profit for the period		-	-	47,813	47,813
Total comprehensive income for the period		-	-	47,813	47,813
Dividends paid to the Parent Company	13	-	-	(20,000)	(20,000)
Transfers to other reserves		-	(159)	159	-
Foreign currency translation reserve arising during the year		-	699	-	699
Employee share scheme		-	573	-	573
Balance at 30 June 2021		6,439	3,548	269,261	279,248

2020	**Note**	**Share capital**	**Other reserves**	**Retained earnings**	**Total equity**
Balance at 30 June 2019		6,439	2,102	227,422	235,963
Change in accounting policy	2	-	-	(6,315)	(6,315)
Restated balance at 1 July 2019		6,439	2,102	221,107	229,648
Profit for the period		-	-	47,461	47,461
Total comprehensive income for the period		-	-	47,461	47,461
Dividends paid to the Parent Company	13	-	-	(26,500)	(26,500)
Transfers to other reserves		-	779	(779)	-
Foreign currency translation reserve arising during the year		-	(186)	-	(186)
Employee share scheme		-	(260)	-	(260)
Balance at 30 June 2020		6,439	2,435	241,289	250,163

The above consolidated statement of changes in equity should be read in conjunction with the notes to the consolidated financial statements.

Consolidated Statement of Financial Position

As at 30 June 2021

in thousands New Zealand Dollars

	Note	2021	2020
Assets			
Current assets			
Cash and cash equivalents		32,599	15,051
Trade and other receivables	11	78,095	69,850
Inventories	12	67,364	61,356
Financial derivatives		132	11
Total current assets		178,190	146,268
Non-current assets			
Property, plant and equipment	8	242,743	223,256
Right-of-use assets	9	23,439	23,627
Deferred tax asset	6	13,413	10,895
Intangible assets	10	22,769	25,978
Investments accounted for using the equity method	7	5,747	5,030
Loan receivables from related parties	20	3,611	-
Other assets		250	-
Total non-current assets		308,722	288,786
Total assets		486,912	435,054
Equity			
Share capital	13	6,439	6,439
Other reserves		3,548	2,435
Retained earnings		269,261	241,289
Total equity		279,248	250,163
Liabilities			
Current liabilities			
Trade and other payables	15	159,554	138,468
Tax payable		7,319	7,074
Short term lease liability	9	4,274	4,257
Financial derivatives		4	90
Provisions		436	600
Employee entitlements		8,180	6,719
Total current liabilities		179,767	157,208
Non-current liabilities			
Provisions		2,423	2,247
Long term lease liability	9	25,474	25,436
Total non-current liabilities		27,897	27,683
Total liabilities		207,664	184,891
Total liabilities & equity		486,912	435,054

The above consolidated statement of financial position should be read in conjunction with the notes to the consolidated financial statements

Consolidated Statement of Cash Flows

For the year ended 30 June 2021
in thousands New Zealand Dollars

	2021	2020
Cash flows from operating activities		
Operating profit	69,411	62,068
Adjustments for:		
Depreciation and amortisation	16,265	16,507
Impairment of intangibles	5,191	-
Gain on sale of property, plant and equipment	(11)	(124)
Non-cash share option programme expense	1,653	1,348
Finance expense	(1,790)	(2,025)
Finance income	80	52
Income tax paid	(20,799)	(19,231)
Change in operating assets and liabilities:		
(Increase) / Decrease in trade and other receivables	(8,366)	21,277
(Increase) / Decrease in inventories	(6,009)	4,634
Increase / (Decrease) in trade payables	22,461	(12,269)
Increase in provisions	12	79
Net cash inflow from operations	**78,098**	**72,316**
Cash flows from investing activities		
Payments for property, plant and equipment, and intangible assets	(35,134)	(41,764)
Proceeds from sale of property, plant and equipment	355	426
Loans to related parties	(361)	-
Loans to third party	(250)	-
Payment for acquisition of associate	(2,011)	(288)
Net cash outflow from investing activities	**(36,790)**	**(41,626)**
Cash flows from financing activities		
Principal elements of lease payments	(2,700)	(2,601)
Dividends paid to the Parent Company	(20,000)	(26,500)
Payments for share option programme to Ultimate Parent Company	(1,079)	(1,608)
Net cash outflow from financing activities	**(23,779)**	**(30,709)**
Net increase / (decrease) in cash and cash equivalents	17,529	(19)
Effects of currency translation on cash and cash equivalents	19	-
Cash and cash equivalents at the beginning of the year	15,051	15,070
Cash and cash equivalents at the end of the year	**32,599**	**15,051**

The above consolidated statement of cash flows should be read in conjunction with the notes to the consolidated financial statements.

