

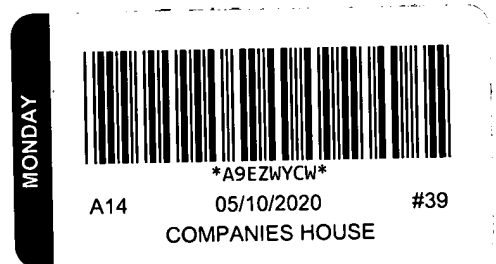
Registered No 01601427

Martin-Brower UK Ltd

Annual Report and Financial Statements

For the year ended

31 December 2019



Directors

R McGonigle
C McCauley

Company secretary

Vistra Company Secretaries Limited
First Floor, Templeback
10 Temple Back
Bristol
BS1 6FL

Auditor

Deloitte LLP
Statutory Auditor
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United Kingdom
AL1 3TF

Registered Office

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Company Bankers

HSBC Bank PLC
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B1 1HQ

Legal Advisors

Jacksons Law Firm
Innovation House
Yarm Road
Stockton on Tees
TS18 3TN

Strategic report

for the year ended 31 December 2019

This strategic report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to Martin-Brower UK Ltd and its subsidiary undertakings when viewed as a whole.

The overall Group business strategy is focused on making it easier for our customers to run great restaurants. This is achieved through the Group's knowledge and expertise in supply chain management. Industry leading programmes include Food Quality and Food Safety Leadership, Lean Six Sigma Certification, Internal Baseline Auditing and Ongoing Competitive Benchmarking.

Review of the business

Results

The profit for the year, after taxation, amounted to £16,698,000 (2018: profit of £15,467,000) with the main driver of this result being higher product deliveries in all the major operating territories.

Principal activity and review of the business

The principal activities of the Group throughout the year were the sale and distribution of the supplies to multi-unit restaurants with the main customer being McDonald's Restaurants in the UK, France, Canada, Australia, New Zealand, Malaysia, Singapore and Korea.

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

The Group's key financial indicators and other performance indicators during the year were as follows:

	2019	2018
Turnover (£'000)	5,233,352	4,906,362
Profit before tax (£'000)	25,401	26,309
Average number of employees	4,292	4,008

2019 turnover increased 6.7% and was impacted by world-wide case growth of 2.9% along with margin growth of 3.1%, and offset by a declining value of sterling versus its affiliates' currency values.

2019 profit before tax decreased 3.5% due to an increase in financing costs related to interest on intercompany loans. The average number of employees increased 7.1% commensurate with the growth in case volume and turnover.

For Martin Brower, safety is a foundational core value and the Group has a company-wide target of zero injuries. We believe "zero is possible" as 16 and 17 locations achieved zero accidents in 2019 and 2018 respectively. To support the prioritization of safety in our business, we conduct an annual safety week campaign designed to provide safe working practices for all of our employees; office workers to warehouse workers and drivers.

The Group considers customer service reliability to be of great importance and regularly monitors performance indicators such as deliveries On-time, In-full and Credits issued.

Group reconstruction

A group reconstruction was completed during 2018. The combining entities are:

Martin-Brower UK Ltd

Martin-Brower Australia Holdings Pty. Ltd

Martin-Brower Malaysia Co. Sdn Bhd

Martin-Brower Singapore Pte Limited

Martin-Brower France Holdings SAS

Martin-Brower of Canada

Korea Food Service Corp (South Korea)

Strategic report (continued)

for the year ended 31 December 2019

Group reconstruction(continued)

The combination has been accounted for as a merger as permitted by FRS 102.

The date of the combination was 11th May 2018.

Prior to this date, Martin-Brower UK Ltd held 100% of the investment in Martin-Brower France Holdings SAS. All the other combining entities, including Martin-Brower UK Ltd, were previously subsidiaries of Martin-Brower UK Holdings Ltd.

Additionally, investments in associates previously held by Martin-Brower UK Holdings were also transferred to Martin-Brower UK Ltd on 11th May 2018. Martin-Brower UK Holdings Ltd was dissolved on 8th January 2019.

Freehold land and buildings owned by Martin-Brower Properties Ltd were distributed at net book value to Martin-Brower UK Ltd on 22nd May 2018. Martin-Brower Properties Ltd was dissolved on 8th January 2019.

There have been no further changes with regard to the group reconstruction in 2019.

Principal risks and uncertainties

Customer concentration

Virtually all of the commercial activity of the Group is with McDonalds and its franchisee network. Therefore, customer concentration is a significant risk to the Group. This risk is mitigated by the Group's efforts to deliver continuous superior service levels and competitive pricing.

Covid 19

Coronavirus (Covid-19) is global pandemic impacting public health and the global economy that has generated millions of confirmed cases that resulted in government instituted shutdowns, business slowdowns, and market volatility. Post balance sheet date, the Group has been impacted by efforts to slow the spread of coronavirus in several countries in which it operates. The imposed government restrictions have impacted the short-term performance of the Group. The long-term impact of COVID-19 remains unclear resulting in widespread global economic and financial uncertainty. The group continues to engage with its stakeholders to address its responsibilities related to the pandemic. Actions have been put in place to mitigate the impact from a financial perspective while at the same time implementing new ways of working to ensure the safety of our employees and customers. The Group does not expect continued and future waves of coronavirus to have a material adverse impact on its financial position, results of its operations, and cash flows.

Brexit

The UK left the EU on 31 January 2020 and there is a transition period to 31 December 2020. The Board has considered the risk posed by the continued delay of Brexit / transition period and does not consider it a principal risk. A 'no deal' Brexit does carry a risk of increased disruption to products sourced from outside of the individual operating countries. This would impact the UK & France although the import activities of these countries are relatively small. The Group has implemented a series of measures and is evaluating our distribution network to minimise any impact and continues to monitor this area.

Operational risks

Food safety and quality is a significant risk to the Group and if materialised could damage the reputation of the Group and the customer. The risk is mitigated by robust processes and implemented by an in-house Global Food Safety and Quality Management team. Our Food Safety & Quality Management Program (FSQMP) aims to ensure brand protection for our customers and Martin Brower; develop tools, techniques and global expertise to ensure we remain the Quality partner of choice; and support assured supply and an efficient supply chain.

Strategic report (continued)

for the year ended 31 December 2019

Principal risks and uncertainties (continued)

Cybersecurity and data protection. Martin Brower recognises that information is a critical asset and that how information is managed, controlled and protected has a significant impact on the delivery of services. We have identified cybersecurity and data protection as a business risk which we are mitigating through policies and procedures, technology investments and compliance monitoring. Information assets are protected from unauthorised use, disclosure, modification, damage and loss. Additionally, information assets are available when needed, particularly during emergencies and times of crisis.

People related risks

Recruitment, retention, diversity & inclusion present a risk to the Group. The Directors value their employees and acknowledge they are key to the continued success of the business.

As we evolve our culture, we recognise that a diverse and inclusive environment builds deeper engagement, bringing higher value to both our team members and our organisation. Each individual brings unique abilities, skills, experiences & cultural backgrounds every day and only by embracing these differences, are we able to realise the value of *every* team member.

Our CARES values, which are foundational to our culture, guide our actions. Acting as one is a value that is ingrained in our daily work and challenges us to think expansively about how each person can bring their whole self to work including their thoughts, ideas and experiences, to make us a better organisation.

Future developments

The directors anticipate that the Group's current activities will continue in the foreseeable future. Future innovation and service developments for existing and extended market segments, supported by continued investment into organisational systems, will underpin the continued profitable growth path.

