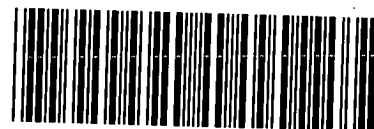


Matthew Clark Bibendum Limited

Annual Report and Financial Statements

Registered number 02550982

For the Period from 1st March 2019 to 29th February 2020



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Strategic Report

Company information

The financial statements have been prepared for the 12-month period 1 March 2019 to 29 February 2020. The comparative figures are for the 10-month period 30 April 2018 to 28 February 2019.

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 supplying the on-trade. The Company supplies pubs, bars, hotels, restaurants and leisure outlets, both independent and major nationally managed chains (constituting the on-trade).

Business structure

The Company owns 100% of six dormant subsidiaries, being Matthew Clark Wholesale Bond Limited, Matthew Clark & Sons Limited, Matthew Clark Limited, Bibendum Wine Ireland Limited, Catalyst PLB Brands Limited and Odyssey Intelligence Limited. During the financial year, Elastic and A2 Contractors Limited have also ceased trading and the Company has sold its shareholding in Peppermint to the minority shareholders.

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 service. To achieve this, the Company has taken a leadership position in the on-trade market whilst providing a fully composite offering.

Principal risks and uncertainties

Competition

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

- *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.
- *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.

The Company mitigates against the risk of loss of key business to competitors by offering competitive pricing and developing strong relationships with our customer base. Certain key national accounts have their own account managers who manage the customer relationship and new opportunities are targeted as they arise.

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. In addition, the Company has well developed policies in place covering a wide range of issues such as anti-bribery, anti-corruption and whistle blowing which are part of the group codes of conduct.

Strategic report *(continued)*

Principal risks and uncertainties *(continued)*

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 established a 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 11 to 35 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.

Financial risk management

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The main exposure to credit risk in the Company is represented by receivables owing to the Company. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of those assets, net of any provisions, as disclosed in the Balance Sheet and notes to the financial statements. Rolling cash flow forecasting, securing mutually appropriate credit terms with our supplier base and debtor-secured borrowing, as well as access to intra-group support if required, ensure that future cash flow obligations can be met by the Company.

Additionally, in order to reduce foreign exchange risk, the Company hedges its exposure to Euro-denominated purchases by entering into forward contracts with its banking partners. The Company does not apply hedge accounting.

Brexit

The Company purchases stock from countries within the European Union, and therefore the decision relating to the United Kingdom leaving the European Union gives rise to uncertainty over the future trading relationship. As part of a plc with the head office located in Ireland, plans are in place to manage the effect at a Group and Company level, including supplier arrangements to minimise risk. Brexit is not expected to have a significant impact on Company revenues given that the overwhelming majority of Company sales are made to UK customers.

Economic uncertainty relating to the Covid-19 Pandemic

The lockdown of the country and temporary closure of the on-trade business has resulted in limited trading subsequent to year-end. Furthermore, whilst the government has allowed for the reopening of the on-trade in July the extent of on-trade footfall, and hence demand, is still unknown. Uncertainties also exist around whether further lockdowns may occur and the solvency of the Company's customer base. The Company has mitigated the impact by taking advantage of government schemes, reviewing cashflow forecasts and working pro-actively with customers and suppliers. The potential impact and steps taken are further discussed in the Going Concern section, Significant Judgements and Estimates and the Post Balance Sheet Events note.

Employees

Disabled persons

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 Company continues and the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Employee involvement

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that views are taken into account when decisions are made that are likely to affect their interests. The principal mechanism for this is using employee surveys which are undertaken regularly throughout the year. All employees are communicated the performance of the Company and Group as a whole at appropriate times throughout the year, with additional communications occurring through in-house newsletters and briefing groups.

Strategic report *(continued)*

Bribery and corruption

We have a zero tolerance approach to bribery, corruption and fraudulent behaviour of any kind. We have an Anti-Bribery & Corruption Policy which sets out the group's policy to conduct its business honestly and without the use of corrupt practices or acts of bribery. We refuse to offer, give or receive bribes or improper payments, or participate in any kind of corrupt activity, either directly or through any third party.

Stakeholder Relationships (S172 Statement)

In fulfilling their duty to promote the success of the Company for the benefit of the shareholders, it is necessary for the directors to have regard to a broader range of stakeholders in recognition of the fact that the long-term success of the Company is dependent on maintaining these relationships. Being the leading composite drinks supplier in the UK, the Company has a significant number of key relationships, which include:

- 1) Employees – the success of the Company is built on the hard work of its employees and maintaining that relationship is fundamental to the ongoing operation and development of the Company;
- 2) Suppliers – the Company enjoys close relationships with its suppliers which range from large multinational breweries and wineries to local, independent suppliers. Knowledge of their category, products and strategy is key for the success of both parties;
- 3) Customers – the Company has a diverse range of customers, broadly categorised into large national chains and regional establishments across all sectors of the hospitality industry. The Company separates itself from its competition by tailoring products to its customers' needs and working with them to develop the right stocking approach. The ongoing success of the Company's customers is fundamentally linked to our own success; and
- 4) Community – with its office headquarters based in Bristol, the Company has historically been a key employer in the South West and continues to do so. However, with regionalised depots, a London office and being a national distributor we recognise our community impact across the UK.

Key Decisions

The Company regularly makes decisions which directly impact its Stakeholders, however there are occasionally certain key decisions which can have a significant impact. In making such decisions the directors are always conscious of, and have regard to, the impact on the stakeholders. Shortly after year-end, the Company was faced with the serious impact presented by lockdown across the UK and the temporary closure of the hospitality sector. In order to preserve the financial security of the Company it was necessary to make key decisions on the use of government schemes and working capital alongside working with our customer and supplier base.

In making decisions around the furloughing of staff, the Company held discussions with its employees subject to furlough, explaining the rationale behind decisions made whilst listening to their views, and the Company continues to maintain discussions with employees on furlough to the extent permitted by law.

In restructuring payments with major suppliers, the Company has worked proactively to maintain dialogue and set-up feasible payment plans, in the interest of both the Suppliers and the Company, in order to maintain the working relationship whilst operating within capital constraints. Similarly, the Company has engaged to support its customer base whilst securing repayment plans for outstanding debt, to the advantage of both parties.

