

Company Registration No 05556703

Brake Bros Receivables Limited

Annual Report

For the year ended 31 December 2010



Brake Bros Receivables Limited

Annual Report for the year ended 31 December 2010

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Annual report

For the year ended 31 December 2010

Directors' report

The directors submit their annual report and the audited financial statements for the year ended 31 December 2010

Principal activity and business review

The principal activity of the Company is that of factoring trade receivables from fellow group undertakings. Brake Bros Receivables Limited is a limited Company incorporated, domiciled and operating in the United Kingdom.

During the year the Company has purchased trade receivables from Brake Bros Limited and Brake Bros Foodservice Limited, fellow subsidiary undertakings of Cucina Lux Investments Limited, the ultimate UK parent undertaking. The Company has entered into a factoring agreement with a bank and these receivables are disclosed separately in the note 5 to the accounts.

In accordance with SIC - 12 ("Consolidation - Special Purposes Entities (SPE)") the Company is included within the consolidated results of Brake Bros Limited, the originator Company. SIC 12 requires that a SPE should be consolidated by its originator when the substance of the relationship between the originator and the SPE indicates that the SPE is controlled by the originator.

The results of the Company for the year are set out in the income statement on page 4.

Future outlook and going concern

The directors are satisfied that the current level of operating activity can be sustained for the foreseeable future. The directors consider the financial position to be satisfactory, given that Group undertakings have confirmed that they will not require amounts owed to be repaid by the Company until such time as the Company has sufficient funds to meet its liabilities as they fall due. Consequently, the financial statements are prepared on the going concern basis.

Principal risks and uncertainties

The directors of the largest UK parent undertaking, Cucina Lux Investments Limited, manage the Group's risks and performance through its immediate subsidiary company Cucina Investments (UK) 2 Limited. For this reason a discussion of the Company's risks, together with an analysis using key performance indicators has not been included by the Company's Directors. The principal risks and uncertainties, together with the development, performance and position, and an analysis using key performance indicators of the Cucina Lux Investments Limited Group, which include those of the Company are discussed in the business review of Cucina Lux Investments Limited's annual report, which does not form part of this report.

Dividends

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

Directors

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

M R C Fearn

P E R Jansen (appointed 1 July 2010)

Directors' third party indemnity provisions

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

Financial risk management

The Company's principal financial risks relate to credit risk, the effects of changes in interest rates and liquidity risks. The Company is part of the group's risk management programme that seeks to limit the adverse effects of financial risks on the Company.

The Group's Board of Directors have the responsibility for setting the risk management policies applied by the Group. The policies are implemented by the central 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. The Group has a policy and procedures manual that sets out specific guidelines to manage foreign currency exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and investment of excess liquidity. Further information on this is also given in note 8 of these financial statements.

(a) Foreign currency exchange risk

The Company is not exposed to foreign currency exchange risks.

(b) Credit risk

The Company has no significant concentrations of credit risk. Credit risk arises from exposures to customers including outstanding receivables and committed transactions. 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 in accordance with limits set by the Board. The Group has implemented policies that require appropriate credit checks on potential customers before sales commence.

(c) Interest rate risk

The Company has interest bearing liabilities at floating rates of interest.

(d) Liquidity risk

The Company's funding is derived from long term borrowings and amounts funded from group undertakings that are designed to ensure the Company has sufficient available funds for operations and planned expansions.

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Directors' report (continued)

Independent Auditors

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

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

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the 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 Company and of the profit or loss of the Company for that period.

