BARGAIN BOOZE EBT TRUSTEES LIMITED) 4451429

Conviviality Retail Plc
Annual Report and Accounts 2015

Company Number 5592636

Delivering growth and securing a long-term sustainable future

The UK's largest franchised off-licence and convenience chain offering expert wholesale terms, exceptional breadth of range, quality and value to our Franchisees and their customers

> The Bargain Booze team is right behind you, doing all they can to increase my profit, whether it's revamping the website or investing in major national TV ads They've launched a new mobile loyalty app full of promotions and competitions and also signed a major deal with Royal Mail to deliver our promotions to two million households I m already seeing the benefits, with more shoppers through my door than ever before
>
> **Alex Kapadia**
> Franchisee since January 2003

2015 Highlights

Financial highlights

Revenue
£m

£364.1m
+2.4%

2013	2014	2015
371 8	355 7	364 1

EBITDA
£m

£12.9m
+3.5%

2013	2014	2015
12 6	12 4	12 9

Profit before tax and exceptional items
£m

£9.7m
+4.4%

2013	2014	2015
7 1	9 3	9 7

Operational highlights

- 21 existing Franchisees opened additional stores, 35 new Franchisees joined the Group
- Store estate increased stores by 29 (4 9%) to 624
- Franchisees' average profitability increased by 0 8%
- Improved store standards with Gold standard stores up 291% to 305 (2014 78)
- 441 stores benefited from the new updated Bargain Booze fascia
- 10 Wine Rack stores have been franchised across four Franchisees
- Improved our wine capability and credibility, with wine participation up 7 0%
- Acquired 31 Rhythm & Booze stores and 37 GT News stores of which 42 subsequently franchised
- Crewe warehouse transformed and transport function brought in house
- Successful launch of the mobile app generating over 30,000 downloads
- Successful pilot of Click and Collect across 66 stores
- Key appointments to strengthen the Board

Find out more online
convivialityretail co uk

Strategic report

Governance

Financial statements

Conviviality Retail Plc at a glance

Differentiated leading brands

Conviviality Retail Plc s brands have unique points of difference to enable them to stand out and compete in a busy and undifferentiated competitive landscape With over 49 000 stores in the convenience market it is important to ensure that customers recognise the brands that will meet their everyday needs for great value and top-up shopping have opening hours to meet their needs and are in locations that are convenient to them Conviviality Retail Plc s has developed clear and unique propositions that lead with great value off-licence, and in the case of select convenience with convenience foods and all have strong and distinctive messaging

Bargain Booze is a destination off-licence with an extensive range of over 1 500 off-licence products available at prices targeted to be 10%* below the supermarkets 60% of the alcohol assortment is on promotion at any one point in time, offering customers great value, everyday low prices Bargain Booze offers great service and prices across off-licence and tobacco products as well as strong ranges of crisps snacks and confectionery and in the larger stores, grocery and convenience foods

Bargain Booze Select Convenience is an off-licence convenience store with a range of over 4 000 products available to customers looking to be able to top up on the everyday items and fresh foods as well as being able to buy fantastic off-licence offers Select Convenience stores operate at the heart of their local community ensuring they meet the needs of their customers across off-licence groceries and fresh foods as well as providing local services such as lottery, PayPoint and Click and Collect

Wine Rack offers an accessible mid-market alternative to premium specialists and an exciting inspirational range that helps customers learn about wine while assuring value for money at every price point (the average price for a bottle of wine at Wine Rack is 12% less than at Majestic Wine**) Our priorities are to assure exceptional customer service great value for money at every price point always something new to discover wines and spirits you can t buy anywhere else, and an emotional connection to the products

* Source 24 I S Ltd
** Source Majestic Wine PLC Annual Report & Accounts 2015 and internal data

Bargain Booze
%

17%
29%
15%
30%
9%

Wine
Spirits
Grocery
Tobacco
LBC*

Bargain Booze Select Convenience
%

13%
22%
11%
18%
36%

Wine
Spirits
Grocery
Tobacco
LBC

Wine Rack
%

17%
14%
50%
3%
16%

Wine
Spirits
Grocery
Tobacco
LBC*

* *Lager beer cider*

What sets us apart

Championing local off-licence led convenience

Franchisees are central to our business, which is why we work to constantly build and maintain strong relationships with them

Unrivalled support of our Franchisees increases their potential for success

National marketing
Franchisees benefit from distinctive brands supported by national advertising campaigns and digital marketing to reinforce the brand proposition We are also continuing to develop our digital capability with our mobile app and Click and Collect proposition

Expertise and support
We believe in strong strategic supplier relationships which we reinforce through our six weekly Franchisee meetings and Franchisee forum All of our Franchisees benefit from full call-centre and back-office support This includes EPOS store marketing payroll stock management and management information and advice on standards store layout and merchandising

Product availability
Between our distribution centres and transport teams we are able to provide Franchisees with twice-weekly deliveries made on time and in full making it easier for Franchisees to manage their operation and maintain availability

WE SUPPORT OUR
FRANCHISEES

Convenience
Locations are carefully chosen to ensure the catchment areas have the right number of target customers who seek the great value and choice Conviviality Retail Plc offers Our award-winning buying team ensures our stores are well ranged and meet our customers needs

Rewarding loyalty
We want our Franchisees to enjoy a rewarding and successful relationship with us We invest in reward schemes that recognise their loyalty and encourage growth for the Franchisee and the Company This is why we introduced our award-winning Franchisee Incentive Plan where Franchisees are awarded up to 3,500 shares for hitting certain targets In addition we have a number of cash award schemes that recognise Franchisees who grow their wholesale sales with us

Value and pricing
Our everyday low pricing (at least 10% below multiples*), our low-cost operating model buying power, 21 days credit scheme and ability to execute promotions all seamlessly help Franchisees and aid their success

* Source 24 I S Ltd

Chairman's statement

A strong year of growth and development

Read more about our governance **on pages 24 to 33**

This has been a year of growth for the Group and the results clearly demonstrate the delivery of our strategy set out in 2013 as we continue to develop the business and drive growth

Our acquisitions of Rhythm & Booze in May 2014 and GT News in February 2015 have strengthened our position and enabled growth in new areas Our ambition to increase our presence in Scotland has resulted in a trial with Scotmid to franchise stores

The significant changes to the Group over the last two years mean that we are now in a position to drive sustainable growth across the business, deliver value to our shareholders and Franchisees and continue to provide an exceptional service and experience for our customers

As a company we are passionate about our business and brand with our values being driven from the ground up passion adaptability, teamwork excellence and professionalism We run recognition schemes throughout the year to celebrate employees who demonstrate these values We work with a number of charities with a focus on community-based projects as we believe we are an important supplier and employer in the local community During the year, we supported charities including Beanstalk, Cheshire & Shropshire Immediate Care and Funky Choir

We are pleased to announce that the Board is proposing a 5% increase in the final dividend to 6 3 pence per share making a full year dividend of 8 3 pence per share (2014 8 0 pence per share)

During the year we welcomed two new Board members Andrew Humphreys as Chief Financial Officer in June 2014 and Amanda Jones as Chief Operating Officer in October 2014, completing the recruitment of our Executive team After the period end we appointed Ian Jones as a Non-Executive Director he brings with him extensive retail and operational experience to complement the Board

On behalf of the Board I would like to thank all of our new and existing Franchise partners and our employees for their continued passion and commitment to our Group

David Adams
Chairman
13 July 2015

Chief Executive's statement

Creating successful relationships

Read more about our strategy and KPIs **on pages 16 and 17**

Read about our corporate social responsibility **on pages 22 and 23**

It has been my privilege to lead this business since February 2013

Our people, our Franchisees and our suppliers have worked together with a common aim and belief that we can make a real difference in our local communities through a relentless focus on meeting our consumer needs while providing a unique customer experience Our 389 Franchisees are local people employing local people and are passionate about their customers and the communities in which they trade By operating at the heart of their communities they play a key role in re-energising their locality their stores are exciting and energising places to shop and their employees serve with care, consideration and great responsibility

Overview

An important aspect of our business model is flexibility protecting our earnings through periods of significant change in our organisation and a competitive external environment This year has seen our strategy of revitalising our brands Bargain Booze Select Convenience and Wine Rack, alongside infrastructure investment gaining traction with customers and Franchisees

Results

We have continued to deliver against our objectives set out at flotation in July 2013 and are pleased to report profits slightly ahead of expectations during a year where we have delivered significant change across our business Our EBITDA has remained resilient in spite of the later phasing of our store openings than planned and an earlier Easter Revenue has improved this year by 2 4% versus a fall of 4 3% in the prior year and gross margin improved to 10 2% (2014 9 2%) Profit before tax and exceptional items increased 4 4% to £9 7m The Group remains debt free with net cash of £1 2m at the year end

Franchisees

We have been investing in our relationship with the Franchisees and our focus on driving the success of our Franchisees has seen more than 20 existing Franchisees open new stores in the year The number of stores owned by multiple Franchisees has increased by 22% It is pleasing that four of our existing Franchisees have added Wine Rack stores to their portfolio For the last two years we have embarked on a major restructuring of our Franchisee base this programme has now come to an end, arresting the number of closures, and we are successfully rebuilding the new store pipeline to fuel growth from a stronger base

Our store numbers have increased to 624 representing a 4 9% increase on the prior year Our offer to potential new Franchisees is increasingly compelling, enabling them to compete effectively and generate solid profits Our core model is predicated by Franchisee loyalty and a commitment to upholding the values of our brands This combined with the high standards that we set helps deliver our differentiated "local customer experience"

We now have some of the highest levels of loyalty in the sector with our Franchisees buying 94 3% of all goods sold from Conviviality Retail Plc (2014 93 3%)

Central to our plans is a motivated and equitably rewarded Franchise

The significant change we have driven over the last two years leaves us in a strong position to now drive growth into the business.

Diana Hunter
Chief Executive Officer

base with our Franchisees valuing their involvement in the success of the Group Importantly not only has Conviviality Retail Plc returned a strong financial performance but so have our Franchisees This is key to the continuation of our success All of our Franchisees have seen the potential to improve their profits by over £14 000 per year compared to two years ago through a consistent improvement in retail margin and the benefits of our award-winning Franchisee share scheme We actively reward Franchisee loyalty and compliance and the Franchise share scheme enables Franchisees to be awarded up to 3 500 shares per store for achieving annual standards targets This year 1 4m nil cost share options have been allocated under the Franchisee Incentive Plan and almost £900 000 has been awarded through the overrider scheme to our Franchisees

Over the last 12 months we have welcomed 35 new Franchisees to the Group who we are working closely with to ensure their success within the Group We have built a unique diversity of sites satisfying different customer needs and providing a comprehensive offer close to our target customers underpinned by the flexibility of our portfolio of fascias This flexibility has made us attractive to larger Franchisees who wish to operate a number of fascias, making it easier for us to acquire and rebrand acquired parcels of diverse stores

Franchisees joining the Group have been attracted by our unique Franchisee benefits, but importantly they see the value of being part of a collaborative and forward thinking group Following the acquisition of GT News in February 2015 we were pleased to welcome Jonathan James the former chairman of the Association of Convenience Stores and a well-respected entrepreneur within the convenience sector to our Group Jonathan has entered into a ten year franchise agreement taking control of 36 stores from the acquisition Jonathan s key reason for joining us was, and I quote, "Conviviality Retail Plc is truly championing local off-licence convenience on the high street it s this unique strategy that makes it stand out from the crowd

Expanding our geographical coverage is one of our substantial growth opportunities and this year we have analysed the optimal locations for growth across the UK Our postcode analysis identified priority areas of the North East, Yorkshire the South West and Scotland We expect that a combination of current and new Franchisees in particular North East Convenience Stores will address the growth potential in the North East Our acquisition in May last year of 31 Rhythm & Booze stores enabled growth in Yorkshire and the recent acquisition of 37 GT News stores strengthens this position and builds our presence in the East Midlands Our ambition to grow in Scotland is being pursued via a trial with Scotmid to franchise stores This trial is showing positive early signs The first store opened in Stevenston followed by Annan in June and further stores will be opened during July

Chief Executive's statement *continued*

Our values set the tone for the entire organisation and give us our principles for how we work together

Diana Hunter
Chief Executive Officer

Our brands
To support our Franchisees further and to help them to attract and retain more customers we have modernised our brands, helping our Franchisees become more connected with their customers through our use of social media and digital marketing We have the highest number of active Facebook fans in our sector at 68,000 and we actively use social media to communicate offers and promotions In April 2015 we piloted our Click and Collect service and rolled this out to our Franchisees, a unique offering for any franchise business One of the early trial Franchisees said of Click and Collect The service was really slick to use and a huge leap forward "

We continue to strengthen our brands we have updated our image to a modern and fresh design, and an important part of the plan has been the roll out of our new fascia This programme is nearing completion with 441 rebranded stores showing a 1 3% sales differential pre and post-change The most important aspect of this programme is that Franchisees and their customers have been pleased with the new design

To build our digital strategy we launched our "As if it wasn t cheap enough" app in December 2014, this has already been downloaded over 30 000 times and we have had 50 000 redemptions These developments are highly innovative in the convenience sector and I am excited about our plans for further progress in the year ahead

Products
We have strengthened our position as a destination off-licence through the excellent collaboration between our buying team and our suppliers More than 70 new suppliers are working with the Group and over 280 new products have been introduced in the year We now have an unrivalled range of ales with over 70 premium bottled ales and over 20 craft ales in our range Our spirits range continues to improve and we are focused on the growing trend for premium and flavoured spirits Our Master of Wine Susan McCraith, alongside our wine buyers has continued to strengthen our wine category with sales increasing 10% year on year This year we have been recognised for the hard work of our buying team winning "Drinks Buying Team of the Year at the Drinks Awards 2015

Our pricing policy is to be everyday low promotionally priced On average across our off-licence range we have been consistently 12%* cheaper than our competitors in spite of the heavy discounting in the market Value and consistent pricing are important to our customers and they appreciate the transparency of our pricing strategy which in turn increases customer loyalty

