Registered No 01601427

Martin-Brower UK Ltd

Annual Report and Financial Statements

For the year ended

31 December 2021

Registered No.01601427

Directors
R McGonigle (Resigned 1 February 2022)
D Dimberg (Appointed 1 February 2022)
C McCauley

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Strategic report

for the year ended 31 December 2021

This strategic report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to Martin-Brower UK Ltd and its subsidiary undertakings when viewed as a whole.

The Group business strategy is focused on making it easier for our customers to run great restaurants and providing an unparalleled work environment for our team members. Our strategy comes to life by our commitment to put our people first, protect our planet and strengthen our partnerships. As employers of choice we are committed to the health and safety of our employees, a diverse and inclusive culture, and being a force for good in the communities in which we live and work. As experts in supply chain our leading programmes include Food Quality and Food Safety, Sustainability, Lean Six Sigma Certification, Internal Baseline Auditing, and ongoing Competitive Benchmarking.

Review of the business

Results

The profit for the year, after taxation, amounted to £6,098,000 (2020: profit of £5,695,000) with the main driver of this result being higher product deliveries in all the major operating territories due to easing coronavirus restrictions and re-opening of restaurant dining rooms.

Principal activity and review of the business

The principal activities of the Group throughout the year were the sale and distribution of food and supplies to multi-unit restaurants with the main customer being McDonald's restaurants in the UK, France, Canada, Australia, New Zealand, Singapore, and Korea.

The directors are satisfied with the results for the year and do not envisage any major change in the conduct of the business over the next twelve months.

The Group's key financial indicators and other performance indicators during the year were as follows:

	2021	2020	% Change	Comment
Turnover (£'000)	5,267,250	4,430,333	+18.9%	Significantly impacted by global pandemic; impacted by a world-wide case volume increase of 19.0% and offset by a declining value of sterling versus its affiliates' currency values
Profit before tax (£'000)	11,870	11,302	+5.03%	Recovery from the global pandemic offset by the introduction of a royalty charge in certain markets
Average number of employees	4,191	4,101	+2.2%	Commensurate with the increase in case volume and turnover.

Safety is a foundational core value. The Group safety program targets the only goal that matters: "zero is possible" with 41% and 43.5% locations achieving zero accidents in 2021 and 2020 respectively. To support safety in our business, we continuously look for ways to improve and enhance the safety in our facilities through annual safety week campaigns, introducing new technology and comprehensive data analytics dashboards to improve how we analyse and interpret incident and collision trends, and enhancing our staffing model to help build a strong health and safety management system and to focus on injury reduction initiatives.

Customer service reliability is of great importance and we regularly monitor performance indicators such as deliveries on-time, in-full and credits issued. The Group was able to maintain consistent performance on key service metrics at or near locally agreed targets with the customer despite the impact of Covid-19 restrictions on distribution services and restaurant operations.

Strategic report (continued)

for the year ended 31 December 2021

Principal risks and uncertainties

Customer concentration

The majority of the commercial activity of the Group is with McDonald's and its franchisee network. Therefore, customer concentration is a significant risk to the Group. This risk is mitigated by the Group's efforts to deliver continuous superior service levels and competitive pricing. The Group continues to maintain strong relationships with its customers as restaurants we serve received ample product supply and unstinting support in the face of relentless disruptions, through close collaborations and a mutual commitment to the protection of our people and delivering quality products while adhering to the highest levels of safety.

Covid 19

Coronavirus (Covid-19) is a global pandemic impacting public health and the global economy that has generated millions of confirmed cases that resulted in government instituted shutdowns, business slowdowns, and market volatility. In 2021, continuing government restrictions had a lesser impact on the short-term performance of the Group as many markets experienced a strong recovery from 2020. The long-term impact of Covid-19 remains unclear; however, the group continues to engage with its stakeholders to address its responsibilities related to the pandemic. Actions have been put in place to mitigate the impact from a financial perspective, while at the same time implementing new ways of working to ensure the safety of our employees and customers. During 2020 and 2021 certain countries within the Group qualified for various government support programs; primarily in the form of wage subsidy and furlough schemes. The levels of government support were significantly lower in 2021 as local economies reopened and business rebounded. No further government support is expected in 2022. Please refer to note 4 for further details. The Group does not expect continued and future waves of coronavirus to have a material adverse impact on its financial position, results of its operations, and cash flows.

Brexit

Following the UK departure from the EU on 1 January 2021 the Group has continued to work on measures to ensure that any impact of Brexit is minimised. Given the relatively small import activities of in particular the UK and France, this has continued to be largely focused around the new administrative requirements. While the Group continues to monitor this area, it believes the preparation made will limit any impacts. There have been no business impacts from the measures introduced to datc.

Operational risks

Food safety and quality

Our unwavering commitment to food safety and quality ensures our customers have the freshest food products which meet the highest food safety, hygiene and quality standards in the industry. The Group makes intelligent use of numerous technological advancements, including powerful data-rich analytic tools and sophisticated temperature monitoring and tracking systems, to protect the brands entrusted to us. Martin Brower continues to enhance its Food Safety & Quality Management Program (FSQMP) to drive even greater global compliance, visibility and transparency around how it can continuously improve to meet the highest industry standards. Every September Martin Brower celebrates Food Safety and Quality week to reinforce its teams' continued awareness of the important role all employees play in food safety & quality.

Cybersecurity and data protection.

Martin Brower recognises that information is a critical asset and that how information is managed, controlled and protected has a significant impact on the delivery of services. Information assets are protected from unauthorised use, disclosure, modification, damage and loss through policies, procedures, technology investments, compliance monitoring, and training. Additionally, cybersecurity and data protection initiatives such as enhanced disaster recovery capabilities and application redundancy programs, including routine fail-over testing, are critical to mitigate business disruption and application availability. The Group is investing in cloud and to a third-party managed data centre, application hosting in primary and secondary locations, and in a network resiliency project to cvaluate and upgrade information flows across our wide-area network and local area-networks.

Strategic report (continued)

for the year ended 31 December 2021

Principal risks and uncertainties (continued)

People

To build a sustainable and competitive business, Martin Brower must innovate which requires building the best possible teams in the most effective way through best in class recruitment and retention. The Group's objective is to establish a people-first culture, creating the jobs people want and ensuring an unparalleled experience and environment for our people.

As we evolve our culture, we recognise that a diverse, equitable and inclusive environment builds deeper engagement, bringing higher value to both our team members and our organisation. Each individual brings unique abilities, skills, experiences, and cultural backgrounds every day and only by embracing these differences, are we able to realise the value of ***every*** team member.

Our CARES values, which are foundational to our culture, guide our actions. Martin Brower is committed to treating everyone fairly and creating an environment where everyone can achieve their highest potential.

Climate change

Martin Brower recognises that climate change may accelerate occurrences and severity of adverse weather-related events, which could negatively impact our operations, supply chain, customers, and employees.

The Group considers the impacts of climate change and compliance with climate related regulations when designing operating and contingency plans, and when making capital investments.

Future developments

The Directors anticipate the Group's current activities will continue in the foreseeable future. Innovation and service developments for existing and extended market segments, supported by continued investment into organisational systems, will underpin the continued profitable growth path.

The partnership of the Group's key customers in its various geographies continues to strengthen. Martin Brower's longstanding partnership with McDonald's has enhanced with our unwavering support, outstanding service, modernisation and cost control. Significant investments in infrastructure, technology and innovation continue, including implementation of an advanced restaurant ordering system and supplier portal. The Group is expanding its use of advanced technologies globally driving strategic business process automation through exploration of robotic process automation, artificial intelligence, and machine learning tools. The emphasis on continued innovation and investment to bring value and drive efficiencies across the supply chain, in conjunction with resilient distribution volume growth in all service areas will drive continued profitable growth for the years ahead.

Post Balance Sheet Events

There have been no events between the balance sheet date and the date of approval of these financial statements by the Directors that require inclusion in these financial statements.

In March 2022, dividends of £1,424,151 were paid by the Company to its parent, The Martin-Brower Company L.L.C..

Strategic report (continued)

for the year ended 31 December 2021

Sustainability report

Engaging in environmentally-responsible practices is a critical priority for the Group, our customers and our communities. Martin Brower is committed to providing world class supply chain services with the lowest possible environmental footprint. We have partnered with Science Based Targets Initiative (SBTi) to develop and approve a global targeted 40% carbon reduction per tonne delivered by 2030. We have been reporting these efforts publicly through the Carbon Disclosure Project (CDP) since 2018.