Employees

The Directors actively consider the interest of employees and "People" is a regular agenda item at board meetings where key leavers and joiners are identified and employee satisfaction is discussed as part of our continued commitment to employee engagement. As discussed on Page 2, and above, employees are actively engaged on key issues through group-wide announcements, discussions with people managers and through employee surveys, as well as being kept up to date with significant announcements. Certain employees of the Company also have the opportunity to enter into group share schemes, with the Company providing additional free shares on top of shares subscribed to by employees, allowing them to invest and benefit from the growth of the group.

Strategic report *(continued)*

Community and Environmental impact

Matthew Clark Bibendum Limited (MCB) is proactive in tracking and reducing its environmental impact. Being a distributor, the main environmental impact is incurred through the delivery of goods to our customers. Distribution systems are optimised to focus on proximity to customer demand through last mile logistics, eliminating journeys and fuel consumption. All our vehicles meet exacting European emissions standards.

High standards and business conduct

Being the UK leader in its sector, the Company always seeks to maintain the highest standards and business conduct with its suppliers and customers and recognises the importance of this in maintaining these key relationships. The Company benefits from having developed these strong relationships in maintaining its working capital requirements.

Furthermore, as part of C&C Group PLC, the company is exposed to the Corporate Governance practices adopted by its Ultimate Parent. Further details can be found in the Corporate Governance Report within C&C Group Plc.

Performance

As discussed in the Directors report, the impact of Covid-19 on the assets recognised at year-end has been reflected in this set of financial statements as an exceptional item. The Company profit before tax excluding Covid-19 adjustments was £18.2m against a prior year profit before tax of £4.7m and consequently the directors are pleased that the efforts of the Company over the current year have been reflected in its trading results.


Since acquisition, the Company has also made significant efforts to control its working capital and improve cashflow generation. These efforts have continued in the current year with a strengthening of the balance sheet.

In reviewing the performance of the Company, the directors monitor a number of key performance indicators as discussed below:

Key Performance Indicator	2020	2019
Gross Profit Margin	12.9%	13.3%
Operating Profit Margin	2.0%	1.2%

Gross profit margin has remained relatively stable in the period, with a slight decline resulting from changes in the sales mix. This impact has been offset by continuing to focus on cost and efficiencies savings, leading to a higher operating profit margin in the year.

By order of the board



E Robertson
Director

07 JULY 2020

Directors' report for the period from 1 March 2019 to 29 February 2020

The Directors present their report together with the financial statements of the Company for the Period 1 March 2019 to 29 February 2020. The comparative figures are for the period 30 April 2018 to 28 February 2019.

Results and dividends

The Company made a profit for the period of £3,207,000 (*2019: profit of £1,816,000*) and paid a dividend to Matthew Clark Bibendum (Holdings) Limited of £nil (*2019: £nil*).

Directors

The following Directors served during the period and subsequently:

A Pozzi (resigned 12 November 2019)

E J Robertson

J Solesbury (resigned 12 November 2019)

M G Grisman (appointed 12 November 2019)

Corporate governance

The Board meets regularly and reviews operating performance against the strategic business plan and detailed management budgets. This strategic business plan incorporates all aspects of strategy and associated risks; all proposals for contract variations are vetted before approval against the plan. The Board reserves its own decision on contractual expenditure above a certain amount and associated funding. The Board, with help from the Group Risk and Audit Committee, decides upon the accounting policies which are appropriate for the Company and ensures they are consistently applied.

Political donations

The Company made no political donations nor incurred any political expenditure during the period (*2019: £nil*).

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 at least the next 12 months. The Directors concluded on the going concern basis after taking into account the following factors.

The Company is in a net asset position as at the year-end as a result of a recapitalisation undertaken during the year. The Company has also taken advantage of various government support schemes in order to better manage its working capital, including furloughing of staff and the deferring of payments made to HMRC. Additionally, the Company has engaged in discussions with both its debtors and creditors in securing new payment plans in order to manage its working capital during the Covid-19 disruption period.

The Directors have prepared cash flow forecasts based on a range of estimates of future trading conditions. Whilst there remains a degree of uncertainty in the current trading environment, the Directors have concluded that the Company will be able to continue to operate for the foreseeable future based on its free cash flow generation. The Directors continue to monitor the trading results of the Company and take necessary action to secure the viability of the Company to meet its liabilities as they fall due.

In addition, C&C Group Plc, the Company's ultimate parent undertaking, has indicated that it will provide or procure such funds as necessary to enable the Company to settle all liabilities as they fall due for at least the next twelve months from the date of signing these financial statements. The Company intends to rely on such support to bridge working capital demands, in preference to seeking external financing. The Directors are satisfied that C&C Group Plc will be in a position to provide such support given its cash reserves, access to further funding given its listing on the FTSE 250 alongside continued cash flows from sales in the off-trade and banking support. At the date of approval of the financial statements, the Directors have considered the evolving situation around the COVID-19 pandemic and the impact on the Company's business, including the announced return of on-trade business in the UK in early July 2020, which broadly aligns with C&C Group's assumption in that regard in finalising the Group's going concern assessment. They have also taken into account the Group's consideration of options available to maintain liquidity, and the covenants beyond those currently waived in respect of the next 12 months, including the covenants in respect of 31 August 2021.

Directors' report *(continued)*

Future developments and post balance sheet events

The impact of the UK lockdown on the hospitality trade, resulting from the onset of Covid-19, has had a significant impact on the position and trading of the Company. As discussed in the significant judgement section of the accounting policies, the impact of the lockdown on Company receivables, stock and onerous contracts has resulted in adjustments for the corresponding assets included on the Balance Sheet.

As a result of the lockdown, post year-end trading has been impacted by Covid-19. Consequently, the underlying financial performance of the company is expected to be impacted in the next set of financial statements, however measures are being taken by the Directors to ensure the financial stability and working capital of the Company during the period.

For the reasons already provided in the Director's Report and Accounting Policy section, the Directors have determined that it remains appropriate to adopt the going concern basis in the preparation of these financial statements.

In the longer term, the Company plans to increase profitability and improve margins by increasing its share of the on-trade market.