Operational efficiencies
We have made significant investments this year to become more efficient and to ensure that we are ready for future growth We have modernised our warehouse infrastructure, reracking and relamping our entire Crewe warehouse operation without any disruption to trade, to ensure the flow of the warehouse is as efficient as possible with the ability to flex for growth We have also undertaken maintenance works and refurbishments to our corporate stores ensuring they are attractive for transfer to Franchisees

As a result our capital expenditure is above the prior year driving defined benefits back into our operation

* Source 24 I S Ltd

On 29 March 2015 we transferred the full transport operation of 160 drivers and team members from our third party provider CVL under the full control of Conviviality Retail Plc It is our expectation that we will see positive benefits operationally and in the service levels provided to our Franchisees

Looking ahead to the new financial year we are helping our Franchisees maximise their sales and margin by ensuring they have the right space and range to meet their target customer needs, this programme of space optimisation is expected to complete by the end of FY 15/16

People
Developing our management capability and our employer brand has been a key part of our strategy

In June 2014 we welcomed Andrew Humphreys to our Board as Chief Financial Officer and in October 2014 we completed the Executive team with the appointment of Amanda Jones as Chief Operating Officer We are continuing to build our marketing function and recently appointed Carol Savage as Chief Customer Officer Carol's newly created role is to further build recognition of our brands and develop even closer connections with our customers Carol has extensive brand and digital experience over a 20 year career working with brands including Exodus and Sara Lee

Our focus on our people has resulted in much closer engagement levels regular feedback and involvement in decisions made through weekly communication throughout all levels of our business We have commissioned annual engagement surveys and listening groups and our most recent engagement survey had a 95% completion rate for our Head Office employees and 100% for Warehouse employees

I am also pleased to see that our work to improve inclusion is showing positive progress 18 months ago our employee base lacked any real diversity with minority race/country of origin at only 2% this is now at 10% of our workforce

Our business has a male-to-female ratio of 59% 41% This is skewed by our warehouse operations which due to the size and weight of products appeal more to male workers By removing the warehouse staff the ratio changes to 56% female and 44% male One of the most successful diversity achievements is within the senior management team which is well balanced with 48% women and 52% men In contrast two years ago this was 72% male to 28% female The balance has changed largely organically reflecting the Executive board structure with more female role models and roles held by women throughout the organisation making a valuable contribution within the leadership structure

Our values set the tone for the entire organisation and give us our principles of how we need to work together I was certain that we didn t want our values to be manufactured by the senior team in isolation as we wanted them to reflect what our people throughout the organisation felt were important to them This meant valuing our heritage but also recognising that the business needed to move forward Over 350 colleagues inputted to this process to create our company values and behaviours

- **Passion** Using our passion and enthusiasm to embrace every challenge that comes our way and having fun whilst we do it
- **Adaptable** Being flexible to the needs of the business
- **Teamwork**· Working as one team to achieve a common goal supporting our Franchisees and each other
- **Excellence.** Making a difference by delivering and going the extra mile
- **Professional:** Acting with honesty and integrity, showing respect for others to build trusting professional working relationships

While we continue to drive significant change and raise every bar to uphold our professional standards we believe our speed and agility are paramount and set us apart in the market

Outlook
During the year ahead we plan to further leverage our wholesale capability into new markets As wholesaler to our Franchisees we have built strong relationships with our suppliers and understand the dynamics of this market We have decided to optimise these core skills to create opportunities in new channels such as corporate accounts By operating a delivered wholesale model we can serve a diversity of customers and build our wines and spirits volumes further These higher volumes offer complementary sources of trade which further strengthen our core business

It is clear that, as we strengthen our brands and professionalise our business model becoming a Franchisee of Conviviality Retail Plc is an increasingly compelling option with the ability to generate a good return on investment through our simple-to-execute formats We offer a comprehensive franchise solution that is sector leading, providing back-office support, POS systems, pricing promotion packages and marketing together with dedicated teams working with Franchisees ensuring regular contact with all levels of the business It is our expectation that we will attract an increasing number of potential Franchisees interested in serving their local communities with our differentiated customer experience benefiting from the good financial returns our model can generate

The significant change we have driven over the last two years leaves us in a strong position to now drive growth into the business

Diana Hunter
Chief Executive Officer
13 July 2015

Our markets

The convenience market is full of opportunity

We specialise with our unique point of difference in the convenience market.

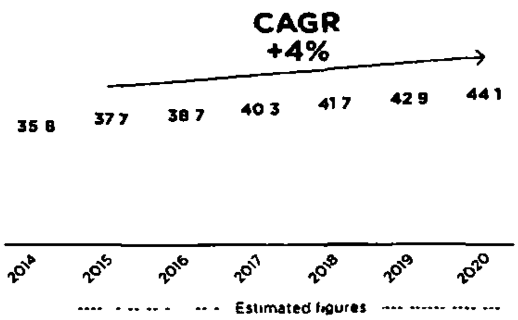
The convenience/off-licence market

The convenience market we trade in is expected to grow from £35 8 billion in 2014 to £44 1 billion by 2020 Our brands are located at the heart of their communities providing a destination off-licence with convenience foods and are well placed to capture share in this rapidly growing market Our proposition enables us to have a unique point of difference whether that is relative to our competitors in the convenience space or in the off-licence market

By 2020, for every £1 spent on food, 22 pence will be spent in a convenience store

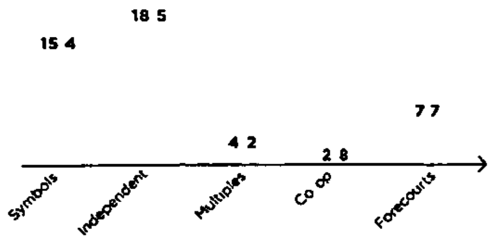
We have made a conscious decision to be off-licence led convenience and discount focused for two reasons first we believe that being a destination off-licence is a key strength of our business and a point of difference from our convenience store competitors and second because our price advantage matters to customers in today s market of value-focused shoppers

Convenience market sales
£bn
Source IGD and ACS 2014



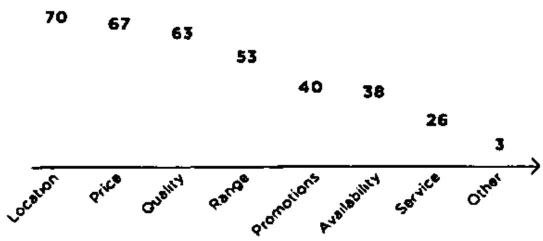
There are over 48 000 stores in the convenience market 15 000 of which are part of symbol groups such as Conviviality Retail Plc, and there are over 18 000 independent retailers Many of the independent retailers join Conviviality Retail Plc to benefit from differentiated brands, a buying team that negotiates the best prices for them and their consumers, back-office support and a sense of partnership and support in a highly competitive market

Segmentation of the convenience market
000
Source IGD



Store location is the most commonly cited factor in where consumers choose to shop Price is also very important as shown in the chart below

Important factors for consumers' grocery shopping
%
Source Lazarus



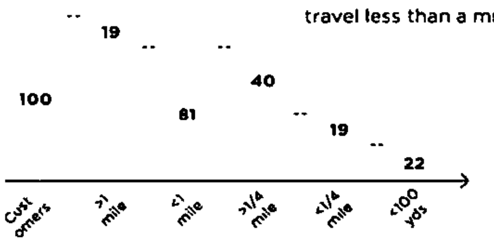
Being acutely aware of our customer needs and changing customer trends is key so that we can continue to evolve and develop our offer and services and to capture growth The trends that we believe are most favourable to our strategy are outlined opposite

1. SHOPPING LOCALLY

For many shoppers knowing the people in their local convenience store and feeling they are supporting their local community is important. This is particularly relevant to some of our older shoppers where a regular visit to the store is an important part of their routine.

Distance travelled to store
%
Source: ACS and HIM 2014

81%
travel less than a mile



80% of our shoppers travel from within a mile radius of the store and 57% will travel on foot to the store. It is therefore key that we understand local customer needs and provide solutions for those needs.

2. VALUE SHOPPERS

In spite of longer working hours shoppers are prepared to shop around. With the development of mobile and tablets shoppers are able to research prices online and on mobile and then visit the store offering the best value for the products they need. This is why we remain focused on ensuring we always deliver consistently good value and why we have introduced our own "As if it wasn't cheap enough" mobile app.

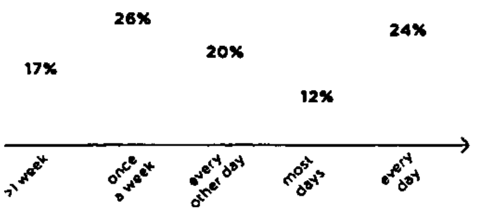
Bargain Booze pricing is on average 10% cheaper than the multiples

3. SHOPPING FREQUENTLY

Shopping little and often has increased from 1.5 visits per week during 2010 to four visits per week in 2014. This increase in shopping frequency is driven by a combination of factors: shoppers who do not want to buy more than they need and risk waste, the increase in single person households leading to shoppers who want smaller portion sizes that are not readily available in supermarkets, and shoppers who are making decisions as to how they use their limited time outside the workplace.

Visit frequency
%
Source: ACS and HIM 2014

36%
shop most days or every day

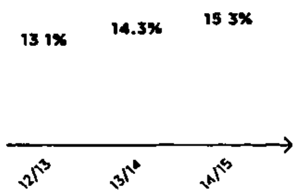


4. TREAT SHOPPING

We are seeing our customers not only shopping for value but also wanting to treat themselves or buy something a little more special for when friends and family are around. This is evident in both Bargain Booze and Select Convenience, where we have seen an increase in wine and impulse sales. It is also very evident in our Wine Rack business where customers come to our stores to seek advice and guidance on more unusual wines and specialist spirits.

Wine participation in Bargain Booze and Select Convenience
%
Source: Internal analysis

15.3%
of sales are wine



Franchisee relationships

Prioritising shared success

WINE RACK

Phil Dickson:
"I have been for the last few years reviewing the trends with regard to high specification wines and spirits The recession cleansed the commercial environment of many independent traders who delivered an outstanding personal service and a passion for wines and spirits but unfortunately ceased trading due to the tough environment we were all in

As we have seen the economy improve it has become apparent that the opportunity to be specialised has again appeared When I researched the market it was very clear that delivering high quality liquids at an affordable price was almost impossible until I found the Wine Rack model

The Wine Rack model provides me with the opportunity to be best in class in an emerging market whilst having the support and expertise of a PLC behind me I find the access to our Master of Wine is paramount to our success

This would not have been available to me as an independent retailer My team are all WSET trained and have a passion for wine but more importantly they all have a passion for service The Wine Rack model allows me the time to focus on driving my business via local commercial opportunities and deliver outstanding service whilst Conviviality Retail Plc looks after the supply"

SUPPORTING THE COMMUNITY

Catherine Cough:
'We decided to become Bargain Booze Franchisees so that we could work for ourselves Working in partnership with Conviviality Retail Plc gives us the freedom we want to run a business and the support we need in the background Both our Bargain Booze stores are also post offices so they re a real hub of activity in their local communities They re local stores, run by local people for local shoppers We make it our mission to work with our regular shoppers to ensure we have the best range at the best possible prices - it s why they love visiting our stores We also enjoy supporting the local community with charity initiatives fundraising promotions and much more

REWARDING SUCCESS

Gareth Wynne:
"I ve been a Bargain Booze Franchisee for 16 years now and have opened six successful stores in the North West It's the support package offered by Conviviality Retail Plc that has helped me grow my business Thanks to their package of support I can get on with my role as an area manager without having to tackle all the back-office administration associated with many other small businesses This alongside the fantastic range and prices offered by working alongside Conviviality Retail Plc, allows me to offer the local community something a little different to my competitors "

PARTNERSHIP APPROACH

Haydn Hicks
"Having built a successful Bargain Booze business I was keen to expand into the specialist wine and spirits retail market When Conviviality Retail Plc bought Wine Rack I was delighted to be given the opportunity to work in partnership with them to shape the customer proposition and create a brand that really stands out Working with Conviviality Retail Plc in this way helped create something really special and I am now the proud owner of four Wine Rack stores Recently we have taken the partnership concept to a new level when they asked me to take responsibility for managing all the Wine Rack stores I don t know of any other company that would work in such an imaginative way and I've really enjoyed helping Conviviality Retail Plc grow

ATTRACTING QUALITY

Jonathan James:
With over 600 stores Conviviality Retail Plc is truly championing local off-licence led convenience on the high street It s this unique strategy that makes it stand out from the crowd attract loyal customers and, most importantly make Franchisees more money It was important for me to join a collaborative brand that works in partnership with its Franchisees Their innovative approach to customer engagement is also appealing with leading-edge initiatives such as a new mobile loyalty app and the forthcoming Click and Collect service

Stores achieving Gold standard
Number

305

Our business model

A unique combination of expertise in off-licence and convenience wholesaling with franchise operations

With over 30 years' history as an off-licence and convenience wholesaler we have built strong relationships with suppliers to deliver a compelling range at excellent prices to meet our Franchisees' needs We focus on evolving and developing our brands and our ranges to meet the changing consumer needs across the UK market Using our business model enables our Franchisees to deliver a unique combination of great value convenience to customers in their locality

PRIDE IN THE BRAND

TEAMWORK

ADAPTABLE

To be the best value off-licence led convenience retailer and wholesaler in the eyes of our customers, employees and Franchisees

For our customers a compelling place to shop by providing local convenience and low prices

For our people a compelling place to work by providing great opportunities and rewards for achievement.

For our shareholders and Franchisees a compelling place to invest by providing outstanding returns.

Toward this end we will not only listen to our customers and Franchisees but also embrace the idea that the Company is at their service

A place where the Company, our people and dedicated Franchisees can grow and prosper together

OPERATIONAL EXCELLENCE

PASSION

EXCELLENCE

MAXIMISE RETURNS

PROFESSIONAL

Our aim is to be the best value off-licence led convenience retailer and wholesaler in the eyes of our customers, employees and Franchisees.

