

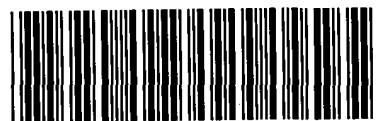
Company registration number: 02035315

Brake Bros Limited

Annual report and financial statements

For the year ended 31 December 2015

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Brake Bros Limited

Annual report and financial statements for the year ended 31 December 2015

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Brake Bros Limited
Annual report and financial statements
For the year ended 31 December 2015

Strategic report

The directors present their strategic report for Brake Bros Limited ("Brakes") for the financial year ended 31 December 2015. This report analyses the performance and explains other aspects of the Group's results and operations, including strategy and risk management.

Review of the business

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 in the Group are Brake Bros Limited, Brake Bros Foodservice Limited, M&J Seafood Limited, Wild Harvest Limited, Brakes Foodservice NI Limited, Freshfayre Limited, Brake Bros Foodservice Ireland Limited, Pauleys Produce Limited, Fresh Direct (UK) Limited, Brake France Service SAS, Davigel SAS and Menigo Foodservice AB.

Brakes Group is a leading European foodservice provider, operating in the UK, France, Sweden and Ireland. With over 15,000 colleagues working for the Group the business has now successfully delivered the third year of its five year plan and is on track to build on this momentum.

2015 Key successes

1. **Leveraging scale to drive operating efficiencies:** During 2015 the UK business successfully completed its transition to the new multi-temperature network at Bodelwyddan, Hemsworth, Newhouse and Warrington. 23,500 customer units in the UK are now receiving multi-temperature deliveries meaning that approximately one third of UK deliveries are now multi-temperature. The third and largest Regional Distribution Centre was opened in Harlow during the year and Harlow's transition to multi-temperature is expected to finish by the end of March 2016. We've begun the preparations for transitioning our Logistics business onto our core SAP IT systems. This work will continue next year as we strive for increasingly efficient, reliable operations right across the business.

During 2015 we successfully carried out the migration of our IT production systems to the Capgemini Data Centre. This is a major milestone in our IS transformation programme and means we are now provided with a firm foundation on which to build and continue to improve our service stability and performance.

During 2015, Brakes has continued to step-change its purchasing scale, expertise and insight with buyers working together across six different European markets through. This has been done through new buying partnerships as part of our new procurement alliance called Constellation. The aim of Constellation is to create value for Brakes and the other partners by cost saving as well as increasing sales from activity such as improving our product range.

2. **Driving organic growth through industry leading customer experience:** Brakes has continued to provide a high standard of business partnering to its customers in 2015, demonstrating a genuine understanding and appreciation of the realities of running a business with foodservice requirements, whether it be pubs, restaurants, hotels, hospitals, schools, care homes or leisure facilities.

As a company setting foodservice trends, 2015 saw Brakes working with suppliers and customers to innovate with new products and menu concepts to meet customers' needs. Brakes has quickly turned ideas into reality, focusing on the right choice and quality of products at the best value, with something in its range for all of its customers. In 2015, Brakes introduced over 350 new products to the range and re-developed a further 180 products.

Brakes new e-Commerce platform in the UK is now live and the Independent customer base is adopting this new online platform. Sales through our online ordering platform were up year on year and by the end of Q1, nearly 80 percent of customers buying on-line said Brakes' e-Commerce offering was meeting their requirements and that it was quick and easy and that they would recommend it.

Brakes people have also benefited from a continued investment in a wide range of bespoke training programmes being rolled out across the Group's workforce.

3. **Expanding through acquisition:** Brakes Group has completed two acquisitions in 2015:

a. **Acquisition of Fresh Direct – unlocking future growth in fresh food:** Following on from the announcement made in November 2014 the Group, on 23 February 2015, completed the deal with Fresh Direct, to create a new fresh food company, known as "Fresh Direct". M&J Seafood, Pauleys and Wild Harvest were contributed by the Group and become part of this new Fresh Direct company within the Group.

Almost one third of Brakes' sales currently come from fresh and chilled food. This acquisition has created an even broader fresh food offer with capability to deliver fresh products six or seven days per week, from dedicated local fresh depots. This new company has the capability to give Brake's customers the additional choice of a daily fresh delivery service from a network of regional specialist depots that meet their specific needs.

Since its acquisition Fresh Direct has performed positively, in line with expectations. Anticipated purchasing synergies are on track. A new London depot, in Dagenham, has opened and will provide capacity and efficiency opportunities in London and the South East.

b. **Acquisition of Davigel – strengthening our position in France:** On 2 November 2015 the Group completed the acquisition of Davigel from Nestlé. Davigel is a major supplier of chilled and frozen food for the European foodservice market. We have a very strong heritage in France via Brake France, which has operated in the region for the last 23 years and the addition of Davigel further strengthens our position as a major player in France as well as opening up new markets in Belgium, Luxembourg and Spain. Davigel brings to Brakes Group a strong manufacturing expertise. It will continue to operate as standalone business, with the new Brakes Continental Europe Division (BCED) created to oversee the development and strategy of these businesses. The two companies' current organisation, in terms of sales, product offering and distribution, will stay in place to ensure a seamless service for our customers.

4. **Delivered strong cash generation and stability:** The financial position of the Group is strong, with 2015 closing cash balance of £149.7m (2014: £117.7m), committed facilities in place with an average tenure over 3 years, healthy headroom in banking covenants and £230.0m of new Senior bank debt raised during 2015 replacing existing shorter dated bank debt.

Summary of results

The results for the Group for the year are set out in the consolidated income statement on page 6.

Brakes Group delivered a strong performance in 2015, growing its sales by 6.5 percent and its EBITDA by 13.9%.

The results for the Group show a pre-tax profit of £74.2m (2014: £75.4m) for the year and revenue of £3,295.0m (2014: £3,094.2m). The results for the year are after charging exceptional items of £48.6m (2014: £38.3m) referred to in note 2 of these financial statements.

Operational summary and outlook

Having successfully delivered the fourth year of its five year plan, Brakes is on track to be a world class foodservice company that is leading the industry's development. Brakes' passion for its customers and focus on meeting its customers' needs is substantiated by its ongoing programme of investment in its people, infrastructure and distribution networks, which will both simplify the business and enhance the outstanding experience it offers. Brakes is further strengthening its foundations to build on its market leadership position.

On 22 February 2016 the Bain Capital announced that it had reached a definitive agreement for the sale of the Group to North America's leading foodservice distributor Sysco Corporation. It is expected that transaction will complete by July 2016.

Brake Bros Limited
Annual report and financial statements
For the year ended 31 December 2016

Strategic report (continued)

Principal risks and uncertainties, development and performance

The directors of the largest UK parent undertaking, Cucina Lux Investments Limited, manage its Group's risks and performance through its immediate subsidiary company Cucina Investments (UK) 3 Limited. For this reason a discussion of the 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 Cucina Lux Investments Limited Group, which include those of the Company and the Group, are discussed in the strategic report of Cucina Lux Investments Limited's annual report, which does not form part of this report. Details of how to obtain these financial statements can be found in note 27 to the financial statements.

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

Kennedy McMeikam

K McMeikam
Director
29 April 2016

Brake Bros Limited

Annual report and financial statements

For the year ended 31 December 2015

Directors' report

The directors submit their annual report and the audited consolidated and parent company financial statements for the year ended 31 December 2015.

General information

Brake Bros Limited is a limited company incorporated in England and Wales and domiciled and operating in the United Kingdom.

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 S.à r.l. ("Cucina"), a private limited company registered in Luxembourg. The ultimate controlling parties of the Company are Bain Capital Fund IX E LP and Bain Capital Fund VIII E LP, both are exempted limited partnerships registered in the Cayman Islands, which are indirectly controlled by Bain Capital Investors LLC, a Delaware limited liability company.

Future outlook and going concern

The Company and certain subsidiary undertakings are obligors of the wider group's financing arrangements, which extend to senior debt held by an intermediate parent company, Cucina Acquisition (UK) Limited, as such, the going concern of the Company and its subsidiaries is dependent upon the overall going concern of the wider Cucina Group. In assessing whether the financial statements for the Group and Company should be prepared on the going concern basis, the directors have 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 wider Cucina 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 the Company are prepared on the going concern basis. Details of how to obtain these financial statements can be found in note 27 to the financial statements.

Post balance sheet event

On 22 February 2016 Bain Capital announced that it had reached a definitive agreement for the sale of the Company's parent undertaking Cucina Lux Investments Limited to North America's leading foodservice distributor Sysco Corporation. It is expected that transaction will complete by July 2016.

Dividends

No interim dividends have been paid (2014: £nil) and the directors do not recommend a final dividend (2014: £nil).

Directors

The directors of the Company who were in office during the year and up to the date of signing the financial statements, unless otherwise stated, are given below:

I R Goldsmith
A J Whitehead (resigned 31 March 2015)
S P Smith
D C Lennard (resigned 31 March 2015)
P Wieland (resigned 4 April 2016)
P McIntyre
K McMeikan
S Whibley (appointed 1 April 2015)
M Ball (appointed 4 April 2016)

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 over 15,000 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, training, career development and promotion. Every effort is made to help with the rehabilitation of anyone injured 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.

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, commodity price risks and liquidity risk.

The Group's Treasury Committee co-ordinates the overall application of the risk management policies in relation to treasury, with the board of directors having overall responsibility for setting the risk management policies applied by the Group. The Treasury Committee and the central group treasury department receive regular reports from the operating companies to enable prompt identification of financial risks so that the appropriate actions may be taken, and policies implemented. The Group has a policy and procedures manual that sets out specific guidelines to manage foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and investment of excess liquidity. Further information on these is also given in note 16 of these financial statements.

(a) Foreign currency exchange risk

The Group has operations in the UK, the Republic of Ireland, France and Sweden. The Group is exposed to foreign exchange risks primarily with respect to the Euro and the Swedish Krona. The Group Treasury department manages this risk mainly through the use of foreign currency borrowings in the wider Cucina Group to hedge the foreign currency investment.

(b) 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. Interest rate risk is not considered material for the Group.

(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.

(e) Commodity price risk

The Group is exposed to commodity price risk primarily with respect to diesel purchases. 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 diesel fuel commodity swaps to hedge against future price changes.

Independent auditor

Deloitte LLP shall remain in office until the Company or Deloitte LLP determine otherwise.

Disclosure of information to auditors

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Brake Bros Limited
Annual report and financial statements
For the year ended 31 December 2018

Directors' responsibilities statement

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared 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 these 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 and the group 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:

Kennedy McMeikan

K McMeikan
Director
29 April 2018

Company registration number: 02088316

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

Brake Bros Limited
Annual report and financial statements
For the year ended 31 December 2015

Independent auditor's report to the members of Brake Bros Limited

We have audited the group and parent company financial statements of Brake Bros Limited for the year ended 31 December 2015 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 flows, and the related notes 1 to 28. 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.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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.

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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group and parent company's affairs as at 31 December 2015 and of the group's profit 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 and, as regards the group financial statements, Article 4 of the IAS Regulation.

Opinion on other matter prescribed by the Companies Act 2006

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

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Emma Cox BA ACA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
29 April 2016

Brake Bros Limited
Annual report and financial statements
For the year ended 31 December 2015

Consolidated income statement

For the year ended 31 December 2015

	Note	2015 £m	2014 £m
Continuing operations			
Revenue	2	3,295.0	3,094.2
Operating costs		(3,233.1)	(3,029.1)
EBITDA¹		171.1	150.1
Depreciation, amortisation and impairment of intangible assets		(60.6)	(46.7)
Exceptional items	3	(48.6)	(38.3)
Operating profit	2	61.9	65.1
Finance costs	3	(13.3)	(10.4)
Finance income	3	25.6	20.7
Finance income - net		12.3	10.3
Profit on ordinary activities before taxation		74.2	75.4
Income tax charge	4	(22.6)	(11.9)
Profit for the year after taxation		51.6	63.5
Profit attributable to owners of the company:			
Owners of the parent company	21	46.7	61.6
Non-controlling interest		4.9	1.9
		51.6	63.5

¹EBITDA (earnings before interest, taxation, depreciation, amortisation, impairment of intangible assets and exceptional items)

The notes on pages 14 to 41 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 income statement. The profit for the parent company for the year was £51.2m (2014: £35.1m).

Brake Bros Limited
Annual report and financial statements
For the year ended 31 December 2015

Consolidated and company statements of comprehensive income

For the year ended 31 December 2015

	Note	Group 2015 £m	2014 £m	Company 2015 £m	2014 £m
Profit for the year		51.6	63.5	51.2	35.1
Other comprehensive income / (expense):					
<i>Items that will not be reclassified to profit or loss</i>					
Actuarial gains / (losses) on defined benefit pension scheme	17	7.1	(14.0)	5.5	(12.0)
Taxation on items taken directly to other comprehensive income	4	(1.7)	2.7	(1.2)	2.3
Total items that will not be reclassified to profit or loss		5.4	(11.3)	4.3	(9.7)
<i>Items that may be reclassified to profit or loss</i>					
Cash flow hedges - losses arising in the period	21	-	(2.4)	-	(2.4)
Taxation on cash flow hedges	21	-	0.5	-	0.5
Currency translation differences	21	(5.7)	(4.7)	-	-
Total items that may be reclassified to profit or loss		(5.7)	(6.6)	-	(1.9)
Other comprehensive (expense) / income for the year, net of tax		(0.3)	(17.9)	4.3	(11.6)
Total comprehensive income for the year		51.3	45.6	55.5	23.5
Total comprehensive income for the year attributable to owners of the parent company		51.5	44.7	55.5	23.5
Total comprehensive (expense) / income for the year attributable to non-controlling interests		(0.2)	0.9	-	-
Total comprehensive income for the year		51.3	45.6	55.5	23.5

The notes on pages 14 to 41 form an integral part of these financial statements.

Brake Bros Limited

Annual report and financial statements

For the year ended 31 December 2015

Consolidated statement of financial position

At 31 December 2015

	Note	2015 £m	2014 £m
Assets			
Non-current assets			
Goodwill	6	185.4	151.1
Intangible assets	7	87.4	42.1
Property, plant and equipment	8 (a)	334.6	208.9
Deferred tax assets	19	17.5	32.8
		624.9	434.9
Current assets			
Inventories	10	175.6	124.1
Trade and other receivables	11	1,000.3	827.8
Cash and cash equivalents	12	149.7	117.7
Assets classified as held for sale	8 (b)	7.2	-
		1,337.0	1,069.4
Liabilities			
Current liabilities			
Financial liabilities - borrowings	15	(147.2)	(21.1)
Financial liabilities - derivative financial instruments	18 (c)	(3.0)	(2.4)
Trade and other payables	13	(783.8)	(574.4)
Current income tax liabilities	14	(3.6)	(0.1)
Provisions	18	(3.8)	(1.2)
		(911.2)	(599.2)
Net current assets		425.8	470.2
Non-current liabilities			
Financial liabilities - borrowings	15	(234.1)	(168.2)
Retirement benefit obligations	17	(87.2)	(81.4)
Provisions	18	(24.2)	(21.1)
		(325.5)	(250.7)
Net assets		725.2	654.4
Equity			
Share capital	20	5.4	5.4
Share premium		30.8	30.8
Other reserves	21	6.7	(7.8)
Retained earnings	21	682.3	630.4
Total equity attributable to owners of the parent company		725.2	658.8
Non-controlling interests		-	(4.4)
Total equity		725.2	654.4

The notes on pages 14 to 41 form an integral part of these financial statements.