Disclosure of information to the auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

Reappointment of auditors

The auditor, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Approved by the Board on 07 July 2020 and signed on its behalf by:



E Robertson
Director

Whitchurch Lane
Bristol
BS14 0JZ

07 JULY 2020

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

Statement of directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

Opinion

We have audited the financial statements of Matthew Clark Bibendum Limited for the year ended 29 February 2020 which comprise the Profit and Loss Account and Other Comprehensive Income, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 26, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 29 February and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Emphasis of matter – Effects of COVID-19

We draw attention to Notes 2, 3, 6 and 25 of the financial statements, which describe the impact of COVID-19 on Matthew Clark Bibendum Limited's on-trade business and the directors' conclusion in respect of the Company's preparation of the financial statements on the going concern basis. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

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

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

Independent Auditor's Report to the Members of Matthew Clark Bibendum Limited (continued)

Other information

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

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

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

We have nothing to report in this regard.

Opinions on other 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 directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent Auditor's Report to the Members of Matthew Clark Bibendum Limited (continued)

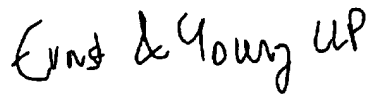
Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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



John Howarth (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Bristol
09 July 2020

Profit and Loss Account and Comprehensive Income
for the period from 1 March 2019 to February 2020

	<i>Note</i>	12 months to 29 February 2020 £000	10 months to 28 February 2019 £000
Turnover	4	1,010,288	856,821
Cost of sales		(880,463)	(742,791)
Gross profit		129,825	114,030
Distribution costs		(58,610)	(55,127)
Administration expenses		(50,744)	(48,776)
Operating profit	5	20,471	10,127
Exceptional items	6	(14,076)	(5,242)
Interest payable	9	(1,980)	(222)
Profit before taxation		4,415	4,663
Income tax (expense)	10	(1,208)	(2,847)
Profit for the financial period		3,207	1,816
Total comprehensive income for the period		3,207	1,816

The notes on pages 14 to 35 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 29 February 2020

	<i>Note</i>	29 February 2020		28 February 2019	
		£000	£000	£000	£000
Fixed assets					
Intangible assets	11		1,801		2,419
Tangible assets	12		37,610		3,744
Investments	13		-		-
			<hr/>		<hr/>
			39,411		6,163
Current assets					
Stocks	14	49,286		64,541	
Debtors	15	198,755		180,067	
Cash at bank and in hand		35,592		41,974	
		<hr/>		<hr/>	
			283,633		286,562
Creditors: amounts falling due within one year	17	(281,222)		(340,768)	
		<hr/>		<hr/>	
Net current assets/(liabilities)			2,411		(54,206)
			<hr/>		<hr/>
Total assets less current liabilities			41,822		(48,043)
Creditors: amounts due after one year	17	(31,079)		-	
Provisions for liabilities and charges	18	(5,882)		(4,874)	
		<hr/>		<hr/>	
Net assets/(liabilities)			4,861		(52,917)
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	19		3,000		3,000
Share premium account			-		27,000
Capital Contribution reserve	19		56,000		-
Share based payment reserve			646		-
Accumulated losses			(54,785)		(82,917)
			<hr/>		<hr/>
Shareholders' equity/(deficit)			4,861		(52,917)
			<hr/>		<hr/>

The notes on pages 14 to 35 form an integral part of these financial statements.

These financial statements were approved by the board of Directors on 07 JULY 2020 and were signed on its behalf by:



E Robertson
Director

Statement of Changes in Equity

	Called up share capital £000	Share premium account £000	Capital contribution £000	Share based payments £000	Accumula- ted losses £000	Total equity £000
Balance at 30 April 2018	3,000	27,000	-	-	(84,733)	(54,733)
Total comprehensive income for the year	-	-	-	-	1,816	1,816
Balance at 28 February 2019	3,000	27,000	-	-	(82,917)	(52,917)
Balance at 1 March 2019	3,000	27,000	-	-	(82,917)	(52,917)
Effect of transition to IFRS 16	-	-	-	-	(2,075)	(2,075)
Total comprehensive income for the period	-	-	-	-	3,207	3,207
<i>Transactions with owners, recorded directly in equity:</i>						
Equity-settled share based payments	-	-	-	646	-	646
Group capital restructuring (Note 19)	-	-	56,000	-	-	56,000
Capitalisation of share premium	-	(27,000)	-	-	27,000	-
Balance at 29 February 2020	3,000	-	56,000	646	(54,785)	4,861

The notes on pages 14 to 35 form an integral part of these financial statements.

Notes

1 General Information

Matthew Clark Bibendum Limited ("the Company") is a private company limited by share capital incorporated and regulated in United Kingdom.

The address of its registered office is:
Whitchurch Lane
Bristol
BS14 0JZ

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

2 Accounting policies

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

During the prior period, the Company changed its period end from 29th April to 28th February to align with parent undertakings. The current period therefore contains a 12-month period whilst the comparatives are shown 10 month period of account.

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. FRS 101 disclosure exemptions have therefore been taken, as discussed below.

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.

The Company's parent undertaking, C&C Group Plc, includes the Company in its consolidated financial statements. The consolidated financial statements of C&C Group 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 25.

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;
- Disclosures in respect of the compensation of Key Management Personnel;
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers; and
- Certain disclosure requirements of IFRS 16.

Notes (continued)

2 Accounting policies (continued)

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

- Certain 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.

New and amended standards and interpretations

Other than IFRS 16, discussed below, no new accounting standards or amendments to accounting standards, or IFRIC interpretations that are effective for the period ended 28 February 2020, have had a material impact on the company.

IFRS 16

IFRS 16 became effective for accounting periods starting on or after 01 January 2019 and therefore has been adopted for the first time in this set of Financial Statements. The standard replaces IAS 17 (and associated IFRIC interpretations). The adoption of this standard has resulted in the Company recognising a right-of-use asset and related lease liability in connection with former operating leases. The impact of the standard on Profit and Loss is neutral over the term of the lease, however the costs associated with leases are now recognised as financing and depreciation costs rather than administration expenses, which therefore results in an increase in EBITDA

The standard provides an exemption for low-value and short-term leases, for which an expense is recognised on a straight-line basis over the lease term, which the Company has taken on a case-by-case basis.