To achieve our targeted carbon reduction, the Group is focusing on sourcing renewable electricity, maintaining and upgrading our fleet and facilities, utilising alternative fuels to operate our fleet where feasible, and working with our 3PL partners to reduce our overall carbon footprint. Martin Brower operates modern Euro VI vehicles across Europe, and consumes biodiesel produced from our customer's used cooking oil in several markets. The Group has achieved 94.25% waste diversion, commonly referred to as "Zero Waste to Landfill". The Group accomplished this by minimising packaging waste, and utilising recycling streams such as wood, cardboard, organics, and plastics. Martin Brower has been recognised for its sustainability efforts and leadership that demonstrates an ability to leverage size and scale, drive innovation and improvement in sustainable sourcing, and drive transformational change. For further details, please visit https://martinbrower.co.uk/responsibility.

Strategic report (continued)

for the year ended 31 December 2021

Section 172(1) statement

The Directors of the Group, in line with their duties under Section 172(1) of the Companies Act 2006 act in the way they consider, in good faith, would be most likely to promote the success of the group for the benefit of its members as a whole and in doing so have regard, amongst other matters, to:

a) the likely consequences of any decision in the long term,

b) the interest of the group's employees,

c) the need to foster the group's business relationships with suppliers, customers and others,

d) the impact of the group's operations on the community and the environment

e) the desirability of the group maintaining a reputation for high standards of business conduct, and

f) the need to act fairly as between members of the group.

The Directors have performed their duties as follows:

Customers

The Group's customer base is primarily comprised of quick service restaurant franchisors and franchisees. The Chief Executive Officer, members of the Senior Leadership Team, and local market leadership teams have regular contact with the customer including attendance at franchisee committee meetings and global conferences. During 2021 many of these interactions were conducted in a remote virtual environment to comply with ongoing Covid-19 restrictions. Customer feedback is given on the Group's Key Performance Indicators including service, cost, safety, sustainability, innovation, and food quality measures. Martin Brower is honoured to be recognised by our partners for outstanding service and performance receiving multiple awards for going above and beyond to support our customer's purpose and mission.

The Group continues to fortify and strengthen its long-term partner relationship and ensure strategic alignment with its customer.

Suppliers

The Group works closely with suppliers to build and maintain an effective Supply Chain solution for the customer. The Quality Management System and Quality Inspection Programme implemented in 2019 supported the business through the Covid-19 pandemic by providing standardised global procedures & documentation; track & trace; cold chain and product security assurance; and automated functionality & product data visibility from supplier to restaurant backroom. In 2021, Martin Brower continued to assure supply through robust best in-class quality management programs documenting virus control practices and auditing procedures, which limited the pandemic impact across our distribution centre network.

The Group formalised a digital strategy and roadmap focused on creating an integrated digital experience enabling end-to-end collaboration and visibility across the supply chain. The Group is continuing to

- Improve supply chain efficiency through artificial intelligence, machine learning, enhanced user experiences, and expanded data analytics capabilities
- Strengthen our customer and supplier communication portals focusing on increased resiliency, security, and mobility.
- Enhance data analytics capabilities through a collaborative global data platform that enables global visibility and reporting across all market domains to efficiently manage stock levels and respond to volume volatility.

Employees

At Martin Brower our people are core to everything we do.

The Group's single, most important priority is workplace safety and employee wellbeing. Martin Brower exemplifies "putting people first" through its safety and wellness programs. The Group has introduced new technology, tools, and training to reinforce safe practices that reduce injuries, to share safety tips, provide mental health and physical wellness resources both on the job and at home, and to support the right to disconnect.

Strategic report (continued)

for the year ended 31 December 2021

Section 172(1) statement (continued)

Employees (continued)

Martin Brower believes that the best possible teams are made up of people with different and unique abilities, experiences and cultural backgrounds. We also believe that we are most effective in our work when all people are valued, empowered to drive change and genuinely care about our shared future. Martin Brower has a comprehensive set of employment practices designed to achieve that objective. In particular, Martin Brower's equal opportunities policy is designed to create an environment in which all employees are encouraged to develop their individual potential whatever their sex, race, religion, colour, age, or disability. The same opportunities for training, career development and promotion are available to all employees including those with disabilities, in so far as that disability does not prevent them from performing their job or any suitable alternative available job. Applications for employment by disabled persons are always fully considered bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate accommodations are arranged.

Our Diversity, Equity, and Inclusion council successfully made progress in four areas to help drive our organisation towards a stronger, more inclusive Martin Brower.

1. Workforce demographics
2. Infrastructure
3. Local strategy
4. Education

We know that building a strong culture means engaging employees from the start and creating an environment where everyone can achieve their highest potential. Through career development opportunities, our annual talent and performance cycle and our commitment to promoting from within – we aim to lift our team members up and help them grow and reach their career goals, whatever they may be. In 2021, Martin Brower launched a new Career Development Journey Map to help our team members better visualise the training opportunities available to them so that it is easier to map out their personal journeys with their managers. We work hard to be an employer of choice in every market we operate. In 2021, we are proud to report many of our markets were recognised as a Great Place to Work with France and UK markets additionally receiving other leading national employment recognition and accreditation.

Business Conduct

Ethics are the cornerstone of our business; it is a core policy to comply with all applicable laws and to maintain the highest level of ethical conduct when conducting business. Martin Brower has an Office of Ethics and Compliance which serves to uphold our guidelines for business conduct and company values on a daily basis. The Office of Ethics and Compliance maintains a 24/7 Ethics Hotline number and e-mail and has a strict non-retaliation policy for potential issues reported in good faith. Martin Brower offers several ethics training courses and workshops on ethical business leadership and administers an annual mandatory ethics certification.

Group

Senior leaders from each company within the Group participate in periodic meetings to align on the strategic vision and long-term goals, and to discuss key priorities and initiatives. A mid-year strategic review re-affirmed its relevance and applicability amid supply chain disruptions and pandemic induced volatility. Consequently, there were no significant strategic changes impacting group operations in 2021.

Strategic report (continued)

for the year ended 31 December 2021

Section 172(1) statement (continued)

Community

Martin Brower is dedicated to strengthening the communities in which our people and customers work, live and play. We provide key opportunities for team members to make a difference by serving as vibrant ambassadors, providing sponsorship, fundraising and volunteer support when and where it is most neededIn 2021, our team members contributed to many worthy causes in their local communities, through:

- Holiday toy and clothing drives
- Financial donations to support local charities
- Food Drives
- First Responder appreciation events

Assisting with a telethon supporting people with disabilities

In 2021, the Group's distribution centres donated over 400 tonnes of food to local Ronald McDonald House Charities, food banks and schools.

Martin Brower is proud to be a signature supporter of Ronald McDonald House Charities® (RMHC) – an independent non-profit organization that provides a range of support to seriously ill children and their families when they need it most.

In 2021, our teams innovated new and successful ways to support RMHC including virtual galas events and donations, nationwide fundraising campaigns, employee payroll deductions, family-friendly, socially distanced sporting competitions and fun runs for fundraising and toy drives.

The Group is proud to have volunteered hundreds of hours, supported over 170 events and donated £209k.

Approved by the Board of Directors and signed on its behalf by:

C. McCauley
Director
16 June 2022

Directors' report

for the year ended 31 December 2021

The directors present their report on the affairs of the Group, together with the audited financial statements and auditor's report for the year ended 31 December 2021. The Group has chosen to include the following disclosures in the Strategic Report:

- Principal risks and uncertainties
- Future developments
- Post balance sheet events
- Sustainability report
- Employment policies

Financial risk management objectives and policies

The Group's activities expose it to several financial risks including credit risk, cash flow risk, foreign exchange risk, and liquidity risk. The use of financial derivatives is governed by the policies approved by Reyes Holdings L.L.C., the ultimate parent and controlling party, which provide guidelines on the use of financial derivatives to manage these risks. The Group does not use derivative financial instruments for speculative purposes.

Cash flow and foreign exchange risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency prices and energy costs. The Group uses foreign exchange forward contracts and forward fuel purchase contracts to hedge these exposures.

Interest bearing assets and liabilities are held at fixed rate to ensure certainty of cash flows.

Credit Risk

The Group's principal financial assets are bank balances, cash, trade and other receivables.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The Group has no significant concentration of credit risk with exposure spread over many counterparties and franchisees within the McDonald's system in the various countries serviced by the Group.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company uses a mixture of long-term and short-term debt finance.