The financial statements on pages 8 to 41 were approved by the Board of Directors on 29 April 2016 and were signed on its behalf by:

Kennedy McMeikan

K McMeikan
Director

Brake Bros Limited
Annual report and financial statements
For the year ended 31 December 2015

Company statement of financial position

At 31 December 2015

	Note	2015 €m	2014 €m
Assets			
Non-current assets			
Goodwill	8	28.2	28.2
Intangible assets	7	30.8	31.8
Property, plant and equipment	8 (a)	163.4	141.5
Deferred tax assets	19	29.5	28.5
Investments in subsidiaries	9	228.1	188.1
Trade and other receivables	11	68.6	-
		538.7	418.1
Current assets			
Inventories	10	71.4	72.7
Trade and other receivables	11	739.4	650.5
Cash and cash equivalents	12	61.8	87.6
Assets classified as held for sale	8 (b)	7.2	-
		879.8	790.8
Liabilities			
Current liabilities			
Financial liabilities - borrowings	15	(14.0)	(15.2)
Financial liabilities - derivative financial instruments	16 (c)	(2.4)	(2.4)
Trade and other payables	13	(635.5)	(572.2)
Provisions	18	(1.9)	(1.2)
		(653.8)	(591.0)
Net current assets		226.0	199.8
Non-current liabilities			
Financial liabilities - borrowings	15	(109.5)	(14.1)
Retirement benefit obligations	17	(28.1)	(35.0)
Provisions	18	(17.9)	(18.1)
		(155.5)	(67.2)
Net assets		606.2	550.7
Equity			
Share capital	20	5.4	5.4
Share premium	21	30.8	30.8
Other reserves	21	8.8	8.8
Retained earnings	21	561.2	505.7
Total equity		606.2	550.7

The notes on pages 14 to 41 form an integral part of these financial statements.

The financial statements on pages 6 to 41 were approved by the Board of Directors on 28 April 2016 and were signed on its behalf by:

Kennedy McMeilcan

K McMeilcan
Director

Company registration number: 02035315

Brake Bros Limited
Annual report and financial statements
For the year ended 31 December 2015

Consolidated statement of changes in equity

	Note	Attributable to owners of the parent company				Non-controlling interests £m	Total equity £m
		Share capital £m	Share premium account £m	Other reserves £m	Retained earnings £m		
Balance at 1 January 2014		5.4	30.8	(1.2)	579.1	(5.3)	608.8
Comprehensive income							
Profit for the year		-	-	-	61.6	1.9	63.5
Other comprehensive (expense) / income							
Currency translation differences	21	-	-	(4.7)	-	-	(4.7)
Cash flow hedges		-	-	(2.4)	-	-	(2.4)
Taxation on cash flow hedges		-	-	0.5	-	-	0.5
Actuarial losses on defined benefit pension scheme	17	-	-	-	(13.0)	(1.0)	(14.0)
Taxation on items taken directly to other comprehensive income	19	-	-	-	2.7	-	2.7
Total other comprehensive expense		-	-	(6.6)	(10.3)	(1.0)	(17.9)
Total comprehensive (expense) / income		-	-	(6.6)	51.3	0.9	45.6
Balance at 1 January 2015		5.4	30.8	(7.8)	630.4	(4.4)	654.4
Comprehensive income							
Profit for the year		-	-	-	46.7	4.9	51.6
Other comprehensive (expense) / income							
Currency translation differences	21	-	-	(5.7)	-	-	(5.7)
Actuarial gains on defined benefit pension scheme	17	-	-	-	6.9	0.2	7.1
Taxation on items taken directly to other comprehensive income	19	-	-	-	(1.7)	-	(1.7)
Total other comprehensive (expense) / income		-	-	(5.7)	5.2	0.2	(0.3)
Total comprehensive (expense) / income		-	-	(5.7)	51.9	5.1	51.3
Adjustments arising from change in non-controlling interest		-	-	20.2	-	(0.7)	19.5
Balance at 31 December 2015		5.4	30.8	6.7	682.3	-	725.2

The notes on pages 14 to 41 form an integral part of these financial statements.

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Company statement of changes in equity

	Note	Share capital £m	Share premium account £m	Other reserves £m	Attributable to owners of the parent company Retained earnings £m	Total equity £m
Balance at 1 January 2014		5.4	30.8	10.7	480.3	527.2
Comprehensive income						
Profit for the year		-	-	-	35.1	35.1
Other comprehensive (expense) / income						
Cash flow hedges		-	-	(2.4)	-	(2.4)
Taxation on cash flow hedges		-	-	0.5	-	0.5
Actuarial losses on defined benefit pension scheme	17	-	-	-	(12.0)	(12.0)
Taxation on items taken directly to other comprehensive income	19	-	-	-	2.3	2.3
Total other comprehensive expense		-	-	(1.9)	(9.7)	(11.6)
Total comprehensive (expense) / income		-	-	(1.9)	25.4	23.5
Balance at 1 January 2015		5.4	30.8	8.8	505.7	550.7
Comprehensive income						
Profit for the year		-	-	-	51.2	51.2
Other comprehensive income / (expense)						
Actuarial gains on defined benefit pension scheme	17	-	-	-	5.5	5.5
Taxation on items taken directly to other comprehensive income	19	-	-	-	(1.2)	(1.2)
Total other comprehensive income		-	-	-	4.3	4.3
Total comprehensive income		-	-	-	55.5	55.5
Balance at 31 December 2015		5.4	30.8	8.8	561.2	606.2

The notes on pages 14 to 41 form an integral part of these financial statements.

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Consolidated statement of cash flows

For the year ended 31 December 2015

	Note	2015 £m	2014 £m
Cash flows from operating activities			
Cash generated from operations	22	145.5	123.9
Analysed as:			
Cash generated from operations before exceptional items		192.3	153.2
Exceptional items		(46.8)	(29.3)
Interest paid		(8.2)	(7.0)
Income tax paid		(4.0)	(4.5)
Net cash generated from operating activities		133.3	112.4
Cash flows from investing activities			
Purchase of property, plant and equipment		(50.8)	(43.0)
Purchase of intangible assets		(12.3)	(15.7)
Sale of property, plant and equipment		4.5	4.5
Proceeds from sale and leaseback of property, plant and equipment		3.0	-
Acquisition of subsidiaries, net of cash acquired		(26.9)	-
Net cash used in investing activities		(82.5)	(54.2)
Cash flows used in financing activities			
Proceeds on issue of shares in subsidiary undertaking		0.4	-
Transaction costs arising on obtaining debt finance		(1.7)	-
Payments to parent undertakings		(54.5)	(52.5)
Loan from parent undertaking		88.2	-
Loans to parent undertakings		(0.3)	(0.4)
Proceeds from borrowings		20.0	22.6
Repayment of external borrowings		(55.2)	(26.4)
Finance lease capital repayments		(14.7)	(13.3)
Net cash used in financing activities		(17.8)	(70.0)
Net increase / (decrease) in cash and cash equivalents		33.0	(11.8)
Cash and cash equivalents at 1 January	12	117.7	134.0
Effects of exchange rate changes		(1.0)	(4.5)
Cash and cash equivalents at 31 December	12	149.7	117.7

The notes on pages 14 to 41 form an integral part of these financial statements.

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Company statement of cash flows

For the year ended 31 December 2015

	Note	2015 £m	2014 £m
Cash flows from operating activities			
Cash generated from operations	22	60.9	65.0
Analysed as:			
Cash generated from operations before exceptional items		101.2	94.0
Exceptional items		(40.3)	(29.0)
Interest paid		(2.2)	(1.8)
Net cash generated from operating activities		58.7	63.2
Cash flows from investing activities			
Purchase of property, plant and equipment		(36.9)	(32.7)
Purchase of intangible assets		(9.4)	(12.7)
Sale of property, plant and equipment and intangible assets		4.0	3.4
Proceeds from sale and leaseback of property, plant and equipment		3.0	-
Acquisition of subsidiaries		(8.4)	-
Net cash used in investing activities		(47.7)	(42.0)
Cash flows from financing activities			
Payments to parent undertakings		(54.4)	(52.6)
Loan from parent undertaking		88.2	-
Loans to parent undertakings		(0.3)	(0.3)
Loans to group undertakings		(64.5)	-
Payments from group undertaking		22.6	15.7
Finance lease capital repayments		(8.4)	(7.3)
Net cash used in financing activities		(16.8)	(44.5)
Net decrease in cash and cash equivalents	12	(5.8)	(23.3)
Cash and cash equivalents at 1 January		67.6	90.9
Cash and cash equivalents at 31 December	12	61.8	67.6

The notes on pages 14 to 41 form an integral part of these financial statements.

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Notes to the financial statements

1. Accounting policies

Significant accounting policies

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

Basis of preparation

These financial statements are the consolidated financial statements of Brake Bros Limited ("the Group") and the parent company financial statements of Brake Bros Limited ("the Company") for the year ended 31 December 2015. These group consolidated and company financial statements were authorised for issue by the Board of Directors on 29 April 2016.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of consolidated 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.

The Company and certain subsidiary undertakings are obligors of the wider group's financing arrangements, which extend to debt held by an intermediate parent company, Cucina Acquisition (UK) Limited, as such, the going concern of the Company and its subsidiaries is dependent upon the overall going concern of the wider Cucina Group. In assessing whether the financial statements for the 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 and have sought assurances from the largest UK parent company, Cucina Lux Investments Limited. 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 wider Cucina Group, the Directors are satisfied that the Group will have sufficient funds to repay its liabilities as they fall due. On this basis the Directors consider it appropriate to prepare the financial statements on the going concern basis.

Adoption of new and revised Standards

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

- IFRS 9	Financial Instruments
- IFRS 15	Revenue
- IFRS 16	Leases
- IAS 1 (amendments)	Disclosure Initiative
- IAS 16 (amendments)	Property, Plant and Equipment
- IAS 27 (amendments)	Investment Entities
- IAS 38 (amendments)	Intangible Assets
- IAS 39 (amendments)	Novation of Derivatives and Continuation of Hedge Accounting
- IFRIC Interpretation 21	Leases
- Various amendments resulting from Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle	
- Various amendments resulting from 2014 Annual Improvements to IFRSs	

Except as follows, the directors do not expect that the adoption of the Standards and Interpretations listed above will have a material impact on the financial statements of the Group in future periods:

- IFRS 9, which will impact both the measurement and disclosures of Financial Instruments;
- IFRS 15, in respect of which it is not practicable to provide a reasonable estimate of the effect of this standard until a detailed review has been completed.
- IFRS 16, in respect of which it is not practicable to provide a reasonable estimate of the effect of this standard until a detailed review has been completed.

Basis of consolidation

(a) Subsidiaries

These consolidated financial statements consolidate the financial statements of the Company and all its subsidiary undertakings. Subsidiaries include structured entities where the substance of the relationship between the Group and the structured entity indicates that it is controlled by the Group. Subsidiaries are all entities (including structured entities) over which the Group has control. Control is achieved when the Group has power over the investee; is exposed, or has rights, to variable return from its involvement with the investee; and has the ability to use its power to affect its returns. 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.

For transactions with entities under common control the available exemption from IFRS 3 'Business Combinations' is taken and the predecessor method of accounting is used. The identifiable assets and liabilities are measured at their pre-combination carrying value including any previously consolidated goodwill, any differences on consolidation (ie. between the cost of investment and the carrying value of the net assets) are recognised in equity in retained earnings. The Group recognises the results of the acquired entity from the date on which the business combination between entities under common control occurred.

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.

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Notes to the financial statements

1. Accounting policies (continued)

Basis of consolidation (continued)

(b) Accounting for business combinations

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.

For transactions with entities under common control the available exemption from IFRS 3 'Business Combinations' is taken and the predecessor method of accounting is used. The identifiable assets and liabilities are measured at their pre-combination carrying value including any previously consolidated goodwill, any differences on consolidation (ie. between the cost of investment and the carrying value of the net assets) are recognised in equity in retained earnings. The Group recognises the results of the acquired entity from the date on which the business combination between entities under common control occurred.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(c) Transactions with non-controlling interests

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 consolidated 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 consolidated 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 consolidated income statement where appropriate.

Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of products and services, including ancillary revenues, 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 collectable. 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.

Buying income

Buying income is received from suppliers as a discount against the cost of products and services purchased. Discounts can take the form of banded overrides earned on purchase levels, marketing income, or product specific rebates. The credit is recognised in the income statement either against direct purchase cost or other costs and inventory is revalued to reflect the lower value after discount. Buying income is invoiced to or credited from suppliers throughout the year, and at the year end any remaining receivable is recorded in line with supplier arrangement terms and management estimates based on confirmations from suppliers and contracts.

Exceptional items

Where items of income and expense included in the consolidated income statement, including losses in respect of businesses exited or being exited are considered to be material and outside the normal course of business, separate disclosure of their nature and amount is provided in the consolidated 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 consolidated 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 consolidated 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 consolidated income statement.

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Notes to the financial statements

1. Accounting policies (continued)

Non-current assets held for sale

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to take place within one year from the date of reclassification.

Investments in subsidiaries

Investments in subsidiaries held as non-current assets are accounted for at cost less any provision for impairment in value. If the directors consider that the 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 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 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 or relationships acquired separately, an intangible asset is recognised on the basis of the costs to acquire the customer lists 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 11 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 range from 10 to 25 years. These are assumed to have no residual value at the end of their expected useful economic life.

Asset lives and residual values are reviewed during 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.

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. 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 consolidated 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 consolidated income statement.

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 date of the statement of financial position. 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 substantively enacted by the date of the statement of financial position 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 temporary differences can be utilised.

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Notes to the financial statements

1. Accounting policies (continued)

Employee benefits

Management incentive plans

In the UK certain employees of Fresh Direct are part of a management incentive scheme which falls within IAS 19 'Employee Benefits'. There scheme is based upon the performance of the Fresh Direct Group. Any liability arising during the year resulting from an increase of value of the scheme would be included within the income statement.

Retirement benefit obligations

The Group has both defined benefit and defined contribution pension plans.

Defined benefit pension plans

Following the amendment to IAS 19 'Employee Benefits' issued in December 2004 and subsequently revised in June 2011, the Group has adopted an accounting policy whereby actuarial gains and losses for defined benefit pension schemes are taken through the consolidated statement of comprehensive income in full each year, and the full deficit on an IAS 19 basis is included within the consolidated statement of financial position.

In the UK 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. In addition, in Brakes Continental Europe Division and Sweden 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.

