

**Brake Bros Limited**  
**Annual Report**



For the year ended 31 December 2004

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# Directors' report

The Directors submit their report and the audited financial statements for the year ended 31 December 2004.

## Principal activity and business review

*The principal activity of the Group is the specialist supply of frozen, chilled and ambient foods to the catering industry.*

The results for the year are set out in the consolidated profit and loss account on page 5. As analysed further in note 3 to the financial statements, exceptional costs have been incurred during the year in relation to restructuring in the UK and Continental Europe.

Both the level of business and the year end financial position remain satisfactory, and the Directors expect that the present level of activity will be sustained for the foreseeable future.

## Dividends

No interim dividends (2003: £nil) have been paid and the Directors do not recommend a final dividend (2003: £nil). During the year a subsidiary undertaking has declared non-equity dividends of £2.0m (2003: £nil).

## Directors and their interests

The Directors who held office during the year were as follows:

M I Player	Resigned 26 January 2004
J W Rogers	
R J Schnall	
W P Driscoll	
P Venables	Resigned 23 January 2004
D B Harte	Appointed 26 January 2004

Since the year end J W Rogers and W P Driscoll resigned as Directors on 18 April 2005 and B Deschamps was appointed as a Director on 15 April 2005.

D B Harte held no shares at the date of his appointment but at the year end held 14,000 B and 28,000 C 2 ordinary shares of 1p each in the Company's ultimate parent Brake Bros Holding I Limited.

*The interests of the other Directors at the end of the year in the shares and share options of the Company's ultimate parent Brake Bros Holding I Limited are set out in the annual report for that company.*

*None of the Directors at the end of the financial year had any other interests in the ordinary shares, share options or loan stock of any Group undertaking at the end of the financial year, or at any time during the financial period subsequent to their appointment as a director of the Company.*

## Employment report

The Group aims to keep employees aware of all material factors affecting them as employees and the performance of the Group and their respective businesses. It encourages good communication through regular meetings between management and staff, enabling senior managers to consult and ascertain employees' views on all appropriate matters. This is supplemented by regular briefings, intranet and e-mail bulletins and divisional newsletters.

The Group employs around 9,000 people. We provide extensive training and career development programmes. It is our policy to achieve and maintain a high standard of health and safety at work and to ensure everyone, regardless of race, religion or sex, and including disabled people where reasonable and practicable, is treated in the same way as regards employment, training, career development and promotion. Every effort is made to help with the rehabilitation of anyone disabled during their employment, and to that end we have embarked on an Employee Care Programme with our insurers.

### **Creditor payment policy**

The Group's policy is generally to agree terms of payment with suppliers and to settle invoices accordingly. The practice on payment of creditors has been quantified under the terms of the Statement of Payment Practice Regulations. The number of days' supplier invoices included in trade creditors at 31 December 2004 represented 60 days (2003: 55 days) of annual purchases for the Group. The number of day's supplier invoices included in trade creditors at 31 December 2004 represented 59 days (2003: 59 days) of annual purchases for the Company.

### **Donations**

The Group actively supports and encourages charitable activity in support of the community. In addition, direct donations to charitable organisations amounting to £4,000 (2003: £13,000) were made in the year. No donations were made to any political party.

### **Auditors**

The Company passed an Elective Resolution on 18 March 2003 in accordance with the Companies Act 1985 dispensing with the obligation to hold Annual General Meetings and appoint auditors annually. Accordingly PricewaterhouseCoopers LLP shall remain in office until the Company or PricewaterhouseCoopers LLP otherwise determine.

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

A handwritten signature in black ink, appearing to read 'A J Whitehead', with a long horizontal flourish extending to the right.

A J Whitehead  
Secretary  
25 April 2005

Registered office:  
Enterprise House  
Eureka Business Park  
Ashford  
Kent  
TN25 4AG

Registered Number: 2035315

# Statement of Directors' responsibilities

Company law requires the Directors to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss of the Group for that period. The Directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company or the Group will continue in business.

The Directors confirm that suitable accounting policies have been used and applied consistently except for the changes noted on page 10. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2004 and that applicable accounting standards have been followed.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors acknowledge their responsibility for the maintenance and integrity of the Group's websites. Information published on the internet is accessible in many countries with different legal requirements. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other legal jurisdictions.

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



**A J Whitehead**  
Secretary  
25 April 2005

# Independent Auditors' report to the members of Brake Bros Limited

We have audited the financial statements which comprise the consolidated profit and loss account, the consolidated balance sheet, the Company balance sheet, the consolidated cash flow statement, the statement of Group total recognised gains and losses, the accounting policies and the related notes.

## **Respective responsibilities of Directors and Auditors**

The Directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of Directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information or explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions is not disclosed.

We read other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the Directors' report.

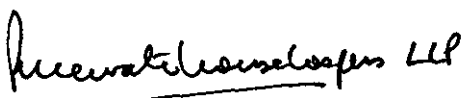
## **Basis of audit opinion**

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

## **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group at 31 December 2004 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**PricewaterhouseCoopers LLP**

Chartered Accountants and Registered Auditors

Gatwick

25 April 2005

# Consolidated profit and loss account

For the year ended 31 December 2004

	Notes	Before goodwill amortisation and exceptional items £m	Goodwill amortisation and exceptional items £m	Total 2004 £m	Total 2003 £m
<b>Turnover</b>					
Continuing operations	2	1,555.1	–	1,555.1	1,545.5
Acquisitions	2	11.7	–	11.7	–
<b>Group Turnover</b>		<b>1,566.8</b>	<b>–</b>	<b>1,566.8</b>	<b>1,545.5</b>
Operating costs		(1,499.3)	(35.4)	(1,534.7)	(1,573.8)
<b>Operating profit/(loss)</b>					
Continuing operations	3	67.0	(35.3)	31.7	(28.3)
Acquisitions	3	0.5	(0.1)	0.4	–
<b>Group operating profit/(loss)</b>		<b>67.5</b>	<b>(35.4)</b>	<b>32.1</b>	<b>(28.3)</b>
Interest receivable	6	0.7	–	0.7	0.5
Interest payable and similar charges	7	(10.3)	–	(10.3)	(8.3)
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>57.9</b>	<b>(35.4)</b>	<b>22.5</b>	<b>(36.1)</b>
Taxation (charge)/credit on profit/(loss) on ordinary activities	8	(19.0)	7.6	(11.4)	1.4
<b>Profit/(loss) on ordinary activities after taxation</b>		<b>38.9</b>	<b>(27.8)</b>	<b>11.1</b>	<b>(34.7)</b>
Equity minority interests	10(a)	(0.4)	–	(0.4)	0.1
<b>Profit/(loss) for the financial year</b>		<b>38.5</b>	<b>(27.8)</b>	<b>10.7</b>	<b>(34.6)</b>
Non-equity dividends	10(b)	(2.0)	–	(2.0)	–
<b>Retained profit/(loss) for the year</b>	21(a)	<b>36.5</b>	<b>(27.8)</b>	<b>8.7</b>	<b>(34.6)</b>

There is no material difference between the reported profit/(loss) on ordinary activities before taxation and the equivalent historical cost amount.

