Company registration number: 02035315

Brake Bros Limited

Annual report and financial statements

For the year ended 3 July 2022

Brake Bros Limited

Annual report and financial statements for year ended 3 July 2022

Contents

Strategic report

The directors present their strategic report for Brake Bros Limited ("Brakes") for the year ended 3 July 2022. This report analyses the performance and explains other aspects of the Brakes Group results and operations, including strategy and risk management.

Review of the business

The Brakes Group is a large European foodservice business supplying fresh, refrigerated and frozen food products, as well as non-food products and supplies, to foodservice customers ranging from large customers, including leisure, pub, restaurant, hotel and contract catering Groups, to smaller customers, including independent restaurants, hotels, fast food outlets, schools and hospitals. The Brakes Group largest businesses are in the United Kingdom (UK), France, and Sweden, in addition to a presence in Ireland, Belgium, Italy and Portugal.

The Brakes Group supplies a broad variety of products, including a portfolio of privately branded products, which are generally delivered through its distribution networks, consisting of central distribution hubs, satellite depots and its fleet of delivery vehicles. The principal trading companies in the Group are Brake Bros Limited, Sysco Foods NI Limited, Fresh Direct (UK) Limited, Kent Frozen Foods Limited, Medina Quay Meats Limited, Sysco France SAS, Menigo Foodservice AB, Clafra AB and EKO Fågel fisk och mittemellan ABEko Fisk AB.

On 1 September 2021, the Group acquired Medina Quay Meats Limited, a UK business based in Southampton and the Isle of Wight supplying local business with a variety of fresh, frozen and ambient products.

Summary of results and key performance indicators

Revenue, operating profit, profit after tax, cash generated from operations and cash balance are considered to be the key performance indicators for the Brakes Group.

The results for the Brakes Group for the year are set out in the consolidated income statement on page 8 and a comparison of the results for the year ended 3 July 2022 is as follows:

Total revenue for the Brakes Group in the year totals £3,879.5m (2021: £2,602m), split as £2,185.2m (2021: £1,296.4m) for the UK (including Ireland), £1,123.4m (2021: £827.2m) for France and £570.9m (2021: £478.4m) for Sweden in the year.

Operating loss before exceptionals in the year are £18.9m (2021: £181.3m operating loss before exceptional items) and the operating loss is £44.7m in the year (2021: operating loss £207.8m). The loss after tax in the year is £54.3m (2021: £92.4m loss after tax).

Cash generated from operations was £80.1m in the year (2021: cash used in £33.6m) and the cash balance at 3 July 2022 is £53.7m (2021: £63.3m).

Principal risks and uncertainties

The Group has a risk management programme that seeks to limit the adverse effects of financial risks for the Company and for its subsidiary undertakings (see the Director's report below for further details). The principal risks and uncertainties facing the Brakes Group relate to a variety of risks that include competitive risk, the effects of changes in foreign currency exchange rates, interest rates, credit risks, commodity price risks and liquidity risk.

- Competitive risk

The European foodservice distribution industry is fragmented and highly competitive, with local, regional, multi-regional distributors and speciality competitors. New and increasing competition may result in increased focus on pricing and on limiting price increases, or may require increased discounting or other concessions. Such competition or other industry pressures may result in margin erosion and / or make it difficult for the Group to attract and retain Customers.

- The effects of changes in foreign currency exchange rates

The Group is exposed to foreign currency exchange risks primarily with respect to Euro and Swedish Krona trade purchases.

- Price risk

Due to the nature of our distribution business, the Group is exposed to potential volatility in fuel prices primarily with respect to diesel purchases. The price and availability of diesel fuel fluctuates due to changes in production, seasonality and other market factors generally outside of our control.

- Interest rate risk

The Group has both interest bearing assets and interest bearing liabilities. Interest rate risk is not considered material for the Group.

- Credit risk

The Group's credit risk is the risk that one party to a financial instrument will cause a financial loss to the Group by failing to discharge an obligation.

- Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligations associated with financial liabilities.

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

S Whibley
Director
21 December 2022

Directors' report

The directors submit their annual report and the audited consolidated and parent company financial statements for the year ended 3 July 2022.

General information

Brake Bros Limited is a limited company incorporated in England and Wales and domiciled and operating in the United Kingdom. The Company's subsidiary undertakings operate in the UK, France, Sweden and Ireland in addition to a presence in Ireland, Belgium, Italy and Portugal.

The immediate parent undertaking is Cucina Acquisition (UK) Limited, a company incorporated in England and Wales. The Company's ultimate parent undertaking and controlling party is Sysco Corporation, a company incorporated in the United States.

Future outlook and going concern

In assessing whether the financial statements for the Company and Group should be prepared on the going concern basis, the directors have considered the future outlook of the Company and of the Brake Bros Limited Group on a combined basis. The Company's ultimate parent undertaking Sysco Corporation has confirmed that they will continue to support the Company in order to allow it to satisfy its financial obligations in the normal course of business for a period of 12 months from the date of approval of the balance sheet. The Directors are satisfied that the ultimate parent undertaking Sysco Corporation has the ability to provide this support, should it be required. The Directors of the parent forecast to have sufficient liquidity through the going concern period even under its most downside forecast scenario and before any further mitigating actions it may take. The directors are satisfied that the Company and Group will have sufficient funds to repay its liabilities as they fall due. Consequently, the financial statements of the Company and Group are prepared on the going concern basis.

Post balance sheet event

No other material events have occurred since the statement of financial position date which would affect the financial statements of the Company or Group.

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:
S Whibley
P F Jackson
P Peereboom - appointed 1 December 2022
S Brooksbank - appointed 1 December 2022
T Orting Jorgensen - resigned 3 May 2022

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 period 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 12,000 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 Assistance 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.

Directors Duties

The Directors of the Company are required to act in accordance with a set of general duties which are detailed in section 172 of the UK Companies Act 2006. A Director of a Company must act in a way that they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholders as a whole, and fairly, and in doing so have regard (along with other matters) to:

- the likely consequence of the decisions in the long-term;
- the interest of the company's employees;
- the need to foster the company's business relationships with Suppliers, Customers and others;
- the impact of the company's operations on the community and environment;
- the desirability of the company maintaining a reputation for high standards of business conduct.

Directors' report (continued)

The following paragraphs summarise how the Directors fulfil their duties:

Risk Management

The Risk Management framework is established at the Brake Bros Limited Group level. The Board of Directors of Brake Bros Limited have the responsibility for setting the risk management policies, in compliance with Sysco Corporation risk management policies and applied throughout the Brake Bros Limited Group of companies. This framework identifies, monitors, measures and implements strategies to manage and mitigate risk across the Group. Further detail on Financial Risk management are set out further below in our description of Financial Risk Management.

Our people

Our people are the heart of our business. The Company and Group is committed to being a responsible employer and managing the performance, needs and expectations of our employees in a fair and transparent manner. The Company and Group operates a number of initiatives promoting employee engagement, health and well being.

Business relationships

Our Customers and Suppliers are key to our success. We foster long term relationships with our supplier network, fostering close collaboration and development of sustainable quality chains of supply. Our relationships with Customers is paramount to the ongoing success of the business. The needs and expectations of our Customers are integral in our business strategy and planning to ensure the Company and Group delivers to the highest safety and high quality standards.

Community and environment

Food distribution is not only our business — it is also our best opportunity to make a positive difference in the communities where we operate and live. The Company and Group participates in a number of Community based programmes to raise money for good causes and provide goods to those in need.

The Company and Group is committed to delivering a better tomorrow. In 2019, the Brake Bros Group of Companies set out its Corporate and Social Responsibility goals and targets to continue to reduce the Group's carbon footprint and commitment to sourcing sustainable, ethically sourced produce.

Shareholders

The Company's ultimate parent company is Sysco Corporation, a Company incorporated in the United States. The Company is aligned to the strategic vision of the Shareholder and discusses both short term and long term financial performance and business objectives regularly with Sysco management team.

Financial risk management

The Group has operations in the UK, the Republic of Ireland and Continental Europe including Sweden 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 Board of Directors of Brake Bros Limited have the responsibility for setting the risk management policies, in compliance with Sysco Corporation risk management policies, applied by the Brake Bros Limited Group of companies. The policies are implemented by the central Group 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.

(a) Foreign currency exchange risk
The Group is exposed to foreign exchange risks primarily with respect to the Euro and Swedish Krona although 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.

The Group's operations in the UK and Sweden have inventory purchases denominated in currencies other than their functional currency, such as the Euro and Danish Krone. These inventory purchases give rise to foreign currency exposure between the functional currency of each entity and these currencies. The Group enters into foreign currency forward swap contracts to sell the applicable entity's functional currency and buy currencies matching the inventory purchase, which operate as cash flow hedges of the Group's foreign currency-denominated inventory purchases.

(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 owed to parent undertakings. 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's funding is derived from borrowings and amounts funded from parent and Group undertakings that are designed to ensure the Group has sufficient available funds for operations and planned expansions. The Group also has access to intercompany funding from parent entities, whom have access to an external Revolving Credit Facility of US$3,000 million amongst other facilities. The Group also participates in a cash pooling arrangement with other Sysco Group entities providing additional sources of local liquidity as and when required.

(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

Ernst & Young LLP shall remain in office until the Company or Ernst & Young LLP otherwise determine.

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.

Streamlined Energy and Carbon Reporting (SECR) Statement

Introduction

The below statement contains Brake Bros Ltd annual energy consumption, associated relevant greenhouse gas emissions, and additional related information, as required under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

Methodology

The methodology applied to the calculation of Greenhouse Gas emissions is the 'GHG Protocol Corporate Accounting and Reporting Standard'. An 'operational control' boundary has been applied. Carbon conversion factors have been taken from 'UK Government GHG Conversion Factors for Company Reporting – 2022'. Emissions are reported as CO2e. Only 'location-based' electricity emissions have been reported. Although not required under SECR legislation, we have included fugitive emissions associated with the use of refrigerant gas under Scope 1.

Energy Use and Greenhouse Gas Emissions

The table below shows the total annual UK energy use and associated GHG emissions relating to the consumption of; electricity, natural gas, other fuels combusted on-site, the use of refrigerant gases, and fuel consumed for relevant business transport purposes, for the period 1st July 2021 – 30th June 2022, and previous years data for comparison.

Table – Energy Consumption and Emissions	**2021-22**	**2020-21**
On-site combustion (MWh)	7,489	8,106
Electricity (MWh)	69,248	64,656
Road Transport (MWh)	244,463	196,316
Total Energy (MWh)	**321,200**	**269,078**
Scope 1 Emissions (tCO_2e)	64,044	52,482
Scope 2 Emissions (tCO_2e)	13,283	13,728
Total Emissions (tCO_2e)	**77,327**	**66,210**
Emissions Intensity (tCO_2e/£m turnover)	**35.8**	**53.1**

Emissions Intensity

For purposes of baselining and ongoing comparison, it is required to express the emissions using a carbon intensity metric. The intensity metric chosen is £m turnover (UK and NI). The resultant emissions intensity is 35.8tCO2e/£m

Energy Efficiency Action

In this financial year we have continued to closely monitor and manage energy consumption in-line with our Energy Management System ISO50001, which the majority of our UK operations are accredited to. In addition, our LED lighting installation programme has now finished in all warehouses. We have also undertaken upgrades to loading bays at numerous sites, these include insulated dock surrounds to keep better temperature control.

During the current reporting period, over 22% of our electricity was procured from renewable sources, and we have also installed a 1MW solar array on the roof for one of our sites, creating green/clean electric with a plan to install more in the coming years. In comparison with the previous year, we have seen an overall increase of 17% in emissions due to increased business activity as we rebound from the impacts of Covid-19, however this is still a 14% decrease from 2019-20. Analysis of the emission intensity reflects this, reducing from 53.1 to 35.8tCO2e/£m for the current year. This is also a reduction of just over 20% in intensity compared to 2019-20.

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 period. 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:

S Whibley
Director
21 December 2022

Company registration number: 02035315

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF Brake Bros Limited

Opinion

We have audited the financial statements of Brake Bros Limited] ('the parent company') and its subsidiaries (the 'group') for the year ended 3 July 2022 which comprise the consolidated income statement, the consolidated statement 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 31, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted International Accounting Standards and as regards the parent company financial statements, as applied in accordance with section 408 of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the group's and of the parent company's affairs as at 3 July 2022 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted International Accounting Standards;
- the parent company financial statements have been properly prepared in accordance with UK adopted International Accounting Standards as applied in accordance with section 408 of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for a period of 12 months from the date of approval of the balance sheet.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Other information

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement [set out on page...], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (International Financial Reporting Standards, Companies Act 2006, Bribery Act 2010 and relevant tax compliance regulations in the jurisdiction in which the Company operates.
- We understood how the Company is complying with those frameworks by making enquiries of management and observing the oversight of those charged with governance. We corroborated our enquiries through the review of the following documentation:
  - all minutes of board meetings held during the year; and
  - any relevant correspondence with local tax authorities;
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by gaining an understanding of the entity level controls and policies that the Company applies. In doing so we focused on the revenue recognition risk and designed and executed additional audit procedures to address the risk of material misstatement, placing emphasis on testing of supplier and customer rebates.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved focus on large or unusual transactions as well as enquiries of internal counsel and management.