Notes to the consolidated financial statements

1 Significant accounting policies

Bidfood Limited ("the Company") is a subsidiary of Bidcorp Foodservice International Limited, a company incorporated in Isle of Man. The ultimate parent entity is Bid Corporation Limited registered in Johannesburg, Republic of South Africa. The Company is incorporated and domiciled in New Zealand.

The Company is a broad line food distribution company servicing the foodservice, hospitality and leisure markets.

The Company has a 100% owned subsidiary, Applied Logic Systems Limited, a company registered in New Zealand and trading as a software development and support company for the parent and other clients.

The Company has a 100% owned subsidiary, BidOne Limited, a company registered in New Zealand and trading as a software development and support company for the parent and other clients.

The Company has a 100% owned subsidiary, United Liquor Limited, a company registered in New Zealand and it will hold a liquor license to serve certain key customers. As at 30 June 2021, no trading had occurred.

Consolidated financial statements for the Company and its subsidiaries ("the Group") are presented. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(a) Statement of compliance and basis of preparation

The consolidated financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with the New Zealand Equivalents to International Financial Reporting Standards - Reduced Disclosure Regime ('NZ IFRS RDR') as a Tier 2 for-profit entity in accordance with XRB A1 Accounting Standards Framework (For-Profit Entities Update), and other applicable Financial Reporting Standards as appropriate to profit-oriented entities. The Company qualifies to report under Tier 2 as it has no public accountability. The Company is a reporting entity for the purposes of the Financial Reporting Act 2013 and its consolidated financial statements comply with the Act.

The consolidated financial statements are presented in thousands of New Zealand Dollars (NZD), which is the Group's functional currency. The consolidated financial statements are prepared on the historical cost basis except that derivatives are stated at their fair value.

The consolidated financial statements have been prepared on a going concern basis. The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

(b) Property, plant and equipment

(i) Owned assets
Property, plant and equipment are stated at cost, less accumulated depreciation and impairment losses. The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads. Interest is not capitalised into the cost of constructing assets.

Where material 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.

Notes to the consolidated financial statements

1 Significant accounting policies continued

(ii) Subsequent costs
Subsequent costs are added to the carrying amount of an item of property, plant and equipment when that cost is incurred and if it is probable that the future economic benefits embodied with the item will flow to the Group. All other costs are recognised in the Consolidated Statement of Comprehensive Income as an expense as incurred.

(iii) Depreciation
Depreciation is charged to the Consolidated Statement of Comprehensive Income. Land and buildings are not depreciated (refer to Note 3 critical accounting estimates and judgements).

The following rates have been used:

Office furniture and equipment	10.5% - 50.0%	Straight Line
Plant and equipment	7.0% - 50.0%	Straight Line
Leasehold improvements	3.0% - 20.0%	Straight Line
Motor vehicles	14.3% - 25.0%	Straight Line

The residual value of assets is reassessed annually.

(c) Intangible assets
(i) Goodwill
Acquisitions prior to 1 July 2005
As part of its transition to NZ IFRS, the Group elected to restate only those business combinations that occurred on or after 1 July 2005. In respect of acquisitions prior to 30 June 2005 goodwill represents the amount recognised under previous NZ GAAP.

(ii) Acquisitions on or after 1 July 2005
For acquisitions on or after 1 July 2005, goodwill represents the excess of cost of the acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Goodwill on acquisitions is included in intangible assets. Goodwill is not amortised, but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired. It is carried at cost less accumulated impairment losses.

Goodwill is allocated to cash generating units for the purpose of impairment testing. The allocation is made to those cash generating units, or Groups of cash generating units, that are expected to benefit from the business combination in which the goodwill arose.

(iii) Software
Software acquired by the Group, which has finite useful lives, is measured at cost less accumulated amortisation and accumulated impairment losses.

