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Brake Bros Limited

(Company registered number 2035315)

Annual Report

For the year ended 31 December 2010

Contents

Directors' report

The Directors submit their annual report and the audited consolidated and parent company financial statements for the year ended 31 December 2010

Business review and principal activities

The principal activity of the Group is the specialist supply of frozen, chilled and ambient foods as well as catering supplies and equipment to the catering industry The principal trading companies of the Group are Brake Bros Limited, Brake Bros Foodservice Limited, M&J Seafood Limited, Wild Harvest Limited, O'Kane Food Service Limited, Freshfayre Limited, Brake Bros Foodservice Ireland Limited, Browns Foodservice Limited and Brake France Service SAS Brake Bros Limited is a limited company incorporated in England and Wales and domiciled and operating in the United Kingdom

On 28 April 2010 the ultimate UK Group (the largest UK parent undertaking to consolidate these financial statements is Cucina Lux Investments Limited), alongside Nordic Capital, invested in Menigo Foodservice AB, a foodservice wholesaler in Sweden
The ultimate UK Group, through Brake Bros Limited acquiring 49% of the ordinary share capital and Cucina Lux Investments Limited acquiring 18%, have acquired 67% of the share capital of Cidron Food Holding Sarl, a company incorporated in Luxembourg and the ultimate parent undertaking of Menigo Foodservice AB for a consideration of SEK200million Nordic Capital, the previous owners of Menigo Foodservice AB, hold the remaining 33% of the share capital in Cidron Food Holding Sarl This investment will extend the group's geographic reach into an attractive market with significant potential for synergies and sharing of best practice Further details of this investment are set out in note 8 (b) to the financial statements

On 7 May 2010, the Group acquired 100% of the share capital of Browns Foodservice Limited, a specialist supplier of meat products to the catering industry operating in the United Kingdom Further details of the acquisition are set out in note 23 (a) to the financial statements

The results for the Group for the year are set out in the consolidated income statement on page 7

The results for the Group show a pre-tax profit before share in the profit of Associates of £111 1m (2009 £112 2m) for the year and revenue of £2,260 6m (2009 £2,209 2m) The results for the year are after crediting exceptional items of £7 3m (2009 £7 0m charge) Net cash generated from operating activities for 2010 was £114 5m (2009 £127 3m), after cash outflows for exceptional items of £4 1m (2009 £5 1m)

Principal risks and uncertainties

The Directors of the largest UK parent undertaking, Cucina Lux Investments Limited manage the UK Group's risks and performance through its immediate subsidiary company Cucina Investments (UK) Limited For this reason a discussion of the UK Group's risks, together with an analysis using key performance indicators has not been included by the Company's Directors The principal risks and uncertainties, together with the development, performance and position, and an analysis using key performance indicators of the UK Group, which include those of the Company and the Group, are discussed in the business review of the UK Group's annual report, which does not form part of this report

Future outlook and going concern

The Directors are confident that the level of profitability of the Group will continue in the next year The going concern of the Company is dependent upon the overall going concern of the Group In assessing whether the financial statements for the Group and Company should be prepared on the going concern basis, the Directors have therefore considered the future outlook of the Company and of the Group on a combined basis A fuller analysis of this outlook and the basis for this assessment is set out in the financial statements of the largest UK parent company, Cucina Lux Investments Limited Having considered the future operating profits, cash flows and facilities available to the Group, the Directors are satisfied that the Group will have sufficient funds to repay its liabilities as they fall due Consequently, the financial statements of the Group and Company are prepared on the going concern basis

Dividends

No interim dividends (2009 £nil) have been paid and the Directors do not recommend a final dividend (2009 £nil)

Directors' report (continued)

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements are given below
M R C Fearn
I R Goldsmith
S Black (appointed 1 March 2010)
A J Whitehead (appointed 1 March 2010)
S P Smith (appointed 1 March 2010)
D C Lennard (appointed 1 March 2010)
P E R Jansen (appointed 1 July 2010)

The Directors of the Company who were in office during the year and resigned during the year are given below
M Plantevin (resigned 1 March 2010)
D Poler (resigned 1 March 2010)
F D Merry Del Val Barbavara Di Gravellona (resigned 1 March 2010)
S J A Gent (resigned 1 March 2010)

Directors' third party indemnity provisions

A qualifying third-party indemnity provision as defined in Section 234 of the Companies Act 2006 is in force for the benefit of each of the Directors in respect of liabilities incurred as a result of their office, to the extent permitted by law In respect of those liabilities for which Directors may not be indemnified, the Company maintained a Directors' and officers' liability insurance policy throughout the financial year, and to the date of approval of these financial statements

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 Employees are encouraged to participate in the performance of the Group by way of bonus schemes

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 applications for employment, employment, training, career development and promotion Every effort is made to help with the rehabilitation of anyone disabled during their employment, and to provide support we have an Employee Care Programme

Health and safety

As a business the Group is strongly committed to providing a safe and responsible place to work Concern for the wellbeing of our staff is a key element in our drive to be "a great place to work" and we demonstrate this commitment through ongoing training and education of all our employees, working closely with our insurance providers and equipment suppliers to ensure sharing of best practice and leading edge health and safety solutions

Creditor payment policy

The Group's policy is generally to agree terms of payment with suppliers to settle invoices accordingly The practice on payment has been quantified under the terms of the Statement of Payment Practice Regulations The number of days' suppliers invoices included in trade payables at 31 December 2010 represented 54 days (2009 54 days) of annual purchases for the Group The number of days' suppliers invoices included in trade payables at 31 December 2010 represented 58 days (2009 57 days) of annual purchases for the Company

Donations

The Group actively supports and encourages charitable activity in support of the community Direct donations and support to national charitable organisations amounting to £176,010 (2009 £169,834) were made in the year, and direct donations and support to local charitable organisations amounting to £26,552 (2009 £19,628) were made in the year Direct donations and support to national charitable organisations during the year included £175,000 for The Royal Parks Foundation (2009 £125,000 - The Royal Parks Foundation, £25,000 - Team 2012, the official Olympic support programme for British athletes, £13,333 - Motor Neurone Disease Association and £5,000 for Cancer Research UK) No donations were made to any political party (2009 £nil)

Directors' report (continued)

Land and buildings
The Directors consider that the Group's and Company's market value of land and buildings is £86 9m and £58 3m respectively

Financial risk management
The Group has operations in the UK, the Republic of Ireland and Continental Europe and has debt financing which exposes it to a variety of financial risks that include the effects of changes in foreign currency exchange rates, interest rates, credit risks and liquidity risk

The UK Group's Board of Directors have the responsibility for setting the risk management policies applied by the UK Group The policies are implemented by the central treasury department that receives regular reports from the operating companies to enable prompt identification of financial risks so that the appropriate actions may be taken The UK Group has a policy and procedures manual that sets out specific guidelines to manage foreign exchange risk, interest rate risk, credit risk, liquidity risk, and the use of financial instruments to manage these Further information on these is also given in note 15 of these financial statements

(a) Foreign currency exchange risk
The Group has operations in the UK, the Republic of Ireland and Continental Europe The Group is exposed to foreign exchange risks primarily with respect to the Euro and the Swedish Krone

(b) Interest rate risk
The Group has both interest bearing assets and interest bearing liabilities

(c) Credit risk
The Group has no significant concentrations of credit risk The Group has implemented policies that require appropriate credit checks on potential customers before sales commence

(d) Liquidity risk
The Group actively maintains a mixture of long-term and short-term facilities, including amounts funded from parent undertakings that are designed to ensure the Group has sufficient available funds for operations and planned expansions

Independent Auditors
PricewaterhouseCoopers LLP shall remain in office until the Company or PricewaterhouseCoopers LLP otherwise determine

So far as the Directors are aware, there is no relevant audit information of which the auditors are unaware and the Directors have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

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

AJ Whitehead
Director
26 April 2011

Registered office
Enterprise House
Eureka Business Park
Ashford
Kent
TN25 4AG
Registered no 2035315

Statement of Directors' responsibilities

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 group and parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union 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 Group and the Company and of the profit or loss of the Group for that period

In preparing those financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the Group 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 the group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

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

A J Whitehead
Director
26 April 2011

Independent Auditors' report to the members of Brake Bros Limited

We have audited the Group and Parent Company financial statements (the "financial statements") of Brake Bros Limited for the year ended 31 December 2010 which comprise the consolidated income statement, the consolidated and company statements of comprehensive income, the consolidated and company statements of financial position, the consolidated and company statements of changes in equity, the consolidated and company statements of cash flow, and the related notes The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006

Respective Responsibilities of Directors and Auditors

As explained more fully in the Statement of Directors' Responsibilities, as set out on page 4, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, 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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements

Opinion on financial statements

In our opinion

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2010 and of the Group's profit and the Group's and parent Company's cash flows for the year then ended,

- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union,

- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006, and

- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Independent Auditors' report to the members of Brake Bros Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept 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

Christopher Burns (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
26 April 2011

Consolidated income statement

For the year ended 31 December 2010

	Notes	2010 £m	2009 £m
Continuing operations			
Revenue	1	**2,260 6**	2,209 2
Operating costs		**(2,147 2)**	(2,094 0)
Operating profit	1	**113 4**	115 2
Analysed as			
Operating profit before exceptional items		**106 1**	122 2
Exceptional items	1	**7 3**	(7 0)
Finance costs	2	**(14 2)**	(14 9)
Finance income	2	**11 9**	11 9
Finance costs - net		**(2 3)**	(3 0)
Share of profits of associate	8 (b)	**0 5**	–
Profit on ordinary activities before taxation		**111 6**	112 2
Income tax expense	3	**(26 3)**	(27 0)
Profit for the year after taxation	20	**85 3**	85 2
Profit attributable to equity holders of the company			
Owners of parent company		**85 0**	85 2
Non-controlling interest		**0 3**	–
		85 3	85 2

The notes on pages 15 to 48 form an integral part of these financial statements

The company has elected to take the exemption under section 408 of the Companies Act 2006 to not present the parent company profit and loss account The profit for the parent company for the year was £72 3m (2009 £79 8m)

Consolidated and company statements of comprehensive income

For the year ended 31 December 2010

		Consolidated		Company	
		2010	2009	**2010**	2009
	Notes	**£m**	£m	**£m**	£m
Profit for the financial year	20	**85 3**	85 2	**72 3**	79 8
Other comprehensive income					
Currency translation differences	20	**(4 6)**	(8 4)	**-**	-
Cash flow hedges	20	**1 1**	0 4	**-**	-
Actuarial losses on defined benefit pension scheme	16	**(1 8)**	(19 1)	**(1 7)**	(19 0)
Deferred tax on items taken directly to equity	3	**0 3**	5 3	**0 3**	5 3
Other comprehensive expense for the year, net of tax		**(5 0)**	(21 8)	**(1 4)**	(13 7)
Total comprehensive income for the year attributable to equity holders of the company		**80 3**	63 4	**70 9**	66 1

The notes on pages 15 to 48 form an integral part of these financial statements

Consolidated statement of financial position

As at 31 December 2010

	Notes	2010 £m	2010 £m	2009 (restated) £m	2009 (restated) £m
Assets					
Non-current assets					
Goodwill	5		**130 4**		130 1
Intangible assets	6		**25 3**		22 4
Property, plant and equipment	7		**163 6**		166 7
Investment in associates	8 (b)		**13 7**		–
Deferred income tax assets	18		**31 5**		38 0
			364 5		357 2
Current assets					
Inventories	9	**79 3**		72 2	
Trade and other receivables	10	**594 2**		521 0	
Cash and cash equivalents	11	**87 4**		60 6	
		760 9		653 8	
Liabilities					
Current liabilities					
Financial liabilities - borrowings	14	**(36 8)**		(21 9)	
Trade and other payables	12	**(472 1)**		(451 9)	
Current income tax liabilities	13	**(0 1)**		–	
Provisions for other liabilities and charges	17	**–**		(0 3)	
		(509 0)		(474 1)	
Net current assets			**251 9**		180 0
Non-current liabilities					
Financial liabilities - borrowings	14	**(124 7)**		(116 3)	
Retirement benefit obligations	16	**(24 6)**		(33 7)	
Provisions for other liabilities and charges	17	**(10 6)**		(10 7)	
			(159 9)		(160 7)
Net assets			**456 5**		376 2
Shareholders' equity					
Share capital	19		**5 4**		5 4
Share premium account			**30 8**		30 8
Other reserves	20		**16 0**		19 5
Retained earnings	20		**404 0**		320 5
Total shareholders' equity			**456 2**		376 2
Non-controlling interests			**0 3**		–
Total shareholders' equity			**456 5**		376 2

The notes on pages 15 to 48 form an integral part of these financial statements
The financial statements on pages 7 to 48 were approved by the Board of Directors on 26 April 2011 and were signed on its behalf by

Mlfearn

M R C Fearn
Director

Company statement of financial position

As at 31 December 2010

	Notes	2010 £m	2010 £m	2009 £m	2009 £m
Assets					
Non-current assets					
Goodwill	5		**28 2**		28 2
Intangible assets	6		**19 8**		19 0
Property, plant and equipment	7		**121 7**		121 3
Deferred tax assets	18		**20 9**		28 3
Investments in subsidiaries	8 (a)		**213 4**		210 5
Investments in associates	8 (b)		**13 7**		-
			417 7		407 3
Current assets					
Inventories	9	**53 1**		47 2	
Trade and other receivables	10	**478 3**		420 0	
Cash and cash equivalents	11	**62 5**		30 8	
		593 9		498 0	
Liabilities					
Current liabilities					
Financial liabilities - borrowings	14	**(76 5)**		(51 0)	
Trade and other payables	12	**(494 2)**		(474 2)	
Provisions for other liabilities and charges	17	**-**		(0 1)	
		(570 7)		(525 3)	
Net current assets / (liabilities)			**23 2**		(27 3)
Non-current liabilities					
Financial liabilities - borrowings	14	**(11 2)**		(11 7)	
Retirement benefit obligations	16	**(20 9)**		(30 4)	
Provisions for other liabilities and charges	17	**(8 0)**		(8 0)	
			(40 1)		(50 1)
Net assets			**400 8**		329 9
Shareholders' equity					
Share capital	19		**5 4**		5 4
Share premium account			**30 8**		30 8
Other reserves	20		**10 7**		10 7
Retained earnings	20		**353 9**		283 0
Total shareholders' equity			**400 8**		329 9

