Company registration number: 02035315

Brake Bros Limited

Annual report and financial statements

For the year ended 28 June 2020

Brake Bros Limited

Annual report and financial statements for year ended 28 June 2020

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Strategic report

The directors present their strategic report for Brake Bros Limited ("Brakes") for the year ended 28 June 2020. 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, Spain and Luxembourg.

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, M&J Seafood Limited, Wild Harvest Limited, Brakes Foodservice NI Limited, Freshfayre Limited, Pauleys Produce Limited, Fresh Direct (UK) Limited, Kent Frozen Foods Limited, Sysco France SAS, Menigo Foodservice AB, Clafra Aktiebolag AB and EKO Fågel fisk och mittemellan ABEko Fisk AB.

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 Brake's 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 28 June 2020 with the year ended 30 June 2019 is as follows:

• Revenue:
- £3,501.2m total for the Brakes Group in the year (2019: £4,280.7m);
- £1,991.2m for the UK (including Ireland) in the year (2019: £2,420.5m);
- £998.4m for "Continental Europe"(France, Spain, Belgium and Luxembourg) in the year (2019: £1,293.2m);
- £511.6m for Sweden in the year (2019: £567.0m);

• Operating profit:
- £64.3m operating loss before exceptional items in the year (2019: £72.7m operating profit before exceptional items);
- £224.8m operating loss in the year (2019: operating loss £20.1m);

• (Loss) / Profit after tax:
- £234.1m loss after tax in the year (2019: £29.1m loss after tax);

• Cash generated from operations:
- £14.2m in the year (2019: £147.1m);

• Cash balance:
- £312.5m at 28 June 2020 (2019: £91.1m).

Strategic report (continued)

Impact of Covid-19

The circumstances resulting from Covid-19 have had a significant impact on the trading performance in the final quarter of the year ended 30 June 2020. There is no immediate certainty around the severity and duration of the impact on the business. Following Government "lock-down" measures, introduced In March 2020 in the UK and across Europe which initially saw the closure in many countries in which the group operates of schools and other educational facilities, pubs, bars, restaurants and hospitality venues and events, we have seen a marked decline in our turnover in Q4 2020.

We have taken steps to reduce outgoings and to utilise various Government Job Retention Scheme grants and initiatives to furlough staff where appropriate. Capital expenditure projects have been deferred and the Company is taking a prudent and vigilant approach on all expenditure. Our business continues to service customers and where possible have shifted our business model to expand our customer base to the domestic and retail sectors in order to offset some of the loss of revenue, utilise our fleet and leverage stock in our networks. The Company is actively looking to expand its customer reach to domestic supply through the existing distribution networks and in the UK to generate income from supplying our distribution services to Government Agencies.

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 competitive sources 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, Swedish Krona and the Polish Zloty 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 diesel fuel fluctuates due to changes in production, seasonality and other market factors generally outside of our control.

• Interest rate risk
The Group's interest rate risk primarily arises from floating interest rate long term borrowings owed to parent undertakings.

• 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.

The sharp fall in turnover from the impact of Covid-19 is expected to have an immediate impact on the Company's liquidity reserves. The group manages cashflow and liquid reserves centrally and have committed to providing sufficient liquidity to manage through the impact on the Company's ability to meet its financial commitments.

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

M Ball
Director
18 December 2020

Directors' report

The directors submit their annual report and the audited consolidated and parent company financial statements for the year ended 28 June 2020.

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 France, Sweden and Ireland in addition to a presence in, Belgium, Spain and Luxembourg.

The immediate parent undertaking is Brake Bros Holding I 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 Unites 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 Brakes Bros Limited Group on a combined basis. The Directors have considered the future operating profits, cash flows and facilities available. In light of the impact of Covid-19 is expected to have on the cashflows and operations, the Company's ultimate parent undertaking Sysco Corporation has confirmed that they will continue to support the Company in order to allow the Company to satisfy its financial obligations in the normal course of business at least through to 30 June 2022. Given the continued parental support, the Directors deem it appropriate to prepare the financial statements on the going concern basis. Further information on this is given in the basis of preparation paragraph in note 1 to these statements. 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.

The immediate impact of Covid-19 has seen a substantial decrease in our operating volumes with much of our customer basis subject to Government enforced closure in March 2020. The Company and Group has taken immediate steps to reorganise our operations to continue to serve our customers where applicable and to take action to reduce our cost base and protect the financial resources of the Company and the Group.

Post balance sheet event
As set out in Note 30, on 21 November 2020 the business trade, operations and assets at that date of three companies within the Group, being M & J Seafood Limited, Pauleys Produce Limited and Freshfayre Limited were transferred to another subsidiary within the group, being Fresh Direct (UK) Ltd.
No other material events have occurred since the statement of financial position date which would affect the financial statements of the Company or Group.

Dividends
During the year no interim dividends were paid by the Company (2019 £nil)) and the directors do not recommend a final dividend (2019 : £nil).

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

S Whibley
M Ball
A H Kama

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 13,000 people. We provide extensive training and career development programmes. It is our policy to achieve and maintain a high standard of health and safety at work and to ensure everyone, regardless of race, religion or sex, and including disabled people where reasonable and practicable, is treated in the same way as regards applications for employment, training, career development and promotion. Every effort is made to help with the rehabilitation of anyone injured during their employment, and to provide support we have an Employee Care Programme.

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

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.

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.

Directors' report (continued)

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 groups 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. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the Euro.

The Group's operations in the UK and Sweden have inventory purchases denominated in currencies other than their functional currency, such as the Euro, Polish Zloty 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$250 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.

The sharp fall in turnover from the impact of Covid-19 is expected to have an immediate impact on the Company's liquidity reserves. The group manages cashflow and liquid reserves centrally and have committed to providing sufficient liquidity to manage through the impact on the Company and Group's ability to meet its financial commitments.

(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 – 2020'. Emissions are reported as CO_2e. 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 2019 – 28th June 2020.

Table – Energy Consumption and Emissions 2019-20	
On-site combustion (MWh)	8,017
Electricity (MWh)	72,078
Road Transport (MWh)	274,494
Total Energy (MWh)	**354,588**
Scope 1 Emissions (tCO_2e)	73,102
Scope 2 Emissions (tCO_2e)	16,804
Total Emissions (tCO_2e)	**89,907**
Emissions Intensity (tCO_2e/£m turnover)	**45.7**

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 45.7tCO_2e/£m turnover.

Energy Efficiency Action

In this financial year we have undertaken numerous projects to reduce energy consumption and emissions within the group including but not limited to: The installation of two new CO_2 refrigeration plants to replace old HFC plant, reducing electricity consumption by approximately 30% and the global warming potential to almost zero. Our planned LED lighting upgrade has continued throughout the year, delivering a notable reduction in electric consumption. We have replaced a number of vehicles within our logistics fleet with the latest more economic 'Euro 6' versions. These vehicles have been designed to be as economic as possible, modelled to our specifications using aerodynamic design and efficient fridge motors which run from the truck engine rather than an independent engine. We also now offer an economical list of vehicles, many under 99 gCO_2, including hybrid and electric vehicles to company car drivers. In addition, in 2019 we introduced an Energy Management System across the majority of our operations within the UK, accredited to ISO50001 standard. During the current reporting period just under 25% of our electricity was purchased from renewable sources.

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:

M Ball
Director
18 December 2020

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 28 June 2020 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 30. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 28 June 2020 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

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 below. We are independent of the Group and Parent Company 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.

Emphasis of matter

We draw attention to Note 1 of the financial statements, which describes the economic disruption the company is facing as a result of COVID-19 which is impacting customer demand. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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.

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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In 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 5, 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.

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

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

A further description of our responsibilities for the audit of the financial statements is located on the 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
18 December 2020

Consolidated income statement

For the year ended 28 June 2020

	Note	For the year ended 28 June 2020 £m	For the year ended 30 June 2019 £m
Continuing operations			
Revenue	2	**3,501.2**	4,280.7
Operating costs		**(3,726.0)**	(4,300.8)
Operating loss	2	**(224.8)**	(20.1)
Finance costs	3	**(22.8)**	(17.6)
Finance income	3	**13.0**	12.9
Finance cost - net		**(9.8)**	(4.7)
Loss on ordinary activities before taxation		**(234.6)**	(24.8)
Income tax credit (charge)	4	**0.5**	(4.3)
Loss for the year after taxation		**(234.1)**	(29.1)
Loss attributable to owners of the company:			
Owners of the parent company	21	**(234.1)**	(29.2)
Non-controlling interest		**-**	0.1
		(234.1)	(29.1)

The notes on pages 16 to 45 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 loss for the parent company for the year was £41.6m (2019: £22.5m profit).

Consolidated statement of comprehensive income

For the year ended 28 June 2020

	Note	For the year ended 28 June 2020 £m	For the year ended 30 June 2019 £m
(Loss) for the year		**(234.1)**	(29.1)
Other comprehensive income / (expense):			
Items that will not be reclassified to profit or loss			
Actuarial (losses) / gains on defined benefit pension scheme	17	**4.8**	(2.5)
Taxation on items taken directly to other comprehensive income	4	**-**	0.5
Total items that will not be reclassified to profit or loss		**4.8**	(2.0)
Items that may be reclassified to profit or loss			
Cash flow hedges - (losses) arising in the year	21	**(1.8)**	(1.2)
Taxation on cash flow hedges	21	**0.2**	0.1
Currency translation differences	21	**0.5**	3.5
Total items that may be reclassified to profit or loss		**(1.1)**	2.4
Other comprehensive income for the year, Net of tax		**3.7**	0.4
Total comprehensive (expense) / income for the year		**(230.4)**	(28.7)
Total comprehensive (expense) / income for the period attributable to owners of the parent company		**(230.4)**	(28.7)
Total comprehensive (expense) / income for the period attributable to non-controlling interests		**-**	-
Total comprehensive (expense) / income for the year		**(230.4)**	(28.7)

The notes on pages 16 to 45 form an integral part of these financial statements.

Brake Bros Limited
Annual report and financial statements
For the year ended 28 June 2020

Consolidated statement of financial position

At 28 June 2020

		At 28 June 2020		At 30 June 2019	
	Note	£m	£m	£m	£m
Assets					
Non-current assets					
Goodwill	6		191.2		188.3
Intangible assets	7		85.4		122.1
Property, plant and equipment	8 *(a)*		667.3		393.2
Financial assets - derivative financial instruments	16 (c)		0.9		0.3
Trade and other receivables	11		3.4		8.3
Deferred tax assets	19		49.4		40.0
			997.6		752.2
Current assets					
Inventories	10	210.2		239.4	
Trade and other receivables	11	971.9		793.0	
Cash and cash equivalents	12	312.5		91.1	
Current income tax assets	14	2.1		2.2	
		1,496.7		1,125.7	
Liabilities					
Current liabilities					
Financial liabilities - borrowings	15	(726.0)		(122.8)	
Financial liabilities - derivative financial instruments	16 (c)	(2.4)		-	
Lease obligations	15	(53.2)		(15.4)	
Trade and other payables	13	(802.2)		(840.0)	
Current income tax liabilities	14	(0.2)		-	
Provisions	18	(5.7)		(2.9)	
		(1,589.7)		(981.1)	
Net current (liabilities) / assets			(93.0)		144.6
Non-current liabilities					
Financial liabilities - borrowings	15	-		-	
Lease Obligations	15	(283.0)		(45.0)	
Retirement benefit obligations	17	(103.2)		(111.9)	
Deferred tax liabilities	19	(8.3)		(2.4)	
Provisions	18	(31.7)		(29.8)	
			(426.2)		(189.1)
Net assets			478.4		707.7
Equity					
Share capital	20		5.4		5.4
Share premium			30.8		30.8
Other reserves	21		363.9		365.0
Retained earnings	21		78.3		306.5
Total equity			478.4		707.7

The notes on pages 16 to 45 form an integral part of these financial statements.

