Matthew Clark Wholesale Limited

Annual Report and Financial Statements

Registered number 02550982

For the 14 month period ended 30 April 2016

Contents

Strategic Report

Company information

During the period, the Company changed its year end to 30 April 2016. Consequently, these financial statements have been prepared for the period then ended.

Principal activities

The Company's principal activity during the period has been that of a wholesale and agency drinks distributor, operating in the UK.

Business review

The Company has established itself as the leading independent composite drinks supplier, operating throughout the UK with the scale and reach to supply beverages to both the on and off trade. The Company supplies pubs, bars, hotels, restaurants and leisure outlets, both independent and major national managed chains. The business also increasingly supplies brands and major national grocery customers as well as cash and carry and convenience customers.

The Company's core specialism is the wine category but it also delivers a wide ranging competitive offer across the other major drinks sectors such as spirits, beer and soft drinks.

Business structure

The Company owns 100% of four dormant subsidiaries, being Matthew Clark Wholesale Bond Limited, Matthew Clark & Sons Limited, Matthew Clark Limited and Odyssey Intelligence Limited. The Company also owns 51% of the ordinary share capital of Elastic Productions Limited, with the remaining 49% to be acquired in 2017 based upon contingent consideration (see note 11). Elastic Productions Limited are an experiential marketing agency operating within the drinks industry and specialising in brand awareness through events and social media.

During the period the Company purchased 61% of the ordinary share capital of Peppermint Events Limited, with the remaining 39% to be acquired during 2019 or 2020 depending on performance with a further contingent amount payable at that time (see note 11). Peppermint Events Limited provide festival bars and event solutions to entertainment businesses and consumer brands. A new 100% owned subsidiary undertaking was also incorporated during the period, being A2 Contractors Limited. The business of this Company is that of construction via sub-contracting.

During the period Matthew Clark (Holdings) Limited, the immediate parent of Matthew Clark Wholesale Limited, was acquired by Conviviality Brands Limited.

Aims and objectives

The Company's ultimate objective is to grow profits and cash flows via a strategy centred on enhancing the customer offer and acquiring scale. To achieve this, the Company has taken a leadership position in the on-trade market through delivering higher levels of service to the customer base whilst providing a fully composite offering, with a clear wine specialism.

The continued growth and development of the Catalyst Brands agency business and Elastic Productions Limited, and the acquisition of Peppermint Events Limited further strengthens the Company's offering across the drinks market.

Principal risks and uncertainties

Competition

The Company's competitors can be broken down into a number of sectors:

- *Global brewers* who focus on beer distribution with other drinks as service lines and represent the largest volume operators in the market by virtue of their beer volumes.
- *National independent wholesalers* who offer similar product and service offerings to the Company.
- *Independent regional wholesalers* who, whilst lacking national scope, have strong local distribution and customer bases.

Strategic report *(continued)*

Principal risks and uncertainties *(continued)*

Legal and regulatory environment

The Company acknowledges that it operates in an environment that has both a developing and increasing regulatory agenda, in the areas of health and safety, quality control, environmental obligations and employee welfare. The Company seeks to ensure that it works in an appropriate manner with the relevant regulatory bodies, obtains recognised accreditations and encourages a proactive approach to changes in the legal environment.

Risk/uncertainty

The Company uses a consistent documented approach in its treatment of risk, ensuring appropriate mitigation over legal, regulatory and financial exposures.

Regular management review and strategic exercises seek to identify those areas of risk and uncertainty that need to be addressed and put in place appropriate actions to moderate them.

Measurement

The Company has a well established performance measurement system that focuses the business on the key levers of sales volume and profit growth, together with cost control and cash generation. Detailed financial information can be found on pages 7 to 25 of these financial statements.

A detailed annual planning process ensures that targets relating to business growth and development are set in conjunction with the Company's and Group's long term strategy. This target setting is then directly linked to employee's remuneration through a variety of incentive schemes, to ensure individual responsibilities align with corporate aims and objectives.

Trends and developments

Matthew Clark continues to outperform the market, led by casual dining and the more premium operators.

Performance

Given the continued competitive nature of the industry, the Company focused on the growing and more profitable sectors as well as leveraging increased scale to improve buying terms, product portfolio and operational efficiencies. This has led to an improvement in operating profit margin before exceptional costs to 3.0% *(2015: 2.3%)*.