The overall growth of the Group's key customers in its various geographies continues to be strong. The directors believe the partnership with McDonald's will continue to improve with the Group's commitments to outstanding service, modernisation and cost control. Significant investments in infrastructure, technology and innovation continue to be made including implementation of an advanced restaurant ordering system. This emphasis on continued innovation and investment, in conjunction with on-going distribution volume growth in all service areas, should lead to continued profitable growth for the years ahead.

Post Balance Sheet Events

The following events have occurred between the balance sheet date and the date of approval of these financial statements by the Directors:

The global Covid 19 pandemic in 2020 is referred to in the Principal Risks and Uncertainties above. As the events caused by the pandemic occurred after the balance sheet date, this is a non-adjusting post balance sheet event. Please refer to note 28 for further details.

Martin Brower entered into an asset purchase agreement to sell its Malaysian distribution business in February 2020 and closed the transaction on 1st of April 2020.

In March 2020, dividends of £3,257,520 were paid by the Company to its parent, The Martin-Brower Company LLC.

Strategic report (continued)

for the year ended 31 December 2019
Sustainability report

Martin Brower takes climate change and our related impacts on the environment seriously. Climate change is part of our Sustainability/Social Responsibility efforts, which are part of our global business strategy. We have partnered with Science Based Targets Initiative (SBTi) to develop and approve a global targeted carbon reduction per ton delivered by 2030. We have been reporting these efforts publicly through the Carbon Disclosure Project (CDP) since 2018 as well. To achieve our targeted carbon reduction, our markets are focusing on sourcing renewable electricity, diverting waste from landfills, and utilising alternative fuels to operate our fleet where feasible. For further details, please visit <https://martinbrower.co.uk/responsibility>.

Section 172(1) statement

The Directors of the Group, in line with their duties under Section 172(1) of the Companies Act 2006 act in the way they consider, in good faith, would be most likely to promote the success of the group for the benefit of its members as a whole and in doing so have regard, amongst other matters, to:

- a) the likely consequences of any decision in the long term,
- b) the interest of the group's employees,
- c) the need to foster the group's business relationships with suppliers, customers and others,
- d) the impact of the group's operations on the community and the environment
- e) the desirability of the group maintaining a reputation for high standards of business conduct, and
- f) the need to act fairly as between members of the group.

The Directors have performed their duties as follows:

Customers

The Group's customer base is primarily comprised of restaurant franchisees. The Chief Executive Officer and members of the Senior Leadership Team have regular contact with the customer including attendance at franchisee committee meetings and global conferences. Customer feedback is given on the Group's Key Performance Indicators including service, cost, safety, sustainability, innovation and food quality measures.

As a result of these interactions in 2019, the Group has fortified its long-term partner relationship and ensured strategic alignment with its customer.

Suppliers

The Group works closely with suppliers, engaging in regular communication and meetings, to build and maintain an effective Supply Chain solution for the customer. In 2019, we focused on the global deployment of our new, automated Quality Management System (QMS), providing standardized global Quality Inspection Programme (QIP) procedures & documentation; track & trace; cold chain and product security assurance; and automated functionality & product data visibility from supplier to restaurant backroom.

Employees

The Group recognises the importance of encouraging all employees to contribute to the achievements of the Group. It has a comprehensive set of employment practices designed to achieve that objective. In particular, the Group's equal opportunities policy is designed to create an environment in which all employees are encouraged to develop their individual potential whatever their sex, race, religion, colour, age or disability. The same opportunities for training, career development and promotion are available to all employees including those with disabilities, in so far as that disability does not prevent them from performing their job or any suitable alternative available job. Applications for employment by disabled persons are always fully considered bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate accommodations are arranged.

Strategic report (continued)

for the year ended 31 December 2019

Consultation with employees or their representatives takes place at all levels. The Group attaches great importance to the quality of its communication with all employees. Employees are provided with information about the performance of the Group through a variety of briefing mechanisms appropriate to their circumstances. Engagement surveys are completed annually by all locations globally. Personal objectives are agreed between each employee and their manager and reviewed during a mid-year and annual review process. In 2019, we introduced a global Employee Value Proposition (EVP), enhanced our retention efforts and broadened our leadership development programs.

Group

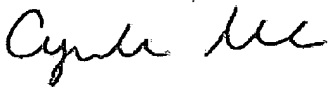
Senior leaders from each company within the group participate in periodic meetings to align on the strategic vision and long-term goals, and to discuss key priorities and initiatives. There were no significant strategic changes impacting group operations in 2019.

Community

Sustainability and social responsibility are part of Martin Brower's global strategy, and this is explained in more detail in the Sustainability statement.

The Group supports fundraising efforts for Ronald McDonald House Charities.

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



C. McCauley
Director

Directors' report

for the year ended 31 December 2019

The directors present their report on the affairs of the Group, together with the audited financial statements and auditor's report for the year ended 31 December 2019. The Group has chosen to include the following disclosures in the Strategic Report:

- Principal risks and uncertainties
- Future developments
- Post balance sheet events
- Sustainability report
- Employment policies

Directors

The directors who served during the year and up to the date of signing are listed on page 1.

Financial risk management objectives and policies

The Group's activities expose it to a number of financial risks including credit risk, cash flow risk, foreign exchange risk, and liquidity risk. The use of financial derivatives is governed by the policies approved by Reyes Holdings, the ultimate parent and controlling party, which provide guidelines on the use of financial derivatives to manage these risks. The Group does not use derivative financial instruments for speculative purposes.

Cash flow and foreign exchange risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency prices and energy costs. The Group uses foreign exchange forward contracts and forward fuel purchase contracts to hedge these exposures.

Interest bearing assets and liabilities are held at fixed rate to ensure certainty of cash flows.

Credit Risk

The Group's principal financial assets are bank balances, cash, trade and other receivables.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The Group has no significant concentration of credit risk with exposure spread over a large number of counterparties and franchisees within the McDonalds system in the various countries serviced by the Group.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company uses a mixture of long-term and short-term debt finance.

Dividends

The directors have paid total interim dividends of £16,498,577 (£16.66 per ordinary share) in 2019 (2018: £39,338,571 - £39.73 per ordinary share). The directors have not proposed a final dividend.

Directors' report (continued)

for the year ended 31 December 2019

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

In general, these indemnity provisions provide coverage for the Company, its parent as well as its subsidiaries and affiliates.

Engaging with Stakeholders

Engagement with stakeholders is paramount to the ongoing success of the business. The key stakeholders are considered in the section 172(1) statement.

Charitable and political contributions

During the year the Group made charitable donations of £209,918 (2018: £215,307). The Company made no political contributions.

Creditor payment policy

The Company policy in each country of operation is to determine terms and conditions of payments with suppliers when negotiating each transaction, to ensure that suppliers are made aware of the terms and how disputes are to be settled, and to abide by the terms of payment.

The number of days credit taken by the Group for trade purchases at 31 December 2019 was 39 days (2018: 39). The number of days credit taken by the Company for trade purchases at 31 December 2019 was 17 days (2018: 18).

Branches outside the UK

The branches outside of the UK are listed on page 2 of the report under Principal activity and review of the business.

Auditor

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

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

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

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

Going Concern

Despite the uncertainties and complexities surrounding the COVID-19 pandemic, the Directors have continued to adopt the going concern basis of accounting. In making this assessment, the directors have considered a number of scenarios and performed stress testing on expected future performance. Martin-Brower UK Limited has obtained a letter of support from The Martin-Brower Company, L.L.C. (Martin

Directors' report (continued)

for the year ended 31 December 2019

Brower) which confirms its commitment to support the Martin-Brower UK group for at least 12 months from the date of approval of the financial statements. Based on the cash flow forecasts and letter of support from The Martin-Brower Company, L.L.C. (Martin Brower), they are satisfied that the Group has access to adequate resources to continue in existence for the foreseeable future. The Martin-Brower UK group represents Martin Brower's operations in strategic locations around the world and is highly valuable to Martin Brower. The directors have assessed the cash flow forecasts of Martin Brower and are satisfied that Martin Brower has sufficient cash resources to support the Martin-Brower UK group. Taking these considerations into account, the directors consider the going concern basis of accounting as appropriate.

