

Company registration number: NI066355

Brakes Foodservice NI Limited

Annual report and financial statements

For the year ended 29 June 2019

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Brakes Foodservice NI Limited

Annual report and financial statements for the year ended 29 June 2019

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Brakes Foodservice NI Limited

Annual report and financial statements

For the year ended 29 June 2019

Strategic report

The directors present their strategic report on the Company for the year ended 29 June 2019.

Review of the business

The principal activity of the Company is the specialist supply of frozen, chilled and ambient foods as well as catering supplies and equipment to the catering industry in Northern Ireland and in the Republic of Ireland. The Company has built a reputation for quality food and unrivalled service and offer an extensive range of our own-branded products, supplemented by well-known supplier brands and a range of local products.

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 pre-tax loss from continuing operations of £3,587,000 (2018: £4,133,000) for the year and sales of £23,414,000 (2018: £28,444,000).

During the period, the Company sold its investment in its subsidiary undertaking, Brakes Bros Foodservice Ireland Limited to another entity within the Sysco Group of Companies.

Impact of Covid-19

The circumstances resulting from Covid-19 are expected to have a significant impact on the trading performance in the final quarter of the year ended 29 June 2020. There is no immediate certainty around the severity and duration of the impact on the business. Following Government "lock-down" measures, introduced in March 2020 in the UK and across Europe which initially saw the closure in many countries in which the group operates of schools and other educational facilities, pubs, bars, restaurants and hospitality venues and events, we have seen a marked decline in our turnover with Q4 2020 levels expected to be significantly below prior year.

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

Principal risks and uncertainties

The directors of the Company manage the risks of the Company through the Company's parent company Brake Bros Limited. The principal risks and uncertainties facing the Company relate to foreign currency risks, credit risks, as well as liquidity risks.

The Company is exposed to foreign currency exchange risks primarily with respect to the Euro within trade and other payables. The Company's credit risk is the risk that one party to a financial instrument will cause a financial loss to the Company by failing to discharge an obligation. Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with financial liabilities. The immediate parent undertaking Brake Bros Limited has a group risk management programme that seeks to limit the adverse effects of financial risks for its subsidiary undertakings including those of the Company (see the Director's report below for further details).

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

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



M Ball
Director
25 June 2020

Brakes Foodservice NI Limited

Annual report and financial statements

For the year ended 29 June 2019

Directors' report

The directors present their directors' report for the year ended 29 June 2019.

General information

Brakes Foodservice NI Limited is a limited company incorporated and domiciled in the United Kingdom.

The immediate parent undertaking is Brake Bros Limited, a company incorporated in the United Kingdom.

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

Future outlook and going concern

At the year end, the Company had net current liabilities amounting to £20,264,000 (2018: £12,135,000). 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 Brakes Bros Limited Group on a combined basis. The Directors have considered the future operating profits, cash flows and facilities available. In light of the impact of Covid-19 is expected to have on the cashflows and operations, the Company's ultimate parent undertaking Sysco Corporation has confirmed that they will continue to support the Company in order to allow the Company to satisfy its financial obligations in the normal course of business at least through to 30 June 2021. Given the continued parental support, the Directors deem it appropriate to prepare the financial statements on the going concern basis. Further information on this is given in the basis of preparation paragraph in note 1 to these statements. The directors are satisfied that the Company will have sufficient funds to repay its liabilities as they fall due. Consequently, the financial statements of the Company are prepared on the going concern basis.

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

Post balance sheet event

The impact of Covid-19 on the future outlook of the business is also set out in Note 22 to the financial statements. No other material events have occurred since the statement of financial position date which would affect the financial statements of the Company.

Dividends

No interim dividends (2018: £nil) have been paid and the directors do not recommend a final dividend (2018: £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:

M Ball
A H Kama

Directors' third party indemnity provisions

A qualifying third-party indemnity provision as defined in Section 234 of the Companies Act 2006 is in force for the benefit of each of the directors 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 approval of these financial statements.

Employment report

The Company aims to keep employees aware of all material factors affecting them as employees and the performance of the Company. It encourages good communication through regular meetings between management and staff, enabling senior managers to consult and ascertain employees' views on all appropriate matters. This is supplemented by regular briefings, intranet and e-mail bulletins and divisional newsletters. Employees are encouraged to participate in the performance of the Company by way of bonus schemes.

The Company employs 170 people. We provide extensive training and career development programmes. It is our policy to achieve and maintain a high standard of health and safety at work and to ensure everyone, regardless of race, religion or sex, and including disabled people where reasonable and practicable, is treated in the same way as regards employment, training, career development and promotion. Every effort is made to help with the rehabilitation of anyone injured during their employment, and to that end we have embarked on an Employee Care Programme.

Health and safety

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

Directors Duties

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

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

The following paragraphs summarise how the Directors fulfil their duties:

Brakes Foodservice NI Limited

Annual report and financial statements

For the year ended 29 June 2019

Directors' report (continued)

Risk Management

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

Our people

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

Business relationships

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

Community and environment

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

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

Shareholders

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

Financial risk management:

The Company's principal financial risks relate to foreign currency risks, credit risks, as well as liquidity risks.

The parent undertaking Brake Bros Limited has a group risk management programme that seeks to limit the adverse effects of financial risks for its subsidiary undertakings including those of the Company.

The Board of Directors of Brake Bros Limited have the responsibility for setting the risk management policies, in compliance with Sysco Corporation risk management policies, applied by the Brake Bros Limited group of companies. The policies are implemented by the central group treasury department that receives regular reports from the operating companies to enable prompt identification of financial risks so that the appropriate actions may be taken. The key financial risks that the Company may be exposed to are:

(a) Foreign currency exchange risk

The Company is exposed to foreign currency exchange risks primarily with respect to the Euro within trade payables and trade receivables.