During the year the Company continued to focus on controlling its capital expenditure and working capital, driving improved cash flow generation.

Set against the backdrop of the UK on-trade drinks market, the Directors are pleased with these results, which are in line with their expectations.

By order of the board

A Humphreys
Director

20 January 2017

Directors' Report

The Directors present their report together with the financial statements of the Company for the 14 month period ended 30 April 2016. The comparative period shown is for the year ended 28 February 2015.

Results and dividends

The Company made a profit after tax and exceptional costs for the period of £14,498,000 *(2015: £13,991,000)* and paid a dividend to Matthew Clark (Holdings) Limited of £3,000,000 *(2015: £12,000,000).*

Directors

The following Directors served during the period:

A Humphreys (appointed 6 October 2015)
D Hunter (appointed 6 October 2015)
I Jones (appointed 6 October 2015)
M Aylwin (appointed 19 January 2016)
S Thomson (resigned 4 January 2016)
E Bashforth (resigned 6 October 2015)
S Dando (resigned 6 October 2015)
M G Grisman (resigned 6 October 2015)
P Schaafsma (resigned 6 October 2015)

Political donations

The Company made no political donations nor incurred any political expenditure during the period *(2015: £nil).*

Disabled employees

Full and fair consideration is given to applications for employment made by disabled persons, having regard to their particular aptitude and abilities. Every effort is made to continue to employ persons who become disabled while in the Company's employment. Disabled persons share equally in opportunities for training, career development and promotion.

Employee consultation

The Company ensures that all employees are kept up to date with major developments and changes within the organisation via notice boards, departmental briefings and online webcasts.

Health and safety

The Company promotes all aspects of safety throughout the Company in the interests of employees and users of premises.

Statement of disclosure to auditor

The Directors who held office at the date of approval of the Directors' report confirm that so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Whitchurch Lane
Bristol
BS14 0JZ

By order of the board

A Humphreys
Director

20 January 2017

Statement of Directors' responsibilities in respect of the Annual Report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), 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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

KPMG LLP

66 Queen Square
Bristol
BS1 4BE
United Kingdom

Independent Auditor's report to the members of Matthew Clark Wholesale Limited

We have audited the financial statements of Matthew Clark Wholesale Limited for the 14 month period ended 30 April 2016 set out on pages 7 to 25. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework.*

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

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 April 2016 and of its profit for the period then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditor's report to the members of Matthew Clark Wholesale Limited *(continued)*

Matters on which we are required to report by exception

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

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

Andrew Campbell-Orde (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
66 Queen Square
Bristol
BS1 4BE

27 January 2017

Profit and Loss Account and Other Comprehensive Income

for the 14 months ended 30 April 2016

	Note	14 months ended 30 April 2016			Year ended 28 February 2015		
		Before exceptional items £000	**Exceptional items £000**	**Total £000**	Before exceptional items £000	Exceptional Items £000	Total £000
Turnover	2	**988,919**	**-**	**988,919**	810,726	-	810,726
Cost of sales		**(867,366)**	**(4,851)**	**(872,217)**	(710,286)	-	(710,286)
Gross profit		**121,553**	**(4,851)**	**116,702**	100,440	-	100,440
Distribution costs		**(45,405)**	**(1,234)**	**(46,639)**	(37,962)	-	(37,962)
Administration expenses		**(46,315)**	**(4,174)**	**(50,489)**	(43,818)	-	(43,818)
Operating profit	3	**29,833**	**(10,259)**	**19,574**	18,660	-	18,660
Interest receivable	6	**55**	**-**	**55**	-	-	-
Interest payable	7	**(266)**	**-**	**(266)**	(742)	-	(742)
Profit on ordinary activities before taxation		**29,622**	**(10,259)**	**19,363**	17,918	-	17,918
Tax on profit on ordinary activities	8	**(6,504)**	**1,639**	**(4,865)**	(3,927)	-	(3,927)
Profit for the financial period		**23,118**	**(8,620)**	**14,498**	13,991	-	13,991
Total comprehensive income for the period				**14,498**			13,991

The notes on pages 10 to 25 form part of these financial statements.

There was no other comprehensive income for the current period or preceding year other than the profit for the period.

These results derive wholly from continuing operations.