The charge in the consolidated income statement in respect of the defined benefit pension plans comprises a net interest expense / income calculated as the product of the net defined benefit liability / asset and the discount rate as determined at the beginning of the year. The net interest expense / income is recognised in finance costs / income. Past-service costs are recognised immediately in income.

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 date of the statement of financial position 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-quality corporate bonds that have terms to maturity approximating to the terms of the related pension liability.

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 17 to the financial statements).

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 comprehensive income.

Defined contribution plans

For defined contribution plans, the Group pays contributions to independently administered 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 and other payables

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

Leases

Leases in which substantially all 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 consolidated statement of financial position as property, plant and equipment at their fair value, or if lower, the present value of the minimum lease payments, each determined at the inception of the lease 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 costs in the consolidated 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 consolidated income statement 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's 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 date of the consolidated statement of financial position. Differences arising on translation are charged or credited to the consolidated 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 for the Euro and Swedish Krona at 1.38 (2014: 1.24) and 12.89 (2014: 11.27) respectively and the statements of financial position are translated at the exchange rates ruling at the date of the statements of financial position being 1.36 (2014: 1.29) for Euros and 12.46 (2014: 12.21) for Swedish Krona. 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.

Borrowings and finance costs

Borrowings are recognised initially at fair value (being the issue proceeds), less attributable transaction costs.

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.

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 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 date of the statement of financial position. 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.

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Notes to the financial statements

1. Accounting policies (continued)

Derivative financial instruments

The Group uses derivative financial instruments, principally commodity swaps to hedge the diesel price and interest rate caps to manage the interest rate risk on interest payments. 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 re-measured 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 either:

- hedges of a particular risk associated with a recognised asset or liability or a highly probable forecasted transaction (cash flow hedge)
- hedges of a net investment in a foreign operation (net investment 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 fair value of derivative instruments used for hedging purposes are disclosed in note 16 (b). Movements on the hedging reserve in shareholders' equity are shown in note 22. 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 hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in 'finance costs - net' in the consolidated income statement.

Amounts accumulated in equity are recycled in the consolidated 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 consolidated income statement within 'finance costs - net'. The gain or loss relating to the ineffective portion of interest rate swaps hedging variable rate borrowings is recognised in the consolidated 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 consolidated 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 consolidated income statement within 'finance costs - net'.

(b) Net investment hedge

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated income statement within 'finance costs - net'. Gains and losses accumulated in equity are included in the consolidated income statement when the foreign operation is partially disposed of or sold.

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. Incremental costs directly attributable to the issue of new shares are shown in the same respective category to which the costs relate. Dividends or interest arising on such financial instruments are recognised according to the classification of the financial instrument.

Share based payments

The Group operates a management incentive plan where certain employees can subscribe for share capital and loan notes in the parent undertaking Cucina Investment (UK) 3 Limited. 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. If material, the Group would recognise an amount within employee benefit expense in the consolidated income statement during the vesting period based on the expected number of equity instruments which will vest.

Critical accounting judgements and estimates

The Group makes judgements and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The judgements and key sources of estimation 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) Impairment review of goodwill

The Group tests annually whether goodwill has suffered any impairment loss, in accordance with the accounting policy stated above. The recoverable amounts of cash-generating units (CGUs) have been determined based on value-in-use calculations. These calculations require the use of estimates in relation to future cash flows and suitable discount rates as disclosed in note 6 to the financial statements. Actual outcomes could vary from these estimates.

A sensitivity analysis has been performed on the key assumptions used for assessing the goodwill. The directors have concluded that there is no impairment because they have headroom of recoverable amounts in excess of carrying values and it is considered that there are no reasonably possible changes in key assumptions which would cause the carrying amount of goodwill to exceed its value-in-use.

(b) Impairment review of brands and customer contracts and relationships

In addition to testing annually whether goodwill has suffered any impairment the Group also tests annually for brands and customer contracts and relationships to see if they have suffered any impairment.

A sensitivity analysis has been performed on the key assumptions used for assessing the brands and customer contracts and relationships. The directors have concluded that for the UK and Ireland, BCED and Sweden there is no impairment because they have headroom of recoverable amounts in excess of carrying values and it is considered that there are no reasonably possible changes in key assumptions which would cause the carrying amount of brands and customer contracts and relationships to exceed the value-in-use.

(c) Employee benefits – defined pension obligation

One of the key assumptions used in determining the valuation at 31 December 2015 is the UK discount rate of 3.8%. Whilst the directors consider that the adoption of a 3.8% discount rate is appropriate if the rate used had been 0.2% higher or lower the retirement benefit obligation would have been approximately £8.1m 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 £7.1m 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 terms 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 £7.5m is recognised in respect of certain UK tax losses. The key assumption used in recognition of this asset is based upon a track record of generating taxable profits over the past five years and management's forecasts for taxable profits for the next five years, and the assumption that the losses will be available for utilisation. 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 £7.5m in income taxes in the consolidated income statement.

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1. Accounting policies (continued)

Critical accounting judgements and estimates (continued)

(e) Funding, liquidity, going concern and covenant compliance

The Group actively maintains a mixture of long-term and short-term facilities 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 and cash and cash equivalents) on the basis of expected cash flow. The Group maintains liquidity through available cash reserves and undrawn committed borrowing facilities available primarily through its Senior Facilities Agreements. The senior banks monitor the Group's performance through quarterly covenant tests, with the Group reporting headroom on all covenant testing during the year ended 31 December 2015 and with management forecasts indicating continued covenant headroom throughout 2016.

In assessing whether the financial statements for the Group are prepared on the going concern basis, the Directors have considered the future outlook of the Group. 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 are prepared on the going concern basis.

(f) Exceptional cost policy

The Group's accounting policy for exceptional items requires items of income and expense that are considered to be material and outside the normal course of business to be disclosed separately in the financial statements. Determining which items meet this definition requires judgement, particularly in relation to employee and other costs which require classification between exceptional items and those incurred in the normal course of business. Note 2 to the financial statements describes the nature of the Group's exceptional items. Certain employee costs within Business Change and transitional dual running costs incurred within the Restructuring of the UK Distribution Network require the most degree of judgement.

(g) Business combinations

The recognition of business combinations requires the excess of the purchase price of acquisitions over the net book value of assets acquired to be allocated to the assets and liabilities of the acquired entity. The Group makes judgements and estimates in relation to the fair value allocation of the purchase price. If any unallocated portion is positive it is recognised as goodwill and if negative, it is recognised in the income statement.

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2. Revenue and operating profit

	2015 £m	2014 £m
Revenue - products	3,295.0	3,094.2
Direct purchase cost	(2,461.9)	(2,352.2)
Trading profit	833.1	742.0
Distribution and selling costs	(613.4)	(539.1)
Gross profit	219.7	202.9
Administrative expenses	(90.8)	(87.9)
Exceptional items (see below)	(48.6)	(38.3)
Amortisation of intangible assets	(18.4)	(11.6)
Total administrative expenses	(157.8)	(137.8)
Group operating profit	61.9	65.1

The Group's revenue primarily comprises of sales to customers within the United Kingdom (including the Republic of Ireland) amounting to £2,267.7m (2014: £2,109.4m), within BCED amounting to £591.5m (2014: £537.4m) and Sweden amounting to £435.8m (2014: £447.4m).

The Group operating profit is all derived from continuing operations.

	2015 £m	2014 £m
Profit on ordinary activities before taxation is arrived at after charging / (crediting):		
Employment costs (note 24)	404.4	354.3
Inventories		
- cost of inventories recognised as an expense (included in direct purchase cost)	2,449.3	2,344.0
- write downs and losses incurred in the year	8.6	4.0
Amortisation of intangible assets	18.4	11.6
Impairment of intangible assets	-	0.1
Depreciation of property, plant and equipment		
- owned assets	29.2	22.7
- assets held under finance leases	13.0	12.2
(Profit) / loss on sale of property, plant and equipment	(2.2)	0.9
Property, plant and equipment impairment loss	0.2	2.3
Other operating lease rentals payable		
- plant and machinery	14.3	13.3
- property	24.9	25.2
Repairs and maintenance expenditure on property, plant and equipment	33.8	29.8
Trade receivables impairment (note 11)	2.6	1.6
Exceptional items		
- Business change costs	5.8	6.4
- Business exit costs	0.3	13.2
- Restructuring of the UK distribution network	18.1	13.3
- Other UK restructuring costs and other costs	6.2	2.3
- Brake France Service SAS restructuring costs	0.5	0.7
- Menigo Foodservice AB restructuring costs	0.1	0.7
- Transaction fees	17.6	1.7
Total exceptional items	48.6	38.3

Business change costs

Business change costs relate to two specific change programmes across the Group: one related to the implementation of multiple-temperature services across the UK and the second being a restructuring and outsourcing of the IT service delivery model. In both 2014 and 2015, costs relate to fees paid to external consultants advising on both programmes and salary costs of the dedicated internal implementation teams. The change programmes are anticipated to complete in 2017 at which point these costs will cease to be incurred. Such costs have been presented in the 'Exceptional items' line in the income statement as they are considered outside of the normal course of business and to assist in a better understanding of the trading and financial results of the Group.

Business exit costs

Business exit costs consist of provisions for onerous leases, asset impairments, redundancies and other cost / losses relating to business lines exited. In 2014, these costs related to the exit of manufacturing operations in Flint and Torquay and the exit of operations in South East London, including the losses associated with these businesses to ensure that Adjusted EBITDA reflected the ongoing base business of the Group. In 2015, further costs associated with closure of operations in South East London were incurred. Included within this amount for the year ended 31 December 2014 was a property provision of £2.0m, the amount remaining on the statement of financial position at 31 December 2015 in relation to this was £1.7m (2014: £2.0m).

Restructuring of the UK distribution network

The Group is in the process of undergoing a large scale strategic five-year reorganisation programme initiated in 2012 and expected to conclude in 2016. The programme involves a substantial overhaul of the distribution network and restructuring of the information systems' infrastructure amongst other smaller projects. The Group has incurred significant costs on dedicated teams recruited to manage the programme implementation and transitional dual running costs incurred during the course of transferring volumes from closing sites to new sites and associated provision for onerous contracts and other liabilities. These costs will cease to be incurred upon the conclusion of the programme. Such costs have been presented in the 'Exceptional items' line in the income statement as they are considered outside of the normal course of business and to assist in a better understanding of the trading and financial results of the Group. Included within this amount for the year ended 31 December 2015 is a property provision release of £1.3m (2014: property provision £1.4m), there was no amount remaining on the statement of financial position at 31 December 2015 in relation to this (2014: £1.3m).

Other UK restructuring and other costs

Other UK restructuring costs of £6.2m (2014: £2.3m) primarily relate to redundancy costs incurred from permanent headcount reductions (other than those incurred in relation to the UK distribution network described above) and asset impairments relating to certain properties held for sale. These costs are considered outside of the normal course of business. Included within this amount for the year ended 31 December 2015 is a property provision of £0.6m (2014: £nil), the amount remaining on the statement of financial position at 31 December 2015 in relation to this was £0.6m (2014: £nil).

Brake France Service SAS restructuring costs

Brake France Service SAS incurred restructuring costs in relation to roles permanently removed from the business during the year and other restructuring costs.

Menigo Foodservice AB restructuring costs

Menigo Foodservice AB incurred restructuring costs in relation to roles permanently removed from the business during the year and other restructuring costs.

Transaction fees

Transaction costs are for professional and legal fees incurred by advisors acting on behalf of the Group and include the costs associated with both the Fresh Direct and Davigel acquisitions as well as costs of considering the future strategic options for the Group. £14.0m of the costs related to the Fresh Direct and Davigel acquisition and these included legal, commercial, strategic and financial due diligence. £3.6m of costs were incurred in respect of considering the future strategic options for the Group. In 2014 the charges in respect of transactions costs arose from previous acquisitions and for fees for considering market opportunities.

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2. Revenue and operating profit (continued)

Auditors

During the year the Group (including its overseas subsidiaries) obtained the following services from the Group's auditors and its associates at the following costs:

Fees payable to the Company's auditor for the audit of the parent company amounted to £0.1m (2014: £0.1m). Fees payable to the Company's auditor and its associates for other services are detailed as follows:

	2015 £m	2014 £m
Other services:		
The audit of the company's parent and subsidiary undertakings	0.5	0.3
Tax compliance service	0.1	0.1
Other non-audit services	0.8	0.1
	1.4	0.5

3. Finance costs - net

	2015 £m	2014 £m
Finance costs:		
Bank loans	(5.0)	(4.6)
Other loans and charges	(2.1)	(0.7)
Amortisation of debt issue costs	(1.0)	(0.7)
Finance leases	(3.2)	(2.4)
Net interest on net defined benefit liability (note 17)	(2.0)	(2.0)
Total finance costs	(13.3)	(10.4)
Finance income:		
Interest income on short term deposits	0.5	0.5
Other interest income	-	0.1
Loans to parent undertakings	25.1	19.8
Foreign exchange gains on financing activities	-	0.3
Total finance income	25.6	20.7
Finance costs - net	12.3	10.3

4. Income tax charge

Taxation is based on the profit for the year and comprises:

	2015 £m	2014 £m
Current tax		
- current year group relief	15.1	10.1
- adjustments in respect of previous years	4.3	0.3
- overseas taxation	7.6	3.6
Deferred taxation		
- origination and reversal of temporary differences	0.8	3.6
- adjustments in respect of previous years	(3.7)	-
- recognition in respect of previous years tax losses	(0.8)	(5.2)
- impact of change in UK tax rate	-	(0.1)
- overseas deferred taxation	(0.7)	(0.4)
Income tax charge	22.6	11.9

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

	2015 £m	2014 £m
Profit on ordinary activities before tax	74.2	75.4
At 20.25% (2014: 21.5%)	15.0	16.2
Effects of:		
Adjustments to tax charge in respect of previous years	4.3	0.3
Adjustments in respect of previous years	(3.7)	-
Tax losses not giving rise to current year relief	-	0.7
Recognition in respect of previous years tax losses	(0.8)	(5.2)
Re-measurement of deferred tax - change in the UK tax rate	-	(0.1)
Expenses not deductible for tax purposes and other adjustments	7.8	-
Tax charge	22.6	11.9

The standard rate of corporation tax in the UK reduced from 21% to 20% with effect from 1 April 2015 resulting in an effective rate for the financial year of 20.25%.

Further reductions to the UK and French corporation tax rates were enacted by 31 December 2015. The changes in UK the corporation tax rate will be to reduce the rate by 1% to 19% from 1 April 2017 and by a further 1% to 18% from 1 April 2020. In France the tax rate will reduce from 38.0% to 34.43% from 1 January 2017.

In addition to the amount charged to the income statement, the following amounts relating to tax have been recognised in other comprehensive income.

	2015 £m	2014 £m
Current tax		
Items that will not be reclassified to profit or loss:		
Overseas taxation on retirement benefit obligation actuarial gains and losses	(0.2)	0.3
Deferred tax		
Items that will not be reclassified to profit or loss:		
Deferred tax on retirement benefit obligation actuarial gains and losses	1.9	(3.0)
Items that may not be reclassified to profit or loss:		
Deferred tax on cash flow hedges (see note 19)	-	(0.5)
	1.7	(3.2)

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5. 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 £51.2m (2014: £35.1m).