# Reconciliation of movements in shareholders' funds

For the year ended 31 December 2004

	2004 £m	2003 £m
Profit/(loss) for the financial year	10.7	(34.6)
Non-equity dividends	(2.0)	-
Currency translation differences of foreign currency net investments	0.3	4.9
Other reserves movement	-	0.7
Net addition/(reduction) to shareholders' funds	9.0	(29.0)
Opening shareholders' funds	132.9	161.9
<b>Closing shareholders' funds</b>	<b>141.9</b>	<b>132.9</b>

# Statement of Group total recognised gains and losses

For the year ended 31 December 2004

	2004 £m	2003 £m
Profit/(loss) for the financial year	10.7	(34.6)
Currency translation differences on foreign currency net investments	0.3	4.9
<b>Total recognised profit/(losses) for the year</b>	<b>11.0</b>	<b>(29.7)</b>



# Consolidated balance sheet

As at 31 December 2004

	Notes	2004 £m	2003 £m
<b>Fixed assets</b>			
Intangible assets	11(a)	109.2	112.4
Tangible assets	12(a)	182.8	165.7
		<b>292.0</b>	<b>278.1</b>
<b>Current assets</b>			
Stocks	14	58.3	58.4
Debtors	15	159.2	176.7
Cash at bank and in hand		101.1	59.5
		<b>318.6</b>	<b>294.6</b>
<b>Creditors: amounts falling due within one year</b>	16	<b>(434.7)</b>	<b>(419.5)</b>
<b>Net current liabilities</b>		<b>(116.1)</b>	<b>(124.9)</b>
<b>Total assets less current liabilities</b>		<b>175.9</b>	<b>153.2</b>
<b>Creditors: amounts falling due after more than one year</b>	17	<b>(15.5)</b>	<b>(17.4)</b>
<b>Provisions for liabilities and charges</b>	18	<b>(16.8)</b>	<b>-</b>
<b>Equity minority interests</b>	10(a)	<b>(1.7)</b>	<b>(2.9)</b>
<b>Net assets</b>	2	<b>141.9</b>	<b>132.9</b>
<b>Capital and reserves</b>			
Called up share capital	20	5.4	5.4
Share premium account	21(a)	30.8	30.8
Other reserves	21(a)	0.7	0.7
Profit and loss account	21(a)	105.0	96.0
<b>Equity shareholders' funds</b>		<b>141.9</b>	<b>132.9</b>

These financial statements were approved by the Board of Directors on 25 April 2005.

Signed on behalf of the Board of Directors by:



**D B Harte**  
Director

# Company balance sheet

As at 31 December 2004

	Notes	2004 £m	2003 £m
<b>Fixed assets</b>			
Intangible assets	11(b)	16.9	16.1
Tangible assets	12(b)	135.5	116.0
Investments	13	219.9	204.3
		<b>372.3</b>	<b>336.4</b>
<b>Current assets</b>			
Stocks	14	38.1	38.0
Debtors	15	101.7	131.3
Cash at bank and in hand		93.3	47.3
		<b>233.1</b>	<b>216.6</b>
<b>Creditors: amounts falling due within one year</b>	16	<b>(373.1)</b>	<b>(348.6)</b>
<b>Net current liabilities</b>		<b>(140.0)</b>	<b>(132.0)</b>
<b>Total assets less current liabilities</b>		<b>232.3</b>	<b>204.4</b>
<b>Creditors: amounts falling due after more than one year</b>	17	<b>(12.7)</b>	<b>(15.1)</b>
<b>Provisions for liabilities and charges</b>	18	<b>(16.8)</b>	<b>-</b>
<b>Net assets</b>		<b>202.8</b>	<b>189.3</b>
<b>Capital and reserves</b>			
Called up share capital	20	5.4	5.4
Share premium account	21(b)	30.8	30.8
Acquisition reserve	21(b)	10.9	10.9
Other reserves	21(b)	0.7	0.7
Profit and loss account	21(b)	155.0	141.5
<b>Equity shareholders' funds</b>		<b>202.8</b>	<b>189.3</b>

These financial statements were approved by the Board of Directors on 25 April 2005.

Signed on behalf of the Board of Directors by:



D B Harte  
Director

# Consolidated cash flow statement

For the year ended 31 December 2004

	Notes	2004 £m	2003 £m
<b>Net cash inflow from operating activities</b>	22(a)	105.3	63.2
<b>Returns on investments and servicing of finance</b>			
Interest received		0.7	0.5
Interest paid		(8.7)	(8.2)
Finance lease interest paid		(1.3)	(1.0)
<b>Net cash outflow for returns on investments and servicing of finance</b>		(9.3)	(8.7)
<b>Taxation received/(paid)</b>		1.8	(3.0)
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(43.8)	(8.3)
Sale of tangible fixed assets		11.4	5.7
<b>Net cash outflow for capital expenditure and financial investment</b>		(32.4)	(2.6)
<b>Acquisitions</b>			
Purchase of subsidiary undertakings and businesses	23	(2.8)	1.9
<b>Cash inflow before management of liquid resources</b>		62.6	50.8
<b>Management of liquid resources</b>	22(c)	(37.1)	(23.5)
<b>Financing</b>			
Loan repayments		(0.5)	(1.9)
Loans from parent undertakings repaid		(14.7)	(19.5)
Finance lease capital repayments		(5.7)	(3.3)
<b>Net cash outflow from financing</b>		(20.9)	(24.7)
<b>Increase in cash in the year</b>		4.6	2.6
<b>Reconciliation of net cash inflow to movement in net debt</b>			
<b>Increase in cash in the year</b>		4.6	2.6
Cash outflow from change in debt		20.9	24.7
Cash outflow from change in liquid resources		37.1	23.5
<b>Reduction in net debt resulting from cash inflows</b>		62.6	50.8
Inception of finance leases		(3.4)	(12.9)
Loans and finance leases of subsidiaries acquired	23	(1.7)	-
Loan notes issued as settlement for acquisition	23	(0.5)	-
Exchange movements		(0.1)	(0.3)
<b>Movement in net debt in the year</b>		56.9	37.6
<b>Net debt at 1 January</b>		(100.2)	(137.8)
<b>Net debt at 31 December</b>	22(c)	(43.3)	(100.2)

# Accounting policies

These financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom and in accordance with the Companies Act 1985. The particular accounting policies which have been applied consistently, except for the changes noted below, are described as follows:

## Accounting convention

The financial statements have been prepared in accordance with the *historical cost convention*.