Balance Sheet
at 30 April 2016

	Note	30 April 2016 £000	£000	28 February 2015 £000	£000
Fixed assets					
Intangible assets	*9*		**4,336**		4,610
Tangible assets	*10*		**2,591**		2,988
Investments	*11*		**8,247**		288
			15,174		7,886
Current assets					
Stocks	*12*	**47,273**		44,539	
Debtors	*13*	**190,779**		118,473	
Cash at bank and in hand		**7,299**		8,866	
		245,351		171,878	
Creditors: amounts falling due within one year	*15*	**(178,767)**		(118,122)	
Net current assets			**66,584**		53,756
Total assets less current liabilities			**81,758**		61,642
Provisions for liabilities and charges	*16*		**(10,907)**		(2,525)
Net assets			**70,851**		59,117
Capital and reserves					
Called up share capital	*17*		**3,000**		3,000
Share premium account	*18*		**27,000**		27,000
Capital contribution	*18*		**1,293**		1,293
Share-based payments reserve	*18*		**236**		-
Profit and loss account	*18*		**39,322**		27,824
Shareholders' funds			**70,851**		59,117

The notes on pages 10 to 25 form an integral part of these financial statements.

These financial statements were approved by the board of Directors on 20 January 2017 and were signed on its behalf by:

A Humphreys
Director

Registered number 02550982

Statement of Changes in Equity

	Called up share capital £000	Share premium account £000	Capital contribution £000	Share based payments £000	Profit and loss account £000	Total equity £000
Balance at 1 March 2014	3,000	27,000	1,293	-	25,833	57,126
Total comprehensive income for the year	-	-	-	-	13,991	13,991
Transactions with owners, recorded directly in equity:						
Dividends	-	-	-	-	(12,000)	(12,000)
Balance at 28 February 2015	**3,000**	**27,000**	**1,293**	**-**	**27,824**	**59,117**
Balance at 1 March 2015	3,000	27,000	1,293	-	27,824	59,117
Total comprehensive income for the period	-	-	-	-	14,498	14,498
Transactions with owners, recorded directly in equity:						
Dividends	-	-	-	-	(3,000)	(3,000)
Equity-settled share based payments	-	-	-	236	-	236
Balance at 30 April 2016	**3,000**	**27,000**	**1,293**	**236**	**39,322**	**70,851**

The notes on pages 10 to 25 form an integral part of these financial statements.

Notes to the financial statements
(forming part of the financial statements)

1 Accounting policies

Matthew Clark Wholesale Limited ("the Company") is a company incorporated and domiciled in the UK.

The principal accounting policies are summarised below. They have all been applied consistently throughout the period and the preceding year.

During the period, the Company has changed its period end from 28 February to 30 April.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101") and on the historical cost basis.

The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In the transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. An explanation of how the transition to FRS 101 has affected the reported financial position and financial performance of the Company is provided in Note 24.

The Company's parent undertaking, Conviviality Plc, includes the Company in its consolidated financial statements. The consolidated financial statements of Conviviality Plc are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from the address given in Note 23.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets, intangible assets and investments;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of Conviviality Plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share Based Payments in respect of group settled share based payments; and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

Notes *(continued)*

1 Accounting policies *(continued)*

Accounting judgements

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are as follows:

Impairment of trade receivables

The assessments undertaken in recognising provisions have been made in accordance with IAS 39. A provision for the impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all outstanding amounts in full, or there are indications that collection is doubtful which requires judgement from management.

Provisions and contingent consideration

The recognition and measurement of provisions and contingent consideration requires management judgement to assess the likelihood and magnitude of any future outflows.

Classification of exceptional items

The classification of exceptional items requires management judgement to assess the particular items, which by virtue of their scale and nature should be classified as exceptional.

Going concern

The financial statements have been prepared on a going concern basis, which assumes the Company will be able to meet its liabilities as they fall due, for the foreseeable future.

Banking facilities are in place to cover working capital, capital investment and other corporate requirements. The Directors have prepared cash flow forecasts and while the nature of the Company's business means that there can be unpredictable variation in the timing of cash flows, taking account of possible changes in the Company's performance, the Directors have concluded that the Company should be able to operate within the level of its current facilities.