6. Goodwill

	Group £m	Company £m
Cost and net book value		
At 1 January 2015	151.1	28.2
Exchange adjustment	(2.0)	-
Acquisition of subsidiaries (note 23)	36.3	-
At 31 December 2015	185.4	28.2

	Group £m	Company £m
Cost and net book value		
At 1 January 2014	153.8	28.2
Exchange adjustment	(2.7)	-
At 31 December 2014	151.1	28.2

The goodwill has been allocated to cash-generating units ("CGUs") and a summary of the carrying amounts of goodwill by business segments (representing groups of CGUs) is as follows:

	2015 £m	2014 £m
UK and Ireland	134.8	97.8
BCED	24.3	27.0
Sweden	26.3	26.3
Cost and net book value	185.4	151.1

In the UK and Ireland segment the core foodservice CGUs comprises Broadline, Country Choice, M&J Seafood, Freshfayre, Ireland and Fresh Direct. In BCED it principally comprises the trading companies Brake France Service SAS and Davigel SAS and in Sweden it principally comprises the trading company Menigo Foodservice AB.

Within the UK and Ireland the significant balances of goodwill are £35.2m (2014: £35.2m) for Broadline, £26.6m (2014: £26.6m) for Country Choice, £36.7m for M&J (2014: £36.7m) and £36.3m (2014: £nil) for Fresh Direct.

Impairment reviews

An overview of impairment reviews performed by 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 period. Subsequent cash flows beyond 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 growth 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.
- Long term GDP growth rate. The long term growth rates applied to the cash flow projections are based on economic forecasts 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 2.5% for all CGUs in the UK and Ireland, 1.6% in BCED and 3.5% in Sweden (2014: 2.6% for all CGUs) 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 reportable segments were discounted using pre-tax discount rates of 9.4% (2014: 10.1%) in the UK and Ireland, 10.2% (2014: 11.3%) in BCED and 8.1% (2014: 9.1%) in Sweden.

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7. Intangible Assets

Group	Brands £m	Customer contracts and relationships £m	Computer software £m	Total £m
Cost				
At 1 January 2015	6.1	15.3	91.0	112.4
Exchange adjustment	0.2	-	(0.7)	(0.5)
Acquisition of subsidiaries (note 23)	15.2	34.8	1.1	51.1
Additions	-	-	12.3	12.3
Disposals	-	-	(10.1)	(10.1)
At 31 December 2015	21.5	50.1	93.6	165.2
Accumulated amortisation				
At 1 January 2015	1.2	10.5	58.6	70.3
Exchange adjustment	-	-	(0.8)	(0.8)
Charge for the year	0.9	3.8	13.7	18.4
Disposals	-	-	(10.1)	(10.1)
At 31 December 2015	2.1	14.3	61.4	77.8
Net book value at 31 December 2015	19.4	35.8	32.2	87.4

Group	Brands £m	Customer contracts and relationships £m	Computer software £m	Total £m
Cost				
At 1 January 2014	6.1	15.3	84.4	105.8
Exchange adjustment	-	-	(2.1)	(2.1)
Additions	-	-	15.7	15.7
Disposals	-	-	(7.0)	(7.0)
At 31 December 2014	6.1	15.3	91.0	112.4
Accumulated amortisation				
At 1 January 2014	1.0	9.3	56.9	67.2
Exchange adjustment	-	-	(1.6)	(1.6)
Charge for the year	0.2	1.2	10.2	11.6
Impairment loss	-	-	0.1	0.1
Disposals	-	-	(7.0)	(7.0)
At 31 December 2014	1.2	10.5	58.6	70.3
Net book value at 31 December 2014	4.9	4.8	32.4	42.1

Company	Brands £m	Customer contracts and relationships £m	Computer software £m	Total £m
Cost				
At 1 January 2015	2.2	6.4	71.2	79.8
Intercompany transfer	-	-	(1.1)	(1.1)
Additions	-	-	9.4	9.4
Disposals	-	-	(9.5)	(9.5)
At 31 December 2015	2.2	6.4	70.0	78.6
Accumulated amortisation				
At 1 January 2015	0.5	4.6	42.9	48.0
Intercompany transfer	-	-	(1.1)	(1.1)
Charge for the year	0.1	0.6	9.7	10.4
Disposals	-	-	(9.5)	(9.5)
At 31 December 2015	0.6	5.2	42.0	47.8
Net book value at 31 December 2015	1.6	1.2	28.0	30.8

Company	Brands £m	Customer contracts and relationships £m	Computer software £m	Total £m
Cost				
At 1 January 2014	2.2	6.4	58.5	67.1
Additions	-	-	12.7	12.7
At 31 December 2014	2.2	6.4	71.2	79.8
Accumulated amortisation				
At 1 January 2014	0.4	3.9	34.9	39.2
Charge for the year	0.1	0.7	7.9	8.7
Impairment loss	-	-	0.1	0.1
At 31 December 2014	0.5	4.6	42.9	48.0
Net book value at 31 December 2014	1.7	1.8	28.3	31.8

The impairment loss in the Group and Company in 2014 relates to impaired software as a result of restructuring of non-core operations in South East London (£0.1m), both part of the UK and Ireland reportable business segment.

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8 (a). 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 2015	174.0	150.3	129.5	33.9	487.7
Exchange adjustments	(1.3)	(3.2)	(2.6)	(0.1)	(7.2)
Acquisition of subsidiaries (note 23)	59.9	9.6	33.7	1.1	104.3
Reclassified as held for sale	(18.8)	-	(14.3)	(0.5)	(33.6)
Additions	7.9	38.2	15.3	11.9	73.3
Disposals	(7.0)	(18.7)	(7.7)	(4.2)	(37.6)
At 31 December 2015	214.7	176.2	153.9	42.1	586.9
Accumulated depreciation					
At 1 January 2015	75.3	79.7	93.6	30.2	278.8
Exchange adjustment	(1.5)	(2.8)	(3.0)	0.1	(7.2)
Charge for the year	8.1	21.7	10.2	2.2	42.2
Impairment loss	-	-	0.2	-	0.2
On assets reclassified as held for sale	(13.1)	-	(12.8)	(0.5)	(26.4)
Disposals	(6.9)	(16.7)	(7.5)	(4.2)	(35.3)
At 31 December 2015	61.9	81.9	80.7	27.8	252.3
Net book value at 31 December 2015	152.8	94.3	73.2	14.3	334.6
Group	£m	£m	£m	£m	£m
Cost					
At 1 January 2014	165.2	141.6	133.1	33.5	473.4
Exchange adjustments	(5.0)	(2.7)	(2.2)	(0.4)	(10.3)
Reclassification	0.7	-	(0.7)	-	-
Additions	22.1	27.7	11.1	1.6	62.5
Disposals	(9.0)	(16.3)	(11.8)	(0.8)	(37.9)
At 31 December 2014	174.0	150.3	129.5	33.9	487.7
Accumulated depreciation					
At 1 January 2014	74.4	77.3	98.1	29.0	278.8
Exchange adjustment	(2.5)	(1.4)	(1.6)	(0.3)	(5.8)
Reclassification	0.7	-	(0.7)	-	-
Charge for the year	6.0	18.1	8.5	2.3	34.9
Impairment loss	2.2	-	0.1	-	2.3
Disposals	(5.5)	(14.3)	(10.8)	(0.8)	(31.4)
At 31 December 2014	75.3	79.7	93.6	30.2	278.8
Net book value at 31 December 2014	98.7	70.6	35.9	3.7	208.9
Land and buildings comprise:					
		2015 £m			2014 £m
Cost					
Freehold		147.6			108.8
Long leasehold		9.7			9.5
Short leasehold		57.4			55.7
		214.7			174.0
Accumulated depreciation					
Freehold		43.3			55.6
Long leasehold		4.3			4.0
Short leasehold		14.3			15.7
		61.9			75.3
Assets held under finance leases have the following net book amount:					
		2015 £m			2014 £m
Cost		118.5			79.7
Accumulated depreciation		(62.2)			(39.1)
Net book amount		56.3			40.6
Land and buildings		7.6			5.5
Motor vehicles		48.7			35.0
Plant and equipment		-			0.1
Net book amount		56.3			40.6

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8 (a). 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 2015	105.4	114.9	81.9	28.4	330.6
Intercompany transfer	-	(0.3)	(3.3)	(0.1)	(3.7)
Reclassified as held for sale	(18.8)	-	(14.3)	(0.5)	(33.6)
Additions	4.1	24.9	6.1	10.4	45.5
Disposals	(6.1)	(14.5)	(4.8)	(4.1)	(29.5)
At 31 December 2015	84.6	125.0	65.6	34.1	309.3
Accumulated depreciation					
At 1 January 2015	40.9	62.0	60.4	25.8	189.1
Intercompany transfer	-	(0.2)	(3.1)	-	(3.3)
Charge for the year	5.1	14.0	4.0	1.4	24.5
Impairment loss	-	-	0.2	-	0.2
On assets reclassified as held for sale	(13.1)	-	(12.8)	(0.5)	(26.4)
Disposals	(6.1)	(12.8)	(5.2)	(4.1)	(28.2)
At 31 December 2015	26.8	63.0	43.5	22.6	155.9
Net book value at 31 December 2015	57.8	62.0	22.1	11.5	153.4

Company	Land and buildings £m	Motor vehicles £m	Plant and equipment £m	Information technology hardware £m	Total £m
Cost					
At 1 January 2014	92.0	105.3	86.1	27.6	311.0
Additions	18.5	21.3	5.8	1.0	46.6
Disposals	(5.1)	(11.7)	(10.0)	(0.2)	(27.0)
At 31 December 2014	105.4	114.9	81.9	28.4	330.6
Accumulated depreciation					
At 1 January 2014	37.8	60.4	65.3	24.5	188.0
Charge for the year	3.2	11.6	4.1	1.5	20.4
Impairment loss	2.2	-	0.1	-	2.3
Disposals	(2.3)	(10.0)	(9.1)	(0.2)	(21.6)
At 31 December 2014	40.9	62.0	60.4	25.8	189.1
Net book value at 31 December 2014	64.5	52.9	21.5	2.6	141.5

Land and buildings comprise:					
		2015			2014
		£m			£m
Cost					
Freehold		24.8			48.8
Long leasehold		9.7			9.5
Short leasehold		50.1			47.1
		84.6			105.4
Accumulated depreciation					
Freehold		10.9			26.6
Long leasehold		4.2			4.0
Short leasehold		11.7			10.3
		26.8			40.9

Assets held under finance leases have the following net book amount:					
		2015			2014
		£m			£m
Cost or valuation		46.4			43.6
Accumulated depreciation		(25.2)			(23.4)
Net book amount		21.2			20.2
Motor vehicles		21.2			20.2
Net book amount		21.2			20.2

The impairment loss of £0.2m in the Group and Company 2015 relates to non-current assets held for sale (note 8(b)) and in 2014 of £2.3m relates to impaired assets as a result of non-core restructuring of operations in South East London, part of the UK and Ireland reportable business segment.

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8 (b). Assets classified as held for sale

As part of the UK distribution network program the Group transferred operations from four depots across the country to three new multi-temperature depots. At the year end the Group had a committed plan to sell the four properties and was actively marketing them for a reasonable price. It is expected that all properties will be sold in 2016 with two expecting to exchange contracts in the first quarter of 2016.

The assets have been remeasured to £7.2m which is the lower of their net book value and fair value less costs to sell and have been reclassified to current assets. The previous net book value of the assets was £7.4m and the resulting impairment loss of £0.2m has been recognised in exceptional costs.

Group and Company	Land and buildings £m	Motor vehicles £m	Plant and equipment £m	Information technology hardware £m	Total £m
Cost	18.8	-	14.3	0.5	33.6
Depreciation	(13.1)	-	(12.6)	(0.5)	(26.2)
Net book value prior to reclassification	5.7	-	1.7	-	7.4
Impairment	-	-	(0.2)	-	(0.2)
Non current assets held for sale at 31 December 2015	5.7	-	1.5	-	7.2

9. Investments in subsidiaries

Company	At cost £m	Investment in subsidiary undertakings (equity) Provision £m	Net book value £m
At 1 January 2015	240.0	(51.9)	188.1
Additions	40.1	-	40.1
At 31 December 2015	280.1	(51.9)	228.2

Company	At cost £m	Investment in subsidiary undertakings (equity) Provision £m	Net book value £m
At 1 January 2014 and 31 December 2014	240.0	(51.9)	188.1

Investments are recorded at cost, which is the fair value of consideration paid. The directors consider that the value of the investments are supported by the underlying assets and the expected future performance of the Group.

During the year the Company acquired investments in Cucina Fresh Finance Limited and in Cucina French Holdings Limited (See note 23 for further information).