The notes on pages 15 to 48 form an integral part of these financial statements
The financial statements on pages 7 to 48 were approved by the Board of Directors on 26 April 2011 and were signed on its behalf by

MHFearn

M R C Fearn
Director

Consolidated statement of changes in equity

		Attributable to equity holders of the Company						
	Notes	Share capital £m	Share premium account £m	Other reserves £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £m
Balance at 1 January 2009		5 4	30 8	27 5	249 1	312 8	–	312 8
Comprehensive income								
Profit		–	–	–	85 2	85 2	–	85 2
Other comprehensive income								
Currency translation differences	20	–	–	(8 4)	–	(8 4)	–	(8 4)
Cash flow hedges	20	–	–	0 4	–	0 4	–	0 4
Actuarial losses on defined benefit pension scheme	16	–	–	–	(19 1)	(19 1)	–	(19 1)
Deferred tax on items taken directly to equity	18	–	–	–	5 3	5 3	–	5 3
Total other comprehensive income		–	–	(8 0)	(13 8)	(21 8)	–	(21 8)
Total comprehensive income		–	–	(8 0)	71 4	63 4	–	63 4
Balance at 1 January 2010		**5 4**	**30 8**	**19 5**	**320 5**	**376 2**	**–**	**376 2**
Comprehensive income								
Profit		–	–	–	**85 0**	**85 0**	**0 3**	**85 3**
Other comprehensive income								
Currency translation differences	20	–	–	**(4 6)**	–	**(4 6)**	–	**(4 6)**
Cash flow hedges	20	–	–	**1 1**	–	**1 1**	–	**1 1**
Actuarial losses on defined benefit pension scheme	16	–	–	–	**(1 8)**	**(1 8)**	–	**(1 8)**
Deferred tax on items taken directly to equity	18	–	–	–	**0 3**	**0 3**	–	**0 3**
Total other comprehensive income		–	–	**(3 5)**	**(1 5)**	**(5 0)**	–	**(5 0)**
Total comprehensive income		–	–	**(3 5)**	**83 5**	**80 0**	**0 3**	**80 3**
Balance at 31 December 2010		**5 4**	**30 8**	**16 0**	**404 0**	**456 2**	**0 3**	**456 5**

The notes on pages 15 to 48 form an integral part of these financial statements

Company statement of changes in equity

		Attributable to equity holders of the Company				
	Notes	Share capital £m	Share premium account £m	Other reserves £m	Retained earnings £m	Total shareholders' equity £m
Balance at 1 January 2009		5 4	30 8	10 7	216 9	263 8
Comprehensive income						
Profit		–	–	–	79 8	79 8
Other comprehensive income						
Actuarial losses on defined benefit pension scheme	16	–	–	–	(19 0)	(19 0)
Deferred tax on items taken directly to equity	18	–	–	–	5 3	5 3
Total other comprehensive income		–	–	–	(13 7)	(13 7)
Total comprehensive income		–	–	–	66 1	66 1
Balance at 1 January 2010		**5 4**	**30 8**	**10 7**	**283 0**	**329 9**
Comprehensive income						
Profit		–	–	–	**72 3**	**72 3**
Other comprehensive income						
Actuarial losses on defined benefit pension scheme	16	–	–	–	**(1 7)**	**(1 7)**
Deferred tax on items taken directly to equity	18	–	–	–	**0 3**	**0 3**
Total other comprehensive income		–	–	–	**(1 4)**	**(1 4)**
Total comprehensive income		–	–	–	**70 9**	**70 9**
Balance at 31 December 2010		**5 4**	**30 8**	**10 7**	**353 9**	**400 8**

The notes on pages 15 to 48 form an integral part of these financial statements

Consolidated cash flow statement

For the year ended 31 December 2010

	Notes	2010 £m	2010 £m	2009 £m	2009 £m
Cash flows from operating activities					
Cash generated from operations	21		**119 8**		138 6
Analysed as					
Cash generated from operations before exceptional items			**123 9**		143 7
Exceptional items			**(4 1)**		(5 1)
Interest paid			**(3 8)**		(6 5)
Income tax paid			**(1 5)**		(4 8)
Net cash generated from operating activities			**114 5**		127 3
Cash flows from investing activities					
Purchase of property, plant and equipment		**(18 7)**		(19 9)	
Purchase of intangible assets		**(5 1)**		(9 0)	
Sale of property, plant and equipment and intangible assets		**1 4**		1 4	
Investment in associate company	8 (b)	**(13 2)**		–	
Aquisition of subsidiaries, net of cash acquired	23 (a) & 23 (b)	**(3 3)**		(1 6)	
Interest received		**0 1**		0 3	
Net cash used in investing activities			**(38 8)**		(28 8)
Cash flows used in financing activities					
Payments to parent undertakings		**(56 7)**		(75 3)	
Loans from parent undertakings		**6 0**		–	
Proceeds from borrowings		**10 8**		–	
Repayment of external borrowings		**(0 7)**		(13 6)	
Finance lease capital repayments		**(7 4)**		(8 4)	
Net cash used in financing activities			**(48 0)**		(97 3)
Net increase in cash and cash equivalents			**27 7**		1 2
Cash and cash equivalents at 1 January	11		**60 6**		61 2
Effects of exchange rate changes			**(0 9)**		(1 8)
Cash and cash equivalents at 31 December	11		**87 4**		60 6

The notes on pages 15 to 48 form an integral part of these financial statements

Company cash flow statement

For the year ended 31 December 2010

		2010		2009	
	Notes	£m	£m	£m	£m
Cash flows from operating activities					
Cash generated from operations	21		**78 7**		124 9
Interest paid			**(2 1)**		(4 7)
Income tax paid			**-**		(4 3)
Net cash generated from operating activities			**76 6**		115 9
Cash flows from investing activities					
Dividends received		**6 4**		7 5	
Purchase of property, plant and equipment		**(14 1)**		(13 5)	
Purchase of intangible assets		**(4 2)**		(7 8)	
Sale of property, plant and equipment and intangible assets		**1 0**		1 1	
Investment in associate company		**(13 2)**		–	
Aquisition of subsidiaries, net of cash acquired	23 (a) & 23 (b)	**(3 3)**		(2 0)	
Interest received		**0 1**		0 1	
Net cash used in investing activities			**(27 3)**		(14 6)
Cash flows from financing activities					
Payments to parent undertakings		**(56 6)**		(75 1)	
Payments from / (to) group undertakings		**25 4**		(12 0)	
Loans from parent undertakings		**6 0**		–	
Loans from / (to) from group undertakings		**13 5**		(6 2)	
Finance lease capital repayments		**(5 9)**		(5 9)	
Net cash used in financing activities			**(17 6)**		(99 2)
Net increase in cash and cash equivalents			**31 7**		2 1
Cash and cash equivalents at 1 January	11		**30 8**		28 7
Cash and cash equivalents at 31 December	11		**62 5**		30 8

The notes on pages 15 to 48 form an integral part of these financial statements

Notes to the financial statements

Accounting policies

A. Basis of preparation

These financial statements are the consolidated financial statements of Brake Bros Limited ("the Group") and the parent financial statements of Brake Bros Limited ("the Company") for the year ended 31 December 2010 These group consolidated financial statements were authorised for issue by the Board of Directors on 26 April 2011

These financial statements have been prepared in accordance with IFRS, as adopted by the European Union and the International Financial Reporting Interpretations Committee ('IFRIC') interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS The consolidated financial statements have been prepared under the historical cost convention except as modified by the revaluation of certain financial instruments A summary of the more important Group accounting policies under IFRS is set out in note B

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates It also requires management to exercise its judgement in the process of applying the Group's accounting policies The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed below within critical accounting estimates and assumptions

As a requirement of IFRS 3 (revised), 'Business combinations', the statement of financial position comparatives have been restated to reflect the final adjustments that have been made to the provisional goodwill and provisional fair value of the assets and liabilities included in the 2009 financial statements in relation to the acquisition of Freshfayre Limited on 24 December 2009 The adjustments to the provisional goodwill and fair value of assets and liabilities are included in notes 23 (b) to the financial statements When an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements or when it reclassifies items in its financial statements, it shall present, as a minimum, three statements of financial position However, in accordance with the requirements of IAS 1 (revised), as the adjustments to the prior year statement of financial position do not affect the opening balances of the prior year and are not considered by the directors to be material to the financial statements, a third financial statement position has not been presented

(a) New and amended standards adopted by the Group
The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2010

IFRS 3 (revised), 'Business combinations', and consequential amendments to IAS 27,'Consolidated and separate financial statements', IAS 28, 'Investments in associates', and IAS 31, 'Interests in joint ventures', are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009
The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with IFRS 3 For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the statement of comprehensive income There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets All acquisition-related costs are expensed During the year transaction costs amounting to £0 9m have been expensed to the income statement as disclosed in note 1 to the financial statements

IAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses The standard also specifies the accounting when control is lost Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss IAS 27 (revised) has had no impact on the current period, as none of the non-controlling interests have a deficit balance, there have been no transactions whereby an interest in an entity is retained after the loss of control of that entity, and there have been no transactions with non-controlling interests

(b) New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 January 2010 but not currently relevant to the Group (although they may affect the accounting for future transactions and events)
The following standards and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2010 or later periods, but the Group has not early adopted them
IFRIC 17, 'Distribution of non-cash assets to owners' (effective on or after 1 July 2009) The interpretation was published in November 2008 This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends IFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable

IFRIC 18, 'Transfers of assets from customers', effective for transfer of assets received on or after 1 July 2009 This interpretation clarifies the requirements of IFRSs for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water) In some cases, the entity receives cash from a customer that must be used only to acquire or construct the item of property, plant, and equipment in order to connect the customer to a network or provide the customer with ongoing access to a supply of goods or services (or to do both)

IFRIC 9, 'Reassessment of embedded derivatives and IAS 39, Financial instruments Recognition and measurement', effective 1 July 2009 This amendment to IFRIC 9 requires an entity to assess whether an embedded derivative should be separated from a host contract when the entity reclassifies a hybrid financial asset out of the 'fair value through profit or loss' category This assessment is to be made based on circumstances that existed on the later of the date the entity first became a party to the contract and the date of any contract amendments that significantly change the cash flows of the contract If the entity is unable to make this assessment, the hybrid instrument must remain classified as at fair value through profit or loss in its entirety

IFRIC 16, 'Hedges of a net investment in a foreign operation' effective 1 July 2009 This amendment states that, in a hedge of a net investment in a foreign operation, qualifying hedging instruments may be held by any entity or entities within the Group, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements of IAS 39 that relate to a net investment hedge are satisfied In particular, the Group should clearly document its hedging strategy because of the possibility of different designations at different levels of the Group

IAS 38 (amendment), 'Intangible assets', effective 1 January 2010 The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives

IAS 1 (amendment), 'Presentation of financial statements' The amendment clarifies that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non

Accounting policies (continued)

current By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time

IAS 36 (amendment), 'Impairment of assets', effective 1 January 2010 The amendment clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment, as defined by paragraph 5 of IFRS 8, ' Operating segments' (that is, before the aggregation of segments with similar economic characteristics)

IFRS 2 (amendments), 'Group cash-settled share-based payment transactions', effective form 1 January 2010 In addition to incorporating IFRIC 8, 'Scope of IFRS 2', and IFRIC 11, 'IFRS 2 – Group and treasury share transactions', the amendments expand on the guidance in IFRIC 11 to address the classification of group arrangements that were not covered by that interpretation

IFRS 5 (amendment), 'Non-current assets held for sale and discontinued operations' The amendment clarificaties that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations It also clarifies that the general requirement of IAS 1 still apply, in particular paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1

c) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2010 and not early adopted

The Group's and parent entity's assessment of the impact of these new standards and interpretations is set out below

IFRS 9, 'Financial instruments', issued in November 2009 This standard is the first step in the process to replace IAS 39, 'Financial instruments recognition and measurement' IFRS 9 introduces new requirements for classifying and measuring financial assets and is likely to affect the Group's accounting for its financial assets The standard is not applicable until 1 January 2013 but is available for early adoption However, the standard has not yet been endorsed by the EU The Group is yet to assess IFRS 9's full impact

Revised IAS 24 (revised), 'Related party disclosures', issued in November 2009 It supersedes IAS 24, 'Related party disclosures', issued in 2003 IAS 24 (revised) is mandatory for periods beginning on or after 1 January 2011 Earlier application, in whole or in part, is permitted, however, the standard has not yet been endorsed by the EU

The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities The Group will apply the revised standard from 1 January 2011 When the revised standard is applied, the Group and the parent will need to disclose any transactions between its subsidiaries and its associates

'Classification of rights issues' (amendment to IAS 32), issued in October 2009 The amendment applies to annual periods beginning on or after 1 February 2010 Earlier application is permitted The amendment addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated Previously, these issues had to be accounted for as derivative liabilities The amendment applies retrospectively in accordance with IAS 8 'Accounting policies, changes in accounting estimates and errors' The Group will apply the amended standard from 1 January 2011

IFRIC 19, 'Extinguishing financial liabilities with equity instruments', effective 1 July 2010 The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (debt for equity swap) It requires a gain or loss to be recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished The Group will apply the interpretation from 1 January 2011, subject to endorsement by the EU It is not expected to have any impact on the group or the parent entity's financial statements