The new standard has been applied using the “modified retrospective” transition approach. As a result of adopting the standard, an adjustment has been made to decrease retained earnings by £2,740,000 arising from differences in the lease liability and right of use asset on initial recognition and other transition differences. The tax treatment of this adjustment has resulted in a £665,000 increase to retained earnings to arrive at a net retained earnings decrease of £2,075,000. Prior periods have not been restated, as permitted under the specific transitional provisions in the standard.

For contracts in place at 1 March 2019, the Company has elected to apply the definition of a lease from IAS 17 (and IFRIC 4) and has not applied IFRS 16 to arrangements that were previously not identified as leases under the predecessor standard. For the majority of leases, the Company has elected to measure the right-of-use assets at 1 March 2019 at an amount equal to the lease liability, adjusted for any prepaid or accrued lease payments that existed at the date of transition. However, for certain leases, principally high value property leases, the Company has measured the right of use asset at an amount equal to the carrying amount as if the standard had been applied since the lease commencement date.

The liabilities were measured at the present value of the remaining lease payments, discounted at an average rate of 3.18%. The discount rate has been determined in accordance with the incremental borrowing rate for the company, specific to the underlying right of use asset, incorporating lease term and asset risk. In determining the incremental borrowing rate, the Company has used external advisors.

Notes (continued)

2 Accounting policies (continued)

The following is a reconciliation of total operating lease commitments at 28 February 2019 (as disclosed in the financial statements) to the lease liabilities recognised at 1 March 2019:

	28 February 2019 £000
Operating lease commitments disclosed in the prior year	
Plant and Machinery	1,552
Vehicles	7,002
Land and Buildings	32,624
	41,178
Reconciling items	
Short term and low value leases not recognised	(1,171)
Operating lease commitments not previously disclosed*	6,694
Effect of discounting	(7,875)
Lease liability recognised on adoption at 01 March 2019	38,826

**In the assessment of IFRS 16 it was determined that certain lease commitments had not previously been disclosed.*

Exemption from preparing Group financial statements

The Company has taken advantage of the exemption from preparing consolidated financial statements afforded by Section 400 of the Companies Act 2006 because it is a wholly-owned subsidiary of C&C Group Plc which prepares consolidated financial statements in accordance with International Financial Reporting Standards that are publicly available and may be obtained from the Companies Registration Office, Bloom House, Gloucester Place Lower, Dublin 1. These financial statements present information about the Company as an individual undertaking and not about its Group.

Foreign currencies

The Functional currency of the Company is considered to be Pound Sterling by virtue of this being the primary economic environment in which the Company operates. 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.

Notes (continued)

2 Accounting policies (continued)

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 at least the next 12 months. The Directors concluded on the going concern basis after taking into account the following factors.

The Company is in a net asset position as at the year-end as a result of a recapitalisation undertaken during the year. The Company has also taken advantage of various government support schemes in order to better manage its working capital, including furloughing of staff and the deferring of payments made to HMRC. Additionally, the Company has engaged in discussions with both its debtors and creditors in securing new payment plans in order to manage its working capital during the Covid-19 disruption period.

The Directors have prepared cash flow forecasts based on a range of estimates of future trading conditions. Whilst there remains a degree of uncertainty in the current trading environment, the Directors have concluded that the Company will be able to continue to operate for the foreseeable future based on its free cash flow generation. The Directors continue to monitor the trading results of the Company and take necessary action to secure the viability of the Company to meet its liabilities as they fall due.

In addition, C&C Group Plc, the Company's ultimate parent undertaking, has indicated that it will provide or procure such funds as necessary to enable the Company to settle all liabilities as they fall due for at least the next twelve months from the date of signing these financial statements. The Company intends to rely on such support to bridge working capital demands, in preference to seeking external financing. The Directors are satisfied that C&C Group Plc will be in a position to provide such support given its cash reserves, access to further funding given its listing on the FTSE 250 alongside continued cash flows from sales in the off-trade and banking support. At the date of approval of the financial statements, the Directors have considered the evolving situation around the COVID-19 pandemic and the impact on the Company's business, including the announced return of on-trade business in the UK in early July 2020, which broadly aligns with C&C Group's assumption in that regard in finalising the Group's going concern assessment. They have also taken into account the Group's consideration of options available to maintain liquidity, and the covenants beyond those currently waived in respect of the next 12 months, including the covenants in respect of 31 August 2021.

Exceptional items

Exceptional items are those items that, within the opinion of the directors, are necessary to present separately on the face of the income statement given their significance and the expectation that they will not be recurring. Such presentation is considered useful to a user of the accounts in allowing them to understand the underlying trade of the Company.

Revenue

Revenue is generated from the sale of goods, being the sale of alcoholic and non-alcoholic drinks, typically to the on-trade. Consequently, within each sale there is only considered to be a single performance obligation, being the provision of drinks, which is satisfied at a point in time on delivery.

As discussed within note 3, the transaction price on certain sales are variable given that they are subject to retrospective discounts. In considering any potential discount, the Company determines the most likely single amount which will be paid, which is then deducted from the transaction price. This amount is accrued as a contract liability given that there is a timing difference between the sale and the subsequent retrospective discount.

The Company will receive payment from the Customer according to their specific credit terms. If the goods supplied to the Customer are of unsatisfactory condition and the Company is informed within 3 days after the delivery then the Customer will be due a credit for the goods. Provision is made for returns where appropriate.

Notes (continued)

2 Accounting policies (continued)

Expenses

Interest receivable and Interest payable

Interest payable and similar charges include interest payable and unwinding of any discount on provisions. 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.

Tax

The tax expense represents the sum of tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The recognition or non-recognition of deferred tax assets as appropriate also requires judgement as it involves an assessment of the future recoverability of those assets. The recognition of deferred tax assets is based on management's judgement and estimate of the most probable of amount of future taxable profits and taking into consideration applicable tax legislation in the relevant jurisdiction.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Notes (continued)

2 Accounting policies (continued)

Tangible 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:

Asset class	Depreciation method and rate
Freehold buildings	between 5 to 33 years
Leasehold improvements	length of lease
Fixtures and fittings	between 5 to 15 years
Computer equipment	between 2 to 5 years
Plant, machinery and vehicles	between 2 to 25 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 assets

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

Internally generated assets

Development costs, including internal staff time, are capitalised where the Company is able to demonstrate that a project is technically feasible and intended to be completed, there is an ability to use the resulting asset and that it generates probable future economic benefit and that the expenditure can be measured.