(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 banks, independently rated parties with minimum band 'B' rating are used for the Company's main banking requirements. 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 Company has implemented policies that require appropriate credit checks on potential customers before sales commence.

(c) Liquidity risk

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

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

Independent auditors

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

Each of the persons who is a director at the date of approval of this annual report confirms that so far as each of the directors are aware, there is no relevant audit information of which the auditor is 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 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.

Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and

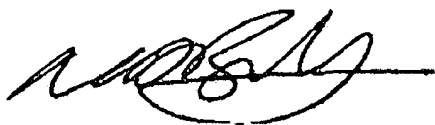
Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". 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 judgements 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.

Approved by the Board of Directors and signed by order of the board:



M Ball
Director
25 June 2020

Company registration number: NI066355

Registered office:
221 Hillhall Road
Lisburn
County Antrim
Northern Ireland
BT27 5JQ

Independent auditor's report to the members of Brakes Foodservice NI Limited

Opinion

We have audited the financial statements of Brakes Foodservice NI Limited for the year ended 29 June 2019 which comprise the income statement, statement of financial position, statement of changes in equity and the related notes 1 to 22, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 29 June 2019 and of its loss 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.

Basis for opinion

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

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

Conclusions relating to going concern

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

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

Other information

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

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

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

We have nothing to report in this regard.

Opinions on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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


Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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



Neil Kelly (Senior statutory auditor)
for and on behalf of Ernst & Young, Statutory Auditor
Limerick, Ireland
25 June 2020

Brakes Foodservice NI Limited
Directors' report and financial statements
For the year ended 29 June 2019

Income statement

For the year ended 29 June 2019

| | | For the year ended 29 June 2019 £'000 | For the Year ended 30 June 2018 £'000 |
|---|--------------|--|--|
| Continuing operations | Notes | | |
| Revenue | 2 | 23,414 | 28,444 |
| Operating costs | | (28,682) | (32,539) |
| Operating loss | 2 | (5,268) | (4,095) |
| Analysed as: | | | |
| Operating loss before exceptional items | | (2,595) | (2,742) |
| Exceptional items | 2 | (2,673) | (1,353) |
| Profit from sale of Subsidiary | 8 | 1,800 | |
| Finance costs | 3 | (119) | (38) |
| Loss on ordinary activities before taxation | | (3,587) | (4,133) |
| Income tax credit / (charge) | 4 | 608 | (86) |
| Loss for the year from continuing operations | | (2,979) | (4,219) |

The Company has no recognised 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 8 to 20 form an integral part of these financial statements.

Brakes Foodservice NI Limited
Directors' report and financial statements
For the year ended 29 June 2019

Statement of financial position

As at 29 June 2019

| | Notes | At 29 June 2019 £'000 | At 30 June 2018 £'000 |
|---|-------|--------------------------|--------------------------|
| Assets | | | |
| Non-current assets | | | |
| Investment in subsidiary | 8 | - | 62 |
| Goodwill | 5 | 2,557 | 2,557 |
| Intangible assets | 6 | 7,166 | 4,061 |
| Property, plant and equipment | 7 | 3,289 | 1,251 |
| Deferred tax | 14 | 312 | 296 |
| | | 13,324 | 8,227 |
| Current assets | | | |
| Inventories | 9 | 533 | 1,135 |
| Trade and other receivables | 10 | 5,407 | 3,859 |
| Cash and cash equivalents | 11 | 3,047 | 1,814 |
| | | 8,987 | 6,808 |
| Liabilities | | | |
| Current liabilities | | | |
| Financial liabilities - borrowings | 13 | (44) | (39) |
| Trade and other payables | 12 | (29,207) | (18,904) |
| | | (29,251) | (18,943) |
| Net current liabilities | | (20,264) | (12,135) |
| Non-current liabilities | | | |
| Financial liabilities - borrowings | 13 | (9) | (53) |
| | | (9) | (53) |
| Net (liabilities) / assets | | (6,949) | (3,961) |
| Equity | | | |
| Share capital | 15 | - | - |
| Equity reserve | | (12) | (3) |
| Accumulated deficit / retained earnings | 16 | (6,337) | (3,958) |
| Total equity | | (6,949) | (3,961) |

The notes on pages 8 to 20 form an integral part of these financial statements.

The financial statements on pages 5 to 20 were approved by the Board of Directors on 25 June 2020 and were signed on its behalf by:



M Ball
Director

Company registration number: NI066355

Brakes Foodservice NI Limited
Directors' report and financial statements
For the year ended 29 June 2019

Statement of changes in equity

For the year ended 29 June 2019

| | Notes | Share capital £'000 | Equity reserve £'000 | (Accumulated deficit) £'000 | Total equity £'000 |
|--|-------|------------------------|-------------------------|--------------------------------|-----------------------|
| At 1 July 2018 | 15 | - | (3) | (3,958) | (3,961) |
| Loss for the year and total comprehensive expense | 16 | - | - | (2,979) | (2,979) |
| Share-based compensation equity movement during the year | | - | (9) | - | (9) |
| At 29 June 2019 | | - | (12) | (6,937) | (6,949) |

| | Notes | Share capital £'000 | Equity reserve £'000 | (Accumulated deficit) / retained earnings £'000 | Total equity £'000 |
|--|-------|------------------------|-------------------------|--|-----------------------|
| At 1 July 2017 | 15 | - | - | 261 | 261 |
| Loss for the year and total comprehensive expense | 16 | - | - | (4,219) | (4,219) |
| Share-based compensation equity movement during the year | | - | (3) | - | (3) |
| At 30 June 2018 | | - | (3) | (3,958) | (3,961) |

The notes on pages 8 to 20 form an integral part of these financial statements.

Brakes Foodservice NI Limited

Directors' report and financial statements

For the year ended 29 June 2019

Notes to the financial statements

1. Accounting policies

General information

These financial statements are the financial statements of Brakes Foodservice NI Limited ("the Company") for the year ended 29 June 2019, and were authorised for issue by the Board of Directors on 25 June 2020. For practical reasons, the Company prepares its financial statements to the Saturday closest to the Company reference date of 30 June.