Branches outside the UK

The branches outside of the UK are listed on page 2 of the report under Principal activity and review of the business.

Dividends

The directors have paid total interim dividends of £13,291,331 (£13.42 per ordinary share) in 2021 (2020: £9,206,767 - £9.30 per ordinary share). In March 2022, dividends of £1,424,151 were paid by the Company to its parent, The Martin-Brower Company L.L.C..

Directors' report (continued)

for the year ended 31 December 2021

Directors

The directors who served during the year are listed on page 1. R McGonigle resigned as a director on 1 February 2022. D Dimberg was appointed as a director on 1 February 2022.

Directors' indemnities

The Company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

In general, these indemnity provisions provide coverage for the Company, its parent as well as its subsidiaries and affiliates.

Engaging with Stakeholders

Engagement with stakeholders is paramount to the ongoing success of the business. The key stakeholders are considered in the section 172(1) statement.

Charitable and political contributions

During the year the Group made charitable donations of £209,380 (2020: £196,391). The Company made no political contributions.

Creditor payment policy

The Company policy in each country of operation is to determine terms and conditions of payments with suppliers when negotiating each transaction, to ensure that suppliers are made aware of the terms and how disputes are to be settled, and to abide by the terms of payment.
The number of days credit taken by the Group for trade purchases at 31 December 2021 was 43 days (2020: 47). The number of days credit taken by the Company for trade purchases at 31 December 2021 was 22 days (2020: 27).

Directors' report (continued)

for the year ended 31 December 2021

Energy and carbon reporting

We have reported on all sources of GHG emissions and energy usage as required under *The Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008* as amended.

Scope 1 consumption and emissions relate to direct combustion of natural gas, and fuels utilised for transportation operations, such as company vehicle fleets, and grey fleet.

Scope 2 consumption and emissions relate to indirect emissions relating to the consumption of purchased electricity in day-to-day business operations.

Scope 3 consumption and emissions relate to emissions resulting from sources not directly owned by the reporting company. For Martin-Brower UK Ltd, this is related to grey fleet (business travel undertaken in employee-owned vehicles) only.

GHG emissions and energy usage

GHG emissions and energy usage data for period 1 January 2020 to 31 December 2021		
	UK	
	2021	**2020**
Emissions from combustion of gas (Scope 1 – tonnes of CO_2e)	67.23	86.71
Emissions from combustion of fuel for transport purposes (Scope 1– tonnes of CO_2e)	26,170.72	19,411.34
Emissions from electricity purchased for own use, including for the purposes of transport (Scope 2 – tonnes of CO_2e)	3,518.36	3,154.96
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3 - tonnes of CO_2e)	6.53	7.48
Total gross CO_2e based on above	**29,762.84**	**22,660.49**
Energy consumption used to calculate emissions - kwh	172,240,642	129,318,097
Intensity metric - tonnes of CO_2e per '000 tonnes product delivered	34.61	37.87

Reporting boundary and methodology

Scope 1 and 2 consumption and CO2e emission data has been calculated in line with the 2019 UK Government environmental reporting guidance. The following Emission Factor Databases consistent with the 2019 UK Government environmental reporting guidance have been used, utilising the current published kWh gross calorific value (CV) and kgCO2e emissions factors relevant for reporting year 1 January 2021 to 31 December 2021:

Database 2021, Version 1.0.

Estimations undertaken to cover missing billing periods for properties directly invoiced to Martin Brower UK Limited were calculated on a kWh/day pro-rata basis at meter level. These estimations equated to 0.75% of reported consumption.

The intensity metric has been calculated utilising the 2021 reportable figure for '000 tonnes product delivered of 859.99, and total tCO_2e emissions was then divided by this figure to determine the metric.

Directors' report (continued)

for the year ended 31 December 2021

Energy and carbon reporting (continued)

Energy efficiency actions taken

Martin Brower is committed to year-on-year improvements in their operational energy efficiency. As such, a register of energy efficiency measures available to Martin-Brower UK Ltd has been compiled, with a view to implementing these measures in the next 5 years.

Measures ongoing and undertaken through 2021:

ISO 50001 - During the course of 2021, Martin Brower finalised development of its integrated Energy and Environmental Management system and has embedded this within company Policy; at the end of the year this was successfully certified to ISO 50001:2018 by Lloyd's Register Quality Assurance.

Lighting and Sensor Controls - Local projects have continued to further integrate LED (Light Emitting Diode) and PIR (Passive Infrared) into the building portfolio; within the temperature-controlled areas metal halide lights that introduced heat gains have now been replaced by LEDs, improving both the lighting efficiencies and refrigeration operating performance.

Energy Efficient Trailer Refrigeration Upgrades - Continued investment in high efficiency trailer refrigeration systems provided by the Carrier Vector HE19 model. These have been introduced in a further quarter of the trailer fleet; which now contributes to over half of the fleet operating with fuel consumption reductions.

Measures prioritised for implementation in 2022:

- Energy Efficiency and Net Zero PlanUK ISO 50001 certification; improving energy management across the business - To begin implementation of the portfolio of suggested energy performance improvement projects that will contribute to a UK Net Zero plan; and be recognised within the Global Businesses a more ambitious Science Based Target.
- Fleet Improvements - Continue building resilience into the fleet of vehicles with Carrier's E Drive technology; which utilises the vehicle's engine to provide power to a 3 phase generator. *This will allow future conversion away from diesel reliance to electric refrigeration.*

Auditor

Each of the persons who are a director at the date of the approval of this report confirms that:

- So far as the director is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditor is unaware; and
- The director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This information is given and should be interpreted in accordance with the provisions of s.418 of the Companies Act 2006.

Deloitte LLP has expressed its willingness to be reappointed for another term and appropriate arrangements have been put in place for it to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Directors' report (continued)

for the year ended 31 December 2021

Going Concern

The directors have continued to adopt the going concern basis of accounting. The Group has performed sensitivity analysis and scenario modelling, for which the directors have assessed the resulting cash flow forecasts and are satisfied that the Group itself has sufficient cash resources to continue as a going concern.

The UK Group is in a net liabilities position, primarily due to a loan payable to the immediate parent company, The Martin-Brower Company L.L.C.. The loan cannot be recalled, only in the event of default. The interest rate applied to interest payments in 2021 was 5.5875%. The interest rate on the loan payable is evaluated annually and updated as appropriate. The Group does not foresee any issues with regard to its ability to pay the loan interest based upon its cash flow forecasts. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Approved by the Board of Directors and signed on its behalf by:

C. McCauley
Director
16 June 2022

Directors' responsibility statement

for the year ended 31 December 2021

Directors' responsibilities statement

The directors are responsible 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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 *"The Financial Reporting Standard applicable in the UK and Republic of Ireland"*. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARTIN-BROWER UK LTD

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Martin-Brower UK Ltd (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated profit and loss account;
- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 28.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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 group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARTIN-BROWER UK LTD (continued)

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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARTIN-BROWER UK LTD (continued)

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, tax legislation and pension legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included employment law, health and safety regulations, general data protection regulation, environmental legislation, food hygiene regulations and customs duties.

We discussed among the audit engagement team including significant component audit teams and relevant internal specialists such as tax, valuations and IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARTIN-BROWER UK LTD (continued)

Report on other legal and regulatory requirements

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 the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

We have nothing to report in respect of these matters.

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.