The subsidiary undertakings at 31 December 2015 are listed as follows:

Name of Company	Country of incorporation	Percentage interest held	Operating in:
The principal trading subsidiary undertakings are all involved in the supply of frozen, chilled and ambient foods as well as catering supplies and equipment to the catering industry and are as follows:			
Brake Bros Foodservice Limited	England and Wales	100.00%	United Kingdom
M&J Seafood Limited	England and Wales	75.00%	United Kingdom
Wild Harvest Limited	England and Wales	75.00%	United Kingdom
Pauleys Produce Limited	England and Wales	75.00%	United Kingdom
Fresh Direct (UK) Limited	England and Wales	75.00%	United Kingdom
FreshMayre Limited	England and Wales	100.00%	United Kingdom
Brake Bros Receivables Limited	England and Wales	100.00%	United Kingdom
Brakes Foodservice NI Limited	Northern Ireland	100.00%	United Kingdom
Brake Bros Foodservice Ireland Limited	Republic of Ireland	100.00%	Republic of Ireland
Brake France Service SAS	France	100.00%	France
Menigo Foodservice AB	Sweden	66.67%	Sweden
Davigel SAS	France	100.00%	France

Name of Company	Country of incorporation	Percentage interest held
Other subsidiary undertakings are as follows:		
Trading companies:		
ServiceStyckarna i Johanneshov AB	Sweden	66.67%
Isakssons Frukter & Grönt AB	Sweden	66.67%
Frukterice i Helsingborg AB	Sweden	66.67%
Restaurangakademien AB	Sweden	33.34%
Brake Continental Europe Division SAS	France	100.00%
Brake France Développement	France	100.00%
Fresh Direct Limited	England and Wales	75.00%
Davigel Espana S.A.	Spain	100.00%
Davigel Belgilux SA	Belgium	100.00%
Houdebline SAS	France	100.00%
Non-trading holding companies:		
Cucina Fresh Investments Limited	England and Wales	100.00%
Cucina Fresh Finance Limited	England and Wales	75.00%
Fresh Direct Group Limited	England and Wales	75.00%
Fresh Holdings Limited	England and Wales	75.00%
Cidron Food Holding S.à r.l.	Luxembourg	66.67%
Cidron Food Services S.à r.l.	Luxembourg	66.67%
Cucina French Holdings Limited	England and Wales	100.00%
Brake France SAS	France	100.00%
Davigel Equity Holdings SA	France	100.00%

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9. Investments in subsidiaries (continued)

Dormant companies and other non-trading companies:

Brakes Limited	England and Wales	100.00%
Campbell & Neill Limited	England and Wales	100.00%
Cearns & Brown (Southern) Limited	England and Wales	100.00%
John Morris Leasing Limited	England and Wales	100.00%
Stockflag Limited	England and Wales	100.00%
Taste of the Wild Limited	England and Wales	100.00%
W Pauley & Co Limited	England and Wales	50.00%
Watson & Philip Cearns & Brown (South East) Limited	England and Wales	100.00%
Woodward Foodservice Limited	England and Wales	100.00%
Fresh Direct Local (Cambridgeshire) Limited	England and Wales	75.00%
Fresh Direct Local (Scotland) Limited	England and Wales	75.00%
Fresh Direct Local (London) Limited	England and Wales	75.00%
Fresh Trading (UK) Limited	England and Wales	75.00%
Roots of Oxford Limited	England and Wales	75.00%
Fresh Prep (UK) Limited	England and Wales	75.00%
Fresh Kitchen Limited	England and Wales	75.00%
Fresh Direct Local (Glasgow) Limited	England and Wales	75.00%
Country Fresh Direct Limited	England and Wales	75.00%
Fresh Direct France S.à.r.l.	France	75.00%
Scotia Campbell Marine Limited	Scotland	100.00%
Frutserice i Malmö AB	Sweden	66.67%
Fästighetsaktiebolaget Guldfrukten i Lund AB	Sweden	66.67%
Menigo Invest 1 AB	Sweden	66.67%
Menigo Invest 2 AB	Sweden	66.67%
SCI Bianchi Montegut	France	100.00%
SCI Le Dauphin	France	100.00%
Financière Du Rohein	France	100.00%
SCI De Boisseau	France	100.00%
SCI De Garcelles	France	100.00%
Group Rault	France	100.00%
SCI JD Lanjouan	France	100.00%
Rault Lamballe	France	100.00%
Rault Sud	France	100.00%
Rault Vendome	France	100.00%
Rault Nantes	France	100.00%
Rault Caen	France	100.00%

10. Inventories

	Group 2015 £m	2014 £m	Company 2015 £m	2014 £m
Raw materials and consumables	9.9	1.7	0.9	1.1
Finished goods and goods for resale	169.9	122.4	70.5	71.6
	179.8	124.1	71.4	72.7

11. Trade and other receivables

	Group 2015 £m	2014 £m	Company 2015 £m	2014 £m
Trade receivables	160.4	83.8	5.1	4.8
Trade receivables - factored	187.3	192.7	-	-
Less: provision for impairment of receivables	(7.1)	(7.7)	-	-
Trade receivables - net	340.6	268.8	5.1	4.8
Amounts owed by Group undertakings	-	-	101.4	98.4
Amounts owed by parent undertakings	198.1	177.3	201.2	176.9
Loans owed by parent undertakings	419.8	360.3	419.8	360.3
Loans owed by Group undertakings	-	-	66.6	-
Other receivables	21.2	5.0	0.9	1.1
Prepayments	20.6	16.2	11.0	9.0
	1,000.3	827.6	806.0	650.5
Less non-current portion	-	-	(66.6)	-
	1,000.3	827.6	739.4	650.5

During the year certain subsidiary companies of the Group sold trade receivables to a special purpose entity, Brake Bros Receivables Limited. In accordance with IFRS 10 ("Consolidated Financial Statements"), 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 15). 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 £187.3m (2014: £192.7m).

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.

The average credit period taken on sales of goods is 35 days (2014: 34 days). Interest at various rates may be charged on overdue trade receivables.

As of 31 December 2015, Group trade receivables of £279.8m (2014: £199.2m) and Company trade receivables of £5.1m (£2014: £4.8m) were fully performing.

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11. Trade and other receivables (continued)

As of 31 December 2015, Group trade receivables of £60.6m (2014: £69.2m) 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 2015 £m	2014 £m	Company 2015 £m	2014 £m
Up to 3 months	56.3	66.7	-	-
3 to 6 months	4.3	2.5	-	-
	60.6	69.2	-	-

As of 31 December 2015, trade receivables of £7.3m (2014: £8.1m) were impaired and provided for. The amount of the provision was £7.1m as of 31 December 2015 (2014: £7.7m). 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 analysis of these trade receivables is as follows:

	Group 2015 £m	2014 £m	Company 2015 £m	2014 £m
Up to 3 months	1.1	1.7	-	-
3 to 6 months	1.2	1.6	-	-
Over 6 months	5.0	4.8	-	-
	7.3	8.1	-	-

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

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

	Group 2015 £m	2014 £m	Company 2015 £m	2014 £m
Pounds	834.0	722.3	737.5	649.4
Euros	115.6	54.4	68.5	1.0
Swedish Krona	50.7	50.9	-	0.1
	1,000.3	827.6	806.0	650.5

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

	Group 2015 £m	2014 £m	Company 2015 £m	2014 £m
At 1 January	7.7	8.9	-	-
Exchange adjustment	(0.1)	(0.4)	-	-
Provision for receivables impairment	2.6	1.6	-	-
Receivables written off during the year as uncollectible	(3.1)	(2.4)	-	-
At 31 December	7.1	7.7	-	-

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 a normal provision for impaired 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 does not hold any collateral as security.

The other classes within trade and other receivables do contain impaired assets

12. Cash and cash equivalents

	Group 2015 £m	2014 £m	Company 2015 £m	2014 £m
Cash at bank and in hand	105.8	84.2	26.6	55.8
Short term bank deposits	43.9	33.5	35.2	11.8
	149.7	117.7	61.8	67.6

The effective interest rate on short term deposits was 0.25% (2014: 0.25%) and these deposits have an average maturity of 1 day (2014: 1 day). The effective interest rate on company cash at bank and in hand is 0% (2014: 0%).

13. Trade and other payables

	Group 2015 £m	2014 £m	Company 2015 £m	2014 £m
Trade payables	464.0	379.1	311.7	298.1
Amounts owed to parent undertakings	119.4	99.6	95.4	77.3
Amounts owed to Group undertakings	-	-	168.4	142.1
Other taxes and social security	18.3	19.1	5.5	6.0
Other payables	44.6	18.3	1.3	2.6
Accruals	107.5	58.3	53.2	46.1
	753.8	574.4	635.5	572.2

Amounts owed to Group and parent undertakings are non-interest bearing, unsecured and are repayable on demand.

The average credit period taken for trade purchases is 58 days (2014: 55 days). For most suppliers no interest is charged on the trade payables for the first 60 days from the date of the invoice and thereafter interest may be charged on the outstanding balances at various interest rates.

14. Current income tax liabilities

	Group 2015 £m	2014 £m	Company 2015 £m	2014 £m
Corporation tax - overseas	3.6	0.1	-	-
	3.6	0.1	-	-

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15. Financial liabilities - borrowings

	Group 2015 £m	2014 £m	Company 2015 £m	2014 £m
Current				
Loans owed to parent undertakings	8.3	8.3	8.3	8.3
Bank loans	125.0	1.0	-	-
Finance lease obligations	13.9	11.8	5.7	6.9
	147.2	21.1	14.0	15.2
Non-current				
Loans owed to parent undertakings	99.2	8.3	99.2	8.3
Loan notes	0.9	0.9	-	-
Bank loans	163.1	145.7	-	-
Davigel preference share put liability	67.6	-	-	-
Debt issue costs	(2.1)	(1.4)	-	-
Finance lease obligations	52.6	35.8	24.3	21.0
	381.3	189.3	123.5	29.3
Less amounts falling due within one year	(147.2)	(21.1)	(14.0)	(15.2)
	234.1	168.2	109.5	14.1

Bank loans amounting to £125.0m (2014: £125.0m) have been obtained pursuant to a debt factoring agreement. Further information regarding this is given in note 11 of the financial statements. Senior debt of a parent undertaking Cucina Acquisition (UK) Limited is secured by way of a fixed and floating charge over the assets of the Company and certain other UK assets of the Group.

The £67.6m Davigel preference share put liability relates to preference shares issued to Nestlé on 2 November 2015 to fund the Davigel acquisition (see note 23 to the financial statements for further details). In circumstances where Bain Capital exit their investment from the Group, Nestlé are able to exercise a put option to sell and the parent undertaking Cucina Acquisition (UK) Limited can exercise a call option to buy the Davigel preference shares. In the event of a Bain Capital Exit by way of an initial public offering (IPO) of equity securities to trade on a stock exchange, Nestlé shall take such steps as are reasonably required by Cucina Acquisition (UK) Limited to exchange the preference shares for IPO Securities for the value of the preference shares calculated at the same implied issue price as the IPO.

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

	Group 2015 £m	2014 £m	Company 2015 £m	2014 £m
Pounds Sterling	176.3	153.0	30.1	29.3
Euros	184.6	12.9	93.4	-
Swedish Krona	20.4	23.4	-	-
	381.3	189.3	123.5	29.3

The maturity of borrowings is set out in note 16 (a). The exposure of the Group and the Company to interest rate changes is as follows:

	Group 2015 £m	2014 £m	Company 2015 £m	2014 £m
Borrowings at floating interest rates	242.1	146.6	99.2	8.3
Fixed rate borrowings maturing:				
- within one year	13.9	8.0	5.7	6.9
- one to five years	121.8	33.0	17.7	12.9
- over five years	3.5	1.7	0.9	1.2
	381.3	189.3	123.5	29.3

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

	Group 2015	2014	Company 2015	2014
Bank loans	2.9%	3.3%	0.0%	0.0%
Finance lease obligations	7.2%	6.0%	7.1%	7.2%
Loans owed to parent undertakings	6.5%	6.2%	6.5%	6.2%

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16. Financial instruments

16 (a) Financial instruments - narrative disclosure

Disclosures in respect of the Group's financial risks are set out below. Additional disclosures are set out in the Accounting Policies (on pages 14 to 18) and numerical disclosures in respect of financial instruments are set out in note 16(b), 16(c) and 16(d).

Financial risk management

Financial risk factors

The Group has operations in the UK, the Republic of Ireland, BCED and Sweden 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, commodity price risks, liquidity and interest rates. The wider Cucina (BC) Luxco S.A r.l. ("Cucina") 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. Senior debt financing of a parent undertaking, Cucina Acquisition (UK) Limited is secured on certain UK assets of the Group.

The Group's board of directors have the responsibility for setting the risk management policies applied by the 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 Group has a policy and procedures manual that sets out specific guidelines to manage foreign currency exchange risk, interest rate risk, credit risk, commodity price risk, liquidity risk and the use of financial instruments to manage these.

(i) Foreign currency exchange risk

The Group is exposed to foreign exchange risks primarily with respect to the Euro and Swedish Krona. Exposure to the Swedish Krona is not considered material. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the Euro in the wider Cucina Group.

(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 2015, 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 £1.4m (2014: £1.4m).

(iii) Credit risk

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 the 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.

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 16(d) to the financial statements.

Group Counterparty	2015		2014	
	Rating	Balance £m	Rating	Balance £m
Bank A	A	1.6	A	-
Bank B	A-	56.4	A	69.3
Bank C	AA-	1.0	AA-	1.5
Bank D	A+	34.4	A+	7.7
Bank E	A	8.1	A	7.8
Bank F	A	7.4	A	0.4
Bank G	AA-	30.8	A+	23.6
Bank H	BBB-	5.8	BB+	3.8
Bank I	BBB+	0.4	BBB+	1.4
Bank K	BBB+	0.1	A	0.1
Bank M	A	2.3	A	2.1
Bank N	BBB	1.4		
		149.7		117.7

Company Counterparty	2015		2014	
	Rating	Balance £m	Rating	Balance £m
Bank A	A	47.1	A	65.0
Bank E	A	12.3	A	0.4
Bank K	A	2.3	A	2.1
Bank L	A	0.1	A	0.1
		61.8		67.6

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 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 16(c)) and cash and cash equivalents (note 12)) on the basis of expected cash flow. Senior debt of a parent undertaking Cucina Acquisition (UK) Limited is secured by way of a fixed and floating charge over certain UK assets of the Group.

(v) Commodity price risk

The Group is exposed to commodity price risk primarily with respect to diesel purchases. 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 diesel fuel commodity swaps to hedge against future price changes. During the year the Group entered into a number of fuel commodity swaps to hedge against the risk of the change in the price of diesel on anticipated future purchases (see note 16(b) for further details).

Maturity of financial liabilities

The table below analyses the Group and Company'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.

Notes to the financial statements

16. Financial instruments (continued)

16 (a) Financial instruments - narrative disclosure (continued)

	Less than one year £m	Between one and two years £m	Between two and five years £m	Over five years £m
Company				
Borrowings - including interest payments	16.7	6.3	8.8	1.2
Derivative financial instruments	2.4	-	-	-
Trade and other payables excluding statutory liabilities	566.2	-	-	-
As at 31 December 2014	585.3	6.3	8.8	1.2

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 Company is under the control of the ultimate parent company, Cucina (BC) Luxco S.à r.l.. There are no external capital requirements on the Company. Further details of the share capital of the Company can be found in note 20 of the financial statements.

16 (b) Financial instruments - by category

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

Group	2015			2014		
	Liabilities at fair value through the profit and loss £m	Other financial liabilities £m	Total £m	Liabilities at fair value through the profit and loss £m	Other financial liabilities £m	Total £m
At 31 December						
Liabilities as per statement of financial position						
Financial liabilities - borrowings	-	381.3	381.3	-	189.3	189.3
Derivative financial instruments	3.0	-	3.0	2.4	-	2.4
Trade and other payables excluding statutory liabilities	-	735.5	735.5	-	555.3	555.3
	3.0	1,116.8	1,119.8	2.4	744.6	747.0

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16. Financial instruments (continued)

16 (b) Financial instruments - by category (continued)

	2015 Loans and receivables £m	2014 Loans and receivables £m
Company		
At 31 December		
Assets as per statement of financial position		
Trade and other receivables	795.0	641.5
Cash and cash equivalents	61.8	67.6
	856.8	709.1

	2015			2014		
	Liabilities at fair value through the profit and loss £m	Other financial liabilities £m	Total £m	Liabilities at fair value through the profit and loss £m	Other financial liabilities £m	Total £m
Company						
At 31 December						
Liabilities as per statement of financial position						
Financial liabilities - borrowings	-	123.5	123.5	-	29.3	29.3
Derivative financial instruments	2.4	-	2.4	2.4	-	2.4
Trade and other payables excluding statutory liabilities	-	630.0	630.0	-	566.2	566.2
	2.4	753.5	755.9	2.4	595.5	597.9

16 (c). Financial Instruments - numerical disclosures

Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group and Company's liabilities that are measured at fair value at 31 December 2015.