The UK Group is in a net liabilities position, primarily due to a loan payable to the immediate parent company, The Martin-Brower Company L.L.C.. The loan cannot be recalled, only in the event of default. The interest rate applied to interest payments in 2019 was 5.2%. The interest rate on the loan payable is evaluated annually and updated as appropriate. The Group does not foresee any issues with regard to its ability to pay the loan interest based upon its cash flow forecasts.

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



C. McCauley
Director

Directors' responsibility statement

for the year ended 31 December 2019

Directors' responsibilities statement in the auditor's report

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Martin-Brower UK Ltd (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated profit and loss account;
- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 28.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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 are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARTIN-BROWER UK LTD (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the directors' report and strategic report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our 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 this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARTIN-BROWER UK LTD (continued)

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

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.



David Halstead (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

St Albans, England

Date: 1 October 2020

Consolidated profit and loss account

for the year ended 31 December 2019

	<i>Notes</i>	2019 £000	2018 £000
Turnover	3	5,233,352	4,906,362
Cost of sales		(5,048,896)	(4,727,501)
Gross profit		184,456	178,861
Administration expenses		(98,062)	(94,129)
Distribution costs		(55,312)	(53,388)
Operating profit	4	31,082	31,344
Share of results of associated undertakings		1,982	1,672
Finance costs (net)	7,8	(7,663)	(6,707)
Profit before taxation		25,401	26,309
Tax on profit	10	(8,703)	(10,842)
Profit for the financial year		16,698	15,467
Profit for the financial year attributable to:			
Non-controlling interest		385	179
Equity shareholders of the company		16,313	15,288
		16,698	15,467

Consolidated statement of comprehensive income

for the year ended 31 December 2019

	2019 £000	2018 £000
<i>Profit for the financial year</i>	16,698	15,467
Currency translation differences on foreign currency net investments	<u>(1,570)</u>	<u>316</u>
<i>Total comprehensive income</i>	<u>15,128</u>	<u>15,783</u>
Total comprehensive income for the year attributable to:		
Non-controlling interest	112	65
Equity shareholders of the company	<u>15,016</u>	<u>15,718</u>
	<u>15,128</u>	<u>15,783</u>

Consolidated balance sheet

as at 31 December 2019

	<i>Notes</i>	2019	2018
		£000	£000
Fixed assets			
Goodwill	12	72,535	81,813
Tangible assets	13	71,825	72,524
Investments	14	10,486	10,291
		<u>154,846</u>	<u>164,628</u>
Total fixed assets			
Current assets			
Stocks	15	155,105	136,019
Debtors:	16		
amounts falling due within one year		209,609	201,468
amounts falling due after year		7,061	3,589
		<u>216,670</u>	<u>205,057</u>
Total debtors		216,670	205,057
Cash at bank and in hand		143,198	135,356
		<u>514,973</u>	<u>476,432</u>
Creditors: amounts falling due within one year	17	<u>(547,343)</u>	<u>(513,725)</u>
Net current (liabilities)		<u>(32,370)</u>	<u>(37,293)</u>
Total assets less current liabilities		122,476	127,335
Creditors: amounts falling due after more than one year	18	(143,862)	(148,594)
Provisions for liabilities	20	<u>(6,223)</u>	<u>(4,979)</u>
Net (liabilities)		<u>(27,609)</u>	<u>(26,238)</u>
Capital and reserves			
Called up share capital	21	990	990
Share premium account		29,191	29,191
Profit and loss account		6,305	6,491
Merger reserve		(66,672)	(66,672)
Cumulative translation adjustment		1,357	2,654
		<u>(28,829)</u>	<u>(27,346)</u>
Shareholders' funds		(28,829)	(27,346)
Non-controlling interest		<u>1,220</u>	<u>1,108</u>
Total capital employed		<u>(27,609)</u>	<u>(26,238)</u>

The financial statements were approved and authorised for issue on 30 September 2020 by the board of directors and signed on its behalf by:



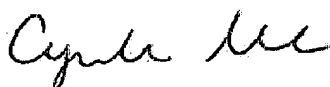
C McCauley
Director

Company balance sheet
as at 31 December 2019

	<i>Notes</i>	2019 £000	2018 £000
Fixed assets			
Tangible assets	13	26,854	27,242
Investments	14	154,017	154,017
Total fixed assets		<u>180,871</u>	<u>181,259</u>
Current assets			
Stocks	15	31,415	28,421
Debtors:	16		
amounts falling due within one year		36,289	30,971
amounts falling due after year		39,141	38,756
Total debtors		<u>75,430</u>	<u>69,727</u>
Cash at bank and in hand		26,456	25,989
Creditors: amounts falling due within one year	17	<u>133,301</u> <u>(119,127)</u>	<u>124,137</u> <u>(112,959)</u>
Net current assets		<u>14,174</u>	<u>11,178</u>
Total assets less current liabilities		195,045	192,437
Creditors: amounts falling due after more than one year	18	(145,289)	(145,763)
Provisions for liabilities	20	<u>(1,770)</u>	<u>(1,774)</u>
Net assets		<u>47,986</u>	<u>44,900</u>
Capital and reserves			
Called up share capital	21	990	990
Share premium account		29,191	29,191
Profit and loss account		<u>17,805</u>	<u>14,719</u>
Shareholders' funds		<u>47,986</u>	<u>44,900</u>

The profit for the financial year dealt with in the financial statements of the parent company was £19,585k (2018: £41,145k).

The financial statements of Martin-Brower UK Ltd registration number 01601427 were approved and authorised for issue on 30 September 2020 by the board of directors and signed on its behalf by:



C McCauley
Director

Consolidated statement of changes in equity

for the year ended 31 December 2019

	Notes	Called up Share capital £000	Share premium £000	Merger reserve £000	Profit and loss Account £000	Translation Adjustment £000	Total £000	Non- controlling interest £000	Total share- holder's funds £000
At 1 January 2018		990	29,191	(66,672)	30,542	2,224	(3,725)	1,043	(2,682)
Profit for the financial year		-	-	-	15,288	-	15,288	179	15,467
Currency translation difference on foreign currency net investments		-	-	-	-	430	430	(114)	316
Total comprehensive income		-	-	-	15,288	430	15,718	65	15,783
Dividend paid	9	-	-	-	(39,339)	-	(39,339)	-	(39,339)
At 31 December 2018		990	29,191	(66,672)	6,491	2,654	(27,346)	1,108	(26,238)
Profit for the year		-	-	-	16,313	-	16,313	385	16,698
Currency translation difference on foreign currency net investments		-	-	-	-	(1,297)	(1,297)	(273)	(1,570)
Total comprehensive income		-	-	-	16,313	(1,297)	15,016	112	15,128
Dividends paid	9	-	-	-	(16,499)	-	(16,499)	-	(16,499)
At 31 December 2019		990	29,191	(66,672)	6,305	1,357	(28,829)	1,220	(27,609)

All recognised income and expenses in the current and prior year are included in the Statement of Changes in Equity.