David Halstead

David Halstead (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

St Albans, England

Date: 16 June 2022

Consolidated profit and loss account

for the year ended 31 December 2021

	Notes	2021 £000	2020 £000
Turnover	3	5,267,250	4,430,333
Cost of sales		(5,087,888)	(4,271,980)
Gross profit		179,362	158,353
Administration expenses		(117,369)	(108,391)
Distribution costs		(49,380)	(45,166)
Other operating income	4	4,971	12,774
Operating profit	5	17,584	17,570
Share of results of associated undertakings		2,032	1,210
Finance costs (net)	8	(7,746)	(7,478)
Profit before taxation		11,870	11,302
Tax on profit	10	(5,772)	(5,607)
Profit for the financial year		6,098	5,695

Profit for the financial year attributable to:		
Non-controlling interest	379	261
Equity shareholders of the company	5,719	5,434
	6,098	5,695

Consolidated statement of comprehensive income

for the year ended 31 December 2021

	2021 £000	2020 £000
Profit for the financial year	6,098	5,695
Currency translation differences on foreign currency net investments	(1,077)	1,215
Total comprehensive income	5,021	6,910

Total comprehensive income for the year attributable to:		
Non-controlling interest	52	(270)
Equity shareholders of the company	4,969	7,180
	5,021	6,910

Registered No 01601427

Consolidated balance sheet

as at 31 December 2021

	Notes	2021 £000	2020 £000
Fixed assets			
Goodwill	12	59,119	67,960
Tangible assets	13	63,045	65,641
Investments	14	9,757	9,405
Total fixed assets		131,921	143,006
Current assets			
Stocks	15	166,324	144,448
Debtors:	16		
amounts falling due within one year		196,712	259,810
amounts falling due after year		8,501	9,334
Total debtors		205,213	269,144
Cash at bank and in hand		202,714	114,631
		574,251	528,223
Creditors: amounts falling due within one year	17	(599,788)	(553,907)
Net current (liabilities)		(25,537)	(25,684)
Total assets less current liabilities		106,384	117,322
Creditors: amounts falling due after more than one year	18	(140,249)	(142,108)
Provisions for liabilities	20	(4,311)	(5,120)
Net (liabilities)		(38,176)	(29,906)
Capital and reserves			
Called up share capital	21	990	990
Share premium account		29,191	29,191
Profit and loss account		(5,040)	2,532
Merger reserve		(66,672)	(66,672)
Cumulative translation adjustment		2,353	3,103
Shareholders' deficit		(39,178)	(30,856)
Non-controlling interest		1,002	950
Total capital employed		(38,176)	(29,906)

The financial statements were approved and authorised for issue on 16 June 2022 by the board of directors and signed on its behalf by:

C McCauley
Director

Registered No 01601427

Company balance sheet
as at 31 December 2021

	Notes	2021 £000	2020 Restated £000
Fixed assets			
Tangible assets	13	22,302	23,461
Investments	14	186,971	186,971
Total fixed assets		209,273	210,432
Current assets			
Stocks	15	35,532	28,553
Debtors	16	37,871	82,202
Cash at bank and in hand		79,550	12,077
		152,953	122,832
Creditors: amounts falling due within one year	17	(170,837)	(142,179)
Net current liabilities		(17,884)	(19,347)
Total assets less current liabilities		191,389	191,085
Creditors: amounts falling due after more than one year	18	(140,309)	(140,660)
Provisions for liabilities	20	(1,528)	(1,752)
Net assets		49,552	48,673
Capital and reserves			
Called up share capital	21	990	990
Share premium account		29,191	29,191
Profit and loss account		19,371	18,492
Shareholders' funds		49,552	48,673

The profit for the financial year dealt with in the financial statements of the parent company was £14,170k (2020: £9,894k).

Investments has been restated by the reclassification of an amount of £34,419k that was previously presented within Debtors: amounts falling due after one year. Classification as Investments within Fixed assets is appropriate as amount relates to loans that are long term in nature and are used to meet the capital requirements of the borrower. In the prior year accounts, debtors were split on the face of the balance sheet between debtors: amounts falling due within one year and debtors: amounts falling due after one year. Following the adjustment, these lines have been combined into one line titled debtors with the split further disclosed in note 16.

The financial statements of Martin-Brower UK Ltd registration number 01601427 were approved and authorised for issue on 16 June 2022 by the board of directors and signed on its behalf by:

C McCauley
Director

Consolidated statement of changes in equity

for the year ended 31 December 2021

	Notes	Called up Share capital £000	Share premium £000	Merger reserve £000	Profit and loss Account £000	Translation Adjustment £000	Total £000	Non-controlling interest £000	Total share-holder's funds £000
At 1 January 2020		990	29,191	(66,672)	6,305	1,357	(28,829)	1,220	(27,609)
Profit for the financial year		-	-	-	5,434	-	5,434	261	5,695
Currency translation difference on foreign currency net investments		-	-	-	-	1,746	1,746	(531)	1,215
Total comprehensive income/(expense)		-	-	-	5,434	1,746	7,180	(270)	6,910
Dividend paid	9	-	-	-	(9,207)	-	(9,207)	-	(9,207)
At 31 December 2020		990	29,191	(66,672)	2,532	3,103	(30,856)	950	(29,906)
Profit for the year		-	-	-	5,719	-	5,719	379	6,098
Currency translation difference on foreign currency net investments		-	-	-	-	(750)	(750)	(327)	(1,077)
Total comprehensive income/(expense)		-	-	-	5,719	(750)	4,969	52	5,021
Dividends paid	9	-	-	-	(13,291)	-	(13,291)	-	(13,291)
At 31 December 2021		990	29,191	(66,672)	(5,040)	2,353	(39,178)	1,002	(38,176)

All recognised income and expenses in the current and prior year are included in the Statement of Changes in Equity.

Company statement of changes in equity

for the year ended 31 December 2021

	Notes	Called up Share capital £000	Share premium £000	Profit and loss Account £000	Total share-holder's funds £000
At 1 January 2020		990	29,191	17,805	47,986
Profit for the financial year		-	-	9,894	9,894
Total comprehensive income		-	-	9,894	9,894
Dividend paid	9	-	-	(9,207)	(9,207)
At 31 December 2020		990	29,191	18,492	48,673
Profit for the year		-	-	14,170	14,170
Total comprehensive income		-	-	14,170	14,170
Dividends paid	9	-	-	(13,291)	(13,291)
At 31 December 2021		990	29,191	19,371	49,552

All recognised income and expenses in the current and prior year are included in the Statement of Changes in Equity.

Consolidated cash flow statement

for the year ended 31 December 2021

	Notes	2021 £000	2020 £000
Net cash flows from operating activities	23	114,089	(8,978)
Cash flows from investing activities			
Proceeds from sale of equipment		92	1,601
Purchase of equipment		(10,508)	(6,864)
Dividends received from associates		1,278	1,889
Net cash flows from investing activities		(9,138)	(3,374)
Cash flows from financing activities			
Dividends paid		(13,291)	(9,207)
Repayments of borrowings		-	(6,978)
Repayments of obligations under finance lease		(164)	(655)
Net cash flows from financing activities		(13,455)	(16,840)
Net increase/(decrease) in cash and cash equivalents		91,496	(29,192)
Cash and cash equivalents at beginning of year		114,631	143,198
Effect of foreign exchange rate changes		(3,413)	625
Cash and cash equivalents at end of year		202,714	114,631
Reconciliation to cash at bank and in hand:			
Cash at bank and in hand		202,714	114,631
Cash equivalents		-	-
Cash and cash equivalents		202,714	114,631

Notes to the financial statements (continued)

for the year ended 31 December 2021

1. Accounting policies

Company information

The Company is a private limited liability entity limited by shares incorporated in the United Kingdom and registered in England and Wales with its registered office at Third Floor (South Wing), One Park Lane, Hemel Hempstead, Hertfordshire, United Kingdom, HP2 4YJ.

The principal activities of the Company and its subsidiaries ('the Group') and the nature of the Group's operations are set out in the Strategic Report on pages 2 to 8.

Basis of preparation

The financial statements have been prepared under the historical cost convention amended for certain items at fair value and are in accordance with Financial Reporting Standard 102 ('FRS 102') issued by the Financial Reporting Council the Financial Reporting Standard applicable in the UK and Republic of Ireland.

The functional currency of Martin-Brower UK Ltd is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The consolidated financial statements are also presented in pounds sterling. Foreign operations are included in accordance with the policies set out below.

Martin-Brower UK Ltd meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings from the inception of the Company up to 31 December 2021. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the purchase method.

Going concern

The Group's business activities, together with factors likely to affect its future development, its financial position, financial risk management objectives and its exposure to price, credit, liquidity, and cash flow risk are described in the Strategic Report. The Group has one significant customer which accounts for the majority of their sales, the Directors' are satisfied that this relationship will continue for the foreseeable future and that the growth in this customer's business will continue to be strong. The Directors have continued to adopt the going concern basis of accounting. The Group has performed sensitivity analysis and scenario modelling, for which the directors have assessed the resulting cash flow forecasts and are satisfied that the Group itself has sufficient cash resources to continue as a going concern. The UK Group is in a net liabilities position, primarily due to a loan payable to the immediate parent company, The Martin-Brower Company L.L.C.. The loan cannot be recalled, only in the event of default. The interest rate applied to interest payments in 2021 was 5.5875%. The interest rate on the loan payable is evaluated annually and updated as appropriate. The Group does not foresee any issues with regard to its ability to pay the loan interest based upon its cash flow forecasts. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

Notes to the financial statements (continued)
for the year ended 31 December 2021

1. Accounting policies (continued)

Intangible assets – goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight-line basis over its useful economic life, which is 20 years. Business relationships with McDonalds are generally long-lived. Grants of business in geographical territories from McDonalds are open-ended with no expiration clause. Hence the Group's view is that a 20 year life is a conservative assessment. Provision is made for any impairment.