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Group				
Liabilities				
Forward foreign currency contracts	-	0.6	-	0.6
Cash flow hedges	-	2.4	-	2.4
	-	3.0	-	3.0
Company				
Liabilities				
Cash flow hedges	-	2.4	-	2.4
	-	2.4	-	2.4

The following table presents the Group and Company's liabilities that are measured at fair value at 31 December 2014.

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Group and Company				
Liabilities				
Cash flow hedges	-	2.4	-	2.4
	-	2.4	-	2.4

The Group and Company does not have any financial instruments that are traded in active markets.

For all other financial instruments fair value is determined by using valuation techniques. Valuation techniques include net present value techniques, the discounted cash flow method, comparison to similar instruments for which market observable prices exist, and valuation models. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Carrying values of derivative financial instruments

	Liabilities 2015 £m	Liabilities 2014 £m
Group		
Forward foreign currency contracts	(0.6)	-
Cash flow hedges	(2.4)	(2.4)
Total current portion	(3.0)	(2.4)
Company		
Cash flow hedges	(2.4)	(2.4)
Total current portion	(2.4)	(2.4)

Cash flow hedges

During the year the Company entered into a number of fuel commodity swaps to hedge against the risk of the change in the price of diesel on anticipated future purchases. The swaps all have maturity dates in 2016 and they have all been designated as cash flow hedges. As at 31 December 2015 the aggregate amount of losses under these swaps deferred in the cash flow hedging reserve, relating to exposure on these anticipated future transactions is £2.4m. It is highly probable that the purchases will take place during 2016, at which time the amount deferred in equity will be reclassified to profit or loss.

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16. Financial instruments (continued)

16 (c). Financial Instruments - numerical disclosures

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 is approximate to fair value.

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

Group	At 31 December 2015		At 31 December 2014	
	Book value £m	Fair value £m	Book value £m	Fair value £m
Primary financial instruments held or issued to finance the Group's operations:				
Short term financial liabilities and current portion of long term borrowings	(147.2)	(147.2)	(21.1)	(21.1)
Other long term borrowings	(234.1)	(234.1)	(168.2)	(162.6)
Trade and other payables	(753.8)	(753.8)	(574.4)	(574.4)
Trade and other receivables	979.7	979.7	811.4	811.4
Cash and cash equivalents	149.7	149.7	117.7	117.7
Retirement benefit obligations	(67.2)	(67.2)	(61.4)	(61.4)

The book values of short-term bank 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 estimated market interest rate available to the Group for similar financial instruments.

Other fair values shown above have been estimated using valuation method level 3 by discounting cash flows at prevailing interest rates.

Company	At 31 December 2015		At 31 December 2014	
	Book value £m	Fair value £m	Book value £m	Fair value £m
Primary financial instruments held or issued to finance the Group's operations:				
Short term financial liabilities and current portion of long term borrowings	(14.0)	(14.0)	(15.2)	(15.2)
Other long term borrowings	(109.5)	(109.5)	(14.1)	(13.1)
Trade and other payables	(635.5)	(635.5)	(572.2)	(572.2)
Trade and other receivables	795.0	795.0	641.5	641.5
Cash and cash equivalents	61.8	61.8	67.6	67.6
Retirement benefit obligations	(29.1)	(29.1)	(35.0)	(35.0)

Borrowing facilities

The Group headed by Brake Bros Limited has undrawn committed borrowing facilities available at 31 December 2015 of £19.0m (2014: £4.1m). These are at floating interest rates and are available until September 2018.

The minimum lease payments under finance leases fall due as follows:

	Group		Company	
	2015 £m	2014 £m	2015 £m	2014 £m
Not later than one year	17.7	13.9	7.4	8.4
Later than one year but not more than five	41.6	25.4	21.1	14.7
More than five years	4.0	1.5	1.0	1.2
	63.3	40.8	29.5	24.3
Future finance charges on finance leases	(10.7)	(5.0)	(5.1)	(3.7)
Present value of finance lease liabilities	52.6	35.8	24.4	20.6

16 (d). Credit quality of financial assets

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:

	Group		Company	
	2015 £m	2014 £m	2015 £m	2014 £m
Trade receivables				
Low risk	189.9	129.8	5.1	4.9
Medium risk	60.8	55.3	-	-
High risk	29.1	14.1	-	-
Total trade receivables	279.8	199.2	5.1	4.9

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

	Group		Company	
	2015 £m	2014 £m	2015 £m	2014 £m
Cash at bank and short term deposits (see note below)				
AA-	31.8	1.5	-	-
A+	34.4	31.3	-	-
A	19.1	79.7	14.6	65.4
A-	56.7	-	47.1	-
BB+	-	3.8	-	-
BBB+	0.5	1.4	0.1	-
BBB	1.4	-	-	-
BBB-	5.8	-	-	-
	149.7	117.7	61.8	65.4

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

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17. 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. The pension schemes are operated by the Company. In addition, in BCED and Sweden the Group is liable for certain post employment benefits which meet the criteria of a defined benefit plan and these obligations are of an unfunded nature. The UK pension schemes are operated by the subsidiary company Brake Bros Limited and are as follows:

(i) The Brake Bros plc Pension Scheme was closed to existing employees at 31 December 2003. No further benefits are accruing to members subsequent to this date. The scheme is a funded defined benefit pension plan.

The scheme is administered by a separate board of trustees which is legally separate from Brake Bros Limited. The trustees are composed of representatives of both the employer and the members and an independent trustee. The trustees are required by law to act in the interest of all relevant beneficiaries and are responsible for the investment policy with regard to the assets plus the day to day administration of the benefits.

Under the scheme, members are entitled to defined annual pensions on retirement at normal retirement age (typically age 63 or age 65). Benefits are also payable on death and following other events such as early retirement.

Brake Bros plc Pension Scheme retirement benefit obligations up to a maximum amount of £20.0m (2014: £20.0m) are secured by way of a charge over certain property, plant and equipment of the Group.

Further details on the profile of the scheme, its funding requirements and risks associated with the scheme are explained later in this note.

(ii) The Brakes Group Personal Pension Plan was opened on 1 April 2013 and is a qualifying workplace pension scheme that the Group is using to meet the automatic enrolment legislative requirements. It is contracted into the state pension scheme and for auto-enrolment members the contribution rates are 1% of pensionable salary for members and for employers and for elected members has contribution rates of 4% or 5% of pensionable salary for members and from 4% for employers, with higher employers contributions for managers. Funds are invested with Legal & General Investment Management.

(iii) The Brakes Money Purchase Pension Plan closed on 31 March 2015 with all existing members auto-enrolled into the Brakes Group Personal Pension Plan. Minimum contribution rates for ex-members of the Brakes Money Purchase Pension Plan are 3% of pensionable salary for members and 4% for employers, with higher employers contributions for managers.

(iv) The Fresh Direct Group Personal Pension Plans which were opened on 1 January 2014 are qualifying workplace pension schemes that the Group is using to meet the automatic enrolment legislative requirements. For auto-enrolment members the contribution rates are 1% of pensionable salary for members and for employers. The funds are invested in two separate pension plans, one with The National Employment Savings Trust (NEST) and the other with The Standard Life Group. All auto-enrolled members belong to one scheme or the other, depending on their employment grade.

In Sweden, the subsidiary company Menigo Foodservice AB, provides employees with defined benefit and defined contribution pension schemes. The majority of the arrangements are provided in accordance with the ITP plan (supplementary pension for industrial salaried employees). The Group's employees in Sweden are provided with ITP retirement benefits via an unfunded defined benefit plan. For certain salaried employees, the ITP pensions are secured through the insurance company Alecta. The plan is reported as a defined contribution plan with the premiums paid reflecting the pension cost.

In BCED, for the subsidiary companies Brake France Service SAS and Davigel SAS, all employees are provided retirement indemnity benefits (Indemnité Départ en Retraite 'IDR'). These are unfunded arrangements that provides retirement benefits based on service and salary, with different level of benefits depending on employees' position and grade.

The amounts recognised in the statement of financial position for defined benefit plans are set out below:

	Group 2015 £m	2014 £m	Company 2015 £m	2014 £m
Present value of funded obligations	220.5	226.4	220.5	226.4
Present value of unfunded obligations	38.1	26.4	-	-
Fair value of plan assets	(191.4)	(191.4)	(191.4)	(191.4)
Net pension liability recognised in the statement of financial position	67.2	61.4	29.1	35.0

The movement in the retirement benefit obligation during the year is as follows:

	UK 2015 £m	Group BCED 2015 £m	Sweden 2015 £m	Total Group 2015 £m	Company 2015 £m
Retirement benefit obligations					
At 1 January	35.0	6.0	20.4	61.4	35.0
Exchange adjustment	-	0.1	(0.4)	(0.3)	-
Acquisition of subsidiaries (note 23)	-	12.5	-	12.5	-
Interest expense	1.3	0.2	0.5	2.0	1.3
Administrative expenses	0.1	-	-	0.1	0.1
Current service cost	-	0.6	0.6	1.2	-
Contributions paid in the year	(1.8)	(0.3)	(0.5)	(2.6)	(1.8)
Remeasurements recognised in other comprehensive income	(5.5)	(0.9)	(0.7)	(7.1)	(5.5)
At 31 December	29.1	18.2	19.9	67.2	29.1

The movement in the retirement benefit obligation in the prior year was as follows:

	UK 2014 £m	Group BCED 2014 £m	Sweden 2014 £m	Total Group 2014 £m	Company 2014 £m
Retirement benefit obligations					
At 1 January	23.8	5.4	21.1	50.3	23.8
Exchange adjustment	-	(0.4)	(2.8)	(3.2)	-
Interest expense	1.1	0.2	0.7	2.0	1.1
Administrative expenses	0.2	-	-	0.2	0.2
Current service cost	-	0.3	0.6	0.9	-
Contributions paid in the year	(2.1)	(0.2)	(0.5)	(2.8)	(2.1)
Remeasurements recognised in other comprehensive income	12.0	0.7	1.3	14.0	12.0
At 31 December	35.0	6.0	20.4	61.4	35.0

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17. Retirement benefit obligations (continued)

The amounts recognised in the income statement and other comprehensive income for defined benefit plans are set out below:

	UK 2015 £m	Group BCED 2015 £m	Sweden 2015 £m	Total Group 2015 £m	Company 2015 £m
Retirement benefit obligations					
Operating cost					
Service costs:					
- Current service cost		0.6	0.6	1.2	
- Administrative expenses	0.1	-	-	0.1	0.1
Total operating costs	0.1	0.6	0.6	1.3	0.1
Financing cost					
Interest expense	1.3	0.2	0.5	2.0	1.3
Total income statement charge	1.4	0.8	1.1	3.3	1.4
Remeasurements recognised in other comprehensive income					
- gains from changes in demographic assumptions	-	(0.9)	(0.7)	(1.6)	-
- gains from changes in financial assumptions	(4.4)	-	-	(4.4)	(4.4)
- experience gains	(2.5)	-	-	(2.5)	(2.5)
- losses on return on scheme assets	1.4	-	-	1.4	1.4
Total amount recognised in other comprehensive income	(5.5)	(0.9)	(0.7)	(7.1)	(5.5)
	UK 2014 £m	Group BCED 2014 £m	Sweden 2014 £m	Group 2014 £m	Company 2014 £m
Retirement benefit obligations					
Operating cost					
Service costs:					
- Current service cost	-	0.3	0.6	0.9	-
- Administrative expenses	0.2	-	-	0.2	0.2
Total operating costs	0.2	0.3	0.6	1.1	0.2
Financing cost					
Interest expense	1.1	0.2	0.7	2.0	1.1
Total income statement charge	1.3	0.5	1.3	3.1	1.3
Remeasurements recognised in other comprehensive income					
- (gains) / losses from changes in demographic assumptions	(0.4)	0.7	1.3	1.6	(0.4)
- losses from changes in financial assumptions	27.5	-	-	27.5	27.5
- experience gains	(0.7)	-	-	(0.7)	(0.7)
- gains on return on scheme assets	(14.4)	-	-	(14.4)	(14.4)
Total amount recognised in other comprehensive income	12.0	0.7	1.3	14.0	12.0

The amounts recognised in the income statement for defined contribution plans are set out below:

	Group 2015 £m	2014 £m	Company 2015 £m	2014 £m
Defined contribution schemes	8.5	8.3	6.7	6.7

Reporting at 31 December 2015

The independent actuary calculates the defined benefit obligation annually by adjusting the results of the latest triennial funding valuation at 5 April 2013 to the statement of financial position date, taking account of experience over the period since 5 April 2013, changes in market conditions, and differences in the financial and demographic assumptions. The present value of the defined benefit obligation is measured using the projected unit credit method. The principal financial and demographic assumptions used to calculate liabilities for the periods ended 31 December are set out below.

Financial assumptions	2015 %	2014 %
UK assumptions:		
Rate of increase in pensions in payment and deferred pensions	3.0	3.0
Discount rate	3.8	3.7
Inflation assumption RPI	3.1	3.0
Inflation assumption CPI	1.9	1.8
BCED assumptions:		
Discount rate	2.0	2.0
Salary increase	2.5	2.5
Inflation	2.0	2.0
Sweden assumptions:		
Discount rate	3.0	2.8
Salary increase	2.7	2.7
Inflation	1.5	1.5

Demographic assumptions

Mortality rate UK assumptions:

The mortality assumptions are based on the recent actual mortality experience of Scheme pensioners and a socio-economic analysis of the Scheme membership, and allow for expected future improvements in mortality rates. 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:

	2015	2014
Male	21.5	21.4
Female	23.9	23.8

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:

	2015	2014
Male	22.7	22.7
Female	25.4	25.4

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17. Retirement benefit obligations (continued)

Sensitivity to key assumptions

The key assumptions used for IAS 19 are: discount rate, inflation and mortality. If different assumptions were used in the UK, this could have a material effect on the results disclosed. The sensitivity of the retirement benefit obligation to these assumptions is as follows.

- Following a 0.2% pa decrease in the discount rate the deficit would increase by £8.1m from £67.2m to £75.3m.
- Following a 0.2% pa increase in the RPI inflation assumption (with consequential changes in dependent assumptions) the deficit would increase by £6.3m from £67.2m to £73.5m.
- Following a 1 year increase in life expectancy the deficit would increase by £7.1m from £67.2m to £74.3m.

The sensitivity information shown above has been prepared using the same method as adopted when adjusting the results of the latest funding valuation to the date of statement of financial position. This is the same approach as has been adopted in previous periods.