'Prepayments of a minimum funding requirement' (amendments to IFRIC 14) The amendments correct an unintended consequence of IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction' Without the amendments, entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions This was not intended when IFRIC 14 was issued, and the amendments correct this The amendments are effective for annual periods beginning 1 January 2011 Earlier application is permitted The amendments should be applied retrospectively to the earliest comparative period presented The Group will apply these amendments for the financial reporting period commencing on 1 January 2011

B. Significant accounting policies

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

Basis of consolidation

(a) Subsidiaries

These financial statements consolidate the financial statements of the Company and all its subsidiary undertakings Subsidiaries include special purpose entities where the substance of the relationship between the Group and the special purpose entity indicates that it is controlled by the Group Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another equity Subsidiaries are fully consolidated from the date on which control is transferred to the Group They are deconsolidated from the date that control ceases

The Group uses the acquisition method of accounting to account for business combinations The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group The consideration transferred includes the fair value of any assets or liability arising from a contingent consideration arrangement Acquisition-related costs are expensed as incurred Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of comprehensive income

Uniform accounting policies are adopted across the group Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred

Accounting policies (continued)

(b) Transactions and non-controlling interests
The group applies a policy of treating transactions with minority interests as transactions with parties external to the Group Disposals to minority interests result in gains or losses for the Group that are recorded in the income statement Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity Gains or losses on disposals to non-controlling interests are also recorded in equity

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in the income statement The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest in the associate, joint venture or financial asset In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities This may mean that amounts previously recognised in other comprehensive income are reclassified to the income statement

If the ownership in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to the income statement where appropriate

(c) Associates
Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income The cumulative post-acquisition movements are adjusted against the carrying amount of the investment When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associate Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred Accounting policies of associates have been changed where necessary to ensure consistency with the accounting policies adopted by the Group

Revenue
Revenue comprises the fair value of the consideration received or receivable for the sale of products and services, including ancillary services, net of value added tax, rebates and discounts and after eliminating sales within the Group

Revenue is recognised when the Group has delivered the products or service, has transferred to the buyer the significant risks and rewards of ownership and when it is considered probable that the related receivable is collectible Rebates and discounts are recognised when the Group has delivered the products and services and when it is considered probable that the obligation is receivable or payable, respectively

Exceptional items
Where items of income and expense included in the income statement are considered to be material, separate disclosure of their nature and amount is provided in the financial statements These items are classified as exceptional items The Group considers the size and nature of an item both individually and when aggregated with similar items, when considering whether it is material

Property, plant and equipment
Property, plant and equipment is shown at historical cost less subsequent depreciation and impairment

Cost represents invoiced cost plus any other costs that are directly attributable to the acquisition of the item The Group capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset The Group charges borrowing costs to the income statement for non-qualifying assets

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be reliably measured All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred

No depreciation is provided on freehold land

Depreciation is provided on all other property, plant and equipment 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 hardware	– between 3 and 5 years

Asset lives and residual values are reviewed each financial year

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount

Profits and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the income statement

Investments in subsidiaries
Investments in subsidiaries held as non-current assets are accounted for at cost less a provision for any impairment in value Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments Cost also includes direct attributable costs of investments If the directors consider that fair value of investments in subsidiaries are below their carrying value then a provision for impairment would be made

Intangible assets
(a) Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition Goodwill on acquisitions of subsidiaries is included in 'intangible assets' Goodwill is not subject to annual amortisation but is instead tested annually for impairment and carried at cost less accumulated impairment losses Impairment losses on goodwill are not reversed

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

(b) Computer software
Acquired computer software licences are capitalised as an intangible asset on the basis of the costs incurred to acquire and bring into use the specific software Directly attributable costs associated with the

Accounting policies (continued)

development of software that are expected to generate future economic benefits are capitalised as part of computer software

Where software costs are capitalised they are amortised using the straight-line basis to write them down to their estimated realisable value over their estimated useful economic lives, which are considered to be between three and five years

The residual value and useful economic life are reviewed, and adjusted if appropriate at each statement of financial position date

(c) Customer lists and customer contracts and relationships
Customer lists and customer contracts and relationships are acquired separately or as part of a business combination

For those customer lists and customer contracts and relationships acquired separately, an intangible asset is recognised on the basis of the costs to acquire the customer list and customer contracts and relationships together with any directly attributable costs of acquiring the asset

For those customer lists and customer contracts and relationships acquired as part of a business combination, the fair value of the asset is recognised at the date of the acquisition, in accordance with IFRS 3 (revised)

Customer lists and customer contracts and relationships are amortised on a straight line basis over their expected useful economic lives, which are considered to be between 3 and 5 years These are assumed to have no residual value at the end of their expected useful economic life

(d) Brands
Brands are acquired separately or as part of a business combination For those brands acquired separately, an intangible asset is recognised on the basis of the costs to acquire the brands together with any directly attributable costs of acquiring the asset For those brands acquired as part of a business combination, the fair value of the asset is recognised at the date of the acquisition, in accordance with IFRS 3 (revised)

Brands are amortised on a straight line basis over their expected useful economic lives, which are considered to be 25 years These are assumed to have no residual value at the end of their expected useful economic life

Impairment of non-financial assets
Assets that have an indefinite useful economic life are not subject to amortisation and are tested annually for impairment Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount The recoverable amount is the higher of an asset's fair value less costs to sell and value in use For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units)

Inventories
Inventories are stated at the lower of cost and net realisable value Provision is made for obsolete and slow-moving items Cost comprises direct purchase costs and overheads that have been incurred in bringing the inventories to their present location and condition Direct purchase cost is calculated on a weighted average cost basis Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution

Trade receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 2 months overdue) are considered indicators that the trade receivable is impaired The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate The carrying amount of the asset is reduced through the use of a trade receivables impairment account, and the amount of the loss is recognised in the income statement within direct purchase cost When a trade receivable is uncollectable it is written off against the trade receivables impairment account Subsequent recoveries of amounts previously written off are credited in the income statement

Trade receivables – factored
Where the Company has sold without recourse trade receivables to other group companies and no longer bears the risk or rewards of these amounts, the trade receivable balance is derecognised on the related sale

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank (being the cash book balance) and in hand, short-term deposits and other short-term highly liquid investments with original maturities of three months or less held for the purpose of meeting short-term cash commitments Bank overdrafts are presented in current liabilities to the extent that there is no right of offset with cash balances

Current and deferred income tax
The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised Deferred income tax is measured on an undiscounted basis

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible discounted temporary differences can be utilised

Employee benefits
Defined benefit pension plan
The Group operates a defined benefit funded pension scheme covering a number of its employees The scheme is a contracted out defined benefit scheme, providing final salary related benefits accrued for each year of service The scheme was made fully paid up at 31 December 2003 and no further benefits are accruing to members subsequent to this date

The charge in the income statement in respect of the defined benefit pension scheme comprises the interest charge on pension liabilities offset by the expected return on pension scheme assets and is recognised in interest payable and similar charges and interest receivable respectively

The liability recognised in the statement of financial position in respect of the defined benefit pension scheme is the present value of the defined benefit obligation at the statement of financial position date less the fair value of the plan assets The independent actuary, using the projected unit credit method and assumptions agreed with the Trustees and Directors, calculates the defined benefit obligation annually The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates of high-

Accounting policies (continued)

quality corporate bonds that have terms to maturity approximating to the terms of the related pension liability

Actuarial gains and losses arise from experience adjustments (the effects of differences between previous actuarial assumptions and what has actually occurred) and changes in actuarial assumptions Actuarial gains and losses are recognised in full, in the year they occur, in the statement of recognised income and expense

Defined contribution plan
For defined contribution plans, the Group pays contributions to Group money purchase pension plans on a contractual basis The Group has no further payment obligations once the contributions have been paid The contributions are recognised as an employee benefit expense when they are due

Provisions

Provisions are formed for legally enforceable or constructive obligations existing on the date of the statement of financial position, the settlement of which is likely to require outflow of resources and the extent of which can be reliably estimated Where material to the financial statements, provisions are discounted over the life of their expected cash flows

Trade payables

Trade payables are non interest-bearing and are stated at amortised cost

Leases

Leases in which a significant portion of the risks and rewards of ownership are transferred to the Group are classified as finance leases

Assets acquired under finance leases are included in the statement of financial position as property, plant and equipment and are depreciated over the shorter of their useful lives and the lease term 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 finance cost in the income statement

Rentals paid under operating leases (those leases where a significant portion of the risks and rewards of ownership are retained by the lessor) are charged to the income statement on a straight line basis over the term of the lease

Foreign currencies

Items included in the financial statements of the Group's subsidiary companies are measured using the currency of the primary economic environment in which the subsidiary operates ('the functional currency') The consolidated financial statements are presented in sterling, which is the Group and Company's functional and presentational currency

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions

Monetary assets and liabilities denominated in foreign currencies are translated into the relevant functional currency at the rates of exchange ruling at the statement of financial position date Differences arising on translation are charged or credited to the income statement except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges

The income statements of foreign subsidiary companies are translated into sterling at monthly average exchange rates and the statement of financial positions are translated at the exchange rates ruling at the statement of financial position date On consolidation, exchange differences arising from the translation of the net investment in foreign subsidiaries, and of borrowings designated as hedges of such investments, are taken to shareholders' equity These exchange differences are disclosed as a separate component of shareholders' equity within other reserves

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate

Financial assets

The Group classifies its financial assets in the following category loans and receivables The classification is based on the purpose for which the financial assets were acquired Management determines the classification of its financial assets at initial recognition

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market They are included in current assets, except for maturities greater than 12 months after the statement of financial position date These are classified as non-current assets The Group's loans and receivables comprise 'trade and other receivables' and cash and cash equivalents in the statement of financial position

Borrowings and finance costs

Borrowings are recognised initially at fair value, being the issue proceeds net of any transaction costs incurred

Borrowings are subsequently measured at amortised cost using the effective interest method Amortised cost is adjusted for the amortisation of any transaction costs The amortisation is recognised in finance costs Transaction costs are amortised over the expected term of the related financial instruments

All borrowings denominated in currencies other than sterling are translated at the rate ruling at the statement of financial position date

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the statement of financial position date

Finance income

Finance income is recognised on a time-proportion basis using the effective interest method

Derivative financial instruments

The Group uses derivative financial instruments, where considered appropriate The Group does not use derivative financial instruments for speculative purposes

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and subsequently remeasured at fair value The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged The Group designates certain derivatives as

- hedges of a particular risk associated with a recognised asset or liability or a highly probable forecasted transaction (cash flow hedge)

The Group documents at or near to the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than one year, and as a current asset or liability when the remaining maturity of the hedged item is less than one year

(a) Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity (in other reserves in note 20) The gain or loss relating to the ineffective portion is recognised immediately in 'finance costs - net' in the income statement

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within

Accounting policies (continued)

'finance costs - net' The gain or loss relating to the ineffective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within 'finance costs - net'

When a hedging instrument expires or is sold, or where a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement within 'finance costs - net'

Share capital

Where the Company issues shares or other financial instruments, these financial instruments are classified as a financial liability, financial asset or equity according to the substance of the contractual arrangement, or its component parts Dividends or interest arising on such financial instruments are recognised according to the classification of the financial instrument

Share based payments

The Group determines the fair value of equity instruments granted to employees at the date of the grant Vesting conditions, other than market conditions, are not taken into account when estimating the fair value Non-market vesting conditions are included in assumptions about the number of options that are expected to vest The Group recognises an amount within employee benefit expense in the income statement during the vesting period based on the expected number of equity instruments which will vest

Critical accounting estimates and assumptions

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

(a) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated above The recoverable amounts of cash-generating units have been determined based on value-in-use calculations These calculations require the use of estimates and assumptions (see note 5)

A sensitivity analysis has been performed on the key assumptions used for assessing the goodwill The directors have concluded that there are no reasonably possible changes in key assumptions, which would cause the carrying amount of goodwill to exceed its value-in-use

The impairment reviews are sensitive to the forecast level of earnings (earnings before interest, taxation, depreciation and amortisation, incorporating revenue and operating cost growth), the pre-tax discount rate and the long-term growth rate used in the cash flow projections to determine the value-in-use The directors have considered separately, (i) the effect of a 10% reduction in the 2011 forecast earnings and future earnings, (ii) the effect of a 0 5% increase in the discount rate and (iii) the effect of a 0 5% reduction in the long-term growth rate in the calculations to determine the value-in-use

(b) Employee benefits – defined pension obligation

Following the amendment to IAS 19 'Employee Benefits' issued in December 2004, the Group has adopted an accounting policy whereby actuarial gains and losses for the defined benefit pension scheme are taken through the statement of recognised income and expense in full each year, and the full deficit on an IAS 19 basis is included within the statement of financial position

The defined benefit pension obligation has been calculated by the scheme actuary for each reporting date, using the projected unit credit method and assumptions agreed with the Group (see note 16 to the financial statements)

One of the key assumptions used in determining the valuation at 31 December 2010 is the UK discount rate of 5 6% Whilst the directors consider that the adoption of a 5 6% discount rate is appropriate if the rate used had been 0 2% higher or lower the retirement benefit obligation would have been approximately £6 3m lower or higher Another key assumption used in determining the valuation is the mortality assumption If the average life expectancy in years of pensioner retiring was 1 year higher or lower than that used in the valuation the retirement benefit obligation would have been approximately £3 3m higher or lower

(c) Income taxes - deferred taxation

The group is subject to income taxes in numerous jurisdictions Significant judgment is required in determining the group's provision for deferred taxation There are certain calculations for which the ultimate tax determination is uncertain The group recognises liabilities and assets for anticipated tax issues based on estimates of whether additional taxes will be due or recoverable Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made