In preparing those forecasts, the Directors have taken into account various risks and uncertainties. The principal areas of risk and uncertainty are the impact of the wider economic climate on the achievement of operating targets, in particular projected revenue and gross margins. In addition to these risks and uncertainties, the Company's performance is also impacted by financial and credit risks. The Directors have a documented policy in relation to managing these risks.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Foreign currency

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Notes *(continued)*

1 Accounting policies *(continued)*

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Investments in subsidiaries

Investments in subsidiaries are carried at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits and bank loans and overdrafts.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

Freehold buildings	-	between 33 to 50 years
Leasehold buildings and improvements	-	length of lease
Fixtures and fittings	-	between 5 to 15 years
Computer equipment	-	between 3 to 5 years
Plant, machinery and vehicles	-	between 2 to 15 years

No depreciation is provided on assets in the course of construction until the asset is brought into use.

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Intangible fixed assets

Intangible fixed assets are stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Computer software	-	between 3 to 5 years

Notes *(continued)*

1 Accounting policies *(continued)*

Stocks

Stocks are valued at the lower of cost (including Customs and Excise Duty where incurred), determined on a first-in-first-out basis, and net realisable value. Provision is made, as appropriate, for obsolete and slow moving stock.

Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Share-based payment transactions

Where the Company's parent grants rights to its equity instruments to the Group's or the Company's employees, which are accounted for as equity-settled in the consolidated accounts of the parent, the Group or the Company as the case may be account for these share-based payments as equity-settled. Amounts recharged by the parent are recognised as a recharge liability with a corresponding debit to equity.

The grant date fair value of share-based payments awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards. The fair value of the awards granted is measured using an option valuation model, taking into account the terms and conditions upon which the awards were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Notes *(continued)*

1 Accounting policies *(continued)*

Turnover

Revenue from the sale of goods includes excise and import duties which the Company pays as principal but excludes amounts collected on behalf of third parties, such as value added tax. Sales are recognised depending upon individual customer terms at the time of despatch, delivery or some other specified point when the risk of loss transfers. Provision is made for returns where appropriate.

Expenses

Operating lease payments

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense.

Interest receivable and Interest payable

Interest payable and similar charges include interest payable and unwinding of any discount on provisions. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Other interest receivable and similar income include interest receivable on funds invested. Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

2 Turnover

Turnover consists of sales in the United Kingdom arising from the Company's principal activity.

Notes *(continued)*

3 Expenses and auditor's remuneration

Included in profit/loss are the following:	**14 months ended 30 April 2016 £000**	Year ended 28 February 2015 £000
Depreciation and amortisation	**2,991**	2,638

Exceptional costs

The exceptional costs recognised are analysed as follows:

	14 months ended 30 April 2016 £000	Year ended 28 February 2015 £000
Costs associated with the acquisition by Conviviality Plc	**9,663**	-
Costs associated with the integration by Conviviality Plc	**195**	-
Other non-recurring events and projects	**401**	-
	10,259	-

The costs associated with the acquisition by Conviviality Plc include severance costs, legal fees and provision against onerous contracts (see note 16).

The costs associated with the integration by Conviviality Plc include consultancy costs associated with the generation of buying, logistics and organisational synergies.

Other non-recurring events and projects comprise costs in relation to depot moves committed to prior to the period end.

Auditor's remuneration	**14 months ended 30 April 2016 £000**	Year ended 28 February 2015 £000
Audit of these financial statements	**55**	48

Amounts receivable by the Company's auditor in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's ultimate parent, Conviviality Plc.

4 Staff numbers and costs

The average number of persons employed by the Company (including Directors) during the period, analysed by category, was as follows:

	Number of employees	
	14 months ended 30 April 2016	Year ended 28 February 2015
Selling and distribution	**976**	971
Administration	**448**	422
	1,424	1,393

Notes *(continued)*

4 Staff numbers and costs *(continued)*

The aggregate payroll costs of these persons were as follows:

	14 months ended 30 April 2016 £000	Year ended 28 February 2015 £000
Wages and salaries	**45,943**	40,824
Social security costs	**4,960**	4,103
Other pension costs	**1,530**	2,543
	52,433	47,470

5 Directors' remuneration

The remuneration of the Directors was as follows:

	14 months ended 30 April 2016 £000	Year ended 28 February 2015 £000
Directors' emoluments	**2,382**	658
Compensation for loss of office	**749**	-
Long term incentive plan	**-**	685
Pension payments	**52**	42
	3,183	1,385

The aggregate of emoluments of the highest paid Director was £2,259,000 *(2015: £822,000)* and Company pension contributions of £22,000 *(2015: £25,000)* were made to a money purchase scheme on his behalf.