Brakes Foodservice NI Limited is a company incorporated and domiciled in the United Kingdom under the Companies Act. The nature of its operations and principal activities are set out in the strategic report on page 1. The address of the registered office is given on page 3.

The Company has applied Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101") issued by the Financial Reporting Council (FRC).

Significant accounting policies

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

Basis of preparation and going concern

The Company meets the definition of a qualifying entity under Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101") issued by the Financial Reporting Council. These financial statements have been prepared in accordance with FRS 101.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, financial instruments, remuneration of key management personnel and related party transactions. Where relevant, equivalent disclosures have been given in the group accounts of Sysco Corporation. The group accounts of Sysco Corporation are available to the public and can be obtained as set out in note 21 to the financial statements.

These separate financial statements contain information about Brakes Foodservice NI Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken advantage of the exemption under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiaries are included by full consolidation in the consolidated financial statements of its parent, Brake Bros Limited. Details of how to obtain these financial statements can be found in note 21 to the financial statements.

At the year end, the Company had net current liabilities of £20,264,000 (2018: £12,135,000). The immediate impact of Covid-19 has seen a substantial decrease in our operating volumes with much of our customer base subject to Government enforced closure in March 2020. We have taken steps to reduce outgoings and to utilise various Government Job Retention Scheme grants and initiatives to furlough staff where appropriate. Capital expenditure projects have been deferred and the Company is taking a prudent and vigilant approach on all expenditure. Our business continues to service customers and where possible we have shifted our business model to expand our customer base to the domestic and retail sectors in order to offset some of the loss of revenue, utilise our fleet and leverage stock in our networks. The Company are actively looking to expand their customer reach to domestic supply through the existing distribution networks and in the UK to generate income from supplying our distribution services to Government Agencies.

The Company participates in a European cash pooling arrangement with other Sysco Group entities providing additional sources of local liquidity as and when required. This cash pool has direct access to an external Revolving Credit Facility of \$250m. As of 22 June 2020 there are no drawings on this facility.

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

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

In light of the impact of Covid-19 is expected to have on the cashflows and operations of the Company, the Company's ultimate parent undertaking Sysco Corporation has confirmed that they will continue to support the Company in order to allow it to satisfy its financial obligations in the normal course of business at least through to 30 June 2021. The Directors are satisfied that the ultimate parent undertaking Sysco Corporation has the ability to provide this support, should it be required. In reaching this conclusion they considered the strategies that Sysco Corporation has put in place to manage its operations including; taking cost out of the business by adjusting variable expenses and certain fixed costs to account for volume declines, reducing the workforce through the implementation of hiring freezes, furloughs and other headcount reductions, and other operational efficiencies. It has also strengthened its liquidity position in response to the Covid-19 pandemic. They include: a significant reduction in capital expenditure; suspension of the share repurchase program; drawing down \$1.5 billion under its revolving credit facility; and recently issuing \$4 billion of new debt. The Directors of the parent forecast to have sufficient liquidity through the going concern period even under its most downside forecast scenario and before any further mitigating actions it may take.

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

The financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The Company has used a true and fair view override in respect of the non-amortisation of goodwill (see intangible assets section below).

The financial statements have been prepared under the historical cost convention.

Changes in accounting policies and disclosures

New and amended standards and interpretations.

During the period the Company has adopted IFRS 9 Financial Instruments. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments, classification and measurement; impairment; and hedge accounting. The objective of this Standard is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information about the amounts, timing and uncertainty of an entity's future cash flows.

There have been no material impacts on the Company's financial statements as a result of adopting IFRS 9 from 1 July 2018.

Impact of new standard adopted - IFRS 15 Revenue from Contracts with Customers

On 1 July 2018, the Company adopted IFRS 15 'Revenue from Contracts with Customers' (as amended in April 2016) with no significant impact on its financial position or results of operations, using the cumulative effect transition method and without using the practical expedients for modified contracts in IFRS 15.C5(c). This method requires, if the impact of adoption is material, an adjustment to the opening balance of equity in the period of adoption without having to restate prior period comparatives.

IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. The model includes identifying the contract with the customer, identifying each distinct performance obligation within the contract, determining the transaction price, allocating the transaction price to each distinct performance obligation and recognising revenue when the performance obligation is satisfied. The new standard supersedes all previous revenue recognition requirements under IFRS and can be adopted using either the full retrospective or cumulative effect transitional method.

Results for reporting periods beginning after 1 July 2018 are presented under IFRS 15, while prior period amounts have not been restated and continue to be reported in accordance under IAS 18. There was no adjustment required to the opening retained earnings balance on 1 July 2018 and no material impact on revenue recognition for fiscal 2019 as a result of adopting IFRS 15.

Brakes Foodservice NI Limited
Directors' report and financial statements
For the year ended 29 June 2019
Notes to the financial statements

1. Accounting policies (continued)

Once a contract has been identified, the Company recognizes revenue when the performance obligation is satisfied, which is the point at which control of the goods are transferred to its customers. For the majority of The Company's customer arrangements, control transfers to customers at a point-in-time when goods have been delivered, as that is generally when legal title and physical possession is transferred to the customer. The timing of satisfaction of the performance obligation is not subject to significant judgment as goods are usually delivered and signed for at the same point in time.