The financial statements on pages 8 to 45 were approved by the Board of Directors on 18 December 2020 and were signed on its behalf by:

M Ball
Director

Company statement of financial position

At 28 June 2020

		At 28 June 2020		At 30 June 2019	
	Note	£m	£m	£m	£m
Assets					
Non-current assets					
Goodwill	6		**28.2**		28.2
Intangible assets	7		**19.6**		20.7
Property, plant and equipment	8 (a)		**295.5**		156.5
Deferred tax assets	19		**42.3**		35.0
Investments in subsidiaries	9		**414.8**		414.8
Trade and other receivables	11		**104.8**		-
			905.2		655.2
Current assets					
Inventories	10	**75.8**		96.1	
Trade and other receivables	11	**959.3**		823.8	
Cash and cash equivalents	12	**264.5**		19.1	
		1,299.6		939.0	
Liabilities					
Current liabilities					
Financial liabilities - borrowings	15	**(858.1)**		(254.9)	
Lease obligations	15	**(15.8)**		(6.1)	
Financial liabilities - derivative financial instruments	16 (c)	**(1.3)**		-	
Trade and other payables	13	**(501.0)**		(613.0)	
Provisions	18	**(2.8)**		(1.1)	
		(1,379.0)		(875.1)	
Net current (liabilities) / assets			**(79.4)**		63.9
Non-current liabilities					
Lease obligations	15	**(161.0)**		(8.9)	
Retirement benefit obligations	17	**(48.9)**		(59.4)	
Provisions	18	**(23.5)**		(22.3)	
			(233.4)		(90.6)
Net assets			**592.4**		628.5
Equity					
Share capital	20		**5.4**		5.4
Share premium			**30.8**		30.8
Other reserves	21		**389.6**		390.6
Retained earnings	21		**166.6**		201.7
Total equity			**592.4**		628.5

The notes on pages 16 to 45 form an integral part of these financial statements.

The financial statements on pages 8 to 45 were approved by the Board of Directors on 18 December 2020 and were signed on its behalf by:

M Ball
Director

Company registration number: 02035315

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 1 July 2018		5.4	30.8	362.6	338.1	736.9	-	736.9
Comprehensive income								
(Loss) for the year		-	-	-	(29.2)	(29.2)	0.1	(29.1)
Other comprehensive income / (expense)								
Cash flow hedges		-	-	(1.2)	-	(1.2)	-	(1.2)
Taxation on cash flow hedges		-	-	0.1	-	0.1	-	0.1
Long term incentive plan charge		-	-	-	(0.4)	(0.4)		(0.4)
Currency translation differences	21	-	-	3.5	-	3.5	-	3.5
Actuarial losses on defined benefit pension scheme	17	-	-	-	(2.5)	(2.5)		(2.5)
Taxation on items taken directly to other comprehensive income	4	-	-	-	0.5	0.5	-	0.5
Total other comprehensive income / (expense)		-	-	2.4	(2.4)	-	-	-
Total comprehensive income / (expense)		-	-	2.4	(31.6)	(29.2)	0.1	(29.1)
Balance at 30 June 2019		5.4	30.8	365.0	306.5	707.7	0.1	707.8
Impact of adoption of IFRS 16		-	-	-	2.7	2.7		2.7
Comprehensive (expense) / income								
(Loss) for the year		-	-	-	(234.1)	(234.1)	-	(234.1)
Other comprehensive income / (expense)						-		-
Cash flow hedges		-	-	(1.8)	-	(1.8)	-	(1.8)
Taxation on cash flow hedges		-	-	0.2	-	0.2	-	0.2
Long term incentive plan charge					(1.6)	(1.6)		(1.6)
Currency translation differences	21	-	-	0.5	-	0.5	-	0.5
Actuarial gains on defined benefit pension scheme	17	-	-	-	4.8	4.8	-	4.8
Taxation on items taken directly to other comprehensive income	19	-	-	-	-	-	-	-
Total other comprehensive income / (expense)		-	-	(1.1)	3.2	2.1	-	2.1
Total comprehensive (expense)		-	-	(1.1)	(228.2)	(229.3)	-	(229.3)
Balance at 28 June 2020		**5.4**	**30.8**	**363.9**	**78.3**	**478.4**	**0.1**	**478.5**

The notes on pages 16 to 45 form an integral part of these financial statements.

Company statement of changes in equity

	Note	Share capital £m	Share premium account £m	Other reserves £m	Retained earnings £m	Total equity £m
				Attributable to owners of the parent company		
Balance at 1 July 2018		5.4	30.8	391.4	178.1	605.7
Comprehensive income						
Profit for the year		-	-	-	22.5	22.5
Other comprehensive income / (expense)						
Cash flow hedges		-	-	(1.0)	-	(1.0)
Taxation on cash flow hedges		-	-	0.2	-	0.2
Long term incentive plan charge					(0.7)	(0.7)
Arising on Business Combinations under common control					1.7	1.7
Actuarial gains on defined benefit pension scheme	17	-	-	-	0.1	0.1
Taxation on items taken directly to other comprehensive income	19	-	-	-	-	-
Total other comprehensive income / (expense)		-	-	(0.8)	1.1	0.3
Total comprehensive income / (expense)		-	-	(0.8)	23.6	22.8
Balance at 30 June 2019		5.4	30.8	390.6	201.7	628.5
Comprehensive income						
Loss for the year		-	-	-	(41.6)	(41.6)
Other comprehensive income / (expense)						
Cash flow hedges		-	-	(1.2)	-	(1.2)
Taxation on cash flow hedges		-	-	0.2	-	0.2
Long term incentive plan charge		-	-	-	(1.1)	(1.1)
Actuarial gains on defined benefit pension scheme	17	-	-	-	8.1	8.1
Taxation on items taken directly to other comprehensive income	19	-	-	-	(0.5)	(0.5)
Total other comprehensive income/ (expense)		-	-	(1.0)	6.5	5.5
Total comprehensive (expense) income		-	-	(1.0)	(35.1)	(36.1)
Balance at 28 June 2020		**5.4**	**30.8**	**389.6**	**166.6**	**592.4**

The notes on pages 16 to 45 form an integral part of these financial statements.

Consolidated statement of cash flows

For the year ended 28 June 2020

	Note	For the year ended 28 June 2020 £m	For the year ended 28 June 2020 £m	For the year ended 30 June 2019 £m	For the year ended 30 June 2019 £m
Cash flows from operating activities					
Cash generated from operations	22		14.2		147.1
Analysed as:					
Cash generated from operations before exceptional items			82.9		207.0
Exceptional items			(68.7)		(59.9)
Interest paid			(2.6)		(5.5)
Income tax paid			-		(5.9)
Net cash generated from operating activities			11.6		135.7
Cash flows from / (used in) investing activities					
Purchase of property, plant and equipment		(91.1)		(67.3)	
Purchase of intangible assets		(32.7)		(29.8)	
Sale of property, plant and equipment		6.5		6.5	
Sale of interest in subsidiary, net of cash transferred		-		0.3	
Acquisition of subsidiaries, net of cash acquired	23 (iii)	-		(0.3)	
Net cash used in investing activities			(117.3)		(90.6)
Cash flows from / (used in) financing activities					
Proceeds from external borrowing		600.0		-	
Payments to parent undertakings		(243.5)		(59.6)	
Payments from related undertakings		28.5		6.6	
Lease capital repayments		(57.9)		(20.6)	
Net cash from / (used in)financing activities			327.1		(73.6)
Net increase / (decrease) in cash and cash equivalents			221.4		(28.5)
Cash and cash equivalents at 1 July 2019 / 1 July 2018	12		91.1		119.3
Effects of exchange rate changes			-		0.3
Cash and cash equivalents at 28 June 2020 / 30 June 2019	12		312.5		91.1

The notes on pages 16 to 45 form an integral part of these financial statements.

Company statement of cash flows

For the year ended 28 June 2020

	Note	For the year ended 28 June 2020 £m	For the year ended 28 June 2020 £m	For the year ended 30 June 2019 £m	For the year ended 30 June 2019 £m
Cash flows from operating activities					
Cash generated from operations	22		**6.7**		97.2
Analysed as:					
Cash generated from operations before exceptional items			**18.4**		115.1
Exceptional items			**(11.7)**		(17.9)
Interest paid			**(4.1)**		(0.4)
Net cash generated from operating activities			**2.6**		96.8
Cash flows from / (used in) investing activities					
Purchase of property, plant and equipment		**(29.4)**		(21.4)	
Purchase of intangible assets		**(9.0)**		(5.0)	
Sale of property, plant and equipment and intangible assets		**1.3**		2.1	
Proceeds from sale of business under Common control		**-**		1.7	
Net cash used in investing activities			**(37.1)**		(22.6)
Cash flows from / (used in) financing activities					
Capital contribution to subsidiary company		**-**		(22.0)	
Payments (to) / from parent undertakings		**(323.7)**		(89.0)	
Payments (to) / from related undertakings		**3.2**		(0.2)	
Loans from / (to) group undertakings				19.8	
Payments (to) group undertakings		**17.5**		(9.3)	
Proceeds from external borrowings		**600.0**			
Lease capital repayments		**(17.2)**		(7.1)	
Net cash (used in) / from financing activities			**279.8**		(107.8)
Net increase / (decrease) in cash and cash equivalents			**245.3**		(33.6)
Cash and cash equivalents at 1 July 2019 / 1 July 2018	12		**19.1**		52.7
Cash and cash equivalents at 28 June 2020 / 30 June 2019	12		**264.4**		19.1

The notes on pages 16 to 45 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 28 June 2020. These financial statements were authorised for issue by the Board of Directors on 18 December 2020. 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 as adopted by the European Union (IFRSs as adopted by the EU), IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

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

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 immediate impact of Covid-19 has seen a substantial decrease in our operating volumes with much of our customer base subject to Government enforced closure in March 2020. We have taken steps to reduce outgoings and to utilise various Government Job Retention Scheme grants and initiatives to furlough staff where appropriate. Capital expenditure projects have been deferred and the Company and Group is taking a prudent and vigilant approach on all expenditure. Our business continues to service customers and where possible we have shifted our business model to expand our customer base to the domestic and retail sectors in order to offset some of the loss of revenue, utilise our fleet and leverage stock in our networks. The Company and Group are actively looking to expand their customer reach to domestic supply through the existing distribution networks and in the UK to generate income from supplying our distribution services to Government Agencies.

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 $US1,300m. As of 18 December 2020 there are no drawings on this facility.

Effective May 4, 2020 The Company established a commercial paper program for the purpose of issuing short-term, unsecured Sterling-denominated notes that are eligible for purchase under the Joint HM Treasury and Bank of England Covid Corporate Financing Facility in an aggregate amount not to exceed £600.0 million. The Company has borrowed £600 million through the issuance of notes pursuant to the program on the following terms:

Issue Date	Amount £m	Interest rate	Maturity Date
07/05/2020	300.0	0.468%	17/03/2021
03/06/2020	100.0	0.435%	12/04/2021
11/06/2020	100.0	0.454%	26/04/2021
17/06/2020	100.0	0.433%	07/05/2021

In light of the impact of Covid-19 is expected to have on the cashflows and operations of the Company, 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 at least through to 30 June 2022. The Directors are satisfied that the ultimate parent undertaking Sysco Corporation has the ability to provide this support, should it be required. In reaching this conclusion they considered the strategies that Sysco Corporation has put in place to manage its operations including; taking cost out of the business by adjusting variable expenses and certain fixed costs to account for volume declines, reducing the workforce through the implementation of hiring freezes, furloughs and other headcount reductions, and other operational efficiencies. It has also strengthened its liquidity position in response to the Covid-19 pandemic. They include: a significant reduction in capital expenditure; suspension of the share repurchase program; drawing down $US 0.7 billion under its revolving credit facility; and issuing $US4 billion of new debt. 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 continued parental support, the Directors deem it appropriate to prepare the financial statements on the going concern basis.

Changes in accounting policies and disclosures
New and amended standards and interpretations.
During the period the Company adopted the following new standards and interpretations

IFRS 16 Leases
IFRIC 23 Uncertainty over tax treatments (not yet endorsed by the EU; effective for periods beginning on or after 1 January 2019);
Annual Improvements 2015-2017 Cycle (issued in December 2017). These improvements include;
- IAS 12 Income Taxes
- IAS 23 Borrowing Costs

With the exception of IFRS 16, the Directors do not anticipate that the adoption of these new standards and interpretations will have a material impact on the Company's financial statements in the period of initial application. The impact of adopting IFRS 16 is set out below.

Notes to the financial statements

1. Accounting policies (continued)

Impact of new standard adopted - IFRS 16 Leases

The Company and Group has adopted IFRS 16 'Leases' in the year ended 28 June 2020 using the modified retrospective approach and measured the initial right-of-use assets at an amount equal to lease liabilities on 1 July 2019. Comparative period information was not restated.