One (*2015: Two*) Directors are members of defined contribution pension schemes.

6 Interest receivable

	14 months ended 30 April 2016 £000	Year ended 28 February 2015 £000
Interest income	**55**	-

7 Interest payable and similar charges

	14 months ended 30 April 2016 £000	Year ended 28 February 2015 £000
On bank loans and overdrafts	**266**	742

Notes *(continued)*

8 Tax on profit on ordinary activities

The tax charge comprises:

	14 months ended 30 April 2016 £000	Year ended 28 February 2015 £000
UK corporation tax		
Current tax on income for the period	**5,083**	4,012
Adjustments in respect of prior years	**(52)**	(267)
Total current tax	**5,031**	3,745
Deferred tax		
Origination and reversal of timing differences	**(167)**	52
Adjustment in respect of prior years	**1**	130
Total deferred tax (note 14)	**(166)**	182
Total tax expense	**4,865**	3,927

Reconciliation of effective tax rate

	14 months ended 30 April 2016 £000	Year ended 28 February 2015 £000
Profit on ordinary activities before taxation	**19,363**	17,918
Tax on profit on ordinary activities at standard UK corporation tax rate of 20.07% *(2015: 21.17%)*	**3,886**	3,793
Effects of:		
Group relief not paid for	**(22)**	(149)
Expenses not deductible for tax purposes	**835**	293
Change of rates	**21**	(3)
Transfer pricing adjustments	**196**	130
Adjustments to tax charge in respect of previous periods	**(51)**	(137)
Total tax expense	**4,865**	3,927

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (from 1 April 2020) were substantively enacted in late 2015. In the 2016 Budget, it was announced that the aforementioned 18% rate would be changed to a 17% rate, but this change was not substantively enacted at the balance sheet date.

The future reductions in the corporation tax rate will reduce the company's future current tax charge accordingly. The deferred tax asset at 30 April 2016 has been calculated based on the rate of 18%.

Notes *(continued)*

9 Intangible assets

	Computer software £000	Assets in course of construction £000	Total £000
Cost			
At beginning of period	15,750	132	15,882
Additions	1,263	539	1,802
Transfers	671	(671)	-
At end of period	17,684	-	17,684
Amortisation			
At beginning of period	11,272	-	11,272
Charge for period	1,844	-	1,844
Impairment	232	-	232
At end of period	13,348	-	13,348
Net book value			
At 30 April 2016	**4,336**	**-**	**4,336**
At 28 February 2015	4,478	132	4,610

10 Tangible fixed assets

	Buildings and building improvements £000	Assets in course of construction £000	Fixtures and Fittings £000	Computer equipment £000	Plant, machinery and vehicles £000	Total £000
Cost						
At beginning of period	3,254	114	863	2,854	913	7,998
Additions	-	1,531	-	-	-	1,531
Transfers	152	(539)	-	243	144	-
Disposals	-	-	-	-	(9)	(9)
At end of period	3,406	1,106	863	3,097	1,048	9,520
Depreciation and impairment						
At beginning of period	2,000	-	841	1,597	572	5,010
Charge for period	340	-	7	650	150	1,147
Disposals	-	-	-	-	(8)	(8)
Impairment	425	279	-	32	44	780
At end of period	2,765	279	848	2,279	758	6,929
Net book value						
At 30 April 2016	**641**	**827**	**15**	**818**	**290**	**2,591**
At 28 February 2015	1,254	114	22	1,257	341	2,988

Notes *(continued)*

11 Investments

	Shares in Group undertakings £000
Cost and net book value	
At beginning of period	288
Additions	7,959
At end of period	**8,247**

On 31 December 2015 the Company acquired 61% of the ordinary share capital of Peppermint Events Limited for consideration of £1,800,000 and incurred legal fees of £68,000. The remaining 39% is to be acquired during 2019 or 2020 depending on performance with a further contingent amount payable at that time, also dependent on future performance. The balance of contingent consideration has been recognised at fair value (see note 16). The Company has treated these shares as if they were acquired on 31 December 2015 on the basis that there is an irrevocable commitment to purchase the remaining shareholding, and the Company holds the risk and rewards of future ownership of these shares. The acquisition has been accounted for under the acquisition method, with the results and position of Peppermint Events Limited being consolidated within the financial statements of Conviviality Plc.