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

Use of our report

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

Ernst & Young LLP

Lloyd Brown (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London, United Kingdom
23 December 2022

Consolidated income statement

	Note	For the year ended 3 July 2022 £m	For the year ended 4 July 2021 £m
Continuing operations			
Revenue	2	**3,879.5**	2,602.0
Operating costs	2	**(3,924.2)**	(2,809.8)
Operating loss		**(44.7)**	(207.8)
Finance costs	3	**(25.7)**	(23.5)
Finance income	3	**13.2**	13.5
Finance cost - net		**(12.5)**	(10.0)
Loss on ordinary activities before taxation		**(57.2)**	(217.8)
Income tax credit	4	**2.9**	125.4
Loss for the year after taxation		**(54.3)**	(92.4)
Loss attributable to owners of the company:			
Owners of the parent company	22	**(54.3)**	(92.4)
Non-controlling interest		**-**	-
		(54.3)	(92.4)

The notes on pages 16 to 43 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 £10.6m (2021: £97.6m loss).

Consolidated statement of comprehensive income

	Note	For the year ended 3 July 2022 £m	For the year ended 4 July 2021 £m
Loss for the year		**(54.3)**	(92.4)
Other comprehensive income / (expense):			
Items that will not be reclassified to profit or loss			
Actuarial gains on defined benefit pension scheme	17	**33.5**	14.1
Taxation on items taken directly to other comprehensive income	4	**(5.9)**	(2.8)
Total items that will not be reclassified to profit or loss		**27.6**	11.3
Items that may be reclassified to profit or loss			
Cash flow hedges - gains arising in the year	22	**6.2**	1.6
Taxation on cash flow hedges	22	**(0.8)**	(0.1)
Currency translation differences	22	**(2.8)**	2.4
Total items that may be reclassified to profit or loss		**2.6**	3.9
Other comprehensive income for the year, net of tax		**30.2**	15.2
Total comprehensive expense for the year		**(24.1)**	(77.2)
Total comprehensive expense for the period attributable to owners of the parent company		**(24.1)**	(77.2)
Total comprehensive expense for the period attributable to non-controlling interests		**-**	-
Total comprehensive expense for the year		**(24.1)**	(77.2)

The notes on pages 16 to 43 form an integral part of these financial statements.

Brake Bros Limited

Annual report and financial statements
For the year ended 3 July 2022

Consolidated statement of financial position

As at 3 July 2022

	Note	3 July 2022 £m	3 July 2022 £m	4 July 2021 £m	4 July 2021 £m
Assets					
Non-current assets					
Goodwill	6		**196.4**		189.2
Intangible assets	7		**94.0**		86.4
Property, plant and equipment	8		**644.5**		673.9
Investments	9 (a)		**0.2**		0.2
Financial assets - derivative financial instruments	16 (c)		**-**		0.1
Deferred tax assets	19		**168.1**		171.0
			1,103.2		1,120.8
Current assets					
Financial assets - derivative financial instruments	16 (c)	**6.2**		-	
Inventories	10	**246.1**		203.2	
Trade and other receivables	11	**877.3**		749.9	
Cash and cash equivalents	12	**53.7**		63.3	
Current income tax assets	14	**3.5**		4.9	
		1,186.8		1,021.3	
Liabilities					
Current liabilities					
Financial liabilities - borrowings	15	**(120.3)**		(119.8)	
Financial liabilities - derivative financial instruments	16 (c)	**-**		(0.1)	
Lease obligations	15	**(44.2)**		(45.9)	
Trade and other payables	13	**(1,109.3)**		(879.9)	
Current income tax liabilities	14	**-**		(0.4)	
Provisions	18	**(2.3)**		(3.4)	
		(1,276.1)		(1,049.5)	
Net current liabilities			**(89.3)**		(28.2)
Non-current liabilities					
Lease Obligations	15	**(291.9)**		(309.8)	
Retirement benefit obligations	17	**(38.2)**		(84.2)	
Deferred tax liabilities	19	**(7.8)**		(6.9)	
Provisions	18	**(43.8)**		(34.2)	
			(381.7)		(435.1)
Net assets			**632.2**		657.6
Equity					
Share capital	20		**5.4**		5.4
Share premium	21		**288.6**		288.6
Other reserves	22		**370.4**		367.8
Retained loss	22		**(32.2)**		(4.2)
Total equity			**632.2**		657.6

The notes on pages 16 to 43 form an integral part of these financial statements.

The financial statements on pages 8 to 43 were approved by the Board of Directors on 21 December 2022 and were signed on its behalf by:

S Whibley
Director

Brake Bros Limited
Annual report and financial statements
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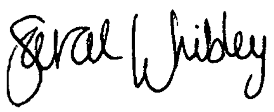
Company statement of financial position

As at 3 July 2022

	Note	3 July 2022 £m	3 July 2022 £m	4 July 2021 £m	4 July 2021 £m
Assets					
Non-current assets					
Goodwill	6		**28.2**		28.2
Intangible assets	7		**29.0**		27.2
Property, plant and equipment	8		**273.5**		284.5
Deferred tax assets	19		**54.2**		64.2
Investments in subsidiaries	9		**843.8**		836.8
			1,228.7		1,240.9
Current assets					
Inventories	10	**86.5**		73.6	
Retirement benefit asset	17	**4.2**		-	
Trade and other receivables	11	**624.3**		567.8	
Cash and cash equivalents	12	**10.9**		8.7	
Financial assets - derivative financial instruments	16 (c)	**4.2**		-	
		730.1		650.1	
Liabilities					
Current liabilities					
Financial liabilities - borrowings	15	**(252.4)**		(251.9)	
Lease obligations	15	**(14.3)**		(14.5)	
Trade and other payables	13	**(675.1)**		(603.1)	
Provisions	18	**(1.2)**		(2.2)	
		(943.0)		(871.7)	
Net current liabilities			**(212.9)**		(221.6)
Non-current liabilities					
Lease obligations	15	**(151.2)**		(161.6)	
Retirement benefit obligations	17	**-**		(30.3)	
Provisions	18	**(31.7)**		(24.6)	
			(182.9)		(216.5)
Net assets			**832.9**		802.9
Equity					
Share capital	20		**5.4**		5.4
Share premium	21		**288.6**		288.6
Other reserves	22		**431.1**		427.8
Retained earnings	22		**107.8**		81.1
Total equity			**832.9**		802.9

The notes on pages 16 to 43 form an integral part of these financial statements.

The financial statements on pages 8 to 43 were approved by the Board of Directors on 21 December 2022 and were signed on its behalf by:



S Whibley
Director

Company registration number: 02035315

Brake Bros Limited
Annual report and financial statements
For the year ended 3 July 2022

Consolidated statement of changes in equity

		Attributable to owners of the parent company						
	Note	Share capital £m	Share premium account £m	Other reserves £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £m
Balance at 28 June 2020		5.4	30.8	363.9	78.3	478.4	0.1	478.5
Impact of adoption of IFRS 16	22	-	-	-	(0.2)	(0.2)	-	(0.2)
Comprehensive income								
Loss for the year	22	-	-	-	(92.4)	(92.4)	-	(92.4)
Other comprehensive income / (expense)								
Cash flow hedges	22	-	-	1.6	-	1.6	-	1.6
Taxation on cash flow hedges	22	-	-	(0.1)	-	(0.1)	-	(0.1)
Long term incentive plan charge	22	-	-	-	(1.2)	(1.2)		(1.2)
Currency translation differences	22	-	-	2.4	-	2.4	-	2.4
Actuarial losses on defined benefit pension scheme	17	-	-	-	14.1	14.1	-	14.1
Taxation on items taken directly to other comprehensive income	4	-	-	-	(2.8)	(2.8)	-	(2.8)
Total other comprehensive income		-	-	3.9	10.1	14.0	-	14.0
Total comprehensive income / (expense)		-	-	3.9	(82.5)	(78.6)	-	(78.6)
Issue of share premium			257.8			257.8		257.8
Balance at 4 July 2021		5.4	288.6	367.8	(4.2)	657.5	0.1	657.6
Comprehensive (expense) / income								
Loss for the year	22	-	-	-	(54.3)	(54.3)	-	(54.3)
Other comprehensive income / (expense)						-		-
Cash flow hedges	22	-	-	6.2	-	6.2	-	6.2
Taxation on cash flow hedges	22	-	-	(0.8)	-	(0.8)	-	(0.8)
Long term incentive plan charge	22	-	-	-	(1.3)	(1.3)	-	(1.3)
Currency translation differences	22	-	-	(2.8)	-	(2.8)	-	(2.8)
Actuarial gains on defined benefit pension scheme	17	-	-	-	33.5	33.5	-	33.5
Taxation on items taken directly to other comprehensive income / (expense)	19	-	-	-	(5.9)	(5.9)	-	(5.9)
Total other comprehensive income		-	-	2.6	26.3	28.9	-	28.9
Total comprehensive income / (expense)		-	-	2.6	(28.0)	(25.4)	-	(25.4)
Balance at 3 July 2022		**5.4**	**288.6**	**370.4**	**(32.2)**	**632.1**	**0.1**	**632.2**

The notes on pages 16 to 43 form an integral part of these financial statements.

Company statement of changes in equity

	Note	Attributable to owners of the parent company Share capital £m	Share premium account £m	Other reserves £m	Retained earnings £m	Total equity £m
Balance at 28 June 2020		5.4	30.8	389.6	166.6	592.4
Comprehensive income						
Loss for the year	22	-	-	-	(97.6)	(97.6)
Other comprehensive income / (expense)						
Capital contribution received	22	-	-	37.0	-	37.0
Cash flow hedges	22	-	-	1.4	-	1.4
Taxation on cash flow hedges	22	-	-	(0.2)	-	(0.2)
Long term incentive plan charge	22	-	-	-	(0.2)	(0.2)
Actuarial losses on defined benefit pension scheme	17	-	-	-	15.1	15.1
Taxation on items taken directly to other comprehensive income	19	-	-	-	(2.8)	(2.8)
Total other comprehensive income		-	-	38.2	12.1	50.3
Total comprehensive income / (expense)		-	-	38.2	(85.5)	(47.3)
Issue of share premium		-	257.8	-	-	257.8
Balance at 4 July 2021		5.4	288.6	427.8	81.1	802.9
Comprehensive income						
Loss for the year	22	-	-	-	10.6	10.6
Other comprehensive income / (expense)						
Capital contribution received	22	-	-	-	-	-
Cash flow hedges	22	-	-	4.1	-	4.1
Taxation on cash flow hedges	22	-	-	(0.8)	-	(0.8)
Long term incentive plan charge	22	-	-	-	(0.6)	(0.6)
Actuarial gains on defined benefit pension scheme	17	-	-	-	20.6	20.6
Taxation on items taken directly to other comprehensive income	19	-	-	-	(3.9)	(3.9)
Total other comprehensive income		-	-	3.3	16.1	19.4
Total comprehensive income		-	-	3.3	26.7	30.0
Balance at 3 July 2022		**5.4**	**288.6**	**431.1**	**107.8**	**832.9**

The notes on pages 16 to 43 form an integral part of these financial statements.

Brake Bros Limited
Annual report and financial statements
For the year ended 3 July 2022

Consolidated statement of cash flows

	Note	For the year ended 3 July 2022 £m	For the year ended 3 July 2022 £m	For the year ended 4 July 2021 £m	For the year ended 4 July 2021 £m
Cash flows from operating activities					
Cash generated / (used in) from operations	23		**80.1**		(33.6)
Analysed as:					
Cash generated from operations before exceptional items			**107.0**		28.4
Exceptional items			**(26.9)**		(62.0)
Interest paid			**(0.2)**		(0.5)
Income tax paid			**(1.2)**		(4.7)
Net cash generated / (used in) from operating activities			**78.7**		(38.8)
Cash flows (used in) / from investing activities					
Purchase of property, plant and equipment		**(43.0)**		(46.0)	
Purchase of intangible assets		**(22.4)**		(21.1)	
Sale of property, plant and equipment		**5.6**		2.8	
Purchase / Sale of interest in subsidiary, net of cash transferred		**(8.2)**		(3.7)	
Net cash used in investing activities			**(68.0)**		(68.0)
Cash flows from / (used in) financing activities					
Proceeds from issues of shares/other securities		**-**		257.7	
Payments from parent undertakings		**-**		255.2	
Payments from related undertakings		**31.1**		8.6	
Repayment of external borrowings		**-**		(600.0)	
Lease capital repayments		**(53.5)**		(62.3)	
Net cash used in financing activities			**(22.4)**		(140.8)
Net (decrease) / increase in cash and cash equivalents			**(11.7)**		(247.6)
Cash and cash equivalents at 4 July 2021 / 28 June 2020	12		**63.3**		312.5
Effects of exchange rate changes			**2.1**		(1.6)
Cash and cash equivalents at 3 July 2022 / 4 July 2021	12		**53.7**		63.3

The notes on pages 16 to 43 form an integral part of these financial statements.