## Basis of consolidation

These financial statements consolidate the financial statements of the Company and its subsidiary undertakings.

## Tangible fixed assets

No depreciation is provided on freehold land.

Depreciation is provided on all other tangible fixed assets to write down their cost or, where their useful economic lives have been revised, their carrying amount at the date of revision to their estimated residual values on a straight line basis over the periods of their estimated, or revised, remaining useful economic lives respectively. These lives are considered to be:

Freehold buildings	– between 17 and 40 years
Leasehold buildings	– the period of the lease or 40 years whichever is the shorter
Motor vehicles	– between 5 and 10 years
Plant and equipment	– between 3 and 40 years
Information technology	– between 3 and 5 years

## Investments

Investments held as fixed assets are stated at cost less a provision for any impairment in value.

## Goodwill

Purchased goodwill on acquisitions made since 1 January 1998 is capitalised and amortised over its useful economic life. This is considered to be no more than 20 years for acquisitions of businesses unless circumstances change significantly, resulting in an impairment of the carrying value.

Goodwill arising on acquisitions made before 1 January 1998 has been written off against reserves. On a disposal, this goodwill is written back and the profit or loss is adjusted accordingly.

## Stocks

Stocks are valued at the lower of cost and net realisable value.

During the year there has been a change in the basis of the stock valuation to incorporate certain overheads incurred in bringing the stock to its present location and condition in accordance with UK GAAP. The effect of this change has been to increase the stock valuation by £1.9m.

## Cash at bank

Cash at bank is the cash book balance at the balance sheet date.

There has been a change in the accounting policy for cash at bank from statement balance to cash book balance. Prior year figures would have shown an increase in cash at bank of £1.0m but have not been adjusted as the amounts are not material.

## Turnover

Turnover is recognised upon the delivery of goods and services to customers and is stated after deduction of value added tax and discounts given to customers.

## Pension schemes

The Group operated a defined benefit funded pension scheme covering the majority of its employees. This scheme was made fully paid up at 31 December 2003 and the employees had the option to transfer into the defined contribution scheme. A provision has been established in respect of the deficit on the scheme which will be utilised as contributions are paid to fund this deficit. In addition to SSAP 24 disclosures, disclosures have been presented in the notes to the financial statements in accordance with FRS 17 ("Retirement benefits") transitional arrangements.

The Group operates a defined contribution scheme. The amounts charged to the profit and loss account are based on the contributions payable in the year.

## Leasing

Assets acquired under finance leases are included in the balance sheet as tangible fixed assets and depreciated over their estimated useful lives. The capital element of future rentals is treated as a liability. Rentals are apportioned between reductions of the respective liabilities and finance charges which are dealt with under interest payable in the profit and loss account.

Rentals paid under operating leases are charged to the profit and loss account over the term of the lease.

## Foreign currencies

The assets and liabilities of foreign subsidiary companies are translated into sterling at the rates of exchange ruling at the year end. Gains or losses resulting from the realignment of opening foreign currency balances to the year end rates and any related loans are treated as movements on reserves.

The results of foreign subsidiary companies are translated into sterling at the average rates of exchange for the year. Gains or losses resulting from the translation of these results from the average rates to the year end rates are treated as movements on reserves. All other exchange differences are dealt with through the profit and loss account.

## Capitalisation of interest

Interest incurred on borrowings used to finance major depot developments is capitalised.

## Deferred taxation

Full provision is made for deferred taxation in respect of all timing differences that have originated but not reversed by the balance sheet date, using the incremental liability approach. The Group has chosen not to adopt a policy of discounting the deferred tax provision. Deferred tax assets are recognised to the extent that they are regarded as recoverable.

# Notes to the financial statements

## 1. Basis of preparation of the financial statements

These financial statements present the results of the Group for the year ended 31 December 2004 together with the consolidated and Company balance sheets at that date.

At the year end, the Group had net current liabilities amounting to £116.1m (2003: £124.9m). This situation arises mainly due to the fact that loans owed to parent undertakings amounting to £121.5m (2003: £136.2m) have been shown as due within the next year. The parent undertakings have confirmed that they will only require repayment of these funds when the Group has the ability to repay the loans.

On this basis, the Directors consider it appropriate to prepare the financial statements on the going concern basis.

## 2. Turnover, operating profit/(loss) and net operating assets

The Group's turnover and operating profit/(loss) are derived from the supply of frozen, chilled and ambient foods to the catering industry.

	2004 £m	Turnover 2003 £m	Operating profit/(loss) 2004 £m	2003 £m
Geographical analysis of turnover and operating profit/(loss) by origin and destination				
<b>Continuing operations</b>				
United Kingdom	1,284.2	1,275.1	32.5	(4.9)
Continental Europe	270.9	270.4	(0.8)	(23.4)
	1,555.1	1,545.5	31.7	(28.3)
<b>Acquisitions</b>				
United Kingdom	11.7	–	0.4	–
Continental Europe	–	–	–	–
	11.7	–	0.4	–
<b>Total</b>				
United Kingdom	1,295.9	1,275.1	32.9	(4.9)
Continental Europe	270.9	270.4	(0.8)	(23.4)
	1,566.8	1,545.5	32.1	(28.3)
			2004 £m	2003 £m
Geographical analysis of net operating assets				
United Kingdom			118.8	165.6
Continental Europe			60.7	62.2
Total net operating assets			179.5	227.8
Net debt			(43.3)	(100.2)
Corporation tax, overseas taxation and deferred tax			5.7	5.3
<b>Net assets</b>			<b>141.9</b>	<b>132.9</b>