The details of the changes in accounting policies are described below:

As a Lessee

At contract inception the Group assesses whether the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Non-lease components identified in a contract should be accounted separately. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The contract involves the use of an identified asset
- The Group has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and
- The Group has the right to direct the use of the asset

The Group applied the above definition to all new leases entered into during the year-ended 28 June 2020 and continues to assess changes to lease terms for compliance.

The Group's lease portfolio consists mainly of the following:

- Property leases for depots, warehouses and other corporate buildings
- Fleet leases for delivery trucks
- Company cars for employees
- Various plant and machinery used in depots and warehouses

On transition to IFRS 16 lease liabilities are measured at the present value of the remaining lease payments (including reasonably certain options to purchase the asset if applicable), discounted at the respective incremental borrowing rates by asset as at 30 June 2019. Right-of-use assets are measured at an amount equal to the lease liabilities adjusted for prepaid or accrued lease payments. The Group depreciates right-of-use assets over the lease term.

At contract inception the Company determines the lease term for each asset. Certain lease contracts have extension and termination clauses which will impact the lease term. In determining the lease term management considers all the facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. The majority of extension and termination options are exercisable only by the Company and not by the lessor. At lease inception management generally doesn't deem it reasonable certain that any early termination clauses will be exercised and therefore these are not considered when determining the lease term. For lease extensions, these are only factored into the lease term if management is reasonably certain to exercise this option at inception date. Management continually reassesses, and revises lease terms based on new information where applicable.

The impact of applying IFRS 16 using the modified retrospective approach on 1 July 2019 is as follows:

- Recognition of lease liabilities of £357.9m
- Recognition of right-of-use assets of £374.6m

The weighted average incremental borrowing rate applied to lease liabilities recognised on 1 July 2019 was 2.14%.

The Company elected to apply the following practical expedients and exemptions as permitted under IFRS 16:

- Not to reassess whether a pre-adoption lease contract is, or contains a lease at the date of initial application
- Not to separate out non-lease components for new vehicle leases and account for these separately
- Apply a single discount rate to a portfolio of assets with similar characteristics
- Exclude initial direct costs from the measurement of right-of-use assets at the adoption date.
- Used hindsight when determining lease terms
- Short-term leases, 12 months or less are accounted for in profit and loss
- Low-value leases, assets less than £5,000, are accounted for in profit and loss

As a Lessor

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as an expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet. The Group did not need to make any adjustments to the accounting for assets held as a lessor because of adopting IFRS 16.

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.

(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.

Notes to the financial statements
1. Accounting policies (continued)

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.

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.

Notes to the financial statements

1. Accounting policies (continued)

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.

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.

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.

Notes to the financial statements
1. Accounting policies (continued)

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 1.14 (2019: 1.13) and 12.14 (2019: 11.84) respectively and the statements of financial position are translated at the exchange rates ruling at the date of the statements of financial position being 1.10 (2019: 1.12) for Euros and 11.57 (2019: 11.78) for Swedish Krona. On consolidation, exchange differences arising from the translation of the net investment in foreign subsidiaries, and of borrowings designated as hedges of such investments, are taken to shareholders' equity. These exchange differences are disclosed as a separate component of shareholders' equity within other reserves.

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

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

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

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

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

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

Notes to the financial statements

1. Accounting policies (continued)

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.

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 and interest rate caps to manage the interest rate risk on interest payments. The Group does not use derivative financial instruments for speculative purposes.

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

- hedges of a particular risk associated with a recognised asset or liability or a highly probable forecasted transaction (cash flow hedge)
- hedges of a net investment in a foreign operation (net investment hedge).

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

The fair value of derivative instruments used for hedging purposes are disclosed in note 16 (b). Movements on the hedging reserve in shareholders' equity are shown in note 22. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than one year and as a current asset or liability when the remaining maturity of the hedged item is less than one year.

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

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

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

(b) Net investment hedge
Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges.

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

Share capital
Where the Company issues shares or other financial instruments, these financial instruments are classified as a financial liability, financial asset or equity according to the substance of the contractual arrangement, or its component parts. Incremental costs directly attributable to the issue of new shares are shown in the same respective category to which the costs relate. Dividends or interest arising on such financial instruments are recognised according to the classification of the financial instrument.

Share based payments
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, BCED and Sweden there is no impairment because they have headroom of recoverable amounts in excess of carrying values and it is considered that there are no reasonably possible changes in key assumptions which would cause the carrying amount of brands and customer contracts and relationships to exceed the value-in-use.

(c) Employee benefits – defined pension obligation
One of the key assumptions used in determining the valuation at 28 June 2020 is the UK discount rate of 1.6%. Whilst the directors consider that the adoption of a 1.6% discount rate is appropriate if the rate used had been 0.2% higher or lower the retirement benefit obligation would have been approximately £9.9m 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 £12.6m higher or lower.

Notes to the financial statements

1. Accounting policies (continued)

(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 £2.0m (2019:£2.0m) is recognised in respect of certain UK tax losses. The key assumption used in recognition of this asset is based upon a track record of generating taxable profits over the past five years and management's forecasts for taxable profits for the next five years, and the assumption that the losses will be available for utilisation. If the tax losses were subsequently found not to be available for utilisation against taxable profits then the deferred tax asset would no longer be recognised and there would be a charge of £2.0m (2019: £2.0m) 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 28 June 2020 £m	For the year ended 30 June 2019 £m
Revenue - products	3,501.2	4,280.7
Direct purchase cost	(2,649.6)	(3,223.7)
Trading profit	851.6	1,057.0
Distribution and selling costs	(721.4)	(797.4)
Gross profit	130.2	259.6
Administrative expenses	(130.9)	(167.8)
Exceptional items (see below)	(160.5)	(92.8)
Amortisation of intangible assets	(63.6)	(19.1)
Total administrative expenses	(355.0)	(279.7)
Group operating (loss)	(224.8)	(20.1)

The Group operating (loss) is all derived from continuing operations.

The Group's revenue primarily comprises of sales to customers within the United Kingdom (including the Republic of Ireland) amounting to £1,991.2m (2019: £2,420.5m), within Continental Europe (as Brakes Continental Europe Division - "BCED") amounting to £998.4 m (2019: £1,293.2m) and Sweden amounting to £511.6m (2019: £567.0m). The Revenue by product line is as follows:

	For the year ended 28 June 2020 £m	For the year ended 30 June 2019 £m
Healthcare and Hospitality	101.3	141.0
Dairy Products	356.1	450.3
Meats	448.2	572.0
Seafood	156.9	360.3
Poultry	110.3	145.4
Frozen	902.1	991.0
Canned and Dry	592.0	747.3
Paper and Disposables	3.4	10.7
Chemical and Janitorial	0.5	2.7
Supply and Equipment	101.2	98.4
Produce	338.8	418.0
Dispenser Beverage	240.5	310.7
Consumer sales	99.8	-
Alcohol	19.8	9.0
Intercompany sales to other Sysco Companies	15.4	0.2
Other income	16.9	23.6
Total	3,501.2	4,280.7

Profit on ordinary activities before taxation is arrived at after charging:	For the year ended 28 June 2020 £m	For the year ended 30 June 2019 £m
Employment costs (note 24)	503.7	578.1
Inventories		
- cost of inventories recognised as an expense (included in direct purchase cost)	2,634.8	3,216.0
- write downs and losses incurred in the year / period	14.8	7.7
Amortisation of intangible assets	63.6	19.1
Depreciation of property, plant and equipment		
- owned assets	41.3	40.7
- Right-of-use assets	66.2	15.4
Loss on sale of property, plant and equipment	7.7	11.0
Other operating lease rentals payable		
- plant and machinery	-	20.2
- property	-	35.6
Repairs and maintenance expenditure on property, plant and equipment	39.4	41.1
Trade receivables impairment (note 11)	51.4	6.3
Exceptional items		
- Restructuring of the UK distribution network	11.8	7.0
- Other UK (including ROI) restructuring costs and other costs	27.9	17.3
- Impairment of goodwill	-	14.0
- BCED restructuring and other costs	77.8	53.3
- Menigo Foodservice AB restructuring costs and other costs	0.5	1.2
- Covid-19	42.5	
Total exceptional items	160.5	92.8

Restructuring of the UK distribution network
The Group has undergone significant a strategic reorganisation programme across the UK and European operations which was initiated in 2012 and largely concluded in 2020.The programme involves a substantial overhaul of the distribution network and restructuring of the information systems' infrastructure amongst other smaller projects. The Group has incurred significant costs on dedicated teams recruited to manage the programme implementation and transitional dual running costs incurred during the course of transferring volumes from closing sites to new sites and associated provision for onerous contracts and other liabilities. These costs will cease to be incurred upon the conclusion of the programme.

Other UK (including ROI) restructuring and other costs
In 2020 in response to challenging trading conditions as a result of Covid-19 the group announced a series of further restructuring plans to close various sites and streamline trading operations. These costs relate primarily to redundancy costs and costs associated with the closure of sites. In 2019 the £17.3m of costs primarily related to the closure of a site in Dublin and the integration of UK businesses.

Notes to the financial statements

2. Revenue and operating profit (continued)

Impairment of goodwill
In 2019 the impairment review of M&J Seafood Limited, a subsidiary company which is a cash generating unit within the UK business segment, identified that an impairment loss of £14.0m had arisen during the year. The impairment loss arose following a reduction in expected future cash flows determined in carrying out the impairment review.

BCED restructuring costs
BCED incurred restructuring costs in relation to the operational merger of various operations through France. In addition, costs were incurred in respect of the write-off of legacy IT projects and site closures.

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

Covid-19
The Group has also incurred significant costs in respect of the Covid-19 pandemic. These costs primarily related to bad debt provisions established in light of the significant impact of the pandemic on our assessment of recoverability of trade and other receivables.

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

Fees payable to the Company's auditor for the audit of the parent company amounted to £0.1m (2019: £0.1m). Fees payable to the Company's auditor and its associates for other services are detailed as follows:

Other services:	For the year ended 28 June 2020 £m	For the year ended 30 June 2019 £m
The audit of the Company's parent and subsidiary undertakings	1.2	0.8
Other non-audit services	0.5	0.1
	1.7	0.9

3. Finance costs - net

	For the year ended 28 June 2020 £m	For the year ended 30 June 2019 £m
Finance costs:		
Other loans and charges	(2.5)	(2.1)
Loans from parent undertakings	(9.5)	(9.1)
Lease obligations	(8.7)	(3.7)
Net interest on net defined benefit liability (note 17)	(2.1)	(2.7)
Total finance costs	(22.8)	(17.6)
Finance income:		
Interest income on short term deposits	0.1	0.3
Other interest income	0.3	0.1
Loans to parent undertakings	12.6	12.5
Total finance income	13.0	12.9
Finance costs - net	(9.8)	(4.7)

4. Income tax charge

Taxation is based on the profit for the year / period and comprises:	For the year ended 28 June 2020 £m	For the year ended 30 June 2019 £m
Current tax		
- current year / period group relief	7.0	4.6
- adjustments in respect of previous periods	0.0	(0.3)
- overseas taxation	(5.1)	5.2
Deferred taxation		
- origination and reversal of temporary differences	2.3	2.5
- overseas deferred taxation	(5.8)	(7.7)
Income tax (credit) / charge	(1.6)	4.3

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

	For the year ended 28 June 2020 £m	For the year ended 30 June 2019 £m
(Loss) on ordinary activities before tax	(234.6)	(24.8)
At 19.00% (2019: 19.00%)	(44.6)	(4.7)
Effects of:		
Adjustments to tax charge in respect of previous periods	-	(0.3)
Adjustments to deferred tax charge in respect of previous periods	-	-
Tax losses not giving rise to current period relief	2.5	-
Re-measurement of deferred tax - change in the UK tax rate	1.0	-
Expenses not deductible for tax purposes and other adjustments	39.4	9.3
Tax charge	(1.6)	4.3

The main UK corporation tax rate reduced from 20% to the current rate of 19% on 1 April 2017. The Finance Act 2016 included legislation that would reduce the tax rate further to 17% from 1 April 2020. This rate was enacted when The Finance Act 2016 received Royal Assent on 15 September 2016. In his Budget speech on 11 March 2020 the Chancellor announced the cancellation of the reduction in the main UK corporation tax rate to 17%. As such, the main UK corporation tax rate will remain at 19% from 1 April 2020.