Company statement of cash flows

	Note	For the year ended 3 July 2022 £m	£m	For the year ended 4 July 2021 £m	£m
Cash flows from operating activities					
Cash generated from operations	23		**98.2**		51.3
Analysed as:					
Cash generated from operations before exceptional items			**103.5**		63.9
Exceptional items			**(5.3)**		(12.6)
Interest (paid)/received			**(0.5)**		0.4
Net cash generated from operating activities			**97.7**		51.7
Cash flows from / (used in) investing activities					
Purchase of subsidiary undertaking		**(8.2)**		-	
Purchase of property, plant and equipment		**(24.2)**		(13.2)	
Purchase of intangible assets		**(10.8)**		(12.7)	
Sale of property, plant and equipment and intangible assets		**1.9**		2.8	
Net cash used in investing activities			**(41.3)**		(23.1)
Cash flows from / (used in) financing activities					
Capital contribution to subsidiary company		**-**		(362.5)	
Payments from parent undertakings		**-**		410.9	
Payments (to) / from related undertakings		**(35.5)**		8.4	
Loans to Group undertakings		**-**		(135.3)	
Loans to parent undertakings		**-**		(10.2)	
Payments from Group undertakings		**-**		169.8	
Repayments of external borrowings		**-**		(600.0)	
Proceeds from investments		**-**		257.7	
Lease capital repayments		**(18.7)**		(23.2)	
Net cash used in financing activities			**(54.2)**		(284.4)
Net increase / (decrease) in cash and cash equivalents			**2.2**		(255.8)
Cash and cash equivalents at 4 July 2021 / 28 June 2020	12		**8.7**		264.5
Cash and cash equivalents at 3 July 2022 / 4 July 2021	12		**10.9**		8.7

The notes on pages 16 to 43 form an integral part of these financial statements.

Notes to the financial statements

1. Accounting policies

General information

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 3 July 2022. These financial statements were authorised for issue by the Board of Directors on 21 December 2022. For practical reasons, the Group and Company prepares its financial statements to the Sunday closest to the Company reference date of 30 June.

The financial statements have been presented in Sterling (£) which is also the functional currency of the Company.

Significant accounting policies

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

Basis of preparation and going concern

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. 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.

In assessing whether the financial statements for the Company and Group 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. The Directors have considered the future operating results, cash flows and facilities available.

The Company and Group participates in a European cash pooling arrangement with other Sysco Group entities providing additional sources of local liquidity as and when required. This cash pool has direct access to an external Revolving Credit Facility of $US3,000m.

The Company's ultimate parent undertaking Sysco Corporation has confirmed that they will continue to support the Company in order to allow it to satisfy its financial obligations in the normal course of business for a period of 12 months from the date of approval of the balance sheet. The Directors are satisfied that the ultimate parent undertaking Sysco Corporation has the ability to provide this support, should it be required. The Directors of the parent forecast to have sufficient liquidity through the going concern period even under its most downside forecast scenario and before any further mitigating actions it may take.

Given the expected return to profitability and the continued parental support, the Directors deem it appropriate to prepare the financial statements on the going concern basis.

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 affects 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.

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.

(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 (i.e.. 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.

Notes to the financial statements

1. Accounting policies (continued)

(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

The Group generates revenue primarily from the distribution and sale of food and related products to its Customers. Substantially all revenue is recognized at the point in time in which the product is delivered to the customer. The company grants certain Customers sales incentives, such as rebates or discounts, which could result in variable consideration. The variable consideration is based on amounts known at the time the performance obligation is satisfied and, therefore, require minimal judgment. Revenue is recognised at the transaction price net of any sales incentives, rebates or discounts which is agreed at contract inception.

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 overriders 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 period, and at the period end any remaining receivable is recorded in line with supplier arrangement terms and management estimates based on confirmations from Suppliers and contracts.

Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

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 / or 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 12 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 period.

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.

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.

Notes to the financial statements

1. Accounting policies (continued)

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.

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.

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 period. 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.

Notes to the financial statements

1. Accounting policies (continued)

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 substantially 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.

Employee benefits

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 period, 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 period. 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 period 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.

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 1.18 (2021: 1.128) and 12.18 (2021: 11.54) respectively and the statements of financial position are translated at the exchange rates ruling at the date of the statements of financial position being 1.16 (2021: 1.17) for Euros and 12.53 (2021: 11.85) 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.

Notes to the financial statements

1. Accounting policies (continued)

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.

Derivative financial instruments

The Group uses derivative financial instruments, principally commodity swaps to hedge the diesel price, foreign currency forward swap contracts to manage foreign exchange risk 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.

Notes to the financial statements

1. Accounting policies (continued)

Share based payments

Certain Group employees are members of a share based payment arrangement provided by Sysco Corporation. Cash settled share based payments to certain employees are measured at the fair value of the equity instruments at the grant date using a Black-Scholes option pricing model. The fair value of the share based payment is expensed on an accelerated basis to reflect the vesting as it occurs over the requisite service period over the duration of the award. The requisite service period is generally the period which the employee is required to provide service in exchange for the award. A liability is recognised, measured initially at the fair value of the liability. At each balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured with any changes in fair value recognised in the income statement.

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 period 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' impairment assessment of the impairment and sensitivity analysis are disclosed in note 6 to the financial statements.

(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, France 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 3 July 2022 is the UK discount rate of 3.65%. Whilst the directors consider that the adoption of a 3.65% discount rate is appropriate if the rate used had been 0.2% higher or lower the retirement benefit asset would have been approximately £5.9m 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 £6.8m higher or lower.

(d) 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 £118.5m (2021: £109.9m) is recognised in respect of certain tax losses across the Group. 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 £118.5m (2021: £109.9m) in income taxes in the consolidated income statement.

(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 (borrowing facilities available and cash and cash equivalents) on the basis of expected cash flow. The Group maintains liquidity through available cash reserves and borrowing facilities available primarily through Sysco Corporation Group undertakings.

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 costs' 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.

Notes to the financial statements

2. Revenue and operating profit

	For the year ended 3 July 2022 £m	For the year ended 4 July 2021 £m
Revenue - products	3,879.5	2,602.0
Direct purchase cost	(2,916.2)	(1,937.1)
Trading profit	963.3	664.9
Distribution and selling costs	(721.5)	(604.9)
Gross profit	241.8	60.0
Administrative expenses	(239.7)	(222.5)
Exceptional items (see below)	(25.8)	(26.6)
Amortisation of intangible assets	(21.0)	(18.9)
Total administrative expenses	(286.5)	(267.9)
Group operating loss	(44.7)	(207.8)

The Group operating loss is all derived from material continuing operations.

The Group's revenue primarily comprises of sales to Customers within the United Kingdom (Including the Republic of Ireland) amounting to £2,185.2m (2021: £1,296.4m), within France amounting to £1,123.4m (2021: £827.2m) and Sweden amounting to £570.9m (2021: £478.4m). The Revenue by product line is as follows:

	For the year ended 3 July 2022 £m	For the year ended 4 July 2021 £m
Healthcare and Hospitality	121.2	79.9
Dairy Products	409.2	267.6
Meats	526.3	323.3
Seafood	160.7	101.1
Poultry	135.1	99.1
Frozen	969.2	729.6
Canned and Dry	693.3	436.9
Paper and Disposables	10.0	7.7
Chemical and Janitorial	3.4	2.8
Supply and Equipment	176.8	75.2
Produce	353.6	229.6
Dispenser Beverage	261.2	162.9
Consumer sales	-	46.9
Alcohol	22.8	11.6
Intercompany sales to other Sysco Companies	10.8	12.5
Other income	25.9	15.3
Total	3,879.5	2,602.0

Profit on ordinary activities before taxation is arrived at after charging:	For the year ended 3 July *2022* £m	For the year ended 4 July *2021* £m
Employment costs (note 25)	541.8	443.1
Inventories		
- cost of inventories recognised as an expense (included in direct purchase cost)	2,898.0	1,932.4
- write downs and losses incurred in the year / period	18.2	4.7
Amortisation of intangible assets	21.0	18.9
Depreciation of property, *plant and equipment*		
- owned assets	43.9	40.4
- Right-of-use assets	51.2	51.4
Loss on sale of property, plant and equipment	2.9	8.0
Repairs and maintenance expenditure on property, plant and equipment	32.9	36.0
Trade receivables impairment (note 11)	(0.9)	(5.8)
Exceptional items		
- Restructuring of the UK distribution network	3.9	4.6
- Other UK (including ROI) restructuring costs and other costs	10.3	6.5
- Sysco France restructuring and other costs	14.9	29.0
- Menigo Foodservice AB restructuring costs and other costs	0.5	1.9
- Covid-19	(3.8)	(15.4)
Total exceptional items	25.8	26.6

Restructuring of the UK distribution network
The Group continues to incur costs in relation to the overhaul of the distribution network and restructuring of the information systems' infrastructure in the UK. 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.

Other UK (including ROI) restructuring and other costs
During the year, the businesses in the UK were combined under one leadership team, as part of this reorganisation the leadership team are undertaking a restructuring project in order to optimise and deliver profitable growth *in the future.*
Acquisition costs for a company acquired in the year, Medina Quay Meats Limited (note 24) and a brand impairment for Woodwards, a business that is no longer operating are also included.

Notes to the financial statements

2. Revenue and operating profit (continued)

Exceptional items (continued)

Sysco France restructuring costs
Sysco France incurred restructuring costs in relation to the operational merger of various operations through France. In addition, income was received in respect of site closures.

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

Covid-19
The credit relates to the release of bad debt provisions made in the previous year no longer required due to the recovery of the debt.

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 £1.2m (2021: £1.7m). Fees payable to the Company's auditor and its associates for other services are detailed as follows:

Other services:	For the year ended 3 July 2022 £m	For the year ended 4 July 2021 £m
The audit of the Company's parent and subsidiary undertakings	1.0	1.5
Other non-audit services	0.2	0.2
	1.2	1.7

3. Finance costs - net

	For the year ended 3 July 2022 £m	For the year ended 4 July 2021 £m
Finance costs:		
Other loans and charges	(3.0)	(7.6)
Loans from parent undertakings	(8.2)	(5.7)
Lease obligations	(13.3)	(8.8)
Net interest on net defined benefit liability (note 17)	(1.2)	(1.4)
Total finance costs	(25.7)	(23.5)
Finance income:		
Other interest income	0.1	0.6
Loans to parent undertakings	13.1	12.9
Total finance income	13.2	13.5
Finance costs - net	(12.5)	(10.0)

4. Income tax credit

Taxation is based on the profit for the year and comprises:	For the year ended 3 July 2022 £m	For the year ended 4 July 2021 £m
Current tax		
- current year Group relief	2.7	2.9
- adjustments in respect of previous years	(0.3)	-
- overseas taxation	0.4	(2.3)
Deferred taxation		
- origination and reversal of temporary differences	0.8	(40.0)
- overseas deferred taxation	(6.5)	(86.0)
Income tax credit	(2.9)	(125.4)

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

	For the year ended 3 July 2022 £m	For the year ended 4 July 2021 £m
(Loss) on ordinary activities before tax	(57.2)	(217.8)
At 19.00% (2021: 19.00%)	(10.8)	(41.4)
Effects of:		
Adjustments to tax charge in respect of previous years	(0.3)	-
Adjustments to deferred tax charge in respect of current year	(5.7)	(85.8)
Expenses not deductible for tax purposes and other adjustments	13.9	1.8
Tax credit	(2.9)	(125.4)

The main UK corporation tax rate has been 19% since 1 April 2017. During the prior year the Chancellor announced a change in the main rate of corporation tax to 25% from 1 April 2023.

4. Income tax credit (continued)

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

	For the year ended 3 July 2022 £m	For the year ended 4 July 2021 £m
Current tax		
Items that will not be reclassified to profit or loss:		
Overseas taxation (credit) / charge on retirement benefit obligation	-	-
Deferred tax		
Items that will not be reclassified to profit or loss:		
Deferred tax charge on retirement benefit obligation actuarial gains and losses	5.9	2.8
Items that may not be reclassified to profit or loss:		
Deferred tax (credit) / charge on cash flow hedges (see note 19)	0.8	0.2
	6.7	3.0

5. Profit / (Loss) 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 £10.6m (2021: £97.5m loss).

6. Goodwill

	Group £m	Company £m
Cost and net book value		
At 4 July 2021	189.2	28.2
Exchange adjustment	0.2	-
Acquisition of subsidiaries (note 23)	7.0	-
As at 3 July 2022	196.4	28.2

	Group £m	Company £m
Cost and net book value		
At 28 June 2020	191.2	28.2
Exchange adjustment	(2.0)	-
At 4 July 2021	189.2	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:

Group	At 3 July 2022 £m	At 4 July 2021 £m
UK and Ireland	121.5	114.5
France	42.6	42.4
Sweden	32.3	32.3
Cost and net book value	196.4	189.2

In the UK and Ireland segment the core foodservice CGUs comprises Broadline, Country Choice, Ireland, Fresh Direct Medina and KFF. In France it principally comprises the trading company Sysco France SAS and in Sweden it principally comprises the trading company Menigo Foodservice AB.

