Company registration number: 05556703

Brake Bros Receivables Limited

Annual report and financial statements

For the year ended 31 December 2015

Brake Bros Receivables Limited

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

Contents

Strategic report

The directors present their strategic report on the Company for the year ended 31 December 2015.

Review of the business
The principal activity of the Company is that of factoring trade receivables from fellow group undertakings.

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 financial statements.

The results of the Company for the year are set out in the income statement on page 5. The results for the Company show a profit on ordinary activities before taxation of £4.4m (2014: £4.8m) for the year and revenue of £9.4m (2014: £9.4m). The directors consider there to be no additional key performance indicators other than those on the primary financial statements.

Principal risks and uncertainties, development and performance
The directors of the largest UK parent undertaking, Cucina Lux Investments Limited, manage its Group's risks and performance through its immediate subsidiary company Cucina Investments (UK) 3 Limited. For this reason a discussion of the Company's risks, together with an analysis using key performance indicators has not been included by the Company's directors.

The directors consider that the principal risks and uncertainties are the same as the Cucina Lux Investments Limited Group. The principal risks and uncertainties, together with the development, performance and position, and an analysis using key performance indicators of the Cucina Lux Investments Limited Group, which include those of the Company and the Group are discussed in the strategic report of Cucina Lux Investments Limited's annual report, which does not form part of this report. Details of how to obtain these financial statements can be found in note 14 to the financial statements.

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

Kennedy McMeikan

K McMeikan
Director
29 April 2016

Directors' report

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

General information
Brake Bros Receivables Limited is a limited Company incorporated, domiciled and operating in the United Kingdom.

The immediate parent undertaking and controlling party is Brake Bros Holding II Limited, a Company incorporated in the United Kingdom.

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

In accordance with IFRS 10 ("Consolidated Financial Statements") the Company is included within the consolidated results of Brake Bros Limited, the originator Company.

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.

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

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

Directors
The directors of the Company who were in office during the year and up to the date of signing the financial statements, unless otherwise stated, are given below:
I R Goldsmith
A J Whitehead (resigned 31 March 2015)
P Wieland (resigned 4 April 2016)
K McMeikan
S Whibley (appointed 1 April 2015)
M Ball (appointed 4 April 2016)

Directors' third party indemnity provisions
A qualifying third-party indemnity provision as defined in Section 234 of the Companies Act 2006 is in force for the benefit of each of the directors 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, liquidity 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 assess 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. The directors do not therefore believe that the Company is exposed to any significant liquidity risk.

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

Disclosure of information to auditor
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.

The auditor's remuneration of £3,000 (2014: £3,000) has been borne by Brake Bros Limited, a fellow group undertaking.

Directors' report (continued)

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 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 these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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.

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

Kennedy McMeikan

K McMeikan
Director
29 April 2016

Company registration number: 05556703

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

Independent auditor's 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 2015 which comprise the income statement, the statement of financial position, the statement of changes in equity, the statement of cash flow and the related notes 1 to 15. 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.

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of the profit 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

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

Income statement

For the year ended 31 December 2015

Continuing operations	Note	2015 £m	2014 £m
Revenue	2	9.4	9.4
Operating (costs) / income		(0.3)	0.1
Operating profit	2	9.1	9.5
Finance costs	3	(4.7)	(4.7)
Profit on ordinary activities before taxation		4.4	4.8
Income tax charge	4	(0.9)	(1.0)
Profit for the year attributable to owners of the Company	10	3.5	3.8

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 9 to 16 form an integral part of these financial statements.

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

Statement of financial position

As at 31 December 2015

	Note	2015 £m	2015 £m	2014 £m	2014 £m
Assets					
Current assets					
Trade and other receivables	5	185.1		189.6	
Liabilities					
Current liabilities					
Financial liabilities - borrowings	7	(124.7)		(0.3)	
Trade and other payables	8	(57.3)		(66.0)	
		(182.0)		(66.3)	
Net current assets			3.1		123.3
Non-current liabilities					
Financial liabilities - borrowings	7	-		(123.7)	
			-		(123.7)
Net assets / (liabilities)			3.1		(0.4)
Equity					
Share capital	9		-		-
Retained earnings / (accumulated deficit)	10		3.1		(0.4)
Total equity			3.1		(0.4)

The notes on pages 9 to 16 form an integral part of these financial statements.