Matthew Clark Wholesale Limited continues to hold 51% of the share capital of Elastic Productions Limited. The remaining 49% is to be acquired during 2017 with a further contingent amount payable at that time dependent on the future performance of Elastic Productions Limited. At this time, it is considered that no future payment will be required, and therefore no contingent liability is recognised.

The undertakings in which the Company's interest at the year-end is more than 20% are as follows:

	Country of incorporation	Principal activity	Class and percentage of shares held
Subsidiary undertakings			
Elastic Productions Limited	UK	Event management	51% ordinary share capital
Peppermint Events Limited	UK	Event management	61% ordinary share capital
A2 Contractors Limited	UK	Construction	100% ordinary share capital
Matthew Clark Wholesale Bond Limited	UK	Dormant	100% ordinary share capital
Matthew Clark & Sons Limited	UK	Dormant	100% ordinary share capital
Matthew Clark Limited	UK	Dormant	100% ordinary share capital
Odyssey Intelligence Limited	UK	Dormant	100% ordinary share capital

12 Stocks

	30 April 2016 £000	28 February 2015 £000
Finished goods for resale	**47,273**	44,539

Notes *(continued)*

13 Debtors

	30 April 2016 £000	28 February 2015 £000
Trade debtors	**98,367**	68,956
Amounts owed by Group undertakings	**79,864**	37,571
Other debtors	**9,623**	9,708
Prepayments and accrued income	**2,734**	2,213
Deferred tax asset (note 14)	**191**	25
	190,779	118,473

Amounts owed by Group undertakings are receivable on demand. Other debtors in the comparative period include £621,000 due from previous owners since settled.

14 Deferred taxation

The elements of deferred taxation are as follows:

	30 April 2016 £000	28 February 2015 £000
Difference between accumulated depreciation and capital allowances	**106**	(126)
Short term timing differences	**40**	151
Tax on share based payments	**45**	-
Deferred tax asset	**191**	25

15 Creditors: amounts falling due within one year

	30 April 2016 £000	28 February 2015 £000
Bank loans and overdrafts	**20,255**	-
Trade creditors	**111,643**	63,373
Amounts owed to Group undertakings	**12,642**	9,493
Corporation tax creditor	**1,992**	1,433
Other taxes and social security	**12,104**	17,770
Other creditors	**7,315**	14,671
Accruals and deferred income	**12,816**	11,382
	178,767	118,122

Amounts owed to Group undertakings are payable on demand and non-interest bearing. Other creditors in the prior year include £5,870,000 due to previous owners, which was repaid in full in the current period.

Notes *(continued)*

16 Provisions for liabilities and charges

	Property £000	Long Term Incentive £000	Contingent consideration £000	Onerous Contract £000	Total £000
At beginning of period	385	2,140	-	-	2,525
Charged to the profit and loss for the period	208	-	-	4,167	4,375
Balance included within investment	-	-	6,159	-	6,159
Utilisation of provision	(12)	(2,140)	-	-	(2,152)
At end of period	**581**	**-**	**6,159**	**4,167**	**10,907**

Property provisions relate to a number of properties used in the Company's business. They include amounts in respect of onerous rental expenses and dilapidations for leases expiring between the balance sheet date and 2028.

The long term incentive scheme entitled senior management to receive benefits based on EBIT and cash generation against pre-agreed targets over a four year period. This scheme ended on 28 February 2015, with payments against the scheme made during the current period. There is currently no such scheme in operation.

The Company has agreed to pay contingent consideration on the purchase of Peppermint Event Limited, based on the performance of the Company over the subsequent four financial years at both an EBITDA and cash generation level. The range of the additional consideration payment is estimated to be between £nil and £6,159,000. The Company has included £6,159,000 as contingent consideration related to the additional consideration, which represents the amount determined at the acquisition date.

Other provisions relate to onerous purchase contracts that were initiated during the current period and represent the aggregate amount payable over the life of the contracts, being 10 years.