Within the UK and Ireland the significant balances of goodwill are £48.1m (2021: £48.1m) for Broadline (including Country Choice), £52.7m (2021: £52.7m) for Fresh Direct, £13.7m (2021: £13.7m) for Kent Frozen Foods and £7.0m (2021: £0.0m) for Medina.

Impairment reviews

An overview of impairment reviews performed by management 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 three financial years. 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 three financial years. Subsequent cash flows have been forecast to increase by 3.0% (2021: 3.0%) for all CGUs in the UK and Ireland, 3.0% (2021: 3.0%) in France and 3% (2021: 3.5%) in Sweden 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 primarily using post-tax discount rates between 9% and 10.5% (2021: between 9.0% and 10.5%) in the UK and Ireland, 9% (2021: 9.0%) in France and 9% (2021: 9.0%) in Sweden. The directors have concluded that there is no impairment because there is a headroom of recoverable amounts in excess of carrying values.

Notes to the financial statements

7. Intangible Assets

Group	Brands £m	Customer contracts and relationships £m	Computer software £m	Total £m
Cost				
At 4 July 2021	27.9	52.1	200.5	280.5
Exchange adjustment	(0.1)	(0.2)	(0.5)	(0.8)
Reclassification	-	-	1.5	1.5
Acquisition of Business	0.8	5.7	-	6.5
Additions	-	-	22.4	22.4
Disposals	-	-	(1.0)	(1.0)
As at 3 July 2022	**28.6**	**57.6**	**222.9**	**309.1**
Accumulated amortisation				
At 4 July 2021	10.9	32.5	150.7	194.1
Exchange adjustment	(0.0)	(0.1)	(0.4)	(0.5)
Reclassification	-	-	0.2	0.2
Charge for the year	1.7	4.6	14.7	21.0
Impairment	1.1	-	-	1.1
Disposals	-	-	(0.8)	(0.8)
As at 3 July 2022	**13.7**	**37.0**	**164.4**	**215.1**
Net book value at 3 July 2022	**14.9**	**20.6**	**58.5**	**94.0**

Group	Brands £m	Customer contracts and relationships £m	Computer software £m	Total £m
Cost				
At 28 June 2020	28.5	52.6	202.7	283.8
Exchange adjustment	(0.6)	-	(3.7)	(4.3)
Additions	-	(0.5)	21.1	20.6
Disposals of business	-	-	(1.2)	(1.2)
Disposals	-	-	(18.4)	(18.4)
At 4 July 2021	27.9	52.1	200.5	280.5
Accumulated amortisation				
At 28 June 2020	9.4	28.1	160.9	198.4
Exchange adjustment	(0.2)	-	(3.4)	(3.6)
Charge for the year	1.7	4.4	12.8	18.9
Disposals of business	-	-	(0.8)	(0.8)
Disposals	-	-	(18.8)	(18.8)
At 4 July 2021	10.9	32.5	150.7	194.1
Net book value at 4 July 2021	17.0	19.6	49.8	86.4

Company	Brands £m	Customer contracts and relationships £m	Computer software £m	Total £m
Cost				
At 4 July 2021	2.2	-	76.4	78.6
Additions	-	-	10.8	10.8
Reclassification	-	-	(1.0)	(1.0)
Disposals	-	-	(1.0)	(1.0)
As at 3 July 2022	**2.2**	**-**	**85.2**	**87.4**
Accumulated amortisation				
At 4 July 2021	1.1	-	50.3	51.4
Charge for the year	0.1	-	6.9	7.0
Impairment	1.0	-	-	1.0
Disposals	-	-	(1.0)	(1.0)
As at 3 July 2022	**2.2**	**-**	**56.2**	**58.4**
Net book value at 3 July 2022	**-**	**-**	**29.0**	**29.0**

Company	Brands £m	Customer contracts and relationships £m	Computer software £m	Total £m
Cost				
At 28 June 2020	2.2	-	79.5	81.7
Additions	-	-	12.7	12.7
Disposals	-	-	(15.8)	(15.8)
At 4 July 2021	2.2	-	76.4	78.6
Accumulated amortisation				
At 28 June 2020	1.0	-	61.1	62.1
Charge for the period	0.1	-	5.0	5.1
Disposals	-	-	(15.8)	(15.8)
At 4 July 2021	1.1	-	50.3	51.4
Net book value at 4 July 2021	1.1	-	26.1	27.2

Notes to the financial statements

8. Property, plant and equipment

Group	Land and buildings £m	Motor vehicles £m	Plant and equipment £m	Information technology hardware £m	Total £m
Cost					
At 4 July 2021	619.6	204.1	203.5	44.9	1,072.1
Exchange adjustments	(1.7)	(0.1)	-	(0.7)	(2.5)
Reclassifications	(7.3)	(0.2)	(2.6)	(0.9)	(11.0)
Acquisition of Business	2.8	0.4	0.2	-	3.4
Additions	19.0	26.7	20.2	8.0	73.9
Disposals	(7.9)	(11.1)	(11.3)	(4.3)	(34.6)
As at 3 July 2022	**624.5**	**219.8**	**210.0**	**47.0**	**1,101.3**
Accumulated depreciation					
At 4 July 2021	159.4	90.8	115.5	32.5	398.2
Exchange adjustment	(0.6)	(0.1)	(0.1)	-	(0.8)
Reclassifications	(5.5)	(0.2)	(1.0)	(0.4)	(7.1)
Charge for the year	40.4	32.5	17.5	4.7	95.1
Impairments	(1.3)	(0.6)	(0.6)	-	(2.5)
Disposals	(3.9)	(8.8)	(9.3)	(4.1)	(26.1)
As at 3 July 2022	**188.5**	**113.6**	**122.0**	**32.7**	**456.8**
Net book value at 3 July 2022	**436.0**	**106.2**	**88.0**	**14.3**	**644.5**

Reclassifications from property, plant and equipment in the year ended 3 July 2022 primarily relate to six sites in France that were classified as held for sale and recorded within other prepayments under IFRS5.

Group	Land and buildings £m	Motor vehicles £m	Plant and equipment £m	Information technology hardware £m	Total £m
Cost					
At 28 June 2020	558.9	217.6	211.1	41.0	1,028.6
Exchange adjustments	(14.7)	(4.5)	(6.2)	(0.7)	(26.1)
Reclassifications	4.8	(0.7)	(11.3)	4.1	(3.1)
Additions	88.9	13.5	25.4	4.2	132.0
Disposals of business	(3.3)	(2.0)	(1.2)	(0.4)	(6.9)
Disposals	(15.0)	(19.8)	(14.3)	(3.3)	(52.4)
At 4 July 2021	619.6	204.1	203.5	44.9	1,072.1
Accumulated depreciation					
At 28 June 2020	138.7	77.2	116.9	28.5	361.3
Exchange adjustment	(4.1)	(1.1)	(2.8)	(0.5)	(8.5)
Reclassifications	(1.0)	(0.4)	(2.3)	2.9	(0.8)
Charge for the year	37.0	33.4	16.5	4.9	91.8
Disposals of business	(0.9)	(1.3)	(0.8)	(0.4)	(3.4)
Disposals	(10.3)	(17.0)	(12.0)	(2.9)	(42.2)
At 4 July 2021	159.4	90.8	115.5	32.5	398.2
Net book value at 4 July 2021	460.2	113.3	88.0	12.4	673.9

Land and buildings comprise:

	At 3 July 2022 £m	At 4 July 2021 £m
Cost		
Freehold	290.9	286.4
Long leasehold	25.8	26.0
Short leasehold	307.8	309.0
	624.5	621.4
Accumulated depreciation		
Freehold	(111.5)	99.0
Long leasehold	(1.1)	(0.1)
Short leasehold	(75.9)	62.3
	(188.5)	161.2

The Group leases many assets including property, vehicles and equipment. Included within total tangible assets are the following Right-of-use assets recognised in accordance with IFRS 16 "Leases".

Right-of-use assets	Land and buildings £m	Motor Vehicles £m	Plant and equipment £m	Total Right of Use assets £m
Balance at 4 July 2021	272.2	55.8	5.8	333.8
Exchange	(1.5)	0.1	-	(1.4)
Reclassifications	-	0.1	-	0.1
Acquisitions of businesses	2.6	-	-	2.6
Additions to right-of-use assets	11.4	16.4	2.1	29.9
Depreciation	(29.1)	(19.5)	(2.6)	(51.2)
Disposals	(0.1)	(1.1)	-	(1.2)
Balance at 3 July 2022	255.5	51.8	5.3	312.6

Notes to the financial statements

8. 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 4 July 2021	255.2	121.4	70.5	25.4	472.5
Reclassification	-	-	-	1.0	1.0
Additions	2.9	11.4	6.7	3.2	24.2
Disposals	(0.7)	(2.8)	(6.0)	(3.1)	(12.6)
As at 3 July 2022	**257.4**	**130.0**	**71.2**	**26.5**	**485.1**
Accumulated depreciation					
At 4 July 2021	59.7	55.1	51.8	21.4	188.0
Reclassification	-	-	-	-	-
Charge for the year	13.2	13.9	5.5	1.9	34.5
Disposals	(0.4)	(1.7)	(5.7)	(3.1)	(10.9)
As at 3 July 2022	**72.5**	**67.3**	**51.6**	**20.2**	**211.6**
Net book value at 3 July 2022	**184.9**	**62.7**	**19.6**	**6.3**	**273.5**

Company	Land and buildings £m	Motor vehicles £m	Plant and equipment £m	Information technology hardware £m	Total £m
Cost					
At 28 June 2020	243.6	131.1	76.3	22.4	473.4
Impact of adoption of IFRS 16	-	-	(0.3)	2.9	2.6
Additions	15.7	5.7	3.3	2.4	27.0
Disposals	(4.1)	(15.4)	(8.8)	(2.3)	(30.6)
At 4 July 2021	255.2	121.4	70.5	25.4	472.5
Accumulated depreciation					
At 28 June 2020	49.9	54.7	55.6	17.7	177.9
Impact of adoption of IFRS 16	-	-	(0.2)	2.9	2.7
Charge for the year	13.5	13.8	5.0	3.1	35.3
Disposals	(3.7)	(13.4)	(8.6)	(2.3)	(28.0)
At 4 July 2021	59.7	55.1	51.8	21.4	188.0
Net book value at 4 July 2021	195.4	66.4	18.8	3.9	284.5

Land and buildings comprise:

	At 3 July 2022 £m	At 4 July 2021 £m
Cost		
Freehold	85.9	84.4
Long leasehold	-	-
Short leasehold	171.5	170.8
	257.4	255.2
Accumulated depreciation		
Freehold	33.9	31.3
Long leasehold	-	-
Short leasehold	38.6	28.4
	72.5	59.7

The Company leases many assets including property, vehicles and equipment. Included within total tangible assets are the following right-of-use assets recognised in accordance with IFRS 16 "Leases".

Right-of-use assets	**Land and buildings** £m	**Motor Vehicles** £m	**Plant and equipment** £m	**Information technology hardware** £m	**Total Right of Use assets** £m
Balance at 4 July 2021	144.0	8.9	0.1	0.1	153.0
Additions to right-of-use assets	0.8	3.0	-	-	3.8
Depreciation	(10.3)	(3.2)	-	-	(13.5)
Disposals	-	(1.1)	-	-	(1.1)
Balance at 3 July 2022	134.5	7.6	0.1	0.1	142.2

Notes to the financial statements

9. Investments in subsidiaries

	Investment in subsidiary undertakings (equity)			
Company	At cost £m	Provision £m	Write down £m	Net book value £m
At 4 July 2021	899.3	(6.2)	(56.3)	836.8
Write down of investment in dormant company	(3.0)	3.0	(258.7)	(258.7)
Additional shares acquired during the period	265.7	-	-	265.7
As at 3 July 2022	1,162.0	(3.2)	(315.0)	843.8

The additional shares acquired during the year comprise of £17.0m for Medina Quay Meats and £248.7m for additional investment in Sysco France Holding. The investment in Sysco France Holding was obtained from another of the company's subsidiary entities, Cucina French Holdings. The write down of investments in the year of £258.7m relates to the investment held in Cucina French Holdings which was made dormant during the year

Company	At cost £m	Provision £m	Write down £m	Net book value £m
At 28 June 2020	475.3	(6.2)	(54.3)	414.8
Capital Contribution during the period	57.5	-	-	57.5
Write down of investment in dormant company	-	-	(2.0)	(2.0)
Additional shares acquired during the period	366.5	-	-	366.5
At 4 July 2021	899.3	(6.2)	(56.3)	836.8

The additional shares acquired during the year comprise £1.7m for Arnotts (Fruit) Limited and £2.3m for Crossgar Pallas Limited, acquired from a fellow group company and £362.5m for Sysco France Holding relating to a new issue of shares.

The directors consider that the value of the investments are supported by the underlying assets and the expected future performance of the Group.