OUR DIFFERENTIATORS

RANGE

We have over 1 500 off-licence products available and over 4 000 products in our total range including groceries and fresh foods Being a destination off-licence led convenience chain is key to our ranging strategy and we will continue to innovate our propositions and work with our suppliers to develop new ranges to meet our customers needs

VALUE

Our buyers closely monitor the range and prices of our competitors They work closely with suppliers to ensure we have the right quality range across each of our brands to meet our local customers needs and importantly, our buyers ensure that our pricing is always keener than our competitors to ensure that our customers get the best choice at consistently good prices

LOCATIONS

Our stores are located in the heart of the communities within which our Franchisees trade As such our Franchisees are significant and important employers of local people they also contribute to the local community through charitable and community activities Our stores act as hubs for the local community with many of our customers shopping more than three times per week

FRANCHISEES

We have over 390 Franchisees partners all of whom we meet with every six weeks to share best practice listen to experiences and drive our businesses forward Our Franchisees come from different backgrounds and have wide ranging experiences, by harnessing their entrepreneurial skills together with Conviviality Retail Plc s buying and marketing expertise we create a stronger business for everyone

OUR PEOPLE

We have a talented and diverse team Our people are passionate about our brands and our Franchisees All of our people understand that they play a key role in the success of the business and in turn they share that success through our share and bonus schemes We actively seek feedback and ideas from our people and act on their suggestions to ensure we continually improve our business and how we work together

Read more about our strategy and KPIs **on pages 16 and 17**

Our strategy and KPIs

Our eight strategic priorities

Strategic objective	Our progress
1 TO STRENGTHEN THE RELATIONSHIP WITH FRANCHISEES TO DRIVE SUSTAINABLE AND PROFITABLE GROWTH	• Our relationship with our Franchisees is a key area of focus We meet with all of our Franchisees every six weeks to help and support them to continue to grow their business and share plans for upcoming promotions and events We are pleased with the progress we are making and in particular that we now have 305 Franchisees meeting the Gold standard targets for their stores and a significant number of Franchisees seeing improvement in their profitability above prior years
2 TO ATTRACT QUALITY NEW FRANCHISEES AND GENERATE GROWTH FROM WITHIN	• We have attracted 35 new Franchisees to the Group in the past year These Franchisees recognise that a differentiated brand will help them to compete and earn good returns from their business in today s market
3 TO STRENGTHEN THE BARGAIN BOOZE BRAND, DRIVING AWARENESS AND BROADENING ITS APPEAL TO ATTRACT NEW SHOPPERS	• We have refreshed the Bargain Booze and Select Convenience brands with 392 stores benefiting from the new fascia and 500 grocery and impulse products Our innovative app has been a success with over 30,000 downloads in the first three months since launch
4 TO BUILD CREDIBILITY AND CAPABILITY IN WINE TO ATTRACT NEW CUSTOMER GROUPS	• Participation of wine has increased over 2 2ppts during the last two years clearly demonstrating that customers recognise our brands as a credible choice for wine shopping We now have over 40 exclusive wines in the range, with our Kosi Bay brand winning IWC Bronze in 2015
5 TO UNDERTAKE COMPLEMENTARY ACQUISITIONS TO DRIVE LONG-TERM VALUE	• During 2015 we undertook analysis to identify the most attractive regions for growth this highlighted the North East, Yorkshire, the South and Scotland In May 2014 we acquired 31 Rhythm & Booze stores which enabled growth in Yorkshire this was followed by the acquisition of 37 stores from GT News opening up further expansion in Yorkshire and East Midlands
6 TO BE RECOGNISED AS THE SUPPLIERS' STRATEGIC PARTNER OF CHOICE FOR THE OFF-LICENCE AND CONVENIENCE CHANNEL	• During June we held a top 20 supplier strategy day followed by a full annual conference for all suppliers in November both sessions helped us to engage our suppliers further with the strategy of the Company our values and the collaborative way we work together This has been evidenced by the annual independent survey commissioned by the Advantage Group where we were ranked top amongst our peers
7 TO EXPAND INTO NEW TERRITORIES USING A MIX OF FASCIAS AND FORMATS	• Our analysis of target catchments has helped us to identify not only opportunities for new locations but also new and improved customer propositions We continue to develop our Wine Rack format to meet the needs of customers looking for specialist wine and spirits and expert advice when shopping We have also recently trialled our new BB's Warehouse format targeted at shoppers who want to buy in bulk across a broad range of quality wines beers and spirits
8 TO LEVERAGE OUR WHOLESALE EXPERTISE INTO NEW MARKETS	• We have strengthened our capability and our range and have begun to assess the potential for our business and its Franchisees to further develop our wholesaling expertise to new markets

Our future plans

- Franchisees will continue to be at the heart of the business. we continue to work together to blend the entrepreneurial skill of the Franchisee with the branding, ranging and wholesale expertise of the Franchisor. Looking forward we will continue to help more of our Franchisees to grow their existing business as well as open new stores and fascias.

- We have a strong pipeline of Franchisees wishing to join our business. Our trial with Scotmid in Scotland brings us the potential to build relationships with corporate Franchisees alongside our SME Franchisees. We will continue to progress relationships across all spectrums of franchising.

- We continue to develop our expertise with digital marketing helping us to reach out to new customers and reward our loyal existing customers through our app benefits. We continue to develop marketing through social media and we already have some of the highest number of Facebook likes in the sector. We continue to develop innovative ways to market our brands to our customers.

- During 2015 we developed a space optimisation tool to help our Franchisees determine the right space for the right ranges to meet their local customers' needs. We will be rolling this out in the year ahead.

- We will continue to focus on identifying potential groups of stores in our target geographical areas that are attractive for Conviviality Retail Plc and our Franchisees to acquire and develop.

- We will host the second of our top 20 supplier strategy days on 20 July 2015 and we will follow this with a full supplier conference in November. Our buying teams will continue to develop collaborative ways of working and joint business plans with our supply base to ensure that we deliver our aims.

- We opened a new Wine Rack store in Ascot at the start of the new financial year and intend to grow the business further in appropriate locations. We will extend the trial of BB's Warehouse to two further stores.

- We have decided to optimise our wholesaling expertise to open up new opportunities in new channels such as corporate accounts. By operating a delivered wholesale model we can serve a diversity of customers and build our volumes further.

Read about our risks and uncertainties **on pages 18 and 19**

Key performance indicators

Number of stores at April
#

624

+5%

2013	2014	2015
616	595	624

Retail sales per store per week
£

£16,008

-0.5%

2013	2014	2015
15,661	16,087	16,008

EBITDA
£m

£12.9m

+3.5%

2013	2014	2015
12.6	12.4	12.9

Diluted EPS (pre-exceptional items)
p

11.2p

-3.4%

2014	2015
11.6	11.2

- Non-financial KPIs relating to people and environmental matters are stated in the Chief Executive's Statement (pages 6 to 9) and the Director's Report (pages 29 to 31)

Our principal risks and uncertainties

Key risks and mitigation factors

The Group is subject to a wide variety of risks The key risks are outlined below together with actions being taken to mitigate these risks

Risk and description	Mitigation factors	Level
MARKETS AND COMPETITION		
The alcohol and convenience markets remain competitive with several larger companies seeking to expand The market is starting to consolidate as companies seek to leverage the benefits of scale and independents find it increasingly hard to compete The discounters' reputation for price leadership is firmly established with consumers The emergence of larger competitors, the continued growth of the discounters and increased online offerings may impact on the development of future revenue streams	The Group's brands have a unique proposition as off-licence led convenience stores providing a compelling combination of a value and choice of our 1 500 alcohol range with 60% on promotion at any one time We target our alcohol promotion prices to be at least 10% below the grocers and 14% below the grocers' convenience stores whilst the extensive alcohol range and significantly improved impulse and grocery ranges provides consumers the choice they demand The rapid growth in downloads of the "As if it wasn t cheap enough app and the recent launch of Click and Collect increase the Group's online presence	**Flat** The grocers ambitions have reduced but discounters remain a challenge
FRANCHISEE RETENTION AND QUALITY		
Retaining Franchisees and improving the overall quality of Franchisees is fundamental to the Group's future growth Failure to retain Franchisees could result in a reduction in the number of stores through higher store closures and fewer store openings as the Group's ability to attract new Franchisees may diminish The quality of the Group s Franchisees are a key driver of sales growth and brand reputation Any failure to maintain or improve Franchisee quality could result in lower sales per store with a consequential effect on profitability of both the Franchisee and the Group	Franchisee engagement has significantly improved over the last year with the combination of the Franchisee share scheme and cash incentives providing Franchisees the opportunity to earn up to an extra £14,000 per annum Almost 400 stores are benefiting from a new fascia and the overall quality of the estate has improved through the closure of underperforming stores This year the Group is investing in a major in-store space optimisation program to help Franchisees improve sales from their stores	**Decreasing** Franchisee engagement and quality is improving
REPUTATION WITH CUSTOMER BASE		
The Group s Franchisees have the direct interaction with the consumer The success of the Group relies on the Franchisees having a good reputation with end consumers	The Group has increased the level of training and support given to Franchisees and is working in an increasingly collaborative way to launch new services such as the app and Click and Collect The continued focus on improving store standards has resulted in the number of Gold standard stores increasing from 78 to 305 The Group has recently introduced mystery shopping to further drive store standards The Groups drivers visit most stores twice a week and have recently been brought in house to enable the Group to more directly influence the service provided to Franchisees and obtain more frequent and timely feedback	**Decreasing** The number of Gold standard stores has increased 258%
LEGAL AND REGULATORY		
There is a risk that new and existing legal and regulatory requirements could impact revenue and costs	The Group continues to monitor regulatory and legal developments to determine its strategic and competitive response and ensure compliance with its obligations The Group has joined the Association of Convenience Stores and Wines and Spirits Trading Association through which it has the opportunity to lobby the government	**Flat** Alcohol legislation remains on the political agenda and we continue to monitor

Risk and description	Mitigation factors	Level
TOBACCO DEMAND		
The UK government and health industry continue to discourage smoking and on 6 April 2015 smaller stores were required to comply with legislation restricting the display of tobacco products This brought convenience stores into line with larger stores which had been prevented from displaying tobacco products since 6 April 2012 Whilst tobacco sales do make a significant contribution to the Group s profits, tobacco remains a key driver of footfall into the stores	The Group s reputation for value has the potential to mitigate any impact of the recent display restrictions The recent growth in the electronic cigarettes provides a new revenue stream and the Group will continue to broaden its convenience range to mitigate the risk from a reduction in tobacco sales The development of our broader convenience offer also widens a more diverse consumer base and attract new shoppers	**Flat** Demand continues to fall
DATA SECURITY AND IT RELIABILITY		
The Group relies on its IT infrastructure and in particular its EPOS and warehouse management systems to maintain key aspects of the retail proposition and service to Franchisees A major breach or malfunction of these systems would cause significant disruption to the Group and its performance	During the year the Group has significantly improved its IT capabilities and undertaken a thorough review of its controls over data systems and its relationships with key suppliers As a result controls and support capabilities have been improved The Group is exploring options to further improve IT support provided to Franchisees having appointed a Head of IT and continuing to make further investment in IT	**Decreasing** Improved internal capabilities reduce this risk
RELIANCE ON KEY SUPPLIERS		
The Group relies upon certain key suppliers A breakdown in its relationships could result in short-term disruption to the Group s business	The Group maintains strong working relationships with key suppliers through the preparation of joint business plans regular review meetings and biannual conferences Recent independent benchmarking showed the Group had the strongest relationships with suppliers amongst its peer group Robust contractual arrangements are maintained with key suppliers and the Group continually reassesses the strategic value of its supply relationship and the potential to utilise alternative sources	**Flat** We remain reliant on a few key suppliers
RELIANCE ON KEY PERSONNEL		
The Group has a relatively small leadership team and the loss of any key individual could impact on the Group s future performance	The Group has strengthened the leadership team with the completion of the board restructuring and the development of the Commercial Marketing Operations IT Finance and Legal teams The Group s values have been created and embraced by the team accountabilities are clear and individuals are fully empowered to make a difference The Group maintains competitive remuneration packages and clear opportunities for advancement	**Decreasing** The senior management group is far stronger
LOSS OF A KEY OPERATING SYSTEM OR A MAJOR HEALTH AND SAFETY INCIDENT		
The Group operates from a single head office and central distribution hub based in Crewe and the loss of this key operating site could seriously disrupt business activity	A disaster recovery plan is in place to enable a proactive and effective response if the Crewe site should be severely impacted There are regular and robust risk assessments to identify and mitigate business interruption risks in the warehouse and health and safety procedures have been improved The Board considers health and safety at each meeting	**Flat** Health and safety is a key priority

Financial review

Sales and products growing

Read our financial statements **from page 34**

Revenue
£m

£364.1m

+2.4%

2013	2014	2015
371 8	355 7	364 1

EBITDA
£m

£12.9m

+3.5%

2013	2014	2015
12 6	12 4	12 9

Overview
Group profit before tax and exceptional items increased by £0 4m to £9 7m (2014 £9 3m) as sales growth of 2 4% increased EBITDA to £12 9m (2014 £12 4m) Exceptional items reduced to £0 7m (2014 £4 5m) and Group profit before tax is 86% above last year at £9 0m (2014 £4 8m) Fully diluted earnings per share increased 77% to 10 1 pence (2014 5 7 pence) and the Group remains debt free with year-end net cash of £1 2m

Revenue
Revenue increased by 2 4% to £364 1m (2014 £355 7m) as the average number of stores increased 0 4% to 608 2 (2014 605 7) and revenue per store grew 1 9% to £599 000 (2014 £587,000)

During the year the number of stores increased from 595 to 624 due to the acquisitions of Rhythm & Booze (31 stores) and GT News Limited (37 stores) 24 new Franchise stores and 63 store closures as the store rationalisation programme completed During the year, 49 Company-owned stores have been franchised increasing the number of franchise stores to 571 (2014 566) and helping improve the number of stores per Franchisee to 1 5 (2014 1 4) leaving 53 owned stores

Retail sales (retail sales are the total sales to consumers from both franchised and Company-owned stores and are stated inclusive of VAT) were in line with last year at £506 3m (2014 £506 7m) due to a 0 4% increase in the average number of stores offset by a 0 5% reduction in retail sales per store primarily driven by lower retail sales per store from the acquisitions of Rhythm & Booze and GT News Retail sales from Bargain Booze stores that traded throughout 2014/15 were 0 5% higher than from the stores that traded throughout 2013/14 as the quality of the estate improved