A deferred tax asset of £3 7m is recognised in respect of certain UK tax losses The key assumption used in recognition of this asset is based upon management's forecasts for taxable profits for the next three years and the assumption that the losses will be available for utilisation If management's forecasts were 10% higher or lower then the deferred tax asset would be £0 4m higher or lower and income taxes in the income statement would be £0 4m lower or higher respectively If the tax losses were subsequently found not to be available for utilisation against taxable profits then the deferred tax asset would no longer be recognised and there would be a charge of £3 7m in income taxes in the income statement

Notes to the financial statements

1. Revenue and operating profit

	2010 **£m**	2009 £m
Revenue - products	**2,260 6**	2,209 2
Direct purchase cost	**(1,671 6)**	(1,616 3)
Trading profit	**589 0**	592 9
Distribution and selling costs	**(415 9)**	(405 6)
Gross profit	**173 1**	187 3
Administrative expenses	**(62 4)**	(61 3)
Exceptional items (see below)	**7 3**	(7 0)
Amortisation of intangibles - customer lists	**(1 0)**	(0 9)
Amortisation of intangibles - computer software	**(3 6)**	(2 9)
Total administrative expenses	**(59 7)**	(72 1)
Group operating profit	**113 4**	115 2

The Group's revenue primarily comprises of sales to customers within the United Kingdom (including the Republic of Ireland) amounting to £1,798 7m (2009 £1,750 4m) and within Continental Europe amounting to £461 9m (2009 £458 8m)

The Group operating profit is all derived from continuing operations

Profit on ordinary activities before taxation is arrived at after charging/(crediting)	**2010** **£m**	2009 £m
Employee benefit expense (see note 22)	**263 6**	262 5
Inventories		
- cost of inventories recognised as an expense (included in direct purchase cost)	**1,659 0**	1,604 3
- write downs and losses incurred in the year	**6 0**	5 4
Amortisation of intangibles - brands and customer contracts and relationships (included in administrative expenses)	**1 0**	0 9
Amortisation of intangibles - computer software (included in administrative expenses)	**3 6**	2 9
Depreciation of property, plant and equipment		
- owned assets	**17 8**	19 0
- assets held under finance leases	**6 6**	6 5
Loss/ (profit) on sale of property, plant and equipment	**0 1**	(0 1)
Other operating lease rentals payable		
- plant and machinery	**16 1**	14 8
- property	**10 2**	10 1
Repairs and maintenance expenditure on property, plant and equipment	**26 7**	28 0
Trade receivables impairment (included in direct purchase cost) (note 10)	**3 6**	4 7
Exceptional items		
- seller transaction fees	**0 9**	–
- restructuring of the UK distribution network	**0 7**	3 2
- other UK restructuring costs	**1 3**	1 6
- Broadline France restructuring and other costs	**(0 3)**	2 2
- Reduction in retirement benefit obligations - past service cost (note 16)	**(9 9)**	–
Total exceptional items	**(7 3)**	7 0

1. Revenue and operating profit (continued)

Restructuring of the UK distribution network
Restructuring has taken place in the UK in order to integrate acquired businesses within the existing UK distribution network and to rationalise the existing distribution network This restructuring primarily relates to the closure of depots These restructuring costs relate to redundancy payments and exceptional operating costs incurred during the period prior to closure

Other UK restructuring costs
Other restructuring costs primarily include redundancy costs incurred from a UK headcount reduction programme In respect of redundancy cost, where staff have been notified of their redundancy within the year a full accrual is make for their costs from the date of notification and these costs are classified as exceptional items

Broadline France restructuring and other costs
Broadline France other income of £0 3m is the release of an accrual no longer required in respect of the reclassification of property from commercial to industrial use for business rate tax purposes In 2009 other costs of £2 2m was in respect of the classification of property from commercial to industrial use for business rate tax purposes

Transaction costs
Transaction costs for professsional and legal fees incurred by advisors acting on behalf of the Group have been incurred during the year, primarily arising from the investment in the associate Cidron Food Holdings Sarl (note 8 (b)) and from the acquisition of Browns Foodservice Limited (note 23 (a))

Reduction in retirement benefit obligations - past service cost
In July 2010, the Government announced its intention to move to using the Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI) as the inflation measure for determining the minimum pension increases to be applied to the statutory index-linked features of retirmement benefits These plans were finalised in December 2010 The move from RPI to CPI resulted in a decrease to retirement benefit obligations of £9 9m The group has adopted this change at the year-end as the pension scheme rules permit inflation to be based upon the "statutory equivalent which is now CPI The change is considered to be a change in obligation rather than a change in assumption and has therefore been recognised against the past service cost of the scheme in the income statement Historically a constructive obligation had arisen for the group to use RPI, however, as this had formally been discharged at the year-end by the trustees of the scheme, and therefore the Group, it resulted in the adjustment being accounted for as a change in obligation, and the amount credited to the income statement

Auditors
The auditors' remuneration in respect of statutory audit services to the Company amounted to £0 4m (2009 £0 3m)

	2010 £m	2009 £m
Other services		
The audit of the company's subsidiaries pursuant to legislation	**0 3**	0 3
Tax services	**0 1**	0 2
Other services	**0 2**	0 1
	0 6	0 6

The Group's auditors acted as auditors to the Brake Bros plc Pension Scheme and the Brakes Money Purchase Pension Plan The appointment of auditors to these schemes and the fees paid are agreed by the trustees of each scheme who act independently to the management of the Group The aggregate fees charged were £25,600 (2009 £25,400)

2. Finance costs - net

	2010 £m	2009 £m
Finance costs		
Bank loans	**(1 6)**	(1 9)
Other loans and charges	**(0 8)**	(2 6)
Amortisation of debt issue costs	**(0 1)**	(0 2)
Finance leases	**(1 7)**	(1 7)
Loan from parent undertakings	**(0 6)**	–
Interest on retirement benefit obligations (note 16)	**(9 4)**	(8 5)
Total finance costs	**(14 2)**	(14 9)
Finance income		
Interest income on short term deposits	**0 1**	0 2
Loans to parent undertakings	**3 1**	3 8
Expected return on retirement benefit scheme assets	**8 7**	7 9
Total finance income	**11 9**	11 9
Finance costs - net	**(2 3)**	(3 0)

3. Income tax expense

Taxation is based on the profit for the year and comprises	**2010 £m**	2009 £m
Current tax		
- Current year group relief	**23 1**	26 7
- Adjustments in respect of previous periods	**(4 3)**	(0 5)
- Overseas taxation	**1 5**	–
Deferred taxation charge	**4 8**	1 8
Impact of change in UK tax rate	**0 7**	–
Adjustments to deferred tax in respect of previous periods	**0 5**	(1 0)
Income tax expense	**26 3**	27 0

Analysis of tax on items charged to equity	**2010 £m**	2009 £m
Deferred tax credit on actuarial losses (see note 18)	**(0 3)**	(5 3)

A reconciliation of the tax charge for the year compared to the effective standard rate of corporation tax is summarised below	**2010 £m**	2009 £m
Profit on ordinary activities before tax	**111 6**	112 2
At 28 0% (2009 28 0%)	**31 2**	31 4
Effects of		
Adjustments to tax charge in respect of previous periods	**(4 3)**	(0 5)
Overseas taxation	**1 5**	–
Adjustments to deferred tax in respect of previous periods	**0 5**	(1 0)
UK tax losses not giving rise to current year relief	**–**	0 1
Re-measurement of deferred tax		
- Change in the UK tax rate	**0 7**	–
Expenses not deductible for tax purposes and other adjustments	**(3 3)**	(3 0)
Tax charge	**26 3**	27 0

During the year, as a result of the change in the UK corporation tax rate from 28% to 27% that was substantively enacted on 20 July 2010 and was effective from 1 April 2011, the relevant deferred tax balances have been re-measured Deferred tax expected to reverse in the year to 31 December 2011 has been measured using the effective rate that will apply in the UK for the period (27 25%)

Further reductions to the UK corporation tax rate have been announced The following changes had not been substantively enacted at the balance sheet date and, therefore, are not recognised in these financial statements With effect from 1 April 2011 the rate was reduced from 28% to 26% rather than to 27% This change was substantively enacted on 29 March 2011 following the March 2011 budget Further changes, which are expected to be enacted separately each year, propose to reduce the rate by 1% per annum to 23% by 1 April 2014

4 Profit of the Parent Company for the financial year

The Company has taken advantage of Section 408 of the Companies Act 2006, and consequently has not presented an income statement The Company's profit for the financial year amounted to £72 3m (2009 £79 8m)

5. Goodwill

	Group £m	Company £m
Cost		
At 1 January 2010	**141 2**	**28 2**
Acquisition of subsidiaries (note 23 (a))	**1 9**	**-**
Exchange adjustment	**(1 6)**	**-**
As at 31 December 2010	**141 5**	**28 2**
Accumulated impairment		
At 1 January 2010 and 31 December 2010	**11 1**	**-**
Net book value at 31 December 2010	**130 4**	**28 2**

5. Goodwill (continued)

	Group £m	Company £m
Cost		
At 1 January 2009	141 9	16 1
Acquisition of subsidiaries	3 0	–
Transfers from group undertakings	–	12 1
Exchange adjustment	(3 9)	–
Additions	0 2	–
As at 31 December 2009	141 2	28 2
Accumulated impairment		
At 1 January 2009	11 1	–
As at 31 December 2009	11 1	–
Net book value at 31 December 2009	130 1	28 2

The goodwill has been allocated to cash-generating units (CGUs) and a summary of the carrying amounts of goodwill by operating segments (representing groups of cash generating units) at 31 December 2010, is as follows

	Broadline £m	**Country Choice £m**	**M&J Seafood £m**	**Total £m**
United Kingdom	**37 1**	**26 6**	**36 0**	**99 7**
Continental Europe	**30 7**	**–**	**–**	**30 7**
	67 8	**26 6**	**36 0**	**130 4**

The Broadline operating segment includes the goodwill arising on the acquisition of subsidiaries during the year and includes £1 9m for Browns Foodservice Limited (note 23 (a)), in the UK

As at 31 December 2009

	Broadline £m	Country Choice £m	M&J Seafood £m	Total (restated) £m
United Kingdom	35 2	26 6	36 0	97 8
Continental Europe	32 3	–	–	32 3
	67 5	26 6	36 0	130 1

Impairment reviews
An overview of impairment reviews performed by operating segment is set out below The recoverable amount of a CGU is determined on value-in-use calculations These calculations use pre-tax cash flow projections based on internal forecasts approved by management covering the next year Subsequent cash flows are extrapolated using the estimated growth rate stated below

The key assumptions in the value in use calculations were

- Revenue growth This was based on expected levels of activity under existing major contractual arrangements together with growth based upon medium term historical rates and having regard for expected economic and market conditions for other customers

- Operating cost growth This assumption was based upon management's expectation for each significant product line, having regard for contractual arrangements and expected changes in market conditions

- Discount rates The discount rates applied to the cash flow projections are based on an appropriate weighted average cost of capital for the group and reflect specific risks relating to the relevant operating segments

The forecasts are based on the approved management plan covering the next financial year Subsequent cash flows have been forecast to increase by 3 25% (2009 3 25%) in line with the long term GDP growth rate and including inflation, reflecting minimum management expectations based on historical growth The cash flows in the UK and Continental Europe were discounted using pre-tax discount rates respectively of 10 3% (2009 10 5%) and 10 0% (2009 11 2%) The results of the impairment reviews undertaken indicated that the CGUs have recoverable amounts in excess of the carrying value of the goodwill For the impairment reviews a sensitivity analysis (included in 'critical accounting estimates and assumptions', in the accounting policies) has been performed on the key assumptions used in determining the recoverable amount of the CGUs

6 Intangible assets

Group	Computer software £m	Customer contracts and relationships £m	Brands £m	Total £m
Cost / valuation				
At 1 January 2010	**46 1**	**11 1**	**2 5**	**59 7**
Acquisition of subsidiaries (note 23 (a))	**-**	**1 9**	**0 5**	**2 4**
Exchange adjustment	**(0 5)**	**-**	**-**	**(0 5)**
Reclassification	**0 7**	**-**	**-**	**0 7**
Additions	**5 1**	**-**	**-**	**5 1**
Disposals	**(0 4)**	**-**	**-**	**(0 4)**
At 31 December 2010	**51 0**	**13 0**	**3 0**	**67 0**
Accumulated amortisation				
At 1 January 2010	**32 4**	**4 8**	**0 1**	**37 3**
Exchange adjustment	**(0 5)**	**-**	**-**	**(0 5)**
Reclassification	**0 7**	**-**	**-**	**0 7**
Charge for the year	**3 6**	**0 9**	**0 1**	**4 6**
Disposals	**(0 4)**	**-**	**-**	**(0 4)**
At 31 December 2010	**35 8**	**5 7**	**0 2**	**41 7**
Net book value at 31 December 2010	**15 2**	**7 3**	**2 8**	**25 3**

Group	Computer software £m	Customer contracts and relationships £m	Brands £m	Total £m
Cost / valuation				
At 1 January 2009	39 9	9 2	1 9	51 0
Acquisition of subsidiaries	-	1 1	0 6	1 7
Exchange adjustment	(1 1)	-	-	(1 1)
Reclassification	0 7	-	-	0 7
Additions	7 1	0 8	-	7 9
Disposals	(0 5)	-	-	(0 5)
At 31 December 2009	46 1	11 1	2 5	59 7
Accumulated amortisation				
At 1 January 2009	30 3	4 0	-	34 3
Exchange adjustment	(1 0)	-	-	(1 0)
Reclassification	0 7	-	-	0 7
Charge for the year	2 9	0 8	0 1	3 8
Disposals	(0 5)	-	-	(0 5)
At 31 December 2009	32 4	4 8	0 1	37 3
Net book value at 31 December 2009	13 7	6 3	2 4	22 4