(iv) Amortisation
Amortisation is recognised in the Consolidated Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative period are as follows:

Software – Acquired	40.0%	Straight Line
Software – Internally Developed	20.0%	Straight Line

Software developed by BidOne Limited is depreciated at 20.0% straight line to recognise the value from the development.

(d) Non-derivative financial instruments
Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through the Consolidated Statement of Comprehensive Income, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Notes to the consolidated financial statements

1 **Significant accounting policies continued**

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset.

(i) Trade and other receivables
Trade and other receivables are measured at their amortised cost less impairment losses.

(ii) Trade and other payables
Trade and other payables are stated at amortised cost.

(e) Derivative financial instruments
The Group uses foreign currency derivative financial instruments to manage its exposure to foreign exchange risk arising from operational activities.

In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are recognised initially at fair value and transaction costs are expensed immediately.

Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss.

(f) Inventories
Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost method, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Provision is made for obsolete and slow-moving inventories based on their expected future use and realisable value.

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

If the estimated recoverable amount of an asset is less than its carrying amount, the asset is written down to its estimated recoverable amount and an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

Estimated recoverable amount of receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at their original effective interest rate. Receivables with a short duration are not discounted.

Estimated recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. Value in use is determined by estimating future cash flows from the use and ultimate disposal of the asset and discounting these to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss in respect of goodwill is not reversed. Other impairment losses are reversed when there is a change in the estimates used to determine the recoverable amount. Impairment losses are reversed through the Consolidated Statement of Comprehensive Income.

(h) 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 Consolidated Statement of Comprehensive Income over the period of the borrowings on an effective interest basis.

Notes to the consolidated financial statements

1 Significant accounting policies continued

(i) Employee Benefit Obligations

(i) Defined contribution pension plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the Consolidated Statement of Comprehensive Income when they are due.

(j) Provisions

A provision is recognised when the Group 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 rates and, where appropriate, the risks specific to the liability.

(i) Make good provision

Make good provision is recognised when the Group has an obligation under the lease agreement to restore the asset to its original condition at the end of the lease. The provision is measured at the expected cost of restoring the asset to the required condition at the reporting date.

(k) Revenue from contracts with customers

Revenue from contracts with customers is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

(i) Sale of goods

The Group sells and delivers food products to trade customers. Sale of goods are recognised at a point in time when control has transferred, which occurs when the Group has delivered the goods to the customer. In general, delivery occurs when the risk of obsolescence and loss has been transferred to the customer, and either the customer has accepted the goods in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Sales are recorded based on the price specified in the sales contract. The Group is considered to be the principal in all contracts with customers because it holds the inventory risk and discretion over the price charged to the customer.

(ii) Advertising income

The Group recognises revenue from advertising income, in which the Group will provide advertising space in their publications to customers. Advertising income is recognised over time, with the customer simultaneously benefitting from the advertising over the period contracted between the Group and the customer.

Advertising revenue is generally recognised at contractual rates overtime using the output method based on the duration of the contract. The recognition method used by the Group depicts when services are transferred as control has passed and the benefits have been provided to the customer. Sales are recorded based on the price specified in the sales contract.

Revenue from contracts with customers is analysed based on the type of goods and services to customers which is disaggregate by the sale of goods and advertising income.

(l) Finance income and expenses

Finance income comprises interest income, foreign currency gains and gains on derivatives. Interest income is recognised in the Consolidated Statement of Comprehensive Income as it accrues, using the effective interest method.

Finance expenses comprise interest payable on borrowings calculated using the effective interest rate method, unwinding of the discount on provisions, foreign currency losses, and impairment losses recognised on derivatives.

Notes to the consolidated financial statements

1 Significant accounting policies continued

(m)Foreign currency transactions
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 year end date are translated to New Zealand dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on their translation are recognised in the Consolidated Statement of Comprehensive Income.

(n) Income tax
Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Consolidated Statement of Comprehensive Income 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 reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Deferred tax is not recognised for temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(o) Goods and services tax
All amounts are shown exclusive of Goods and Services Tax (GST), except for receivables and payables that are stated inclusive of GST.

(p) Leases

The Group leases various offices and warehouse space. Rental contracts are typically made for fixed number of years and have extension options as described below.

Contracts may contain both lease and non-lease components. As all the Group's leases are leasehold properties, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:
- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used,

Notes to the consolidated financial statements

1 Significant accounting policies continued

being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held and makes adjustments specific to the lease.