Analysis of movement in present value of retirement benefit obligations during the year is as follows:

	UK (funded obligations) 2015 £m	Group BCED (unfunded obligations) 2015 £m	Sweden (unfunded obligations) 2015 £m	Total Group 2015 £m	Company 2015 £m
At 1 January	226.4	6.0	20.4	252.8	226.4
Exchange adjustment	-	0.1	(0.4)	(0.3)	-
Acquisition of subsidiaries (note 23)	-	12.5	-	12.5	-
Interest expense	8.1	0.2	0.5	8.8	8.1
<i>Remeasurements:</i>					
- gains from changes in demographic assumptions	-	(0.9)	(0.7)	(1.6)	-
- gains from changes in financial assumptions	(4.4)	-	-	(4.4)	(4.4)
- experience gains	(2.5)	-	-	(2.5)	(2.5)
Contributions paid by employer	-	(0.3)	(0.5)	(0.8)	-
Current service cost	-	0.6	0.6	1.2	-
Benefits paid	(7.1)	-	-	(7.1)	(7.1)
At 31 December	220.5	18.2	19.9	258.6	220.5

	UK (funded obligations) 2014 £m	Group BCED (unfunded obligations) 2014 £m	Sweden (unfunded obligations) 2014 £m	Total Group 2014 £m	Company 2014 £m
At 1 January	196.6	5.4	21.1	223.1	196.6
Exchange adjustment	-	(0.4)	(2.8)	(3.2)	-
Interest expense	8.9	0.2	0.7	9.8	8.9
<i>Remeasurements:</i>					
- (gains) / losses from changes in demographic assumptions	(0.4)	0.7	1.3	1.6	(0.4)
- losses from changes in financial assumptions	27.5	-	-	27.5	27.5
- experience gains	(0.7)	-	-	(0.7)	(0.7)
Contributions paid by employer	-	(0.2)	(0.5)	(0.7)	-
Current service cost	-	0.3	0.6	0.9	-
Benefits paid	(5.5)	-	-	(5.5)	(5.5)
At 31 December	226.4	6.0	20.4	252.8	226.4

Analysis of movement in fair value of scheme assets during the year is as follows:

	UK and Group 2015 £m	2014 £m	Company 2015 £m	2014 £m
At 1 January	191.4	172.8	191.4	172.8
Interest income on scheme assets	6.8	7.8	6.8	7.8
<i>Remeasurements:</i>				
- (losses) / gains on return on scheme assets	(1.4)	14.4	(1.4)	14.4
Administrative expenses	(0.1)	(0.2)	(0.1)	(0.2)
Contributions paid by employer	1.8	2.1	1.8	2.1
Benefits paid	(7.1)	(5.5)	(7.1)	(5.5)
At 31 December	191.4	191.4	191.4	191.4

The Plan assets are invested in the following asset classes:

	2015		2014	
	£m	Of which not quoted in an active market £m	£m	Of which not quoted in an active market £m
Equities	64.6	0.6	50.0	-
Property	5.7	5.7	3.0	3.0
Macro orientated	32.8	-	36.6	-
Multi strategy	10.5	-	6.2	-
Credit / Corporate bonds	23.3	-	36.3	-
Government bonds	27.6	-	39.7	-
Derivatives	1.5	1.5	2.7	2.6
Cash and cash equivalents	25.4	-	16.9	-
At 31 December	191.4	7.8	191.4	5.6

Further details on the Brake Bros plc Pension Scheme

Profile of the scheme

The defined benefit obligation includes benefits for deferred and current pensioners. Broadly, about 69% of the liabilities is attributable to deferred pensioners and 31% to current pensioners.

The scheme duration is an indicator of the weighted-average time until benefit payments are made. For the scheme as a whole, the duration is around 18 years reflecting the approximate split of the defined benefit obligation between deferred pensioners (duration of 21 years) and current pensioners (duration of 12 years).

The table below illustrates the profile of projected future benefit payments from the scheme.

Expected maturity analysis of undiscounted pension benefits

At 31 December 2015	Less than one year	Between one and two years	Between two and five years	Over five years
Pension benefits	1%	1%	4%	94%

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17. Retirement benefit obligations (continued)

Funding requirements
 The Group is paying deficit contributions of £1.5m per annum which, along with investment returns from return-seeking assets, is expected to make good this shortfall by 2026. The Group also pays contributions of £0.3m per annum respect of the expenses of administering the scheme. A contribution of £1.8m is expected to be paid by the Group during the year ending 31 December 2015.

Risks associated with the scheme
Asset volatility

The liabilities are calculated using a discount rate set with reference to corporate bond yields. If assets underperform this yield, this will create a deficit. The scheme holds a significant proportion of growth assets (equities, high yield bonds, property and alternatives) which, though expected to outperform corporate bonds in the long-term, create volatility and risk in the short-term. The allocation to growth assets is monitored to ensure it remains appropriate given the scheme's long-term objectives. A decrease in corporate bond yields will increase the value placed on the scheme's liabilities for accounting purposes, although this will be partially offset by an increase in the value of the scheme's interest rate matching assets. The scheme's investment strategy is to hedge inflation risk although it is currently only partially hedged, meaning that an increase in inflation will increase the deficit.

Inflation risk

A significant proportion of the scheme's benefit obligations are linked to inflation and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation), although this will be partially offset by an increase in the value of the scheme's inflation matching assets. The scheme's investment strategy is to hedge inflation risk although it is currently only partially hedged, meaning that an increase in inflation will increase the deficit. The majority of the scheme's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the liabilities.

Life expectancy

The Group and Trustees have agreed a long-term strategy for reducing investment risk as and when appropriate. This includes diversification of growth assets to reduce volatility and an asset-liability matching policy which aims to reduce the volatility of the funding level of the pension plan by investing in assets such as swaps which perform in line with the liabilities of the plan so as to protect against inflation being higher than expected or market yields being lower than expected.

The UK Government intends to implement legislation which could result in an increase in the value of Guaranteed Minimum Pension for males. This would increase the defined benefit obligation of the plan. At this stage, it is not possible to accurately quantify the impact of this change.

Group actuarial gains of £7.1m (2014: £14.0m losses) were recognised in the year and included in the consolidated statement of comprehensive income. The cumulative amount of actuarial losses included in the consolidated statement of comprehensive income is £50.1m (2014: £57.2m).

The actual gain on plan assets was £5.4m (2014: £22.2m).

18. Provisions

Property and other provisions	Group		Company	
	2015	2014	2015	2014
	£m	£m	£m	£m
At 1 January	22.3	13.2	19.3	10.0
Acquisition of subsidiaries (note 2)	-	1.0	-	1.0
Charged to the income statement during the year	4.4	2.9	-	3.5
Provisions for property, plant and equipment additions during the year	1.9	5.4	1.3	5.4
Utilised during the year	(0.8)	(0.2)	(0.8)	(0.6)
At 31 December	27.8	22.3	19.8	19.3
Non-current	24.2	21.1	17.9	18.1
Current	3.6	1.2	1.9	1.2
	27.8	22.3	19.8	19.3

Property provisions are for dilapidation and onerous lease obligations relating to leasehold property held by the Group. Provisions for dilapidations primarily represent obligations to restate property to its original condition at the end of the lease term. Other provisions amounting to £1.1m (2014: £nil) relate to onerous contracts.

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19. Deferred tax assets

The movement on the deferred tax account is as shown below:

	Group 2015 £m	2014 £m	Company 2015 £m	2014 £m
Deferred tax assets				
At 1 January	32.8	27.4	28.5	23.7
Exchange adjustment	(0.5)	(0.2)	-	-
Acquisition of subsidiaries (note 23)	(17.3)	-	-	-
Tax credit on cash flow hedges taken directly to other comprehensive income	-	0.5	-	0.5
Tax (charge) / credit on retirement benefit obligations taken directly to other comprehensive income	(1.9)	3.0	(1.2)	2.3
Credited to the income statement in the year	4.4	2.1	2.2	2.0
At 31 December	17.5	32.8	29.5	28.5

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	Cash flow hedge £m	Capital allowances timing differences £m	Tax losses £m	Other temporary differences £m	Total £m
Deferred tax assets						
At 1 January 2014	8.3	-	18.4	5.7	(5.0)	27.4
At 1 January 2014 reclassification to deferred tax liabilities	-	-	-	-	5.0	5.0
Exchange adjustment	(0.2)	-	-	-	-	(0.2)
Tax credit on cash flow hedges taken directly to other comprehensive income	-	0.5	-	-	-	0.5
Tax credit on retirement benefit obligations taken directly to other comprehensive income	3.0	-	-	-	-	3.0
(Charged) / credited to the income statement in the year	(0.1)	-	(1.9)	3.3	-	1.3
At 31 December 2014	11.0	0.5	16.5	9.0	-	37.0
At 1 January 2015	11.0	0.5	16.5	9.0	-	37.0
Exchange adjustment	(0.1)	-	-	-	-	(0.1)
Acquisition of subsidiaries	-	-	0.8	-	-	0.8
Tax charge on retirement benefit obligations taken directly to other comprehensive income	(1.9)	-	-	-	-	(1.9)
Credited / (charged) to the income statement in the year	0.3	-	3.7	(1.5)	-	2.5
At 31 December 2015	9.3	0.5	21.0	7.5	-	38.3

Group	Customer lists and brands £m	Property, plant and equipment fair value adjustments £m	Other £m	Total £m
Deferred tax liabilities				
At 1 January 2014	(2.2)	(1.8)	(1.0)	(5.0)
Credited to the income statement in the year	0.2	0.3	0.3	0.8
At 31 December 2014	(2.0)	(1.5)	(0.7)	(4.2)
At 1 January 2015	(2.0)	(1.5)	(0.7)	(4.2)
Exchange	(0.2)	-	(0.2)	(0.4)
Acquisition of subsidiaries	(11.3)	-	(6.8)	(18.1)
Credited to the income statement in the year	0.9	0.5	0.5	1.9
At 31 December 2015	(12.6)	(1.0)	(7.2)	(20.8)
Net deferred tax assets at 31 December 2015				17.5

Company	Retirement benefit obligations £m	Cash flow hedge £m	Capital allowances timing differences £m	Tax losses £m	Other temporary differences £m	Total £m
Deferred tax assets						
At 1 January 2014	4.8	-	15.8	5.8	(2.7)	23.7
At 1 January 2014 reclassification to deferred tax liabilities	-	-	-	-	2.7	2.7
Tax credit on cash flow hedges taken directly to other comprehensive income	-	0.5	-	-	-	0.5
Tax credit on retirement benefit obligations taken directly to other comprehensive income	2.3	-	-	-	-	2.3
(Charged) / credited to the income statement in the year	(0.1)	-	(1.6)	3.2	-	1.5
At 31 December 2014	7.0	0.5	14.2	9.0	-	30.7
At 1 January 2015	7.0	0.5	14.2	9.0	-	30.7
Tax charge on retirement benefit obligations taken directly to other comprehensive income	(1.2)	-	-	-	-	(1.2)
Credited / (charged) to the income statement in the year	-	-	3.8	(2.2)	-	1.6
At 31 December 2015	5.8	0.5	18.0	6.8	-	31.1

Company	Customer lists and brands £m	Property, plant and equipment fair value adjustments £m	Total £m
Deferred tax liabilities			
At 1 January 2014	(0.9)	(1.8)	(2.7)
Credited to the income statement in the year	0.2	0.3	0.5
At 31 December 2014	(0.7)	(1.5)	(2.2)
At 1 January 2015	(0.7)	(1.5)	(2.2)
Credited to the income statement in the year	0.1	0.5	0.6
At 31 December 2015	(0.6)	(1.0)	(1.6)
Net deferred tax assets at 31 December 2015			29.5

All of the deferred tax liabilities were available for offset against deferred tax asset.

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. There are no unrecognised deferred tax assets in respect of unutilised tax losses in the UK (2014: £0.8m). There is no expiry date for these losses. The deferred tax charged to other comprehensive income during the year amounted to £1.9m (2014: £3.0m credit).

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20. Share capital

	2015 £m	2014 £m
Group and Company		
Authorised		
58,000,000 (2014: 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

21. Reserves

	Hedging £m	Other reserves: Business comb. under common control £m	Total other reserves £m	Total other reserves £m	Retained earnings £m	Total £m
Group - attributable to owners of the parent Company						
At 1 January 2015	(1.9)	(14.1)	8.2	(7.8)	630.4	622.6
Retirement benefit obligation actuarial gain	-	-	-	-	6.9	6.9
Taxation on retirement benefit obligation-actuarial gain	-	-	-	-	(1.7)	(1.7)
Currency translation differences	-	-	(5.7)	(5.7)	-	(5.7)
Adjustments arising from change in non-controlling interest	-	20.2	-	20.2	-	20.2
Profit for the year	-	-	-	-	46.7	46.7
At 31 December 2015	(1.9)	6.1	2.5	6.7	682.3	689.0

	Hedging £m	Other reserves: Business comb. under common control £m	Total other reserves £m	Total other reserves £m	Retained earnings £m	Total £m
Group - attributable to owners of the parent Company						
At 1 January 2014	-	(14.1)	12.9	(1.2)	579.1	577.9
Cash flow hedges	(2.4)	-	-	(2.4)	-	(2.4)
Taxation on cash flow hedges	0.5	-	-	0.5	-	0.5
Retirement benefit obligation actuarial loss	-	-	-	-	(13.0)	(13.0)
Taxation on retirement benefit obligation actuarial loss	-	-	-	-	2.7	2.7
Currency translation differences	-	-	(4.7)	(4.7)	-	(4.7)
Profit for the year	-	-	-	-	61.6	61.6
At 31 December 2014	(1.9)	(14.1)	8.2	(7.8)	630.4	622.6

Included within other reserves are cumulative exchange gains of £1.5m (2014: £7.2m) and gains on the fair value of cash flow hedges of £1.0m (2014: £1.0m).

	Retained earnings £m	Other reserves: Hedging £m	Other £m	Total £m
Company				
At 1 January 2015	505.7	(1.9)	10.7	514.5
Profit for the year	51.2	-	-	51.2
Retirement benefit obligation actuarial gain	5.5	-	-	5.5
Taxation on retirement benefit obligation actuarial gain	(1.2)	-	-	(1.2)
At 31 December 2015	561.2	(1.9)	10.7	570.0

	Retained earnings £m	Other reserves: Hedging £m	Other £m	Total £m
Company				
At 1 January 2014	480.3	-	10.7	491.0
Profit for the year	35.1	-	-	35.1
Cash flow hedges	-	(2.4)	-	(2.4)
Taxation on cash flow hedges	-	0.5	-	0.5
Retirement benefit obligation actuarial loss	(12.0)	-	-	(12.0)
Taxation on retirement benefit obligation actuarial loss	2.3	-	-	2.3
At 31 December 2014	505.7	(1.9)	10.7	514.5

Other reserves include £10.9m (2014: £10.9m) in respect of the differences 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 (2014: £0.2m).