### 3. Operating profit/(loss)

	Continuing operations £m	Acquisitions £m	Total 2004 £m	Total 2003 £m
Turnover	1,555.1	11.7	1,566.8	1,545.5
Cost of sales	(1,431.5)	(10.7)	(1,442.2)	(1,433.8)
Gross profit	123.6	1.0	124.6	111.7
Administrative expenses	(56.6)	(0.5)	(57.1)	(54.9)
Exceptional costs	(28.1)	-	(28.1)	(77.8)
Goodwill amortisation	(7.2)	(0.1)	(7.3)	(7.3)
Total administrative expenses	(91.9)	(0.6)	(92.5)	(140.0)
Group operating profit/(loss)	31.7	0.4	32.1	(28.3)
Profit/(loss) on ordinary activities before taxation is arrived at after charging/(crediting):				
Goodwill amortisation			7.3	7.3
Exceptional costs				
- reorganisation costs			11.3	19.7
- pension scheme deficit			16.8	-
- impairment of tangible fixed assets			-	40.1
- other non-recurring items			-	18.0
Depreciation				
- owned assets			19.8	20.9
- assets held under finance leases			2.7	1.5
Profit on sale of tangible fixed assets			(1.9)	(0.3)
Hire of equipment			7.0	7.6
Rentals under other operating leases			11.7	11.0
Auditors' remuneration – statutory audit services			0.5	0.4
Auditors' remuneration – other services			0.6	0.3

Exceptional costs have been incurred in the year in relation to restructuring in the UK and Continental Europe and the pension scheme deficit. The restructuring costs include branch reorganisation costs, as well as staff redundancy costs. Where staff have been notified of their redundancy, a full accrual is made for their redundancy costs from the date of notification, and these costs are classified as exceptional items.

Auditors' remuneration – other services, stated above, comprises further assurance services of £0.1m (2003: £0.2m), tax compliance services of £0.2m (2003: £0.1m) and other services of £0.3m (2003: £nil).

The auditors' remuneration in respect of statutory audit services to the Company amounted to £0.2m (2003: £0.2m).

# Notes to the financial statements

## 4. Employees and Directors' emoluments

The average number employed by the Group, which included Directors, within each category of persons was:

	2004 Number	2003 Number
Distribution, manufacturing and selling	7,860	7,853
Administration	1,086	1,108
	<b>8,946</b>	<b>8,961</b>
	2004 £m	2003 £m
The costs incurred in respect of these employees were:		
Wages and salaries	190.1	179.0
Social security costs	28.0	25.2
Other pension costs	3.9	4.4
Other pension costs – exceptional charge	16.8	–
	<b>238.8</b>	<b>208.6</b>

### Directors' emoluments

	2004 £'000	2003 £'000
Aggregate emoluments	662	872
Company pension contributions to money purchase schemes	10	501
Compensation for loss of office	–	142

Retirement benefits are accruing to no directors (2003: 1) under defined benefit pension arrangements and to 1 director (2003: 1) under money purchase pension arrangements.

Emoluments paid to the highest paid director are as follows:

	2004 £'000	2003 £'000
Aggregate emoluments and benefits	429	311
Company pension contributions to money purchase schemes	10	501
Defined benefit schemes:		
Accrued pension at year end	–	27

## 5. Pension schemes

The Group operated a number of pension schemes for its UK employees; the assets of all schemes being held separately from those of the Group.

The Brake Bros plc Pension Scheme was closed to new entrants in June 2001 and was closed to existing employees at 31 December 2003. No further benefits are accruing to members subsequent to this date. The scheme is a contracted out defined benefit scheme, providing final salary related benefits accruing 1/60th for each year of service and a lump sum in the event of death in service. The cost of funding benefits is charged over expected service lives based upon actuarial advice. A provision in respect of the deficit in the scheme has been established (see note 18).

The Brake Bros plc Pension Scheme was actuarially valued at 5 April 2004, the second anniversary of the previous valuation using the projected unit credit method. The market value of the assets was £81m and it was 88% funded on an ongoing basis. The Scheme's MFR funding level at 5 April 2004 was 99%.

The Brake Bros plc Money Purchase Pension Plan is contracted into the State pension scheme and minimum contribution rates are 3% of pensionable salary each for members and employers, with higher age related and managers' contributions. Funds are invested with Legal & General Investment Management.

The charge to the consolidated profit and loss account for the year was £20.7m (2003: £4.4m), including an exceptional charge of £16.8m in respect of establishing a provision for the deficit in the scheme (see note 18).

The Scheme actuary has calculated the Scheme's assets and liabilities based on the Brake Bros plc Pension Scheme 2004 full valuation updated to 31 December 2004, in accordance with the provisions of FRS 17. The major financial assumptions used were:

	At 31 December 2004 per annum %	At 31 December 2003 per annum %	At 31 December 2002 per annum %
Price inflation	2.7	2.8	2.3
General salary and wage inflation	-	3.8	3.3
Pension increase rate	2.7	2.8	2.3
Discount rate	5.3	5.5	5.7

The assets in the scheme and the expected rates of return were:

	2004		2003		2002	
	Long term rate of return expected per annum %	Value £m	Long term rate of return expected per annum %	Value £m	Long term rate of return expected per annum %	Value £m
<b>Assets</b>						
Equities	8.0	56.8	7.9	52.5	7.5	46.4
Bonds	5.0	22.4	5.5	21.4	5.7	10.7
Other assets	8.0	5.1	7.9	2.9	7.5	4.3
<b>Total market value of assets</b>		<b>84.3</b>		<b>76.8</b>		<b>61.4</b>
Present value of scheme liabilities		(126.6)		(108.5)		(94.5)
<b>Deficit in scheme</b>		<b>(42.3)</b>		<b>(31.7)</b>		<b>(33.1)</b>
Related deferred tax asset		12.7		9.5		9.9
<b>Net pension liability</b>		<b>(29.6)</b>		<b>(22.2)</b>		<b>(23.2)</b>

Had FRS 17 been adopted in full, the following amounts would have been included in these financial statements:

	2004 £m	2003 £m
<b>Net assets</b>		
Net assets excluding pension liability and related deferred taxation	153.7	132.9
FRS 17 pension liability	(29.6)	(22.2)
<b>Net assets including FRS 17 pension liability</b>	<b>124.1</b>	<b>110.7</b>
<b>Reserves</b>		
Profit and loss reserve excluding pension liability and related deferred taxation	116.8	96.0
FRS 17 pension liability	(29.6)	(22.2)
<b>Profit and loss reserve including FRS 17 pension liability</b>	<b>87.2</b>	<b>73.8</b>



# Notes to the financial statements

## 5. Pension schemes (continued)

	Year ended 31 December 2004 £m	Year ended 31 December 2003 £m
<b>Analysis of the amount credited to operating profit</b>		
Current service cost	-	(3.5)
Past service cost	-	-
Gains on settlements and curtailments	-	10.3
Total operating credit	-	6.8
<b>Analysis of the amount charged to other finance cost</b>		
Expected return on pension scheme assets	5.5	4.6
Interest on pension scheme liabilities	(5.9)	(5.5)
Net return	(0.4)	(0.9)
Net (charge)/credit for year	(0.4)	5.9