Revenue recognition

Revenue is recognised to the extent that the Company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. When revenue transactions reflect the conditions of the sale being made as an agent the revenue is recognised net (commission only recognised as revenue), where the conditions reflect the sale as a principal the revenue is recognised gross (commission and product value recognised as turnover).
In making its judgement, management considered the detailed criteria for the recognition of revenue from the sale of goods set out in FRS 102 Section 23 *Revenue* and, in particular, whether the company had transferred to the buyer the significant risks and rewards of ownership of the goods.
Interest income generates from the back to back loans. Interest rates are set annually and the income is collected monthly.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid.

Tangible fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value on a straight-line basis over the useful economic life of that asset as follows:

Land	–	not depreciated
Buildings	–	five to forty years
Leasehold improvements	–	five to twenty years
Plant, machinery and vehicles	–	three to ten years

Interest on borrowings for fixed assets is not capitalised and is taken to the profit and loss account.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Assets in the course of construction are not depreciated.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell, which is equivalent to the net realisable value. Cost includes materials, direct labour and an attributable proportion of overheads based on normal levels of activity. Cost is calculated using the FIFO (first-in, first-out) method. Provision is made for obsolete, slow-moving, or defective items where appropriate.

Operating lease agreements

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the term of the lease.

Current taxation

A current tax liability is recognised for tax payable on taxable profits for the current and past periods. A current tax asset is recognised if the amount of tax paid for the current and past periods exceeds the amount of tax payable for those periods. The tax rates and laws enacted or substantively enacted by the reporting date are used to calculate the amount of tax payable or recoverable.

Notes to the financial statements (continued)

for the year ended 31 December 2021

1. Accounting policies (continued)

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- Unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it is probable that they will be recovered against the reversal of deferred tax liabilities or future taxable profits. More likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Financial Instruments

(i) Financial assets and liabilities

Financial assets and financial liabilities are recognised when the Company becomes party to the contractual provisions of the instrument.

Financial liabilities and equity investments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all liabilities.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Most financial assets and liabilities are subsequently measured at amortised cost apart from those specified below.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.
Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

(a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
(b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
(c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).
(d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
(e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.

Notes to the financial statements (continued)

for the year ended 31 December 2021

1. Accounting policies (continued)

Financial Instruments (continued)

(i) Financial assets and liabilities (continued)

(f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled, or expires.

(ii) Investments

Investments in non-convertible preference shares and non-puttable ordinary or preference shares (where shares are publicly traded or their fair value is reliably measurable) are measured at fair value through profit or loss. Where fair value cannot be measured reliably, investments are measured at cost less impairment.

In the Company balance sheet, investments in subsidiaries and associates are measured at cost less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value of the shares issued plus fair value of other consideration. Any premium is ignored.

(iii) Equity instruments

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

(iv) Interest expense

Interest rates on intercompany loans are set annually and interest is paid monthly.

Derivative Financial instruments

The Group uses derivative financial instruments to reduce exposure to foreign exchange risk and fuel price movements. The Group does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value, using quoted prices for identical assets, at each reporting date. The resulting gain or loss is recognised in profit or loss immediately

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Notes to the financial statements (continued)
for the year ended 31 December 2021

1. Accounting policies (continued)

Associates

In the Group financial statements, investments in associates are accounted for using the equity method. Investments in associates are initially recognized at the transaction price (including transaction costs) and are subsequently adjusted to reflect the Group's share of the profit or loss and other comprehensive income of the associate. Goodwill arising on the acquisition of associates is accounted for in accordance with the policy set out above. Any unamortised balance of goodwill is including in the carrying value of the investment in associates.

In the Company financial statements, investments in associates are accounted for at cost less impairment.

Foreign currencies

Transactions in foreign currency are translated into sterling at the rates of exchange ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date or at composite rates where forward cover exists.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations are reported in other comprehensive income and accumulated in equity. There is no tax relating to the currency translation adjustment in other comprehensive income.

Other exchange differences are recognised in profit or loss in the period in which they arise.

Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. A grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised in income in the period in which it becomes receivable. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

Provisions for liabilities

A provision is recognised when the Company has a 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.

A provision has been recognised for the decommissioning costs of a new distribution centre. Interest is charged annually to the profit and loss account to adjust for the effect of the time value of money.

Retirement benefits

The Company is a member of the Group pension plan with an insurance company and makes contributions into employee accounts on a money purchase basis. The assets in the scheme are held separately from those of the Company in an independently administered fund. The amount charged in the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Notes to the financial statements (continued)
for the year ended 31 December 2021

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

The directors have made the following critical judgement, apart from those involving estimations (which are dealt with separately below), in the process of applying the Group's accounting policies and it has the most significant effect on the amounts recognised in the financial statements.

Revenue Recognition

The Group has control of and responsibility for goods in advance of customer receipt, as such the Group applied judgement in determining that it acts as principal in its dealing with McDonald's restaurants and franchisees and recognizes revenue gross. Due to the high volume and frequency of transactions, sales and costs of sales are recorded at cost.

Key source of estimation uncertainty - impairment of goodwill and investments

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The group utilised both a market rate and hypothetical group rate approach to the discount rates in assessing impairment sensitivities. The group continues to monitor and evaluate these discount rates, but does not expect the rate costs and weighting components to change significantly as they have been consistent for several years. The discount rates utilised are broadly market based; designed to reflect the mix experienced in the marketplace for the food and beverage distribution industry based upon external advisory analyses conducted for valuation purposes. These discount rates would need to increase in excess of 5% before an impairment issue might arise within the group goodwill. The carrying amount of goodwill at the balance sheet date was £59,119k and the carrying amounts of the company only investments at the balance sheet date was £140,324k. There were no impairment charges in 2021.

3. Turnover

Turnover represents the amounts derived from the provision of goods which fall within the Company's ordinary activity, stated net of value added tax.

An analysis of the Group's turnover by geographical market is set out below.

	2021 £000	2020 £000
UK	1,741,055	1,183,518
France	1,036,088	910,323
Canada	1,075,985	947,213
Australia	870,732	812,604
New Zealand	145,446	131,355
Malaysia	-	62,418
Singapore	126,141	113,652
Korea	271,803	269,250
	5,267,250	4,430,333

Notes to the financial statements (continued)
for the year ended 31 December 2021

4. Other operating income

In 2021, the group collectively received government grants of £4,970,671 (2020 - £12,774,340) as part of local Government initiatives to provide immediate financial support as a result of the Covid-19 pandemic. There are no future related costs in respect of these grants, which were received solely as compensation for costs incurred in the year.

The Group has not directly benefited from any other forms of government assistance.

5. Operating profit

Operating profit is stated after charging/(crediting)

	2021 £000	2020 £000
Depreciation – tangible fixed assets	11,488	12,737
Amortisation of goodwill	6,159	8,125
(Gain) on disposal of fixed assets	(80)	(162)
Foreign exchange loss/(gain)	5	(242)
Operating lease costs		
- plant and equipment	29,223	28,784
- land and buildings	17,057	16,346
Write-off of investment in subsidiary	-	1,465

Fees payable to the company's auditor:		
Audit of the company's subsidiaries	665	626
Audit of the consolidated financial statements	76	76
Total audit fees	741	702
Tax compliance services	77	68
Tax advisory services	45	41
Other non-audit services	-	6
Total non-audit fees	122	115

Amortisation of intangible assets is included in administrative expenses.

The investment held by Martin-Brower UK Ltd in Martin-Brower Malaysia Co. Sdn Bhd was written off in 2020, following the sale of its distribution business on 31 March 2020.

Amortisation of goodwill in 2020 includes the accelerated amortisation of Malaysian goodwill (£1.76m) following the sale.

No impairment gains or losses on stocks have been recognised in the profit and loss account.