The Group is exposed to potential future increases in lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. The Group has chosen not to revalue the right-of-use assets.

Payments associated with short-term leases of property and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise additional properties with capital payments below $50,000 per annum.

None of the Group's leases are:

- subject to variable lease payments linked to sales,
- subject to residual value guarantees, or
- committed but not yet commenced.

Extension and termination options are included in a number of leases across the Group. The extension and termination options held are exercisable only by the Group and not by the respective lessor.

2 Changes in accounting policies

The Group adopted NZ IFRS 16 Leases from July 1, 2019, using a modified retrospective approach. The cumulative effect of initially applying NZ IFRS 16 has been recognised as an adjustment to the opening balance of retained earnings on the date of initial application.

No changes to other accounting policies have been made.

Notes to the consolidated financial statements

in thousands New Zealand Dollars

3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal to the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below;

(i) Estimation of Residual Value of Buildings
The Company owns several industrial properties throughout New Zealand. From the period ending 1 July 2019, the Company has made the estimate that the residual value of buildings is greater than the book value, and therefore buildings are no longer being depreciated. The residual value is based on the annual net rental and capitalisation rate, provided an external independent valuer. This estimate will be revisited on an annual basis, with a formal valuation being provided at least every five years, or earlier if there are adverse market conditions. The carrying value of buildings for the period ending 30 June 2021 was $119.4m (2020: $105.7m).

4 Expenses included within warehouse, distribution, selling and administration expenses are as follows:	2021	2020
Bad and doubtful debt expenses	243	1,534
Operating lease payments*	-	-
(Profit) / loss on disposal of property, plant and equipment	11	(124)

* From 1 July 2019, the Group has recognised right-of-use assets for these leases, except for short-term and low-value leases (refer note 9).

Personnel expenses	2021	2020
Wages and salaries	127,186	126,023
Covid-19 wage subsidy received	(328)	(13,878)
Employee benefit obligations	4,007	4,060
	130,865	116,205

5 Net finance expenses	2021	2020
Finance income		
Interest income from related parties	12	-
Interest income on bank deposits	68	52
Total finance income	80	52
Finance expenses		
Interest expense on financial liabilities measured at amortised cost	(245)	(489)
Interest on lease liabilities	(1,545)	(1,536)
Total finance expenses	(1,790)	(2,025)
Net finance expenses	(1,710)	(1,973)

Notes to the consolidated financial statements

in thousands New Zealand Dollars

6 Income tax expense

	2021	2020
Current tax expense		
Current period	20,305	17,817
Adjustments for prior periods	739	442
Total current tax expense	21,044	18,259
Deferred tax expense		
Decrease/(increase) in deferred tax assets	(2,518)	(5,774)
Total deferred tax expense/(benefit)	(2,518)	(5,774)
Total income tax expense	18,526	12,485

	2021	2020
Reconciliation of effective tax rate		
Profit before income tax	66,339	59,946
Income tax at 28%	(18,575)	(16,785)
Adjustment on adoption of IFRS16 and building depreciation legislation changes	-	2,825
Non-deductible expenses	(475)	-
Adjustments for prior periods	525	1,475
Income tax expense	(18,526)	(12,485)

	2021	2020
Recognised deferred tax assets and liabilities		
Property plant and equipment	(6,810)	(5,153)
Intangible assets	2,008	(1,275)
Leases	6,309	6,066
Bad debt provision	5,235	3,822
Leave pay liability	7,317	5,229
Decommissioning provision	2,584	2,519
Other staff benefits	9,136	9,400
Inventory provision	4,624	4,378
Other accruals and provisions	17,501	13,924
	47,904	38,910
Deferred tax (liability) / asset at 28%	13,413	10,895

Movements	**Non-current assets**	**Provisions**	**Employee benefits**	**Leases**	**Total**
Opening balance at 1 July 2019	(823)	3,556	2,388	-	5,121
(Charged)/credited to profit or loss	(977)	4,808	244	1,699	5,774
Closing balance at 30 June 2020	(1,800)	8,364	2,632	1,699	10,895
Opening balance at 1 July 2020	(1,800)	8,364	2,632	1,699	10,895
(Charged)/credited to profit or loss	455	2,069	(74)	68	2,518
Closing balance at 30 June 2021	(1,345)	10,433	2,558	1,767	13,413

Notes to the consolidated financial statements

in thousands New Zealand Dollars

7 Investments accounted for using the equity method and business combinations

The Group holds a 46.14% (2020: 37.97%) stake in Distribuidora Blancaluna S.A, Servifiro S.A and Servicheff S.A ('Blancaluna Grupo'), a Group of companies located in Buenos Aries, Argentina.