New and amended standards and interpretations issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements and which might have an effect on the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

IFRS 16 Leases (required for annual periods beginning on or after 1 January 2019);

IFRIC 23 Uncertainty over tax treatments (not yet endorsed by the EU; effective for periods beginning on or after 1 January 2019);

Annual Improvements 2015-2017 Cycle (issued in December 2017). These improvements (required for reporting periods beginning on or after 1 January 2019) include;

- IAS 12 Income Taxes

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

IFRS 16 Leases

IFRS 16 will be effective in the Company's financial statements for the year ending 27 June 2020. Early adoption is permitted but the Company plans to adopt the new standard on the required effective date for periods beginning on or after 1 January 2019. The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It replaces IAS 17 'Leases' and IFRIC 4 'Determining whether an arrangement contains a lease' in its entirety. The most significant changes are in relation to lessee accounting while lessor accounting remaining similar to current practice. Under the new standard the concept of assessing a lease contract as either an operating or finance lease is replaced by a single lessee accounting model that is similar to current finance lease accounting. Under this new model, substantially all lease contracts will result in a lessee acquiring a right-of-use asset and creating a corresponding lease liability. The right-of-use asset will be depreciated over the lease term and interest will be charged on the lease liability over the same period.

Adopting IFRS 16 will result in a material change to way the Company's Balance Sheet is reported, with right-of-use assets and accompanying lease liabilities being recognised for most of the Company's leased assets. The Company's property lease portfolio will now be recognised on the Balance Sheet. Additionally, the Group has equipment leases, fleets of leased delivery vehicles and car leases provided to employees via the company's car schemes most of which will also be recognised on the Balance Sheet.

The Income Statement will also be impacted, with lease expenses relating to previous IAS 17 operating leases being replaced by a depreciation charge arising from the right-of-use assets and interest charges arising from lease liabilities.

The Company plans to adopt the new standard using the modified retrospective approach with an adjustment to equity on 1 July 2019. Under this approach, the Company has elected to measure the initial right-of-use assets at an amount equal to the lease liabilities on the date of adoption. The lease liabilities will be measured as the present value of future lease payments. The right-of-use assets will be adjusted to take into account any prepaid lease payments and incentives relating to the relevant leases that were recorded on the balance sheet at 29 June 2019.

The following practical expedients shall be elected in adopting IFRS 16:

- Not to reassess whether a current IAS 17 and IFRIC 4 lease contract is, or contains a lease at the date of initial application
- Apply a single discount rate to a portfolio of assets with similar characteristics
- Not to recognise right-of-use assets and lease liabilities for leases which end within 12 months of initial application
- Exclude initial direct costs from the measurement of right-of-use assets at the adoption date.

The following exemptions shall be applied in adopting IFRS 16:

- Short-term leases, 12 months or less are accounted for in profit and loss
- Low-value leases, assets less than £5,000, are accounted for in profit and loss

During 2019 the Company carried out a detailed assessment of existing leases and other contractual arrangements using all available lease information and expectations around lease terms and payments to identify any lease arrangements that would fall within scope of IFRS 16 and to quantify the impact.

The expected impact of applying IFRS 16 using the modified retrospective approach on 30 June 2019 is set out below:

- Recognition of lease liabilities of £471,000. This compares to undiscounted lease off balance sheet commitments reported under IAS 17 of £473,000 in Note 19.
- Recognition of right-of-use assets of £471,000.
- Replacement of minimum lease payments for operating leases with lease interest expense and depreciation of the right-of-use asset. Minimum lease payments for operating leases in the year to 29 June 2019 are £ 202,000 (see Note 2). It is anticipated that profit before tax will not be materially different than under current accounting standards

Revenue

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

Property, plant and equipment

Property, plant and equipment is shown at historical cost less subsequent depreciation and impairment.

Cost represents invoiced cost plus any other costs that are directly attributable to the acquisition of the item. The Company capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset and for non-qualifying assets charges borrowing costs to the income statement.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be reliably measured. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

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1. Accounting policies (continued)

No depreciation is provided on freehold land.

Depreciation is provided on all other property, plant and equipment to write down their cost or, where their useful economic lives have been revised, their carrying amount at the date of revision to their estimated residual values on a straight line basis over the periods of their estimated, or revised, remaining useful economic lives respectively. These lives are considered to be:

| | |
|---------------------------------|--|
| Freehold buildings | - between 17 and 40 years |
| Leasehold buildings | - the period of the lease or 40 years whichever is the shorter |
| Motor vehicles | - between 5 and 10 years |
| Plant and equipment | - between 5 and 40 years |
| Information technology hardware | - between 3 and 5 years |

Asset lives and residual values are reviewed each financial period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Profits and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the income statement.

Intangible assets

(a) Goodwill

Goodwill arising represents the excess of the cost of acquisition over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired.

The Companies Act 2006 requires goodwill to be reduced by provisions for depreciation on a systematic basis over a period chosen by the directors, not exceeding its useful economic life. However, under IFRS 3 Business Combinations, goodwill is not amortised. Consequently, the Company does not amortise goodwill but reviews it for impairment on an annual basis or whenever there are indicators of impairment. The Company is therefore invoking a "true and fair view override" to overcome the prohibition of the non-amortisation of goodwill in the Companies Act 2006. The Company is not able to reliably estimate the impact on the financial statements of the true and fair view override on the basis that the useful life of goodwill cannot be predicted with a satisfactory level of reliability, nor can the pattern in which goodwill diminishes be known.

(b) Computer software

Acquired computer software licences are capitalised as an intangible asset on the basis of the costs incurred to acquire and bring into use the specific software. Directly attributable costs associated with the development of software that are expected to generate future economic benefits are capitalised as part of computer software.

Where software costs are capitalised they are amortised using the straight-line basis to write them down to their estimated realisable value over their estimated useful economic lives, which are considered to be between three and five years.

The residual value and useful economic life are reviewed, and adjusted if appropriate at each statement of financial position date.

Impairment of non-financial assets

Assets that have an indefinite useful economic life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Investments in subsidiary undertakings

Investments in subsidiaries held as non-current assets are accounted for at cost less a provision for any impairment in value. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investments. If the directors consider that fair value of investments in subsidiaries are below their carrying value then a provision for impairment would be made.