Franchisee loyalty increased with Conviviality Retail Plc supplying 94 3% (2014 93 3%) of goods sold by Franchisees and helping revenue per franchise store grow 0 4% The average number of Company-owned stores increased to 56 7 (2014 17 2) and revenue per Company-owned store grew 5 9%

The combination of stronger Franchisee loyalty a great proportion of sales generated by Company-owned stores and improved performance in Company-owned stores drove revenue per store up £12 000

The strategy set out at IPO is starting to deliver results with sales and profits growing

Andrew Humphreys
Chief Financial Officer

Profit before tax and exceptional items
£m

£9.7m

+4.4%

2013	2014	2015
7 1	9.3	9 7

Diluted EPS (pre-exceptional items)
p

11.2p

-3.4%

2014	2015
11 6	11 2

Cash
£m

£1.2m

2013	2014	2015
12 3	10 0	1 2

EBITDA
EBITDA increased 3 5% to £12 9m (2014 £12 4m) as the impact of 2 4% sales growth and a 1 0ppt improvement in gross margin was partly offset by an increase in operating costs

Gross margin improved to 10 2% (2014 9 2%) primarily due to an increase in the number of Company-owned stores where Conviviality Retail Plc retains both the wholesale and retail margins Gross margin on sales to Franchisees increased 0 14% points due to a reduction in bad debt as Franchisees financial stability improved

Operating costs (excluding exceptional items depreciation amortisation and share-based payment charges) increased by £3 8m from £20 3m to £24 1m primarily due to the number of Company-owned stores increasing from 29 to 53

Acquisitions
In the first quarter Conviviality Retail Plc acquired 31 stores from Rhythm & Booze for a consideration of £1 9m The Group invested £0 7m to refit the stores, six have been converted to Wine Racks and six have been franchised (four Wine Rack, two Bargain Booze) Retail sales per store have increased 36% since acquisition generating revenue of £16 1m in 14/15 The stores generated EBITDA of £0 7m since acquisition providing a 25% return on investment

In February 2015 Conviviality Retail Plc acquired GT News Limited, a convenience store business with 37 stores in Yorkshire and the East Midlands for a consideration of £6 0m plus a normalised working capital payment of £0 4m On 1 April 2015 36 of these stores were franchised to Jonathan James a highly experienced and well known convenience retailer GT News generated revenues of £9 2m since acquisition

Profit before tax
Group profit before tax increased by £4 2m as EBITDA increased £0 4m finance costs and exceptional items reduced by an aggregate of £4 4m following the IPO in July 2013 share-based payment charges increased £0 4m and depreciation and amortisation were £0 2m above last year as the Group invested more in its stores

Exceptional items of £0 7m in the period included the final costs of the board restructuring and the costs of acquiring GT News

The increase in share-based payment charges is primarily due to the award of nil cost options over 1 4m shares to Franchisees for achieving the required store standards in the period These options will vest in September 2017 if the Franchisee store is still trading under a Conviviality Retail Plc fascia

Tax
The tax charge on profit before tax and exceptional items is 19 5% due to adjustments in respect of the prior periods taxation

Tax on exceptional items includes a tax charge of £0 2m relating to share options vested at IPO

Earnings per share
Profit after tax increased 100% to £7 0m (2014 £3 5m) and the basic weighted average number of shares increased 14% driving a 75% increase in basic earnings per share to 10 7 pence (2014 6 1 pence) Fully diluted EPS increased 77% to 10 1 pence (2014 5 7 pence)

Profit after tax before exceptional items increased 8 9% to £7 8m (2014 £7 2m) On a fully diluted basis earnings before exceptional items per share declined 3 4% to 11 2 pence (2014 11 6 pence) due to the diluted weighted average number of shares increasing 12% to 69 7m (2014 62 1m) primarily due to the issue of 33 2m shares at IPO on 31 July 2013 and 2 5m nil cost share options awarded to Franchisees under the Franchisee Incentive Plan

Cash
The Group remains debt free with net cash at 26 April 2015 of £1 2m (2014 £10 0m) Net cash generated from operating activities increased 64% to £9 8m (2014 £6 0m) and was offset by net capital expenditure of £4 7m acquisitions of £8 6m and dividends of £5 3m

Dividend
A final dividend of 6 3 pence per share is proposed for shareholders on the register on 11 September 2015 payable on 9 October 2015 after the Annual General Meeting This increases the total dividend for 2014/15 to 8 3 pence per share (2014 8 0 pence per share)

Andrew Humphreys
Chief Financial Officer
13 July 2015

Corporate social responsibility report

A values-based approach to CSR

Our employees are passionate about our brand and our Franchisees We've started an epic journey to really listen to our people, acting on what they tell us and empowering them to make the right decisions for our customers and to influence what we focus on as a business.

ENVIRONMENT

Ensuring welcoming, productive and safe environments
With feedback from our team we have focused on improving the environment we work in This for example has involved large projects such as building a new canteen creating open plan office spaces, installing air conditioning, replacing a significant amount of the infrastructure within our warehouses and having clear maintenance plans for our stores down to smaller quick wins such as providing a toaster!

Energy efficiency
A new energy efficient lighting system was installed in the warehouse in the second half of the financial year 2014/15 The lighting system is PIR activated and is designed to deliver energy savings of 77 3% Based on actual savings to date projected annual savings are expected to be in the order of 544 100kw

Gas emission
Conviviality Retail Plc operates a modern fleet of DAF and Mercedes Trucks all meeting the latest EURO 5 and 6 emission standards Towards the end of the 2014/15 financial year we introduced five new EURO 6 vehicles and, as opportunities arise, we will move towards replacing all vehicles to the EURO 6 standard which is the highest currently available and the most effective at reducing regulated omissions

The fleet has been specified to give the overall lowest possible running costs with improvements in fuel and AdBlue consumption and maintenance costs All vehicles are main dealer maintained with six-weekly service intervals

Significant investment has been made into a routing and scheduling system to optimise fleet utilisation and minimise empty running Telematics is employed to measure the performance of vehicle and driver providing essential management information by measuring and reporting key data We have also been working with our drivers to develop a better understanding of driving behaviours and will invest in training this year to help to optimise driving performance

The utilisation of cleaner, more economical vehicles and improved driver performance has realised a 6 3% benefit in fuel consumption

Waste and recycling
In 2014/15, a total of 19 641 tonnes were recycled 624 tonnes more than the previous year which includes recycling materials collected from our Franchisees The introduction of a new packaging machine will help us to reduce our cardboard recycling in 2015/16 which is in addition to an existing cardboard machine that lines all totes to prevent damage to cans and bottles in an attempt to reduce damages and improve our numbers The introduction of regular staff sales will reduce our recycling numbers as this will fall into the natural waste stream coupled with a targeted reduction in aluminium and glass recycling volumes The Company is working with a new waste disposal supplier that provides it with access to an advanced reporting tool to enable it to manage its waste

Conviviality Retail Plc recognises the key role it plays as an employer in the local community and a responsible business partner to the community.

COMMUNITY

Charitable giving
An important aspect of all our brands is being local and in line with that Conviviality Retail Plc chooses to work with small community-based projects in our local area which otherwise would struggle to gain support against the larger more well known causes

Being based in Cheshire we work in partnership with the Cheshire Community Foundation where on an annual basis we commit to a minimum fund of £10 000 to support local causes which tackle a diverse range of issues including poverty education health, isolation and social issues

Volunteering opportunities for employees
In 2014 Conviviality Retail Plc began a charity matching scheme which allows us to help our employees double the money that they may raise individually for causes close to their hearts

Our stores and Franchisees participate in events in their local area, picking out causes and issues which are important to their customers For example some of our Yorkshire and Lincolnshire stores felt strongly about the Wish Upon a Star charity and raised £3,165 in just four months

Responsible retailing and drinking
Responsible retailing and drinking is an important part of how we do business and in line with this we contribute on an annual basis £5 000 to the Drinkaware Trust We work in partnership with our Franchisees to make sure we sell alcohol legally and the nature of community retailing means our stores will know their customers well and can make informed decisions about alcohol sales

Food and equipment donation
Where possible we will also donate groceries and equipment to local charities Our teams will contact local food banks in Crewe and Nantwich after receiving stock following activities such as refits to make groceries available to them We recently donated seating to the Crewe Youth Theatre Group

PEOPLE

Employees
We are committed to providing both rewarding and sustainable employment to everyone who works for Conviviality Retail Plc As a minimum we review our pay banding and reward levels on an annual basis to ensure that they reflect the market Based on our business size and turnover we reward between the median and upper range of the market to ensure we not only fairly but competitively reward our people

Minimum wage
Our retail branches are the only area of our business where we employ people on minimum wage We operate different structures within our Wine Rack and Bargain Booze stores which allow employees to increase their hourly rate by for example gaining qualifications such as WSET which are paid for by the business

Bonus schemes
We ensure we have in place additional schemes which allows our employees to share in the success of the Company through our weekly and annual bonus schemes depending on which area of the business people work in, and through being eligible to earn and purchase shares in the business

Where appropriate we also influence key suppliers in the remuneration of their employees For example our Logistics operation, which historically has been outsourced (until April 2015) has seen a significant increase in its base wage to reflect the industry and job they perform over the last twelve months This has seen our drivers benefit from an 8% pay increase, a weekly £20 bonus linked to their performance as well as introducing wider benefits such as healthcare

Building a diverse workforce
18 months ago Conviviality Retail Plc's employee base lacked any real representation in minority race/country of origin at 2%, now we see this sitting at 10% of our workforce Our overall business has a male-to-female ratio of 59% 41% This is skewed by our warehouse operations, which due to the size and weight of products, appeals more to male workers On removing the warehouse the ratio changes to 56% female and 44% male On the whole a fairly balanced picture

One of the most successful diversity achievements is within the senior management team across the business which is gender balanced with 48% women and 52% men In contrast, two years ago, this picture was 72% male and 28% female The balance has changed largely organically reflecting the Executive Board structure and more female role models and roles which have been recognised as having valuable contribution within the leadership structure

Apprentice scheme
In 2013/2014 we ran our first trial apprentice scheme in the warehouse and it was fantastic to see four young people move into permanent roles in head office our logistics team and our warehouse operation This scheme has given us a great basis to learn about how to make this a rewarding experience for apprentices and add benefit to the business and we look forward to expanding this scheme as we go into our new financial year

WHAT WE STAND FOR

Our values set the tone for the entire organisation and give us our principles of how we need to work together

PASSION
Using our passion and enthusiasm to embrace every challenge that comes our way and having fun whilst we do it

ADAPTABLE
Being flexible to the needs of the business

TEAMWORK
Working as one team to achieve a common goal supporting our Franchisees and each other

EXCELLENCE
Making a difference by delivering and going the extra mile

PROFESSIONAL
Acting with honesty and integrity showing respect for others to build trusting professional working relationships

The Strategic report as set out on pages 1 to 23 has been approved by the Board

By order of the Board

Diana Hunter
Chief Executive Officer
13 July 2015

Board of Directors

A strong leadership team committed to driving growth

	1. DAVID ADAMS Chairman	2. DIANA HUNTER Chief Executive Officer	3. ANDREW HUMPHREYS Chief Financial Officer	4. AMANDA JONES Chief Operating Officer
Term of office	David joined the Board in July 2013	Diana joined the Board in February 2013	Andrew joined the Board in June 2014	Amanda joined the Board in October 2014
Previous experience	David is an experienced Plc director who has served in both executive and non-executive capacities in the retail industry Past roles include Finance Director and Deputy CEO at House of Fraser Chairman of Jessops Plc and Moss Bros Plc and Non-Executive Director of HMV	Prior to joining Conviviality Retail Plc Diana held various roles at Waitrose, including Head of Merchandising, Director of Store Development and, latterly as Convenience Director Diana began her career at J Sainsbury plc where for over 13 years she held numerous senior roles	Andrew joined from Direct Wines, where he held the position of Chief Financial Officer having previously held senior finance roles in the retail sector at Shop Direct Group and Carphone Warehouse Group plc	Amanda is an experienced retailer having held senior UK and international operational roles at Marks & Spencer Group plc and at Waitrose where she led the development and roll out of new store formats Most recently Amanda was the Chief Operating Officer of Nisa Retail Limited
Board committees	Audit Nomination - **Chairman** Remuneration	Diana is not a member of any of the Board committees	Andrew is not a member of any of the Board committees	Amanda is not a member of any of the Board committees
External appointments	David is Senior Independent Director and Chair of Audit at both Halfords Group Plc and Hornby Plc and was recently appointed Non-Executive Director and Chair of Audit at Fever Tree Drinks Plc David is Chairman of Park Cameras and Walk the Walk a breast cancer charity	Diana is a trustee of the Family and Childcare Trust and is on the board of the WSTA (Wine and Spirit Trade Association)	Andrew has no external appointments	Amanda has no external appointments

Governance

5. KENTON BURCHELL
Commercial Director

Term of office

Kenton joined the Board in March 2014

Previous experience

Kenton is an experienced commercial operator who has held several senior positions in retail over a 25-year career Kenton joined Conviviality Retail Plc from Musgrave Retail Partners GB the operators of, amongst other brands, Budgens Supavalu and Londis where he was most recently Trading Director, and has previously been Head of Trading Operations and Head of Buying

Board committees

Kenton is not a member of any of the Board committees

External appointments

Kenton has no external appointments

6. MARTIN NEWMAN
Non-Executive Director

Term of office

Martin joined the Board in February 2014

Previous experience

Martin s previous roles have included Head of E-commerce for Burberry Group plc and Ted Baker plc, Interim Director of E-commerce for Pentland Brands plc as well as Head of Marketing for Harrods' home shopping division

Board committees

Nomination
Remuneration

External appointments

Martin is currently CEO of strategic multichannel consultancy Practicology and sits on the advisory board to international bicycle retailer Wiggle

7. STEVE WILSON
Non-Executive Director

Term of office

Steve joined the Board in February 2014

Previous experience

Steve has significant public company experience having been on the board of Headlam Group plc since 1991 where he has helped develop the business from its origin as a company with revenues of £21m to where it is today He served on the board of Synergy Health Plc as Non-Executive Chairman for eight years between 2002 and 2010