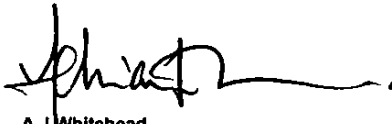
In preparing those financial statements the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business

The Directors confirm that they have complied with the above requirements in preparing the financial statements

The Directors are responsible for keeping proper accounting records that 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

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



A J Whitehead
Company Secretary
26 April 2011

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

Registered Number: 05556703

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Independent Auditors' report to the members of Brake Bros Receivables Limited

We have audited the financial statements of Brake Bros Receivables Limited for the year ended 31 December 2010 which comprise the income statement, the statement of financial position, the statement of changes in equity, the statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of Directors and Auditors

As explained more fully in the Statement of Directors' Responsibilities, as set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2010 and of its profit and cash flows for the year then ended
- have been properly prepared in accordance with IFRSs as adopted by the European Union, 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 the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Christopher Burns (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

26 April 2011

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Income statement

For the year ended 31 December 2010

Continuing operations	Notes	2010 £m	2009 £m
Revenue	2	3 8	3 8
Operating costs		(1 1)	(2 8)
Operating profit	2	2 7	1 0
Finance costs	3	(1 6)	(1 8)
Profit / (loss) on ordinary activities before taxation		1 1	(0 8)
Income tax expense	4	(0 1)	-
Profit / (loss) for the year attributable to equity holders of the Company	10	1 0	(0 8)

The Company has no income and expenses other than those included in the income statement above, and therefore no separate statement of other comprehensive income has been presented

The notes on pages 7 to 15 form an integral part of these financial statements

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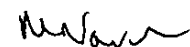
Statement of financial position

As at 31 December 2010

	Notes	2010 £m	£m	2009 £m	£m
Assets					
Current assets					
Trade and other receivables	5	145.4		149.5	
Liabilities					
Current liabilities					
Financial liabilities - borrowings	7	(0.1)		(0.1)	
Trade and other payables	6	(43.2)		(58.9)	
		(43.3)		(59.0)	
Net current assets			102.1		90.5
Non-current liabilities					
Financial liabilities - borrowings	7	(110.0)		(99.4)	
			(110.0)		(99.4)
Net liabilities			(7.9)		(8.9)
Shareholders' deficit					
Share capital	9		-		-
Retained earnings	10		(7.9)		(8.9)
Total shareholders' deficit			(7.9)		(8.9)

The notes on pages 7 to 15 form an integral part of these financial statements

The financial statements on pages 4 to 15 were approved by the Board of Directors on 26 April 2011 and were signed on its behalf by



M R C Fearn
Director

Brake Bros Receivables Limited

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Statement of changes in equity

	Note	Share capital £m	Retained earnings £m	Total equity £m
At 1 January 2010		-	(8 9)	(8 9)
Profit for the year	10	-	1 0	1 0
At 31 December 2010		-	(7 9)	(7 9)

	Note	Share capital £m	Retained earnings £m	Total equity £m
At 1 January 2009		-	(8 1)	(8 1)
Loss for the year	10	-	(0 8)	(0 8)
At 31 December 2009		-	(8 9)	(8 9)

The notes on pages 7 to 15 form an integral part of these financial statements

Statement of cash flows

For the year ended 31 December 2010

	Notes	2010 £m	£m	2009 £m	£m
Cash flows from operating activities					
Cash (used in) / generated from operations	11		(9 0)		12 3
Interest paid			(1 5)		(1 6)
Net cash (used in) / generated from operating activities			(10 5)		10 7
Cash flows from financing activities					
Proceeds from / (repayment of) borrowings		10 5		(10 7)	
Net cash generated from / (used in) financing activities			10 5		(10 7)
Net increase in cash and cash equivalents			-		-
Cash and cash equivalents at 31 December			-		-

The notes on pages 7 to 15 form an integral part of these financial statements

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Notes to the financial statements

1 Accounting policies

General information

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

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 to all the years presented.

Basis of preparation

These financial statements have been prepared in accordance with IFRS, as adopted by the European Union, International Financial Reporting Interpretations Committee ('IFRIC') interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

At the year end, the Company had net liabilities of £7.9m (2009: £8.9m). Group undertakings have confirmed that they will not require repayment of amounts owed by the Company until such a time as the Company has sufficient funds to repay its liabilities as they fall due. On this basis the directors consider it appropriate to prepare the financial statements on the going concern basis.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from these estimates.

(a) New and amended standards adopted by the Company

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2010:

IFRS 3 (revised), 'Business combinations', and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28, 'Investments in associates', and IAS 31, 'Interests in joint ventures', are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with IFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed. There is no impact in the Company's financial statements following adoption of this revised standard.