Company statement of changes in equity

for the year ended 31 December 2019

	<i>Notes</i>	Called up Share capital £000	Share premium £000	Profit and loss Account £000	Total share- holder's funds £000
At 1 January 2018		990	29,191	14,001	44,182
Profit for the financial year		-	-	41,145	41,145
Total comprehensive income		-	-	41,145	41,145
Other distributions to owners	21	-	-	(1,088)	(1,088)
Dividend paid	9	-	-	(39,339)	(39,339)
At 31 December 2018		990	29,191	14,719	44,900
Profit for the year		-	-	19,585	19,585
Total comprehensive income		-	-	19,585	19,585
Dividends paid	9	-	-	(16,499)	(16,499)
At 31 December 2019		990	29,191	17,805	47,986

All recognised income and expenses in the current and prior year are included in the Statement of Changes in Equity.

Consolidated cash flow statement

for the year ended 31 December 2019

	<i>Notes</i>	2019 £000	2018 £000
Net cash flows from operating activities	23	41,940	73,399
Cash flows from investing activities			
Proceeds from sale of equipment		157	541
Purchase of equipment		(13,099)	(13,858)
Dividends received from associates		1,385	1,207
Net cash flows from investing activities		<u>(11,557)</u>	<u>(12,110)</u>
Cash flows from financing activities			
Dividends paid		(16,499)	(39,339)
Drawdown on borrowings		-	-
Repayments of borrowings		-	(1,252)
Repayments of obligations under finance lease		(759)	(752)
Net cash flows from financing activities		<u>(17,258)</u>	<u>(41,343)</u>
Net increase in cash and cash equivalents		<u>13,125</u>	<u>19,946</u>
Cash and cash equivalents at beginning of year		135,356	115,282
Effect of foreign exchange rate changes		(5,283)	128
Cash and cash equivalents at end of year		<u>143,198</u>	<u>135,356</u>
Reconciliation to cash at bank and in hand:			
Cash at bank and in hand		143,198	135,356
Cash equivalents		-	-
Cash and cash equivalents		<u>143,198</u>	<u>135,356</u>

Notes to the financial statements for the year ended 31 December 2019

1. Accounting policies

Company information

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

The principal activities of the Company and its subsidiaries ('the Group') and the nature of the Group's operations are set out in the Strategic Report on pages 2 to 6.

Basis of preparation

The financial statements have been prepared under the historical cost convention amended for certain items at fair value and are in accordance with Financial Reporting Standard 102 ('FRS 102') issued by the Financial Reporting Council the Financial Reporting Standard applicable in the UK and Republic of Ireland.

The functional currency of Martin-Brower UK Ltd is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The consolidated financial statements are also presented in pounds sterling. Foreign operations are included in accordance with the policies set out below.

Martin-Brower UK Ltd meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings from the inception of the Company up to 31 December 2019. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the purchase method. The reconstruction during the year to 31 December 2018 has been accounted for as a merger as permitted by FRS 102.

Going concern

The Group's business activities, together with factors likely to affect its future development, its financial position, financial risk management objectives and its exposure to price, credit, liquidity and cash flow risk are described in the Strategic Report. The Group has one significant customer which accounts for the majority of their sales, the Directors' are satisfied that this relationship will continue for the foreseeable future and that the growth in this customer's business will continue to be strong. Despite the uncertainties and complexities surrounding the COVID-19 pandemic, the Directors have continued to adopt the going concern basis of accounting. In making this assessment, the directors have considered a number of scenarios and performed stress testing on expected future performance. Martin-Brower UK Limited has obtained a letter of support from The Martin-Brower Company, L.L.C. (Martin Brower) which confirms its commitment to support the Martin-Brower UK group for at least 12 months from the date of approval of the financial statements. Based on the cash flow forecasts and letter of support from The Martin-Brower Company, L.L.C. (Martin Brower), they are satisfied that the Group has access to adequate resources to continue in existence for the foreseeable future. The Martin-Brower UK group represents Martin Brower's operations in strategic locations around the world and is highly valuable to Martin Brower. The directors have assessed the cash flow forecasts of Martin Brower and are satisfied that Martin Brower has sufficient cash resources to support the Martin-Brower UK group. Taking these considerations into account, the directors consider the going concern basis of accounting as appropriate. The UK Group is in a net liabilities position, primarily due to a loan payable to the immediate parent company, The Martin-Brower Company L.L.C.. The loan cannot be recalled, only in the event of default. The interest rate applied to interest payments in 2019 was 5.2%. The interest rate on the loan payable is evaluated annually and updated as appropriate. The Group does not foresee any issues with regard to its ability to pay the loan interest based upon its cash flow forecasts.

Intangible assets – goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight-line basis over its useful economic life, which is 20 years. Provision is made for any impairment.

Notes to the financial statements (continued)

for the year ended 31 December 2019

1. Accounting policies (continued)

Revenue recognition

Revenue is recognised to the extent that the Company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. When revenue transactions reflect the conditions of the sale being made as an agent the revenue is recognised net (commission only recognised as revenue), where the conditions reflect the sale as a principal the revenue is recognised gross (commission and product value recognised as turnover).

In making its judgement, management considered the detailed criteria for the recognition of revenue from the sale of goods set out in FRS 102 Section 23 *Revenue* and, in particular, whether the company had transferred to the buyer the significant risks and rewards of ownership of the goods.

Interest income generates from the back to back loans. Interest rates are set annually and the income is collected monthly.

Dividends

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

Tangible fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value on a straight line basis over the useful economic life of that asset as follows:

Land	–	not depreciated
Buildings	–	five to forty years
Leasehold improvements	–	five to twenty years
Plant, machinery and vehicles	–	three to ten years

Interest on borrowings for fixed assets is not capitalised and is taken to the profit and loss account.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Assets in the course of construction are not depreciated.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell, which is equivalent to the net realisable value. Cost includes materials, direct labour and an attributable proportion of overheads based on normal levels of activity. Cost is calculated using the FIFO (first-in, first-out) method. Provision is made for obsolete, slow-moving or defective items where appropriate.

Operating lease agreements

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight line basis over the term of the lease.

Current taxation

A current tax liability is recognised for tax payable on taxable profits for the current and past periods. A current tax asset is recognised if the amount of tax paid for the current and past periods exceeds the amount of tax payable for those periods. The tax rates and laws enacted or substantively enacted by the reporting date are used to calculate the amount of tax payable or recoverable.

Notes to the financial statements (continued)

for the year ended 31 December 2019

1. Accounting policies (continued)

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- Unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it is probable that they will be recovered against the reversal of deferred tax liabilities or future taxable profits. More likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Financial Instruments

(i) Financial assets and liabilities

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

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

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

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- (a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
- (b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
- (c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).
- (d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- (e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.

Notes to the financial statements (continued)

for the year ended 31 December 2019

1. Accounting policies (continued)

Financial Instruments (continued)

(i) Financial assets and liabilities (continued)

- (f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

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

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

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

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

(ii) Investments

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

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

(iii) Equity instruments

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

(iv) Interest expense

Interest rates on intercompany loans are set annually and interest is paid monthly.

Derivative Financial Instruments

The Group uses derivative financial instruments to reduce exposure to foreign exchange risk and fuel price movements. The Group does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value, using quoted prices for identical assets, at each reporting date. The resulting gain or loss is recognised in profit or loss immediately

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Notes to the financial statements (continued)

for the year ended 31 December 2019

1. Accounting policies (continued)

Associates

In the Group financial statements, investments in associates are accounted for using the equity method. Investments in associates are initially recognized at the transaction price (including transaction costs) and are subsequently adjusted to reflect the Group's share of the profit or loss and other comprehensive income of the associate. Goodwill arising on the acquisition of associates is accounted for in accordance with the policy set out above. Any unamortised balance of goodwill is including in the carrying value of the investment in associates.

In the Company financial statements, investments in associates are accounted for at cost less impairment.

