Registered No 05362667

Martin-Brower UK Intermediate Holdings Limited

Annual report and financial statements

For the year ended 31 December 2016

Registered No. 05362667

Directors
R McGonigle
C McCauley

Company secretary
Jordan Company Secretaries Limited
21 St Thomas Street
Bristol
BS1 6JS

Auditor
Deloitte LLP
Statutory Auditor
3 Victoria Square
Victoria Street
St Albans
United Kingdom
AL1 3TF

Registered Office
Third Floor (South Wing)
One Park Lane
Hemel Hempstead
United Kingdom
HP2 4YJ

Company Bankers
Royal Bank of Scotland
Abbey Gardens
4 Abbey Street
Reading
Berkshire
RG1 3BA

Registered No. 05362667

Strategic report

for the year ended 31 December 2016

Principal activity

Martin-Brower UK Intermediate Holdings Ltd operates as a holding company. The principal activities of its subsidiary companies are:

Martin-Brower UK Limited - sale and distribution of the majority of supplies for McDonald's Restaurants Limited in the UK as well as the distribution of supplies for other customers.

Martin-Brower Properties Limited – Property leasing company.

Results and dividends

The profit for the year, after taxation, amounted to £22,385,000 (2015 – profit of £25,196,284). The company received income from shares in group undertakings of £22,385,000 in the year (2015 - £25,196,284). The company paid dividends of £22,385,000 in the year (2015 - £25,196,284).

The directors are satisfied with the results for the year and do not envisage any major change in the conduct of the business over the next twelve months.

Future developments

The company's current activities are expected to continue for the foreseeable future.

On 23 June 2016, a referendum in the United Kingdom returned a result in favour of leaving the European Union (commonly referred to as "Brexit"). The longer term political and economic effects of the result are unclear at the date of these financial statements. Article 50 of the Lisbon Treaty, which will trigger the withdrawal within two years, was activated by Great Britain on 29 March 2017. It is possible that this will affect the volatility of international currency and commodity markets which could have an adverse impact on the results of the company's subsidiaries. Management is monitoring activities and markets in relation to Brexit, and will continue to evaluate the impact of Brexit on the Company.

On behalf of the Board

C McCauley
Director

Registered No. 05362667

Directors' report (continued)

for the year ended 31 December 2016

The directors present their annual report together with the audited financial statements for the year ended 31 December 2016.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors

The directors who served during the year are:

- R McGonigle (appointed 7 July 2016)
- C McCauley (appointed 17 February 2016)
- G Nickele (resigned 7 July 2016)
- S E Burke (resigned 17 February 2016)

Business review

Principal risks and uncertainties

Management meet regularly to discuss risks on the business and communicate this monthly to the parent company. The main areas affecting the business are:

Treasury Policies

The objectives of the company are to manage the company's financial risk, secure cost effective funding for the company's operations, and to minimise the adverse effects of fluctuations in the financial markets on the company's financial assets and liabilities, on reported profitability, and on the cash flows of the company.

Financial instruments

The company's financial instruments comprise some cash and liquid resources, balances with group undertakings that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

Registered No. 05362667

Directors' report (continued)

for the year ended 31 December 2016

Business review (continued)

Principal risks and uncertainties (continued)

The main risks arising from the company's financial instruments are interest rate risk and liquidity risk. All the company's transactions predominately are in sterling. The Board reviews and agrees policies for managing these risks as summarised below.

Liquidity risk

The company finances its operations through a mixture of retained profits, bank loans, overdrafts and balances with group undertakings, which provides sufficient liquidity for the needs of the business.

Interest rate risk

Bank borrowings are at floating rates. The company does not trade in financial instruments.

Going concern

The directors have considered the appropriateness of the going concern assumption for the company. In doing so, they have considered forecasts for the company in the context of the group structure in which it sits. As an intermediate holding company, the company does not trade and so its results and financial position are impacted only by transactions with other group companies. The directors have concluded that the company has sufficient funds to continue in operational existence for a period not less than 12 months from the date of signing of these financial statements. Thus the going concern basis of preparation is considered appropriate.