Notes to the financial statements (continued)
for the year ended 31 December 2021

6. Staff costs

Staff costs for the Group and Company consist of:

	Group		Company	
	2021 **£000**	**2020** **£000**	**2021** **£000**	**2020** **£000**
Wages and salaries	186,006	178,844	58,955	50,974
Social security costs	14,666	13,332	5,754	4,757
Other pension costs (see note 22)	6,277	5,606	3,024	2,730
	206,949	197,782	67,733	58,461

The average monthly number of employees, including directors, within the Group and Company during the year was:

	Group		Company	
	2021 **No.**	**2020** **No,**	**2021** **No.**	**2020** **No.**
Selling and distribution	3,343	3,282	1,309	1,264
Administration	848	819	173	172
	4,191	4,101	1,482	1,436

7. Directors' remuneration

During the year no directors received remuneration (2020 – £nil) or pension benefits (2020 – £nil) from the Group, in respect of their services provided. The directors are remunerated at the immediate parent level.

The directors are considered to be the key management personnel of the reporting entity. No director has a direct or indirect interest in any transaction, arrangement or agreement which, in the opinion of the directors, requires disclosure. Directors who served the Group during the year have been remunerated from other group companies.

Pensions

No directors (2020 – none) who served during the year were members of the pension plan.

8. Finance costs (net)

	2021 **£000**	**2020** **£000**
Interest receivable and similar income	121	1,409
Interest payable and similar expenses	(7,867)	(8,887)
	(7,746)	(7,478)

Interest receivable and similar income

	2021 **£000**	**2020** **£000**
Bank interest receivable	88	174
Other interest receivable	33	1,235
	121	1,409

Notes to the financial statements (continued)
for the year ended 31 December 2021

8. Finance costs (net) (continued)

Interest payable and similar expenses

	2021 £000	2020 £000
Interest payable to group undertakings	7,726	8,458
Bank interest payable	91	347
Other interest payable	50	82
	7,867	8,887

9. Dividends

	2021 £000	2020 £000
Ordinary shares		
Interim dividends paid of £13.42 (2020 - £9.30) per share	13,291	9,207
	13,291	9,207

10. Tax

(a) Tax on profit

The tax charge is made up as follows:

	2021 £000	2020 £000
Current tax		
UK corporation tax on profit for the year	1,133	483
Tax overprovided in previous years	449	(134)
	1,582	349
Double taxation relief	(229)	(254)
	1,353	95
Foreign tax	4,175	8,435
Group current tax	5,528	8,530
Deferred tax (10(c))		
Accelerated capital allowances over depreciation	30	(8)
Other timing differences	214	(2,915)
Group deferred tax	244	(2,923)
Tax on profit	5,772	5,607

Notes to the financial statements (continued)

for the year ended 31 December 2021

10. Tax (continued)

(b) Factors affecting the tax charge

The tax for the year varies from the standard rate of corporation tax in the UK of 19% (2020 – 19%). The differences are explained below:

	2021 £000	2020 £000
Profit before tax	11,870	11,302
Profit at the standard rate of corporation tax in the UK of 19% (2020 – 19%)	2,255	2,147
Net expenses not deductible for corporation tax purposes	1,509	2,321
Timing differences on fixed assets	256	334
Other timing differences	367	(2,252)
Adjustments to tax in respect of prior years	(227)	587
Withholding taxes on interest and dividends	568	391
Higher rates on overseas tax rates	1,044	2,079
Total tax	5,772	5,607

The standard rate of tax applied to reported profit is 19% (2020:19%). The UK Government announced as part of the Finance Act 2021, which received Royal Assent on 10 June 2021, that the main rate of corporation tax rate would be increased from 19% to 25% from 1 April 2023. These rate reductions are reflected in the calculation of deferred tax at the balance sheet date.

(c) Deferred tax

The deferred tax recognised in the financial statements is as follows:

	2021 £000	2020 £000
Included in debtors (note 16)	5,267	6,416
Included in provision for liabilities (note 20)	(3,152)	(3,990)
	2,115	2,426
Accelerated capital allowances	(824)	(526)
Other timing differences	2,939	2,952
Provision for deferred tax	2,115	2,426

The movement on deferred tax is as follows:

	£'000
At 1 January 2021	2,426
Credited/(charged) to profit and loss account	(244)
Exchange difference	(67)
At 31 December 2021	2,115

No reversal of the deferred tax liability is expected before 31 December 2022.

There is no expiry date on timing differences, unused tax losses or tax credits.

Notes to the financial statements (continued)

for the year ended 31 December 2021

11. Profit attributable to the Company

The gain for the financial year dealt with in the financial statements of the parent company was £14,170k (2020: £9,894k). As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account or statement of comprehensive income is presented in respect of the parent company

12. Intangible fixed assets

Group	**Total Goodwill £000**
Cost:	
At 1 January 2021	123,175
Exchange adjustment	(5,686)
At 31 December 2021	117,489
Amortisation:	
At 1 January 2021	(55,215)
Provided for the year	(5,757)
Exchange adjustment	2,602
At 31 December 2021	(58,370)
Net book value:	
At 31 December 2021	59,119
At 31 December 2020	67,960

Notes to the financial statements (continued)

for the year ended 31 December 2021

13. Tangible fixed assets

Group

	Land and buildings £000	Leasehold improvements £000	Plant machinery and vehicles £000	Total £000
Cost:				
At 1 January 2021	39,929	32,353	86,333	158,615
Additions	286	1,982	8,240	10,508
Disposals	(7)	(28)	(3,585)	(3,620)
Translation adjustment	(1,110)	(668)	(1,046)	(2,824)
At 31 December 2021	39,098	33,639	89,942	162,679
Depreciation:				
At 1 January 2021	13,764	16,193	63,017	92,974
Provided for the year	1,295	2,053	8,201	11,549
Disposals	(7)	(28)	(3,574)	(3,609)
Translation adjustment	(299)	(322)	(659)	(1,280)
At 31 December 2021	14,753	17,896	66,985	99,634
Net book value:				
At 31 December 2021	24,345	15,743	22,957	63,045
At 31 December 2020	26,165	16,160	23,316	65,641

No impairment losses have been recognised on any of the fixed assets within the Group.

The Group has assets in the course of construction included within land and buildings with a value of £nil (2020 – £nil), within leasehold improvements with a value of £355,023 (2020 - £122,686) and within plant, machinery and vehicles with a value of £6,615,338 (2020 – £4,269,010), which are not depreciated.

Within land and buildings, the Group has freehold assets of £24,143,552 (2020 - £25,679,860) and short leasehold assets of £200,423 (2020 - £484,405).

Notes to the financial statements (continued)
for the year ended 31 December 2021

13. Tangible fixed assets (continued)
Company

	Land and Buildings £000	Leasehold improvements £000	Plant machinery and vehicles £000	Total £000
Cost:				
At 1 January 2021	8,445	14,529	33,760	56,734
Additions	-	261	1,717	1,978
Disposals	-	-	(2,005)	(2,005)
At 31 December 2021	8,445	14,790	33,472	56,707
Depreciation:				
At 1 January 2021	628	7,726	24,919	33,273
Provided for the year	235	748	2,154	3,137
Disposals	-	-	(2,005)	(2,005)
At 31 December 2021	863	8,474	25,068	34,405
Net book value:				
At 31 December 2021	7,582	6,316	8,404	22,302
At 31 December 2020	7,817	6,803	8,841	23,461

The Company has assets in the course of construction included within leasehold improvements with a value of £105,085 (2020 - £nil) and within plant, machinery and vehicles with a value of £2,653,403 (2020 – £1,609,830), which are not depreciated.

Within land and buildings, the Company has freehold assets of £7,582,384 (2020 - £7,817,206) and short leasehold assets of £nil (2020 - £nil).

Notes to the financial statements (continued)
for the year ended 31 December 2021

13. Tangible fixed assets (continued)

Included in the amounts for plant and machinery above are the following amounts related to leased assets and assets acquired under hire purchase contracts:

	Group £000	Company £000
Cost:		
At 1 January 2021	150	127
Additions	10	-
Translation adjustment	(1)	-
At 31 December 2021	159	127
Depreciation:		
At 1 January 2021	136	127
Provided for the year	9	-
Translation adjustment	(1)	-
At 31 December 2021	144	127
Net book value:		
At 31 December 2021	15	-
At 31 December 2020	14	-

Notes to the financial statements (continued)

for the year ended 31 December 2021

14. Fixed asset investments

	Group		Company	
	2021	2020	2021	2020 Restated
	£000	£000	£000	£000
Subsidiary undertakings	-	-	140,324	140,324
Associates	9,757	9,405	12,228	12,228
Loans to group undertakings	-	-	34,419	34,419
At 31 December	9,757	9,405	186,971	186,971

Investments for Company Only have been restated by the inclusion of a line for Loans to group undertakings for the reclassification of an amount of £34,419k that was previously presented within Debtors: amount falling due after one year. Classification as Loans to group undertakings within Investments is appropriate as the amount relates to loans that are long term in nature and are used to meet the capital requirements of the borrower.