Foreign currencies

Transactions in foreign currency are translated into sterling at the rates of exchange ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date or at composite rates where forward cover exists.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations are reported in other comprehensive income and accumulated in equity. There is no tax relating to the currency translation adjustment in other comprehensive income.

Other exchange differences are recognised in profit or loss in the period in which they arise.

Provisions for liabilities

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

A provision has been recognised for the decommissioning costs of a new distribution centre. Interest is charged annually to the profit and loss account to adjust for the effect of the time value of money.

Retirement benefits

The Company is a member of the Group pension plan with an insurance company and makes contributions into employee accounts on a money purchase basis. The assets in the scheme are held separately from those of the Company in an independently administered fund. The amount charged in the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Notes to the financial statements (continued)

for the year ended 31 December 2019

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

The directors have made the following critical judgement, apart from those involving estimations (which are dealt with separately below), in the process of applying the Group's accounting policies and it has the most significant effect on the amounts recognised in the financial statements.

Revenue Recognition

The Group has control of and responsibility for goods in advance of customer receipt, as such the Group applied judgement in determining that it acts as principal in its dealing with McDonalds' restaurants and franchisees and recognizes revenue gross. Due to the high volume and frequency of transactions, sales and costs of sales are recorded at cost.

Key source of estimation uncertainty - impairment of goodwill and investments

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the balance sheet date was £72,535k and the carrying amounts of the company only investments at the balance sheet date was £141,798k. There were no impairment charges in 2019.

Notes to the financial statements (continued)
for the year ended 31 December 2019

3. Turnover

Turnover represents the amounts derived from the provision of goods which fall within the Company's ordinary activity, stated net of value added tax.

An analysis of the Group's turnover by geographical market is set out below.

	2019	2018
	£000	£000
UK	1,518,507	1,397,059
France	1,139,421	1,079,495
Canada	1,053,505	979,622
Australia	778,454	764,725
New Zealand	141,803	135,719
Malaysia	228,873	210,856
Singapore	130,386	118,971
Korea	242,403	219,915
	<u>5,233,352</u>	<u>4,906,362</u>

4. Operating profit

Operating profit is stated after charging/(crediting)

	2019	2018
	£000	£000
Depreciation – tangible fixed assets	12,151	12,555
Amortisation of goodwill	6,371	6,448
(Gain) on disposal of fixed assets	(63)	(125)
Foreign exchange loss	(5)	30
Operating lease costs		
- plant and equipment	25,688	24,282
- land and buildings	15,335	14,702
	<u>694</u>	<u>675</u>
Fees payable to the company's auditor:		
Audit of the consolidated financial statements	634	615
Audit of the company's subsidiaries	60	60
	<u>694</u>	<u>675</u>
Tax compliance services	53	70
Tax advisory services	62	27
Technical advisory services	40	-
	<u>155</u>	<u>97</u>

Amortisation of intangible assets is included in administrative expenses.

No impairment gains or losses on stocks have been recognised in the profit and loss account.

Notes to the financial statements (continued)

for the year ended 31 December 2019

5. Staff costs

Staff costs for the Group and Company consist of:

	Group		Company	
	2019 £000	2018 £000	2019 £000	2018 £000
Wages and salaries	179,751	164,582	51,227	46,708
Social security costs	14,343	13,408	4,958	4,516
Other pension costs (see note 22)	6,310	4,987	2,630	1,935
	<u>200,404</u>	<u>182,977</u>	<u>58,815</u>	<u>53,159</u>

The average monthly number of employees, including directors, within the Group and Company during the year was:

	Group		Company	
	2019 No.	2018 No.	2019 No.	2018 No.
Selling and distribution	3,434	3,167	1,275	1,135
Administration	858	841	177	174
	<u>4,292</u>	<u>4,008</u>	<u>1,452</u>	<u>1,309</u>

6. Directors' remuneration

During the year no directors received remuneration (2018 – £nil) or pension benefits (2018 – £nil) from the Group, in respect of their services provided. The directors are remunerated at the immediate parent level.

The directors are considered to be the key management personnel of the reporting entity. No director has a direct or indirect interest in any transaction, arrangement or agreement which, in the opinion of the directors, requires disclosure. Directors who served the Group during the year have been remunerated from other group companies.

Pensions

No directors (2018 – none) who served during the year were members of the pension plan.

7. Interest receivable

	2019 £000	2018 £000
Bank interest receivable	899	1,381
Other interest receivable	402	-
	<u>1,301</u>	<u>1,381</u>

8. Interest payable and similar charges

	2019 £000	2018 £000
Interest payable to group undertakings	8,444	7,442
Other interest payable	520	646
	<u>8,964</u>	<u>8,088</u>

Notes to the financial statements (continued)
for the year ended 31 December 2019

9. Dividends

	2019	2018
	£000	£000
Ordinary shares		
Interim dividends paid of £16.66 (2018 - £39.73) per share	16,499	39,339
	<u>16,499</u>	<u>39,339</u>

10. Tax

(a) Tax on profit

The tax charge is made up as follows:

	2019	2018
	£000	£000
<i>Current tax</i>		
UK corporation tax on profit for the year	865	3,713
Tax overprovided in previous years	(431)	-
	<u>434</u>	<u>3,713</u>
Double taxation relief	(287)	-
	<u>147</u>	<u>3,713</u>
Foreign tax	9,046	6,613
	<u>9,193</u>	<u>10,326</u>
<i>Deferred tax (10(c))</i>		
Accelerated capital allowances over depreciation	(65)	115
Other timing differences	(425)	401
	<u>(490)</u>	<u>516</u>
Group deferred tax	(490)	516
	<u>8,703</u>	<u>10,842</u>
Tax on profit	<u>8,703</u>	<u>10,842</u>
Group current tax	9,193	10,326
Group deferred tax	(490)	516
	<u>8,703</u>	<u>10,842</u>
Group tax on profit	<u>8,703</u>	<u>10,842</u>

Notes to the financial statements (continued)
for the year ended 31 December 2019

10. Tax (continued)

(b) Factors affecting the tax charge

The tax for the year varies from the standard rate of corporation tax in the UK of 19% (2018 – 19%). The differences are explained below:

	2019	2018
	£000	£000
Profit before tax	25,401	26,309
Profit at the standard rate of corporation tax in the UK of 19% (2018 – 19%)	4,826	4,999
Net expenses not deductible for corporation tax purposes	1,634	1,024
Timing differences on fixed assets	(177)	115
Other timing differences	(634)	998
Adjustments to tax in respect of prior years	(317)	218
Withholding taxes on interest and dividends	550	1,082
Higher rates on overseas tax rates	2,821	2,406
Total tax	<u>8,703</u>	<u>10,842</u>

The UK Government announced as part of the Finance (No 2) Act 2015, which received Royal Assent on 18 November 2015 that the main rate of corporation tax rate would be reduced from 20% to 19% from 1 April 2017. Finance Bill 2016 enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020. However, in the March 2020 Budget it was announced that the reduction in the UK rate to 17% will now not occur and the Corporation Tax Rate will be held at 19%. As substantive enactment occurred after the balance sheet date, the deferred tax balances as at 31 December 2019 continues to be measured at a rate of 17%. If the amended tax rate had been used, the deferred tax liability would have been £79k higher.

(c) Deferred tax

The deferred tax recognised in the financial statements is as follows:

	2019	2018
	£000	£000
Included in debtors (note 16)	4,602	2,885
Included in provision for liabilities (note 20)	(5,120)	(3,904)
	<u>(518)</u>	<u>(1,019)</u>
Accelerated capital allowances	(1,023)	(1,030)
Other timing differences	505	11
Provision for deferred tax	<u>(518)</u>	<u>(1,019)</u>

The movement on deferred tax is as follows:

	£'000
At 1 January 2019	(1,019)
Credited to profit and loss account	490
Exchange difference	11
At 31 December 2019	<u>(518)</u>

No reversal of the deferred tax liability is expected before 31 December 2019.