Future Developments and Dividends

Details of future developments and dividends can be found in the Strategic Report on page 2 and form part of this Directors' report by cross-reference.

Post Balance Sheet Events

There have been no events between the balance sheet date and the date of approval of these financial statements by the Directors' that require inclusion in these financial statements.

Auditor

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

- So far as the director is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the company's auditor is unaware; and
- The director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This information is given and should be interpreted in accordance with the provisions of s.418 of the Companies Act 2006.

Deloitte LLP has expressed its willingness to be reappointed for another term and appropriate arrangements have been put in place for it to be deemed reappointed as auditors in the absence of an Annual General Meeting.

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

C McCauley
Director

Registered No. 05362667

Independent auditors' report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARTIN-BROWER UK INTERMEDIATE HOLDINGS LTD

We have audited the financial statements of Martin-Brower UK Intermediate Holdings Ltd for the year ended 31 December 2016 which comprise the profit and loss account, the statement of changes in equity, the balance sheet and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 the reporting standard applicable in the UK and Republic of Ireland.

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, 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.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

Independent auditors' report (continued)

Matters on which we are required to report by exception

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

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

David Halstead

David Halstead FCA (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Statutory Auditor

St Albans, United Kingdom

12 July 2017

Registered No. 05362667

Profit and loss account

For the year ended 31 December 2016

	Notes	2016 £000	2015 £000
Administration expenses		-	-
Operating profit – from continuing operations		-	-
Income from shares in group undertakings		22,385	25,196
Profit on ordinary activities before interest	*3*	22,385	25,196
Interest receivable		-	-
Interest payable and similar charges		-	-
Profit on ordinary activities before taxation		22,385	25,196
Tax credit on profit on ordinary activities	*7*	-	-
Profit on ordinary activities after taxation		22,385	25,196

All amounts in the current year were derived from continuing activities.

Registered No. 05362667

Balance sheet

as at 31 December 2016

	Notes	2016 £000	2015 £000
Fixed assets			
Investments	*8*	86,282	86,282
Total fixed assets		86,282	86,282
Current assets			
Debtors: amounts falling due within one year	*9*	14,953	14,953
Cash at bank and in hand		-	-
		14,953	14,953
Creditors: amounts falling due within one year	*10*	(19,289)	(19,289)
Net current liabilities		(4,336)	(4,336)
Net assets		81,946	81,946
Capital and reserves			
Called up share capital	*11*	13,710	13,710
Share premium account		56,081	56,081
Profit and loss account		12,155	12,155
Shareholders' funds		81,946	81,946

The financial statements of Martin Brower Intermediate Holdings Limited registration number 05362667 were approved and authorised for issue on 5 July 2017 by the Board of Directors and signed on its behalf by:

C McCauley
Director

Statement of Changes in Equity

For the year ended 31 December 2016

	Share capital £000	Share premium £000	Profit and loss account £000	Total shareholders' funds £000
At 1 January 2015	13,710	56,081	12,155	81,946
Profit for the financial year	-	-	25,196	25,196
Total comprehensive income	-	-	25,196	25,196
Dividends paid	-	-	(25,196)	(25,196)
At 31 December 2015	13,710	56,081	12,155	81,946
Profit for the financial year	-	-	22,385	22,385
Total comprehensive income	-	-	22,385	22,385
Dividends paid	-	-	(22,385)	(22,385)
At 31 December 2016	13,710	56,081	12,155	81,946

All recognised gains and losses in the current and prior year are included in the Statement of Changes in Equity.

Notes to the financial statements

For the year ended 31 December 2016

1. Accounting policies

Company information

The Company is a limited liability entity incorporated in England with its registered office at Third Floor (South Wing), One Park Lane, Hemel Hempstead, United Kingdom, HP2 4YJ.

Basis of preparation

The financial statements have been prepared under the historical cost convention and are in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The changes made to implement FRS 102 have had no impact on the reported financial position of the company or its financial performance and have not required any changes to the company's accounting policies.