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

(b) New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 January 2010 but not currently relevant to the Company (although they may affect the accounting for future transactions and events)

The following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 1 January 2010 or later periods, but the Company has not early adopted them:

IFRIC 17, 'Distribution of non-cash assets to owners' (effective on or after 1 July 2009). The interpretation was published in November 2008. This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. IFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable.

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

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

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

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

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Notes to the financial statements

1 Accounting policies (continued)

Basis of preparation (continued)

IAS 1 (amendment), 'Presentation of financial statements' The amendment clarifies that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non current By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time

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

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

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

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

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

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

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

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

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

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

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

Revenue

Revenue comprises fees charged to group undertakings in respect of the management of the factored trade receivables

Revenue is recognised when the Company has delivered the service and has transferred to the group undertaking the significant risks and rewards of ownership and when it is considered probable that the related receivable is collectable

Financial assets

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

Loans and receivables

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

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Notes to the financial statements

1 Accounting policies (continued)

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

Trade receivables - factored

Where the Company has sold trade receivables to a third party with recourse the Company continues to bear the risks and rewards of these amounts.

Other payables

Other payables are non-interest bearing.

Current and deferred income tax

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

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

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

Borrowings and finance costs

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

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

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

Share capital

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

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimate will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are in relation to provision for impairment of trade receivables as discussed below.

A provision for impairment is established when there is objective evidence that the Company 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 and represent the key assumptions used by the Company's management in determining the amount of the provision. At 31 December 2010 the amount of the provision was £2.6m (2009: £2.6m). If management's estimates on the level of provision required were 10% higher or lower then the provision for impairment would have been £0.3m (2009: £0.3m) higher or lower and income taxes in the income statement would be £0.1m (2009: £0.1m) lower or higher.

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Notes to the financial statements

2 Revenue and operating profit

	2010 £m	2009 £m
Revenue - fees charged to group undertakings	3.8	3.8
Administrative expenses	(1.1)	(2.8)
Total administrative expenses	(1.1)	(2.8)
Operating profit	2.7	1.0

The Company's revenue relates to management fees charged to group undertakings

	2010 £m	2009 £m
Profit / (loss) on ordinary activities before taxation is arrived at after charging		
Trade receivables impairment	1.1	2.8

The auditors remuneration has been borne by Brake Bros Limited, a group undertaking

3 Finance costs

	2010 £m	2009 £m
Finance costs		
Bank loans	1.5	1.6
Amortisation of debt issue costs	0.1	0.2
Finance costs	1.6	1.8

4 Income tax expense

Taxation is based on the profit / (loss) for the year and comprises

	2010 £m	2009 £m
Current tax		
- Current year group relief	0.3	-
- Adjustments in respect of prior years provisions	(0.2)	-
Income tax expense	0.1	-

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

	2010 £m	2009 £m
Profit / (loss) on ordinary activities before tax	1.1	(0.8)
At 28% (2009: 28%)	0.3	(0.2)
Effects of		
Adjustments to tax in respect of previous years	(0.2)	-
Expenses not deductible for tax purposes	-	0.2
Tax charge	0.1	-

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Notes to the financial statements

5 Trade and other receivables

	2010 £m	2009 £m
Trade receivables - factored	148.0	152.1
Less provision for impairment of receivables	(2.6)	(2.6)
Trade receivables - net	145.4	149.5
	145.4	149.5

During the year the Company has purchased trade receivables from Brake Bros Limited and Brake Bros Foodservice Limited, fellow subsidiary undertakings of Brake Bros Holding I Limited. The Company has entered into a factoring agreement with a bank and these receivables are disclosed separately in the note above. The transaction has been accounted for as a collateralised borrowing (see note 7). In case the Company defaults under the loan agreement, the lender has the right to receive the cash flows from the receivables transferred. Without default, the Company will collect the receivables and allocate new receivables as collateral.

Concentrations of credit risk with respect to trade receivables are limited due to the Company'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 Company does not hold any collateral as security.