Notes to the financial statements (continued)

for the year ended 31 December 2019

11. Profit attributable to the Company

The gain for the financial year dealt with in the financial statements of the parent company was £19,585k (2018 £41,145k). As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account or statement of comprehensive income is presented in respect of the parent company

12. Intangible fixed assets

Group	Total £000
Cost:	
At 1 January 2019	123,045
Exchange adjustment	(5,194)
	<hr/>
At 31 December 2019	117,851
	<hr/>
Amortisation:	
At 1 January 2019	(41,232)
Provided for the year	(5,969)
Exchange adjustment	1,885
	<hr/>
At 31 December 2019	(45,316)
	<hr/>
Net book value:	
At 31 December 2019	72,535
	<hr/> <hr/>
At 31 December 2018	81,813
	<hr/> <hr/>

Notes to the financial statements (continued)

for the year ended 31 December 2019

13. Tangible fixed assets

Group

	Land and buildings £000	Leasehold improvements £000	Plant machinery and vehicles £000	Total £000
Cost:				
At 1 January 2019	39,754	29,844	81,490	151,088
Additions	109	2,403	10,587	13,099
Disposals	(41)	(22)	(1,826)	(1,889)
Translation adjustment	(1,005)	(531)	(759)	(2,295)
	<u>38,817</u>	<u>31,694</u>	<u>89,492</u>	<u>160,003</u>
At 31 December 2019	<u>38,817</u>	<u>31,694</u>	<u>89,492</u>	<u>160,003</u>
Depreciation:				
At 1 January 2019	11,377	12,490	54,697	78,564
Provided for the year	1,314	1,932	9,160	12,406
Disposals	(39)	(21)	(1,697)	(1,757)
Translation adjustment	(220)	(227)	(588)	(1,035)
	<u>12,432</u>	<u>14,174</u>	<u>61,572</u>	<u>88,178</u>
At 31 December 2019	<u>12,432</u>	<u>14,174</u>	<u>61,572</u>	<u>88,178</u>
Net book value:				
At 31 December 2019	<u>26,385</u>	<u>17,520</u>	<u>27,920</u>	<u>71,825</u>
At 31 December 2018	<u>28,377</u>	<u>17,354</u>	<u>26,793</u>	<u>72,524</u>

No impairment losses have been recognised on any of the fixed assets within the Group.

The Group has assets in the course of construction included within land and buildings with a value of £nil (2018 – £108,369), within leasehold improvements with a value of £255,206 (2018 - £nil) and within plant, machinery and vehicles with a value of £5,121,163 (2018 – £2,627,932), which are not depreciated.

Within land and buildings, the Group has freehold assets of £16,612,227 (2018 - £17,487,602) and short leasehold assets of £9,773,064 (2018 - £10,810,629).

Notes to the financial statements (continued)

for the year ended 31 December 2019

13. Tangible fixed assets (continued)

Company

	Land and Buildings £000	Leasehold improvements £000	Plant machinery and vehicles £000	Total £000
Cost:				
At 1 January 2019	8,445	13,727	34,049	56,221
Additions	-	863	2,809	3,672
Disposals	-	-	(536)	(536)
At 31 December 2019	<u>8,445</u>	<u>14,590</u>	<u>36,322</u>	<u>59,357</u>
Depreciation:				
At 1 January 2019	158	6,252	22,569	28,979
Provided for the year	235	707	3,087	4,029
Disposals	-	-	(505)	(505)
At 31 December 2019	<u>393</u>	<u>6,959</u>	<u>25,151</u>	<u>32,503</u>
Net book value:				
At 31 December 2019	<u>8,052</u>	<u>7,631</u>	<u>11,171</u>	<u>26,854</u>
At 31 December 2018	<u>8,287</u>	<u>7,475</u>	<u>11,480</u>	<u>27,242</u>

The Company has assets in the course of construction included within plant, machinery and vehicles with a value of £2,302,437 (2018 – £1,818,374), which are not depreciated.

Notes to the financial statements (continued)
for the year ended 31 December 2019

13. Tangible fixed assets (continued)

Included in the amounts for plant and machinery above are the following amounts related to leased assets and assets acquired under hire purchase contracts:

	Group £000	Company £000
Cost:		
At 1 January 2019	127	127
Additions	23	-
	<hr/>	<hr/>
At 31 December 2019	150	127
	<hr/>	<hr/>
Depreciation:		
At 1 January 2019	127	127
Provided for the year	3	-
	<hr/>	<hr/>
At 31 December 2019	130	127
	<hr/>	<hr/>
Net book value:		
At 31 December 2019	20	-
	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2018	-	-
	<hr/> <hr/>	<hr/> <hr/>

Notes to the financial statements (continued)
for the year ended 31 December 2019

14. Fixed asset investments

	<u>Group</u>		<u>Company</u>	
	2019 £000	2018 £000	2019 £000	2018 £000
Subsidiary undertakings	-	-	141,789	141,789
Associates	10,486	10,291	12,228	12,228
At 31 December	<u>10,486</u>	<u>10,291</u>	<u>154,017</u>	<u>154,017</u>

Subsidiary undertakings

	<u>Company £000</u>
Cost and net book value:	
At 1 January 2019 and 31 December 2019	<u>141,789</u>

Associates

	<u>Group £000</u>	<u>Company £000</u>
At 1 January 2019	10,291	12,228
Share of retained profit for the year	1,982	-
Dividends from associates	(1,385)	-
Amortisation of goodwill	(402)	-
At 31 December 2019	<u>10,486</u>	<u>12,228</u>

Martin-Brower UK Ltd

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Notes to the financial statements (continued)

for the year ended 31 December 2019

14. Fixed asset investments (continued)

The parent Company and the Group have investments in the following subsidiary undertakings and associates:

<i>Company</i>	<i>Country of Registration and operation</i>	<i>Registered address</i>	<i>Principal activity</i>	<i>Holding</i>	<i>%</i>
Martin-Brower Australia Holdings Pty. Ltd	Australia	1 Burilda Close, Wetherill Park NSW 2164, Australia	Intermediate holding company	Ordinary	100
Martin-Brower Australia	Australia	1 Burilda Close, Wetherill Park NSW 2164, Australia	Distribution	Ordinary	100
Martin-Brower Australia Intermediate Holdings Pty Ltd	Australia	1 Burilda Close, Wetherill Park NSW 2164, Australia	Intermediate holding company	Ordinary	100
Martin-Brower New Zealand Holdings	New Zealand	12 Golden Arches Place Wiri, Auckland, 2025, New Zealand	Intermediate holding company	Ordinary	100
Martin-Brower New Zealand	New Zealand	12 Golden Arches Place Wiri, Auckland, 2025, New Zealand	Distribution	Ordinary	100
Martin-Brower Malaysia Co. Sdn Bhd	Malaysia	No. 4, Jalan Sungai Ara 32/39, SS 32, Selangor, 40460 Shah Alam, Malaysia	Distribution	Ordinary	100
Martin-Brower Singapore Pte Limited	Singapore	No. 6 Fishery Port /Road - #07-02, Singapore 619747	Distribution	Ordinary	100
Martin-Brower France Holdings SAS	France	ZAC du Bois Chaland, 12, rue du Bois Chaland 91090 LISSES, France	Distribution	Ordinary	100
Martin-Brower France SAS	France	ZAC du Bois Chaland, 12, rue du Bois Chaland 91090 LISSES, France	Distribution	Ordinary	100
Martin-Brower of Canada	Canada	1959 Upper Water Street, Suite 900, Halifax, NS B3J 3N2, Canada	Distribution	Ordinary	100
MBX Logistics Canada Co.	Canada	1959 Upper Water Street, suite 800, P.O. Box 997, Halifax, NS B3J 2X2, Canada	Distribution	Ordinary	100
Korea Food Service Corp (South Korea)	South Korea	Yoongi-ro, 202 beon-gil, Youngin-myun, Asan City, Chung Nam, South Korea	Distribution	Ordinary	80