	Year ended 31 December 2004 £m	Year ended 31 December 2003 £m	Year ended 31 December 2002 £m
<b>Analysis of the amount recognised in statement of Group total recognised gains and losses (STRGL)</b>			
Actual return less expected return on pension scheme assets	3.6	6.1	(18.2)
Experience gains and losses arising on the scheme liabilities	(2.4)	(0.2)	(3.1)
Changes in financial assumptions underlying the present value of the scheme liabilities	(12.4)	(14.8)	(0.7)
Actuarial loss recognised in STRGL	(11.2)	(8.9)	(22.0)

	Year ended 31 December 2004	Year ended 31 December 2003	Year ended 31 December 2002
<b>Experience gains and losses</b>			
Difference between the expected and actual return on scheme assets:	£3.6m	£6.1m	£(18.2)m
Percentage of scheme assets at 31 December	4%	8%	(30%)
Experience gains and losses on scheme liabilities:	£(2.4)m	£(0.2)m	£(3.1)m
Percentage of the present value of scheme liabilities at 31 December	(2%)	(0%)	(3%)
Changes in assumptions underlying scheme liabilities:	£(12.4)m	£(14.8)m	£(0.7)m
Percentage of the present value of scheme liabilities at 31 December	(10%)	(14%)	(0.7%)
Total actuarial loss recognised in statement of total recognised gains and losses:	£(11.2)m	£(8.9)m	£(22.0)m
Percentage of the present value of scheme liabilities at 31 December	(9%)	(8%)	(23%)

<b>Movement in deficit during the year</b>		
	2004 £m	2003 £m
Deficit in scheme at 1 January	(31.7)	(33.1)
Movement in year:		
Current service costs	-	(3.5)
Gains on settlements and curtailments	-	10.3
Contributions	1.0	4.4
Other finance cost	(0.4)	(0.9)
Actuarial loss	(11.2)	(8.9)
Deficit in scheme at 31 December	(42.3)	(31.7)

## 6. Interest receivable

	2004 £m	2003 £m
Banks	0.7	0.4
Other sources	–	0.1
	0.7	0.5

## 7. Interest payable and similar charges

	2004 £m	2003 £m
Loans from parent undertakings	7.7	7.2
Other loans and charges	1.3	0.1
Finance leases	1.3	1.0
	10.3	8.3

The above includes interest payable and similar charges in respect of borrowings wholly repayable within five years

9.6 7.7

## 8. Taxation charge/(credit) on profit/(loss) on ordinary activities

	2004 £m	2003 £m
Taxation charge/(credit) is based on the profit/(loss) for the year and comprises:		
Current tax		
UK corporation tax at a rate of 30% (2003: 30%)	16.2	19.9
UK corporation tax on exceptional items	(2.6)	(5.1)
UK corporation tax adjustments in respect of previous years	(1.4)	(0.6)
Overseas taxation	0.7	(0.2)
Total current tax charge	12.9	14.0
Deferred taxation on current year	3.5	(4.5)
Deferred taxation on exceptional items	(5.0)	(10.9)
	11.4	(1.4)

A reconciliation of the current tax charge for the year compared to the standard rate of corporation tax is summarised below:

	2004 £m	2003 £m
Profit/(loss) on ordinary activities before tax	22.5	(36.1)
At 30% (2003: 30%)	6.8	(10.8)
Effects of:		
Goodwill amortisation and other adjustments	3.4	5.4
Capital allowances (in excess of)/below depreciation	(2.2)	15.4
Other timing differences	5.0	–
Overseas tax losses not giving rise to current year relief	0.6	4.8
Overseas taxation	0.7	(0.2)
Adjustments to tax charge in respect of previous years	(1.4)	(0.6)
	12.9	14.0

## 9. Profit/(loss) of the parent company for the financial year

The Company has taken advantage of Section 230 of the Companies Act 1985, and consequently has not presented a profit and loss account.

The Company's profit for the financial year amounted to £13.7m (2003: loss £12.0m).

# Notes to the financial statements

## 10 (a). Equity minority interests

	2004 £m	2003 £m
At 1 January	2.9	2.8
Exchange adjustment	–	0.2
Acquisitions (see note 23)	(1.6)	–
Proportion of loss on ordinary activities after taxation	0.4	(0.1)
<b>At 31 December</b>	<b>1.7</b>	<b>2.9</b>

## 10 (b). Non-equity dividends

A subsidiary undertaking has declared non-equity dividends of £2.0m payable to Brake Bros Holding I Limited.

The dividend relates to redeemable preference shares issued to the ultimate parent undertaking Brake Bros Holding I Limited by a subsidiary undertaking, with an aggregate nominal value of £100. These shares are redeemable at par at any time by the subsidiary company or by Brake Bros Holding I Limited after 16 February 2009. The redeemable preference shares are not entitled to participate in a surplus on winding up, carry limited voting rights and carry no rights to participate in the profits of the subsidiary company, except for such dividends as may be proposed by the Directors of the subsidiary company.

## 11. Intangible assets

(a) Group	Goodwill £m
<b>Cost</b>	
At 1 January 2004	134.4
Exchange adjustment	0.2
Acquisitions (see note 23a)	4.0
<b>At 31 December 2004</b>	<b>138.6</b>
<b>Amortisation</b>	
At 1 January 2004	22.0
Exchange adjustment	0.1
Charge for the year	7.3
<b>At 31 December 2004</b>	<b>29.4</b>
<b>Net book value</b>	
<b>At 31 December 2004</b>	<b>109.2</b>
At 31 December 2003	112.4
<b>(b) Company</b>	<b>Purchased goodwill £m</b>
<b>Cost</b>	
At 1 January 2004	21.3
Acquisition of businesses (see note 23b)	2.0
<b>At 31 December 2004</b>	<b>23.3</b>
<b>Amortisation</b>	
At 1 January 2004	5.2
Charge for the year	1.2
<b>At 31 December 2004</b>	<b>6.4</b>
<b>Net book value</b>	
<b>At 31 December 2004</b>	<b>16.9</b>
At 31 December 2003	16.1

The purchased goodwill relates to businesses acquired and is being amortised over no more than 20 years from the date of the original acquisitions.