Amortisation

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:

Asset class	Amortisation method and rate
Computer software	between 3 to 5 years
Internally generated assets	between 5 to 8 years

Notes (continued)

2 Accounting policies (continued)

Leasing

As described on page 15, the Company has applied IFRS 16 using the modified retrospective approach with effect from 1 March 2019 and therefore comparative information has not been restated. Consequently, the comparative information is presented using accounting policies different to those in the current year. These differences are explained below.

Accounting policy applicable before 1 March 2019

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.

Accounting policy applicable after 1 March 2019

For any contracts entered into after the date of transition, the Company determines whether the contract is, or contains a lease. This is deemed to be the case where the contract conveys the right to use an asset for a period of time in exchange for consideration. In determining whether a lease exists, the Company determines whether the contract meets the following criteria

- The contract contains an identified asset;
- The Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use;
- The Company has the right to direct the use of the identified asset throughout the period of use.

At lease commencement date, the Company recognises the lease as a right-of-use asset and a corresponding lease liability on the balance sheet. The right-of-use assets are included within property, plant and equipment. The right of use asset is measured at cost, being the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease and any lease payments made in advance of the lease commencement date.

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date over the lease term. The assets are also assessed for impairment where such indicators exist.

At the lease commencement date, the Company measures the lease liability at the present value of the remaining lease payments, discounted using either the interest rate implicit in the lease or the incremental borrowing rate specific to each asset. Over the term of the lease, interest is charged on the liability as a finance cost, whilst the liability is also reduced by any lease payments made. The lease liability is remeasured to reflect any reassessment or modification to the terms of the lease contract, any remeasurement is also taken as an adjustment to the right of use asset.

The Company elects to account, on a case-by-case basis, for short-term leases and leases of low value using the practical expedients in IFRS 16, namely as a straight-line expense over the term of the lease. Short term leases are defined as those less with a term of less than 12 months and low value leases are those which are not deemed financially significant individually (or in totality) to the Company.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Notes (continued)

2 Accounting policies (continued)

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension obligation

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Company's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss – depending on the contractual cash flow characteristics of the instrument. The main financial assets of the Company are trade receivables and intercompany balances, which are both held at amortised cost.

With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Subsequent measurement

Financial assets are subsequently held at amortised cost, measured using the effective interest (EIR) method and are subject to impairment. For trade receivables, the effect of applying the EIR is typically not significant and therefore such receivables are held at cost. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

De-recognition

Financial assets are derecognised when the rights to receive cash flows from the asset has expired.

Notes (continued)

2 Accounting policies (continued)

Impairment

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs.

Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company considers a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as either fair value through profit or loss or amortised cost. With the exception of derivative contracts, all of the Company's financial liabilities are classified as amortised cost. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, intercompany balances and borrowings including bank overdrafts.

Subsequent measurement

Subsequent measurement of liabilities is dependent on whether they are classified as:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at fair value through profit or loss

This category includes derivative financial instruments entered into by the Company and can either be financial assets or liabilities depending on the balance sheet valuation. Gains or losses on such liabilities are recognised in the statement of profit or loss.

Financial liabilities at amortised cost (loans and borrowings)

This category includes trade and other payables, loans and borrowings and intercompany balances. After initial recognition, such liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Where the effect of applying the effective interest rate method is not material, trade payables are held at transaction price.

Notes (continued)

2 Accounting policies (continued)

Presentation

Liabilities are classified as current liabilities if payment is due within one year or less. Where the Company does not have the unconditional right to defer payment for 12 months from the balance sheet date, they are presented as non-current liabilities.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Share based payments

Certain employees of the group are eligible for share schemes in which they receive equity instruments of the ultimate parent, C&C Group PLC at below fair value. The charge for these schemes is levied to the Company via an intercompany recharge arrangement from C&C Group PLC. The fair value of the instruments issued is recognised as an expense over the period in which the employee renders the service with an equivalent credit recognised directly within equity.

Notes (continued)

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, 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. The following significant estimates and judgements were used in preparing these financial statements:

Judgements

Impact of Covid-19

There is a significant judgement in whether the impact of Covid-19 should be considered in the measurement of assets and liabilities at year-end. This judgement is based on whether Covid-19 is considered an adjusting or non-adjusting event, which is based on the facts and circumstances at the balance sheet date. The Group has assessed that the facts and circumstances leading to a decline in the on-trade existed as at the year-end and consequently concluded that the impact of Covid-19 should be reflected in the measurement of assets and liabilities in the Statement of Financial Position.

Onerous contracts

The Company enters into commercial agreements with suppliers which places an obligation on the Company to purchase minimum levels of goods for resale and result in penalty's for missing the minimum threshold. As a result of Covid-19, there is increased uncertainty as to whether the Company would be in a position to sell the associated goods. Consequently, the Company has reviewed such contracts and where the Company does not expect to meet the minimum threshold required, the penalty has been provided for as an onerous contract provision. The underlying judgement is based on a number of factors including the shelf life of the underlying goods as well as the perceived economic cost of meeting minimum purchases against the total purchase value.

Estimates

Retrospective discounts

In determining the required accrual at a point in time for retrospective discount arrangements including steps or ratchets, estimates can be necessary in relation to anticipated volumes/sales levels to occur over the full length of the arrangement. For renewed arrangements sales history is used to inform these estimates, with new arrangements being accrued on a prudent basis and reviewed cyclically throughout the length of the arrangement. As at 29th February 2020, retrospective discounts amounting to £8,891,000 are included within accruals.

Expected credit losses

Further to the impact of Covid-19 on the Company, estimates have been made around the credit losses expected to be incurred on the Company's Financial Assets – principally being Trade Receivables. In determining the expected credit losses, the Company has considered different sources of financial information, including comparisons to the financial crash and current market data, and concluded a suitable benchmark as being credit default swaps on industry-appropriate companies. Market data for credit default swaps on listed entities in the on-trade has been adjusted for yield-curves and Company customer risk weightings in determining an appropriate proxy for expected credit losses.