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Notes to the financial statements (continued)

for the year ended 31 December 2019

14. Fixed asset investments (continued)

<i>Company</i>	<i>Country of Registration and operation</i>	<i>Registered address</i>	<i>Principal activity</i>	<i>Holding</i>	<i>%</i>
Associates and joint ventures					
STI Freight Management GmbH	Germany	Hochstrasse 190 – 47228 Duisburg, Germany	Distribution	Ordinary	24.3
STI (Deutschland) GmbH	Germany	Hochstrasse 190 – 47228 Duisburg, Germany	Distribution	Ordinary	24.3
STI France S.a.r.l	France	ZAC du Bois Chaland - 10/12, rue du Bois Chaland - 91090 Lisses, France	Distribution	Ordinary	24.3
STI Italia S.r.l	Italy	Via Aldo Moro 31 – 41030 Bomporto (Mo), Italy	Distribution	Ordinary	24.3
STI Glonet S.L	Spain	Km 2,7 Poligono Industrial El Globo, Ctra. Alcalá de Henares-Daganzo, M118, 28814 Daganzo de Arriba – Madrid, Spain	Distribution	Ordinary	24.3
S.T.I. Polska Sp.zp.o	Poland	ul. Daniszewska 25 - 03-230 Warszawa, Poland	Distribution	Ordinary	24.3
STI-Scandinavia AB	Sweden	Tuna Gårdsväg 4 - SE-147 43 Tumba, Sweden	Distribution	Ordinary	24.3
S.T.I. (U.K.) Ltd	United Kingdom	Punchbowl Park, Cherry Tree Lane, Hemel Hempstead, Hertfordshire, HP2 7EU, United Kingdom	Distribution	Ordinary	24.3
STI LLC (Russia)	Russia	3/6 Novoorlovskaya St., 119633 Moscow, Russia	Distribution	Ordinary	24.3
S.T.I Middle East LLC (UAE)	United Arab Emirates	Zainal Mohebi Plaza, Mezzanine Floor, Sheikh Khalifa Bin Zayed Street Al Karama, P O Box 267, Dubai, UAE	Distribution	Ordinary	49
Martin-Brower Logistics (UAE)	United Arab Emirates	Dubai South (DWC) Logistics Districts, Plot WT01 & WT04, Near Al Maktoum Airport, Dubai, UAE	Distribution	Ordinary	49
OLA – LR S.a.r.l.	France	Zi De Jalday, BP 125, 64501, St. Jean De Luz, France	Distribution	Ordinary	10

Notes to the financial statements (continued)

for the year ended 31 December 2019

15. Stocks

	Group		Company	
	2019 £000	2018 £000	2019 £000	2018 £000
Raw materials	181	230	181	230
Finished goods and goods held for resale	154,924	135,789	31,234	28,191
	<u>155,105</u>	<u>136,019</u>	<u>31,415</u>	<u>28,421</u>

During the year inventories of £4,719,928,392 (2018 - £4,423,097,211) were recognised as an expense within cost of sales for the Group. The Company recognised inventories of £1,371,667,260 (2018 - £1,261,199,088) as cost of sales.

16. Debtors

	Group		Company	
	2019 £000	2018 £000	2019 £000	2018 £000
Trade debtors	173,016	171,140	28,253	25,527
Amounts owing by group undertakings	1,542	1,405	39,885	39,494
Amounts due from affiliates	2,199	1,059	1,896	928
Other debtors	21,023	11,563	17	132
Prepayments and accrued income	10,823	15,301	4,891	3,646
Taxes and social security receivable	2,460	-	-	-
Corporation tax receivable	1,005	1,704	488	-
Deferred tax	4,602	2,885	-	-
	<u>216,670</u>	<u>205,057</u>	<u>75,430</u>	<u>69,727</u>

All amounts shown under debtors are receivable within one year except:

	Group		Company	
	2019 £000	2018 £000	2019 £000	2018 £000
Amounts owing by group undertakings	-	-	38,635	38,635
Prepayments and accrued income	556	274	506	121
Other debtors	3,488	493	-	-
Deferred tax	3,017	2,822	-	-
	<u>7,061</u>	<u>3,589</u>	<u>39,141</u>	<u>38,756</u>

The maturity date for amounts owing by group undertakings is January 2030. The loans may be pre-paid partially or fully at any time without penalty, premium or notice. The interest rate applied to the loans in 2018 and 2019 was 5.2%. All other debts are interest free and payable upon demand.

Notes to the financial statements (continued)

for the year ended 31 December 2019

17. Creditors: amounts falling due within one year

	Group		Company	
	2019 £000	2018 £000	2019 £000	2018 £000
Trade creditors	424,213	411,205	106,039	92,965
Amounts owing to group undertakings	780	350	122	57
Amounts due to affiliates	4,873	5,757	808	1,904
Corporation tax	789	2,369	-	1,445
Taxes and social security	2,943	10,550	1,899	2,129
Other creditors	43,532	25,880	940	3,724
Accruals and deferred income	66,807	53,972	9,319	10,735
Current portion of capital leases	627	799	-	-
Short term bank loans	2,779	2,843	-	-
	<u>547,343</u>	<u>513,725</u>	<u>119,127</u>	<u>112,959</u>

Amounts due to affiliates and amounts owing to group undertakings within one year are interest-free and payable upon demand.

18. Creditors: amounts falling after more than one year

	Group		Company	
	2019 £000	2018 £000	2019 £000	2018 £000
Amounts owing to group undertakings	140,522	143,597	142,849	142,849
Other creditors	2,440	3,407	2,440	2,914
Long term portion capital leases	900	1,590	-	-
	<u>143,862</u>	<u>148,594</u>	<u>145,289</u>	<u>145,763</u>

The maturity date for amounts owing to group undertakings is January 2030. The loans cannot be unilaterally recalled, only in the event of default. The interest rate applied to the loans in 2018 and 2019 was 5.2%.

Included within other creditors over one year are lease incentives receivable as a result of the lease of a distribution centre, deferred over more than one year of £2,379,616 (2018 - £2,731,151). This is deferred evenly over the duration of the lease. In addition, payments made in advance by a customer have been deferred over the life of an asset; amounts over one year are £60,900 (2018 - £182,700). None of these amounts is interest bearing.