The subsidiary undertakings at 3 July 2022 are listed as follows:

Name of Company	Country of Incorporation	Percentage Interest held	Operating In:
Trading subsidiary undertakings:			
Fresh Direct (UK) Limited	England and Wales	100.00%	United Kingdom
Kent Frozen Foods Limited	England and Wales	100.00%	United Kingdom
Sysco Foods NI Limited	Northern Ireland	100.00%	United Kingdom
Menigo Foodservice AB	Sweden	100.00%	Sweden
Medina Quay Meats Limited	England and Wales	100.00%	United Kingdom
Other subsidiary undertakings:			
Fresh Direct Limited	England and Wales	100.00%	United Kingdom
Brake Bros Foodservice Limited	England and Wales	100.00%	United Kingdom
Sysco France Holding SAS	France	54.08%	France
Victua SAS	France	100.00%	France
Dormant subsidiary undertakings:			
Crossgar Pallas Limited	Northern Ireland	100.00%	United Kingdom
M&J Seafood Holdings Limited	England and Wales	100.00%	United Kingdom
M&J Seafood Limited	England and Wales	100.00%	United Kingdom

The Group undertakings at 3 July 2022 are listed as follows:

Name of Company	Country of Incorporation	Percentage Interest held	Operating In:	
Trading Group undertakings:				
Servicestyckarna i Johanneshov AB	Sweden	100.00%	Sweden	
Fruktserice i Helsingborg AB	Sweden	100.00%	Sweden	
Clafra AB	Sweden	100.00%	Sweden	
EKO Fagel fisk och mittemellan AB	Sweden	80.00%	Sweden	
Sysco France SAS	France	100.00%	France	
Les Ateliers du Gout	France	100.00%	France	
Davigel Belgilux SA	Belgium	100.00%	Belgium	
Other Group undertakings:				
Brake France Développement	France	100.00%	France	
SCI Bianchi Montagut	France	100.00%	France	
SCI Le Dauphin	France	100.00%	France	
SCI De Boiseau	France	100.00%	France	
SCI De Garcelles	France	100.00%	France	
SCI JD Lanjouan	France	100.00%	France	
During the year the following Group undertakings were either dissolved or ceased to exist:				
Stockflag Limited	England and Wales	100.00%	United Kingdom	Dissolved 7 June 2022
Pauleys Produce Limited	England and Wales	100.00%	United Kingdom	Dissolved 14 June 2022
Freshfayre Limited	England and Wales	100.00%	United Kingdom	Dissolved 14 June 2022
Cucina Fresh Investments Limited	England and Wales	49.00%	United Kingdom	Dissolved 14 June 2022
Cucina Fresh Finance Limited	England and Wales	100.00%	United Kingdom	Dissolved 21 June 2022
Cucina French Holdings Limited	England and Wales	100.00%	United Kingdom	Dissolved 28 June 2022
Fresh Direct Group Limited	England and Wales	100.00%	United Kingdom	Dissolved 26 July 2022
Fresh Holdings Limited	England and Wales	100.00%	United Kingdom	Dissolved 26 July 2022
Arnotts (Fruit) Limited	Northern Ireland	100.00%	United Kingdom	Dissolved 26 July 2022

9(a). Investment in associate

The Company's investment undertaking is Stockholms Fiskauktion AB, a trading company incorporated in Sweden. The investment held of 18% (£0.2m) is in the ordinary share capital of the company and the directors consider that the value of the investment is supported by the underlying assets.

10. Inventories

	Group		Company	
	At 3 July 2022 £m	At 4 July 2021 £m	At 3 July 2022 £m	At 4 July 2021 £m
Raw materials and consumables	17.7	15.5	0.6	0.6
Finished goods and goods for resale	228.4	187.7	85.9	73.0
	246.1	203.2	86.5	73.6

Notes to the financial statements

11. Trade and other receivables

	Group At 3 July 2022 £m	Group At 4 July 2021 £m	Company At 3 July 2022 £m	Company At 4 July 2021 £m
Trade receivables	471.6	369.6	245.4	180.0
Less: provision for impairment of receivables	(36.1)	(43.3)	(24.3)	(26.8)
Trade receivables - net	435.5	326.3	221.1	153.2
Amounts owed by Group undertakings	-	2.4	55.1	57.4
Amounts owed by parent undertakings	87.1	134.9	97.3	116.7
Amounts owed by related undertakings	56.3	11.2	0.8	0.4
Loans owed by parent undertakings	228.3	224.7	228.3	224.7
Other receivables	42.5	30.2	8.3	5.3
Prepayments	27.6	20.2	13.4	10.1
	877.3	749.9	624.3	567.8

The loans owed by parent undertakings comprise three loans of £13.5m, £150.7m and £64.1m which accrue interest at a rate of 6.0%.

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 37 days (2021: 36 days). Interest at various rates may be charged on overdue trade receivables.

As of 3 July 2022, Group trade receivables of £366.2m (2021: £283.5m) and Company trade receivables of £180.9m (2021: £138.5m) were fully performing.

As of 3 July 2022, Group trade receivables of £69.3m (2021: £42.8m) and Company trade receivables of £40.2m (2021: £14.7m) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	Group At 3 July 2022 £m	Group At 4 July 2021 £m	Company At 3 July 2022 £m	Company At 4 July 2021 £m
Up to 3 months	51.9	29.8	30.4	13.3
3 to 6 months	17.4	13.0	9.8	1.4
	69.3	42.8	40.2	14.7

As of 3 July 2022, trade receivables of £36.1m (2021: £43.3m) were impaired and provided for. The amount of the provision was £36.1m as of 3 July 2022 (2021: £43.3m). 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 At 3 July 2022 £m	Group At 4 July 2021 £m	Company At 3 July 2022 £m	Company At 4 July 2021 £m
Up to 3 months	1.0	5.3	0.5	2.5
3 to 6 months	2.1	3.4	0.7	0.4
Over 6 months	33.0	34.6	23.1	23.9
	36.1	43.3	24.3	26.8

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 At 3 July 2022 £m	Group At 4 July 2021 £m	Company At 3 July 2022 £m	Company At 4 July 2021 £m
Pounds	698.4	603.1	624.3	567.8
Euros	115.5	96.6	-	-
Swedish Krona	63.4	50.2	-	-
	877.3	749.9	624.3	567.8

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

	Group For the year ended 3 July 2022 £m	Group For the year ended 4 July 2021 £m	Company For the year ended 3 July 2022 £m	Company For the year ended 4 July 2021 £m
At 4 July 2021 / 28 June 2020	43.3	56.6	26.8	34.0
Exchange adjustment	(0.1)	(1.0)	-	-
Disposal of business	-	(1.1)	-	-
Provision for receivables impairment	(0.9)	(5.8)	(0.9)	(6.2)
Receivables written off during the year as uncollectible	(6.2)	(5.4)	(1.8)	(1.0)
At 3 July 2022 / At 4 July 2021	36.1	43.3	24.1	26.8

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 not contain impaired assets.

12. Cash and cash equivalents

	Group At 3 July 2022 £m	Group At 4 July 2021 £m	Company At 3 July 2022 £m	Company At 4 July 2021 £m
Cash at bank and in hand	53.7	63.3	10.9	8.7
Short term bank deposits	-	-	-	-
Cash and cash equivalents at 3 July 2022 / 4 July 2021	53.7	63.3	10.9	8.7

The effective interest rate on short term deposits was 0%. The effective interest rate on company cash at bank and in hand is 0.0% (2021 0.0%).

Notes to the financial statements

13. Trade and other payables

	Group		Company	
	At 3 July 2022 £m	At 4 July 2021 £m	At 3 July 2022 £m	At 4 July 2021 £m
Trade payables	688.8	549.2	427.3	320.6
Amounts owed to parent undertakings	179.4	137.0	157.8	161.2
Amounts owed to Group undertakings	-	-	30.2	68.9
Amounts owed to related undertakings	99.8	58.6	14.5	12.1
Other taxes and social security	27.2	29.8	7.7	5.6
Other payables	48.6	45.6	1.2	1.9
Accruals	65.5	59.7	36.4	32.8
	1,109.3	879.9	675.1	603.1

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 49 days (2021: 53 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 assets / (liabilities)

	Group	
	At 3 July 2022 £m	At 4 July 2021 £m
Corporation tax - UK	-	-
Corporation tax - overseas	3.5	4.5
	3.5	4.5

	At 3 July 2022 £m	At 4 July 2021 £m
Corporation tax assets	3.5	4.9
Corporation tax liabilities	-	(0.4)
	3.5	4.5

15. Financial liabilities - borrowings

	Group		Company	
Current	At 3 July 2022 £m	At 4 July 2021 £m	At 3 July 2022 £m	At 4 July 2021 £m
Loans owed to parent undertakings	120.3	119.8	120.3	119.8
Loans owed to Group undertakings	-	-	132.1	132.1
Lease Liabilities	44.2	45.9	14.3	14.5
	164.5	165.7	266.7	266.4

	Group		Company	
Non-current	At 3 July 2022 £m	At 4 July 2021 £m	At 3 July 2022 £m	At 4 July 2021 £m
Loans owed to parent undertakings	120.3	119.8	120.3	119.8
Loans owed to Group undertakings	-	-	132.1	132.1
Lease Liabilities	336.1	355.7	165.5	176.1
	456.4	475.5	417.9	428.0
Less amounts falling due within one year	(164.5)	(165.7)	(266.7)	(266.4)
	291.9	309.8	151.2	161.6

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

	Group		Company	
	At 3 July 2022 £m	At 4 July 2021 £m	At 3 July 2022 £m	At 4 July 2021 £m
Pounds Sterling	140.5	204.2	305.8	316.5
Euros	283.2	236.1	112.1	111.5
Swedish Krona	32.7	35.2	-	-
	456.4	475.5	417.9	428.0

Notes to the financial statements

15. Financial liabilities - borrowings (continued)

Included within total borrowings as lease obligations as follows:

	Group		Company	
	At 3 July 2022	At 4 July 2021	At 3 July 2022	At 4 July 2021
	£m	£m	£m	£m
Current	44.2	45.9	14.3	14.5
Non Current	291.9	309.8	151.2	161.6
	336.1	355.7	165.5	176.1

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		Company	
	At 3 July 2022	At 4 July 2021	At 3 July 2022	At 4 July 2021
	£m	£m	£m	£m
Borrowings at floating interest rates	120.3	119.8	252.4	251.9
Fixed rate borrowings maturing:				
- within one year	44.2	45.9	14.3	14.5
- one to five years	157.6	136.3	54.4	48.5
- over five years	134.2	173.5	96.8	113.1
	456.4	475.5	417.9	428.0

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

	Group		Company	
	At 3 July 2022	At 4 July 2021	At 3 July 2022	At 4 July 2021
Loans owed to parent undertakings	6.5%	6.5%	6.5%	6.5%
Loans owed to Group undertakings	0.0%	0.0%	6.0%	6.0%
Bank Loans	0.0%	0.5%	0.0%	0.0%

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 17 to 22) 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, France 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 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, using forward exchange contracts for inventory purchases and fuel commodity swaps to hedge against the risk of the change in the price of diesel.

The Board of Directors of Brake Bros Limited have the responsibility for setting the risk management policies, in compliance with Sysco Corporation risk management policies, applied by the Brake Bros Limited Group of companies. The policies are implemented by the central Group 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.

(i) Foreign currency exchange risk
The Group is exposed to foreign exchange risks primarily with respect to the Euro and Swedish Krona although 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.

The Group's operations in the UK and Sweden have inventory purchases denominated in currencies other than their functional currency, such as the Euro and Danish Krone. These inventory purchases give rise to foreign currency exposure between the functional currency of each entity and these currencies. The Group enters into foreign currency forward swap contracts to sell the applicable entity's functional currency and buy currencies matching the inventory purchase, which operate as cash flow hedges of the Group's foreign currency-denominated inventory purchases.

(ii) Interest rate risk
The Group has both interest bearing assets and interest bearing liabilities. Interest rate risk is not considered material for the Group.

(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		At 3 July 2022		At 4 July 2021
		Balance		Balance
Counterparty	Rating	£m	Rating	£m
Bank A	A	-	A	-
Bank B	A	12.1	A	13.3
Bank C	AA-	0.0	AA-	-
Bank D	A+	14.0	A+	12.8
Bank E	A	4.7	A	3.8
Bank F	A+	3.0	A+	-
Bank G	A+	13.8	A+	18.2
Bank H	BBB-	0.5	BBB-	2.7
Bank I	BBB	1.3	BBB	0.6
Bank K	BBB	-	A	9.7
Bank N	A-	-	BBB+	-
Bank O	BBB-	-	BBB	-
Bank P	AA-	0.6	AA-	0.1
Bank Q	A	1.9	AA-	1.8
Bank R	AA-	0.3	AA-	0.3
Bank S	A-	1.5		
		53.7		63.3

16. Financial instruments (continued)

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

Company Counterparty	Rating	At 3 July 2022 Balance £m	Rating	At 4 July 2021 Balance £m
Bank B	A	10.9	A	8.7
		10.9		8.7

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

(iv) Liquidity risk
The Group's funding is derived from borrowings and amounts funded from parent and Group undertakings that are designed to ensure the Group has sufficient available funds for operations and planned expansions. The Group also has access to intercompany funding from parent entities, whom have access to an external Revolving Credit Facility of $US3000m amongst other facilities. The Group also participates in a cash pooling arrangement with other Sysco Group entities providing additional sources of local liquidity as and when required.