6 Intangible assets (continued)

Company	Computer software £m	Customer contracts and relationships £m	Brands £m	Total £m
Cost / valuation				
At 1 January 2010	**29 4**	**6 1**	**2 2**	**37 7**
Additions	**4 2**	**–**	**–**	**4 2**
Disposals	**(0 1)**	**–**	**–**	**(0 1)**
At 31 December 2010	**33 5**	**6 1**	**2 2**	**41 8**
Accumulated amortisation				
At 1 January 2010	**17 2**	**1 5**	**–**	**18 7**
Charge for the year	**2 7**	**0 6**	**0 1**	**3 4**
Disposals	**(0 1)**	**–**	**–**	**(0 1)**
At 31 December 2010	**19 8**	**2 1**	**0 1**	**22 0**
Net book value				
At 31 December 2010	**13 7**	**4 0**	**2 1**	**19 8**

Company	Computer software £m	Customer contracts and relationships £m	Brands £m	Total £m
Cost / valuation				
At 1 January 2009	23 8	1 5	–	25 3
Transfers (to) / from group undertakings	(0 1)	4 6	2 2	6 7
Additions	6 2	–	–	6 2
Disposals	(0 5)	–	–	(0 5)
At 31 December 2009	29 4	6 1	2 2	37 7
Accumulated amortisation				
At 1 January 2009	16 2	1 3	–	17 5
Charge for the year	1 5	0 2	–	1 7
Disposals	(0 5)	–	–	(0 5)
At 31 December 2009	17 2	1 5	–	18 7
Net book value				
At 31 December 2009	12 2	4 6	2 2	19 0

7 Property, plant and equipment

Group	Land and buildings £m	Motor vehicles £m	Plant and equipment £m	Information technology hardware £m	Total £m
Cost					
At 1 January 2010	**142 2**	**101 0**	**116 9**	**27 0**	**387 1**
Exchange adjustments	**(2 0)**	**–**	**(0 7)**	**(0 1)**	**(2 8)**
Reclassification	**1 7**	**–**	**(1 5)**	**(0 9)**	**(0 7)**
Acquisition of subsidiaries (note 23 (a))	**–**	**1 0**	**0 7**	**–**	**1 7**
Additions	**1 8**	**13.4**	**5 3**	**3 0**	**23 5**
Disposals	**(0 9)**	**(10 2)**	**(4 3)**	**(1 4)**	**(16 8)**
At 31 December 2010	**142 8**	**105 2**	**116 4**	**27 6**	**392 0**
Accumulated depreciation					
At 1 January 2010	**66 3**	**53 2**	**79 2**	**21 7**	**220 4**
Exchange adjustment	**(0 9)**	**–**	**(0 5)**	**(0 1)**	**(1 5)**
Reclassification	**1 2**	**–**	**(1 1)**	**(0 8)**	**(0 7)**
Acquisition of subsidiaries (note 23 (a))	**–**	**0 7**	**0 4**	**–**	**1 1**
Charge for the year	**3 2**	**11 7**	**7 4**	**2 1**	**24 4**
Disposals	**(0 8)**	**(9 1)**	**(4 0)**	**(1 4)**	**(15 3)**
At 31 December 2010	**69 0**	**56 5**	**81 4**	**21 5**	**228 4**
Net book value					
At 31 December 2010	**73 8**	**48 7**	**35 0**	**6 1**	**163 6**

The cost to the group on the acquisition of subsidiaries is £0 6m (note 23(a)) being the net amount of the cost and accumulated depreciation on acquisition

Group	Land and buildings £m	Motor vehicles £m	Plant and equipment (restated) £m	Information technology hardware £m	Total (restated) £m
Cost					
At 1 January 2009	143 9	101 9	114 6	29 5	389 9
Exchange adjustments	(4 6)	(0 1)	(1 2)	(0 5)	(6 4)
Reclassification	–	1 5	0 8	(0 9)	1 4
Acquisition of subsidiaries (note 23 (a))	0 6	0 2	0 5	0 8	2 1
Additions	2 6	10 4	7 2	2 4	22 6
Disposals	(0 3)	(12 9)	(5 0)	(4 3)	(22 5)
At 31 December 2009	142 2	101 0	116 9	27 0	387 1
Accumulated depreciation					
At 1 January 2009	64 9	51 9	75 4	23 8	216 0
Exchange adjustment	(2 0)	(0 1)	(0 8)	(0 2)	(3 1)
Reclassification	–	1 5	0 8	(0 9)	1 4
Acquisition of subsidiaries (note 23 (a))	0 5	0 2	0 4	0 7	1 8
Charge for the year	3 1	11 5	8 3	2 6	25 5
Disposals	(0 2)	(11 8)	(4 9)	(4 3)	(21 2)
At 31 December 2009	66 3	53 2	79 2	21 7	220 4
Net book value					
At 31 December 2009	75 9	47 8	37 7	5 3	166 7

7 Property, plant and equipment (continued)

Land and buildings comprise

	2010 £m	2009 £m
Cost		
Freehold	**124 6**	125 4
Long leasehold	**10 6**	10 6
Short leasehold	**7 6**	6 2
	142 8	142 2
Accumulated depreciation		
Freehold	**60 0**	58 8
Long leasehold	**4 2**	3 9
Short leasehold	**4 8**	3 6
	69 0	66 3

Assets held under finance leases have the following net book value	2010 £m	2009 £m
Cost	**59 6**	61 1
Accumulated depreciation	**(32 9)**	(30 0)
Net book value	**26 7**	31 1
Land and buildings	**8 8**	9 4
Motor vehicles	**17 6**	20 2
Plant and equipment	**0 3**	0 8
Information technology hardware	**–**	0 7
Net book value	**26 7**	31 1

Company	Land and buildings £m	Motor vehicles £m	Plant and equipment £m	Information technology hardware £m	Total £m
Cost					
At 1 January 2010	**85 7**	**92 9**	**81 0**	**21 6**	**281 2**
Transfers from group undertakings	–	**0 1**	**(0 1)**	–	–
Additions	**0 4**	**13 3**	**2 7**	**2 5**	**18 9**
Disposals	**(0 1)**	**(8 7)**	**(2 6)**	–	**(11 4)**
At 31 December 2010	**86 0**	**97 6**	**81 0**	**24 1**	**288 7**
Accumulated depreciation					
At 1 January 2010	**39 7**	**48 1**	**55 0**	**17 1**	**159 9**
Charge for the year	**1 3**	**10 6**	**4 2**	**1 6**	**17 7**
Disposals	**(0 2)**	**(7 8)**	**(2 6)**	–	**(10 6)**
At 31 December 2010	**40 8**	**50 9**	**56 6**	**18 7**	**167 0**
Net book value					
At 31 December 2010	**45 2**	**46 7**	**24 4**	**5 4**	**121 7**

7. Property, plant and equipment (continued)

Company	Land and buildings £m	Motor vehicles £m	Plant and equipment £m	Information technology hardware £m	Total £m
Cost					
At 1 January 2009	85 6	87 8	79 7	23 2	276 3
Transfers from group undertakings	0 1	5 3	1 4	0 4	7 2
Additions	0 1	10 3	4 0	1 8	16 2
Disposals	(0 1)	(10 5)	(4 1)	(3 8)	(18 5)
At 31 December 2009	85 7	92 9	81 0	21 6	281 2
Accumulated depreciation					
At 1 January 2009	38 4	45 8	53 9	18 9	157 0
Transfers from group undertakings	-	2 6	0 9	-	3 5
Charge for the year	1 4	9 3	4 3	2 0	17 0
Disposals	(0 1)	(9 6)	(4 1)	(3 8)	(17 6)
At 31 December 2009	39 7	48 1	55 0	17 1	159 9
Net book value					
At 31 December 2009	46 0	44 8	26 0	4 5	121 3

Land and buildings comprise

	2010 £m	2009 £m
Cost		
Freehold	**70 2**	70 0
Long leasehold	**10 6**	10 6
Short leasehold	**5 2**	5 1
	86 0	85 7
Accumulated depreciation		
Freehold	**33 5**	32 9
Long leasehold	**4 2**	3 9
Short leasehold	**3 1**	2 9
	40 8	39 7

Assets held under finance leases have the following net book amount	2010 £m	2009 £m
Cost	**42 4**	42 7
Accumulated depreciation	**(25 7)**	(22 6)
Net book amount	**16.7**	20 1
Motor vehicles	**16 5**	18 6
Plant and equipment	**0 2**	0 8
Information technology hardware	**-**	0 7
Net book amount	**16 7**	20 1

8 (a). Investments in subsidiaries

	Investments in subsidiary undertakings (equity)		
Company	At cost £m	Provision £m	Net book value £m
At 1 January 2010	235 6	(25 1)	210 5
Acquisition of subsidiaries (note 23)	2 9	–	2 9
At 31 December 2010	**238 5**	**(25 1)**	**213 4**

Investments are recorded at cost, which is the fair value of consideration paid

The principal trading subsidiary undertakings are Brake Bros Foodservice Limited, M&J Seafood Limited, Wild Harvest Limited, O'Kane Food Service Limited, Brake Bros Foodservice Ireland Limited, Freshfayre Limited, Browns Foodservice Limited and Brake France Service SAS and all are involved in the supply of frozen, chilled and ambient foods as well as catering supplies and equipment to the catering industry All subsidiary undertakings are wholly owned, with the exception of O'Kane Food Service Limited and Brake Bros Foodservice Ireland Limited which are 80% owned subsidiary undertakings of Brake Bros Limited Brake Bros Limited Brake Bros Foodservice Limited, M&J Seafood Limited, Wild Harvest Limited, Freshfayre Limited and Browns Foodservice Limited are registered in England and Wales, while O'Kane Food Service Limited is registered in Northern Ireland, all operate in the UK. Brake Bros Foodservice Ireland Limited is operated and registered in the Republic of Ireland and Brake France Service SAS operates in Continental Europe and is incorporated in France

8 (a). Investments in subsidiaries (continued)

During the year the carrying value of the investments have been reviewed, in conjunction with the impairment reviews carried out on goodwill (see note 5) and no further impairment losses have arisen

Dormant subsidiary undertakings are Brakes Limited, Campbell and Neill Limited, Cearns & Brown Limited, Watson & Philip Cearns & Brown (South East) Limited, Scotia Campbell Marine Limited Stockflag Limited, Taste of the Wild Limited, W Pauley & Co Limited, John Morris Leasing Limited and Woodward Foodservice Limited All of the dormant undertakings are registered in England and Wales with the exception of Scotia Campbell Marine Limited which is registered in Scotland

8 (b). Investments in associates

Group and company	2010 £m	2009 £m
At 1 January	–	–
Acquisition of associate	13 2	–
Share of profit	0 5	–
At 31 December	**13 7**	–

On 28 April 2010 the ultimate Group (the largest UK parent undertaking to consolidate these financial statements is Cucina Lux Investments Limited), alongside Nordic Capital, invested in Menigo Foodservice AB, a foodservice wholesaler in Sweden The group, through Brake Bros Limited acquiring 49% and Cucina Lux Investments Limited acquiring 18%, have acquired 67% of the share capital of Cidron Food Holding Sarl, a company incorporated in Luxembourg and the ultimate parent undertaking of Menigo Foodservice AB, for a consideration of SEK200million Nordic Capital, the previous owners of Menigo Foodservice AB, hold the remaining 33% of the share capital in Cidron Food Holding Sarl This investment will extend the group's geographic reach into an attractive market with significant potential for synergies and sharing of best practice

The group and company's share of the results of its associate, which is unlisted and the gross amount of assets and liabilities, are as follows

Name	Country of incorporation	Assets £m	Liabilities £m	Revenues £m	Profit £m	% interest held
Cidron Food Holdings Sarl - group	Sweden	**138 3**	**(110 0)**	**142 6**	**0 5**	**49**

9 Inventories

	Group 2010 £m	Group 2009 £m	Company 2010 £m	Company 2009 £m
Raw materials and consumables - cost	**2 4**	1 9	**1 8**	1 5
Finished goods and goods for resale - cost	**76 9**	70 3	**51 3**	45 7
	79 3	72 2	**53 1**	47 2

10. Trade and other receivables

	Group 2010 £m	Group 2009 £m	Company 2010 £m	Company 2009 £m
Trade receivables	**52 9**	48 8	**14 4**	12 1
Trade receivables – factored	**150 0**	152 1	–	–
Less provision for impairment of receivables	**(6 8)**	(6 4)	**(0 2)**	(0 1)
Trade receivables – net	**196 1**	194 5	**14 2**	12 0
Amounts owed by group undertakings	–	–	**62 9**	76 9
Amounts owed by parent undertakings	**338 9**	279 3	**338 9**	279 3
Loans owed by parent undertakings	**47 5**	40 0	**47 5**	40 0
Loans owed by group undertakings	–	–	**8 5**	8 8
Amounts owed by associate	**0 2**	–	**0 2**	–
Other receivables	**4 0**	2 6	**0 4**	–
Prepayments	**7 5**	4 6	**5 7**	3 0
	594 2	521 0	**478 3**	420 0

During the year certain subsidiary companies of the Group sold trade receivables to a special purpose group entity, Brake Bros Receivables Limited This company is a fellow subsidiary of the ultimate UK parent undertaking Cucina Lux Investments Limited In accordance with SIC – 12 ("Consolidation – Special Purpose Entities"), Brake Bros Receivables Limited is included within the consolidated results of the Group Brake Bros Receivables Limited has entered into a recourse factoring agreement with a bank and these receivables are separately disclosed in the note above
The transaction has been accounted for as a collateralised borrowing (see note 14) In case Brake Bros Receivables Limited defaults under the loan agreement, the lender has the right to receive the cash flows from the receivables transferred Without default, Brake Bros Receivables Limited will collect the receivables and allocate new receivables as collateral The total amount pledged as collateral for borrowings is £150 0m (2009 £152 1m)