Blancaluna Grupo is accounted for as equity accounted investments as the Group has joint control over the entities. There are no commitments or contingencies in respect of Blancaluna Grupo at 30 June 2021 (2020: Nil).

8 Property, plant and equipment

	Land	Buildings	Leasehold improvements	Plant and Machinery	Motor vehicles	Office equipment	Work in progress	Total
Cost								
Balance at 1 July 2019	42,915	91,474	6,455	43,390	63,816	2,102	26,962	277,114
Additions	1,189	7,460	89	7,909	7,228	243	14,493	38,611
Transfers	-	20,741	-	2,402	173	8	(23,324)	-
Disposals	-	-	(40)	(38)	(2,262)	-	-	(2,340)
Balance at 30 June 2020	44,104	119,675	6,504	53,663	68,955	2,353	18,131	313,385
Balance at 1 July 2020	44,104	119,675	6,504	53,663	68,955	2,353	18,131	313,385
Additions	16,773	2,579	223	2,885	3,084	107	6,385	32,036
Transfers	595	10,039	3,094	2,580	173	-	(16,481)	-
Disposals	-	(1,796)	(41)	(5,962)	(3,202)	(266)	-	(11,267)
Balance at 30 June 2021	61,472	130,497	9,780	53,166	69,010	2,194	8,035	334,154
Accumulated depreciation								
Balance at 1 July 2019	-	14,024	2,328	23,948	38,385	1,420	-	80,105
Depreciation	-	-	661	4,107	7,108	187	-	12,063
Disposals	-	-	(30)	(36)	(1,973)	-	-	(2,039)
Balance at 30 June 2020	-	14,024	2,959	28,019	43,520	1,607	-	90,129
Balance at 1 July 2020	-	14,024	2,959	28,019	43,520	1,607	-	90,129
Depreciation	-	-	823	4,225	7,001	179	-	12,228
Transfers	-	(1,213)	1,213	-	-	-	-	-
Disposals	-	(1,728)	(27)	(5,765)	(3,165)	(261)	-	(10,946)
Balance at 30 June 2021	-	11,083	4,968	26,479	47,356	1,525	-	91,411
Carrying Value								
At 30 June 2019	42,915	77,450	4,127	19,442	25,431	682	26,962	197,009
At 30 June 2020	44,104	105,651	3,545	25,644	25,435	746	18,131	223,256
At 30 June 2021	61,472	119,414	4,812	26,687	21,654	669	8,035	242,743

Notes to the consolidated financial statements

in thousands New Zealand Dollars

9 Leases

This note provides information for leases where the Group is a lessee; it does not act as a lessor in any leases.

	2021	2020
Amounts recognised in the consolidated statement of financial position:		
Right-of-use assets:		
Leasehold properties	23,439	23,627
Additions to right-of use assets during the year	2,755	1,022
Lease liabilities:		
Current	4,274	4,257
Non-current	25,474	25,436
	29,748	29,693
Amounts recognised in the consolidated statement of comprehensive income:		
Depreciation on right-of-use assets:		
Leasehold properties	2,943	2,351
Interest expense (included in finance expenses)	1,546	1,536
Expense relating to short term leases (included in warehouse, distribution and selling expenses)	-	75
Expense relating to leases of low value assets (included in warehouse, distribution and selling expenses)	19	85

The total cash outflow for leases in 2021 was $4.2m (2020 $4.1m).

During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extension and termination options was $0.3m (2020: nil).