For, listed customers, without evidence to the contrary, (known as "low risk") the expected credit loss is considered to be similar to the credit risk implied from credit default swaps of similar entities, being 5.7%. However, for smaller, regional customers with less access to finance, the expected credit loss applied is leveraged by reference to historical Group losses for these customers as a ratio to Group losses for "low risk" customers, being 37%.

Stock provisions

As a result of Covid-19, the Company has been required to consider its provision for obsolete inventory. For inventory which has no alternate use or right of return to the supplier, and is not expected to be sold during lockdown, the provision for obsolescence has been calculated by reference to the shelf life of products compared to the expected period of sale.

Notes (continued)

4 Revenue

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

The analysis of the Company's revenue is as follows:

	1 March 2019 to 29 February 2020 £000	30 April 2018 to 28 February 2019 £000
Sale of goods	1,010,288	856,821

5 Expenses and auditor's remuneration

Included within profit/loss are the following:

	1 March 2019 to 29 February 2020 £000	30 April 2018 to 28 February 2019 £000
Depreciation and amortisation	8,612	1,141
Movement in expected credit loss provision (gain)/loss*	(564)	1,108
Foreign exchange losses	1,191	619
Operating lease expenses	-	8,291

*excluding exceptional covid-19 costs (see note 6)

Auditor's remuneration

	1 March 2019 to 29 February 2020 £000	30 April 2018 to 28 February 2019 £000
Audit of these financial statements	210	310
Audit of financial statements of subsidiaries	-	15

6 Exceptional costs

The exceptional costs recognised are analysed as follows:

	1 March 2019 to 29 February 2020 £000	30 April 2018 to 28 February 2019 £000
(Gain) on Peppermint disposal	(300)	-
Recovery of previously impaired intercompany debts	(330)	-
Restructuring costs	894	2,784
Impairment of subsidiary	-	1,645
Costs associated with business stabilisation	-	813
Professional fees	77	-
	341	5,242

Notes (continued)

	1 March 2019 to 29 February 2020 £000	30 April 2018 to 28 February 2019 £000
Covid-19 impact		
Expected credit losses	8,593	-
Provision for stock obsolescence	1,841	-
Onerous contract provision	1,405	-
Impairment of intangible assets	<u>1,896</u>	<u>-</u>
	13,735	-
	<u>14,076</u>	<u>5,242</u>

Redundancy costs

Redundancy costs associated with the change in business structure have been treated as exceptional in the period.

Gain on disposal

During the period the company sold its shareholding in Peppermint Events Limited at a surplus to the cost of investment. This has resulted in a one-off gain which has been treated as exceptional.

Covid-19 adjustments

Adjustments arising from the effect of the Covid-19 lockdown on the on-trade industry are treated as exceptional costs given their unique, one-off nature.

7 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 1 March 2019 to 29 February 2020	30 April 2018 to 28 February 2019
Selling and distribution	1,459	1,344
Administration	206	467
	<u>1,665</u>	<u>1,811</u>

The aggregate payroll costs of these persons were as follows:

	1 March 2019 to 29 February 2020 £000	30 April 2018 to 28 February 2019 £000
Wages and salaries	51,631	44,744
Social security costs	5,142	5,026
Other pension costs	2,253	1,762
	<u>59,026</u>	<u>51,532</u>

Notes (continued)

8 Directors' remuneration

The remuneration of the Directors was as follows:

	1 March 2019 to 29 February 2020 £000	30 April 2018 to 28 February 2019 £000
Directors' emoluments	-	-
Pension payments	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

Only one Director is remunerated locally, however this remuneration is not in lieu of his role as a Director of the Company. The aggregate of emoluments of the highest paid Director was £nil (2019: nil) and Company pension contributions of £nil (2019: nil) were made.

No Directors (2019: None) were a member of the defined contribution pension scheme.

9 Interest payable and similar expenses

	1 March 2019 to 29 February 2020 £000	30 April 2018 to 28 February 2019 £000
On bank loans and overdrafts	365	222
Interest on lease liabilities	1,615	-
	<hr/>	<hr/>

10 Tax

The tax charge comprises:

	1 March 2019 to 29 February 2020 £000	30 April 2018 to 28 February 2019 £000
UK corporation tax		
Current tax on income for the period	3,096	842
Adjustments in respect of prior years	(1,984)	1,016
	<hr/>	<hr/>
Total current tax	1,112	1,858
Deferred tax		
Current period	84	996
Adjustment in respect of prior years	12	(7)
	<hr/>	<hr/>
Total deferred tax	96	989
	<hr/>	<hr/>
Total tax expense	1,208	2,847

Notes (continued)

10 Tax (continued)

Reconciliation of effective tax rate

	1 March 2019 to 29 February 2020	30 April 2018 to 28 February 2019
	£000	£000
Profit before taxation	4,415	4,663
Tax on profit at standard UK corporation tax rate of 19.00% (2019: 19.00%)	839	886
<i>Effects of:</i>		
Effects of group relief/other reliefs	-	(409)
Expenses not deductible for tax purposes	60	875
Transfer pricing adjustments	1,081	487
Adjustments to tax charge in respect of previous periods	(1,972)	1,008
Impact of deferred tax at different rate	(4)	-
Movement in unrecognised deferred tax	(1,280)	-
Other	2,484	-
Total tax expense	1,208	2,847

Legislation to reduce the standard rate of corporation tax to 17% from 1 April 2020 was included in Finance Act 2016 and was enacted in a previous period. Accordingly, deferred tax has been provided at 19% or 17% depending upon when the temporary difference is expected to reverse (2019: 19% or 17%). The March 2020 Budget cancelled the planned reduction to 17% so the UK statutory tax rate will remain at 19% from 1 April 2020. The legislation was not enacted during the year so deferred tax has been provided using the 17% rate. If deferred tax was calculated using the 19% rate, the net deferred tax asset recognised at the reporting date would be increased from £1,537,000 to £1,717,000.