Notes to the financial statements

4. Income tax charge (continued)

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

	For the year ended 28 June 2020 £m	For the year ended 30 June 2019 £m
Current tax		
Items that will not be reclassified to profit or loss:		
Overseas taxation (credit) / charge on retirement benefit obligation	-	(0.5)
Deferred tax		
Items that will not be reclassified to profit or loss:		
Deferred tax charge on retirement benefit obligation actuarial gains and losses	-	-
Items that may not be reclassified to profit or loss:		
Deferred tax (credit) / charge on cash flow hedges (see note 19)	(0.2)	(0.1)
	(0.2)	(0.6)

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 loss for the financial year amounted to £41.6m (2019: £22.5m profit).

6. Goodwill

	Group £m	Company £m
Cost and net book value		
At 1 July 2019	188.3	28.2
Exchange adjustment	2.9	-
At 28 June 2020	191.2	28.2

	Group £m	Company £m
Cost and net book value		
At 1 July 2018	201.3	28.2
Exchange adjustment	0.3	-
Impairment during the year	(14.0)	
Disposal of subsidiary	(0.1)	
Adjustment to Prior period acquisitions	0.5	
Acquisition of subsidiaries (note 23)	0.3	-
At 30 June 2019	188.3	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:

	At 28 June 2020 £m	At 30 June 2019 £m
UK and Ireland	114.5	114.5
BCED	44.9	43.9
Sweden	31.8	29.9
Cost and net book value	191.2	188.3

In the UK and Ireland segment the core foodservice CGUs comprises Broadline, Country Choice, M&J Seafood, Freshfayre, Ireland and Fresh Direct. In BCED it principally comprises the trading 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 £59.8m (2019: £59.8m) for Broadline (including Country Choice), £4.8m for M&J (2019: £4.8m), £36.3m (2019: £36.3m) for Fresh Direct and £13.7m (2019: £13.7m) for Kent Frozen Foods.

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% (2019: 3.0%) for all CGUs in the UK and Ireland, 3.0% (2019: 3.0%) in BCED and 3.5% (2019: 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 of 8.5% (2019: 9.0%) in the UK and Ireland, 9.3% (2019: 10.4%) in BCED and 8.5% (2019: 11.6%) in Sweden. The directors have concluded that there is no impairment because there is a headroom of recoverable amounts in excess of carrying values.

In 2019 the impairment review of M&J Seafood Limited, a subsidiary company which is a CGU within the Broadline business segment, identified that an impairment loss of £14.0m had arisen during 2019. The impairment loss arose following a reduction in expected future cash flows determined in carrying out the impairment review. The recoverable amount for the CGU has been measured on a value-in-use calculation. A pre-tax discount rate of 10.7% was used in the value-in-use calculation.

Notes to the financial statements

7. Intangible Assets

Group	Brands £m	Customer contracts and relationships £m	Computer software £m	Total £m
Cost				
At 1 July 2019	28.3	58.5	178.0	264.8
Exchange adjustment	0.2	0.1	1.4	1.7
Additions	-	0.5	32.2	32.7
Disposals	-	(6.5)	(8.9)	(15.4)
At 28 June 2020	**28.5**	**52.6**	**202.7**	**283.8**
Accumulated amortisation				
At 1 July 2019	7.6	29.9	105.2	142.7
Exchange adjustment	-	-	0.8	0.8
Charge for the year	1.8	4.7	57.1	63.6
Disposals	-	(6.5)	(2.2)	(8.7)
At 28 June 2020	**9.4**	**28.1**	**160.9**	**198.4**
Net book value at 28 June 2020	**19.1**	**24.5**	**41.8**	**85.4**

Group	Brands £m	Customer contracts and relationships £m	Computer software £m	Total £m
Cost				
At 1 July 2018	28.5	59.0	159.6	247.1
Exchange adjustment	0.1	-	1.0	1.1
Reclassification	-	-	1.3	1.3
Acquisition of subsidiaries (note 23)	(0.3)	(0.5)	-	(0.8)
Additions	-	-	29.8	29.8
Disposals	-	-	(13.7)	(13.7)
At 30 June 2019	28.3	58.5	178.0	264.8
Accumulated amortisation				
At 1 July 2018	5.9	25.1	98.5	129.5
Exchange adjustment	-	-	0.3	0.3
Charge for the year	1.7	4.8	12.6	19.1
Disposals	-	-	(6.2)	(6.2)
At 30 June 2019	7.6	29.9	105.2	142.7
Net book value at 30 June 2019	20.7	28.6	72.8	122.1

Company	Brands £m	Customer contracts and relationships £m	Computer software £m	Total £m
Cost				
At 1 July 2019	2.2	6.4	78.0	86.6
Additions	-	-	9.0	9.0
Disposals	-	(6.4)	(7.5)	(13.9)
At 28 June 2020	**2.2**	**-**	**79.5**	**81.7**
Accumulated amortisation				
At 1 July 2019	0.9	6.4	58.6	65.9
Charge for the year	0.1	-	5.4	5.5
Disposals	-	(6.4)	(2.9)	(9.3)
At 28 June 2020	**1.0**	**-**	**61.1**	**62.1**
Net book value at 28 June 2020	**1.2**	**-**	**18.4**	**19.6**

Company	Brands £m	Customer contracts and relationships £m	Computer software £m	Total £m
Cost				
At 1 July 2018	2.2	6.4	86.0	94.6
Additions	-	-	5.0	5.0
Reclassification	-	-	(0.3)	(0.3)
Disposals	-	-	(12.7)	(12.7)
At 30 June 2019	2.2	6.4	78.0	86.6
Accumulated amortisation				
At 1 July 2018	0.8	6.4	63.4	70.6
Charge for the period	0.1	-	7.1	7.2
Reclassification	-	-	(0.3)	(0.3)
Disposals	-	-	(11.6)	(11.6)
At 30 June 2019	0.9	6.4	58.6	65.9
Net book value at 30 June 2019	1.3	-	19.4	20.7

Notes to the financial statements

8 (a). Property, plant and equipment

Group	Land and buildings £m	Motor vehicles £m	Plant and equipment £m	Information technology hardware £m	Total £m
Cost					
At 1 July 2019	277.0	215.8	186.7	42.6	722.1
Exchange adjustments	2.9	1.2	1.5	0.2	5.8
On Adoption of IFRS 16	260.6	(8.0)	4.1	(5.5)	251.2
Additions	27.4	23.7	34.9	5.2	91.2
Disposals	(9.0)	(15.1)	(16.1)	(1.5)	(41.7)
At 28 June 2020	558.9	217.6	211.1	41.0	1,028.6
Accumulated depreciation					
At 1 July 2019	94.3	95.0	112.4	27.2	328.9
Exchange adjustment	0.9	0.5	0.7	0.2	2.3
On Adoption of IFRS 16	2.1	(42.3)	0.1	(3.1)	(43.2)
Charge for the year	46.0	37.7	18.1	5.7	107.5
Disposals	(4.6)	(13.7)	(14.4)	(1.5)	(34.2)
At 28 June 2020	138.7	77.2	116.9	28.5	361.3
Net book value at 28 June 2020	420.2	140.4	94.2	12.5	667.3

Group	Land and buildings £m	Motor vehicles £m	Plant and equipment £m	Information technology hardware £m	Total £m
Cost					
At 1 July 2018	248.9	208.2	184.0	55.6	696.7
Exchange adjustments	2.3	0.8	1.0	0.1	4.2
Reclassification	0.6	0.7	0.2	(2.8)	(1.3)
Acquisition of subsidiaries (note 23)	-	-	0.1	-	0.1
Additions	28.4	34.9	15.8	8.2	87.3
Disposals	(3.2)	(28.8)	(14.4)	(18.5)	(64.9)
At 30 June 2019	277.0	215.8	186.7	42.6	722.1
Accumulated depreciation					
At 1 July 2018	87.0	89.3	110.9	38.5	325.7
Exchange adjustment	0.7	0.3	0.5	0.1	1.6
Charge for the year	9.7	26.9	14.9	4.6	56.1
Disposals	(3.1)	(21.5)	(13.9)	(16.0)	(54.5)
At 30 June 2019	94.3	95.0	112.4	27.2	328.9
Net book value at 30 June 2019	182.7	120.8	74.3	15.4	393.2

Land and buildings comprise:

	At 28 June 2020 £m	At 30 June 2019 £m
Cost		
Freehold	232.7	201.2
Long leasehold	59.7	14.0
Short leasehold	266.5	61.8
	558.9	277.0
Accumulated depreciation		
Freehold	81.4	67.5
Long leasehold	20.7	5.2
Short leasehold	36.6	21.6
	138.7	94.3

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 1 July 2019	262.1	94.6	9.2	365.9
Additions to right-of-use assets	5.0	6.1	2.4	13.5
Depreciation	(37.2)	(25.1)	(3.9)	(66.2)
Balance at 28 June 2020	229.9	75.6	7.7	313.2

Notes to the financial statements

8 (a). Property, plant and equipment (continued)

Company	Land and buildings £m	Motor vehicles £m	Plant and equipment £m	Information technology hardware £m	Total £m
Cost					
At 1 July 2019	82.8	133.6	78.6	24.4	319.4
Impact of adoption of IFRS 16	153.7	(9.4)	0.2	(2.8)	141.7
Additions	7.1	11.6	9.6	1.1	29.4
Disposals	-	(4.7)	(12.1)	(0.3)	(17.1)
At 28 June 2020	**243.6**	**131.1**	**76.3**	**22.4**	**473.4**
Accumulated depreciation					
At 1 July 2019	30.1	61.5	54.2	17.1	162.9
Impact of adoption of IFRS 16	1.6	(11.3)	-	(2.9)	(12.6)
Charge for the year	18.2	15.3	6.1	3.8	43.4
Disposals	-	(10.8)	(4.7)	(0.3)	(15.8)
At 28 June 2020	**49.9**	**54.7**	**55.6**	**17.7**	**177.9**
Net book value at 28 June 2020	**193.7**	**76.4**	**20.7**	**4.7**	**295.5**

Company	Land and buildings £m	Motor vehicles £m	Plant and equipment £m	Information technology hardware £m	Total £m
Cost					
At 1 July 2018	83.8	127.2	85.0	38.1	334.1
Additions	1.6	18.4	5.0	0.9	25.9
Disposals	(2.6)	(12.0)	(11.4)	(14.6)	(40.6)
At 30 June 2019	82.8	133.6	78.6	24.4	319.4
Accumulated depreciation					
At 1 July 2018	29.9	57.8	59.8	27.7	175.2
Charge for the year	2.7	13.6	5.7	4.0	26.0
Disposals	(2.5)	(9.9)	(11.3)	(14.6)	(38.3)
At 30 June 2019	30.1	61.5	54.2	17.1	162.9
Net book value at 30 June 2019	52.7	72.1	24.4	7.3	156.5

Land and buildings comprise:

	At 28 June 2020 £m	At 30 June 2019 £m
Cost		
Freehold	18.5	18.4
Long leasehold	15.5	13.8
Short leasehold	209.6	50.6
	243.6	82.8
Accumulated depreciation		
Freehold	6.9	8.5
Long leasehold	5.8	5.4
Short leasehold	37.2	16.2
	49.9	30.1

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	Motor Vehicles	Plant and equipment	Information technology hardware	Total Right of Use assets
	£m	£m	£m	£m	£m
Balance 1 July 2019	155.0	14.3	0.2	1.6	171.1
Additions to right-of-use assets	3.7	3.2	-	-	6.9
Depreciation	(17.0)	(4.5)	(0.1)	(1.0)	(22.6)
Balance at 28 June 2020	141.7	13	0.1	0.6	154.8

9. Investments in subsidiaries

	Investment in subsidiary undertakings (equity)			
	At cost	Provision	Write down	Net book value
Company	£m	£m	£m	£m
At 1 July 2019	475.3	(6.2)	(54.3)	414.8
At 28 June 2020	**475.3**	**(6.2)**	**(54.3)**	**414.8**

	At cost	Provision	Write down	Net book value
Company	£m	£m	£m	£m
At 1 July 2018	453.3	(6.2)	(54.3)	392.8
Capital Contribution during the period	22.1	-	-	22.1
Purchase price adjustment for prior period acquisition	(0.1)	-	-	(0.1)
At 30 June 2019	475.3	(6.2)	(54.3)	414.8

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

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

The subsidiary undertakings at 28 June 2020 are listed as follows:

Name of Company	Country of Incorporation	Percentage interest held	Operating in:
Trading subsidiary undertakings:			
Freshfayre Limited	England and Wales	100.00%	United Kingdom
Kent Frozen Foods Limited	England and Wales	100.00%	United Kingdom
Brakes Foodservice NI Limited	Northern Ireland	100.00%	United Kingdom
Menigo Foodservice AB	Sweden	100.00%	Sweden
Other group undertakings:			
Brake Bros Foodservice Limited	England and Wales	100.00%	United Kingdom
Cucina French Holdings Limited	England and Wales	100.00%	United Kingdom
Sysco France Holding SAS	France	54.08%	France
Victua SAS	France	100.00%	France
Cucina Fresh Investments Limited	England and Wales	49.00%	United Kingdom
Dormant subsidiary undertakings:			
Stockflag Limited	England and Wales	100.00%	United Kingdom

The group undertakings at 28 June 2020 are listed as follows:

Name of Company	Country of Incorporation	Percentage interest held	Operating in:
Trading group undertakings:			
M&J Seafood Limited	England and Wales	100.00%	United Kingdom
Pauleys Produce Limited	England and Wales	100.00%	United Kingdom
Fresh Direct (UK) Limited	England and Wales	100.00%	United Kingdom
Servicestyckarna i Johanneshov AB	Sweden	100.00%	Sweden
Isakssons Frukt & Grönt AB	Sweden	100.00%	Sweden
Fruktserice i Helsingborg AB	Sweden	100.00%	Sweden
Clafra AB	Sweden	100.00%	Sweden
EKO Fågel fisk och mittemellan AB	*Sweden*	*80.00%*	*Sweden*
Sysco France SAS	France	100.00%	France
Les Ateliers du Gout	France	100.00%	France
Davigel Espana S.A.	Spain	100.00%	Spain
Davigel Belgilux SA	Belgium	100.00%	Belgium
Other group undertakings:			
M&J Seafood Holdings Limited	England and Wales	100.00%	United Kingdom
Cucina Fresh Finance Limited	England and Wales	100.00%	United Kingdom
Fresh Direct Group Limited	England and Wales	100.00%	United Kingdom
Fresh Holdings Limited	England and Wales	100.00%	United Kingdom
Fresh Direct Limited	England and Wales	100.00%	United Kingdom
Brake France Développement	France	100.00%	France
SCI Bianchi Montegut	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
Other group undertakings (dormant):			
Wild Harvest Limited	England and Wales	100.00%	United Kingdom

During the year the following group undertakings were either dissolved or ceased to exist:
Fresh Direct Local (Cambridgeshire) Limited
Fresh Direct Local (Scotland) Limited
Fresh Direct Local (London) Limited
Brake France Développement

10. Inventories

	Group		Company	
	At 28 June 2020	At 30 June 2019	At 28 June 2020	At 30 June 2019
	£m	£m	£m	£m
Raw materials and consumables	20.9	14.5	1.2	1.0
Finished goods and goods for resale	189.3	224.9	74.6	95.1
	210.2	239.4	75.8	96.1

11. Trade and other receivables

	Group		Company	
	At 28 June 2020	At 30 June 2019	At 28 June 2020	At 30 June 2019
	£m	£m	£m	£m
Trade receivables	233.4	368.7	106.8	161.0
Less: provision for impairment of receivables	(56.6)	(11.9)	(34.0)	(3.6)
Trade receivables - net	176.8	356.8	72.8	157.4
Amounts owed by group undertakings	-	-	101.9	122.3
Amounts owed by parent undertakings	520.2	168.4	480.0	156.8
Amounts owed by related undertakings	3.2	4.5	1.3	2.5
Loans owed by parent undertakings	220.6	216.8	220.6	216.8
Loans owed by group undertakings	-	-	169.8	148.9
Other receivables	32.3	25.8	7.8	4.0
Prepayments	22.2	29.0	9.9	15.1
	975.3	801.3	1,064.1	823.8
Less non-current portion	(3.4)	(8.3)	(104.8)	-
	971.9	793.0	959.3	823.8

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

The loans owed by parent undertakings comprise two loans of £12.7m and £150.8m which accrue interest at a rate of 6.0% and another loan of £57.1m which accrues interest at 6.3%.

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 24 days (2019: 33 days). Interest at various rates may be charged on overdue trade receivables.

As of 28 June 2020, Group trade receivables of £126.3m (2019: £310.4m) and Company trade receivables of £54.5m (2019: £136.3m) were fully performing.

As of 28 June 2020, Group trade receivables of £49.7m (2019: £45.4m) and Company trade receivables of £18.3m (2019: £21.2m) were past due but not impaired. These relate to a number of customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	Group		Company	
	At 28 June 2020	At 30 June 2019	At 28 June 2020	At 30 June 2019
	£m	£m	£m	£m
Up to 3 months	29.8	38.8	16.1	21.1
3 to 6 months	19.9	6.7	2.2	-
	49.7	45.5	18.3	21.1

As of 28 June 2020, trade receivables of £57.3m (2019: £12.8m) were impaired and provided for. The amount of the provision was £56.6m as of 28 June 2020 (2019: £11.9m). 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		Company	
	At 28 June 2020	At 30 June 2019	At 28 June 2020	At 30 June 2019
	£m	£m	£m	£m
Up to 3 months	32.0	1.7	27.4	0.9
3 to 6 months	7.8	2.3	2.5	1.4
Over 6 months	17.5	8.8	4.1	1.3
	57.3	12.8	34.0	3.6

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		Company	
	At 28 June 2020	At 30 June 2019	At 28 June 2020	At 30 June 2019
	£m	£m	£m	£m
Pounds	815.4	584.7	959.3	721.1
Euros	70.8	129.8	104.8	102.7
Swedish Krona	89.1	86.8	-	-
	975.3	801.3	1,064.1	823.8

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

	Group		Company	
	For the year ended 28 June 2020	For the year ended 30 June 2019	For the year ended 28 June 2020	For the year ended 30 June 2019
	£m	£m	£m	£m
At 1 July 2019 / 1 July 2018	11.9	9.6	3.6	1.6
Exchange adjustment	0.3	0.1	-	-
Provision for receivables impairment	51.4	6.3	31.5	3.6
Receivables written off during the year as uncollectible	(7.0)	(4.1)	(1.1)	(1.6)
At 28 June 2020 / 30 June 2019	(56.6)	11.9	34.0	3.6

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

Notes to the financial statements

12. Cash and cash equivalents

	Group		Company	
	At 28 June 2020	At 30 June 2019	At 28 June 2020	At 30 June 2019
	£m	£m	£m	£m
Cash at bank and in hand	62.0	87.5	14.5	19.1
Short term bank deposits	250.5	3.6	250.0	0.0
	312.5	91.1	264.5	19.1

The effective interest rate on short term deposits was 0.2% (2019: 0.0%) and these deposits have an average maturity of 18 days (2019: 1 day). The effective interest rate on company cash at bank and in hand is 0.0% (2019 0.0%).

13. Trade and other payables

	Group		Company	
	At 28 June 2020	At 30 June 2019	At 28 June 2020	At 30 June 2019
	£m	£m	£m	£m
Trade payables	330.3	510.3	180.7	305.4
Amounts owed to parent undertakings	254.9	148.8	113.5	109.4
Amounts owed to group undertakings	-	-	143.4	133.8
Amounts owed to related undertakings	42.0	13.4	4.5	2.5
Other taxes and social security	42.6	21.9	16.4	6.0
Other payables	48.2	41.3	1.2	1.2
Accruals	84.2	104.3	41.3	54.7
	802.2	840.0	501.0	613.0

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 46 days (2019: 57 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 28 June 2020	At 30 June 2019
	£m	£m
Corporation tax - UK	-	-
Corporation tax - overseas	1.9	2.2
	1.9	2.2

	At 28 June 2020	At 30 June 2019
	£m	£m
Corporation tax assets	2.1	2.2
Corporation tax liabilities	(0.2)	-
	1.9	2.2

15. Financial liabilities - borrowings

	Group		Company	
	At 28 June 2020	At 30 June 2019	At 28 June 2020	At 30 June 2019
Current	£m	£m	£m	£m
Loans owed to parent undertakings	126.0	122.8	126.0	122.8
Loans owed to group undertakings	-	-	132.1	132.1
Bank loans	600.0	-	600.0	
Lease Liabilities	53.2	15.4	15.8	6.1
	779.2	138.2	873.9	261.0

	Group		Company	
	At 28 June 2020	At 30 June 2019	At 28 June 2020	At 30 June 2019
Non-current	£m	£m	£m	£m
Loans owed to parent undertakings	128.0	122.8	126.0	122.8
Loans owed to group undertakings	-	-	132.1	132.2
Bank loans	600.0	-	600.0	
Lease Liabilities	336.2	60.4	176.8	14.9
	1,062.2	183.2	1,034.9	269.9
Less amounts falling due within one year	(779.2)	(138.2)	(873.9)	(261.0)
	283.0	45.0	161.0	8.9

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

	Group		Company	
	At 28 June 2020	At 30 June 2019	At 28 June 2020	At 30 June 2019
	£m	£m	£m	£m
Pounds Sterling	804.9	23.2	917.2	155.4
Euros	227.2	157.8	117.7	114.5
Swedish Krona	30.1	2.2	-	-
	1,062.2	183.2	1,034.9	269.9

15. Financial liabilities - borrowings (continued)

Included within total borrowings as lease obligations as follows:

	Group		Company	
	At 28 June 2020	At 30 June 2019	At 28 June 2020	At 30 June 2019
	£m	£m	£m	£m
Current	53.2	15.4	15.8	6.1
Non Current	283.0	45.0	161.0	8.8
	336.2	60.4	176.8	14.9

The following is a reconciliation of total operating and finance lease commitments at 30 June 2019 (as disclosed in the financial statements to 30 June 2019) to the lease liabilities recognised at 1 July 2019:

	Group	Company
	£m	£m
Operating lease commitments at 30 June 2019	337.7	208.4
Adjustments to operating lease commitments	25.1	14.0
Impact of discounting	(56.7)	(49.6)
Finance lease liabilities at 30 June 2019	68.5	14.3
Lease liabilities at 1 July 2019	374.6	187.1

The total cash outflows in respect of lease obligations for the year ended 28 June 2020 was £66.6m for the group and £22.2m for the Company.
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 28 June 2020	At 30 June 2019	At 28 June 2020	At 30 June 2019
	£m	£m	£m	£m
Borrowings at floating interest rates	126.0	122.8	258.1	255.0
Fixed rate borrowings maturing:				
- within one year	653.2	15.4	615.8	6.1
- one to five years	124.5	37.9	48.3	8.8
- over five years	158.5	7.1	112.7	-
	1,062.2	183.2	1,034.9	269.9

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

	Group		Company	
	At 28 June 2020	At 30 June 2019	At 28 June 2020	At 30 June 2019
Loans owed to parent undertakings	6.0%	6.0%	6.0%	6.0%
Loans owed to group undertakings	-	-	6.0%	6.0%
Bank Loans	0.5%	-	0.5%	-

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 15 to 20) 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 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 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. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the Euro.

The Group's operations in the UK and Sweden have inventory purchases denominated in currencies other than their functional currency, such as the Euro, Polish Zloty 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. The Group's interest rate risk primarily arises from floating interest rate long term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. 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 28 June 2020		At 30 June 2019	
		Balance		Balance
Counterparty	Rating	£m	Rating	£m
Bank A	A	1.0	A	3.4
Bank B	A	119.1	A	22.7
Bank C	AA-	-	AA-	0.1
Bank D	A+	6.9	A	20.9
Bank E	A	3.9	A	3.8
Bank F	A+	154.2	A+	21.6
Bank G	AA-	11.9	AA-	11.6
Bank H	BBB+	3.0	BBB	3.0
Bank I	BBB	10.0	BBB-	2.2
Bank K	BBB+	-	BBB+	0.1
Bank N	BBB+	0.4	BBB+	0.3
Bank O	BBB	2.1	BBB	1.4
		312.5		91.1

16. Financial instruments (continued)

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

Company	At 28 June 2020		At 30 June 2019	
		Balance		Balance
Counterparty	Rating	£m	Rating	£m
Bank A	A	-	A	1.1
Bank B	A	114.4	A	11.1
Bank F	A+	150.0	A	6.8
Bank K	BBB+	-	A-	0.1
		264.4		19.1

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 $US250m 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(b) for further details).