Notes to the consolidated financial statements

in thousands New Zealand Dollars

10 Intangible assets

	Goodwill	Software Acquired	Software Internally generated	Total
Cost				
Balance at 1 July 2019	20,765	10,267	3,374	34,406
Additions	-	920	2,231	3,151
Disposals	-	-	-	-
Balance at 30 June 2020	20,765	11,187	5,605	37,557
Balance at 1 July 2020	20,765	11,187	5,605	37,557
Additions	-	778	2,322	3,100
Disposals	-	(69)	-	(69)
Balance at 30 June 2021	20,765	11,895	7,927	40,587
Accumulated amortisation and impairment losses				
Balance at 1 July 2019	-	8,767	721	9,488
Amortisation & impairment charge	-	1,227	864	2,091
Disposals	-	-	-	-
Balance at 30 June 2020	-	9,994	1,585	11,579
Balance at 1 July 2020	-	9,994	1,585	11,579
Amortisation & impairment charge	-	1,027	5,257	6,284
Disposals	-	(45)	-	(45)
Balance at 30 June 2020	-	10,976	6,842	17,818
Carrying Value				
At 30 June 2019	20,765	1,500	2,653	24,918
At 30 June 2020	20,765	1,193	4,020	25,978
At 30 June 2021	20,765	919	1,085	22,769

The recoverable amounts of Goodwill are based on value in use calculations. These calculations use cash flow projections based on actual operating results and a five-year business forecast at various per annum growth rate depending on market conditions and expectations of the particular division.

Goodwill is assessed across one CGU at 30 June 2020, being the Foodservice and Distribution business.

The impairment charge of $5.2m arose in the BidOne following a decision to move to a different platform - Cloud. Therefore, the old platform was considered impaired.

11 Trade and other receivables

	2021	2020
Trade receivables	74,078	65,945
Receivables from related parties	785	631
Prepayments	2,630	2,477
Other receivables	602	797
Trade and other receivables	78,095	69,850

Trade receivables are shown net of provision for doubtful debts amounting to $5.2m (2020: $3.8m). All receivables are denominated in New Zealand dollars.

Notes to the consolidated financial statements

in thousands New Zealand Dollars

12 Inventories

	2021	2020
Finished goods	71,988	65,734
Provision for obsolescence	(4,624)	(4,378)
Total inventories	67,364	61,356

In 2021 the write-down of inventories to net realisable value amounted to $0.4m (2020: $3.1m). The reversal of write-downs amounted to $0.2m (2020: $0.0m).

Inventories recognised as expenses during the year 30 June 2021 amounted to $880.3m (2020: $797.6m). These are included in cost of sales.

13 Capital and reserves

Bidfood Limited has 6,439,214 fully paid shares on issue (2020: 6,439,214); the shares have no par value. All shares have equal voting rights and share equally in dividends, and any surplus on winding up. The Company does not have a limited amount of authorised share capital or par value in respect to its ordinary shares held.

Dividends paid to Parent Company
In the 2021 financial year dividends of $20.0m (2020: $26.5m) were declared and paid.

Other reserves
In 2011, Bid Corporation Group Limited established a share option programme that entitles key management personnel to obtain shares in the South African parent at a pre-determined price as outlined in the individual grant letter provided to each employee. The options mature over a period of three years.

The equity-settled share-based payment reserve includes the fair value of the share appreciation right awards granted and conditional share awards made to key management, which have been recognised over the vesting period at a fair value with a corresponding expense recognised in the consolidated statement of comprehensive income.

14 Interest-bearing loans and borrowings

	2021	2020
Interest bearing loans and borrowings	-	-

Unsecured bank loans are drawn down / repayable for daily cash requirements and do not have a fixed repayment date. The loan facility is reviewed as at 30 June each year and has been renewed again to 30 June 2022. The available facility was $40.0m at 30 June 2021 (2020: $40.0m).

15 Trade and other payables

	2021	2020
Trade payables	123,470	103,506
Related party payables	2,178	731
Revenue received in advance	312	1,712
Other payables	28,865	5,250
Accruals	4,729	27,269
Total trade and other payables	159,554	138,468

Notes to the consolidated financial statements

in thousands New Zealand Dollars

16 Financial risk management

Exposure to credit, interest and currency risks arise in the normal cause of the Group's business. Management has a credit policy in place under which each new customer is individually analysed for credit worthiness and assigned a purchase limit before the standard payment and delivery terms and conditions are offered. Purchase limits are reviewed on a regular basis. The Group does not require collateral in respect of trade and other receivables. Many debtors are registered with a charge under the Personal Property Securities Act Register.

Foreign currency exchange contracts are used as hedges of forecast transactions.

The Group is not subject to any externally imposed capital requirements.