The maturity date for loans to group undertakings is January 2030. The loans may be pre-paid partially or fully at any time within penalty, premium or notice. The interest rate applied to the loans in 2021 was 5.5875% (2020: 6.11%).

Subsidiary undertakings

	Company £000
Cost and net book value:	
At 1 January 2021 and 31 December 2021	140,324

Associates

	Group £000	Company £000
At 1 January 2021	9,405	12,228
Share of retained profit for the year	2,032	-
Dividends from associates	(1,278)	-
Amortisation of goodwill	(402)	-
At 31 December 2021	9,757	12,228

Notes to the financial statements (continued)
for the year ended 31 December 2021

14. Fixed asset investments (continued)

The parent Company and the Group have investments in the following subsidiary undertakings and associates which have been included within the consolidation:

Company	*Country of Registration and operation*	*Registered address*	*Principal activity*	*Holding*	*%*
Martin-Brower Australia Holdings Pty. Ltd	Australia	1 Burilda Close, Wetherill Park NSW 2164, Australia	Intermediate holding company	Ordinary	100
Martin-Brower Australia	Australia	1 Burilda Close, Wetherill Park NSW 2164, Australia	Distribution	Ordinary	100
Martin-Brower Australia Intermediate Holdings Pty Ltd	Australia	1 Burilda Close, Wetherill Park NSW 2164, Australia	Intermediate holding company	Ordinary	100
Martin-Brower New Zealand Holdings	New Zealand	12 Golden Arches Place Wiri, Auckland, 2025, New Zealand	Intermediate holding company	Ordinary	100
Martin-Brower New Zealand	New Zealand	12 Golden Arches Place Wiri, Auckland, 2025, New Zealand	Distribution	Ordinary	100
Martin-Brower Malaysia Co. Sdn Bhd	Malaysia	No. 4, Jalan Sungai Ara 32/39, SS 32, Selangor, 40460 Shah Alam, Malaysia	Distribution	Ordinary	100
Martin-Brower Singapore Pte Limited	Singapore	No. 6 Fishery Port /Road - #07-02, Singapore 619747	Distribution	Ordinary	100
Martin-Brower France Holdings SAS	France	ZAC du Bois Chaland, 12, rue du Bois Chaland 91090 LISSES, France	Distribution	Ordinary	100
Martin-Brower France SAS	France	ZAC du Bois Chaland, 12, rue du Bois Chaland 91090 LISSES, France	Distribution	Ordinary	100
Martin-Brower of Canada	Canada	1959 Upper Water Street, Suite 900, Halifax, NS B3J 3N2, Canada	Distribution	Ordinary	100
MBX Logistics Canada Co.	Canada	1959 Upper Water Street, suite 800, P.O. Box 997, Halifax, NS B3J 2X2, Canada	Distribution	Ordinary	100
Korea Food Service Corp (South Korea)	South Korea	Yooungi-ro, 202 beon-gil, Youngin-myun, Asan City, Chung Nam, South Korea	Distribution	Ordinary	80

Notes to the financial statements (continued)

for the year ended 31 December 2021

14. Fixed asset investments (continued)

Company	*Country of Registration and operation*	*Registered address*	*Principal activity*	*Holding*	*%*
Associates and joint ventures					
STI Freight Management GmbH	Germany	Hochstrasse 190 – 47228 Duisburg, Germany	Distribution	Ordinary	24.3
STI (Deutschland) GmbH	Germany	Hochstrasse 190 – 47228 Duisburg, Germany	Distribution	Ordinary	24.3
STI France S.a.r.l	France	ZAC du Bois Chaland - 10/12, rue du Bois Chaland - 91090 Lisses, France	Distribution	Ordinary	24.3
STI Italia S.r.l	Italy	Via Aldo Moro 31 – 41030 Bomporto (Mo), Italy	Distribution	Ordinary	24.3
STI Glonet S.L	Spain	Km 2,7 Poligono Industrial El Globo, Ctra. Alcalá de Henares-Daganzo, M118, 28814 Daganzo de Arriba – Madrid, Spain	Distribution	Ordinary	24.3
S.T.I. Polska Sp.zp.o	Poland	ul. Daniszewska 25 - 03-230 Warszawa, Poland	Distribution	Ordinary	24.3
STI-Scandinavia AB	Sweden	Tuna Gårdsväg 4 - SE-147 43 Tumba, Sweden	Distribution	Ordinary	24.3
S.T.I. (U.K.) Ltd	United Kingdom	Punchbowl Park, Cherry Tree Lane, Hemel Hempstead, Hertfordshire, HP2 7EU, United Kingdom	Distribution	Ordinary	24.3
STI LLC (Russia)	Russia	3/6 Novoorlovskaya St., 119633 Moscow, Russia	Distribution	Ordinary	24.3
S.T.I Middle East LLC (UAE)	United Arab Emirates	Zainal Mohebi Plaza, Mezzanine Floor, Sheikh Khalifa Bin Zayed Street Al Karama, P O Box 267, Dubai, UAE	Distribution	Ordinary	49
Martin-Brower Logistics (UAE)	United Arab Emirates	Dubai South (DWC) Logistics Districts, Plot WT01 & WT04, Near Al Maktoum Airport, Dubai, UAE	Distribution	Ordinary	49
OLA – LR S.a.r.l.	France	Zi De Jalday, BP 125, 64501, St. Jean De Luz, France	Distribution	Ordinary	10

Notes to the financial statements (continued)
for the year ended 31 December 2021

15. Stocks

	Group		Company	
	2021	**2020**	**2021**	**2020**
	£000	**£000**	**£000**	**£000**
Raw materials	255	162	255	162
Finished goods and goods held for resale	166,069	144,286	35,277	28,391
	166,324	144,448	35,532	28,553

During the year inventories of £4,739,023,804 (2020 - £3,960,642,078) were recognised as an expense within cost of sales for the Group. The Company recognised inventories of £1,570,177,094 (2020 - £1,050,323,131) as cost of sales.

16. Debtors

	Group		Company	
	2021	**2020**	**2021**	**2020 Restated**
	£000	**£000**	**£000**	**£000**
Trade debtors	162,789	186,150	29,841	50,945
Amounts owing by group undertakings	1,135	1,816	934	1,370
Amounts due from affiliates	2,008	1,410	1,832	1,163
Other debtors	13,040	56,356	128	24,174
Prepayments and accrued income	14,971	11,143	5,008	4,108
Taxes and social security receivable	1,220	3,611	-	-
Corporation tax receivable	4,783	2,242	128	442
Deferred tax	5,267	6,416	-	-
Total debtors	205,213	269,144	37,871	82,202

All amounts shown under debtors are receivable within one year except:

	Group		Company	
	2021	**2020**	**2021**	**2020 Restated**
	£000	**£000**	**£000**	**£000**
Prepayments and accrued income	481	523	431	468
Other debtors	3,495	3,962	-	507
Deferred tax	4,525	4,849	-	-
	8,501	9,334	431	975

All debts are interest free and repayable on demand.

Amounts owing by group undertakings within Debtors for Company Only have been restated for the reclassification of an amount of £34,419k to Loans to group undertakings within Investments. This is appropriate as the amount relates to loans that are long term in nature and are used to meet the capital requirements of the borrower.

Notes to the financial statements (continued)
for the year ended 31 December 2021

17. Creditors: amounts falling due within one year

	Group		Company	
	2021	**2020**	**2021**	**2020**
	£000	**£000**	**£000**	**£000**
Trade creditors	428,548	422,875	127,413	127,123
Amounts owing to group undertakings	3,443	1,196	936	303
Amounts due to affiliates	5,724	4,466	2,574	1,770
Corporation tax	1,013	1,070	-	-
Taxes and social security	3,073	3,708	1,068	1,058
Other creditors	68,696	42,281	15,234	412
Accruals and deferred income	89,131	78,149	23,612	11,513
Current portion of capital leases	160	162	-	-
	599,788	553,907	170,837	142,179

Amounts due to affiliates and amounts owing to group undertakings within one year are interest-free and payable upon demand.