The creation and release of a provision for the impaired receivables have been included in 'direct purchase costs' in the income statement

Concentrations of credit risk with respect to trade receivables are limited due to the Group's customer base being large and unrelated Due to this, management believe there is no further credit risk provision required in excess of the normal provision for doubtful receivables Therefore, the maximum exposure to credit risk at the reporting date is the fair value of each class of receivable The Group and Company do not hold any collateral as security

As of 31 December 2010, Group trade receivables of £164 8m (2009 £167 1m) and Company trade receivables of £11 8m (2009 £9 6m) were fully performing

10. Trade and other receivables (continued)

As of 31 December 2010, Group trade receivables of £31 2m (2009 £26 8m) and Company trade receivables of £2 4m (2009 £2 3m) were past due but not impaired These relate to a number of customers for whom there is no recent history of default The ageing analysis of these trade receivables is as follows

	Group		Company	
	2010	2009	**2010**	2009
	£m	£m	**£m**	£m
Up to 3 months	**30 5**	25 5	**2 3**	2 2
3 to 6 months	**0 7**	1 3	**0 1**	0 1
	31 2	26 8	**2 4**	2 3

As of 31 December 2010, group trade receivables of £6 9m (2009 £7 0m) and company trade receivables of £0 2m (2009 £0 2) were impaired and provided for The amount of the provision was £6 8m as of 31 December 2010 (2009 £6 4m) The individually impaired receivables mainly relate to customers, which are in unexpectedly difficult economic situations It was assessed that a portion of the receivables is expected to be recovered The ageing of these receivables is as follows

	Group		Company	
	2010	2009	**2010**	2009
	£m	£m	**£m**	£m
Up to 3 months	**0 6**	2 0	**–**	–
3 to 6 months	**1 9**	0 6	**0 1**	0 1
Over 6 months	**4 4**	4 4	**0 1**	0 1
	6 9	7 0	**0 2**	0 2

The book value of trade and other receivables with a maturity of less than one year are assumed to approximate to fair value

The carrying amounts of the trade and other receivables are denominated in the following currencies

	Group		Company	
	2010	2009	**2010**	2009
	£m	£m	**£m**	£m
Pounds	**544 7**	475 5	**478 3**	420 0
Euros	**49 5**	45 5	**–**	–
	594 2	521 0	**478 3**	420 0

Movements on the provision for impairment of trade receivables are as follows

	Group		Company	
	2010	2009	**2010**	2009
	£m	£m	**£m**	£m
At 1 January	**6 4**	7 7	**0 1**	–
Exchange adjustment	**(0 1)**	(0 3)	**–**	–
Acquisition of subsidiaries	**–**	0 1	**–**	–
Provision for receivables impairment	**3 6**	4 7	**0 6**	–
Receivables written off during the year as uncollectible	**(3 1)**	(5 8)	**(0 5)**	–
Amounts transferred from group undertakings	**–**	–	**–**	0 1
At 31 December	**6 8**	6 4	**0 2**	0 1

The other classes within trade and other receivables do not contain impaired assets

11 Cash and cash equivalents

	Group		Company	
	2010	2009	**2010**	2009
	£m	£m	**£m**	£m
Cash at bank and in hand	**25 4**	36 9	**4 5**	10 1
Short term bank deposits	**62 0**	23 7	**58 0**	20 7
	87 4	60 6	**62 5**	30 8

The effective interest rate on short term deposits was 0 25% (2009 0 25%) and these deposits have an average maturity of 1 day (2009 1 day) The effective interest rate on cash at bank and in hand is 0% (2009 0%)

12 Trade and other payables - current

	Group 2010 £m	Group 2009 £m	Company 2010 £m	Company 2009 £m
Trade payables	**258 4**	254 8	**223 3**	227 4
Amounts owed to parent undertakings	**162 7**	144 6	**128 2**	113 5
Amounts owed to group undertakings	**-**	-	**116 9**	104 8
Amounts owed to associate	**0 5**	-	**0 5**	-
Other taxes and social security	**15 0**	14 2	**4 9**	5 0
Other payables	**10 2**	10 4	**0 4**	0 6
Accruals	**25 3**	27 9	**20 0**	22 9
	472 1	451 9	**494 2**	474 2

13. Current tax liabilities

	Group 2010 £m	Group 2009 £m	Company 2010 £m	Company 2009 £m
Corporation tax - acquisition of subsidiaries (note 23 (a))	**0 1**	-	**-**	-

14 Financial liabilities - borrowings

Current	Group 2010 £m	Group 2009 £m	Company 2010 £m	Company 2009 £m
Loans owed to parent undertakings	**27 8**	13 8	**27 8**	13 8
Loans owed to group undertakings	**-**	-	**42 8**	30 7
Bank loans	**2 2**	0 4	**-**	-
Finance lease obligations	**6 8**	7 7	**5 9**	6 5
	36 8	21 9	**76 5**	51 0

Non-current	Group 2010 £m	Group 2009 £m	Company 2010 £m	Company 2009 £m
Loans owed to parent undertakings	**27 8**	13 8	**27 8**	13 8
Loans owed to group undertakings	**-**	-	**42 8**	30 7
Bank loans	**113 8**	102 4	**-**	-
Debt issue costs	**-**	(0 1)	**-**	-
Finance lease obligations	**19 9**	22 1	**17 1**	18 2
	161 5	138 2	**87 7**	62 7
Less amounts falling due within one year	**(36 8)**	(21 9)	**(76 5)**	(51 0)
	124 7	116 3	**11 2**	11 7

The bank loans have been obtained pursuant to a debt factoring agreement Certain liabilities of the parent undertaking are secured by way of a fixed and floating charge over the assets of the Group Further information regarding this is given in note 10 of the financial statements

The carrying amounts of the Group and Company's borrowings are denominated in the following currencies

	Group 2010 £m	Group 2009 £m	Company 2010 £m	Company 2009 £m
Pounds Sterling	**143 2**	132 6	**30 9**	32 0
Euros	**4 3**	5 6	**42 8**	30 7
Swedish Krone	**14 0**	-	**14 0**	-
	161 5	138 2	**87 7**	62 7

14. Financial liabilities - borrowings (continued)

The maturity of borrowings is set out in note 15(a) The exposure of the Group and the Company to interest rate changes is as follows

	Group		Company	
	2010	2009	**2010**	2009
	£m	£m	**£m**	£m
Borrowings at floating interest rates	**141 6**	116 1	**70 6**	44 5
Fixed rate borrowings maturing				
- within one year	**6 8**	7 4	**5 9**	6 5
- one to five years	**12 3**	13 9	**11 0**	11 2
- over five years	**0 8**	0 8	**0 2**	0 5
	161 5	138 2	**87 7**	62 7

The effective interest rates at date of the statement of financial position were as follows

	Group	
	2010	2009
Bank loans	**1 3%**	1 3%
Finance lease obligations	**8 3%**	9 0%
Loans owed to parent undertakings	**6 9%**	–

15 Financial instruments

15 (a) Financial instruments - narrative disclosures

Disclosures in respect of the Group's financial risks are set out below Additional disclosures are set out in the accounting policies (on pages 15 to 20) and numerical disclosures in respect of financial instruments are set out in note 15 (b), 15 (c) and 15 (d)

Financial risk management

Financial risk factors

The Group has operations in the UK, the Republic of Ireland and Continental Europe and has debt financing which exposes it to a variety of financial risks that include the effects of changes in debt market prices, foreign currency exchange rates, credit risks, liquidity and interest rates The Group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Group by using foreign currency debt to hedge overseas investments in subsidiaries, and interest hedging agreements to limit the impact from potential future interest rate increases

The UK Group's Board of Directors have the responsibility for setting the risk management policies applied by the UK Group The policies are implemented by the central treasury department that receives regular reports from the operating companies to enable prompt identification of financial risks so that the appropriate actions may be taken The UK Group has a policy and procedures manual that sets out specific guidelines to manage foreign exchange risk, interest rate risk, credit risk, liquidity risk and the use of financial instruments to manage these

(i) Foreign currency exchange risk

The Group has operations in the UK, the Republic of Ireland and Continental Europe The Group is exposed to foreign exchange risks primarily arising from investments in operations in Continental Europe, whose net assets are exposed to foreign currency translation risk The Group does not hedge at this level and foreign exchange differences arising on consolidation go to reserves

(ii) Interest rate risk

The Group has both interest bearing assets and interest bearing liabilities The Group's interest rate risk primarily arises from floating interest rate long term borrowings Borrowings issued at variable rates expose the Group to cash flow interest rate risk During 2010, the Group's borrowings at variable rate were primarily denominated in the UK pound The Group analyses its interest rate exposure to a shift in interest rates The Group calculates the impact on profit and loss of a defined interest rate shift The scenarios are run only for assets and liabilities that represent the major interest-bearing positions Based on the simulations performed the impact on post tax profit of a 10% shift would be a maximum increase or decrease of £0 2m

(iii) Credit risk

The Group has no significant concentrations of credit risk The Group has implemented policies that require appropriate credit checks on potential customers before sales commence

The Group has no significant concentrations of credit risk Credit risk arises from cash and cash equivalents, as well as credit exposures to customers, including outstanding receivables and committed transactions For banks, independently rated parties within the band 'A' rating are used for main Group banking requirements, and wherever possible for subsidiary day to day operating requirements For customers, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors Individual risk limits are set based on internal or external ratings The Group has implemented policies that require appropriate credit checks on potential customers before sales commence

15. Financial instruments (continued)

The table below shows the credit rating and balance of the major bank counterparties at the date of the statement of financial position A full analysis of cash at bank and short term deposits is included in note 15 (d) to the financial statements

Group Counterparty	**At 31 December 2010** Rating	Balance £m	At 31 December 2009 Rating	Balance £m
Bank A	**AA-**	**61 8**	AA-	27 0
Bank B	**AA**	**4 7**	AA	4 5
Bank C	**AA**	**8 4**	AA	17 6
Bank D	**A+**	**5 8**	A+	7 5
Bank E	**A+**	**0 6**	A+	3 3
Bank F	**BB+**	**6 0**	A-	0 6
		87 3		60 5

Company Counterparty	**At 31 December 2010** Rating	Balance £m	At 31 December 2009 Rating	Balance £m
Bank A	**AA-**	**57 7**	AA-	22 9
Bank B	**AA**	**4 2**	AA	4 5
Bank C	**A+**	**0 6**	A+	3 3
		62 5		30 7

Management does not expect any losses from non-performance by these counterparties

(iv) Liquidity risk
The Group actively maintains a mixture of long-term and short-term facilities, including amounts funded from parent undertakings that are designed to ensure the Group has sufficient available funds for operations and planned expansions

Management monitors rolling forecasts of the Group's liquidity reserve (comprises undrawn borrowing facility (note 15 (c)) and cash and cash equivalents (note 11) on the basis of expected cash flow

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the date of the statement of financial position to the contract maturity date The amounts disclosed in the table are the contractual undiscounted cash flows Balances due within 12 months are not discounted as the impact of discounting is not significant

At 31 December 2010	**Less than one year £m**	**Between one and two years £m**	**Between two and five years £m**	**Over five years £m**	**Total £m**
Borrowings	**36 8**	**116 3**	**7 7**	**0 7**	**161 5**
Trade and other payables	**472 3**	**–**	**–**	**–**	**472 3**
Total	**509 1**	**116 3**	**7 7**	**0 7**	**633 8**

At 31 December 2009	Less than one year £m	Between one and two years £m	Between two and five years £m	Over five years £m	Total £m
Borrowings	21 9	6 2	108 5	1 6	138 2
Trade and other payables	451 9	–	–	–	451 9
Total	473 8	6 2	108 5	1 6	590 1

Capital risk management
The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital These objectives are managed at the ultimate UK Group level, Cucina Lux Investments Limited, rather than at a lower Group level

The overall debt and equity structure of the Group is under the control of the ultimate parent Company, Cucina (BC) Luxco Sarl There are no external capital requirements on the Company Further details of the share capital of the Group can be found in note 19 of the financial statements

15 (b) Financial instruments - by category

The accounting policies for financial instruments have been applied to the line items below

Group	2010 Loans and receivables £m	2009 Loans and receivables £m
At 31 December		
Assets as per statement of financial position		
Trade and other receivables	**586 7**	516 4
Cash and cash equivalents	**87 4**	60 6
Total	**674 1**	577 0

Group	2010 Other financial liabilities £m	2009 Other financial liabilities £m
At 31 December		
Liabilities as per statement of financial position		
Financial liabilities - borrowings	**161 5**	138 2
Trade and other payables excluding statutory liabilities	**457 3**	437 7
	618 8	575 9

Company	2010 Loans and receivables £m	2009 Loans and receivables £m
At 31 December		
Assets as per statement of financial position		
Trade and other receivables	**472 6**	417 0
Cash and cash equivalents	**62 5**	30 8
Total	**535 1**	447 8

Company	2010 Other financial liabilities £m	2009 Other financial liabilities £m
At 31 December		
Liabilities as per statement of financial position		
Financial liabilities - borrowings	**87 7**	62 7
Trade and other payables excluding statutory liabilities	**489 5**	469 2
	577 2	531 9

15 (c) Financial instruments – numerical dislosures

Set out below are numerical disclosures in respect of the Group's financial instruments

Fair values of non-derivative financial assets and liabilities
Where market values are not available, fair values of financial assets and financial liabilities have been calculated by discounting expected future cash flows at prevailing interest rates and by applying year end exchange rates The book value of short term borrowings approximate to fair value