	2021		2020	
	Loans and Receivables	**Amortised Cost**	**Loans and Receivables**	**Amortised Cost**
Assets				
Cash and cash equivalents	32,599	-	15,051	-
Trade and other receivables	78,095	-	69,850	-
Financial derivatives	132	-	11	-
Total current financial assets	110,826	-	84,912	-
Liabilities				
Trade and other payables	-	159,554	-	138,468
Tax payable	-	7,319	-	7,074
Financial derivatives	4	-	90	-
Total current financial liabilities	4	166,873	90	145,542

17 Capital commitments

There were capital commitments of $nil as at 30 June 2021 (2020: $12.5m) in relation to the development of new distribution centres.

18 Contingent liabilities

There were no contingent liabilities as at 30 June 2021 (2020: $Nil).

Notes to the consolidated financial statements
in thousands New Zealand Dollars

19 Subsequent events

COVID-19
On August 17, 2021 the New Zealand Government announced an outbreak of COVID-19 (Delta Variant) in Auckland and Wellington. This led to a nationwide alert level 4 lockdown on 17 August 2021.

The nationwide level 4 lockdown remained in place until 31 August 2021.

Areas south of Auckland moved to alert level 3, followed by areas north of Auckland from the 3rd of September. These areas were further reduced to level 2 on 8 September 2021, the restrictions are planned to remain while higher alert levels remain in other areas of the country.

Auckland remained in level 4 for longer, with a reduction to level 3 from 22 September 2021, for an initial period of at least two weeks.

Throughout the Covid-19 pandemic Bidfood continued to operate as an essential service, adopting COVID safe practices in order to protect suppliers, employees and customers. The Group has continued to monitor sales levels, shifting its focus as necessary to accommodate the changing needs of its customers allowing it to maintain sales at a level not materially different from comparable periods prior to the pandemic.

There have been no events subsequent to balance date which materially affect the consolidated financial statements.

20 Related parties

(i) Identity of related parties

Bidfood Limited has related party transactions with other companies of the Bid Corporation Group throughout the world.

Bidcorp Foodservice International Limited compensated Bidfood Limited for costs incurred on behalf of Bid Corporation Group companies $1.1m (2020: $0.8m).

Bidcorp Foodservice International Limited provided management services to Bidfood Limited for the amount of $0.8m (2020: $0.9m).

A dividends was paid to Bidfood Foodservice International Limited in February 2021 $20.0m (2020: $26.5m).

During the year, Bidfood Limited entered into a loan agreement with Blancaluna Group for $0.36m (2020: nil), the balance outstanding as at year end is $0.36m (2020: nil). The interest income for FY2021 is $0.12m (2020: nil).

Bidfood Limited provided software development services to companies related on account of common ownership.

	Transaction value for the year ended 30 June		**Balance outstanding at 30 June**	
	2021	**2020**	**2021**	**2020**
Sale of software development services	3,333	3,959	785	631

Bidfood Limited purchased goods from Bidfood Procurement Community, a buying company located in Hong Kong, DAC S.P.A. in Italy and Bidfood Czech Republic

	Transaction value for the year ended 30 June		**Balance outstanding at 30 June**	
	2021	**2020**	**2021**	**2020**
Purchases from related parties	16,011	9,954	2,178	731

(ii) Key management compensation

	2021	**2020**
Key management compensation	4,465	6,624

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Independent auditor's report

To the shareholder of Bidfood Limited

Our opinion

In our opinion, the accompanying consolidated financial statements of Bidfood Limited (the Company), including its subsidiaries (the Group), present fairly, in all material respects, the financial position of the Group as at 30 June 2021, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime (NZ IFRS RDR).

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 30 June 2021;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Other than in our capacity as auditor we have no relationship with, or interests in, the Group.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual report,but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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.

Responsibilities of the Directors for the consolidated financial statements

The Directors are responsible, on behalf of the Company, for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS RDR, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group'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 Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 (NZ) and ISAs 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 consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the External Reporting Board's website at:

https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-7/
This description forms part of our auditor's report.

Who we report to

This report is made solely to the Company's shareholder. Our audit work has been undertaken so that we might state those matters which 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 shareholder, for our audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is John (Jolly) Morgan.

For and on behalf of:

PricewaterhouseCoopers

Chartered Accountants

1 November 2021

Auckland