Going concern

The company's business activities, together with factors likely to affect its future development, its financial position, financial risk management objectives and its exposure to price, credit, liquidity and cash flow risk are described in the Strategic report. The company has considerable financial resources in the form of intergroup funding. As a consequence the directors believe that the company is well placed to manage the business risks successfully despite the current uncertain economic outlook. After making enquiries and reviewing forecasts, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing these financial statements.

Preparation of group accounts

The company has taken exemption from preparing group accounts under section 400 of the Companies Act 2006. Details of the company's immediate parent undertaking are provided in note 13. These financial statements therefore present information about the company as an individual undertaking and not about its group.

Statement of cash flow

The company has taken advantage of FRS 102.1.11 and has accordingly not prepared a statement of cash flow as its cash flows are included in the consolidated cash flow statement of Martin-Brower UK Holdings Limited, their immediate parent company.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid.

Investments

In the balance sheet investments are valued at cost less any diminution in value arising from their impairments. Impairment is measured by comparing the carrying value of the assets with the realisable amount, which is performed when there is some indication that impairment has occurred or that a past impairment loss may have been reversed. In the judgment of management no impairment provision is required in the financial statements. Management believes that the growth of Martin-Brower UK Ltd's key customers continues to be strong. The view remains that with service in excess of target and tight cost control, that the partnership with McDonald's and other key customers will continue to strengthen. Significant investments in infrastructure, technology and innovation continue to be made including implementation of warehouse management systems. Continued innovation and investment, in conjunction with on-going distribution volume growth, will lead to continued profitable growth for the years ahead.

Taxation

In accordance with the requirements of the ultimate parent undertaking the company makes or receives payment in respect of group relief at 100% of the value of the relief given.

Notes to the financial statements (continued)

For the year ended 31 December 2016

1. Accounting policies (continued)

Financial Instruments

(i) Financial assets and liabilities

Financial assets and financial liabilities are recognised when the company becomes party to the contractual provisions of the instrument.

Financial liabilities and equity investments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all liabilities.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(ii) Investments

Investments in non-convertible preference shares and non-puttable ordinary or preference shares (where shares are publicly traded or their fair value is reliably measurable) are measured at fair value through profit or loss. Where fair value cannot be measured reliably, investments are measured at cost less impairment.

In the company balance sheet, investments in subsidiaries and associates are measured at cost less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value of the shares issued plus fair value of other consideration. Any premium is ignored.

(iii) Equity instruments

Equity instruments issued by the company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

2. Critical accounting judgements and key sources of estimation uncertainty

Revenue recognition

The company's only source of revenue is dividend income from its fixed asset investments; this is recognised on a receipt basis. Therefore no critical judgement has been taken with respect of the income reported in the profit and loss account.

Notes to the financial statements (continued)

For the year ended 31 December 2016

3. Profit on ordinary activities before interest

The auditor's remuneration in respect of fees payable for audit of the company's annual financial statements is borne by a fellow Martin-Brower group entity, Martin-Brower UK Limited with no right of reimbursement. The value of the fee borne was £12,000 (2015 £12,000).

4. Staff costs

The company did not employ staff during the year and is administered by the employees of other group companies. No recharges were made in the year with respect to these services (2015 – £nil).

5. Directors' remuneration

No directors received remuneration (2015 – £nil) or pension benefits (2015 – £nil) from the company in the year, in respect of their services to the company which are considered insignificant.

No director has a direct or indirect interest in any transaction, arrangement or agreement which, in the opinion of the directors, requires disclosure. Directors who served the company during the year have been remunerated from other group companies.

6. Dividends

	2016	**2015**
	£000	**£000**
Amounts recognised as distributions to equity holders in the period:		
Interim dividends paid during the year 163p per share (2015 – 184p per share)	22,385	25,196
	22,385	25,196

There were no final dividends paid in respect of the years ended 31 December 2016.