The financial statements on pages 5 to 16 were approved by the Board of Directors on 29 April 2016 and were signed on its behalf by:

Kennedy McMeikan

K McMeikan
Director

Company registration number: 05556703

Statement of changes in equity

	Note	Share capital £m	Retained earnings / (accumulated deficit) £m	Total equity £m
At 1 January 2015	9, 10	-	(0.4)	(0.4)
Profit and total comprehensive income for the year	10	-	3.5	3.5
At 31 December 2015		**-**	**3.1**	**3.1**

	Note	Share capital £m	Accumulated deficit £m	Total equity £m
At 1 January 2014	9, 10	-	(4.2)	(4.2)
Profit and total comprehensive income for the year	10	-	3.8	3.8
At 31 December 2014		-	(0.4)	(0.4)

The notes on pages 9 to 16 form an integral part of these financial statements.

Statement of cash flow

For the year ended 31 December 2015

	Note	2015 £m	2014 £m
Cash flows from operating activities			
Cash generated from operations	11	4.0	4.0
Interest paid		(4.0)	(4.0)
Net cash generated from operating activities		-	-
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at 31 December		-	-

The notes on pages 9 to 16 form an integral part of these financial statements.

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 2015, and were authorised for issue by the Board of Directors on 29 April 2016.

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.

The preparation of 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 Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below within critical accounting estimates and assumptions.

The Company is part of a financing group of companies and therefore the going concern of the Company is dependent upon the overall going concern of the Group. In assessing whether the financial statements for the Company should be prepared on the going concern basis, the directors have considered the future outlook of the Company and of the Group on a combined basis. A fuller analysis of this outlook and the basis for this assessment is set out in the financial statements of the largest UK parent company, Cucina Lux Investments Limited. Having considered the future operating profits, cash flows and facilities available to the Group, the directors are satisfied that the Group will have sufficient funds to repay its liabilities as they fall due. On this basis the directors consider it appropriate to prepare the financial statements on the going concern basis.

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

- IFRS 9	Financial Instruments
- IFRS 15	Revenue
- IFRS 16	Leases
- IAS 1 (amendments)	Disclosure Initiative
- IAS 16 (amendments)	Property, Plant and Equipment
- IAS 27 (amendments)	Investment Entities
- IAS 38 (amendments)	Intangible Assets
- IAS 39 (amendments)	Novation of Derivatives and Continuation of Hedge Accounting
- IFRIC Interpretation 21	Levies

- Various amendments resulting from Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle
- Various amendments resulting from 2014 Annual Improvements to IFRSs

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

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

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 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.

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.

Notes to the financial statements

1. Accounting policies (continued)

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.

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

Current 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.

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

Impairment of trade receivables
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 managment in determing the amount of the provision. At 31 December 2015 the amount of the provision was £2.2m (2014: £3.1m). If management's estimates on the level of provision required were 10% higher or lower then the provision for impairment would have been £0.2m (2014: £0.3m) higher or lower.

Notes to the financial statements

2. Revenue and operating profit

	2015 £m	2014 £m
Revenue - fees charged to group undertakings	9.4	9.4
Administrative (expenses) / income	(0.3)	0.1
Operating profit	9.1	9.5

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

Profit on ordinary activities before taxation is arrived at after charging / (crediting):	2015 £m	2014 £m
Trade receivables impairment / (release)	0.3	(0.1)

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

3. Finance costs

	2015 £m	2014 £m
Finance costs:		
Bank loans	4.0	4.0
Amortisation of debt issue costs	0.7	0.7
Finance costs	4.7	4.7

4. Income tax charge

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

	2015 £m	2014 £m
Current tax		
- Current year group relief	0.9	1.0
Income tax charge	0.9	1.0

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

	2015 £m	2014 £m
Profit on ordinary activities before tax	4.4	4.8
At 20.25% (2014: 21.5%)	0.9	1.0
Tax charge	0.9	1.0

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

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

Notes to the financial statements

5. Trade and other receivables

	2015 £m	2014 £m
Trade receivables - factored	187.3	192.7
Less: provision for impairment of receivables	(2.2)	(3.1)
Trade receivables - net	185.1	189.6
	185.1	189.6

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 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 2015, trade receivables of £155.4m (2014: £130.6m) were fully performing.

As of 31 December 2015, trade receivables of £29.7m (2014: £59.0m) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	2015 £m	2014 £m
Up to 3 months	29.0	57.9
3 to 6 months	0.7	1.1
	29.7	59.0

As of 31 December 2015, trade receivables of £2.2m (2014: £3.1m) were impaired and provided for. The amount of the provision was £2.2m as of 31 December 2015 (2014: £3.1m). 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:

	2015 £m	2014 £m
Up to 3 months	0.7	0.9
3 to 6 months	0.7	1.1
Over 6 months	0.8	1.1
	2.2	3.1

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:

	2015 £m	2014 £m
Pounds sterling	185.1	189.6

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

	2015 £m	2014 £m
At 1 January	3.1	3.9
Release of receivables impairment	0.3	-
Receivables written off during the year as uncollectible	(1.2)	(0.8)
At 31 December	2.2	3.1

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

Notes to the financial statements

6. Trade and other payables

	2015 £m	2014 £m
Amounts owed to group undertakings	57.3	66.0
	57.3	66.0

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

7. Financial liabilities - borrowings

Current	2015 £m	2014 £m
Bank loans	125.3	0.3
Debt issue costs	(0.6)	-
	124.7	0.3

Non-current	2015 £m	2014 £m
Bank loans	125.3	125.3
Debt issue costs	(0.6)	(1.3)
	124.7	124.0
Less amounts falling due within one year	(124.7)	(0.3)
	-	123.7

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 £0.3m (2014: £0.4m) which falls due within one year.