Inventories

Inventories are stated at the lower of cost and net realisable value. Provision is made for obsolete and slow-moving items. Cost comprises direct purchase costs and overheads that have been incurred in bringing the inventories to their present location and condition. Direct purchase cost is calculated on a weighted average cost basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Financial assets

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

Loans and receivables

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' and 'cash and cash equivalents' 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.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank (being the cash book balance) and in hand, short-term deposits and other short-term highly liquid investments with original maturities of three months or less held for the purpose of meeting short-term cash commitments. Bank overdrafts are presented in current liabilities to the extent that there is no right of offset with cash balances.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are non interest-bearing, are recognised initially at fair value and are subsequently measured at amortised cost.

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1. Accounting policies (continued)

Leases

Leases in which substantially all of the risks and rewards of ownership are transferred to the Company are classified as finance leases. Assets acquired under finance leases are included in the statement of financial position as property, plant and equipment at their fair value, or if lower, the present value of the minimum lease payments, each determined at the inception of the lease and are depreciated over the shorter of their useful lives and the lease term. The capital element of future rentals is treated as a liability. Rentals are apportioned between reductions of the respective liabilities and finance charges, which are dealt with under finance costs in the income statement.

Rentals paid under operating leases (those leases where a significant portion of the risks and rewards of ownership are retained by the lessor) are charged to the income statement on a straight line basis over the term of the lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

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 differences can be utilised.

Employee benefits

The Company is a member of a defined contribution pension scheme operated by Brake Bros Limited, the parent undertaking of the Company, for its employees. Further detail is set out in Note 19.

Defined contribution plan

For defined contribution plans, the Company pays contributions to pension plans on a contractual basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due.

Foreign currencies

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the relevant functional currency at the rates of exchange ruling at the date of the statement of financial position. Differences arising on translation are charged or credited to the income statement except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

Exceptional items

Where items of income and expense included in the income statement, including losses in respect of businesses exited or being exited are considered to be material and / or outside the normal course of business, separate disclosure of their nature and amount is provided in the financial statements. These items are classified as exceptional items. The Company considers the size and nature of an item both individually and when aggregated with similar items, when considering whether it is material.

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.

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.

Finance income

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

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 period are discussed below.

(a) Impairment review of goodwill

The Company tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated above. The recoverable amounts of the cash-generating unit has been determined based on value-in-use calculation. This calculation require the use of estimates (see note 5).

A sensitivity analysis has been performed on the key assumptions used for assessing the goodwill. The directors have concluded that there are no reasonably possible changes in key assumptions which would cause the carrying amount of goodwill to exceed its value-in-use.

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2. Revenue and operating loss

| | For the year ended 29 June 2019 £'000 | For the Year ended 30 June 2018 £'000 |
|---|--|--|
| Revenue | 23,414 | 28,444 |
| Direct purchase cost | (18,543) | (22,268) |
| Trading profit | 4,871 | 6,176 |
| Distribution and selling costs | (5,855) | (7,102) |
| Gross loss | (984) | (926) |
| Administrative expenses | (1,611) | (1,816) |
| Exceptional items (see below) | (2,673) | (1,353) |
| Total administrative expenses | (4,284) | (3,169) |
| Profit on Disposal of Subsidiary | Note 8 1,800 | - |
| Operating loss from Continuing Operations | (2,484) | (4,095) |

The Company's revenue relates primarily of sales of products to customers within Northern Ireland and the Republic of Ireland.

| | For the year ended 29 June 2019 £'000 | For the Year ended 30 June 2018 £'000 |
|---|--|--|
| Loss on ordinary activities before taxation is arrived at after charging: | | |
| Employee costs (see note 17) | 3,795 | 5,073 |
| Inventories | | |
| - cost of inventories recognised as an expense (included in direct purchase cost) | 18,543 | 22,268 |
| Depreciation of property plant and equipment | | |
| - owned assets | 325 | 295 |
| - assets held under finance leases | 46 | 50 |
| Impairment of property plant and equipment | 280 | - |
| Other operating lease rentals payable | | |
| - property | 202 | 178 |
| Repairs and maintenance expenditure on property, plant and equipment | 444 | 87 |
| Trade receivables impairment | 104 | 76 |
| Fees payable to the auditor for statutory audit services | 36 | 20 |

Exceptional items

The Company's ultimate parent undertaking Sysco Corporation has initiated a restructuring programme in respect of its operations in Ireland. As a result of this project the Company has incurred significant costs amounting to £2,673,000 (2018: £1,353,000) primarily on information systems' infrastructure and dual running costs. These costs will cease to be incurred upon the conclusion of the programme.

3. Finance costs

| | For the year ended 29 June 2019 £'000 | For the Year ended 30 June 2018 £'000 |
|-------------------------|--|--|
| Finance costs: | | |
| Finance leases | 5 | 14 |
| Other loans and charges | 24 | 12 |
| Foreign exchange losses | 90 | 12 |
| Total finance costs | 119 | 38 |

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4. Income tax (credit) / charge

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

| | For the year ended 29 June 2019 £'000 | For the Year ended 30 June 2018 £'000 |
|--|--|--|
| Current tax | | |
| - current year group relief | (592) | (435) |
| Deferred taxation | | |
| - origination and reversal of temporary differences | (32) | (56) |
| - prior periods tax losses derecognised | - | 577 |
| - impact of change in UK tax rate | 16 | - |
| Total current and deferred taxation (credit) / charge | (608) | 86 |

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

| | For the year ended 29 June 2019 £'000 | For the Year ended 30 June 2018 £'000 |
|--|--|--|
| Loss on ordinary activities before tax | (3,587) | (4,133) |
| At 19.00% (2018: 19.00%) | (682) | (785) |
| Effects of: | | |
| Prior periods tax losses derecognised | - | 577 |
| Impact of re-measurement of deferred tax | 16 | - |
| Current year unrecognised tax losses | - | 288 |
| Expenses not deductible for tax purposes and other adjustments | 58 | 6 |
| Total current taxation (credit) / charge | (608) | 86 |

The main UK corporation tax rate reduced from 20% to the current rate of 19% on 1 April 2017. The Finance Act 2016 included legislation that would reduce the tax rate further to 17% from 1 April 2020. This rate was enacted when The Finance Act 2016 received Royal Assent on 15 September 2016. In his Budget speech on 11 March 2020 the Chancellor announced the cancellation of the reduction in the main UK corporation tax rate to 17%. As such, the main UK corporation tax rate will remain at 19% from 1 April 2020. The impact of the cancellation of the rate reduction would result in an increase to the net UK deferred tax asset of £37,000.