As of 31 December 2010, trade receivables of £126.0m (2009: £140.2m) were fully performing.

As of 31 December 2010, trade receivables of £19.3m (2009: £9.4m) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	2010 £m	2009 £m
Up to 3 months	19.2	9.4
3 to 6 months	0.1	-
	19.3	9.4

As of 31 December 2010, trade receivables of £2.6m (2009: £2.6m) were impaired and provided for. The amount of the provision was £2.6m as of 31 December 2010 (2009: £2.6m). The individually impaired receivables mainly relate to customers, which are in unexpectedly difficult economic situations. A portion of these receivables is expected to be recovered. The ageing analysis of these trade receivables is as follows:

	2010 £m	2009 £m
Up to 3 months	0.6	1.5
3 to 6 months	1.3	0.2
Over 6 months	0.7	0.9
	2.6	2.6

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

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

	2010 £m	2009 £m
Pounds	145.4	149.5

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

	2010 £m	2009 £m
At 1 January	2.6	2.0
Provision for receivables impairment	1.1	2.8
Receivables written off during the year as uncollectible	(1.1)	(2.2)
At 31 December	2.6	2.6

The creation and release of a provision for impaired receivables has been included in 'administrative expenses' in the income statement.

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6 Trade and other payables - current

	2010 £m	2009 £m
Amounts owed to group undertakings	43.2	58.9
	43.2	58.9

Amounts owed to group and parent undertakings are unsecured, bear no interest and are repayable on demand.

7 Financial liabilities - borrowings

Current

	2010 £m	2009 £m
Bank loans	0.1	0.1
	0.1	0.1

Non-current

	2010 £m	2009 £m
Bank loans	110.1	99.6
Debt issue costs	-	(0.1)
	110.1	99.5
Less amounts falling due within one year	(0.1)	(0.1)
	110.0	99.4

Bank loans have been obtained pursuant to a debt factoring agreement and are collateralised borrowings secured by trade receivables.

Bank loans include an interest accrual of £0.1m (2009: £0.1m) which falls due within one year.

All borrowings are denominated in UK Sterling.

The maturity profile of borrowings is set out in note 8 (b). The exposure of the Company to interest rate changes is as follows:

	2010 £m	2009 £m
Borrowings at floating interest rates	110.1	99.6

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

	2010	2009
Bank loans	1.3%	1.3%

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8 Financial Instruments

8 (a) Financial instruments - narrative disclosures

Disclosures in respect of the Company's financial risks are set out below. Additional numerical disclosures in respect of financial instruments are set out in note 8 (b).

Financial risk management

The Company's principal financial risks relate to credit risk, the effects of changes in interest rates and liquidity risks.

The Company is part of the group's risk management programme that seeks to limit the adverse effects of financial risks on the Company.

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

(a) Foreign currency exchange risk

The Company is not exposed to foreign currency exchange risks.

(b) Credit risk

The Company 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 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 Company has implemented policies that require appropriate credit checks on potential customers before sales commence.

(c) Interest rate risk

The Company has interest bearing liabilities at floating rates of interest. The Company's interest rate risk primarily arises from floating interest rate long term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. During 2010, the Company's borrowings at variable rate were denominated in the UK pound. The Company analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Company calculates the impact on profit and loss of a defined interest rate shift. Based on the simulations performed, the impact on the post tax profit of a 10% shift would be a maximum increase or decrease of £0.1m.

(d) Liquidity risk

The Company's funding is derived from long term borrowings and amounts funded from parent undertakings that are designed to ensure the Company has sufficient available funds for operations and planned expansions. Management monitors rolling forecasts of the Company's liquidity reserve (comprises undrawn borrowing facility (note 8(b)) on the basis of expected cash flow. This is generally carried out at a higher group level. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these.

Capital risk management

The Company's objectives when managing capital are to safeguard the Company'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 individual unit level.

The overall debt and equity structure of the Company is under the control of the ultimate parent company, Cucina (BC) Luxco Sarl. There are no external capital requirements on the company. Further details of the share capital of the Company can be found in note 9 of the financial statements.