(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 period 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(c) 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.

Group	Less than one year £m	Between one and two years £m	Between two and five years £m	Over five years £m
Borrowings - including interest payments	120.3	-	-	-
Lease Obligations	53.8	41.3	108.1	203.8
Trade and other payables excluding statutory liabilities	-	-	-	-
As at 3 July 2022	174.1	41.3	108.1	203.8

Group	Less than one year £m	Between one and two years £m	Between two and five years £m	Over five years £m
Borrowings - including interest payments	119.8	-	-	-
Lease Obligations	55.0	47.8	100.0	227.4
Trade and other payables excluding statutory liabilities	-	-	-	-
As at 4 July 2021	174.8	47.8	100.0	227.4

Company	Less than one year £m	Between one and two years £m	Between two and five years £m	Over five years £m
Borrowings - including interest payments	252.4	-	-	-
Lease Obligations	19.2	14.9	41.7	135.8
Trade and other payables excluding statutory liabilities	-	-	-	-
As at 3 July 2022	271.6	14.9	41.7	135.8

Company	Less than one year £m	Between one and two years £m	Between two and five years £m	Over five years £m
Borrowings - including interest payments	251.9	-	-	-
Lease Obligations	19.9	18.4	40.7	149.1
Trade and other payables excluding statutory liabilities	-	-	-	-
As at 4 July 2021	271.8	18.4	40.7	149.10

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, Sysco Corporation. 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	At 3 July 2022 Loans and receivables £m	At 4 July 2021 Loans and receivables £m
Assets as per statement of financial position		
Trade and other receivables	849.7	729.7
Derivative financial instruments	6.2	-
Cash and cash equivalents	53.7	63.3
	909.6	793.0

Notes to the financial statements

16. Financial instruments (continued)

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

Group	At 3 July 2022 Liabilities at fair value through the profit and loss £m	Other financial liabilities £m	Total £m	At 4 July 2021 Liabilities at fair value through the profit and loss £m	Other financial liabilities £m	Total £m
Liabilities as per statement of financial position						
Financial liabilities - borrowings	-	456.4	456.4	-	475.5	475.5
Derivative financial instruments	-	-	-	-	0.1	0.1
Trade and other payables excluding statutory liabilities	-	1,082.1	1,082.1	-	850.1	850.1
	-	1,538.5	1,538.5	-	1,325.7	1,325.7

Company	At 3 July 2022 Loans and receivables £m	At 4 July 2021 Loans and receivables £m
Assets as per statement of financial position		
Trade and other receivables	610.9	557.7
Derivative financial instruments	4.2	-
Cash and cash equivalents	10.9	8.7
	626.0	566.4

Company	At 3 July 2022 Liabilities at fair value through the profit and loss £m	Other financial liabilities £m	Total £m	At 4 July 2021 Liabilities at fair value through the profit and loss £m	Other financial liabilities £m	Total £m
Liabilities as per statement of financial position						
Financial liabilities - borrowings	-	417.9	417.9	-	428.0	428.0
Derivative financial instruments	-	-	-	-	-	-
Trade and other payables excluding statutory liabilities	-	667.4	667.4	-	597.5	597.5
	-	1,085.3	1,085.3	-	1,025.5	1,025.5

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 assets and liabilities that are measured at fair value at 3 July 2022:

Group	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Asset				
Forward foreign currency contracts	-	0.4	-	0.4
Cash flow hedges		5.8	-	5.8
	-	6.2	-	6.2
Company				
Asset				
Cash flow hedges		4.2	-	4.2
	-	4.2	-	4.2

The following table presents the Group and Company's assets and liabilities that are measured at fair value at 4 July 2021:

Group	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Asset				
Cash flow hedges		0.1	-	0.1
Liability				
Forward foreign currency contracts	-	(0.1)	-	(0.1)
	-	-	-	-
Company				
Liabilities				
Cash flow hedges	-	-	-	-
	-	-	-	-

Notes to the financial statements

16. Financial instruments (continued)

16 (c). Financial instruments - numerical disclosures (continued)

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

Group	Assets At 3 July 2022 £m	Liabilities £m	Assets At 4 July 2021 £m	Liabilities £m
Forward foreign currency contracts	0.4	-	-	(0.1)
Cash flow hedges	5.8	-	0.1	-
Total current portion	6.2	-	0.1	(0.1)

Company	Assets At 3 July 2022 £m	Liabilities £m	Assets At 4 July 2021 £m	Liabilities £m
Cash flow hedges	4.2	-	-	-
Total current portion	4.2	-	-	-

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 3 July 2022 Book value £m	Fair value £m	At 4 July 2021 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	(164.5)	(164.5)	(165.7)	(165.7)
Other long term borrowings	(291.9)	(291.9)	(309.8)	(309.8)
Trade and other payables	(1,109.3)	(1,109.3)	(879.9)	(879.9)
Trade and other receivables	849.7	849.7	729.7	729.7
Cash and cash equivalents	53.7	53.7	63.3	63.3
Retirement benefit obligations	(38.2)	(38.2)	(84.2)	(84.2)

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.

The book values of trade and other receivables, trade and other payables, cash and cash equivalents and retirement benefit obligations are assumed to approximate to their fair values.

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

Company	At 3 July 2022 Book value £m	Fair value £m	At 4 July 2021 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	(266.7)	(266.7)	(266.4)	(266.4)
Other long term borrowings	(151.2)	(151.2)	(161.6)	(161.6)
Trade and other payables	(675.1)	(675.1)	(603.1)	(603.1)
Trade and other receivables	610.9	610.9	557.7	557.7
Cash and cash equivalents	10.9	10.9	8.7	8.7
Retirement benefit asset / (obligations)	4.2	4.2	(30.3)	(30.3)

Borrowing facilities
The Group headed by Brake Bros Limited has no undrawn committed borrowing facilities available at 3 July 2022 (2021: £nil)

16. Financial instruments (continued)

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 At 3 July 2022 £m	Group At 4 July 2021 £m	Company At 3 July 2022 £m	Company At 4 July 2021 £m
Trade receivables				
Low risk	297.2	236.8	180.9	138.5
Medium risk	32.6	33.4	-	-
High risk	36.4	13.3	-	-
Total trade receivables	366.2	283.5	180.9	138.5

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

	Group At 3 July 2022 £m	Group At 4 July 2021 £m	Company At 3 July 2022 £m	Company At 4 July 2021 £m
Cash at bank and short term deposits				
AA-	0.9	2.2	-	-
A+	30.8	31.0	-	-
A	18.7	26.8	10.9	8.7
A-	1.5	-	-	-
BBB+	-	-	-	-
BBB-	0.5	2.7	-	-
BBB	1.3	0.6	-	-
	53.7	63.3	10.9	8.7

Notes to the financial statements

17. Retirement benefit assets / 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 France 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 Brakes Final Salary 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.

Brakes Final Salary Pension Scheme retirement benefit obligations up to a maximum amount of £20.0m (2021: £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 5% of pensionable salary for members and 3% for employers and for elected members has contribution rates of 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 were opened on 1 January 2014 are qualifying workplace pension schemes that the Group is using to meet the automatic enrolment legislative requirements. Members of the scheme were transferred to The Brakes Group Personal Pension Plan.

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 France, for the subsidiary companies Sysco France SAS, all employees are provided retirement indemnity benefits (Indemnitéde 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 At 3 July 2022 £m	Group At 4 July 2021 £m	Company At 3 July 2022 £m	Company At 4 July 2021 £m
Present value of funded obligations	195.5	261.2	195.5	261.2
Present value of unfunded obligations	42.4	53.9	-	-
Fair value of plan assets	(199.7)	(230.9)	(199.7)	(230.9)
Net pension liability / (asset) recognised in the statement of financial position	38.2	84.2	(4.2)	30.3

The movement in the retirement benefit (asset) / obligation during the year is as follows:

Retirement benefit (assets) / obligations	Group UK £m	Group France £m	Group Sweden £m	Total Group For the year ended 3 July 2022 £m	Company For the year ended 3 July 2022 £m
At 4 July 2021	30.3	21.9	32.0	84.2	30.3
Exchange adjustment	-	(0.1)	(0.3)	(0.4)	-
Interest expense	0.5	0.1	0.6	1.2	0.5
Administrative expenses	0.3	-	-	0.3	0.3
Current service cost	-	1.5	1.0	2.5	-
Prior service cost	-	-	-	-	-
Contributions paid in the year	(14.7)	(0.6)	(0.8)	(16.1)	(14.7)
Actuarial gains on defined benefit pension scheme	(20.6)	(7.3)	(5.6)	(33.5)	(20.6)
At 3 July 2022	(4.2)	15.5	26.9	38.2	(4.2)

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

Retirement benefit obligations	Group UK £m	Group France £m	Group Sweden £m	Total Group For the year ended 4 July 2021 £m	Company For the year ended 4 July 2021 £m
At 28 June 2020	48.9	22.3	32.0	103.2	48.9
Exchange adjustment	-	(1.2)	(0.9)	(2.1)	-
Interest expense	0.7	0.2	0.5	1.4	0.7
Administrative expenses	0.2	-	-	0.2	0.2
Current service cost	-	1.4	1.0	2.4	-
Prior service cost	-	-	-	-	-
Contributions paid in the year	(4.5)	(1.7)	(0.7)	(6.9)	(4.5)
Remeasurements recognised in other comprehensive income	(15.1)	0.9	0.1	(14.1)	(15.1)
At 4 July 2021	30.3	21.9	32.0	84.2	30.3

Notes to the financial statements

17. Retirement benefit assets / obligations (continued)

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

Retirement benefit obligations	Group UK £m	Group France £m	Group Sweden £m	Total Group For the year ended 3 July 2022 £m	Company For the year ended 3 July 2022 £m
Operating cost					
Service costs:					
- Current service cost	-	1.5	1.0	2.5	-
- Administrative expenses	0.3	-	-	0.3	0.3
Total operating costs	0.3	1.5	1.0	2.8	0.3
Financing cost					
Interest expense	0.5	0.1	0.6	1.2	0.5
Total income statement charge	0.8	1.6	1.6	4.0	0.8
Remeasurements recognised in other comprehensive income					
- (gains) / losses from changes in demographic assumptions	(0.1)	(4.1)	-	(4.2)	(0.1)
- gains from changes in financial assumptions	(63.8)	(3.2)	(5.6)	(72.6)	(63.8)
- experience gains	2.4	-	-	2.4	2.4
- return on scheme assets	40.9	(1.1)	(1.1)	38.7	40.9
Total amount recognised in other comprehensive income	(20.6)	(8.4)	(6.7)	(35.7)	(20.6)

Retirement benefit obligations	Group UK £m	Group France £m	Group Sweden £m	Total Group For the year ended 4 July 2021 £m	Company For the year ended 4 July 2021 £m
Operating cost					
Service costs:					
- Current service cost	-	1.4	1.0	2.4	-
- Administrative expenses	0.2	-	-	0.2	0.2
Total operating costs	0.2	1.4	1.0	2.6	0.2
Financing cost					
Interest expense	0.7	0.2	0.5	1.4	0.7
Total income statement charge	0.9	1.6	1.5	4.1	0.9
Remeasurements recognised in other comprehensive income					
- (gains) / losses from changes in demographic assumptions	(0.1)	0.9	0.1	0.9	(0.1)
- gains from changes in financial assumptions	(12.0)	-	-	(12.0)	(12.0)
- experience gains	(3.2)	-	-	(3.2)	(3.2)
- return on scheme assets	0.3	-	-	0.3	0.3
Total amount recognised in other comprehensive income	(15.0)	0.9	0.1	(14.0)	(15.0)

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

	Group For the year ended 3 July 2022 £m	Group For the year ended 4 July 2021 £m	Company For the year ended 3 July 2022 £m	Company For the year ended 4 July 2021 £m
Defined contribution schemes	12.2	13.4	9.0	14.0

Reporting at 3 July 2022

The independent actuary calculates the defined benefit obligation annually by adjusting the results of the latest triennial funding valuation at 5 April 2019 to the statement of financial position date, taking account of experience over the period since 5 April 2019, 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 year ended 3 July 2022 are set out below.

Financial assumptions	At 3 July 2022 %	At 4 July 2021 %
UK assumptions:		
Rate of increase in pensions in payment and deferred pensions	2.75	2.80
Discount rate	3.65	1.90
Inflation assumption RPI	2.80	2.85
Inflation assumption CPI	2.10	2.15
France assumptions:		
Discount rate	3.25	0.75
Salary increase	2.75	2.35
Inflation	2.10	1.70
Sweden assumptions:		
Discount rate	3.75	2.00
Salary increase	3.40	2.50
Inflation	2.70	1.80

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:

	At 3 July 2022	At 4 July 2021
Male	21.6	21.5
Female	23.8	23.7

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:

	At 3 July 2022	At 4 July 2021
Male	22.0	21.8
Female	24.7	24.6

Notes to the financial statements

17. Retirement benefit assets / 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 net asset would decrease by £5.9m from £4.2m to a net deficit of £1.7m.

- Following a 1 year increase in life expectancy the net asset would decrease by £6.8m from £4.2m to a net deficit of £2.6m.