11 Intangible assets

	Computer software £000	Assets under construction £000	Total £000
<i>Cost</i>			
At 1 March 2019	8,740	95	8,835
Additions	-	2,084	2,084
Transfers	252	(252)	-
Disposals	-	-	-
At 29 February 2020	8,992	1,927	10,919
<i>Amortisation</i>			
At 1 March 2019	6,416	-	6,416
Charge for period	806	-	806
Disposals	-	1,896	1,896
At 29 February 2020	7,222	1,896	9,118
<i>Net book value</i>			
At 29 February 2020	1,770	31	1,801
At 1 March 2019	2,324	95	2,419

During the period, previously recognised costs of £1,896,000 associated with internally generated software development were expensed after the decision was made to delay the project for the foreseeable future.

Notes (continued)

12 Tangible fixed assets

	Buildings and building improvements £000	Assets in course of construction £000	Fixtures and fittings £000	Computer equipment £000	Right of use lease assets	Plant, machinery and vehicles £000	Total £000
Cost							
At 1 March 2019	4,899	30	669	4,282	-	1,539	11,419
Transition to IFRS 16	-	-	-	-	34,809	-	34,809
Additions	-	774	-	-	6,089	-	6,863
Transfers	205	(664)	-	362	-	97	-
Disposals	-	-	-	-	-	-	-
At 29 February 2020	5,104	140	669	4,644	40,898	1,636	53,091
Depreciation and impairment							
At 1 March 2019	2,675	-	547	3,479	-	974	7,675
Charge for period	347	-	48	377	6,850	184	7,806
Disposals	-	-	-	-	-	-	-
At 29 February 2020	3,022	-	595	3,856	6,850	1,158	15,481
Net book value							
At 29 February 2020	2,082	140	74	788	34,048	478	37,610
At 1 March 2019	2,224	30	122	803	-	565	3,744

13 Investments

	Shares in undertakings £000
Cost and net book value	
At 28 February 2019 and 29 February 2020	-

During the year the Company disposed of its investment in Peppermint Events Limited (see note below). Investments in subsidiaries are stated at cost less allowance for impairment. The undertakings in which the Company's interest at the year-end is more than 20% are as follows:

Subsidiary undertakings	Country of incorporation	Registered address	Principal activity	Class and percentage of shares held
Elastic Productions Limited	England & Wales	Whitchurch Lane, Bristol, BS14 0JZ	Event management	100% ordinary share capital
A2 Contractors Limited	England & Wales	Whitchurch Lane, Bristol, BS14 0JZ	Dormant	100% ordinary share capital
Catalyst PLB Brands Limited	England & Wales	Whitchurch Lane, Bristol, BS14 0JZ	Dormant	100% ordinary share capital
Matthew Clark Wholesale Bond Limited	England & Wales	Whitchurch Lane, Bristol, BS14 0JZ	Dormant	100% ordinary share capital

Notes (continued)

13 Investments (continued)

Matthew Clark & Sons Limited	England & Wales	Whitchurch Lane, Bristol, BS14 0JZ	Dormant	100% ordinary share capital
Matthew Clark Limited	England & Wales	Whitchurch Lane, Bristol, BS14 0JZ	Dormant	100% ordinary share capital
Odyssey Intelligence Limited	England & Wales	Whitchurch Lane, Bristol, BS14 0JZ	Dormant	100% ordinary share capital
Bibendum Wine Ireland Limited	Ireland	Keeper Road, Crumlin, Dublin 12, Ireland	Dormant	100% ordinary share capital

Peppermint

The Company disposed of its 61% shareholding in Peppermint Events Limited to the management of that company on 14 October 2019. At that time the Company had nil cost of investment. The consideration received for the disposal consisted of £50,000 in cash and £250,000 in deferred consideration. £200,000 of the deferred consideration is receivable after 1 year. The gain on disposal is calculated as follows:

Cash received	50
Deferred consideration	<u>250</u>
Total Consideration	300
Carrying value of investment	-
Gain on disposal	300

Furthermore £502,000 of balances due from Peppermint, which had previously been impaired to a value of £172,000, were recovered giving a further net gain of £330,000.

14 Stock

	29 February 2020	28 February 2019
	£000	£000
Finished goods for resale	49,286	64,521

The value of stock charged to cost of sales amounted to £879,758,000 (2019: £739,094,000).

15 Debtors

	29 February 2020	28 February 2019
	£000	£000
Trade debtors	76,465	100,092
Amounts owed by Group undertakings	107,884	64,679
Other debtors	7,531	6,180
Prepayments and accrued income	1,808	3,689
Corporation tax debtor	3,330	4,457
Deferred tax asset (note 16)	<u>1,537</u>	<u>970</u>
	198,555	180,067
Long term deferred consideration	200	-
	<u>198,755</u>	<u>180,067</u>

Amounts owed by Group undertakings are receivable on demand.

16 Deferred taxation

The elements of deferred taxation are as follows:

	29 February 2020	28 February 2019
	£000	£000
Difference between accumulated depreciation and capital allowances	1,323	793
Short term timing differences	214	177
	<hr/>	<hr/>
Deferred tax asset	1,537	970
	<hr/>	<hr/>

A deferred tax asset amounting to £1,500,000 has been recognised relating to the difference between depreciation and capital allowances and other short term timing differences, with the asset considered recoverable as it will be realised in future periods as these differences unwind whilst the Company continues to trade. A further deferred tax asset amounting to £4,733,000 has not been recognised. These relate to losses carried forward on which recoverability is not certain.

17 Creditors

Amounts falling due within one year

	29 February 2020 £000	28 February 2019 £000
Bank loans and overdrafts	25,452	34,056
Trade creditors	124,527	90,606
Lease Liabilities	6,888	-
Amounts owed to Group undertakings	86,692	181,042
Other taxes and social security	16,626	12,266
Other creditors	9,680	11,965
Accruals	11,357	9,872
Group/consortium relief creditor	-	961
	<hr/>	<hr/>
	281,222	340,768
	<hr/>	<hr/>

Amounts owed to Group undertakings are payable on demand and non-interest bearing.

Amounts falling due after one year

	29 February 2020 £000	28 February 2019 £000
Lease Liabilities	31,079	-
	<hr/>	<hr/>
	31,079	-
	<hr/>	<hr/>

Notes (continued)

18 Provisions for liabilities and charges

	Property £000	Other £000	Total £000
At beginning of period	2,982	1,892	4,874
Charged to the profit and loss for the period	-	1,493	1,493
Covid-19 onerous contract provision	-	1,405	1,405
Utilisation of provision	(107)	(1,148)	(1,253)
Decrease in existing provisions	(66)	(569)	(635)
At end of period	2,809	3,073	5,882

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 2036. The provision is calculated on the basis of external surveys, however these apply assumptions giving rise to uncertainty of the value.