Maturity of financial liabilities
The table below analyses the Group and Company's financial liabilities into relevant maturity groupings based on the remaining period at the date of the statement of financial position to the contract maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

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	726.0	-	-	-
Lease Obligations	60.9	48.0	97.9	186.0
Trade and other payables excluding statutory liabilities	759.6	-	-	-
As at 28 June 2020	1,546.5	48.0	97.9	186.0

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	-	-	-	-
Lease Obligations	17.0	14.8	27.8	8.2
Trade and other payables excluding statutory liabilities	818.1	-	-	-
As at 30 June 2019	835.1	14.8	27.8	8.2

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	858.1			
Lease Obligations	20.3	18.7	41.7	138.8
Trade and other payables excluding statutory liabilities	484.6	-	-	-
As at 28 June 2020	1,363.0	18.7	41.7	138.8

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	-	-	-	-
Lease Obligations	6.6	4.0	5.4	-
Trade and other payables excluding statutory liabilities	606.9	-	-	-
As at 30 June 2019	613.5	4.0	5.4	-

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 28 June 2020 Loans and receivables £m	At 30 June 2019 Loans and receivables £m
Assets as per statement of financial position		
Trade and other receivables	953.1	772.3
Derivative financial instruments	0.9	0.3
Cash and cash equivalents	312.5	91.1
	1,266.5	863.7

Notes to the financial statements

16. Financial instruments (continued)

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

Group	At 28 June 2020 Liabilities at fair value through the profit and loss £m	Other financial liabilities £m	Total £m	At 30 June 2019 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	-	1,062.2	1,062.2	-	183.2	183.2
Derivative financial instruments	-	2.4	2.4	-	-	-
Trade and other payables excluding statutory liabilities	-	759.6	759.6	-	818.1	818.1
	0.0	1,824.2	1,824.2	0.0	1,001.3	1,001.3

Company	At 28 June 2020 Loans and receivables £m	At 30 June 2019 Loans and receivables £m
Assets as per statement of financial position		
Trade and other receivables	1,054.2	808.7
Cash and cash equivalents	264.5	19.1
	1,318.7	827.8

Company	At 28 June 2020 Liabilities at fair value through the profit and loss £m	Other financial liabilities £m	Total £m	At 30 June 2019 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	-	1,034.9	1,034.9	-	269.9	269.9
Derivative financial instruments	-	1.3	1.3	-	-	-
Trade and other payables excluding statutory liabilities	-	484.6	484.6	-	606.9	606.9
	0.0	1,520.8	1,520.8	0.0	876.8	876.8

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 28 June 2020:

Group	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Asset				
Forward foreign currency contracts	-	0.9		0.9
Liability				
Forward foreign currency contracts	-	(0.2)	-	(0.2)
Cash flow hedges	-	(2.2)	-	(2.2)
	-	(1.5)	-	(1.5)
Company				
Liability				
Cash flow hedges	-	(1.3)	-	(1.3)
	-	(1.3)	-	(1.3)

The following table presents the Group and Company's assets and liabilities that are measured at fair value at 30 June 2019:

Group	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Assets				
Forward foreign currency contracts	-	0.1	-	0.1
Cash flow hedges	-	0.2	-	0.2
	-	0.3	-	0.3
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 28 June 2020 £m	Liabilities £m	Assets At 30 June 2019 £m	Liabilities £m
Forward foreign currency contracts	0.9	(0.2)	0.1	-
Cash flow hedges	-	(2.2)	0.2	-
Total current portion	0.9	(2.4)	0.3	-

Company	Assets At 28 June 2020 £m	Liabilities £m	Assets At 30 June 2019 £m	Liabilities £m
Cash flow hedges	-	(1.3)	-	-
Total current portion	-	(1.3)	-	-

Cash flow hedges
During the year the Group entered into a number of fuel commodity swaps to hedge against the risk of the change in the price of diesel on anticipated future purchases. The swaps all have maturity dates in the next twelve months and they have all been designated as cash flow hedges. As at 28 June 2020 the aggregate amount of losses under these swaps deferred in the cash flow hedging reserve, relating to exposure on these anticipated future transactions is £1.2m (2019: £0.4m gains). It is highly probable that the purchases will take place during the next twelve months, at which time the amount deferred in equity will be reclassified to profit or loss.

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 28 June 2020 Book value £m	Fair value £m	At 30 June 2019 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	(779.2)	(779.2)	(138.2)	(138.2)
Other long term borrowings	(283.0)	(283.0)	(45.0)	(45.0)
Trade and other payables	(802.2)	(802.2)	(840.0)	(840.0)
Trade and other receivables	953.1	953.1	772.3	772.3
Cash and cash equivalents	312.5	312.5	91.1	91.1
Retirement benefit obligations	(103.2)	(103.2)	(111.9)	(111.9)

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 28 June 2020 Book value £m	Fair value £m	At 30 June 2019 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	(873.9)	(873.9)	(261.0)	(261.0)
Other long term borrowings	(161.0)	(161.0)	(8.9)	(8.9)
Trade and other payables	(501.0)	(501.0)	(613.0)	(613.0)
Trade and other receivables	1,054.2	1,054.2	808.7	808.7
Cash and cash equivalents	264.5	264.5	19.1	19.1
Retirement benefit obligations	(48.9)	(48.9)	(59.4)	(59.4)

Borrowing facilities
The Group headed by Brake Bros Limited has no undrawn committed borrowing facilities available at 28 June 2020 (2019: £nil)

Notes to the financial statements

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		Company	
	At 28 June 2020	At 30 June 2019	At 28 June 2020	At 30 June 2019
	£m	£m	£m	£m
Trade receivables				
Low risk	110.8	242.3	53.4	121.0
Medium risk	8.1	34.5	-	8.0
High risk	7.4	33.6	1.1	9.3
Total trade receivables	126.3	310.4	54.5	138.3

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

	Group		Company	
	At 28 June 2020	At 30 June 2019	At 28 June 2020	At 30 June 2019
	£m	£m	£m	£m
Cash at bank and short term deposits				
AA-	11.9	11.7	-	-
A+	161.1	42.4	150.0	6.8
A	124.0	29.9	114.4	12.2
BBB+	3.4	3.5	-	0.1
BBB	12.1	3.6	-	-
	312.5	91.1	264.4	19.1

17. Retirement benefit obligations

The Group operates a number of pension schemes for its UK employees; the assets of all schemes being held in separate trustee administered funds. The pension schemes are operated by the Company. In addition, in BCED and Sweden the Group is liable for certain post employment benefits which meet the criteria of a defined benefit plan and these obligations are of an unfunded nature. The UK pension schemes are operated by the subsidiary company Brake Bros Limited and are as follows:

(i) The 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 (2019: £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 BCED, 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		Company	
	At 28 June 2020	At 30 June 2019	At 28 June 2020	At 30 June 2019
	£m	£m	£m	£m
Present value of funded obligations	282.2	268.2	282.2	268.2
Present value of unfunded obligations	54.3	52.5	-	-
Fair value of plan assets	(233.3)	(208.8)	(233.3)	(208.8)
Net pension liability recognised in the statement of financial position	103.2	111.9	48.9	59.4

Notes to the financial statements

17. Retirement benefit obligations (continued)

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

Retirement benefit obligations	Group UK £m	BCED £m	Sweden £m	Total Group For the year ended 28 June 2020 £m	Company For the year ended 28 June 2020 £m
At 1 July 2019	59.4	23.9	28.6	111.9	59.4
Exchange adjustment	-	0.3	0.2	0.5	-
Interest expense	1.3	0.2	0.6	2.1	1.3
Administrative expenses	0.8	-	-	0.8	0.8
Current service (income) / cost	-	(2.6)	0.9	(1.7)	-
Prior service cost	-	-	-	-	-
Contributions paid in the year	(4.5)	(0.5)	(0.6)	(5.6)	(4.5)
Remeasurements recognised in other comprehensive income	(8.1)	1.0	2.3	(4.8)	(8.1)
At 28 June 2020	**48.9**	**22.3**	**32.0**	**103.2**	**48.9**

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

Retirement benefit obligations	Group UK £m	BCED £m	Sweden £m	Total Group For the year ended 30 June 2019 £m	Company For the year ended 30 June 2019 £m
At 1 July 2018	59.9	22.1	26.7	108.7	59.9
Exchange adjustment	-	(0.6)	(0.1)	(0.7)	-
Interest expense	1.7	0.4	0.6	2.7	1.7
Administrative expenses	-	-	-	-	-
Current service (income) cost	-	1.4	0.8	2.2	-
Prior service cost	2.4	-		2.4	2.4
Contributions paid in the year	(4.5)	(0.8)	(0.6)	(5.9)	(4.5)
Remeasurements recognised in other comprehensive income	(0.1)	1.4	1.2	2.5	(0.1)
At 30 June 2019	59.4	23.9	28.6	111.9	59.4

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	BCED £m	Sweden £m	Total Group For the year ended 28 June 2020 £m	Company For the year ended 28 June 2020 £m
Operating cost					
Service costs:					
- Current service (income) / cost	-	(2.6)	0.9	(1.7)	-
- Administrative expenses	0.8	-	-	0.8	0.8
Total operating costs / (income)	0.8	(2.6)	0.9	(0.9)	0.8
Financing cost					
Interest expense	1.3	0.2	0.6	2.1	1.3
Total income statement charge / (credit)	2.1	(2.4)	1.5	1.2	2.1
Remeasurements recognised in other comprehensive income					
- (gains) / losses from changes in demographic assumptions	(1.3)	1.0	2.3	2.0	(1.3)
- gains from changes in financial assumptions	24.4	-	-	24.4	24.4
- experience gains	(7.5)	-	-	(7.5)	(7.5)
- return on scheme assets	(23.7)	-	-	(23.7)	(23.7)
Total amount recognised in other comprehensive income	(8.1)	1.0	2.3	(4.8)	(8.1)

Retirement benefit obligations	Group UK £m	BCED £m	Sweden £m	Group For the year ended 30 June 2019 £m	Company For the year ended 30 June 2019 £m
Operating cost					
Service costs:					
- Current service cost	-	1.4	0.8	2.2	-
- Administrative expenses	-	-	-	-	-
Total operating costs	-	1.4	0.8	2.2	-
Financing cost					
Interest expense	1.7	0.4	0.6	2.7	1.7
Total income statement charge	1.7	1.8	1.4	4.9	1.7
Remeasurements recognised in other comprehensive income					
- (gains) / losses from changes in demographic assumptions	(16.0)	1.4	1.2	(13.4)	(16.0)
- losses from changes in financial assumptions	28.8	-	-	28.8	28.8
- experience gains	0.5	-	-	0.5	0.5
- gains on return on scheme assets	(13.4)	-	-	(13.4)	(13.4)
Total amount recognised in other comprehensive income	(0.1)	1.4	1.2	2.5	(0.1)

Notes to the financial statements

17. Retirement benefit obligations (continued)

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

	Group		Company	
	For the year ended 28 June 2020 £m	For the year ended 30 June 2019 £m	For the year ended 28 June 2020 £m	For the year ended 30 June 2019 £m
Defined contribution schemes	17.0	16.7	13.2	13.1

Reporting at 28 June 2020

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 28 June 2020 are set out below.

Financial assumptions	At 28 June 2020 %	At 30 June 2019 %
UK assumptions:		
Rate of increase in pensions in payment and deferred pensions	2.75	3.10
Discount rate	1.60	2.30
Inflation assumption RPI	2.80	3.15
Inflation assumption CPI	2.10	1.95
BCED assumptions:		
Discount rate	0.75	1.25
Salary increase	2.35	2.35
Inflation	1.70	1.90
Sweden assumptions:		
Discount rate	1.50	2.00
Salary increase	2.25	2.25
Inflation	1.20	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 28 June 2020	At 30 June 2019
Male	21.6	21.4
Female	23.7	23.4

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 28 June 2020	At 30 June 2019
Male	21.9	22.4
Female	24.5	24.6

Sensitivity to key assumptions

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

- Following a 0.2% pa decrease in the discount rate the deficit would increase by £9.9m from £103.2m to £113.1m.

- Following a 1 year increase in life expectancy the deficit would increase by £12.6m from £103.2m to £115.8m.