Notes to the financial statements (continued)

For the year ended 31 December 2016

7. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2016 £000	2015 £000
Total tax:		
UK corporation tax on profit for the year	-	-
Deferred tax on profit for the year	-	-
Tax on profit on ordinary activities	-	-

(b) Factors affecting taxation

The tax for the year varies from the standard rate of corporation tax in the UK of 20.0% (2015 – 20.3%). The differences are explained below:

	2016 £000	2015 £000
Profit on ordinary activities before tax	22,385	25,196
Profit on ordinary activities at the standard rate of corporation tax in the UK of 20.0% (2015 – 20.3%)	4,477	5,102
Deferred tax	-	-
Group relief surrendered	-	-
Income not assessed for tax purposes	(4,477)	(5,102)
Adjustments to tax in respect of prior periods	-	-
Total tax	-	-

The Finance (No 2) Act 2015 which was substantively enacted on 18 November 2015 set the rate for corporation tax for 2015/16 at 20% this rate have been reflected in the calculation of the tax charge for the current year. The legislation also included proposals to reduce the rate of corporation tax from 20% to 19% from 1 April 2017 and to 18% from 1 April 2018. These rate reductions were substantively enacted by the balance sheet date and therefore included in these financial statements.

(c) Deferred tax

There were no deferred tax balances arising in the year or brought forward from prior periods.

Notes to the financial statements (continued)

For the year ended 31 December 2016

8. Investments

	Subsidiary undertakings £000	Total £000
Cost:		
At 31 December 2015	86,282	86,282
At 31 December 2016	86,282	86,282

The company's subsidiaries, all of which are wholly owned are:

	Holding	Proportion of voting rights and shares held	Nature of business
Martin-Brower UK Limited # Registered office – Third Floor, (South Wing), One Park Lane, Hemel Hempstead, United kingdom, HP2 4YJ.	Ordinary shares	100%	Distribution
Martin-Brower Properties Limited # Registered office – Third Floor, (South Wing), One Park Lane, Hemel Hempstead, United kingdom, HP2 4YJ.	Ordinary shares	100%	Property leasing
Martin-Brower France Holdings SAS Registered office – 12, rue du Bois Chaland, 91090 Lisses, France.	Ordinary shares	100%	Holding company
Martin-Brower France SAS Registered office – 12 rue du Bois Chaland, 91090 Lisses, Franc.	Ordinary shares	100%	Distribution

# indicates directly owned by Martin-Brower UK Intermediate Holdings Limited.

9. Debtors

	2016 £000	2015 £000
Amounts owing by group undertakings	14,953	14,953
	14,953	14,953

The intercompany balances are non-interest bearing and repayable on demand, therefore all amounts are held as due within one year.

10. Creditors: amounts falling due within one year

	2016 £000	2015 £000
Amounts owing to group undertakings	19,289	19,289
	19,289	19,289

The intercompany balances are non-interest bearing and repayable on demand, therefore all amounts are held as due within one year.

Notes to the financial statements (continued)

For the year ended 31 December 2016

11. Called up share capital

	2016		2015	
	No.	£000	No.	£000
Allotted, called up and fully paid				
Ordinary shares of £1 each	13,709,875	13,710	13,709,875	13,710

12. Related party transactions

The company is a wholly owned subsidiary of Martin-Brower UK Holdings Limited and has taken advantage of the exemption conferred by FRS 102.1.12, not to disclose transactions with Martin-Brower UK Holdings Limited or other wholly owned subsidiaries within the group.

13. Ultimate parent undertaking and controlling party

Martin-Brower UK Holdings Limited is the company's immediate parent undertaking at the year end and the company's ultimate parent company and controlling party is Reyes Holdings L.L.C., a company incorporated in the state of Illinois, in the United States of America.

The largest and smallest entity in which the results of the company are included in is the consolidated financial statements of Martin-Brower UK Holdings Limited, a company incorporated in the United Kingdom. Copies of which may be obtained from Companies House, 4 Abbey Orchard Street, Westminster, London, SW1P 2HT.