Other provisions relate to vehicle return costs. Calculation of these return costs are also based on assumptions, giving rise to potential uncertainty of the value. The leases to which these return costs relate expire between the balance sheet date and 2023.

19 Share capital

	29 February 2020 £000	28 February 2020 £000
<i>Allotted, called up and fully paid</i>		
3,000,002 ordinary shares of £1 each	3,000	3,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

During the year, the Company reduced its share premium to nil via a capitalisation. This had the effect of increasing accumulated losses by the full amount, namely £27,000,000.

During the year the Company received a capital contribution from its immediate parent, Matthew Clark Bibendum (Holdings) Limited in the form of an intercompany loan of £56,000,000. The capital contribution is considered distributable given that the loan is expected to be realisable and therefore meets the definition of qualifying consideration. The result of the capital contribution is that the Company is now in a net asset position with positive distributable reserves.

Notes (continued)

20 Leases

As noted in the Accounting Policies, the Company has transitioned to IFRS 16 at the start of the accounting period on 1 March 2019. The Company enters leases primarily for property, being the head-offices and lease depots, and motor vehicles used for delivery of goods. The leasing contracts entered into are typically for fixed terms with fixed lease payments. Certain property leases have break clauses and extension options, however at the balance sheet date none of these were reasonably likely to be exercised, furthermore certain property leases are subject to open market rent reviews. Leasing contracts for Motor Vehicles and Other Equipment are almost exclusively fixed term, typically less than 5 years, with no variability in lease payments. None of the leasing contracts entered into are subject to significant variability of future lease cashflows. The following disclosures provide information on the assets, liabilities and expenses resulting from the adoption of this standard and its application in the current period.

Breakdown of Right-of-use asset per category

	Freehold Land and Buildings £000	Motor Vehicles and Other Equipment £000	Total £000
Cost			
At 1 March 2019 (on transition)	27,089	7,720	34,809
Additions	940	5,149	6,089
	<hr/>	<hr/>	<hr/>
At 29 February 2020	28,029	12,869	40,898
Depreciation			
At 1 March 2019	-	-	-
Charge for period	3,822	3,028	6,850
	<hr/>	<hr/>	<hr/>
At 29 February 2020	3,822	3,028	6,850
	<hr/>	<hr/>	<hr/>
Net book value			
At 29 February 2020	24,207	9,841	34,048
At 1 March 2019	-	-	-
	<hr/>	<hr/>	<hr/>

Reconciliation of lease liability

	Freehold Land and Buildings £000	Motor Vehicles and Other Equipment £000	Total £000
Cost			
At 1 March 2019 (on transition)	31,036	7,790	38,826
Additions	940	5,149	6,089
Payments	(5,299)	(3,264)	(8,563)
Unwinding of discount	1,309	306	1,615
	<hr/>	<hr/>	<hr/>
At 29 February 2020	27,986	9,981	37,967
	<hr/>	<hr/>	<hr/>

Total impact of leasing taken to the Statement of Profit and Loss

	1 March 2019 to 29 February 2020 £000	30 April 2018 to 28 February 2019 £000
Depreciation of right of use assets	6,850	-
Unwinding of lease liabilities taken as finance charge	1,615	-
Short term leases accounted for as an expense	1,171	-
Operating lease expense (accounting treatment under IAS 17)	<u>-</u>	8,291
	9,636	8,291

Lease commitments at 29 February 2020

	Discounted £000	Undiscounted £000
Within one year	6,888	8,342
Between one and two years	6,518	7,721
Between two and three years	5,164	6,132
Between three and four years	2,979	3,789
Between four and five years	1,817	3,291
After five years	<u>14,601</u>	<u>16,202</u>
	37,967	45,477

21 Capital commitments

During the period ended 1 March 2020, the Company entered into a contract committing to incur capital expenditure of £1,057,000.

22 Group VAT registration

The Company is a member of a Group VAT registration, with its immediate Parent and one of its Subsidiary's, and is therefore jointly liable for the other Group Companies' outstanding VAT liability. The other Companies did not have any VAT liability (or asset) at 29 February 2020.

23 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 £2,253,000 (2019: £1,762,000).

24 Related party transactions

In accordance with the exemption available under FRS 101, transactions with other wholly owned undertakings within the C&C Group 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:

Transactions with Peppermint Events Limited (prior to disposal on 14th October 2019)

- The Company purchased goods and services of £141,000 (2019: £110,000) from Peppermint Events Limited;
- The Company made sales of £2,446,000 (2019: £2,822,000) to Peppermint Events Limited; and

All transactions with Peppermint Events Limited were completed on an arms-length basis, with credit terms offered in line with those of external parties.

Notes *(continued)*

25 Post balance sheet events

The impact of the UK lockdown on the hospitality trade, resulting from the onset of Covid-19, has had a significant impact on the position and trading of the Company. As discussed in the significant judgement section of the accounting policies, the impact of the lockdown on Company receivables, stock and onerous contracts has resulted in adjustments for the corresponding assets included on the Balance Sheet.

As a result of the lockdown, post year-end trading has been impacted by COVID-19. Consequently, the underlying financial performance of the company is expected to be impacted in the next set of financial statements, however measures are being taken by the Directors to ensure the financial stability and working capital of the Company during the period.

For the reasons already provided in the Director's Report and Accounting Policy section, the Directors have determined that it remains appropriate to adopt the going concern basis in the preparation of these financial statements.

26 Controlling parties

The Company's immediate parent undertaking is Matthew Clark Bibendum (Holdings) Limited, a Company incorporated in England and Wales. The registered address of Matthew Clark Bibendum (Holdings) Limited is Whitchurch Lane, Bristol, BS14 0JZ, England.

The Company's ultimate controlling party is C&C Group Plc, a Company incorporated in Ireland. The registered address of C&C Group Plc is Bulmers House, Keeper Road, Crumlin, Dublin 12, Ireland.

C&C Group 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 C&C Group Plc are available to the public and may be obtained from Companies Registration Office, Bloom House, Gloucester Place Lower, Dublin 1, Ireland.