Board committees

Audit - **Chairman**
Nomination
Remuneration

External appointments

Steve Wilson is Group Finance Director of Headlam Group plc Headlam is Europe's largest floor coverings distributor and is listed on the London Stock Exchange's Main Market

8. IAN JONES
Non-Executive Director

Term of office

Ian joined the Board in May 2015

Previous experience

Ian was previously at Homebase Ltd where he was Retail Director for nine years During this period Ian was also Distribution and Supply Chain Director for five years Ian took a central role in repositioning Homebase as a home enhancement retailer and was responsible for 340 stores and 18 000 retail personnel

Board committees

Remuneration - **Chairman**

External appointments

Ian Jones is a member of the Retail Advisory Committee for Marie Curie

Remuneration report

Our approach to remuneration is focused on the performance of the business

Ian Jones
Chairman of the Remuneration Committee

Directors and Directors interests
The Directors listed below all served throughout the period or were appointed on the dates indicated below
Their interests in the issued share capital of the Company as at 26 April 2015 were as follows

	Date of appointment	2015 Number	2014 Number
D Hunter		—	—
D A R Adams		**13,163**	12,500
M D Newman		**5,600**	5 600
S G Wilson		**32,500**	12,500
K P Burchell		—	—
C A Humphreys	16 June 2014	—	—
A J Jones	13 October 2014	—	—
		51,269	30 600

There have been no changes in the interests of the Directors in the issued share capital of the Company between 26 April 2015 and the date of this report

Insurance cover is in force in respect of the personal liabilities that may be incurred by Directors of the Company in the course of their service with the Group as permitted by the Companies Act 2006

Directors' remuneration
Directors remuneration information for those individuals who have served as a Director of the Company during the financial year is presented below The information presented in respect of these Directors is for the full financial period

Individual	Basic salary and fees £	Annual bonus £	Benefits £	Payment in lieu of pension £	Payment on loss of office £	Total £
D Hunter	321 250	193 200	28 268	38,750	—	581 468
D A R Adams*	65 000	—	—	—	—	65,000
M D Newman	40 000	—	—	—	—	40 000
S G Wilson	40,000	—	—	—	—	40,000
K P Burchell	190 000	78 000	19 625	—	—	287 625
C A Humphreys	197,019	90,000	11,238	—	—	298,257
A J Jones	122 692	44 000	8 612	—	—	175 304
I M W Jones	—	—	—	—	—	—
K H Webb	58 333	—	5 998	—	124,771	189 102
J A Wirth	37 375	—	4 671	—	97,500	139 546
	1 071,669	405 200	78 412	38 750	222 271	1 816 302

* Amounts payable in respect of this Director are charged as fees to the Company

Directors' remuneration continued

Directors remuneration information for those individuals who have served as a Director of the Company during the prior financial year is presented below The information presented in respect of these Directors is for the full financial period

Individual	Basic salary and fees £	Bonus paid on achieving IPO £	Annual bonus £	Benefits £	Payment in lieu of pension £	Payment on loss of office £	Total £
D Hunter	256 667	131,810	93,000	28,460	53 333	–	563 270
D A R Adams*	38 333	–	–	–	–	–	38 333
M D Newman	10 000	–	–	–	–	–	10,000
S G Wilson	10,000	–	–	–	–	–	10 000
K P Burchell	31 667	–	–	3 218	–	–	34 885
P E Hodgson	151,298	–	–	13,915	–	149 970	315,183
R A Pedder	60 000	–	–	–	–	–	60 000
K H Webb	175 000	–	35,000	14 098	–	–	224,098
J A Wirth	96,250	–	20 000	10,319	–	–	126 569
Other Directors	69 826	–	–	4 844	–	503 295	577 965
	899 041	131 810	148 000	74 854	53 333	653 265	1 960,303

Amounts payable in respect of this Director are charged as fees to the Company

The Directors interests in share options under the ESOP are as follows

Individual	Date of grant	Earliest exercise date	Expiry date	Exercise price pence	Number at 27 April 2014	Granted/ (exercised or forfeited)	Weighted average market price on exercise pence	**Number at 26 April 2015**
D Hunter	26/02/2013	31/07/2013	25/02/2023	2 7	1 676 809	(850 000)	160 0	**826,809**
	31/07/2013	31/07/2016	30/07/2023	100 0	2 001,000	–	–	**2,001,000**
K P Burchell	03/03/2014	03/03/2017	02/03/2024	187 0	101 604	–	–	**101,604**
K H Webb	26/02/2013	31/07/2013	25/02/2023	2 7	291,874	(291,874)	150 0	–
	31/07/2013	31/07/2016	30/07/2023	100 0	175 000	(175 000)*	–	–
J A Wirth	04/11/2013	04/11/2016	03/11/2023	100 0	195 000	(195 000)*	–	–
C A Humphreys	18/09/2014	18/09/2017	17/09/2024	170 5	–	263 929	–	**263,929**
	18/09/2014	18/09/2015	17/09/2024	0 0	–	70 000	–	**70,000**
A J Jones	13/10/2014	13/10/2017	12/10/2024	147 5	–	149 153	–	**149,153**

* Shares forfeited on leaving the Group

The Group operates a number of share option and share award schemes for its employees The Executive Directors only participate in the Employee Share Ownership Plan (ESOP") which is supervised by the Remuneration Committee (Details of other schemes are provided in note 27 to the consolidated financial statements)

Remuneration report *continued*

ESOP

The ESOP is supervised by the Remuneration Committee Participation by Executive Directors including the size of the awards will be determined by the Remuneration Committee The awards granted on 26 February 2013 vested on successful admission to AIM All subsequent grants vest on completion of one or three years service to the Company The award price payable per share is determined by the Board but shall not be less than the market value of the shares as at the date of grant For awards granted on or around admission the award price was taken to be the placing price Options are forfeited if the employee leaves the Company before the options vest

The total market value at the relevant grant date of awards granted to each Executive Director in the same financial year under the ESOP may not exceed an amount equal to 100% of the higher of the Director's basic salary expressed as an annual rate as at the grant date or the basic salary for the period of 12 months prior to the grant date This limit did not apply in relation to awards to Diana Hunter made on admission

In addition to the completion of three years service the vesting of awards made to Executive Directors are subject to the achievement of performance targets as follows

- achieving EBITDA targets pre-share based payment charge of £12m £12 7m and £13 5m for each of the years ending 27 April 2014 26 April 2015 and 24 April 2016, respectively and
- if one year is missed but the aggregate EBITDA for the three years is realised, the options will still vest

Performance targets for future grants may be applied at the discretion of the Remuneration Committee

Directors' service contracts and employment letters

The Executive Directors have entered into service agreements with the Company at the following annual salaries with effect from the earlier of 18 July 2013 or the date of appointment as a Director These are subject to annual review by the Remuneration Committee which took place in May 2015

	£
D Hunter	351 250
K P Burchell	200,850
C A Humphreys	231 750
A J Jones	231 000

Each Executive Director s employment will continue until terminated by either party by written notice The notice periods applicable are six months with the exception of Diana Hunter for whom it is 12 months Other fixed elements of the Executive Directors remuneration comprise a car allowance life assurance, permanent health and disability insurance and private medical insurance The Company may elect to terminate the employment of each Executive Director by making a payment in lieu of notice equal to their basic salary in a lump sum or monthly instalments

Each of the Executive Directors has agreed to confidentiality undertakings without limitation as to time and have agreed to non-compete non-solicitation and non-dealing restrictive covenants that apply for a period of 12 months following termination of employment with the Group in the case of Diana Hunter, and six months following termination of their employment with the Group in all other cases

Each Executive Director is eligible to participate in a discretionary annual bonus scheme, this is reviewed by the Remuneration Committee on an annual basis

As at 26 April 2015 it was assessed that performance bonuses would be due and consequently £405 200 has been accrued

The Non-Executive Directors have entered into appointment letters Under the terms of these letters the Non-Executive Directors are entitled to an annual fee as set out below

	£
D A R Adams	65 000
M D Newman	40 000
S G Wilson	40,000
I M W Jones	40 000

The appointments are terminable by either party with one months' written notice with the exception of the Chairman for whom it is three months The Company may pay the Non-Executive Directors in lieu of their notice period

Ian Jones
Chairman of the Remuneration Committee
13 July 2015

Directors' report

The Directors present their report and consolidated financial statements for the 52 weeks ending 26 April 2015

Directors
The Directors who served throughout the period are listed below

	Date of appointment (if appointed in the year)	Date of resignation
D Hunter		
D A R Adams		
M D Newman		
S G Wilson		
K P Burchell		
C A Humphreys	16 June 2014	
A J Jones	13 October 2014	
I M W Jones	11 May 2015	
K H Webb		21 July 2014
J A Wirth		27 June 2014

Insurance cover is in force in respect of the personal liabilities that may be incurred by Directors of the Company in the course of their service with the Group as permitted by the Companies Act 2006

Share listing
The Company s ordinary shares were admitted to and traded on AIM a market operated by the London Stock Exchange, with effect from 31 July 2013 Further information regarding the Company s share capital is set out in note 21 to the consolidated financial statements

Capital structure
The Group implemented a new financial structure as part of the IPO resulting in the full settlement of senior debt and all loan notes totalling £36m Acquisitions have been funded out of cash resources, and the general corporate and working capital requirements are supported by a receivables finance agreement from RBS Invoice Finance Limited Bargain Booze Limited also entered into a bank agreement with National Westminster Bank Plc on the 18 July 2013 whereby the bank provides guarantees for certain suppliers Additional details of these facilities are provided in note 17 of the consolidated financial statements

Governance
The Directors acknowledge the importance of the principles set out in the UK Corporate Governance Code 2012 The UK Corporate Governance Code 2012 is not compulsory for AIM-quoted companies and has not been complied with However the Directors intend to apply the principles as considered appropriate given the size and nature of the Company in accordance with the UK Corporate Governance Code 2012 and the QCA Corporate Governance Code for Small and Mid-Size Quoted Companies 2013

The Board comprises eight Directors of which four are Executive Directors and four are Non-Executive Directors, and reflect a blend of different experience and backgrounds (see Directors profiles on pages 24 and 25) The Board meets monthly to consider strategy performance and the effectiveness of internal controls amongst other things

At each AGM of the Company one-third of the Directors (or the number nearest to but not exceeding one-third when the number of Directors is not a multiple of three) shall retire from office In addition any Director who has been a Director at each of the preceding two AGMs shall also retire Each such Director may if eligible offer themselves for re-election If the Company at the meeting at which a Director retires, does not fill the vacancy the retiring Director shall if willing be deemed to have been reappointed unless it is expressly resolved not to fill the vacancy or a resolution for the reappointment of the Director is put to the meeting and lost

The Audit Committee is chaired by Steve Wilson and has primary responsibility for monitoring the quality of internal controls ensuring that the financial performance of the Group is properly measured and reported on and reviewing reports from the Company s auditor relating to the Group s accounting and internal controls in all cases having due regard to the interests of the shareholders The Committee meets at least twice a year with David Adams being the other Audit Committee member

The Nomination Committee is chaired by David Adams and identifies and nominates, for the approval of the Board candidates to fill Board vacancies as and when they arise The Committee meets at least once a year with Steve Wilson and Martin Newman being the other Committee members

The Remuneration Committee is chaired by Ian Jones (appointed 11 May 2015) and reviews the performance of the Executive Directors and determines their terms and conditions of service including their remuneration and the grant of options having due regard to the interests of shareholders Prior to the appointment of Ian Jones the Committee was chaired by Martin Newman The Committee meets at least once a year with David Adams Martin Newman and Steve Wilson being the other Committee members

Executive Directors are invited to attend Committee meetings as required from time to time

The Directors understand the importance of complying with the AIM Rules relating to Directors dealings and have established a share dealing code which is appropriate for an AIM-quoted company

Directors' report *continued*

Control environment
The Directors are responsible for the internal controls of the Group and have established a framework intended to provide reasonable but not absolute assurance against material financial misstatement or loss

An annual budget is prepared against which specific objectives and targets are set This budget is reviewed and approved by the Board on a regular basis, with trading activity monitored weekly and internal management accounts prepared and reviewed monthly with comparisons against the latest plan and prior year The Group will continue to review and develop operating documentation and controls as the business develops

Health and safety
The Group is committed to high standards in health safety and environmental performance It is the Group s policy to abide by all laws, directives and regulations relevant to its operations and to act in a manner so as to minimise the effects of its operations on the environment The Group seeks to provide safe places and systems of work plant and machinery and handling of materials and ensures appropriate information instruction and training is in place The Group has procedures relating to the appropriate reporting and monitoring of accidents, incidents and dangerous occurrences and employees are encouraged to identify and report on any potential policy breach to ensure preventative actions are taken to avoid any unsafe work practices Emphasis is placed on all employees having a responsibility to maintain a safe working environment

Financial risk management
Financial risk is managed through a formal quarterly update by the Board and informally on an ongoing basis The key risks relating to the Group are outlined in more detail in note 19 to the consolidated financial statements

Regulatory risks
Due to industry-wide issues surrounding the price and availability of glass Packaging Recovery Notes ("PRNs), the Group failed to meet its obligations under the Producer Responsibility Obligations (Packaging Waste) Regulations 2007 during 2012 As a result the Group entered into discussions with the Environment Agency (EA) regarding this historical non-compliance in December 2012

It was possible that the EA would pursue either an enforcement undertaking which involves a fine of a specified amount, not usually less than the cost avoided plus a penalty amount and an amount to cover the EAs costs being donated to charity a variable monetary penalty or enforcement action against the Group An enforcement action is a criminal sanction prosecuted through the courts and results in a fine being payable by the Group that is the subject of the action This fine is decided by the courts but is usually larger than amounts due under either enforcement undertakings or variable monetary penalties

The Group s enforcement undertaking offer was formally accepted on 23 April 2014 following extensive investigation and review with full and final settlement requiring a donation of £188 109 to Groundworks Cheshire for use in various projects on 11 June 2014 The settlement and associated legal costs were contained within the provision put in place in the 2013 accounts