## 12. Tangible assets

(a) Group	Land and buildings £m	Motor vehicles £m	Plant and equipment £m	Information technology £m	Total £m
<b>Cost</b>					
At 1 January 2004	134.9	78.5	96.6	42.2	352.2
Exchange adjustment	0.4	–	–	0.1	0.5
Acquisition of businesses (see note 23a)	–	0.8	0.6	0.1	1.5
Additions	5.5	0.4	17.6	24.2	47.7
Reclassification	3.4	–	(2.8)	(0.6)	–
Disposals	(10.4)	(7.7)	(8.6)	(0.6)	(27.3)
<b>At 31 December 2004</b>	<b>133.8</b>	<b>72.0</b>	<b>103.4</b>	<b>65.4</b>	<b>374.6</b>
<b>Depreciation</b>					
At 1 January 2004	49.9	40.2	69.9	26.5	186.5
Exchange adjustment	0.3	–	–	0.1	0.4
Acquisition of businesses (see note 23a)	–	–	0.2	–	0.2
Charge for the year (see note below)	3.3	7.6	5.8	5.8	22.5
Reclassification	2.5	–	(2.2)	(0.3)	–
Disposals	(2.6)	(6.9)	(7.8)	(0.5)	(17.8)
<b>At 31 December 2004</b>	<b>53.4</b>	<b>40.9</b>	<b>65.9</b>	<b>31.6</b>	<b>191.8</b>
<b>Net book value</b>					
<b>At 31 December 2004</b>	<b>80.4</b>	<b>31.1</b>	<b>37.5</b>	<b>33.8</b>	<b>182.8</b>
At 31 December 2003	85.0	38.3	26.7	15.7	165.7

The net book value of the Group's fixed assets includes the following held under finance leases: land and buildings £7.5m (2003: £6.6m), motor vehicles £15.5m (2003: £16.7m), plant and equipment £0.8m (2003: £nil) and information technology £2.9m (2003: £3.6m). At the year end the aggregate interest capitalised on land and buildings was £0.4m (2003: £0.4m) and on plant and equipment was £0.2m (2003: £0.2m).

Land and buildings comprise:

	2004 £m	2003 £m
<b>Cost</b>		
Freehold	122.2	122.5
Long leasehold	10.0	10.6
Short leasehold	1.6	1.8
	<b>133.8</b>	<b>134.9</b>
<b>Depreciation</b>		
Freehold	49.7	45.4
Long leasehold	2.6	3.4
Short leasehold	1.1	1.1
	<b>53.4</b>	<b>49.9</b>

# Notes to the financial statements

## 12. Tangible assets (continued)

(b) Company	Land and buildings £m	Motor vehicles £m	Plant and equipment £m	Information technology £m	Total £m
<b>Cost</b>					
At 1 January 2004	88.6	62.8	71.0	28.1	250.5
Acquisition of businesses	–	0.7	0.2	0.1	1.0
Additions	4.9	0.2	13.4	21.7	40.2
Reclassification	0.5	(2.7)	(0.7)	(0.3)	(3.2)
Disposals	(8.1)	(4.9)	(6.4)	(0.2)	(19.6)
<b>At 31 December 2004</b>	<b>85.9</b>	<b>56.1</b>	<b>77.5</b>	<b>49.4</b>	<b>268.9</b>
<b>Depreciation</b>					
At 1 January 2004	31.8	31.1	52.5	19.1	134.5
Charge for the year (see note below)	1.2	5.9	3.3	3.1	13.5
Reclassification	–	(2.7)	(0.5)	–	(3.2)
Disposals	(1.1)	(4.3)	(5.8)	(0.2)	(11.4)
<b>At 31 December 2004</b>	<b>31.9</b>	<b>30.0</b>	<b>49.5</b>	<b>22.0</b>	<b>133.4</b>
<b>Net book value</b>					
<b>At 31 December 2004</b>	<b>54.0</b>	<b>26.1</b>	<b>28.0</b>	<b>27.4</b>	<b>135.5</b>
At 31 December 2003	56.8	31.7	18.5	9.0	116.0

The net book value of the Company's fixed assets includes the following held under finance leases: motor vehicles £15.4m (2003: £16.7m), plant and equipment £0.6m (2003: £nil) and information technology £1.8m (2003: £1.8m).

Land and buildings comprise:

	2004 £m	2003 £m
<b>Cost</b>		
Freehold	74.5	76.8
Long leasehold	10.0	10.4
Short leasehold	1.4	1.4
	<b>85.9</b>	<b>88.6</b>
<b>Depreciation</b>		
Freehold	28.4	27.5
Long leasehold	2.6	3.4
Short leasehold	0.9	0.9
	<b>31.9</b>	<b>31.8</b>

### 13. Investments

Company	Investments in subsidiary undertakings (equity)		
	At cost	Provision	Net book value
	£m	£m	£m
At 1 January 2004	227.2	(22.9)	204.3
Acquisition of businesses (see note 23b)	2.1	-	2.1
Additional investment in subsidiary undertaking	13.1	-	13.1
Dormant subsidiary undertakings investments written off by intercompany loan waivers	(12.1)	10.8	(1.3)
Credit for the year	-	1.7	1.7
<b>At 31 December 2004</b>	<b>230.3</b>	<b>(10.4)</b>	<b>219.9</b>

The principal subsidiary undertakings are Brake Bros Foodservice Limited, M&J Seafood Limited, W. Pauley & Co Limited and Brake France Service SAS and are involved in the supply of frozen, chilled and ambient foods to the catering industry. All subsidiary undertakings are wholly owned, with the exception of Carigel SA, an 87% owned subsidiary undertaking of Brake France Service SAS. Brake Bros Foodservice Limited, M&J Seafood Limited and W. Pauley & Co Limited are registered in England and Wales and operate in the UK; Brake France Service SAS operates in Continental Europe and is incorporated in France.

During the year the carrying value of the investments have been reviewed and have been adjusted to the underlying net asset value.