Accounting for derivative financial instruments and hedging activities

The Company has no derivative financial instruments and has not entered into hedging arrangements.

8 (b) Financial Instruments - numerical disclosures

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

Fair values of non-derivative financial assets and liabilities

Where market values are not available, fair values of financial assets and financial liabilities have been calculated by discounting expected future cash flows at prevailing interest rates. The book value of short term borrowings approximate to fair value.

Financial Instruments - by category

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

	As at 31 December 2010		As at 31 December 2009	
	Loans and receivables	Other financial liabilities	Loans and receivables	Other financial liabilities
	£m	£m	£m	£m
Assets as per the statement of financial position				
Trade and other receivables	145.4	-	149.5	-
Liabilities as per the statement of financial position				
Financial liabilities - borrowings	-	110.1	-	99.6
Trade and other payables	-	43.2	-	58.9
	-	153.3	-	158.5

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8 (b) Financial Instruments - numerical disclosures (continued)

Fair value of primary financial instruments held or issued to finance operations

	2010		2009	
	Book value £m	Fair value £m	Book value £m	Fair value £m
Primary financial instruments held or issued to finance the Company's operations				
Short term financial liabilities and current portion of long term borrowings	(0 1)	(0 1)	(0 1)	(0 1)
Other long term borrowings	(110 0)	(103 9)	(99 5)	(93 2)
Trade and other payables	(43 2)	(43 2)	(58 9)	(58 9)
Trade and other receivables	145 4	145 4	149 5	149 5

Maturity of financial liabilities

The table below analyses the 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. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	As at 31 December 2010			As at 31 December 2009		
	Trade and other payables £m	Bank loans £m	Total £m	Trade and other payables £m	Bank loans £m	Total £m
Less than one year	43 2	0 1	43 3	58 9	0 1	59 0
Between two and five years	-	110 0	110 0	-	99 5	99 5
	43 2	110 1	153 3	58 9	99 6	158 5

Borrowing facilities

Undrawn committed borrowing facilities available at 31 December 2010 are £15 0m (2009 £25 4m)

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 agency

	2010 £m	2009 £m
Trade receivables		
Low risk	75 7	112 4
Medium risk	42 2	18 7
High risk	8 1	9 1
At 31 December	126 0	140 2

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

9 Share capital

	2010 £	2009 £
Authorised		
1,000 ordinary shares of £1 each	1,000	1,000
Issued and fully paid		
1 ordinary share paid of £1 each	1	1
At 31 December	1	1

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10 Retained earnings

	2010 £m	2009 £m
At 1 January	(8 9)	(8 1)
Profit / (loss) for the year	1 0	(0 8)
At 31 December	(7 9)	(8 9)

11 Cash generated from operations

Reconciliation of profit / (loss) after taxation to cash flow generated from operations

	2010 £m	2009 £m
Profit / (loss) after taxation	1 0	(0 8)
Adjustments for		
Income tax expense	0 1	-
Finance costs	1 6	1 8
Decrease / (increase) in trade and other receivables	4 1	(1 7)
(Decrease) / increase in trade and other payables	(15 8)	13 0
Cash (used in) / generated from operations	(9 0)	12 3

12 Employees' and Directors' emoluments

No emoluments were payable to the directors in respect of services to the Company and the Company did not have any employees during the current financial year or the prior year

13 Related party transactions

During the year the Company has entered into certain transactions with other companies in the Cucina Lux Investments Limited group. Details of the transactions with other group undertakings are as follows

	2010 £m	2009 £m
Turnover from fellow subsidiaries	3 8	3 8
Amounts receivable from parent undertakings	9 7	10 0
Amounts payable to fellow subsidiaries	(52 9)	(68 9)

14 Ultimate parent Company and controlling party

The immediate parent undertaking and controlling party is Brake Bros Holding II Limited, a Company incorporated in England and Wales

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

In accordance with SIC - 12 ("Consolidation - Special Purposes Entities"), the Company is included within the consolidated results of Brake Bros Limited which forms the smallest group to consolidate these financial statements

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

15 Post balance sheet events

There were no post balance sheet events