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

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

	Group			Total Group	Company
	UK (funded obligations) £m	BCED (unfunded obligations) £m	Sweden (unfunded obligations) £m	For the year ended 28 June 2020 £m	For the year ended 28 June 2020 £m
At 1 July 2019	268.2	23.9	28.6	320.7	268.2
Exchange adjustment	-	0.3	0.2	0.5	-
Interest expense	6.1	0.2	0.6	6.9	6.1
Remeasurements:					
- (gains) / losses from changes in demographic assumptions	(1.3)	1.0	2.3	2.0	(1.3)
- gains from changes in financial assumptions	24.4	-	-	24.4	24.4
- experience (gains)	(7.5)	-	-	(7.5)	(7.5)
Contributions paid by employer		(0.5)	(0.6)	(1.1)	-
Current service (income) / cost	-	(2.6)	0.9	(1.7)	-
Benefits paid	(7.7)	-	-	(7.7)	(7.7)
At 28 June 2020	282.2	22.3	32.0	336.5	282.2

Notes to the financial statements

17. Retirement benefit obligations (continued)

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

	Group			Total Group	Company
	UK (funded obligations) £m	BCED (unfunded obligations) £m	Sweden (unfunded obligations) £m	For the year ended 30 June 2019 £m	For the year ended 30 June 2019 £m
At 1 July 2018	255.1	22.1	26.7	303.9	255.1
Exchange adjustment	-	(0.6)	(0.1)	(0.7)	-
Interest expense	7.2	0.4	0.6	8.2	7.2
Remeasurements:				-	-
- (gains) / losses from changes in demographic assumptions	(16.0)	1.4	1.2	(13.4)	(16.0)
- losses from changes in financial assumptions	28.8	-	-	28.8	28.8
- experience losses	0.5	-	-	0.5	0.5
Contributions paid by employer		(0.8)	(0.6)	(1.4)	-
Current service cost	-	1.4	0.8	2.2	-
Prior service cost	2.4	-	-	2.4	2.4
Benefits paid	(9.8)	-	-	(9.8)	(9.8)
At 30 June 2019	268.2	23.9	28.6	320.7	268.2

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

	UK and Group		Company	
	For the year ended 28 June 2020 £m	For the year ended 30 June 2019 £m	**For the year ended 28 June 2020 £m**	For the year ended 30 June 2019 £m
At 1 July 2019 / 1 July 2018	**208.8**	195.2	**208.8**	195.2
Interest income on scheme assets	**4.8**	5.5	**4.8**	5.5
Remeasurements:			**-**	-
- gains / (losses) on return on scheme assets	**23.7**	13.4	**23.7**	13.4
Administrative expenses	**(0.8)**	-	**(0.8)**	-
Contributions paid by employer	**4.5**	4.5	**4.5**	4.5
Benefits paid	**(7.7)**	(9.8)	**(7.7)**	(9.8)
At 28 June 2020 / 30 June 2019	**233.3**	208.8	**233.3**	208.8

The Plan assets are invested in the following asset classes:

	At 28 June 2020		At 30 June 2019	
	£m	**Of which not quoted in an active market £m**	£m	Of which not quoted in an active market £m
Equities	**33.2**	**15.3**	40.4	15.1
Property	**11.6**	**11.6**	12.4	12.4
Macro orientated	**13.6**	**-**	16.4	-
Multi strategy	**5.5**	**-**	22.4	-
Credit / Corporate bonds	**13.6**	**-**	12.8	-
Government bonds	**109.9**	**-**	49.9	-
Derivatives	**8.7**	**2.6**	-	2.6
Cash and cash equivalents	**37.2**	**-**	54.5	-
At 28 June 2020 / 30 June 2019	**233.3**	**29.5**	208.8	30.1

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 64% of the liabilities are attributable to deferred pensioners and 36% 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 28 June 2020	Less than one year	Between one and two years	Between two and five years	Over five years
Pension benefits	**2%**	**2%**	**6%**	**90%**
At 30 June 2019				
Pension benefits	2%	2%	6%	90%

Funding requirements

UK legislation requires that pension schemes are funded prudently. The last funding valuation of the UK scheme was carried out by a qualified actuary as at 5 April 2019 and showed a deficit of £97m. From July 2021 the Group has agreed to increasing the deficit contributions from £4.2m per annum to £15.3m per annum. This increased contribution rate , along with investment returns from return-seeking assets, is expected to make good this shortfall by September 2027. The Group also pays contributions of £0.3m per annum respect of the expenses of administering the scheme. A contribution of £4.5m is expected to be paid by the Group during the year ending 30 June 2021.

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 currently only partially hedged, meaning that a decrease in interest rates will increase the deficit.
Inflation risk	A significant proportion of the scheme's benefit obligations are linked to inflation and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation), although this will be partially offset by an increase in the value of the scheme's inflation matching assets. The scheme's investment strategy is to hedge inflation risk although it is currently only partially hedged, meaning that an increase in inflation will increase the deficit.
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. Up to the date of these financial statements, it has not been possible to accurately quantify the impact of this change. Current estimates by UK professional advisory firms of the potential increase in the projected benefit obligation of an affected defined benefit pension plan are in the 0 to 3 percent range of the pension obligations.

Notes to the financial statements

17. Retirement benefit obligations (continued)

Group actuarial gains of £4.8m (year ended 30 June 2019 : £2.5m losses) 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 £79.6m (30 June 2019 £84.4m).

The actual gain on plan assets was £28.5m (2019: £16.9m gain).

18. Provisions

	Group		Company	
Property and other provisions	**For the year ended 28 June 2020 £m**	For the year ended 30 June 2019 £m	**For the year ended 28 June 2020 £m**	For the year ended 30 June 2019 £m
At 1 July 2019 / 1 July 2018	32.7	35.9	23.4	22.4
Disposal of subsidiary	-	(3.2)	-	-
Earn-out consideration on acquisition of subsidiaries (note 23)	-	1.1	-	-
Charged / (credited) to the income statement during the year	7.9	(0.1)	3.3	(0.4)
Provisions for property, plant and equipment additions during the year	-	1.4	-	1.4
Utilised during the year	(3.2)	(2.4)	(0.4)	-
At 28 June 2020 / 30 June 2019	37.4	32.7	26.3	23.4
Non-current	31.7	29.8	23.5	22.3
Current	5.7	2.9	2.8	1.1
	37.4	32.7	26.3	23.4

Property provisions at 28 June 2020 are for dilapidation obligations relating to leasehold property held by the Group. Provisions for dilapidations primarily represent obligations to reinstate property to its original condition at the end of the lease term.

At 28 June 2020 there were provisions relating to onerous contracts amounting to £3.8m (2019: £2.7m) and also provisions for earn earn-out consideration amounting to £2.0m (2019: £2.4m) in respect of the acquisitions of Eko Fisk and Kent Frozen Foods (referred to in note 23 to the financial statements). Payment of this consideration is dependent upon certain trading performance targets being met.

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 1 July 2018	21.4	(0.2)	15.8	8.0	(11.3)	(1.1)	(0.6)	32.0
Exchange adjustment	0.1	-	(0.1)	-	-	-	0.2	0.2
Acquisition of subsidiaries	-	-	-	-	0.4	-	(0.5)	(0.1)
Tax charge on retirement benefit obligations taken directly to other comprehensive income	0.5	-	-	-	-	-	-	0.5
Tax charge on cash flow hedges taken directly to other comprehensive income	-	0.1	-	-	-	-	-	0.1
Credited / (charged) to the income statement in the year	(1.8)	-	(1.3)	(1.8)	2.4	-	7.4	4.9
At 1 July 2019	20.2	(0.1)	14.4	6.2	(8.5)	(1.1)	6.5	37.6
Exchange adjustment	0.1	-	(0.1)	(0.1)	-	-	(0.1)	(0.2)
Credited / (charged) to the income statement in the year	(1.8)	-	11.7	(3.6)	1.4	-	(4.0)	3.7
At 28 June 2020	18.5	(0.1)	26.0	2.5	(7.1)	(1.1)	2.4	41.1

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 28 June 2020 £m	At 30 June 2019 £m
Deferred tax assets	49.4	40.0
Deferred tax liabilities	(8.3)	(2.4)
	41.1	37.6

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 1 July 2018	10.4	(0.2)	26.0	2.9	(0.2)	(0.7)	0.8	39.0
Tax charge on retirement benefit obligations taken directly to other comprehensive income	-	-	-	-	-	-	-	-
Tax charge on cash flow hedges taken directly to other comprehensive income	-	0.2	-	-	-	-	-	0.2
Credited / (charged) to the income statement in the year	(0.1)	-	(3.2)	(1.0)	-	-	0.1	(4.2)
At 1 July 2019	10.3	-	22.8	1.9	(0.2)	(0.7)	0.9	35.0
Tax charge on retirement benefit obligations taken directly to other comprehensive income	(0.5)	-	-	-	-	-	-	(0.5)
Tax charge on cash flow hedges taken directly to other comprehensive income	-	0.2	-	-	-	-	-	0.2
Credited / (charged) to the income statement in the year	(0.5)	-	7.5	0.1	-		0.5	7.6
At 28 June 2020	9.3	0.2	30.3	2.0	(0.2)	(0.7)	1.4	42.3

Notes to the financial statements

19. Deferred tax assets and liabilities (continued)

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 £6.1m (2019: £3.3m). There is no expiry date for these losses. The deferred tax charged to other comprehensive income during the period amounted to £0.0m (2019: £0.6m credit).

20. Share capital

Group and Company		At 28 June 2020 £m	At 30 June 2019 £m
Authorised			
58,000,000 (2019: 58,000,000) ordinary shares of 10p		5.8	5.8
Issued and fully paid	*Ordinary shares* paid of 10p each	£m	£m
At 28 June 2020 / 30 June 2019	53,776,540	5.4	5.4

21. Reserves

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 1 July 2019	0.4	(76.5)	23.8	417.3	365.0	306.5	671.5
Impact of adoption of IFRS 16	-	-	-	-	-	2.7	2.7
Retirement benefit obligation actuarial gain	-	-	-	-	-	4.8	4.8
Taxation on retirement benefit obligation actuarial gain	-	-	-	-	-	-	-
Cash flow hedges - losses arising in the year	(1.8)	-	-	-	(1.8)	-	(1.8)
Taxation on cash flow hedges	0.2	-	-	-	0.2	-	0.2
Long term incentive plan charge	-	-	-	-	-	(1.6)	(1.6)
Currency translation differences	-	-	0.5	-	0.5	-	0.5
Loss for the year	-	-	-	-	-	(234.1)	(234.1)
At 28 June 2020	(1.2)	(76.5)	24.3	417.3	363.9	78.3	442.2

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 1 July 2018	1.5	(76.5)	20.3	417.3	362.6	338.1	700.7
Retirement benefit obligation actuarial loss	-	-	-	-	-	(2.5)	(2.5)
Taxation on retirement benefit obligation actuarial gain	-	-	-	-	-	0.5	0.5
Cash flow hedges - (losses) gains arising in the year	(1.2)	-	-	-	(1.2)	-	(1.2)
Taxation on cash flow hedges	0.1	-	-	-	0.1	-	0.1
Long term incentive plan charge						(0.4)	(0.4)
Currency translation differences	-	-	3.5	-	3.5	-	3.5
(Loss) for the year	-	-	-	-	-	(29.2)	(29.2)
At 30 June 2019	0.4	(76.5)	23.8	417.3	365.0	308.5	671.5

Included within other reserves are cumulative exchange gains of £23.3m (2019: £22.8m) and gains on the fair value of cash flow hedges of £1.0m (2019: £1.0m).

Company	Hedging £m	Other reserves: Other £m	Capital contribution £m	Total other reserves £m	Retained earnings £m	Total £m
At 1 July 2019	0.0	(18.9)	409.5	390.6	201.7	592.3
(Loss) for the year	-	-	-	-	(41.6)	(41.6)
Long term incentive plan charge	-	-	-	-	(1.1)	(1.1)
Cash flow hedges - (losses) arising in the year	(1.2)	-	-	(1.2)	-	(1.2)
Taxation on cash flow hedges	0.2	-	-	0.2	-	0.2
Retirement benefit obligation actuarial gain	-	-	-	-	8.1	8.1
Taxation on retirement benefit obligation actuarial gain	-	-	-	-	(0.5)	(0.5)
At 28 June 2020	(1.0)	(18.9)	409.5	389.6	166.6	556.2

Company	Hedging £m	Other reserves: Other £m	Capital contribution £m	Total other reserves £m	Retained earnings £m	Total £m
At 1 July 2018	0.8	(18.9)	409.5	391.4	178.1	569.5
Profit for the year	-	-	-	-	22.5	22.5
Long term incentive plan charge	-	-	-	-	(0.7)	(0.7)
Arising on Business Combinations under common control	-	-	-	-	1.7	1.7
Cash flow hedges - (losses) arising in the year	(1.0)	-	-	(1.0)	-	(1.0)
Taxation on cash flow hedges	0.2	-	-	0.2	-	0.2
Retirement benefit obligation actuarial gain	-	-	-	-	0.1	0.1
Taxation on retirement benefit obligation actuarial gain	-	-	-	-	-	-
At 30 June 2019	0.0	(18.9)	409.5	390.6	201.7	592.3

Notes to the financial statements

21. Reserves (continued)

Other reserves include a credit of £10.9 m (2019: £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 (2019: £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 (2019: £0.2m).