### 14. Stocks

	Group		Company	
	2004 £m	2003 £m	2004 £m	2003 £m
Raw materials and consumables	1.1	1.2	0.8	0.9
Finished goods and goods for resale	57.2	57.2	37.3	37.1
	<b>58.3</b>	<b>58.4</b>	<b>38.1</b>	<b>38.0</b>

### 15. Debtors

	Group		Company	
	2004 £m	2003 £m	2004 £m	2003 £m
Trade debtors	144.5	159.0	91.7	103.3
Amounts owed by group undertakings	-	-	1.1	21.2
Other debtors	4.5	7.2	0.9	0.5
Deferred tax asset (see note 18 - falling due after more than one year)	5.8	4.3	5.9	3.6
Overseas taxation (falling due after more than one year)	1.2	1.9	-	-
Prepayments	3.2	4.3	2.1	2.7
	<b>159.2</b>	<b>176.7</b>	<b>101.7</b>	<b>131.3</b>

# Notes to the financial statements

## 16. Creditors: amounts falling due within one year

	Group		Company	
	2004 £m	2003 £m	2004 £m	2003 £m
Loans owed to parent undertakings	121.5	136.2	121.5	136.2
Loan notes (see note 17)	0.7	0.7	0.7	0.7
Finance lease obligations (see note 17)	6.7	5.4	5.7	4.2
Trade creditors	212.3	200.6	152.3	147.2
Amounts owed to group undertakings	34.4	18.8	50.7	32.0
Corporation tax	1.3	0.9	1.3	0.8
Other taxes and social security	11.1	16.3	5.4	4.0
Other creditors	14.5	19.6	7.2	7.9
Accruals	32.2	21.0	28.3	15.6
	434.7	419.5	373.1	348.6

The loans owed to the parent undertakings have no fixed date for repayment. Interest is payable at a rate linked to LIBOR.

Group amounts owed to group undertakings include £2.0m (2003: £nil) in respect of non-equity dividends declared (see note 10(b)).

## 17. Creditors: amounts falling due after more than one year

	Group		Company	
	2004 £m	2003 £m	2004 £m	2003 £m
Loan notes	0.7	0.7	0.7	0.7
Loans owed to parent undertakings	121.5	136.2	121.5	136.2
Finance lease obligations	22.2	22.8	18.4	19.3
	144.4	159.7	140.6	156.2
Less: amounts falling due within one year	(128.9)	(142.3)	(127.9)	(141.1)
	15.5	17.4	12.7	15.1

Of the loan notes £nil (2003: £0.4m) are due to the vendors of Country Choice Foods (Group) Limited, and £0.2m (2003: £0.3m) are due to the vendors of Stockflag Limited, the parent of M&J Seafood Limited at an interest rate of one half percent below LIBOR. Loan notes of £0.5m were issued on 4 November 2004 to the vendors of Wild Harvest at an interest rate of 1.125% above LIBOR.

The loan notes due to the vendors of Stockflag are repayable in full on 10 March 2010 or earlier at the option of the vendors and the loan notes due to the vendors of Wild Harvest are repayable on demand within one year, at the option of either the Group or the holder.

The loan notes due to the vendors of Stockflag and Wild Harvest are guaranteed by banks.

Of the Group finance leases totalling £22.2m (2003: £22.8m), £4.5m (2003: £7.2m) incur fixed rates of interest between 5.8% and 11.7% with the remainder at variable rates. The total amount of finance leases repayable by instalments with at least one instalment not due for more than five years is £9.3m (2003: £12.8m).

Of the Company finance leases totalling £18.4m (2003: £19.3m), £5.6m (2003: £3.8m) incur fixed rates of interest between 7.2% and 11.7% with the remainder at variable rates. The total amount of finance leases repayable by instalments with at least one instalment not due for more than five years is £7.0m (2003: £11.7m).

In respect of the loans owed to parent undertakings, certain liabilities of the parent undertakings are secured by way of a fixed and floating charge over the assets of the Group.

Finance leases are repayable as follows:

	Group		Company	
	2004 £m	2003 £m	2004 £m	2003 £m
Between one and two years	4.5	4.8	3.5	3.9
Between two and five years	8.9	9.4	8.1	8.4
After five years	2.1	3.2	1.1	2.8
	15.5	17.4	12.7	15.1

## 18. Provisions for liabilities and charges

	Group		Company	
	2004 £m	2003 £m	2004 £m	2003 £m
<b>Deferred taxation</b>				
At 1 January	-	11.1	-	11.1
Credit for the year	(1.5)	(15.4)	(2.3)	(14.7)
Reclassification to debtors (see note 15)	1.5	4.3	2.3	3.6
<b>At 31 December</b>	-	-	-	-

The Group deferred tax asset included in debtors (see note 15) of £5.8m (2003: £4.3m) comprises depreciation in excess of capital allowances of £0.8m (2003: £4.3m) and other timing differences of £5.0m (2003: £nil). The Company deferred tax asset included in debtors (see note 15) of £5.9m (2003: £3.6m) comprises depreciation in excess of capital allowances of £0.9m (2003: £3.6m) and other timing differences of £5.0m (2003: £nil).

There are Group unrecognised deferred tax assets of £10.9m (2003: £10.3m) in respect of unutilised tax losses in Continental Europe. These have not been recognised as the utilisation of these losses are not considered probable at the year end.

	Group		Company	
	2004 £m	2003 £m	2004 £m	2003 £m
<b>Pension provision</b>				
At 1 January	-	-	-	-
Charged during the year	16.8	-	16.8	-
<b>At 31 December</b>	16.8	-	16.8	-

The pension provision has been established in respect of the deficit on the Group's defined benefit pension scheme. The provision has been calculated in accordance with SSAP 24, and is expected to be utilised as cash contributions are made to the scheme to fund the deficit over the next 16 years.

## 19. Commitments

### (a) Capital commitments

	Group		Company	
	2004 £m	2003 £m	2004 £m	2003 £m
Contracted for but not provided	11.3	14.8	11.1	14.8

### (b) Operating lease commitments

The commitments during the following year in respect of non-cancellable operating leases are as follows:

Group	2004 Land and buildings £m	2004 Other £m	2003 Land and buildings £m	2003 Other £m
Leases expiring:				
Within one year	0.7	2.6	0.5	2.8
Between two and five years	1.5	7.9	1.6	5.1
After five years	5.5	0.7	4.7	1.0
	7.7	11.2	6.8	8.9
Company	2004 Land and buildings £m	2004 Other £m	2003 Land and buildings £m	2003 Other £m
Leases expiring:				
Within one year	0.5	1.0	0.2	1.8
Between two and five years	0.8	5.2	0.9	2.5
After five years	5.1	0.1	4.2	-
	6.4	6.3	5.3	4.3



# Notes to the financial statements

## 20. Called up share capital

	2004 £m	2003 £m
Authorised 58,000,000 ordinary shares of 10p	5.8	5.8
Ordinary shares paid of 10p each	£m	£m
Allotted, called up and fully paid		
<b>At 1 January and 31 December</b>	<b>53,776,540</b>	<b>5.4</b>

## 21. Reserves and share premium account

(a) Group	Share premium account £m	Other reserves £m	Profit and loss account £m
At 1 January 2004	30.8	0.7	96.0
Profit for the year	-	-	8.7
Currency translation differences	-	-	0.3
<b>At 31 December 2004</b>	<b>30.8</b>	<b>0.7</b>	<b>105.0</b>

(b) Company	Acquisition reserve £m	Share premium account £m	Other reserves £m	Profit and loss account £m
At 1 January 2004	10.9	30.8	0.7	141.5
Currency translation differences	-	-	-	(0.2)
Profit for the year	-	-	-	13.7
<b>At 31 December 2004</b>	<b>10.9</b>	<b>30.8</b>	<b>0.7</b>	<b>155.0</b>

The Company has taken advantage of the merger relief provisions of Section 131 of the Companies Act 1985 in respect of the shares issued for the acquisition of the subsidiary companies. Accordingly, the difference between the nominal value and fair value of shares issued has been credited to the acquisition reserve.