5. Goodwill

| | Total £'000 |
|--|----------------|
| Cost and carrying amount | |
| At 1 July 2018 and 29 June 2019 | 2,557 |
| | Total £'000 |
| Cost and carrying amount | |
| At 1 July 2017 and 30 June 2018 | 2,557 |

Impairment review

An overview of the impairment review performed by is set out below. The recoverable amount of a CGU is determined on value-in-use calculations. These calculations use pre-tax cash flow projections based on internal forecasts approved by management covering the next year. Subsequent cash flows beyond are extrapolated using the estimated growth rate stated below.

The cash-generating unit ("CGU") is the Brakes Foodservice NI business.

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5. Goodwill (continued)

The key assumptions in the value in use calculations were:

- Revenue growth. This was based on expected levels of activity under existing major contractual arrangements together with growth based upon medium term historical growth rates and having regard for expected economic and market conditions for other customers.
- Operating cost growth. This assumption was based upon management's expectation for each significant product line, having regard for contractual arrangements and expected changes in market conditions.
- Discount rate. The discount rate applied to the cash flow projections are based on an appropriate weighted average cost of capital for the company and reflect specific risks relating to the CGU.
- Long term GDP growth rate. The long term growth rates applied to the cash flow projections are based on economic forecasts relating to the CGU.

The forecasts are based on the approved management plan covering the next three financial years. Subsequent cash flows have been forecast to increase by 3.0% (2018: 3.0%) in line with the long term GDP growth rate and including inflation, reflecting minimum management expectations based on historical growth. The cash flows were discounted using a pre-tax discount rate of 11% (2018: 11.0%). The results of the impairment review undertaken indicated that the CGU has recoverable amount in excess of the carrying value of the goodwill. For the impairment review a sensitivity analysis (included in 'critical accounting estimates and assumptions' in note 1 to the financial statements) has been performed on the key assumptions used in determining the recoverable amount of the CGU.

6. Intangible assets

| | Software £'000 |
|---------------------------------|-------------------|
| At 1 July 2018 | 4,061 |
| Additions | 3,105 |
| As at 29 June 2019 | 7,166 |
| Accumulated depreciation: | |
| At 1 July 2018 | - |
| Charge for the year | - |
| As at 29 June 2019 | - |
| Carrying amount at 29 June 2019 | 7,166 |
| Carrying amount at 30 June 2018 | 4,061 |

Included in intangible assets for the Company at 29 June 2019 was an amount of £7,166,000 (2018: £4,061,000) for computer software under construction.

7. Property, plant and equipment

| | Land and buildings £'000 | Motor vehicles £'000 | Plant and equipment £'000 | Information technology hardware £'000 | Total £'000 |
|---------------------------------|--------------------------------|-----------------------------|---------------------------------|--|-----------------------------|
| Cost | | | | | |
| At 1 July 2018 | 325 | 2,261 | 1,124 | 594 | 4,304 |
| Additions | 317 | - | 79 | 2,309 | 2,705 |
| Reclassification | 5 | (53) | 31 | 17 | - |
| Disposals | - | (654) | (188) | - | (842) |
| At 29 June 2019 | 647 | 1,554 | 1,046 | 2,920 | 6,167 |
| Accumulated depreciation | | | | | |
| At 1 July 2018 | 244 | 1,630 | 943 | 236 | 3,053 |
| Charge for the year | 14 | 216 | 96 | 45 | 371 |
| Impairment | - | - | - | 280 | 280 |
| Reclassification | 74 | (35) | (39) | - | - |
| Disposals | - | (654) | (172) | - | (826) |
| At 29 June 2019 | 332 | 1,157 | 828 | 561 | 2,878 |
| Carrying amount at 29 June 2019 | 315 | 397 | 218 | 2,359 | 3,289 |
| Carrying amount at 30 June 2018 | 81 | 631 | 181 | 358 | 1,251 |
| | | At 29 June 2019 £'000 | | | At 30 June 2018 £'000 |
| Land and buildings comprise: | | | | | |
| Cost | | | | | |
| Freehold | | 647 | | | 325 |
| Accumulated depreciation | | | | | |
| Freehold | | 332 | | | 244 |

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7. Property, plant and equipment (continued)

Assets held under finance leases have the following carrying amount:

| | At 29 June 2019 £'000 | At 30 June 2018 £'000 |
|--------------------------|-----------------------------|-----------------------------|
| Motor vehicles | | |
| Cost | 191 | 898 |
| Accumulated depreciation | (150) | (812) |
| Carrying amount | 41 | 86 |

8. Investment in subsidiary undertaking

Investments in subsidiary undertaking (equity) - at cost and carrying amount:

| | £'000 | £'000 |
|---------------------------------------|-----------|-----------|
| At 1 July 2017 and 1 July 2018 | 62 | 62 |
| Disposal in the year | (62) | - |
| At 29 June 2019 / 30 June 2018 | - | 62 |

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

The Company's wholly owned subsidiary undertaking, Brake Bros Foodservice Ireland Limited was sold to another group entity in June 2019. Proceeds from the sale of £1,862,000 are included within amounts owed by group undertakings.

| | At 29 June 2019 £'000 |
|--|-----------------------------|
| The Profit on the sale of the shares in the subsidiary undertaking are as follows: | |
| Consideration Receivable | 1,862 |
| Carrying Amount of Investment | (62) |
| Profit on Sale of Subsidiary | 1,800 |

9. Inventories

| | At 29 June 2019 £'000 | At 30 June 2018 £'000 |
|-------------------------------------|-----------------------------|-----------------------------|
| Raw materials and consumables | 48 | 19 |
| Finished goods and goods for resale | 485 | 1,116 |
| | 533 | 1,135 |

The difference between the purchase price of inventories and their replacement cost is not material.