All borrowings are denominated in Pounds 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:

	2015 £m	2014 £m
Borrowings at floating interest rates	125.3	125.3

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

	2015	2014
Bank loans	3.00%	3.00%

Notes to the financial statements

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 2015, the Company's borrowings at variable rate were denominated in the UK pound. The Company analyses its interest rate exposure on a regular 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 £0.3m (2014: £0.3m).
(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 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 S.à r.l.. There are no external capital requirements on the company. Further details of the share capital of the Company can be found in note 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 2015		As at 31 December 2014	
	Loans and receivables £m	Financial liabilities at amortised cost £m	Loans and receivables £m	Financial liabilities at amortised cost £m
Assets as per the statement of financial position				
Trade and other receivables	185.1	-	189.6	-
Liabilities as per the statement of financial position				
Financial liabilities - borrowings	-	125.3	-	125.3
Trade and other payables	-	57.3	-	66.0
	-	182.6	-	191.3

Notes to the financial statements

8. Financial Instruments (continued)

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

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

	2015 Book value £m	2015 Fair value £m	2014 Book value £m	2014 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	**(125.3)**	**(125.3)**	(0.3)	(0.3)
Other long term borrowings	**-**	**-**	(125.0)	(117.3)
Trade and other payables	**(57.3)**	**(57.3)**	(66.0)	(66.0)
Trade and other receivables	**185.1**	**185.1**	189.6	189.6

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.*

	As at 31 December 2015 Trade and other payables £m	As at 31 December 2015 Bank loans £m	As at 31 December 2015 Total £m	As at 31 December 2014 Trade and other payables £m	As at 31 December 2014 Bank loans £m	As at 31 December 2014 Total £m
Less than one year	**57.3**	**128.3**	**185.6**	66.0	3.8	69.8
Between one and two years	**-**	**-**	**-**	-	128.2	128.2
Between two and five years	**-**	**-**	**-**	-	-	-
	57.3	**128.3**	**185.6**	66.0	132.0	198.0

Borrowing facilities
There were no undrawn committed borrowing facilities available at 31 December 2015 or 31 December 2014.

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:

	2015 £m	2014 £m
Trade receivables		
Low risk	**94.0**	66.6
Medium risk	**51.3**	57.0
High risk	**10.1**	7.0
At 31 December	**155.4**	130.6

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

9. Share capital

	2015 £	2014 £
Authorised		
1,000 (2014: 1,000) ordinary shares of £1 each	**1,000**	1,000
Issued and fully paid		
1 (2014: 1) ordinary share paid of £1 each	**1**	1
At 1 January and 31 December	**1**	1

10. Accumulated deficit

	2015 £m	2014 £m
At 1 January	**(0.4)**	(4.2)
Profit and total comprehensive income	**3.5**	3.8
At 31 December	**3.1**	(0.4)

Notes to the financial statements

11. Cash generated from operations

Reconciliation of profit before taxation to cash generated from operations

	2015 £m	2014 £m
Profit before taxation	**4.4**	4.8
Adjustments for:		
Finance costs	**4.7**	4.7
Increase in trade and other receivables	**4.5**	(4.6)
Decrease in trade and other payables	**(9.6)**	(0.9)
Cash generated from operations	**4.0**	4.0

12. Employees' and directors' emoluments

No emoluments were payable to the directors in respect of services to the Company (2014: £nil) 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 (BC) Luxco S.à r.l. group. Details of the transactions with other group undertakings are as follows:

	2015 £m	2014 £m
Turnover from fellow subsidiaries	**9.4**	9.4
Amounts receivable from parent undertakings	**9.1**	9.1
Amounts payable to parent undertakings	**(2.6)**	(1.7)
Amounts payable to fellow subsidiaries	**(63.8)**	(73.4)

As disclosed in note 14 to the financial statements the ultimate controlling parties of the Company are Bain Capital Fund IX E LP and Bain Capital Fund VIII E LP.

14. Ultimate parent Company and controlling party

The immediate parent undertaking and controlling party is Brake Bros Holding II Limited, a Company incorporated in the United Kingdom.

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

In accordance with IFRS 10 ("Consolidated Financial Statements"), 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

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