At the year end the cumulative amount of Group goodwill arising on acquisitions made before 1 January 1998 written off to consolidated reserves was £38.7m (2003: £38.7m).

## 22. Notes to the cash flow statement

### (a) Reconciliation of operating profit/(loss) to net cash inflow from operating activities

	2004 £m	2003 £m
Operating profit/(loss)	32.1	(28.3)
Depreciation charge	22.5	22.4
Exceptional impairment charge	-	40.1
Goodwill amortisation	7.3	7.3
Profit on sale of tangible fixed assets	(1.9)	(0.3)
Decrease in stocks	1.6	5.9
Decrease in debtors	19.8	8.8
Decrease in payables	7.1	7.3
Increase in provisions	16.8	-
<b>Net cash inflow from operating activities</b>	<b>105.3</b>	<b>63.2</b>

Net cash inflow from operating activities includes £0.5m from acquisitions.

### (b) Exceptional items

#### Cash flows relating to operating exceptional items

Net cash inflow from operating activities includes £14.0m (2003: £21.1m) of cash outflows in respect of exceptional reorganisation costs.

## 22. Notes to the cash flow statement (continued)

(c) Analysis of net debt

	At 1 January 2004 £m	Change in net debt resulting from cash flows £m	Inception of finance leases £m	Acquisitions £m	Exchange movements £m	At 31 December 2004 £m
Cash available on demand	14.2	4.6	-	-	(0.1)	18.7
Debt due within one year	(0.7)	0.5	-	(0.5)	-	(0.7)
Loans from parent undertakings	(136.2)	14.7	-	-	-	(121.5)
Finance leases	(22.8)	5.7	(3.4)	(1.7)	-	(22.2)
Liquid resources	45.3	37.1	-	-	-	82.4
	(100.2)	62.6	(3.4)	(2.2)	(0.1)	(43.3)

Liquid resources comprise term deposits of less than one month (included within cash in hand and at bank in the balance sheet).

## 23 (a). Purchase of subsidiary undertakings and businesses

During the year the Group acquired, in the United Kingdom, Peter's Foodservice business on 17 September 2004 and Wild Harvest Limited on 4 November 2004. In Continental Europe, the Group acquired further shareholdings in Carigel SA.

The table below sets out the Group's provisional assessment of the fair values of the assets and liabilities of the acquisitions. These will be reviewed during the year ended 31 December 2005 and where necessary further adjustments made.

The fair value adjustments have been made following a review of the carrying values of fixed assets and other assets, and further adjustments have been made to align accounting policies to Group accounting policies.

	Book amount £m	Accounting policy alignment £m	Revaluation £m	Fair value to the Group £m
<b>Net assets acquired</b>				
Fixed assets	4.6	0.6	(3.9)	1.3
Working capital	1.6	(0.1)	(1.1)	0.4
Cash overdrafts	(0.2)	-	-	(0.2)
Loans and finance leases	(1.1)	(0.6)	-	(1.7)
Minority interest	1.6	-	-	1.6
	6.5	(0.1)	(5.0)	1.4
Goodwill				4.0
				5.4
<b>Satisfied by</b>				
Cash				2.6
Loan notes issued as settlement for acquisition				0.5
Accrued consideration and expenses				1.3
Contingent consideration				1.0
				5.4

The contingent consideration is dependant on the future profitability of the acquired business and represents the maximum amount payable.

These acquisitions have been accounted for by the acquisition method of accounting. The net outflow of cash in respect of these acquisitions was as follows:

Cash consideration	2.6
Cash overdrafts of acquired subsidiary undertakings	0.2
	2.8

# Notes to the financial statements

## 23 (b). Purchase of subsidiary business

During the year the Company acquired, in the United Kingdom, Peter's Foodservice business on 17 September 2004.

The table below sets out the Company's provisional assessment of the fair values of the assets and liabilities of the acquisition. These will be reviewed during the year ended 31 December 2005 and where necessary further adjustments made.

The fair value adjustments have been made following a review of the carrying values of fixed assets and other assets, and further adjustments have been made to align accounting policies to Company accounting policies.

	Book amount £m	Accounting policy alignment £m	Revaluation £m	Fair value to the Company £m
<b>Net assets acquired</b>				
Fixed assets	4.3	0.6	(3.9)	1.0
Working capital	1.8	-	(1.1)	0.7
Loans and finance leases	(1.0)	(0.6)	-	(1.6)
	5.1	-	(5.0)	0.1
Goodwill				2.0
				2.1
<b>Satisfied by</b>				
Cash				1.1
Accrued consideration and expenses				1.0
				2.1

## 24. Related party transactions

Since the Company is a wholly owned subsidiary of Brake Bros Holding I Limited, it has taken advantage of the exemption offered by FRS 8 ("Related party disclosures") not to disclose transactions with other members of this group. There are no other related party transactions which require disclosure under FRS 8.

## 25. Ultimate parent company and controlling party

The immediate parent undertaking and controlling party is Brake Bros Acquisition PLC, a company incorporated in Great Britain.

The ultimate parent undertaking is Brake Bros Holding I Limited, a company incorporated in Great Britain. The ultimate controlling party of the company is CD&R Fund VI, a fund managed by Clayton, Dubilier & Rice.

The parent undertaking of the smallest group to consolidate these financial statements is Brake Bros Finance PLC and the parent undertaking of the largest group to consolidate these financial statements is Brake Bros Holding I Limited. Copies of Brake Bros Finance PLC and Brake Bros Holding I Limited consolidated financial statements can be obtained from the Company Secretary at Enterprise House, Eureka Business Park, Ashford, Kent, TN25 4AG.