Moving forward the Group's obligations under the Producer Responsibility Obligations (Packaging Waste) Regulations 2007 are being monitored controlled and complied with on an ongoing basis

Responsible retailing
The Group acknowledges that alcohol misuse and underage drinking are issues causing real concern The Group takes these matters very seriously and is committed to the responsible retailing of alcohol in order to mitigate their impact The Group is a supporter of Drinkaware the government sponsored trust that promotes responsible drinking and in addition the Group operates the Challenge 25 scheme to ensure that minors are not able to purchase alcohol in our stores Responsible retailing is re-enforced through awareness training for both our employees and franchisees We insist on high levels of training for franchisees and regular store audits We believe that our independent franchisee retailers take their responsibilities very seriously and through their excellent local community links are in a strong position to exercise responsible retailing effectively

Substantial shareholdings
At 30 June 2015, the Company had been notified of the following interests of over 3% of the issued unused share capital

Hargreave Hale	10 103 365	15 14%
AXA Framlington	6 763 841	10 10%
Artemis Fund Managers Ltd	6 392 985	9 98%
Miton Group Plc	6 108 315	9 13%
Premier Fund Managers	6 040 000	9 02%
Henderson Global Investors	5 746,609	8 58%
Schroder Investment Management	4,467 367	6 69%
River & Mercantile Asset Management	3,719 492	5 56%
Jupiter Asset Management	3 650 000	5 32%
Close Asset Management Limited	3 471 990	5 19%
Unicorn Asset Management	3,327,682	4 97%
Investec Asset Management	3 220,000	4 83%

Post balance sheet events
On 12 June 2015 the Group paid the £172 000 normalised working capital payment relating to the acquisition of GT News (Holdings) Limited

Future developments
Future developments are included in the Chief Executive s statement on pages 6 to 9

The Directors' report as set out on pages 29 to 31 has been approved by the Board

By order of the Board

Diana Hunter
Chief Executive Officer
13 July 2015

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic report the Directors report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial period Under that law the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards ("IFRS) as adopted by the European Union and prepared financial statements for the parent company in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws) 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 Group and the Company and of the profit or loss of the Group for that period In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable IFRSs and 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 and the Group s transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

By order of the Board

Diana Hunter
Chief Executive Officer
13 July 2015

Auditor and disclosure of information to auditor

Each Director in office at the date of approval of this report has confirmed that

- so far as he/she is aware, there is no relevant audit information of which the Company s auditor is unaware, and
- he/she has taken all reasonable steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company s auditor is aware of that information

In accordance with Section 489 of the Companies Act 2006, a resolution will be proposed at the AGM that Grant Thornton UK LLP be reappointed as auditor

Diana Hunter
Chief Executive Officer
13 July 2015

Independent auditor's report
To the members of Conviviality Retail Plc

We have audited the financial statements of Conviviality Retail Plc for the 52 weeks ended 26 April 2015 which comprise the consolidated income statement the consolidated statement of financial position the consolidated statement of changes in equity the consolidated statement of cash flows the Company balance sheet and the related notes The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards ("IFRSs") as adopted by the European Union The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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 Statement of Directors responsibilities set out on page 32 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 (APB'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 Group s and of the parent company s affairs as at 26 April 2015 and of the Group's profit for the period then ended
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Strategic report and the Directors report for the financial period for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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

Grant Thornton UK LLP

Stuart Muskett
Senior Statutory Auditor
For and on behalf of Grant Thornton UK LLP
Statutory Auditor Chartered Accountants
Manchester
13 July 2015

Consolidated income statement
For the 52 weeks ended 26 April 2015

	Note	Before exceptional items 2015 £000	Exceptional items (note 4b) 2015 £000	Total 2015 £000	Before exceptional items 2014 £000	Exceptional items (note 4b) 2014 £000	Total 2014 £000
Continuing operations							
Revenue		**364,092**	**—**	**364,092**	355 718	—	355 718
Cost of sales		**(327,093)**	**—**	**(327,093)**	(322,968)	—	(322,968)
Gross profit		**36,999**	**—**	**36,999**	32,750	—	32,750
Operating expenses	4	**(27,230)**	**(731)**	**(27,961)**	(22,744)	(3,869)	(26,613)
Operating profit	4	**9,769**	**(731)**	**9,038**	10 006	(3 869)	6 137
Finance income	6	**23**	**—**	**23**	29	—	29
Finance costs	6	**(75)**	**—**	**(75)**	(729)	(612)	(1,341)
Profit before income tax		**9,717**	**(731)**	**8,986**	9 306	(4 481)	4,825
Income tax expense	7	**(1,895)**	**(59)**	**(1,954)**	(2,120)	807	(1 313)
Profit for the financial period and total comprehensive income		**7,822**	**(790)**	**7,032**	7186	(3 674)	3,512
Earnings per ordinary share							
- Basic	8			**10 7p**			6 1p
- Diluted	8			**10 1p**			5 7p

The results for the financial period are derived from continuing operations

All of the profit for the financial period and total comprehensive income are attributable to the owners of the parent

There were no elements of other comprehensive income for any of the financial periods above other than those included in the consolidated income statements and therefore no statement of comprehensive income has been presented

Consolidated statement of financial position
As at 26 April 2015

	Note	2015 £000	2014 £000
Non-current assets			
Property, plant and equipment	10	**7,224**	3,397
Goodwill	11	**42,870**	35 510
Intangible assets	12	**1,833**	810
Deferred taxation asset	20	**647**	1 117
Total non-current assets		**52,574**	40,834
Current assets			
Inventories	14	**12,357**	11,778
Trade and other receivables	15	**33,669**	31 685
Cash and cash equivalents	16	**1,203**	9 974
Total current assets		**47,229**	53 437
Assets held for sale	13	**—**	150
Total assets		**99,803**	94 421
Current liabilities			
Trade and other payables	17	**(46,321)**	(43 733)
Borrowings	18	**(9)**	—
Current taxation payable		**(780)**	(837)
Total current liabilities		**(47,110)**	(44 570)
Non-current liabilities			
Borrowings	18	**(3)**	—
Total liabilities		**(47,113)**	(44 570)
Net assets		**52,690**	49,851
Shareholders' equity			
Share capital	21	**57**	57
Share premium	22	**34,020**	34,020
Share-based payment and other reserves	22	**2,002**	956
Retained earnings		**16,611**	14 818
Total equity		**52,690**	49 851

These financial statements were approved and authorised for issue by the Board of Directors on 13 July 2015

Diana Hunter
Conviviality Retail Plc
Company registration number 5592636

Consolidated statement of changes in equity
For the 52 weeks ended 26 April 2015

	Note	Share capital £000	Share premium £000	Share-based payment reserve £000	Other reserves £000	Retained earnings £000	Total equity £000
Balance at 28 April 2013		9	904	67	(84)	10 219	11 115
Profit for the financial period		–	–	–	–	3,512	3,512
Total comprehensive income for the period		–	–	–	–	3 512	3 512
Transactions with owners:							
Issue of new deferred shares	21	41	(41)	–	–	–	–
Issue of new ordinary shares	21	7	33 157	–	–	–	33,164
Transfer of share-based payment charge	22	–	–	(2 379)	–	2,379	–
Dividends	9	–	–	–	–	(1 292)	(1,292)
Acquisition of shares for EBT	22	–	–	–	(10)	–	(10)
Disposal of shares from EBT	22	–	–	–	36	–	36
Share-based payment charge	27	–	–	2 945	–	–	2 945
Deferred tax on share-based payment charge	20	–	–	381	–	–	381
Total transactions with owners		48	33,116	947	26	1 087	35 224
Balance at 27 April 2014		57	34 020	1 014	(58)	14 818	49 851
Profit for the financial period		–	–	–	–	7 032	7 032
Total comprehensive income for the period		–	–	–	–	7 032	7 032
Transactions with owners:							
Transfer of share-based payment charge	22	–	–	(25)	–	25	–
Dividends	9	–	–	–	–	(5,264)	(5 264)
Disposal of shares from EBT	22	–	–	–	32	–	32
Share-based payment charge	27	–	–	1 032	–	–	1 032
Deferred tax on share-based payment charge	20	–	–	(178)	–	–	(178)
Excess deferred tax deduction on share options	22	–	–	185	–	–	185
Total transactions with owners		–	–	1,014	32	(5,239)	(4,193)
Balance at 26 April 2015		**57**	**34,020**	**2,028**	**(26)**	**16,611**	**52,690**

Consolidated statement of cash flows
For the 52 weeks ended 26 April 2015

	Note	2015 £000	2014 £000
Cash flows from operating activities			
Cash generated from operations	23	**11,496**	5 998
Interest paid		**(75)**	(84)
Income tax (paid)/received		**(1,645)**	42
Net cash generated from operating activities		**9,776**	5,956
Cash flows from investing activities			
Purchases of property plant and equipment	10	**(4,166)**	(1 548)
Purchases of intangible assets	12	**(806)**	—
Proceeds from sale of property plant and equipment		**281**	134
Interest received	6	**23**	29
Purchase of subsidiary undertaking (net of cash acquired)	28	**(6,495)**	(1 456)
Purchase of other business combinations	28	**(2,146)**	(457)
Net cash used in investing activities		**(13,309)**	(3 298)
Cash flows from financing activities			
Dividends paid	9	**(5,264)**	(1,292)
Repayments of borrowings		**(6)**	(37 310)
Proceeds from sale of shares		**—**	33 164
Proceeds from sale of shares held by EBT	22	**32**	465
Purchase of shares for EBT	22	**—**	(10)
Net cash used in financing activities		**(5,238)**	(4,983)
Net decrease in cash and cash equivalents		**(8,771)**	(2 325)
Cash and cash equivalents at beginning of the period	16	**9,974**	12,299
Cash and cash equivalents at the end of the period	16	**1,203**	9,974

Notes to the financial statements

1 General information

The principal activity of Conviviality Retail Plc (the "Company") and its subsidiaries (together the "Group") is that of wholesale and retail supply of beers, wines, spirits, tobacco, grocery and confectionery

The Company is incorporated and domiciled in the United Kingdom The address of its registered office is Weston Road Crewe Cheshire CW1 6BP The registered number of the Company is 5592636

The financial information presented is for the 52-week periods ended 26 April 2015 and 27 April 2014 The consolidated financial information is presented in Sterling, which is also the functional currency of the parent company and has been rounded to the nearest thousand (£000)

2 Accounting policies

The principal accounting policies applied in the preparation of the consolidated financial information are set out below These policies have been consistently applied to all periods presented unless otherwise stated

Basis of preparation

The consolidated financial statements for the 52 weeks ended 26 April 2015 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS

The consolidated financial information has been prepared on a going concern basis and under the historical cost convention

The Directors have prepared cash flow forecasts for the period until April 2018 Based on these the Directors confirm that there are sufficient cash reserves to fund the business for the period under review, and believe that the Group is well placed to manage its business risk successfully For this reason they continue to adopt the going concern basis in preparing the financial statements

Basis of consolidation

The financial information comprises a consolidation of the financial information of Conviviality Retail Plc and all its subsidiaries The financial period ends of all Group entities are coterminous

Subsidiaries are all entities to which the Group is exposed or has rights to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary Subsidiaries are fully consolidated from the date on which control is transferred to the Group They are de-consolidated from the date that control ceases

Inter-company transactions balances and unrealised gains on transactions between Group companies are eliminated Unrealised losses are also eliminated except to the extent they provide evidence of impairment of the asset transferred

The Group operates an employee benefit trust ("EBT") and a franchisee incentive trust ("FIT") for the purposes of acquiring shares to fund share awards made to employees and franchisees respectively The assets and liabilities of these trusts have been included in the consolidated financial information The cost of purchasing own shares held by the EBT and FIT are accounted for in other reserves

Business combinations

The acquisition of subsidiaries and businesses are accounted for using the acquisition method The cost of acquisition is measured at the aggregate of the fair values at the date of exchange of assets given liabilities incurred or assumed and equity instruments issued

Identifiable assets acquired and liabilities and contingent liabilities assumed are recognised at the fair values at the acquisition date

The excess of the consideration transferred over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill

Acquisition costs are charged to exceptional items

Critical accounting estimates and assumptions

The preparation of financial information in conformity with IFRSs requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period Although these estimates are based on management's best knowledge of the amount event or actions actual events ultimately may differ from those estimates

Estimates and judgments are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances

The Group makes certain estimates and assumptions concerning the future The resulting accounting estimates will by definition seldom equal the related actual results The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the consolidated financial information are considered to relate to

(a) Carrying value of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units ("CGU") to which goodwill has been allocated The value-in-use calculation requires management to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value The estimation of the timing and value of underlying projected cash flows and selection of appropriate discount rates involves management judgment Subsequent changes to these estimates or judgments may impact the carrying value of the goodwill which at 26 April 2015 was £42 870 000 (note 11)

2 **Accounting policies** continued

Critical accounting estimates and assumptions continued

(b) Impairment of trade receivables

The assessments undertaken in recognising provisions and contingencies 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 Group will not be able to collect all outstanding amounts in full due to the receivables being classified as "bad" or there are indications that the collection is 'doubtful" The amount of any loss is recognised in the income statement within cost of sales Subsequent recoveries of amounts previously written off are credited against cost of sales in the income statement The gross amount of trade receivables at 26 April 2015 is £30 207 000 and the associated provision is £1 385 000 (note 15)

(c) Share options

The estimation of share-based payment costs requires the selection of an appropriate valuation model (Black-Scholes pricing model), consideration as to the inputs necessary for the valuation model chosen, and the estimation of the number of awards that will ultimately vest The key assumptions are on expected life of share options volatility of share price the risk-free yield to maturity and expected dividend yield The total charge for equity and cash-settled share-based payments for the financial year was £1 079,000 (note 27)

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker ("CODM") The CODM who is responsible for allocating resources and assessing performance of operating segments has been identified as the Executive Directors

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial information of each of the Group s entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency") The consolidated financial information is presented in Sterling which is the Company's and subsidiaries functional and presentation currency

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the exchange ruling at that date Foreign exchange gains and losses arising on translation are recognised in the income statement for the period