22. Cash generated from operations

Reconciliation of profit before taxation to cash generated from operations

	Group		Company	
	For the year ended 28 June 2020 £m	For the year ended 30 June 2019 £m	For the year ended 28 June 2020 £m	For the year ended 30 June 2019 £m
(loss) / Profit before taxation	(234.6)	(24.8)	(48.5)	30.5
Adjustments for:				
- Finance income	(13.0)	(12.9)	(21.7)	(24.2)
- Finance costs	22.8	17.6	25.5	21.0
Depreciation charges	107.5	56.1	43.5	25.9
Amortisation and impairment of intangibles	63.6	19.1	5.5	7.3
Impairment of goodwill	-	14.0	-	-
Retirement benefit contributions paid	(5.6)	(5.9)	(4.5)	(4.5)
Loss on sale of property, plant and equipment	7.7	11.0	4.4	1.2
Decrease / (increase) in inventories	31.0	(17.3)	20.3	(15.1)
Decrease in trade and other receivables	173.5	59.5	80.6	35.2
(Decrease) / increase in trade and other payables	(138.7)	30.7	(98.4)	19.9
Cash generated from operations	14.2	147.1	6.7	97.2

23. Business combinations

For each of the businesses acquired during the year, the name of the business, the market sector served, its location and date of acquisition, as well as the estimated annualised revenue it would have contributed to the Group for the year if such acquisitions had been made at the beginning of the year, are separately disclosed. The remaining disclosures required by IFRS 3 are provided separately for those individual acquisitions that are considered to be material and in aggregate for individually immaterial acquisitions. An acquisition would generally be considered individually material if the impact on the Group's revenue or profit measures (on an annualised basis) or the relevant amounts on the balance sheet is greater than 5%.

(i) Restaurangakademien AB

In the year ended 30 June 2019 , the Brakes Group acquired 100% of the issued share capital in Restaurangakademien AB, a Swedish foodservice business. Previously the group held a non-controlling 50% interest in this company with wide expertise in the fish industry.

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

	Fair values £m
Identifiable intangible assets	-
Property, plant and equipment	0.1
Inventory	-
Trade and other receivables	0.2
Cash at bank	0.7
Financial liabilities - borrowings	-
Trade and other payables	(0.5)
Provisions	-
Current income tax liabilities	-
Deferred tax liabilities	-
Total identifiable assets	0.5
Goodwill	0.3
Total consideration	0.8

	£m
Satisfied by:	
Cash	0.8
Earn-out consideration	-
Total consideration transferred	0.8

	For the year ended 28 June 2020 £m	For the year ended 30 June 2019
Net cash outflow arising on acquisition:		
Cash consideration	-	0.8
Less: cash and cash equivalent balances acquired	-	(0.7)
	-	0.1

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 £0.3m in 2019 is non-tax deductible.

The fair values of all of the assets and liabilities acquired in 2019 were provisional. There were no changes in the final fair values to be recognised in the year ended 28 June 2020 financial statements.

Financial information
In the year ended 30 June 2019, the acquired businesses, contributed £0.3m to revenue and decreased profit before finance costs and tax by £0.1m, 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 £4,281.9m with the acquired businesses contributing £1.2m. The loss for the year before finance costs and tax would have been £23.0m, with the acquired businesses contributing £0.3m.

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23. Business combinations (continued)

(ii)Kent Frozen Foods and Eko Fisk:

During the year ended 30 June 2018 The Brakes Group acquired in the UK 100% of the issued share capital of Kent Frozen Foods Limited. Kent Frozen Foods is a foodservice business with a strong independent customer base, which compliments the strong corporate and regional key accounts of Brakes UK and Fresh Direct Group. the group also acquired 80% of the issued share capital of EKO Fagel fisk och mittemellan ABEko Fisk AB ("Eko Fisk"), a Swedish foodservice business with wide expertise in the fish industry. The provisional fair values were adjusted in the year ended 30 June 2019.

	Provisional fair values as at 30 June 2018 £m	Adjustments £m	Fair value as at 30 June 2019 £m
Identifiable intangible assets	9.9	(0.7)	9.2
Property, plant and equipment	8.8	0.2	9.0
Inventory	2.7	0.5	3.2
Trade and other receivables	6.0	1.1	7.1
Cash at bank	1.6	0.9	2.5
Financial Liabilities - borrowings	(0.6)	-	(0.6)
Trade and other payables	(6.0)	(1.0)	(7.0)
Provisions	(0.7)	-	(0.7)
Current income tax liabilities	(0.3)	-	(0.3)
Deferred tax liabilities	(1.4)	(0.2)	(1.6)
Total identifiable assets	20.0	0.8	20.8
Goodwill	15.4	0.5	15.9
Total consideration	35.4	1.3	36.7
	£m	£m	£m
Satisfied by:			
Cash	34.2	0.2	34.4
Earn-out consideration	1.2	1.1	2.3
Total consideration transferred	35.4	1.3	36.7

	For the year ended 28 June 2020 £m	For the year ended 30 June 2019 £m
Net cash outflow arising on acquisition:		
Cash consideration	-	0.8
Less: cash and cash equivalent balances acquired	-	(0.7)
	-	0.1

(iii) Group total net cash outflow on acquisitions:

	For the year ended 28 June 2020 £m	For the year ended 30 June 2019 £m
Net cash outflow arising on acquisitions:		
Restaurangakademien AB	-	0.1
Kent Frozen Foods and Eko Fisk	-	0.2
	-	0.2

24. Employees and directors' emoluments

Average monthly number of people employed by the Group and Company during the year:	Group For the year ended 28 June 2020 Number	Group For the year ended 30 June 2019 Number	Company For the year ended 28 June 2020 Number	Company For the year ended 30 June 2019 Number
Distribution, manufacturing and selling	11,615	12,841	5,497	5,718
Administration	1,678	1,854	589	678
	13,293	14,695	6,086	6,396

	Group For the year ended 28 June 2020 £m	Group For the year ended 30 June 2019 £m	Company For the year ended 28 June 2020 £m	Company For the year ended 30 June 2019 £m
The costs incurred in respect of these employees were:				
Wages and salaries	404.0	457.0	188.7	202.7
Social security costs	83.6	102.2	18.8	19.2
Defined benefit pension (credit) / costs	(0.9)	2.2	0.8	-
Defined contribution pension costs (note 17)	17.0	16.7	13.2	13.1
	503.7	578.1	221.5	235.0

Key management compensation

	For the year ended 28 June 2020 £m	For the year ended 30 June 2019 £m
Salaries and short-term benefits	2.2	2.4
Post-employment benefits	0.1	0.1
	2.3	2.5

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

24. Employees and directors' emoluments (continued)

Directors' emoluments

	For the year ended 28 June 2020 £'000	For the year ended 30 June 2019 £'000
Aggregate emoluments	2,151	2,418
Company pension contributions to money purchase schemes	86	83

Retirement benefits are accruing to 2 (2019: 2) directors under money purchase pension arrangements only.

Emoluments paid to the highest paid director are as follows:		
Aggregate emoluments and benefits	1,054	1,121
Company pension contributions to money purchase schemes	-	64

In the year ended 28 June 2020 Options and performance share units were granted to the Directors with a grant-date value of £6,434,000.

25. Equity settled share scheme

Sysco Corporation provide a share based payment arrangement to Brakes employees under the Sysco Long-term Incentive Plan (2013 Plan) and certain employees of Brakes Group have been awarded Sysco stock options, restricted stock units and performance share units (PSUs) under this 2013 Plan.

Vesting requirements for awards under the 2013 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 2013 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 an accelerated basis over the requisite service period over the duration of the award.

During the year 30,630 (2019: 40,896) 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$72.60 (2019: US$64.71).

During the year, 45,175 PSUs (2019: 44,997) were granted to Brakes employees, these will convert into shares of Sysco common stock at the end of the performance period based on financial performance targets consisting of Sysco's earning per share, compound annual growth rate and adjusted return on invested capital. The weighted average grant-date fair value per PSU granted in the year was US$72.67 (2019: US$73.10).

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 28 June 2020	For the year ended 30 June 2019
Dividend yield	2.4%	2.5%
Expected volatility	18.3%	16.9%
Risk-free interest rate	1.5%	2.8%
Expected life	7.0 years	7.0 years

The following share based payment arrangements took place during the year ended 28 June 2020 and existed at the year end:

Group and Company	For the year ended 28 June 2020 Number of share options	For the year ended 28 June 2020 Weighted average exercise price	For the year ended 30 June 2019 Number of share options	For the year ended 30 June 2019 Weighted average exercise price
Outstanding at beginning of year	412,101	$60.52	355,138	$51.88
Granted during the year	196,359	$72.80	200,561	$73.16
Exercised during the year	(114,104)	$52.47	(102,545)	$52.05
Forfeited during the year	(13,122)	$73.73	(41,053)	$52.11
Outstanding at end of the period	481,234	$68.50	412,101	$60.52
Vested or expected to vest as of 28 June 2020 / 30 June 2019	472,789	$68.43	342,183	$62.25
Exercisable at the end of the period	113,481	$63.09	60,230	$51.82

The total share-based compensation cost included within operating expenses in the Group for the year ended 28 June 2020 was £1.6m (2019: £4.9m), with a corresponding capital contribution within equity. An intercompany liability is recognised on the balance sheet for the amount payable to Sysco Corporation of £2.8m (2019: £3.3m) in respect of the above scheme.

26. Commitments

	Group At 28 June 2020 £m	Group At 30 June 2019 £m	Company At 28 June 2020 £m	Company At 30 June 2019 £m
Contracted for but not provided	12.8	8.4	11.5	8.4

Capital commitments in the Group amounting to £8.5 m (2019: £5.4m) is in respect of motor vehicles and £4.3 m (2019: £3.0m) is in respect of plant and machinery, IT hardware and software.

Capital commitments in the Company amounting to £7.3 m (2019: £5.4m) is in respect of motor vehicles and £4.2 m (2019: £3.0m) is in respect of plant and machinery, IT hardware and software.

Notes to the financial statements

27. 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 28 June 2020 £m	For the year ended 30 June 2019 £m
Loans owed by parent undertakings	220.6	216.8
Loans owed by subsidiary undertakings	169.8	148.9
Loans owed to parent undertakings	(126.0)	(122.8)
Loans owned to group undertakings	(132.1)	(132.2)
Amounts owed by parent undertakings	480.0	156.8
Amounts owed by related undertakings	1.3	2.5
Trade and other payables owed to parent undertakings	(113.5)	(109.4)
Trade and other payables owed to group undertakings	(143.4)	(133.8)
Trade and other receivables owed by subsidiary undertakings	101.9	122.3
Interest payable to parent undertakings	(8.1)	(7.8)
Debt issue costs payable to parent undertakings	(1.4)	(1.3)
Interest payable to subsidiary undertakings	(7.9)	(7.9)
Interest receivable from subsidiary undertakings	9.0	10.6
Interest receivable from parent undertakings	12.6	12.5
Sales to subsidiary undertakings	1.2	36.3
Sales to Sysco Corporation group undertakings	14.0	15.1
Purchases from subsidiary undertakings	64.3	83.2
Purchases from Sysco Corporation group undertakings	0.1	4.4

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

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

28. Government Grants

The Company and Group are 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 30 June 2020 the group has recorded grant income of £26,300,000 in respect of 4,143 employees from the relevant Government schemes. At 30 June 2020 £17,400,000 of these expected receipts were outstanding and included in other receivables.

29. Ultimate parent company and controlling party

The immediate parent undertaking is Brake Bros Holding I 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.

30. Post balance sheet events

On 21 November 2020 the business trade, operations and assets at that date of three companies within the Group, being M & J Seafood Limited, Pauleys Produce Limited and Freshfayre Limited were transferred to another subsidiary within the group, being Fresh Direct (UK) Ltd.

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