17 Share capital

	30 April 2016 £000	28 February 2015 £000
Allotted, called up and fully paid		
3,000,002 ordinary shares of £1 each	**3,000**	3,000

18 Reserves

	Share premium account £000	Capital contribution £000	Share-based payments £000	Profit and loss account £000
At beginning of period	27,000	1,293	-	27,824
Profit for the period	-	-	236	14,498
Dividends paid	-	-	-	(3,000)
At end of period	**27,000**	**1,293**	**236**	**39,322**

Notes *(continued)*

19 Commitments

Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Plant and machinery		Vehicles	
	30 April 2016	28 February 2015	**30 April 2016**	28 February 2015
	£000	£000	**£000**	£000
Operating leases which expire:				
- Within one year	**544**	646	**1,737**	2,055
- In the second to fifth years	**638**	1,247	**4,321**	6,225
- Over five years	**-**	-	**-**	41
	1,182	1,893	**6,058**	8,321

During the year £8,582,000 was recognised as an expense in the profit and loss account in respect of operating leases *(2015: £6,968,000).*

In addition, the Company leases certain land and buildings on short term leases. The total commitments under these non-cancellable operating leases, which are subject to renegotiation at various intervals specified in the leases and in respect of which the Company pays all insurance, maintenance and repairs, are as follows:

	30 April 2016	28 February 2015
	£000	£000
Operating leases which expire:		
- Within one year	**3,511**	3,176
- In second to fifth years	**12,539**	11,365
- Over five years	**10,458**	12,997
	26,508	27,538

Capital commitments

During the period ended 30 April 2016, the Company entered into a contract committing to incur capital expenditure of £1,755,000 *(2015: £nil).* These commitments are expected to be settled in the following financial year.

20 Contingent liabilities

The Company is a member of the Group VAT registration and is therefore jointly liable for the other Group Companies' outstanding VAT liability. The outstanding liability as at 30 April 2016 was £7,425,000 (2015: £11,050,000).

The Company and certain other Group undertakings have entered into a Composite Accounting Agreement under which Barclays Bank Plc may offset money standing to the credit of any Company within the agreement against any indebtedness to the bank of a Company within the agreement.

21 Pensions

The Company operates a defined contribution scheme. The assets of the scheme are held separately from those of the Company, being invested with insurance companies. The pension cost charge represents contributions payable by the Company to the fund and amounted to £1,417,000 *(2015: £1,301,000).*

Notes *(continued)*

22 Related party transactions

In accordance with the exemption available under FRS 101, transactions with other wholly owned undertakings within the Conviviality Plc group have not been disclosed within these financial statements.

During the year the Company entered into transactions with subsidiary companies not wholly owned as follows:

a) Transactions with Elastic Productions Limited

- The Company purchased goods and services of £331,000 *(2015: £50,000)* from Elastic Productions Limited;
- The balance owing from the Company to Elastic Productions Limited at 30 April 2016 was £nil *(2015: £63,000)*; and
- The balance owing from Elastic Productions Limited to the Company at 30 April 2016 was £290,000 *(2015: £93,000)*.

b) Transactions with Peppermint Events Limited

- The Company purchased goods and services of £69,000 from Peppermint Events Limited post the acquisition of Peppermint Events during the period;
- The Company made sales of £117,000 to Peppermint Events Limited; and
- The balance owing from Peppermint Events Limited to the Company at 30 April 2016 was £719,000.

23 Controlling parties

The Company's immediate parent undertaking is Matthew Clark (Holdings) Limited, a Company incorporated in the United Kingdom.

The Company's ultimate controlling party is Conviviality Plc, a Company incorporated in the United Kingdom.

Conviviality Plc is the largest and smallest group in which the results of the Company are consolidated. No other group financial statements include the results of the Company. The consolidated financial statements of Conviviality Plc are available to the public and may be obtained from Companies House, Crown Way, Cardiff or from www.conviviality.co.uk.

24 Explanation of transition to FRS 101 from old UK GAAP

As stated in Note 1, these are the Company's first financial statements prepared in accordance with FRS 101. The accounting policies set out in Note 1 have been applied in preparing the financial statements for the 14 month period ended 30 April 2016, the comparative information presented in these financial statements for the year ended 28 February 2015 and in the preparation of an opening FRS 101 balance sheet at 1 March 2014 (the Company's date of transition).