Revenue

Revenue is in respect of wholesale and retail distribution in the UK, and is recognised when the significant risks and benefits of ownership of the product has been transferred to the buyer Revenue is the total amount receivable by the Group for goods supplied excluding VAT and trade discounts

Wholesale revenue to franchisees is recognised on delivery of the product to the franchisee

Retail revenue generated by own stores is recognised at the point of sale to the buyer

Supplier income

Supplier incentives rebates and discounts collectively known as "supplier income are recognised on an accruals basis as they are earned for each relevant supplier contract The accrued value at the reporting date is included in accrued income

The most common types of supplier income which the Group receives are

- retrospective discounts typically based on an agreed sum per item sold on promotion for a period,
- fixed amounts agreed with suppliers to support specific promotions, and
- supplier rebates typically based on sales targets on an annual calendar year basis

Cost of sales

Cost of sales represent the cost to the Group of the product sold It consists of all external costs incurred in procuring goods for resale and delivering them to the distribution warehouses, as well as any adjustments to inventory and any bad debt expense

Operating costs and income

Operating costs consists of distribution costs administrative expenses, head office costs and the costs associated with running corporately owned stores

Fees for the provision of continuing services to franchisees (e g IT support marketing training etc) are recognised as operating income as the services are rendered Initial fees are recognised as operating income when performance of all the initial services and other obligations required of the franchisor have been substantially accomplished

Notes to the financial statements *continued*

2 Accounting policies continued

Property, plant and equipment

Items of property plant and equipment are stated at historic purchase cost less accumulated depreciation and any provision for impairment Cost includes the original purchase price of the asset and the costs attributable to bringing the asset into working condition for its intended use

As no infinite useful life for land can be determined, no depreciation is provided on land Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of buildings plant and equipment and motor vehicles The following useful lives are applied

Leasehold buildings	shorter of lease term and 50 years
Plant and equipment	three to ten years
Motor vehicle	three years

The assets residual values and useful lives are reviewed and adjusted if appropriate at each reporting date

Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group s share of the net identifiable assets of the acquired subsidiary or businesses at the date of acquisition Goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired, and is carried at cost less accumulated impairment losses

Goodwill is allocated to CGUs for the purpose of impairment testing A CGU is identified at the lowest aggregation of assets that generate largely independent cash inflows, and that which is looked at by management for monitoring and managing the business The Group s three CGUs are Bargain Booze Wine Rack and GT News (Holdings)

If the recoverable amount of the CGU is less than the carrying amount an impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rate on the basis of the carrying amount of each asset in the unit Any impairment is recognised immediately in the income statement and is not reversed Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold

Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date

(b) Other intangible assets

Brand names Brand names acquired in a business combination that qualify for separate recognition are recognised as intangible assets at their fair values

Internally developed software Expenditure on the research phase of projects to develop new customised software for IT and telecommunication systems is recognised as an expense as incurred Costs that are directly attributable to a project s development phase are recognised as intangible assets provided they meet the following criteria

- the development cost can be measured reliably
- the project is technically feasible and viable
- the Group intends to and has sufficient resources to complete the project
- the Group has the ability to use or sell the software, and
- the software will generate probable future economic benefits

Intangible assets are carried at cost less accumulated amortisation and any impairment losses Intangible assets arising on acquisition of subsidiaries or businesses are recognised separately from goodwill if the fair value of these assets can be identified separately and measured reliably

Amortisation is calculated on a straight-line basis over the estimated useful life of the intangible asset The useful life of the Group s intangible asset is 20 years for brands and five years for other intangibles which are predominately software, with a residual value of £Nil

Impairment reviews are carried out if events or changes in circumstances indicate that the carrying value of an asset may be impaired An impairment loss is recognised in the income statement when the asset s carrying value exceeds its recoverable amount Its recoverable amount is the higher of an asset's fair value less costs to sell and value in use Impairment losses are not reversed

Assets held for sale

Non-current assets are classified as held for sale if the carrying amount will be recovered through a sale transaction rather than through continuing use This condition is regarded as met only when the sale is highly probable management is committed to a sale plan the asset is available for immediate sale in its present condition and the sale is expected to be completed within one year from the date of classification These assets are measured at the lower of carrying value and fair value less costs to sell

2 **Accounting policies** continued

Inventory

Inventory comprises goods held for resale which are valued at the lower of cost and net realisable value Cost is calculated using the first in, first out method Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses Provision is made for slow moving and obsolete stock if required

Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all outstanding amounts in full due to the receivables being classified as bad" or there are indications that collection is "doubtful

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement within operating costs When a trade receivable is uncollectible it is written off against the allowance account for trade receivables Subsequent recoveries of amounts previously written off are credited against operating costs in the income statement

Other receivables are non-interest bearing and are recognised initially at fair value and subsequently at amortised cost

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits together with other short-term highly liquid investments maturing within three months or less from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value

Trade and other payables

Trade payables are obligations to pay for goods and services which have been acquired in the commercial operations of the Group Trade payables are classified as current liabilities if payment is due within one year or less If not they are presented as non-current liabilities

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method

Dividends

Interim dividends on ordinary shares are recognised in equity in the period in which they are paid Final dividends on ordinary shares are recognised when they have been approved by the shareholders at the Annual General Meeting

Leases

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership to the Group All other leases are classified as operating leases

Operating leases

Assets leased under operating leases are not recorded on the statement of financial position Rental payments are charged directly to the income statement on a straight-line basis over the lease term Any lease incentives, primarily up-front cash payments or rent-free periods are capitalised and spread over the period of the lease term

EBT

The assets and liabilities of the Employee Benefit Trust (EBT") have been included in the Group accounts The assets of the EBT are held separately from those of the company In accordance with the principles of UITF Abstract 38 any assets held by the EBT cease to be recognised on the consolidated statement of financial position when the assets vest unconditionally in identified beneficiaries

Finance cost and administrative expenses of the EBT are recorded in the Company's profit and loss account where material gains and losses on the purchase, sale issue or cancellation of the Company s own shares are recorded as movements on reserves Neither the purchase nor sale of own shares leads to a gain or loss being recognised in the Group consolidated statement of comprehensive income

Investments in the Company s own shares held by the EBT are presented as a deduction from reserves and any dividend income received by the EBT is deducted from the aggregate of dividends paid and proposed The number of such shares held by the EBT is deducted from the number of shares in issue when calculating earnings per share

Taxation

The tax expense for the period comprises of current and deferred tax Tax is recognised in the income statement except to the extent that it relates to items recognised directly in other comprehensive income or in equity In this case, the tax is recognised directly in other comprehensive income or in equity

(a) Current taxation

Current tax is the expected tax payable on the taxable income for the period using tax rates and laws enacted or substantively enacted by the reporting date Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities

Notes to the financial statements *continued*

2 Accounting policies continued
Taxation continued
(b) Deferred taxation
Deferred tax is recognised using the statement of financial position liability method on temporary differences arising between the tax base of assets and liabilities and their carrying amount in the historical financial information Deferred tax is calculated at the tax rates and laws that have been enacted or substantively enacted by reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised The carrying amount of deferred tax assets is reviewed at each reporting date

Deferred tax assets and liabilities are offset against each other when there is a legally enforceable right to set off current assets against current liabilities and it is the intention to settle these on a net basis

Pension costs
The Group operates a stakeholder defined contribution pension scheme The total expense recognised in the income statement represents contributions payable to the fund by the Group as specified in the rules of the scheme

Exceptional items
The Group treats as exceptional items those possessing a high degree of abnormality which arise from events or transactions that fall outside the ordinary activities of the Group and which are not expected to recur

The Directors apply judgment in assessing the particular items which, by virtue of their scale and nature should be classified as exceptional items The Directors consider that separate disclosure of these items is relevant to an understanding of the Group's financial performance

Share-based payments
The Group issues equity and cash-settled share-based payments to certain employees and Franchisees Equity-settled share-based payments are measured at fair value, excluding the effect of non-market based vesting conditions at the date of grant The fair value determined at the grant date is expensed on a straight-line basis over the vesting period based on the Group s estimate of the shares that will eventually vest and adjusted for the effect of non-market based vesting conditions

Fair value is measured using a Black-Scholes pricing model The expected useful life used in the models has been adjusted based on management's best estimate for the effects of exercise restrictions and behavioural considerations For cash-settled share-based payments a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date National insurance is accrued periodically in line with the share-based payment charge

Equity
Equity comprises the following

- share capital" represents the nominal value of equity shares,
- share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue,
- share-based payment reserve" represents the IFRS 2 Share-based Payment charge for the year
- "other reserves" incorporates movement in the Group's EBT and FIT, and
- 'retained earnings" represents cumulative retained earnings

New standards and interpretations
At the date of authorisation of the financial information, the following standards and interpretations were in issue but not yet effective and have not been early adopted by the Group

- IFRS 9 "Financial Instruments (IASB effective date 1 January 2018)[1]
- IFRS 15 "Revenue from Contracts with Customers" (effective 1 January 2017)[2]
- IFRIC interpretation 21 "Levies (IASB effective 1 January 2014)[3]
- Clarification of acceptable methods of depreciation and amortisation - amendments to IAS 16 and IAS 38 (IASB effective date 1 January 2016)[1]

1 Not adopted by the EU (as at 16 June 2015)
2 Not adopted by the EU (as at 16 June 2015) IASB is proposing to defer the effective date of IFRS 15 to 1 January 2018
3 EU mandatory effective date is financial years starting on or after 17 June 2014

The adoption of these standards and interpretations is not expected to have a material impact on the Group in the period they are applied

3 Segment information

The Group s activities consist of the wholesale and retail distribution of beers wines, spirits tobacco grocery and confectionery within the United Kingdom The Executive Directors of the Board are considered to be the chief operating decision maker ("CODM") The business is managed as one entity and activities are not split into any further regional or product subdivisions in the internal management reporting as any such split would not provide the Group s management with meaningful information Consequently all activities relate to this one segment

The CODM manages the business using EBITDA pre-exceptional and share-based payment costs The table below provides a reconciliation from this figure, to the reported profit before tax in the consolidated income statement

	2015 £000	2014 £000
EBITDA	**12,854**	12 425
Depreciation	**(1,887)**	(1 753)
Amortisation	**(125)**	(28)
Non-exceptional share-based payment charge	**(1,073)**	(638)
Exceptional costs	**(731)**	(3 869)
Net finance expense	**(52)**	(700)
Exceptional finance expense	**—**	(612)
Profit before income tax	**8,986**	4 825

No individual customer accounts for 10% or more of the Group s revenue in either 2015 or 2014

4 Operating profit

(a) Operating profit is arrived at after charging

	Note	2015 £000	2014 £000
Distribution cost		**6,571**	6 255
Depreciation of property plant and equipment	10	**1,887**	1 753
Amortisation of intangible assets	12	**125**	28
(Profit)/loss on disposal of property, plant and equipment		**(28)**	8
Operating lease payments			
- Land and buildings		**2,216**	1,360
- Plant and machinery		**1,527**	400
Share-based payment expense (non-exceptional)	27	**1,073**	638
Exceptional items	4b	**731**	3 869

(b) Exceptional costs

The exceptional costs, which are recognised within operating costs are analysed below

	2015 £000	2014 £000
Costs associated with the IPO	**—**	3,086
Costs associated with acquisitions	**257**	344
Other non-recurring events and projects	**474**	439
Total exceptional items	**731**	3 869

The costs associated with the IPO for the 52 weeks ended 27 April 2014 consisted of the fair value of the executive share options vesting on IPO (£1 936 000) National insurance payable on these options (£462 000) the fair value of the warrant issued to Zeus as described in the AIM admission document dated 18 July 2013 (£397 000) costs associated with IPO that were not met by the previous shareholders (£720,000) and a one-off gain on sale of shares held by the EBT of £429 000

Costs associated with acquisitions include £237 000 incurred in respect of the purchase of GT News (Holdings) Limited and £20 000 of additional costs in respect of the trade and assets purchase of 31 stores from R N B Stores Limited Further details of these transactions are included in note 28

Costs associated with acquisitions in 2014 include £178 000 incurred in respect of the purchase of L C L Enterprises Limited (Wine Rack) and £166 000 in respect of the trade and assets purchase of 31 stores from R N B Stores Limited

Other non-recurring events and projects of £474 000 (2014 £439 000) relate to professional and consultancy charges arising from one-off transactional activity (£19 000) and restructuring and reorganisation costs (£455,000) following an exercise to create efficiencies and streamline processes

Notes to the financial statements *continued*

4 Operating profit continued
(c) Auditor remuneration
During the period the Group obtained the following services from the Company s auditor

	2015 £000	2014 £000
Fees payable to the Company's auditor for the audit of the consolidated and Company financial statements	**41**	40
Fees payable to the Company s auditor for other services		
- Audit-related assurance services	**5**	4
- Taxation compliance services	**7**	11
- Services relating to corporate finance transactions	**—**	102
- Other assurance services	**1**	41
- Transaction related services	**32**	—
- Non-audit services	**23**	—
Total fees payable to the Company's auditor	**109**	198

5 Employee costs
(a) Employee benefits expense

	2015 £000	2014 £000
Wages and salaries	**10,556**	7 263
Social security costs	**938**	904
Pension contributions	**54**	—
Social security costs on share-based payment charge (note 27)	**47**	488
Share-based payment charge (note 27)	**342**	2 123
Compensation for loss of office	**252**	857
Employee benefits expense included in operating profit	**12,189**	11 635

The average monthly number of people (including Executive Directors) employed by the Group during the period was

	2015 Number	2014 Number
Directors	**7**	6
Administration	**77**	61
Marketing selling and distribution	**167**	143
Retail staff	**291**	143
	542	353

(b) Directors' remuneration
The remuneration of the Directors comprises

	2015 £000	2014 £000
Salaries fees and other short-term employee benefits	**1,555**	1 254
Compensation for loss of office	**222**	653
Payment in lieu of pension contribution	**39**	53
Total salaries and other short-term employment benefits	**1,816**	1 960
Share-based payments charge (operating expenses)	**299**	179
Share-based payment charge (exceptional items)	**—**	1,916
Gains on exercise of share options	**1,758**	1 085
	3,873	5 140