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 balance sheet date. 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:

	Group			Total Group	Company
	UK (funded obligations)	France (unfunded obligations)	Sweden (unfunded obligations)	For the year ended 3 July 2022	For the year ended 3 July 2022
	£m	£m	£m	£m	£m
At 4 July 2021	261.2	21.9	32.0	314.3	261.2
Exchange adjustment	-	(0.1)	(0.3)	(0.4)	-
Interest expense	4.9	0.1	0.6	5.6	4.9
Remeasurements:					
- (gains) / losses from changes in demographic assumptions	(0.1)	(4.1)	-	(4.2)	(0.1)
- (gains) from changes in financial assumptions	(63.8)	(3.2)	(5.6)	(72.6)	(63.8)
- experience (gains)	2.4	-	-	2.4	2.4
Contributions paid by employer	-	(0.6)	(0.8)	(1.4)	-
Current service cost	-	1.5	1.0	2.5	-
Benefits paid	(9.1)	-	-	(9.1)	(9.1)
At 3 July 2022	195.5	15.5	26.9	237.1	195.5

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

	Group			Total Group	Company
	UK (funded obligations)	France (unfunded obligations)	Sweden (unfunded obligations)	For the year ended 4 July 2021	For the year ended 4 July 2021
	£m	£m	£m	£m	£m
At 28 June 2020	282.2	22.3	32.0	336.5	282.2
Exchange adjustment	-	(1.2)	(0.9)	(2.9)	-
Interest expense	4.4	0.2	0.5	5.1	4.4
Remeasurements:					
- (gains) / losses from changes in demographic assumptions	(0.1)	0.9	0.1	0.9	(0.1)
- gains from changes in financial assumptions	(12.0)	-	-	(12.0)	(12.0)
- experience (gains)	(3.2)	-	-	(3.2)	(3.2)
Contributions paid by employer	-	(1.7)	(0.7)	(2.4)	-
Current service (income) / cost	-	1.4	1.0	2.4	-
Benefits paid	(10.1)	-	-	(10.1)	(10.1)
At 4 July 2021	261.2	21.9	32.0	314.3	261.2

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

	Group		Company	
	For the year ended 3 July 2022	*For the year ended 4 July 2021*	*For the year ended 3 July 2022*	*For the year ended 4 July 2021*
	£m	£m	£m	£m
At 4 July 2021 / 28 June 2020	230.9	233.3	230.9	233.3
Interest income on scheme assets	4.4	3.7	4.4	3.7
Remeasurements:			-	-
- gains / (losses) on return on scheme assets	(40.9)	(0.3)	(40.9)	(0.3)
Administrative expenses	(0.3)	(0.2)	(0.3)	(0.2)
Contributions paid by employer	14.7	4.5	14.7	4.5
Benefits paid	(9.1)	(10.1)	(9.1)	(10.1)
At 3 July 2022 / At 4 July 2021	199.7	230.9	199.7	230.9

The Plan assets are invested in the following asset classes:

	Group and company		Group and company	
	For the year ended 3 July 2022	Of which not quoted in an active market	For the year ended 4 July 2021	Of which not quoted in an active market
	£m	£m	£m	£m
Equities	19.4	18.0	20.9	17.6
Property	12.3	12.3	10.0	10.0
Macro orientated	5.9	-	2.3	-
Multi strategy	-	-	-	-
Credit / Corporate bonds	14.7	-	13.9	-
Government bonds	93.8	-	93.7	-
Derivatives	(21.2)	(20.2)	1.9	2.5
Cash and cash equivalents	74.8	-	88.2	-
At 3 July 2022 / At 4 July 2021	*199.7*	*10.1*	*230.9*	*30.1*

Notes to the financial statements

17. Retirement benefit assets / obligations (continued)

Further details on the Brakes Final Salary Pension Scheme

Profile of the scheme
The defined benefit obligation includes benefits for deferred and current pensioners. Broadly, about 60% of the liabilities are attributable to deferred pensioners and 40% 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 17 years reflecting the approximate split of the defined benefit obligation between deferred pensioners (duration of 20 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 3 July 2022	Less than one year	Between one and two years	Between two and five years	Over five years
Pension benefits	2%	2%	6%	90%
At 4 July 2021				
Pension benefits	2%	2%	6%	90%

Funding requirements
UK legislation requires that pension schemes are funded prudently. The last funding valuation of the Scheme was carried out by a qualified actuary as at 5 April 2019 and showed a deficit of £85.6 million. The Company is currently paying deficit contributions of £15.3 million p.a. payable monthly which took effect from July 2021 (paid in August 2021) until September 2027, which were expected to make good this shortfall by September 2027. The next funding valuation will be carried out with an effective date of 5 April 2022 when progress towards full funding will be reviewed. The Company pays contributions of £0.3 million p.a. in respect of the expenses of administering the Scheme. A total contribution of £15.6 million is expected to be paid by the Company during the year ending on 30 June 2023.

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.
Changes in bond yields	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 interest rate risk although it is not intended to be precisely hedged compared to the accounting value of liabilities, meaning that changes in future expected interest rates may change the accounting 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 not intended to be precisely hedged compared to the accounting value of liabilities, meaning that changes in future expected inflation may change the accounting deficit.
Life expectancy	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.

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.

On 26 October 2018 the High Court of Justice in the United Kingdom issued a ruling requiring the equalisation of benefits payable in respect of Guaranteed Minimum Pension benefits for males. For both the Group and the Company the impact of this ruling will be to increase the defined benefit obligation of the Brakes Final Salary Pension Scheme. Current estimates by the independent actuary estimate the impact of the Guaranteed Minimum Pension uplift to be immaterial for Brake Bros Limited.

Group actuarial gains of £33.5m (year ended 4 July 2021: £14.1m gain) were recognised in the period and included in the consolidated statement of comprehensive expense / income. The cumulative amount of actuarial losses included in the consolidated statement of comprehensive income is £32.0m (4 July 2021 £65.5m).

The actual loss on plan assets was £40.9m (2021: £0.3m loss).

18. Provisions

	Group For the year ended 3 July 2022	Group For the year ended 4 July 2021	Company For the year ended 3 July 2022	Company For the year ended 4 July 2021
Property and other provisions	£m	£m	£m	£m
At 4 July 2021 / 28 June 2020	37.6	37.4	26.8	26.3
Earn-out consideration on acquisition of subsidiaries (note 2)	5.2	-	5.2	-
Charged / (credited) to the income statement during the year	5.2	2.1	-	-
Provisions for property, plant and equipment additions during the year	2.6	1.6	2.6	1.4
Utilised during the year	(4.5)	(3.5)	(1.7)	(0.9)
At 3 July 2022 / At 4 July 2021	46.1	37.6	32.9	26.8
Non-current	43.8	34.2	31.7	24.6
Current	2.3	3.4	1.2	2.2
	46.1	37.6	32.9	26.8

At 3 July 2022 there were provisions relating to onerous contracts amounting to £5.4m (2021: £4.4m) and dilapidation provisions amounting to £35.5m (2021: £32.1m). Provisions for dilapidations primarily represent obligations to reinstate property to its original condition at the end of the lease term. Earn-out consideration in respect of the acquisitions of Eko Fisk and Medina were also included. Payment of this consideration is dependent upon certain trading performance targets being met.

Notes to the financial statements

19. Deferred tax

The following are the major deferred tax assets and liabilities recognised by the Group and movements thereon during the current and prior year:

Group	Retirement benefit obligations £m	Cash flow hedge £m	Capital allowances timing differences £m	Tax losses £m	Customer lists and brands £m	Property, plant and equipment fair value adjustments £m	Other temporary differences £m	Total £m
At 28 June 2020	18.5	(0.1)	26.0	2.5	(7.1)	(1.1)	2.4	41.1
Exchange adjustment	(0.6)	0.1	0.6				(0.4)	(0.3)
Credited / (charged) to other comprehensive income in the year	(2.8)							(2.8)
Credited / (charged) to the income statement in the year	(0.3)	(0.2)	17.5	107.4	1.4		0.3	126.1
At 4 July 2021	14.8	(0.2)	44.1	109.9	(5.7)	(1.1)	2.3	164.1
Exchange adjustment	(0.2)		(0.1)	0.3			0.1	0.1
Other movements				(1.1)	(1.6)		(0.2)	(2.9)
Credited / (charged) to other comprehensive income in the year	(5.9)	(0.8)						(6.7)
Credited / (charged) to the income statement in the year	(4.1)		0.1	9.4	1.5	0.2	(1.4)	5.7
As at 3 July 2022	**4.6**	**(1.0)**	**44.1**	**118.5**	**(5.8)**	**(0.9)**	**0.8**	**160.3**

Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net. The following is the analysis of the deferred tax balances for the Group (after offset) for financial reporting purposes.

	At 3 July 2022 £m	At 4 July 2021 £m
Deferred tax assets	168.1	171.0
Deferred tax liabilities	(7.8)	(6.9)
	160.3	164.1

The following are the major deferred tax assets and liabilities recognised by the Company and movements thereon during the current and prior year.

Company	Retirement benefit obligations £m	Cash flow hedge £m	Capital allowances timing differences £m	Tax losses £m	Customer lists and brands £m	Property, plant and equipment fair value adjustments £m	Other temporary differences £m	Total £m
At 28 June 2020	9.3	0.2	30.3	2.0	(0.2)	(0.7)	1.4	42.3
Tax charge on retirement benefit obligations taken directly to other comprehensive income	(2.8)	-	-	-	-	-	-	(2.8)
Tax credit on cash flow hedges taken directly to other comprehensive income		(0.2)	-	-	-	-	-	(0.2)
Credited / (charged) to the income statement in the year	(0.8)	-	14.5	11.2	-	-	-	24.9
At 4 July 2021	5.7	-	44.8	13.2	(0.2)	(0.7)	1.4	64.2
Tax charge on retirement benefit obligations taken directly to other comprehensive income	(3.9)							(3.9)
Tax charge on cash flow hedges taken directly to other comprehensive income		(0.8)						(0.8)
Other movements				(1.1)				(1.1)
Credited / (charged) to the income statement in the year	(2.6)		(1.5)	(0.2)	0.1			(4.2)
As at 3 July 2022	**(0.8)**	**(0.8)**	**43.3**	**11.9**	**(0.1)**	**(0.7)**	**1.4**	**54.2**

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 unrecognised deferred tax assets in respect of unutilised tax losses in the UK amounting to £0.0m (2021: £0.0m). There is no expiry date for these losses.

20. Share capital

Group and Company		At 3 July 2022 £m	At 4 July 2021 £m
Authorised			
54,000,000 (2021: 54,000,000) ordinary shares of 10p		5.4	5.4
Issued and fully paid	Ordinary shares paid of 10p each	£m	£m
At 3 July 2022 / At 4 July 2021	53,776,541	**5.4**	**5.4**

21. Share premium

Group and Company	At 3 July 2022 £m	At 4 July 2021 £m
At 4 July 2021 / 28 June 2020	288.6	30.8
Issued during the period	0.0	257.8
At 3 July 2022 / At 4 July 2021	**288.6**	**288.6**

22. Reserves

		Other reserves:					
Group - attributable to owners of the parent Company	Hedging £m	Business comb. under common control £m	Other reserves £m	Capital contribution £m	Total other reserves £m	Retained earnings £m	Total £m
At 4 July 2021	0.3	(76.5)	26.7	417.3	367.8	(4.2)	363.6
Impact of adoption of IFRS 16	-	-	-	-	-	-	-
Retirement benefit obligation actuarial gain	-	-	-	-	-	33.5	33.5
Taxation on retirement benefit obligation actuarial gain	-	-	-	-	-	(5.9)	(5.9)
Cash flow hedges - losses arising in the year	6.2	-	-	-	6.2	-	6.2
Taxation on cash flow hedges	(0.8)	-	-	-	(0.8)	-	(0.8)
Long term incentive plan charge	-	-	-	-	-	(1.3)	(1.3)
Currency translation differences	-	-	(2.8)	-	(2.8)	-	(2.8)
(Loss) for the year	-	-	-	-	-	(54.3)	(54.3)
As at 3 July 2022	**5.7**	**(76.5)**	**23.9**	**417.3**	**370.4**	**(32.2)**	**338.2**

22. Reserves (continued)

Group - attributable to owners of the parent Company	Hedging £m	Other reserves: Business comb. under common control £m	Other reserves £m	Capital contribution £m	Total other reserves £m	Retained earnings £m	Total £m
At 28 June 2020	(1.2)	(76.5)	24.3	417.3	363.9	78.3	442.2
Impact of adoption of IFRS 16	-	-	-	-	-	(0.2)	(0.2)
Retirement benefit obligation actuarial gain	-	-	-	-	-	14.1	14.1
Taxation on retirement benefit obligation actuarial gain	-	-	-	-	-	(2.8)	(2.8)
Cash flow hedges - losses arising in the year	1.6	-	-	-	1.6	-	1.6
Taxation on cash flow hedges	(0.1)	-	-	-	(0.1)	-	(0.1)
Long term incentive plan charge	-	-	-	-	-	(1.2)	(1.2)
Currency translation differences	-	-	2.4	-	2.4	-	2.4
(Loss) for the year	-	-	-	-	-	(92.4)	(92.4)
At 4 July 2021	0.3	(76.5)	26.7	417.3	367.8	(4.2)	363.6

Included within other reserves are cumulative exchange gains of £28.1m (2021: £25.7m) and gains on the fair value of cash flow hedges of £1.0m (2021: £1.0m).