22. Cash generated from operations

Reconciliation of profit before taxation to cash generated from operations

	Group 2015 £m	2014 £m	Company 2015 £m	2014 £m
Profit before taxation	74.2	75.4	62.9	39.9
Adjustments for:				
- Finance income	(25.6)	(20.7)	(25.9)	(21.0)
- Finance costs	13.3	10.4	5.2	3.1
Depreciation charges	42.2	34.9	24.5	20.4
Amortisation and impairment of intangibles	18.4	11.7	10.4	8.8
Gain on disposal of businesses to subsidiary undertaking	-	-	(31.2)	-
Retirement benefit contributions paid	(2.6)	(2.8)	(1.8)	(2.1)
(Profit) / loss on sale of property, plant and equipment	(2.2)	0.9	(2.6)	2.0
Property, plant and equipment impairment loss	0.2	2.3	0.2	2.3
Decrease / (increase) in inventories	5.7	(6.8)	0.5	(7.2)
(Increase) / decrease in trade and other receivables	(1.4)	(4.4)	(2.4)	5.4
Increase in trade and other payables	23.3	23.0	21.1	13.4
Cash generated from operations	145.5	123.9	60.9	65.0

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23. Business combinations

On 23 February 2015, the Group formed a new company, the Fresh Direct Group Limited. This is wholly owned by Cucina Fresh Finance Limited, which is also a new company formed on 23 February 2015. The Group transferred its existing M&J Seafood business and Pauleys fruit and vegetable business and the entire share capital of its existing Wild Harvest company to Fresh Direct Group Limited. The owners of Fresh Holdings Limited transferred the entire share capital of Fresh Holdings Limited, including its wholly owned trading subsidiary undertaking Fresh Direct (UK) Limited, to Fresh Direct Group Limited. As a consequence of this transaction, the Group owns 69.82% and the parent undertaking Cucina Acquisition (UK) Limited owns 10.65% of the issued share capital of Cucina Fresh Finance Limited. The former investors in Fresh Holdings Limited hold 18.93% of the share capital in Cucina Fresh Finance Limited and management hold the remaining 0.60%. The Group has 68% of the voting rights of Cucina Fresh Finance Limited with the former investors of Fresh Holdings Limited owning the remaining 32% voting rights. The transaction resulted in total consideration to the former owners of Fresh Holdings Limited of £58.2m, comprising cash and deferred consideration payments of £50m and contribution of business assets and liabilities of £8.2m.

Fresh Holdings Limited trades as Fresh Direct. Fresh Direct is a food supplier sourcing a range of fresh products and delivers nationally to a diverse range of customers. It was acquired to provide the Group with a broader fresh food offer with the capability to deliver fresh products six or seven days per week, from dedicated local fresh depots. Fresh Direct will allow the Group to unlock and develop new opportunities and grow its businesses with customers in the fresh arena.

On 2 November 2015, the Group acquired 100% of the issued share capital of Davigel SAS for a total consideration of £90.6m. Davigel is a major supplier of chilled and frozen food for the European foodservice industry. The acquisition strengthens the Group's position as a major player in France as well as opening up new markets in Belgium, Luxembourg and Spain. The Group will also benefit from Davigel's position as exclusive distributor of Nestle and Movenpick ice creams in France.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below.

	Davigel SAS £m	Provisional fair values Fresh Direct £m	Total £m
Identifiable intangible assets	8.6	42.5	51.1
Property, plant and equipment	98.3	6.0	104.3
Inventory	58.1	3.8	61.9
Trade and other receivables	66.2	29.8	96.0
Cash at bank	4.9	6.1	11.0
Financial liabilities - borrowings	(7.9)	(14.4)	(22.3)
Trade and other payables	(75.3)	(29.8)	(105.1)
Loan payable to former parent company	(39.4)	-	(39.4)
Current income tax liabilities	-	(0.6)	(0.6)
Deferred tax liabilities	(8.8)	(8.5)	(17.3)
Retirement benefit obligations	(12.5)	-	(12.5)
Provisions for other liabilities and charges	(1.6)	(2.8)	(4.4)
Total identifiable assets	90.6	32.1	122.7
Non-controlling interest	-	(10.2)	(10.2)
Goodwill	-	36.3	36.3
Total consideration	90.6	58.2	148.8

	Davigel SAS £m	Fresh Direct £m	Total £m
Satisfied by:			
Cash	17.9	20.0	37.9
Contribution of business assets and liabilities	-	8.2	8.2
Deferred consideration	7.1	30.0	37.1
Davigel preference shares	65.6	-	65.6
Total consideration transferred	90.6	58.2	148.8

Fresh Direct:

The deferred consideration requires the Group to pay £20.0m to the former owners of Fresh Direct on the earlier of the first anniversary of completion, 23 February 2016, and £10.0m on the second anniversary, 23 February 2017, or the occurrence of the sale of Brake Bros Limited or a Group debt default.

The contribution of the business assets and liabilities of £8.2m represented the provisional fair value of the assets and liabilities contributed by the Group. As a result of this contribution an adjustment for the Group of £19.2m has been recognised in equity reserves.

In the event of a Bain Capital sale of its shares in the Group, the Fresh Direct sale and purchase agreement gives the parent undertaking Cucina Acquisition (UK) Limited a call option to acquire, and the owners of the remaining minority stake in the Fresh Direct Group a put option to sell their remaining shares in the Fresh Direct Group. The call option enables Cucina Acquisition (UK) Limited to acquire all of the minority stake, whilst the put option is proportional to the sell down of shares by Bain Capital.

The put option has the effect of distributing 32% of the value of the business in a sale to the non-controlling interest, and on this basis the non-controlling interest has therefore been calculated at 32%.

Davigel:

The deferred consideration for Davigel requires the Group to pay £7.1m to the former owners should Davigel be successful in transitioning the business across from the former owner's IT systems onto a replacement system by 31 December 2016.

The fair value of the contingent consideration arrangement of £7.1m was estimated by considering the probability of the likely outcomes and the value payable based on each of these outcomes. After reviewing the terms of the agreement and considering the timing of key strategic plans for the Group, management believe that separation of the system will occur by the target date and therefore this consideration is likely to fall due.

The £65.6m Davigel preference shares were issued to Nestle on 2 November 2015 to fund the acquisition. The preference shares are exchangeable for IPO shares (see note 15 to the financial statements for further details).

	Davigel SAS £m	Fresh Direct £m	Total £m
Net cash outflow arising on acquisition:			
Cash consideration	17.9	20.0	37.9
Less: cash and cash equivalent balances acquired	(4.9)	(6.1)	(11.0)
	13.0	13.9	26.9

Goodwill, being the excess of the consideration over the net tangible and intangible assets acquired, represents benefits which do not qualify for recognition as intangible assets, including the ability of a business to generate higher returns than individual assets, skilled workforces, and acquisition of synergies that are specific to the Group. The goodwill recognised of £36.3m is non-tax deductible.

The fair value of the financial assets includes trade and other receivables with a fair value of £66.2m and £29.8m and a gross contractual value of £71.2m and £30.5m for Davigel and Fresh Direct respectively. The best estimate at acquisition date of the contractual cash flows not to be collected are £5.0m and £0.7m for Davigel and Fresh Direct respectively.

The fair values of all of the assets and liabilities acquired are provisional. The Directors are continuing to assess the impact of accounting for the acquisitions up to the date of these financial statements. Final fair values will be incorporated in the 2016 financial statements.

Financial information

In 2015, the acquired businesses, Davigel and Fresh Direct, contributed £87.1m and £185.2m to revenue, increased EBITDA by £3.5m and £11.4m and increased / (decreased) profit before finance costs and tax by £(1.1)m and £4.6m respectively, for the part year under the Group's ownership and before taking account of acquisition financing costs.

Had the businesses been acquired at the beginning of the year, the Group's revenues, would have been £3,702.7m with Davigel contributing £466.2m and Fresh Direct contributing £213.8m. EBITDA for the year would have been £184.2m with Davigel contributing £16.1m and Fresh Direct contributing £11.9m. The profit for the year before finance costs and tax would have been £8.4m, with Davigel contributing £4.1m and Fresh Direct contributing £4.3m and which include the amortisation of acquired intangible assets.

Acquisition-related transaction costs (included in exceptional items in administrative expenses) amount to £14.0m.

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23. Business combinations (continued)

A reconciliation of profit for the year before finance costs and tax to EBITDA for the acquisitions is set out below.

	Davigel SAS £m	Fresh Direct £m	Total £m
Profit for the year before finance costs and tax	4.1	4.3	8.4
Depreciation and amortisation	12.0	5.4	17.4
Restructuring of the UK distribution network	-	1.7	1.7
Other UK restructuring costs and other costs	-	0.5	0.5
Total exceptional items	-	2.2	2.2
EBITDA	16.1	11.9	28.0

24. Employees and directors' emoluments

Average monthly number of people employed by the Group and Company during the year:	Group 2015 Number	2014 Number	Company 2015 Number	2014 Number
Distribution, manufacturing and selling	11,236	9,380	5,999	5,937
Administration	1,182	979	497	524
	12,418	10,359	6,496	6,461

	Group 2015 £m	2014 £m	Company 2015 £m	2014 £m
The costs incurred in respect of these employees were:				
Wages and salaries	336.9	292.4	192.6	182.5
Social security costs	57.8	52.3	17.5	17.5
Defined benefit pension costs	1.2	1.3	-	-
Defined contribution pension costs (note 17)	8.5	8.3	6.7	6.7
	404.4	354.3	216.8	206.7

Key management compensation	2015 £m	2014 £m
Salaries and short-term benefits	7.9	7.3
Post-employment benefits	0.4	0.3
	8.3	7.6

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.

As part of management incentive plans certain employees in the UK and BCED hold 155,894,040 (2014: 154,291,563) ordinary shares across various categories with different entitlements and loan notes with a nominal value of £3.5m (2014: £3.4m) in the parent undertaking Cucina Investments (UK) 3 Limited. Certain employees also hold loan notes with a nominal value of £3.1m (2014: £3.1m) in the parent undertaking, Cucina Investments (UK) 2 Limited. The incentive plan for these employees is based on the performance of the Group. These shareholdings do not constitute a non-controlling interest in the Group.

In Sweden certain employees hold 16,742,023 A and B warrants in the subsidiary undertaking Cidron Food Holdings S.A r.l. The incentive plan in Sweden is based on the performance of the subsidiary undertaking Menigo Foodservice AB.

All of the above incentive plans are expected to crystallise when Bain sells its investment in the Group.

Certain Fresh Direct employees hold 561,089 C shares and 470,807 D shares in the subsidiary undertaking Cucina Fresh Finance Limited. The incentive plan for these employees is based on the performance of the Fresh Direct Group.

The loan notes held by employees in Cucina Investments (UK) 3 Limited and Cucina Investments (UK) 2 Limited accrue interest at 7%.

Directors of Group undertakings hold 100,448,172 (2014: 101,107,254) ordinary shares across various categories with different entitlements and loan notes with a nominal value of £1.0m (2014: £1.1m) in the parent undertaking, Cucina Investments (UK) 3 Limited and loan notes with a nominal value of £0.6m (2014: £0.9m) in the parent undertaking, Cucina Investments (UK) 2 Limited.

Directors' emoluments

	2015 £'000	2014 £'000
Aggregate emoluments	3,603	3,596
Company pension contributions to money purchase schemes	202	187
Retirement benefits are accruing to 6 (2014: 7) directors under money purchase pension arrangements only.		
Emoluments paid to the highest paid director are as follows:		
Aggregate emoluments and benefits	1,146	1,226
Company pension contributions to money purchase schemes	59	59

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25. Commitments

(a) Capital commitments

	Group 2015 £m	2014 £m	Company 2015 £m	2014 £m
Contracted for but not provided	27.4	29.4	22.6	29.4

Capital commitments in the Group amounting to £0.3m (2014: £4.6m) are in respect of the development of the UK distribution network and land and buildings, £19.7m (2014: £22.6m) is in respect of motor vehicles and £7.4m (31 December 2014: £2.2m) is in respect of plant and machinery, IT hardware and software.

Capital commitments in the Company amounting to £0.3m (2014: £4.6m) are in respect of the development of the UK distribution network and land and buildings, £14.9m (2014: £22.6m) is in respect of motor vehicles and £7.4m (31 December 2014: £2.2m) is in respect of plant and machinery, IT hardware and software.

(b) Operating lease commitments

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

	2015		2014	
	Land and buildings £m	Other £m	Land and buildings £m	Other £m
Group				
Within one year	28.7	7.3	22.9	6.0
Between two and five years	98.9	10.7	83.8	6.4
After five years	169.9	1.4	176.1	0.0
	297.5	19.4	282.8	12.4

	2015		2014	
	Land and buildings £m	Other £m	Land and buildings £m	Other £m
Company				
Within one year	13.1	2.1	13.1	1.9
Between two and five years	49.7	4.7	51.7	1.1
After five years	141.1	1.4	153.2	-
	203.9	8.2	218.0	3.0

The Company and the Group leases various properties and plant and equipment under non-cancellable operating lease agreements. The leases have various terms and renewal rights. The Company and the 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 £0.7m (2014: £nil) and by the Company amounts to £0.7m (2014: £nil).

(c) Other commitments

Senior debt of a parent undertaking *Cucina Acquisition (UK) Limited* is secured by way of a fixed and floating charge over the assets of the Company and certain other UK assets of the Group.

26. Related party transactions

During the year the Company continued to provide and receive funding to and from other Group Companies, and has also into certain other transactions with other Companies in the Cucina (BC) Luxco S.à r.l. group. Details of these transactions are as follows:

	2015 £m	2014 £m
Loans owed by parent undertakings	419.8	360.3
Loans owed by subsidiary undertakings	66.6	-
Loans owed to parent undertakings	(99.2)	(8.3)
Amounts owed by parent undertakings	201.2	175.9
Trade and other payables owed to parent undertakings	(95.4)	(77.3)
Trade and other payables owed to Group undertakings	(168.4)	(142.1)
Trade and other receivables owed by subsidiary undertakings	101.4	98.4
Interest payable to parent undertakings	(2.5)	(0.7)
Interest payable to subsidiary undertakings	(0.1)	-
Interest receivable from subsidiary undertakings	0.8	-
Interest receivable from parent undertakings	27.6	20.4
Sales to subsidiary undertakings	73.6	66.5
Purchases from subsidiary undertakings	(87.1)	(18.6)

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

As disclosed in note 27 to the financial statements the ultimate controlling parties of the Company are Bain Capital Fund IX E LP and Bain Capital Fund VIII E LP. In addition to the above transactions the Group and Company also purchased management and consulting services and financial and other advisory services from Bain Capital. In 2015 these advisory fees in the Company amounted to £1.6m (2014: £1.5m) included within administrative expenses. At the year end there were no amounts owed to Bain Capital by the Group and Company included within trade and other payables for advisory fees (2014: £0.4m).

During the year the Company incurred costs amounting to £0.9m (2014: £0.8m) for payment processing services from WorldPay, an associate company of Bain Capital. At the year end amounts owed to WorldPay were £nil (2014: £nil).

Key management compensation is disclosed in note 24, retirement benefit obligations are disclosed in note 17.

27. Ultimate parent company and controlling party

The immediate parent undertaking and controlling party is Brake Bros Acquisition Limited, a company incorporated in the United Kingdom.

The ultimate parent undertaking is Cucina (BC) Luxco S.à r.l., a private limited company registered in Luxembourg. The ultimate controlling parties of the Company are Bain Capital Fund IX E LP and Bain Capital Fund VIII E LP, both are exempted limited partnerships registered in the Cayman Islands, which are 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.

28. Post balance sheet events

On 22 February 2016 Bain Capital announced that it had reached a definitive agreement for the sale of the Group to North America's leading foodservice distributor Sysco Corporation. It is expected that transaction will complete by July 2016.