Group	2010 Book value £m	2010 Fair value £m	2009 Book value £m	2009 Fair value £m
Primary financial instruments held or issued to finance the Group's operations				
Short term finanical liabilities and current portion of long term borrowings	**(36 8)**	**(36 8)**	(21 9)	(21 9)
Other long term borrowings	**(124 7)**	**(113 9)**	(116 3)	(108 0)
Trade and other payables	**(472 3)**	**(472 3)**	(451 9)	(451 9)
Trade and other receivables	**572 7**	**572 7**	516 4	516 4
Cash and cash equivalents	**87 4**	**87 4**	60 6	60 6
Retirement benefit obligations	**(24 6)**	**(24 6)**	(33 7)	(33 7)

The book values of short-term deposits, loans and other borrowings with a maturity of less than one year are assumed to approximate to their fair values In the case of bank loans and other borrowings due in more than one year the fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments

Company	2010 Book value £m	2010 Fair value £m	2009 Book value £m	2009 Fair value £m
Primary financial instruments held or issued to finance the Company's operations				
Short term financial liabilities and current portion of long term borrowings	**(76 5)**	**(76 5)**	(51 0)	(51 0)
Other long term borrowings	**(11 2)**	**(11 0)**	(11 7)	(10 3)
Trade and other payables	**(494 4)**	**(494 4)**	(474 2)	(474 2)
Trade and other receivables	**458 6**	**458 6**	417 0	417 0
Cash and cash equivalents	**62 5**	**62 5**	30 8	30 8
Retirement benefit obligations	**(20 9)**	**(20 9)**	(30 4)	(30 4)

15 (c) Financial instruments – numerical dislosures (continued)

Borrowing facilities

The Group headed by Brake Bros Limited has undrawn committed borrowing facilities available at 31 December 2010 of £15 0m (2009 £25 4m) These are at floating interest rates and expire beyond one year

The minimum lease payments under finance leases fall due as follows

	Group		Company	
	2010 £m	2009 £m	**2010 £m**	2009 £m
Not later than one year	**8 3**	9 3	**7 3**	7 8
Later than one year but not more than five	**13 4**	15 1	**12 1**	12 6
More than five years	**0 9**	1 4	**0 2**	0 5
	22 6	25 8	**19 6**	20 9
Future finance charges on finance leases	**(2 7)**	(3 7)	**(2 5)**	(2 7)
Present value of finance lease liabilities	**19 9**	22 1	**17 1**	18 2

15 (d) Credit quality of financial assests

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to our Group risk profile indication based upon information provided by our external credit agencies

	At 31 December Group		At 31 December Company	
Group	**2010 £m**	2009 £m	**2010 £m**	2009 £m
Trade receivables				
Low risk	**94 3**	119 0	**10 4**	8 5
Medium risk	**57 0**	35 7	**0 9**	0 7
High risk	**13 5**	12 4	**0 5**	0 4
Total trade receivables	**164 8**	167 1	**11 8**	9 6

These categories of risk reflect the relative credit risk attributable to our trade receivables

	Group		Company	
	2010 £m	2009 £m	**2010 £m**	2009 £m
Cash at bank and short term deposits (see note below)				
AA	**13 1**	22 1	**4 2**	4 5
AA-	**61 8**	27 0	**57 7**	22 9
A+	**6 4**	10 8	**0 6**	3 3
A-	**–**	0 6	**–**	–
BB+	**6 0**	–	**–**	–
	87 3	60 5	**62 5**	30 7

The rest of the statement of financial position item 'cash and cash equivalents' is cash on hand

16. Retirement benefit obligations

The Group operates a number of pension schemes for its UK employees, the assets of all schemes being held in separate trustee administered funds These pension schemes are operated by Brake Bros Limited

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

In addition, in Continental Europe the Group is liable for certain post employment benefits which meet the criteria of a defined benefit plan These obligations are of an unfunded nature

Pension costs for defined contribution schemes are as follows

	Group		Company	
	2010	2009	**2010**	2009
	£m	£m	**£m**	£m
Defined contribution schemes	**4 7**	4 6	**4 2**	4 0

Defined benefit plans

	Group		Company	
	2010	2009	**2010**	2009
	£m	£m	**£m**	£m
Retirement benefit obligations				
At 1 January	**33 7**	16 0	**30 4**	12 9
Exchange adjustment	**(0 1)**	(0 3)	**–**	–
Interest on obligation	**9 4**	8 5	**9 2**	8 3
Expected return on scheme assets	**(8 7)**	(7 9)	**(8 7)**	(7 9)
Negative past service cost (note 1)	**(9 9)**	–	**(9 9)**	–
Obligations accrued in the year	**0 2**	0 2	**–**	–
Contributions paid in the year	**(1 8)**	(1 9)	**(1 8)**	(1 9)
Actuarial losses recognised in equity	**1 8**	19 1	**1 7**	19 0
At 31 December	**24 6**	33 7	**20 9**	30 4

The most recent actuarial valuation of The Brake Bros plc Pension Scheme was carried out at 5 April 2010 The principal assumptions made by the actuaries at 31 Decmber were

	2010	2009
	%	%
Rate of increase in pensions in payment and deferred pensions - UK	**3 4**	3 4
Discount rate - UK	**5 6**	5 7
Discount rate - Continental Europe	**4 8**	5 3
Inflation assumption RPI - UK	**3 5**	3 4
Inflation assumption CPI - UK	**2 8**	–
Expected return on plan assets - UK	**6 6**	6 6

Mortality rate assumptions
Assumptions regarding future mortality experience are set based on advice and published statistics

The average life expectancy in years of a pensioner retiring at age 65 on the date of the statement of financial position is as follows

	2010	2009
Male	**20 9**	20 7
Female	**23 1**	23 2

The average life expectancy in years of a pensioner retiring at age 65, 20 years after the date of the statement of financial position is as follows

	2010	2009
Male	**22 3**	22 0
Female	**24 7**	24 3

16 Retirement benefit obligations (continued)

Pensions and other post-retirement obligations

The amounts recognised in the statement of financial position are determined as follows

Group	**2010 £m**	2009 £m	2008 £m	2007 £m	2006 £m
Present value of funded obligations	**167 8**	164 7	132 1	147 3	141 3
Present value of unfunded obligations	**3 7**	3 3	3 1	2 0	1 8
Fair value of plan assets	**(146 9)**	(134 3)	(119 2)	(139 2)	(126 5)
Net pension liability recognised in the statement of financial position	**24 6**	33 7	16 0	10 1	16 6
Experience gains / (losses) on plan assets	**7 5**	9 6	(26 9)	2 3	1 7
Experience (losses) / gains on scheme liabilities	**(9 3)**	(28 7)	19 5	(1 7)	9 8

Company	**2010 £m**	2009 £m	2008 £m	2007 £m	2006 £m
Present value of funded obligations	**167 8**	164 7	132 1	147 3	141 3
Fair value of plan assets	**(146 9)**	(134 3)	(119 2)	(139 2)	(126 5)
Net pension liability recognised in the statement of financial position	**20 9**	30 4	12 9	8 1	14 8
Experience gains / (losses) on plan assets	**7 5**	9 6	(26 9)	2 3	1 7
Experience (losses) / gains on scheme liabilities	**(9 2)**	(28 6)	19 5	(1 8)	9 9

Analysis of movement in present value of pension obligation

	Group		Company	
	2010 £m	2009 £m	**2010 £m**	2009 £m
At 1 January	**168 0**	135 2	**164 7**	132 1
Exchange adjustment	**(0 1)**	(0 3)	**–**	–
Interest cost	**9 4**	8 5	**9 2**	8 3
Negative past service cost	**(9 9)**	–	**(9 9)**	–
Actuarial losses	**9 3**	28 7	**9 2**	28 6
Obligations accrued in the year	**0 2**	0 2	**–**	–
Benefits paid	**(5 4)**	(4 3)	**(5 4)**	(4 3)
At 31 December	**171 5**	168 0	**167 8**	164 7
Represented by				
Funded obligations	**167 8**	164 7	**167 8**	164 7
Unfunded obligations	**3 7**	3 3	**–**	–
	171 5	168 0	**167 8**	164 7

16. Retirement benefit obligations (continued)

Analysis of movement in fair value of scheme assets

	Group and Company	
	2010	2009
	£m	£m
At 1 January	**134 3**	119 2
Expected return on plan assets	**8 7**	7 9
Actuarial gains	**7 5**	9 6
Contributions paid by employer	**1 8**	1 9
Benefits paid	**(5 4)**	(4 3)
At 31 December	**146 9**	134 3

The current contribution schedule in place would have the Group and Company make a cash contribution of £1 9m in the year ending 31 December 2011

The assets in the scheme and the expected rate of return were

	2010 Long term rate of return expected per annum %	**Value £m**	2009 Long term rate of return expected per annum %	Value £m
Equities	**7 7**	**84 8**	7 8	73 7
Bonds	**4 6**	**44 5**	4 7	43 6
Other assets	**6 6**	**17 6**	6 2	17 0
	6 6	**146 9**	6 6	134 3

The overall expected return on scheme assets is determined by reference to the expected rates of return on each class of asset stated above, together with the expected profile of investments held

The amounts recognised in the income statement are as follows

	Group		Company	
	2010	2009	**2010**	2009
	£m	£m	**£m**	£m
Interest on obligation - included within interest cost	**9 4**	8 5	**9 2**	8 3
Expected return on scheme assets - included within interest receivable	**(8 7)**	(7 9)	**(8 7)**	(7 9)
Net expense	**0 7**	0 6	**0 5**	0 4

Group actuarial losses of £1 8m (2009 £19 1m) were recognised in the year and included in the consolidated statement of comprehensive income The cumulative amount of actuarial gains and losses recognised in the consolidated statement of comprehensive income since the Group's transition to IFRS amounted to a loss of £29 1m (2009 £27 3m)

Company actuarial losses of £1 7m (2009 £19 0m) were recognised in the year and included in the company statement of comprehensive income The cumulative amount of actuarial gains and losses recognised in the company statement of comprehensive income since the Company's transition to IFRS amounted to a loss of £23 1m (2009 £21 4m)

The actual gain on plan assets was £16 2m (2009 £17 5m)

17. Provisions for other liabilities and charges

Property dilapidation obligations	Group 2010 £m	Group 2009 (restated) £m	Company 2010 £m	Company 2009 £m
At 1 January	**11 0**	10 4	**8 1**	6 0
Acquisition of subsidiary	**–**	0 3	**–**	–
Transfers from group undertakings (note 23 (b))	**–**	–	**–**	2 0
Charged to the income statement in the year	**–**	0 3	**–**	0 1
Utilised during the year	**(0 4)**	–	**(0 1)**	–
At 31 December	**10 6**	11 0	**8 0**	8 1
Non-current	**10 6**	10 7	**8 0**	8 0
Current	**–**	0 3	**–**	0 1
	10 6	11 0	**8 0**	8 1

Property dilapidation obligations relate to leasehold property held by the group and primarily represent obligations to reinstate property to its original condition at the end of the lease term

18. Deferred tax assets

The movement on deferred tax balances are as shown below

	Group 2010 £m	Group 2009 (restated) £m	Company 2010 £m	Company 2009 £m
Deferred tax assets				
At 1 January	**38 0**	34 4	**28 3**	21 7
Acquisition of subsidiaries (note 23)	**(0 6)**	(0 2)	**–**	–
Exchange adjustment	**(0 2)**	(0 5)	**–**	–
Tranfers from group undertakings	**–**	–	**–**	3 0
Additions (note 6)	**–**	(0 2)	**–**	–
Tax credit on actuarial losses taken directly to equity	**0 3**	5 3	**0 3**	5 3
Charge for the year	**(6 0)**	(0 8)	**(7 7)**	(1 7)
At 31 December	**31 5**	38 0	**20 9**	28 3

Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net

Group	Retirement benefit obligations £m	Tax losses £m	Other temporary differences £m	Total £m
Deferred tax assets				
At 1 January 2010	8 5	10 4	19 1	38 0
Acquisition of subsidiaries	–	–	(0 6)	(0 6)
Exchange adjustment	–	(0 2)	–	(0 2)
Tax credit on actuarial losses taken directly to equity	0 3	–	–	0 3
Charge for the year	(3 1)	(0 4)	(2 5)	(6 0)
At 31 December 2010	**5 7**	**9 8**	**16 0**	**31 5**

Group	Retirement benefit obligations £m	Tax losses (restated) £m	Other temporary differences £m	Total £m
Deferred tax assets				
At 1 January 2009	5 0	11 0	18 4	34 4
Acquisition of subsidiaries	–	0 3	(0 5)	(0 2)
Additions	–	–	(0 2)	(0 2)
Exchange adjustment	–	(0 5)	–	(0 5)
Tax credit on actuarial losses taken directly to equity	5 3	–	–	5 3
Charge for the year	(1 8)	(0 4)	1 4	(0 8)
At 31 December 2009	8 5	10 4	19 1	38 0

18. Deferred tax assets (continued)

Company	Retirement benefit obligations £m	Tax losses £m	Other temporary differences £m	Total £m
Deferred tax assets				
At 1 January 2010	8 5	4 9	14 9	28 3
Tax credit on actuarial losses taken directly to equity	0 3	–	–	0 3
Charge for the year	(3 1)	(1 3)	(3 3)	(7 7)
At 31 December 2010	**5 7**	**3 6**	**11 6**	**20 9**

Company	Retirement benefit obligations £m	Tax losses £m	Other temporary differences £m	Total £m
Deferred tax assets				
At 1 January 2009	5 0	–	16 7	21 7
Transfer from group undertakings (note 23 (b))	–	4 9	(1 9)	3 0
Tax credit on actuarial losses taken directly to equity	5 3	–	–	5 3
Charge for the year	(1 8)	–	0 1	(1 7)
At 31 December 2009	8 5	4 9	14 9	28 3