Notes to the financial statements (continued)

for the year ended 31 December 2019

19. Financial Instruments

The carrying value of the Group and Company's financial assets and liabilities are summarised by category below:

	Group		Company	
	2019 £000	2018 £000	2019 £000	2018 £000
Financial Assets				
Cash	143,198	135,356	26,456	25,989
Equity instrument measured at cost less impairment				
• Fixed assets unlisted investment (see note 14)	10,486	10,291	154,017	154,017
Measured at undiscounted amount receivable				
• Trade and other debtors (see note 16)	194,038	182,703	28,270	25,659
• Amounts due from group undertakings (see note 16)	1,542	1,405	39,885	39,494
• Amounts due from affiliates (see note 16)	2,199	1,059	1,896	928
	<u>351,463</u>	<u>330,814</u>	<u>250,524</u>	<u>246,087</u>
Financial Liabilities				
Measured at amortised cost				
• Loans payable (see note 18)	140,522	143,597	142,849	142,849
• Obligations under finance leases	1,527	2,389	-	-
Measured at undiscounted amount payable				
• Trade and other creditors (see note 17)	467,745	437,085	106,979	96,689
• Amounts owed to group undertakings (see note 17)	780	350	122	57
• Amounts due to affiliates (see note 17)	4,873	5,757	808	1,904
	<u>615,447</u>	<u>589,178</u>	<u>250,758</u>	<u>241,499</u>

20. Provisions for liabilities

Group

	Deferred tax £000	Obligations for Restoration £000	Total £000
<i>Cost:</i>			
At 1 January 2019	3,904	1,075	4,979
Provided during the year	1,371	28	1,399
Exchange difference	(155)	-	(155)
	<u>5,120</u>	<u>1,103</u>	<u>6,223</u>

Notes to the financial statements (continued)

for the year ended 31 December 2019

20. Provisions for liabilities (continued)

Company

	Deferred tax £000	Obligations for Restoration £000	Total £000
<i>Cost:</i>			
At 1 January 2019	699	1,075	1,774
Provided during the year	(32)	28	(4)
At 31 December 2019	<u>667</u>	<u>1,103</u>	<u>1,770</u>

In 2007 the Company signed a 20-year lease contract on a new distribution centre. The contract requires the Company to remove any building alterations at the end of the lease, including sprinkler systems and other refrigeration plant. This obligation in year 2027 has been calculated at current prices, as the full cost of decommissioning such assets. This has been capitalised as a directly attributable cost of the relevant asset and is to be charged to the profit and loss account over the term of the lease.

21. Called up share capital

Group and Company

	2019		2018	
	No.	£000	No.	£000
Allotted, called up and fully paid				
990,100 ordinary shares of £1 each	<u>990,100</u>	<u>990</u>	<u>990,100</u>	<u>990</u>

The Company has one class of ordinary shares which carry no right to fixed income.

The Group and Company's other reserves are as follows:

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

The profit and loss reserve represents cumulative profits or losses net of dividends paid. The profit and loss reserve for the Company includes other distributions to owners as a result of the restructure during the year.

The merger reserve represents the equity increase associated with the contribution of a group member in May 2018.

The cumulative translation adjustment reserve represents the impact of foreign exchange movements on the net equity investments in the Group's subsidiary undertakings.

22. Pensions

Martin-Brower UK Ltd and its subsidiaries are members of a group staff pension plan with an insurance company and makes contributions into employees' accounts on a money purchase basis. The employer's pension cost for the year is set out in note 5 to the financial statements. Included within accruals are outstanding pension contributions of £2,406,000 (2018 - £2,203,000).

Notes to the financial statements (continued)
for the year ended 31 December 2019

23. Cash flow statement

Reconciliation of operating profit to cash generated by operations:

	2019	2018
	£000	£000
Profit on ordinary activities before interest	31,082	31,344
Adjustment for:		
Depreciation and other amortisation	12,251	12,355
Goodwill amortisation	6,371	6,448
Profit on sale of tangible fixed assets	(63)	(125)
Operating cash flow before movement in working capital	49,641	50,022
(Increase) in stocks	(23,615)	(10,989)
(Increase) in debtors	(28,861)	(10,146)
Increase in creditors	60,494	64,106
Income taxes paid	(7,935)	(10,325)
Interest paid	(7,784)	(9,269)
Cash generated by operations	41,940	73,399

Analysis of changes in net debt:

	1 January			Changes in		31 December
	2019	Cash	New	market		2019
	£000	flows	finance	value and	exchange	£000
		£000	leases	rates	rates	£000
			£000	£000	£000	
Cash at bank and in hand	135,356	13,125	-	(5,283)		143,198
Short term bank loans	(2,843)	-	-	64		(2,779)
Finance leases	(2,389)	759	(23)	126		(1,527)
Amounts owing to group undertakings	(142,849)	-	-	-		(142,849)
Net debt	(12,725)	13,884	(23)	(5,093)		(3,957)

Notes to the financial statements (continued)
for the year ended 31 December 2019

24. Commitments

i) Capital commitments as at 31 December are as follows:

	2019 £000	2018 £000
Contracted but not provided	16	30

ii) As at 31 December 2019 the Group had future minimum lease payments under finance leases as follows:

	2019 £000	2018 £000
Amounts payable:		
Within one year	684	886
In two to five years	785	1,325
In over five years	222	438
	<u>1,691</u>	<u>2,649</u>
Less finance charges allocated to future periods	(164)	(260)
	<u>1,527</u>	<u>2,389</u>

iii) As at 31 December 2019, the Group had total future minimum lease payments under non-cancellable operating leases as follows:

	Land and buildings		Plant and machinery	
	2019 £000	2018 £000	2019 £000	2018 £000
Within one year	12,247	12,686	18,054	16,362
Between one and five years	40,974	40,393	41,693	35,340
After five years	64,965	68,091	5,649	6,819
	<u>118,186</u>	<u>121,170</u>	<u>65,396</u>	<u>58,521</u>

25. Securitisation of assets

The Group has granted security over substantially all of its assets, including bank accounts, insurances, debts and shares and a floating charge over all its assets as a subsidiary within a group funding arrangement.

Notes to the financial statements (continued)

for the year ended 31 December 2019

26. Related parties

The immediate parent company of the Group is The Martin-Brower Company LLC and its ultimate parent undertaking is Reyes Holdings L.L.C..

The Company has taken advantage of the exemption conferred by FRS 102 'Related party disclosures' not to disclose transactions with other wholly owned subsidiaries within the group.

During the year the Group entered into transactions with related parties of the ultimate parent undertaking, Reyes Holdings L.L.C., in the ordinary course of business. Transactions entered into, and balances outstanding as at 31 December, are as follows:

	Sales to related party £000	Purchases from related party £000	Amounts owed to related party £000	Amounts owed by related party £000
STI UK Limited				
2019	4,198	16,146	808	1,879
2018	3,632	13,833	1,904	910
STI Freight Management GmbH				
2019	186	-	-	17
2018	186	-	-	17
STI France S.a.r.l.				
2019	1,386	31,323	4,065	303
2018	1,133	29,031	3,853	132

STI UK Limited, STI Freight Management GmbH and STI France S.a.r.l. are all 24.3% owned subsidiaries of the Company.

The amounts disclosed all relate to unsecured trading balances.

27. Ultimate parent undertaking and controlling party

The Martin-Brower Company LLC is the Company's immediate parent undertaking at the year end.

The Company's ultimate parent company and controlling party is Reyes Holdings L.L.C., a company incorporated in the state of Delaware, in the United States of America. This is the largest and smallest group at which accounts are consolidated. The registered address of Reyes Holdings L.L.C. is The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 1980, United States of America.

28. Post balance sheet events

Martin Brower entered into an asset purchase agreement to sell its Malaysian distribution business in February 2020 and closed the transaction on 1st of April 2020.

For the year end 2019 the COVID-19 pandemic is considered a non-adjusting post balance sheet event. The Group has been impacted by efforts to slow the spread of coronavirus in several countries in which it operates. The imposed government restrictions have impacted the short-term performance of the Group. The long-term impact of COVID-19 remains unclear resulting in widespread global economic and financial uncertainty. The group continues to engage with its stakeholders to address its responsibilities related to the pandemic. Actions have been put in place to mitigate the impact from a financial perspective while at the same time implementing new ways of working to ensure the safety of our employees and customers. The Group does not expect continued and future waves of coronavirus to have a material adverse impact on its financial position, results of its operations, and cash flows.