10. Trade and other receivables

| | At 29 June 2019 £'000 | At 30 June 2018 £'000 |
|---|-----------------------------|-----------------------------|
| Trade receivables | 2,791 | 3,272 |
| Less: provision for impairment of receivables | (154) | (50) |
| Trade receivables - net | 2,637 | 3,222 |
| Amounts owed by group undertakings | 2,354 | - |
| Other receivables | 322 | 537 |
| Prepayments | 94 | 100 |
| | 5,407 | 3,859 |

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 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 29 June 2019, trade receivables of £1,465,000 (2018: £2,947,000) were fully performing.

As of 29 June 2019, trade receivables of £1,172,000 (2018: £275,000) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

| | At 29 June 2019 £'000 | At 30 June 2018 £'000 |
|----------------|-----------------------------|-----------------------------|
| Up to 3 months | 844 | 50 |
| 3 to 6 months | 328 | 225 |
| | 1,172 | 275 |

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10. Trade and other receivables (continued)

As of 29 June 2019, trade receivables of £154,000 (2018: £50,000) were impaired and provided for. The amount of the provision was £154,000 as of 29 June 2019 (2018: £50,000). The individually impaired receivables mainly relate to customers, which are in unexpectedly difficult economic situations. It was assessed that a portion of the receivables is expected to be recovered. The ageing analysis of these trade receivables is as follows:

| | At 29 June 2019 £'000 | At 30 June 2018 £'000 |
|---------------|-----------------------------|-----------------------------|
| 3 to 6 months | - | - |
| Over 6 months | 154 | 50 |
| | 154 | 50 |

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:

| | At 29 June 2019 £'000 | At 30 June 2018 £'000 |
|-----------------|-----------------------------|-----------------------------|
| Pounds Sterling | 5,238 | 3,809 |
| Euros | 169 | 50 |
| | 5,407 | 3,859 |

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

| | £'000 | £'000 |
|--|------------|-----------|
| At 1 July 2018 / 1 July 2017 | 50 | 63 |
| Provision for receivables impairment | 104 | 76 |
| Receivables written off during the year as uncollectible | - | (89) |
| At 29 June 2019 / 30 June 2018 | 154 | 50 |

The other classes within trade and other receivables do not contain impaired assets.

11. Cash and cash equivalents

| | At 29 June 2019 £'000 | At 30 June 2018 £'000 |
|--------------------------|-----------------------------|-----------------------------|
| Cash at bank and in hand | 3,047 | 1,814 |
| | 3,047 | 1,814 |

The effective interest rate on cash at bank and in hand is 0% (2018: 0%).

12. Trade and other payables

| | At 29 June 2019 £'000 | At 30 June 2018 £'000 |
|--|-----------------------------|-----------------------------|
| Trade payables | 1,260 | 2,274 |
| Amounts owed to parent undertakings | 16,837 | 13,594 |
| Amounts owed to subsidiary undertaking | - | 2,468 |
| Amounts owed to group undertakings | 10,904 | 443 |
| Accruals | 206 | 125 |
| | 29,207 | 18,904 |

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

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12. Trade and other payables (continued)

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

| | At 29 June 2019 £'000 | At 30 June 2018 £'000 |
|-----------------|-----------------------------|-----------------------------|
| Pounds Sterling | 29,077 | 18,461 |
| Euros | 130 | 443 |
| | 29,207 | 18,904 |

13. Financial liabilities - borrowings

| Current | At 29 June 2019 £'000 | At 30 June 2018 £'000 |
|--|--|--|
| Finance lease obligations | 44 | 39 |
| | 44 | 39 |
| Non-current | For the year ended 29 June 2019 £'000 | For the Year ended 30 June 2018 £'000 |
| Finance lease obligations | 53 | 92 |
| | 53 | 92 |
| Less amounts falling due within one year | (44) | (39) |
| | 9 | 53 |

The carrying amounts of the Company's borrowings are denominated in pounds sterling.

The exposure of the Company to interest rate changes is as follows:

| | At 29 June 2019 £'000 | At 30 June 2018 £'000 |
|---------------------------------------|-----------------------------|-----------------------------|
| Borrowings at floating interest rates | - | - |
| Fixed rate borrowings maturing: | | |
| - within one year | 44 | 39 |
| - one to five years | 9 | 53 |
| | 53 | 92 |

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

| | At 29 June 2019 £'000 | At 30 June 2018 £'000 |
|---------------------------|-----------------------------|-----------------------------|
| Finance lease obligations | 6.0% | 6.0% |

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13. Financial liabilities - borrowings (continued)

Borrowing facilities

The Company has no committed borrowing facilities available at 29 June 2019 (2018: £nil).

The minimum lease payments under finance leases fall due as follows:

| | At 29 June 2019 £'000 | At 30 June 2018 £'000 |
|---|-----------------------------|-----------------------------|
| Not later than one year | 46 | 42 |
| Later than one year but not more than five | 8 | 55 |
| | 54 | 97 |
| Future finance charges on finance leases | (1) | (5) |
| Present value of finance lease liabilities | 53 | 92 |

14. Deferred tax

The movement on the deferred tax account is as shown below:

| | £'000 | £'000 |
|---------------------------------------|------------|------------|
| Deferred tax assets | | |
| At 1 July 2018 / 1 July 2017 | 296 | 817 |
| Credit / (charge) for the year | 16 | (521) |
| At 29 June 2019 / 30 June 2018 | 312 | 296 |

Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net.