Deferred tax assets have been recognised in respect of tax losses and on temporary differences giving rise to deferred tax assets, to the extent that it is considered probable, based on internal forecasts, that these assets will be recovered The net Group deferred tax asset expected to be recovered after more than one year is £24 6m (2009 £31 2m) There are unrecognised deferred tax assets of £15 9m (2009 £16 0m) in respect of unutilised tax losses in the UK The deferred tax credited to equity during the year is £0 3m (2009 £5 3m)

19 Share capital

Group and Company	2010 £m	2009 £m
Authorised		
58,000,000 (2009 58,000 000) ordinary shares of 10p	**5 8**	5 8

Issued and fully paid	Ordinary shares paid of 10p each	£m	£m
At 31 December	53,776,540	**5 4**	5 4

20 Reserves

Group	Retained earnings £m	Other reserves £m	Total £m
At 1 January 2010	320 5	19 5	340 0
Pension actuarial loss	(1 8)	-	(1 8)
Deferred tax on pension actuarial loss	0 3	-	0 3
Currency translation differences	-	(4 6)	(4 6)
Cash flow hedges - fair value gains	-	1 1	1 1
Profit for the year	85 0	-	85 0
At 31 December 2010	**404 0**	**16 0**	**420 0**

Group	Retained earnings £m	Other reserves £m	Total £m
At 1 January 2009	249 1	27 5	276 6
Pension actuarial loss	(19 1)	-	(19 1)
Deferred tax on pension actuarial loss	5 3	-	5 3
Currency translation differences	-	(8 4)	(8 4)
Cash flow hedges - fair value gains	-	0 4	0 4
Profit for the year	85 2	-	85 2
At 31 December 2009	320 5	19 5	340 0

Included within other reserves are cumulative exchange gains of £15 2m (2009 £19 8m) and gains on the fair value of cash flow hedges of £0 8m (2009 £0 3m loss)

Company	Retained earnings £m	Other reserves £m	Total £m
At 1 January 2010	283 0	10 7	293 7
Profit for the year	72 3	-	72 3
Pension actuarial loss	(1 7)	-	(1 7)
Deferred tax on pension actuarial loss	0 3	-	0 3
At 31 December 2010	**353 9**	**10 7**	**364 6**

Company	Retained earnings £m	Other reserves £m	Total £m
At 1 January 2009	216 9	10 7	227 6
Profit for the year	79 8	-	79 8
Pension actuarial loss	(19 0)	-	(19 0)
Deferred tax on pension actuarial loss	5 3	-	5 3
At 31 December 2009	283 0	10 7	293 7

Other reserves include £10 9m (2009 £10 9m) in respect of the difference between the nominal value and fair value of shares issued for the acquisition of subsidiary companies Also included within other reserves are cumulative exchange losses of £0 2m (2009 £0 2m)

21. Cash generated from operations

Reconciliation of profit after taxation to cash generated from operations

	Group		Company	
	2010	2009	**2010**	2009
	£m	£m	**£m**	£m
Profit after taxation	**85 3**	85 2	**72 3**	79 8
Adjustments for				
Tax	**26 3**	27 0	**23 6**	23 7
Interest income	**(11 9)**	(11 9)	**(13 7)**	(14 7)
Interest expense	**14 2**	14 9	**12 7**	12 4
Dividends received	**-**	–	**(6 4)**	(7 5)
Depreciation charges	**24 4**	25 5	**17 7**	17 0
Amortisation of intangibles	**4 6**	3 8	**3 4**	1 7
Retirement benefit obligations paid	**(1 8)**	(1 9)	**(1 8)**	(1 9)
Share of profit from associate	**(0 5)**	-	**(0 5)**	-
Decrease in retirement benefit obligations	**(9 9)**	–	**(9 9)**	–
Loss / (profit) on sale property, plant and equipment	**0 1**	(0 1)	**(0 2)**	(0 2)
(Increase) / decrease in inventories	**(7 3)**	0 6	**(5 9)**	(7 7)
(Increase) / decrease in trade and other receivables	**(6 3)**	2 7	**(6 0)**	3 9
Increase / (decrease) in trade and other payables	**2 6**	(7 2)	**(6 6)**	18 4
Cash generated from operations	**119 8**	138 6	**78 7**	124 9

22 Employees and Directors' emoluments

	Group		Company	
Average monthly number of people	**2010**	2009	**2010**	2009
employed by the Group and Company during the year	**Number**	Number	**Number**	Number
Distribution, manufacturing and selling	**8,219**	8,171	**5,624**	5,474
Administration	**908**	881	**539**	506
	9,127	9,052	**6,163**	5,980

	Group		Company	
	2010	2009	**2010**	2009
	£m	£m	**£m**	£m
The costs incurred in respect of these employees were				
Wages and salaries	**223 1**	223 6	**150 2**	150 5
Social security costs	**35 8**	34 3	**14 3**	13 6
Defined contribution pension costs (see note 16)	**4 7**	4 6	**4 2**	4 0
	263 6	262 5	**168 7**	168 1

Key management compensation

	2010	2009
Group	**£'000**	£'000
Salaries and short-term benefits	**4,449**	6,249
Post-employment benefits	**243**	240
	4,692	6,489

The key management figures given above include directors The Group considers key management to be those persons who have the authority and responsibility for planning, directing and controlling the activities of the Group

22. Employees and Directors' emoluments (continued)

Directors' emoluments

	2010 £'000	2009 £'000
Aggregate emoluments	**1,415**	2,105
Company pension contributions to money purchase schemes	**79**	71

Retirement benefits are accruing to 1 (2009 2) director under money purchase pension arrangements

Emoluments paid to the highest paid director are as follows

Aggregate emoluments and benefits	**633**	1,192
Company pension contributions to money purchase schemes	**30**	22

23 Business combinations

23 (a) Acquisition of Browns Foodservice Limited

On 7 May 2010, the Group acquired 100% of the share capital of Browns Foodservice Limited, a specialist supplier of meat products to the catering industry, operating in the United Kingdom The acquisition will complement the specialist businesses within the Group, will increase the customer base for the Group and strengthen the specialist meat offer to all customers If the acquisition had occurred on 1 January 2010, the estimated Group revenue would have been £4 5m higher and it is estimated that there would have been no impact on the net profit after taxation These amounts have been calculated using the Group's accounting policies and by adjusting the results of the subsidiary to reflect the additional amortisation that would have been charged assuming the fair value adjustments to intangible assets had applied from 1 January 2010, together with the consequential tax effects

The goodwill is attributable to future customer account wins and customer account growth, synergies to be obtained from the integration of business into the existing UK distribution network and also includes £0 7m relating to the deferred tax liability on intangible assets for brands and customer contracts and relationships

Provisional amounts have been used to determine the purchase consideration and the fair value of the liabilities acquired as the Directors are continuing to assess the impact of accounting for the acquisition up to the date of these financial statements The fair value adjustments will be finalised in the 2011 financial statements

Details of the provisional goodwill and net liabilities acquired are as follows

	Provisional goodwill to the group £m
Purchase consideration	
- cash paid	**2 9**
Provisional fair value of net assets acquired	**(1 0)**
Goodwill (note 5)	**1 9**

The assets and liabilities arising from the acquisition are determined as follows

	Provisional Fair Value £m	Acquiree's carrying amount £m
Property, plant and equipment (note 7)	**0 6**	**1 3**
Brands (note 6)	**0 5**	**-**
Customer contracts and relationships (note 6)	**1 9**	**-**
Inventories	**0 5**	**0 6**
Trade and other receivables	**1 7**	**1 7**
Trade and other payables	**(1 5)**	**(1 5)**
Borrowings (including cash overdaft)	**(2 0)**	**(2 0)**
Curent income tax liabilities	**(0 1)**	**(0 1)**
Deferred tax liabilities (note 18)	**(0 6)**	**(0 1)**
Net assets / (liabilities)	**1 0**	**(0 1)**

Trade and other receivables includes trade receivables with a fair value and gross contracted amount of £1 7m which is expected to be fully collected

The net outflow of cash in respect of this acquisition was as follows

	£m
Purchase consideration settled in cash	**2 9**
Cash overdraft in subsidiary acquired	**0 1**
Cash outflow on acquisition	**3 0**

23. Business combinations (continued)

23 (b) Acquisition of Freshfayre Limited
During the year ended 31 December 2009, the Group acquired 100% of the share capital of Freshfayre Limited a specialist supplier of predominantly, chilled and ambient foods to the catering industry operating in the United Kingdom

The tables below set out the Group's assessment of the fair values of the assets and liabilities of the acquisition setting out the adjustments which have been made to the provisional fair values reported in 2009 There has been no change to the provisional goodwill reported in 2009

	Provisional goodwill to the group £m
Purchase consideration	
- Cash paid	1 7
- Direct costs relating to the acquisition	0 3
Total purchase consideration	2 0
Provisional fair value of net liabilities acquired	1 0
Goodwill	3 0

The assets and liabilities arising from the acquisition, are determined as follows

	Provisional fair value £m	**Adjustments to to provisional fair value £m**	**Fair value £m**	**Acquiree's carrying amount £m**
Property, plant and equipment	0 3	–	0 3	0 3
Brands	0 6	–	0 6	–
Customer contracts and relationships	1 1	–	1 1	–
Inventories	0 4	–	0 4	0 4
Trade and other receivables	1 9	–	1 9	1 9
Trade and other payables	(2 3)	–	(2 3)	(2 3)
Provisions for other liabilities and charges	–	(0 3)	(0 3)	–
Borrowings (including bank overdrafts)	(2 5)	–	(2 5)	(2 5)
Deferred tax liabilities	(0 5)	0 3	(0 2)	–
Net liabilities	(1 0)	–	(1 0)	(2 2)

The net outflow of cash in respect of this acquisition was as follows

	2010 £m	2009 £m
Purchase consideration settled in cash	–	1 7
Direct costs relating to the acquisition	**0 3**	–
Cash and cash equivalents in subsidiary acquired	–	(0 1)
Cash outflow on acquisition	**0 3**	1 6

24. Commitments

(a) Capital commitments

	Group 2010 £m	Group 2009 £m	Company 2010 £m	Company 2009 £m
Contracted for but not provided	**0 6**	5 6	**-**	5 5

(b) Operating lease commitments

The total of future minimum lease payments in respect of non-cancellable operating leases are as follows

Group	Land and buildings 2010 £m	Other 2010 £m	Land and buildings 2009 £m	Other 2009 £m
Within one year	**8 2**	**4 6**	8 9	5 2
Between two and five years	**24 2**	**27 6**	27 9	27 0
After five years	**22 8**	**6 4**	32 1	7 6
	55 2	**38 6**	68 9	39 8

Company	Land and buildings 2010 £m	Other 2010 £m	Land and buildings 2009 £m	Other 2009 £m
Within one year	**5 8**	**2 2**	6 4	2 4
Between two and five years	**19 6**	**4 8**	22 1	5 6
After five years	**20 7**	**0 1**	28 3	0 2
	46 1	**7 1**	56 8	8 2

The Company and Group lease various properties and plant and equipment under non-cancellable operating lease agreements The leases have various terms and renewal rights The Company and Group has also sub-let certain properties under non-cancellable sublease agreements and the total of future minimum lease payments expected to be received by the Group amounts to £0 4m (2009 £0 6m) and by the Company amounts to £0 3m (2009 £0 6m)

25 Related party transactions

During the year the Company has continued to provide and receive funding to other Group Companies, and has also entered into certain other transactions with other Companies in the Cucina Lux Investments Limited group Details of transactions are as follows

	2010 £m	2009 £m
Loans owed by parent undertakings	**47 5**	40 0
Loans owed by subsidiary undertakings	**8 5**	8 8
Loans owed to subsidiary undertakings	**(42 8)**	(30 7)
Interest payable to subsidiary undertakings	**(0 5)**	(0 7)
Interest receivable from subsidiary undertakings	**0 5**	0 3
Loan amounts owed to parent undertakings	**(27 7)**	(13 8)
Amounts owed by parent undertakings	**338 9**	279 3
Other payables owed to parent and subsidiary undertakings – group tax relief	**(133 6)**	(117 7)
Trade and other receivables owed by subsidiary undertakings	**62 9**	76 9
Trade and other receivables owed by associate	**0 2**	–
Amounts owed to associate	**(0 5)**	-
Amounts owed to parent undertakings	**(1 1)**	–
Interest payable to parent undertakings	**(0 6)**	–
Trade and other payables owed to subsidiary undertakings	**(110 6)**	(97 0)
Interest receivable from parent undertakings	**3 1**	3 8
Sales to subsidiary undertakings	**49 7**	22 2
Purchases from subsidiary undertakings	**14 5**	11 9
Transfers of property, plant and equipment from subsidiary undertakings	**–**	(3 7)
Transfers of intangible assets from subsidiary undertakings	**–**	(6 7)

None of the balances owed to or by parent undertakings, subsidiary undertakings or associates are secured

Key management compensation is disclosed in note 22, retirement benefit obligations are disclosed in note 16

26 Ultimate parent company and controlling party

The immediate parent undertaking and controlling party is Brake Bros Acquisition Limited, a company incorporated in England and Wales

The ultimate parent undertaking is Cucina (BC) Luxco Sarl, a private limited company registered in Luxembourg The ultimate controlling party of the Company is Bain Capital Fund IX E LP, an exempted limited partnership registered in the Cayman Islands, which is indirectly controlled by Bain Capital Investors LLC, a Delaware limited liability company

The parent undertaking of the smallest group to consolidate these financial statements is Cucina Acquisition (UK) Limited and the parent undertaking of the largest UK group to consolidate these financial statements is Cucina Lux Investments Limited Copies of Cucina Acquisition (UK) Limited and Cucina Lux Investments Limited consolidated financial statements can be obtained from the Company Secretary at Enterprise House, Eureka Business Park, Ashford, Kent, TN25 4AG

27. Post balance sheet events

There are no post balance sheet events