In preparing its FRS 101 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to FRS 101 has affected the Company's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

Notes *(continued)*

24 Explanation of transition to FRS 101 from old UK GAAP *(continued)*

Reconciliation of equity

		28 February 2015			1 March 2014		
	Note	UK GAAP £000	Effect of transition to FRS 101 £000	FRS 101 £000	UK GAAP £000	Effect of transition to FRS 101 £000	FRS 101 £000
Fixed assets							
Intangible assets	*a*	-	4,610	**4,610**	-	5,742	**5,742**
Tangible assets	*a*	7,598	(4,610)	**2,988**	9,344	(5,742)	**3,602**
Investments		288	-	**288**	-	-	**-**
		7,886	-	**7,886**	9,344	-	**9,344**
Current assets							
Stocks	*b*	44,316	223	**44,539**	38,703	(166)	**38,537**
Debtors	*c*	118,448	25	**118,473**	120,644	163	**120,807**
Cash at bank and in hand		8,866	-	**8,866**	7,260	-	**7,260**
		171,630	248	**171,878**	166,607	(3)	**166,604**
Creditors: amounts falling due within one year	*d*	(117,374)	(748)	**(118,122)**	(113,492)	(648)	**(114,140)**
Net current assets		54,256	(500)	**53,756**	53,115	(651)	**52,464**
Total assets less current liabilities		62,142	(500)	**61,642**	62,459	(651)	**61,808**
Provisions for liabilities and charges	*c*	(2,605)	80	**(2,525)**	(4,682)	-	**(4,682)**
Net assets		59,537	(420)	**59,117**	57,777	(651)	**57,126**
Capital and reserves							
Called up share capital		3,000	-	**3,000**	3,000	-	**3,000**
Share premium account		27,000	-	**27,000**	27,000	-	**27,000**
Capital contribution		1,293	-	**1,293**	1,293	-	**1,293**
Profit and loss account	*b,c,d*	28,244	(420)	**27,824**	26,484	(651)	**25,833**
Shareholders' funds		59,537	(420)	**59,117**	57,777	(651)	**57,126**

Notes *(continued)*

24 Explanation of transition to FRS 101 from old UK GAAP *(continued)*

Reconciliation of total comprehensive income for the 12 months to 28 February 2015

	Note	UK GAAP £000	Effect of transition to FRS 101 £000	FRS 101 £000
Turnover		810,726	-	**810,726**
Cost of sales	b	(710,675)	389	**(710,286)**
Gross profit		100,051	389	**100,440**
Distribution costs	d	(37,917)	(45)	**(37,962)**
Administration expenses	d	(43,763)	(55)	**(43,818)**
Operating profit		18,371	289	**18,660**
Interest payable and similar charges		(742)	-	**(742)**
Profit on ordinary activities before taxation		17,629	289	**17,918**
Tax on profit on ordinary activities	c	(3,869)	(58)	**(3,927)**
Profit for the financial period, being total comprehensive income		13,760	231	**13,991**

Notes to the reconciliation of equity and total comprehensive income

a) In accordance with IAS 38, Software assets held by a company should be recognised as intangible fixed assets. At 28 February 2015, Software assets with a net book value of £4,610,000 were reclassified from tangible fixed assets *(2014: £5,742,000).*

b) Under IAS 21, transactions denominated in foreign currency should be converted at the prevalent rate. Stock purchased in foreign currency was accounted for at the contracted rate in accordance with SSAP 20. At 28 February 2015 an adjustment of £223,000 has been recognised to restate inventory to be valued at the prevailing rate at the date of purchase *(2014: £(166,000)).* This caused a profit and loss movement of £389,000 for the year to 28 February 2015 on transition to FRS101.

c) Adjustments b and d lead to deferred tax adjustments arising on transition to FRS101. At 28 February 2015, the stock revaluation and recognition of holiday pay accrual on transition to FRS101 gives rise to a deferred tax asset of £105,000 *(2014: £163,000).* This caused a tax charge of £58,000 for the year to 28 February 2015 on transition to FRS101. There are no changes to current tax on transition to FRS101.

d) Under IAS 19, an expense is recognised for employee benefits earned. There was no similar requirement under UK GAAP. At 28 February 2015, holiday pay accrued, but not yet paid of £748,000 *(2014: £648,000)* was recognised. This caused a profit and loss movement of £100,000 for the year to 28 February 2015 on transition to FRS101.