The deferred tax asset has been recognised for depreciation in excess of capital allowances amounting to £312,000 (2018: £296,000).

There are unrecognised deferred tax assets of £789,000 (2018: £740,000) in respect of unutilised tax losses.

15. Share capital

| Authorised, issued and fully paid | Number | £ | Number | £ |
|---|--------|------------|--------|------------|
| 'A' Ordinary shares of £1 each | | | | |
| At 30 June 2018 and 29 June 2019 / 1 July 2017 and 1 July 2018 | 80 | 80 | 80 | 80 |
| 'B' Ordinary shares of £1 each | | | | |
| At 30 June 2018 and 29 June 2019 / 1 July 2017 and 1 July 2018 | 20 | 20 | 20 | 20 |
| At 30 June 2018 and 29 June 2019 / 1 July 2017 and 1 July 2018 | | 100 | | 100 |

No shares have been issued during the year.

16. Accumulated deficit

| | £'000 | £'000 |
|---------------------------------------|----------------|----------------|
| At 1 July 2018 / 1 July 2017 | (3,958) | 261 |
| Loss for the year | (2,979) | (4,219) |
| At 29 June 2019 / 30 June 2018 | (6,937) | (3,958) |

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17. Employees and directors' emoluments

| | For the year ended 29 June 2019 Number | For the Year ended 30 June 2018 Number |
|---|---|---|
| Average monthly number of people employed by the Company during the year: | | |
| Distribution, manufacturing and selling | 138 | 110 |
| Administration | 32 | 80 |
| | 170 | 190 |
| | | |
| | For the year ended 29 June 2019 | For the Year ended 30 June 2018 |
| | £'000 | £'000 |
| The costs incurred in respect of these employees were: | | |
| Wages and salaries | 3,089 | 4,390 |
| Social security costs | 416 | 470 |
| Other pension costs | 290 | 213 |
| | 3,795 | 5,073 |

The emoluments of the directors are paid by the parent undertaking which makes no recharge to the entity. The directors are directors of the parent and a number of fellow subsidiaries and it is not possible to make a reasonable apportionment of their emoluments in respect of each of the subsidiaries. Accordingly, the above details include no emoluments in respect of the directors. Their total emoluments are included in the aggregate of key management compensation disclosed in the financial statements of the parent undertaking.

18. Retirement benefit obligations

The Company is a member of defined contribution pension schemes operated by Brake Bros Limited, the parent undertaking of the Company, for its employees.

The Brakes Group Personal Pension Plan was opened on 1 April 2013 and is a qualifying workplace pension scheme that the Company is using to meet the automatic enrolment legislative requirements. It is contracted into the state pension scheme and for auto-enrolment members the contribution rates are 5% of pensionable salary for members and 3% for employers and for elected members has contribution rates of 5% of pensionable salary for members and from 4% for employers, with higher employers contributions for managers. Funds are invested with Legal & General Investment Management.

The Brakes Money Purchase Pension Plan closed on 31 March 2015 with all existing members auto-enrolled into the Brakes Group Personal Pension Plan. Minimum contribution rates for ex-members of the Brakes Money Purchase Pension Plan are 3% of pensionable salary for members and 4% for employers, with higher employers contributions for managers.

The Company did not operate any defined benefit schemes during the financial year ended 30 June 2019.

Pension costs for defined contribution schemes are as follows:

| | For the year ended 29 June 2019 £'000 | For the Year ended 30 June 2018 £'000 |
|-----------------------------|--|--|
| Defined contribution scheme | 290 | 213 |

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19. Commitments

(a) Operating lease commitments

The total of future minimum lease payments in respect of non-cancellable operating leases are as follows:

| | Land and buildings At 29 June 2019 €'000 | Land and buildings At 30 June 2018 €'000 |
|----------------------------|--|--|
| Within one year | 204 | 204 |
| Between two and five years | 269 | 473 |
| | 473 | 677 |

The Company leases property under non-cancellable operating lease agreements. The leases have various terms and renewal rights.

(b) Capital commitments

At the financial year end the Company had no capital commitments (2018: nil).

20. Related party transactions

As a wholly-owned subsidiary and qualifying entity the Company has taken advantage of the exemption in FRS 101 "Related Party Disclosures" from disclosing transactions with other wholly-owned members of the Group.

21. Ultimate parent company and controlling party

The immediate parent undertaking is Brake Bros Limited, a company incorporated in the United Kingdom.

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

The parent undertaking of the smallest group to consolidate these financial statements is Brake Bros Limited and the parent undertaking of the largest group to consolidate these financial statements is Sysco Corporation. Copies of Brake Bros Limited and Sysco Corporation consolidated financial statements can be obtained from the Company Secretary at Enterprise House, Eureka Business Park, Ashford, Kent, TN25 4AG, and from 1390 Enclave Parkway, Houston, Texas, United States respectively.

22. Post balance sheet events

The impact of the Covid-19 pandemic on the Company's operations and trading is discussed in the Overview of the Business and principal risks and uncertainties section of the Strategic Report on page 2, and other Future Outlook section in the Directors Report on page 3. The basis of preparation section in Note 1 to the financial statements assesses the impact of the pandemic on the Going Concern assessment of the business.

As described in note 1, management have made a number of critical estimates, judgements and assumptions in preparing these accounts. Given the fast moving nature of events and the unprecedented nature of the measures being taken to slow the spread of the virus it is not possible to accurately quantify the financial impact of these measures on the critical estimates, judgements and assumptions. Management have concluded that Covid-19 is a non-adjusting post balance sheet event and as such, no adjustment has been made in respect of Covid-19.

However, any impact to goodwill and intangible assets will be reflected in the financial statements for the year ended 29 June 2020.

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