18. Creditors: amounts falling after more than one year

	Group		Company	
	2021	**2020**	**2021**	**2020**
	£000	**£000**	**£000**	**£000**
Amounts owing to group undertakings	138,008	139,301	138,632	138,632
Other creditors	1,676	2,028	1,677	2,028
Long term portion capital leases	565	779	-	-
	140,249	142,108	140,309	140,660

The maturity date for amounts owing to group undertakings is January 2030. The loans cannot be unilaterally recalled, only in the event of default. The interest rate applied to the loans in 2021 was 5.5875% (2020 : 6.11%).

Included within other creditors over one year are lease incentives receivable as a result of the lease of a distribution centre, deferred over more than one year of £1,676,548 (2020 - £2,028,082). This is deferred evenly over the duration of the lease. None of these amounts is interest bearing.

Notes to the financial statements (continued)
for the year ended 31 December 2021

19. Financial Instruments

The carrying value of the Group and Company's financial assets and liabilities are summarised by category below:

	Group		Company	
	2021	2020	2021	2020 Restated
	£000	£000	£000	£000
Financial Assets				
Cash	202,714	114,631	79,550	12,077
Equity instrument measured at cost less impairment				
• Fixed assets unlisted investment (see note 14)	9,757	9,405	186,971	186,971
Measured at undiscounted amount receivable				
• Trade and other debtors (see note 16)	175,829	242,506	29,969	75,119
• Amounts due from group undertakings (see note 16)	1,135	1,816	934	1,370
• Amounts due from affiliates (see note 16)	2,008	1,410	1,832	1,163
	391,443	369,768	299,256	276,700
Financial Liabilities				
Measured at amortised cost				
• Loans payable (see note 18)	138,008	139,301	138,632	138,632
• Obligations under finance leases	725	941	-	-
Measured at undiscounted amount payable				
• Trade and other creditors (see note 17)	497,244	465,156	142,647	127,535
• Amounts owed to group undertakings (see note 17)	3,443	1,196	936	303
• Amounts due to affiliates (see note 17)	5,724	4,466	2,574	1,770
	645,144	611,060	284,789	268,240

The Group's income, expense, gains and losses in respect of financial instruments are summarised below:

	Group	
	2021	2020
	£000	£000
Interest income and expense (see note 8)		
Interest payable on amounts due to group undertakings	7,726	8,458
Finance lease interest expense	39	54

Notes to the financial statements (continued)

for the year ended 31 December 2021

20. Provisions for liabilities

Group

	Deferred tax	Obligations for Restoration	Total
	£000	£000	£000
Cost:			
At 1 January 2021	3,990	1,130	5,120
Provided during the year	(656)	29	(627)
Exchange difference	(182)	-	(182)
At 31 December 2021	3,152	1,159	4,311

Company

	Deferred tax	Obligations for Restoration	Total
	£000	£000	£000
Cost:			
At 1 January 2021	622	1,130	1,752
Provided during the year	(253)	29	(224)
At 31 December 2021	369	1,159	1,528

In 2007 the Company signed a 20-year lease contract on a new distribution centre. The contract requires the Company to remove any building alterations at the end of the lease, including sprinkler systems and other refrigeration plant. This obligation in year 2027 has been calculated at current prices, as the full cost of decommissioning such assets. This has been capitalised as a directly attributable cost of the relevant asset and is to be charged to the profit and loss account over the term of the lease.

21. Called up share capital

Group and Company

	2021		2020	
	No.	£000	No.	£000
Allotted, called up and fully paid				
990,100 ordinary shares of £1 each	990,100	990	990,100	990

The Company has one class of ordinary shares which carry no right to fixed income.

The Group and Company's other reserves are as follows:
The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.
The profit and loss reserve represents cumulative profits or losses net of dividends paid. The profit and loss reserve for the Company includes other distributions to owners as a result of the restructure during the year.
The merger reserve represents the equity increase associated with the contribution of a group member in May 2018.
The cumulative translation adjustment reserve represents the impact of foreign exchange movements on the net equity investments in the Group's subsidiary undertakings.

Notes to the financial statements (continued)

for the year ended 31 December 2021

22. Pensions

Martin-Brower UK Ltd and its subsidiaries are members of a group staff pension plan with an insurance company and makes contributions into employees' accounts on a money purchase basis. The employer's pension cost for the year is set out in note 6 to the financial statements. Included within accruals are outstanding pension contributions of £3,074,000 (2020 - £2,713,000).

23. Cash flow statement

Reconciliation of operating profit to cash generated by operations:

	2021 £000	2020 £000
Profit on ordinary activities before interest	17,584	17,570
Adjustment for:		
Depreciation and other amortisation	11,488	12,737
Goodwill amortisation	6,159	8,125
Loss on disposal of subsidiary	-	1,465
Profit on sale of tangible fixed assets	(80)	(162)
Operating cash flow before movement in working capital	35,151	39,735
(Increase)/decrease in stocks	(26,544)	8,276
Decrease/(increase) in debtors	54,750	(49,648)
Increase in creditors	65,455	5,755
Cash generated by operations	128,812	4,118
Income taxes paid	(5,498)	(8,571)
Interest paid	(9,225)	(4,525)
Net cash flows from operating activities	114,089	(8,978)

Analysis of changes in net debt:

	1 January 2021 £000	Cash flows £000	New finance leases £000	Changes in market value and exchange rates £000	31 December 2021 £000
Cash at bank and in hand	114,631	91,496	-	(3,413)	202,714
Short term bank loans	-	-	-	-	-
Finance leases	(941)	164	(23)	75	(725)
Amounts owing to group undertakings	(139,301)	-	-	1,293	(138,008)
Net debt	(25,611)	91,660	(23)	(2,045)	63,981

Notes to the financial statements (continued)
for the year ended 31 December 2021

24. Commitments

i) Capital commitments as at 31 December are as follows:

	2021 £000	2020 £000
Contracted but not provided	73	2

ii) As at 31 December 2021 the Group had future minimum lease payments under finance leases as follows:

	2021 £000	2020 £000
Amounts payable:		
Within one year	196	209
Between one and five years	602	820
In over five years	-	31
	798	1,060
Less finance charges allocated to future periods	(73)	(119)
	725	941

iii) As at 31 December 2021, the Group had total future minimum lease payments under non-cancellable operating leases as follows:

	Land and buildings		Plant and machinery	
	2021 £000	2020 £000	2021 £000	2020 £000
Within one year	18,694	18,079	22,363	23,821
Between one and five years	68,830	61,867	53,794	57,986
After five years	94,334	100,904	4,034	6,531
	181,858	180,850	80,191	88,338

25. Securitisation of assets

The Group has granted security over substantially all of its assets, including bank accounts, insurances, debts and shares and a floating charge over all its assets as a subsidiary within a group funding arrangement.

Notes to the financial statements (continued)

for the year ended 31 December 2021

26. Related parties

The immediate parent company of the Group is The Martin-Brower Company L.L.C. and its ultimate parent undertaking is Reyes Holdings L.L.C..

The Company has taken advantage of the exemption conferred by FRS 102 'Related party disclosures' not to disclose transactions with other wholly owned subsidiaries within the group.

During the year the Group entered into transactions with related parties of the ultimate parent undertaking, Reyes Holdings L.L.C., in the ordinary course of business. Transactions entered into, and balances outstanding as at 31 December, are as follows:

	Sales to related party £000	Purchases from related party £000	Amounts owed to related party £000	Amounts owed by related party £000
STI UK Limited				
2021	3,760	17,219	2,574	1,815
2020	3,529	9,395	1,770	1,146
STI Freight Management GmbH				
2021	186	-	-	17
2020	186	-	-	17
STI France S.a.r.l.				
2021	837	29,168	3,150	176
2020	903	25,507	2,696	247

STI UK Limited, STI Freight Management GmbH and STI France S.a.r.l. are all 24.3% owned subsidiaries of the Company.

The amounts disclosed all relate to unsecured trading balances.

27. Ultimate parent undertaking and controlling party

The Martin-Brower Company L.L.C. is the Company's immediate parent undertaking at the year end.

The Company's ultimate parent company and controlling party is Reyes Holdings L.L.C., a company incorporated in the state of Delaware, in the United States of America. This is the largest and smallest group at which accounts are consolidated. The registered address of Reyes Holdings L.L.C. is The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 1980, United States of America.

28. Post balance sheet events

There have been no events between the balance sheet date and the date of approval of these financial statements by the Directors that require inclusion in these financial statements.