Company	Hedging £m	Other reserves: Other £m	Capital contribution £m	Total other reserves £m	Retained earnings £m	Total £m
At 4 July 2021	0.2	(18.9)	446.5	427.8	81.1	508.9
Profit for the year	-	-	-	-	10.6	10.6
Long term incentive plan charge	-	-	-	-	(0.6)	(0.6)
Capital contribution received	-	-	-	-	-	-
Cash flow hedges - profits arising in the year	4.1	-	-	4.1	-	4.1
Taxation on cash flow hedges	(0.8)	-	-	(0.8)	-	(0.8)
Retirement benefit obligation actuarial gain	-	-	-	-	20.6	20.6
Taxation on retirement benefit obligation actuarial gain	-	-	-	-	(3.9)	(3.9)
As at 3 July 2022	**3.5**	**(18.9)**	**446.5**	**431.1**	**107.8**	**538.9**

Company	Hedging £m	Other reserves: Other £m	Capital contribution £m	Total other reserves £m	Retained earnings £m	Total £m
At 28 June 2020	(1.0)	(18.9)	409.5	389.6	166.6	556.2
(Loss) for the year	-	-	-	-	(97.6)	(97.6)
Long term incentive plan charge	-	-	-	-	(0.2)	(0.2)
Arising on Business Combinations under common control	-	-	37.0	37.0	-	37.0
Cash flow hedges - (losses) arising in the year	1.4	-	-	1.4	-	1.4
Taxation on cash flow hedges	(0.2)	-	-	(0.2)	-	(0.2)
Retirement benefit obligation actuarial gain	-	-	-	-	15.1	15.1
Taxation on retirement benefit obligation actuarial gain	-	-	-	-	(2.8)	(2.8)
At 4 July 2021	0.2	(18.9)	446.5	427.8	81.1	508.9

Other reserves include a credit of £10.9 m (2021: £10.9m) in respect of the differences between the nominal value and fair value of shares issued for the acquisition of subsidiary companies and losses of £29.6m (2021: £29.6m) in respect of the differences between the fair value and book value of assets hived up from a subsidiary undertaking. Also included within other reserves are cumulative exchange losses of £0.2 m (2021: £0.2m).

23. Cash generated from operations

Reconciliation of profit before taxation to cash generated from operations

	Group: For the year ended 3 July 2022 £m	Group: For the year ended 4 July 2021 £m	Company: For the year ended 3 July 2022 £m	Company: For the year ended 4 July 2021 £m
(Loss) / Profit before taxation	(57.2)	(217.8)	14.0	(127.6)
Adjustments for:				
- Finance income	(13.2)	(13.5)	(13.1)	(18.9)
- Finance costs	25.8	23.5	28.3	21.5
Depreciation charges	109.8	91.8	41.4	40.5
Amortisation and impairment of intangibles	8.3	18.9	0.1	0.1
Retirement benefit contributions paid	(16.1)	(6.9)	(14.7)	(4.5)
Loss on sale of property, plant and equipment	(2.9)	4.3	(0.6)	(0.2)
Decrease / (Increase) in inventories	(42.3)	(1.3)	(12.8)	2.2
Decrease / (Increase) in trade and other receivables	(87.4)	(212.0)	(140.3)	(68.3)
(Decrease) / increase in trade and other payables	137.3	279.4	195.9	206.5
Cash generated from operations	80.1	(33.6)	98.2	51.3

Notes to the financial statements

24. Acquisition of businesses

On the 1 September 2021, the Brakes Group acquired 100% of the issued share capital of Medina Quay Meats Limited in the UK. Medina is a foodservice business with a strong independent customer base, which compliments the UK Speciality businesses.

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

	Provisional fair values £m
Identifiable intangible assets	6.5
Property, plant and equipment	3.5
Inventory	1.1
Trade and other receivables	1.8
Cash at bank	3.9
Financial liabilities - borrowings	(2.6)
Trade and other payables	(1.9)
Current income tax liabilities	(0.5)
Deferred tax liabilities	(1.8)
Total identifiable assets	10.0
Goodwill	7.0
Total consideration	17.0

	£m
Satisfied by:	
Cash	10.2
Debt repaid	1.9
Earn-out consideration	4.9
Total consideration transferred	17.0

	For the year ended 3 July 2022 £m
Net cash outflow arising on acquisition:	
Cash consideration	10.2
Debt repaid	1.9
Less: cash and cash equivalent balances acquired	(3.9)
	8.2

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 £7.0m is non-tax deductible.

The fair values of all of the assets and liabilities acquired are provisional. The Directors are continuing to assess the impact of accounting for these acquisitions up to the date of these financial statements. Final fair values will be incorporated in the 2023 financial statements

Financial information
In the year ended 3 July 2022, the acquired business, contributed £16.2m to revenue and increased profit before finance costs and tax by £1.7m, for the part period under the Group's ownership.

Had the businesses been acquired at the beginning of the year, the Group's revenues, would have been £3,884.3m with the acquired businesses contributing £21.0m. The loss for the year before finance costs and tax would have been £43.8m, with the acquired businesses contributing £2.6m of profit.

25. Employees and directors' emoluments

Average monthly number of people employed by the Group and Company during the year:	Group: For the year ended 3 July 2022 Number	Group: For the year ended 4 July 2021 Number	Company: For the year ended 3 July 2022 Number	Company: For the year ended 4 July 2021 Number
Distribution, manufacturing and selling	11,459	10,524	5,746	4,992
Administration	1,365	1,373	465	509
	12,824	11,897	6,211	5,501

	Group: For the year ended 3 July 2022 £m	Group: For the year ended 4 July 2021 £m	Company: For the year ended 3 July 2022 £m	Company: For the year ended 4 July 2021 £m
The costs incurred in respect of these employees were:				
Wages and salaries	440.5	347.2	221.9	155.8
Social security costs	87.6	79.7	21.3	17.1
Defined benefit pension (credit) / costs	1.5	2.8	-	-
Defined contribution pension costs (note 17)	12.2	13.4	9.0	14.0
	541.8	443.1	252.2	186.9

Key management compensation (continued)

	For the year ended 3 July 2022 £m	For the year ended 4 July 2021 £m
Salaries and short-term benefits	0.1	2.0
Post-employment benefits	-	0.1
	0.1	2.1

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.

Notes to the financial statements

25. Employees and directors' emoluments (continued)

Directors' emoluments

	For the year ended 3 July 2022 £'000	For the year ended 4 July 2021 £'000
Aggregate emoluments	56	1,954
Company pension contributions to money purchase schemes	0	73

Retirement benefits are accruing to 1 (2021: 1) directors under money purchase pension arrangements only.

Emoluments paid to the highest paid director are as follows:		
Aggregate emoluments and benefits	56	948
Company pension contributions to money purchase schemes	-	-

In the year ended 3 July 2023 no options and performance share units were granted to the Directors (2021: grant date value £1,924k).

26. Equity settled share scheme

Sysco Corporation provide a share-based payment arrangement to Brakes employees under the Sysco Omnibus Incentive Plan (2018 Plan) and certain employees of Brakes Group have been awarded Sysco stock options, restricted stock units and performance share units (PSUs) under this 2018 Plan.

Vesting requirements for awards under the 2018 Plan vary by individual grant and may include either time-based vesting or time-based vesting subject to acceleration based on performance criteria for fiscal periods of at least one year. The contractual life of all options granted under the 2018 Plan are and will be no greater than ten years.

The stock option awards are subject to graded vesting over a requisite service period with compensation recognised on a straight-line basis over the requisite service period over the duration of the award.

During the year 42,738 (2021: 80,731) restricted stock units were granted to Brakes employees which will vest rateably over a three-year period. The weighted average grant-date fair value per restricted stock unit granted in the period was US$80.78 (2021: US$71.56).

During the year, 20,526 PSUs (2021: 53,996) were granted to Brakes employees, these will convert into shares of Sysco common stock at the end of the performance period based on actual performance targets achieved, as well as the market-based return of Sysco's common stock relative to that of the S&P 500 index companies. The weighted average grant-date fair value per PSU granted in the year was US$77.07 (2021: US$58.08).

The fair value of each option is estimated as of the date of grant using a Black-Scholes option pricing model. Expected dividend yield is estimated based on the historical pattern of dividends and the average stock price for the year preceding the option grant. Expected volatility is based on historical volatility of Sysco's stock, implied volatilities from traded options on Sysco's stock and other factors. The risk-free interest rate for the expected term of the option is based on the US Treasury yield curve in effect at the time of the grant. Sysco uses historical data to estimate option exercise and employee termination behaviour within the valuation model.

The weighted average assumptions discussed above are noted below:

Group and company	For the year ended 3 July 2022	For the year ended 4 July 2021
Dividend yield	2.5%	2.7%
Expected volatility	30.1%	32.1%
Risk-free interest rate	1.0%	0.5%
Expected life	6.6 years	7.0 years

The following share based payment arrangements took place during the year ended 4 July 2021 and existed at the year end:

	For the year ended 3 July 2022		For the year ended 4 July 2021	
Group and Company	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
Outstanding at beginning of year	497,651	$66.72	481,234	$68.50
Granted during the year	56,155	$77.06	134,912	$58.08
Exercised during the year	(148,515)	$66.32	(60,717)	$62.99
Forfeited during the year	(50,410)	$67.13	(57,778)	$65.25
Outstanding at end of the year	354,881	$68.47	497,651	$68.50
Vested or expected to vest as of 3 July 2022 / 4 July 2021	132,317	$68.58	269,524	$66.88
Exercisable at the end of the period	220,937	$68.39	223,089	66.48

The total share-based compensation cost included within operating expenses in the Group for the year ended 3 July 2022 was £4.4m (2021: £3.9m), with a corresponding capital contribution within equity. An intercompany liability is recognised on the balance sheet for the amount payable to Sysco Corporation of £6.4m (2021: £5.4m) in respect of the above scheme.

27. Commitments

	Group		Company	
	At 3 July 2022 £m	At 4 July 2021 £m	At 3 July 2022 £m	At 4 July 2021 £m
Contracted for but not provided	18.0	8.4	16.0	7.9

Capital commitments in the Group amounting to £17.5 m (2021: £5.5m) is in respect of motor vehicles and £0.5 m (2021: £2.9m) is in respect of plant and machinery, IT hardware and software.

Capital commitments in the Company amounting to £15.5 m (2021: £5.5m) is in respect of motor vehicles and £0.5 m (2021: £2.4m) is in respect of plant and machinery, IT hardware and software.

Notes to the financial statements

28. 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 Sysco Corporation Group. Details of these transactions are as follows:

	For the year ended 3 July 2022 £m	For the year ended 4 July 2021 £m
Loans owed by parent undertakings	228.3	224.7
Loans owed to parent undertakings	(120.3)	(119.8)
Loans owed to Group undertakings	(132.1)	(132.1)
Amounts owed by parent undertakings	97.3	116.7
Amounts owed by related undertakings	0.8	0.4
Trade and other payables owed to parent undertakings	(157.8)	(161.2)
Trade and other payables owed to Group undertakings	(30.2)	(68.9)
Trade and other payables owed to related undertakings	(14.5)	(12.1)
Trade and other receivables owed by subsidiary undertakings	55.1	57.4
Interest payable to parent undertakings	(7.5)	(5.5)
Debt issue costs payable to parent undertakings	-	(0.2)
Interest payable to subsidiary undertakings	(7.9)	(7.8)
Interest receivable from subsidiary undertakings	-	5.7
Interest receivable from parent undertakings	13.1	12.9
Sales to subsidiary undertakings	16.4	22.2
Sales to Sysco Corporation Group undertakings	5.8	-
Purchases from subsidiary undertakings	72.0	40.7
Purchases from Sysco Corporation Group undertakings	0.2	0.6

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

Key management compensation is disclosed in note 25, retirement benefit obligations are disclosed in note 17.

29. Government Grants

During the year ended 3 July 2022, the Group were recipients of Government Grants in respect of the subsidisation of wages as a result of staff being furloughed as a result of the impact of Covid-19. In the year ended 3 July 2022 the Group has recorded grant income of £12.0m (2021: £38.1m) in respect of 12,824 employees from the relevant Government schemes. At 3 July 2022 none (2021: £0m) of these expected receipts were outstanding and included in other receivables.

30. Ultimate parent company and controlling party

The immediate parent undertaking is Cucina Acquisition (UK) Limited, a company incorporated in the United Kingdom.

The Company's ultimate parent undertaking and controlling party is Sysco Corporation, a company incorporated in the United States.

The parent undertaking of the smallest and largest Group to consolidate these financial statements is Sysco Corporation. Copies of Sysco Corporation's Group financial statements can be obtained from 1390 Enclave Parkway, Houston, Texas, United states.

31. Post balance sheet events

No material events have occurred since the statement of financial position date which would affect the financial statements of the Company or Group.