5 Employee costs continued

(b) Directors' remuneration continued

The highest paid Director s compensation is as follows

	2015 £000	2014 £000
Salaries fees and other short-term employee benefits	**581**	563
Gains on exercise of share options	**1,330**	—
	1,911	563

6 Finance income and expense

	2015 £000	2014 £000
Finance income		
Bank interest receivable	**23**	29
Total finance income	**23**	29
Finance expense		
On invoice discounting facility	**75**	12
On bank loans	**—**	54
On loan notes	**—**	663
Non-exceptional finance expense	**75**	729
Exceptional finance expense	**—**	612
Total finance expense	**75**	1,341

Exceptional finance expenses in 2014 included one-off charges arising on early resettlement of borrowings as part of the IPO

7 Income tax expense

	2015 £000	2014 £000
Current tax		
Current tax on profits for the period	**1,737**	55
Adjustment in respect of prior periods	**4**	—
Total current tax	**1,741**	55
Deferred tax		
Origination and reversal of temporary differences	**212**	1 183
Changes in taxation rate	**1**	75
Total deferred tax (note 20)	**213**	1,258
Income tax expense	**1,954**	1 313

	2015 £000	2014 £000
Tax on profit before exceptional items	**1,895**	2,120
Tax on exceptional items	**59**	(807)
Total income tax expense	**1,954**	1,313

Tax on exceptional items includes a tax charge of £165,000 relating to share options vested at IPO

Notes to the financial statements *continued*

7 Income tax expense continued
The tax charge differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows

	2015 £000	2014 £000
Profit before tax	**8,986**	4,825
Profit on ordinary activities multiplied by rate of corporation tax in the UK of 20 93% (2014 22 85%)	**1,881**	1 103
Tax effects of		
- Expenses not deductible for tax purposes	**114**	152
- Differences between capital allowances and depreciation	**—**	16
- Temporary differences	**—**	(33)
- Changes in taxation rate	**1**	75
- Share option movements	**19**	—
- Adjustment in respect of prior periods	**(61)**	—
Tax charge	**1,954**	1 313

Factors that may affect future tax charges
During the 52 weeks ended 26 April 2015 as a result of the change in the UK main corporation tax rate from 21% to 20% (2014 23% to 21%) that was substantively enacted on 2 July 2013 and that is effective from 1 April 2014 the relevant deferred tax balances have been re-measured

8 Earnings per ordinary share
As at 27 April 2014 66,713 020 ordinary shares were in issue During the year an additional 227 363 ordinary shares were issued giving 66,940 383 shares in issue as at 26 April 2015 (note 21)

	2015	2014
Profit attributable to ordinary shareholders (£000)	**7,032**	3 512
Basic earnings per share (pence)	**10.7**	6 1
Diluted earnings per share (pence)	**10 1**	5 7

Basic and diluted earnings per share are calculated by dividing the profit for the period attributable to equity holders by the weighted average numbers of shares

	2015 Number	2014 Number
Basic weighted average	**65,452,630**	57,285 762
Diluted weighted average	**69,654,641**	62 118 389

The difference between the basic and diluted average number of shares represents the dilutive effect of share options and warrants in existence The weighted average number of shares can be reconciled to the weighted average number of shares including dilutive shares as follows

	2015 Number	2014 Number
Basic weighted average shares	**65,452,630**	57 285,762
Diluted effect of		
- Exceptional employee share incentive plans, resulting from IPO	**812,298**	2 331 357
- Warrant granted to Zeus Capital	**472,910**	839 902
- Employee share incentive plan	**811,553**	733 938
- Franchisee share incentive plan	**2,105,250**	927 430
Total dilutive effect of share incentive plans	**4,202,011**	4,832,627
Diluted weighted average number of shares	**69,654,641**	62,118,389

8 Earnings per ordinary share continued

Adjusted earnings per share

Although not presented on the face of the income statement the adjusted earnings per share profit after tax but before exceptional items is calculated below

	2015	2014
Profit after tax before exceptional items attributable to ordinary shareholders (£000s)	**7,822**	7 186
Adjusted basic earnings per share (pence)	**12.0**	12 5
Adjusted diluted earnings per share (pence)	**11 2**	11 6

Adjusted basic and diluted earnings per share are calculated by dividing the profit after tax but before exceptional items by the weighted average number of shares, which is the same as disclosed in the table above

9 Dividends

Amounts recognised as distributions to ordinary shareholders in the period comprise

	2015 £000	2014 £000
Final dividend for 2014 of 6 pence per ordinary share	**4,006**	—
Interim dividend for 2015 and 2014 of 2 pence per ordinary share	**1,339**	1 334
Less amounts received by the Employee Benefit Trust	**(81)**	(42)
	5,264	1 292

The 2015 final proposed dividend of £4,217 000 (6 3 pence per share) has not been accrued as it had not been approved by the period end Sufficient dividends will be distributed within the Group subsequent to year end to ensure sufficient reserves are in place to pay the final proposed dividend Relevant accounts will be filed at Companies House to support this

10 Property, plant and equipment

	Leasehold land and buildings £000	Plant and equipment £000	Motor vehicles £000	Total £000
Cost				
At 28 April 2013	302	8 978	11	9 291
Acquisitions through business combinations	596	390	11	997
Additions	—	1 501	47	1 548
Disposals	(2)	(874)	—	(876)
At 27 April 2014	896	9,995	69	10 960
Acquisitions through business combinations (note 28)	637	997	17	1 651
Additions	27	4 076	63	4 166
Disposals	—	(297)	(86)	(383)
At 26 April 2015	**1,560**	**14,771**	**63**	**16,394**
Depreciation				
At 28 April 2013	180	5,929	11	6 120
Acquisitions through business combinations	209	214	1	424
Charge for the period	64	1 667	22	1 753
Disposals	(1)	(733)	—	(734)
At 27 April 2014	452	7,077	34	7 563
Charge for the period	98	1 758	31	1,887
Disposals	—	(224)	(56)	(280)
At 26 April 2015	**550**	**8,611**	**9**	**9,170**
Net book value				
At 26 April 2015	**1,010**	**6,160**	**54**	**7,224**
At 27 April 2014	444	2 918	35	3 397

The net book value of assets held under finance leases as at 26 April 2015 is £8 000 (2014 £Nil)

Financial statements

Notes to the financial statements *continued*

11 Goodwill

	Total £000
Cost and net book value	
At 28 April 2013	34 483
Acquisitions through business combinations	1 177
Transferred to assets held for sale (note 13)	(150)
At 27 April 2014	35 510
Acquisitions through business combinations (note 28)	7,115
Other acquisitions (note 28)	245
At 26 April 2015	**42,870**

Goodwill acquired in a business combination is allocated at acquisition to the CGUs that are expected to benefit from that business combination or are established as a result of the business combination The carrying amount of goodwill has been allocated as follows

	2015 £000	2014 £000
Bargain Booze	**36,418**	34 790
Wine Rack	**720**	720
GT News (Holdings)	**5,732**	–
At 26 April 2015	**42,870**	35 510

Goodwill has an indefinite useful life and is subject to annual impairment testing The recoverable amounts of the CGUs are determined from value-in-use calculations The value in use is the present value of the pre-tax cash flow projections The key assumptions used in determining value in use are growth rates and the discount rate

For each CGU cash flow projections are based on the most recent financial budgets approved by management for one year Subsequent cash flows are extrapolated using an estimated annual growth rate of 2% for a further nine years and terminal growth rates of 0% are then applied to perpetuity These rates are below the average growth rate for the industry The rate used to discount the projected cash flows being a pre-tax risk-adjusted discount rate is 7 6% This has been calculated using the Group s weighted average cost of capital Risk factors are similar in each of the Group s CGUs All assumptions apply to all CGUs

The result of this review was that no impairment is required in respect of the carrying values of the goodwill The Group has conducted a sensitivity analysis on the impairment test of each CGU's carrying value including reducing sales levels and increasing the discount rate At 26 April 2015 no reasonably expected change in the key assumptions would give rise to an impairment charge for either CGU and the assumptions accordingly, are not sensitive

12 Intangible assets

	Other £000	Brands £000	Total £000
Cost			
At 28 April 2013	–	–	–
Acquisitions through business combinations	–	838	838
At 27 April 2014	–	838	838
Acquisitions through business combinations (note 28)	–	342	342
Additions	806	–	806
At 26 April 2015	**806**	**1,180**	**1,986**
Amortisation			
At 28 April 2013	–	–	–
Charge for the year	–	28	28
At 27 April 2014	–	28	28
Charge for the year	79	46	125
At 26 April 2015	**79**	**74**	**153**
Net book value			
At 26 April 2015	**727**	**1,106**	**1,833**
At 27 April 2014	–	810	810

Acquired brands are initially recognised at their fair value on acquisition and amortised over 20 years

Other intangible assets are predominantly software costs which are initially recognised at their cost on acquisition and amortised over five years

13 Assets held for sale

	2015 £000	2014 £000
Transferred from goodwill (note 11)	—	150

Assets held for sale at 27 April 2014 related to a number of corporately owned stores which were being actively marketed to potential franchisees The assets were subsequently disposed of resulting in a £40,000 gain to the Group

14 Inventories

	2015 £000	2014 £000
Goods for resale	**12,357**	11 778

No security has been granted over inventories The Group operates a bonded warehouse and as such the majority of the licensed stock held is under bond and valued excluding duty The duty payable when sold will be £6 545 000 (2014 £5 766 000)

The cost of inventories recognised as an expense and included in cost of sales amounts to £327 093 000 (2014 £322 968 000)

15 Trade and other receivables

	2015 £000	2014 £000
Trade receivables	**30,207**	30 808
Less provision for impairment of trade receivables	**(1,385)**	(1 629)
Net trade receivables	**28,822**	29 179
Other debtors	**1,133**	80
Accrued income	**1,718**	1,080
Prepayments	**1,996**	1,346
	33,669	31 685

The difference between the carrying value and fair value of all receivables is not considered to be material As of 26 April 2015, trade receivables of £809 000 (2014 £808 000) were past due but not impaired These relate to customers and Franchisees for which there is no recent history of default All of the past due but not impaired receivables have been outstanding for less than six months

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

	2015 £000	2014 £000
Opening	**1,629**	1,453
Charge for receivables impairment	**160**	1 140
Provision acquired through business combinations (note 28)	**114**	—
Receivables written off as uncollectable	**(518)**	(964)
Closing	**1,385**	1 629

Provisions are estimated based upon past default experience and management's assessment of the current economic environment The creation and release of receivables is charged/(credited) to cost of sales in the income statement Trade receivables consist of a large number of Franchisees for whom there is no significant history of default The credit risk of the Franchisees is assessed by taking account of their financial positions past experiences and other relevant factors Individual Franchisee credit limits are imposed based on these factors The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above In the event of a default in payment by a Franchisee the Group may recover unpaid inventory held in the Franchisee s store

16 Cash and cash equivalents

	2015 £000	2014 £000
Cash at bank and in hand	**1,203**	9 974

Notes to the financial statements *continued*

17 Trade and other payables

	2015 £000	2014 £000
Trade payables	**40,389**	37 039
Social security and other taxes	**2,138**	1,424
Accruals	**3,794**	5,270
	46,321	43 733

Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs The average credit period taken for trade purchases is 36 days (2014 35 days) The Directors consider that the carrying amount of trade and other payables approximates to their fair value

The Group entered into a receivables finance facility agreement dated 18 July 2013 Under this agreement the Group can sell any debts owed to Bargain Booze Limited by its customers who have purchased goods or services from Bargain Booze Limited The maximum facility available is 80% of the allowable trade receivables up to £17 000 000 At 26 April 2015 the amount drawn down under this facility was £Nil (2014 £Nil)

The discount margin for the funding of debts is 1 45% There is a non-utilisation fee of 0 2% of the available facility payable during the minimum period of the facility being 36 months from the date of the agreement

The Group has also put in place bank-issued guarantees for the benefit of certain suppliers amounting to £12 500,000 at 26 April 2015 (2014 £13,500 000) The arrangement fee was 0 75% of the facility limit and commission is payable on the maximum liability under each guarantee issued at the rate of 1% per annum

All amounts outstanding under the facilities are secured by debentures over certain assets of the Group

18 Borrowings

	2015 £000	2014 £000
Current		
Obligations under finance leases	**(9)**	–
Non-current		
Obligations under finance leases	**(3)**	–
Total	**(12)**	–

The Group has three cars and tills under finance leases as at 26 April 2015 These were acquired during the year through the acquisition of GT News (Holdings) Limited The obligations under finance leases are secured on the assets to which they relate

19 Financial risk management and financial instruments

The Group s activities expose it to a variety of financial risks The main financial risks faced by the Group relate to the risk of default by counter parties to financial transactions and the availability of funds to meet business needs These risks are managed as described below

The Group's risk management is coordinated at its headquarters in close cooperation with the Board of Directors and focuses on actively securing the Group s short to medium-term cash flows by minimising the exposure to financial risks

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options The most significant financial risks to which the Group is exposed are described below

(a) Credit risk

The Group s principal assets subject to credit risk are cash deposits cash and trade receivables The credit risk associated with cash is limited The principal credit risk arises from non-recovery of trade receivables In order to manage credit risk the franchise agreement states collection by direct debit and credit limits are set for customers based on a combination of payment history and third party credit references Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history

(b) Market risk

The Group finances its operations through a mixture of retained profits ordinary shares, and an invoice discounting facility At 26 April 2015 the drawdown on the invoice discounting facility was £Nil

19 Financial risk management and financial instruments continued

(c) Interest rate risk

The Group has no significant interest rate risk The interest rate exposure of financial assets and liabilities of the Group is shown below

2015	Fixed £000	Floating £000	Zero £000	Total £000
Financial assets				
Cash and short-term deposits	**—**	**1,203**	**—**	**1,203**
Trade and other receivables	**—**	**—**	**28,822**	**28,822**
Financial liabilities				
Trade and other payables	**—**	**—**	**(40,389)**	**(40,389)**
Obligations under finance leases	**(12)**	**—**	**—**	**(12)**
Total	**(12)**	**1,203**	**(11,567)**	**(10,376)**

2014	Fixed £000	Floating £000	Zero £000	Total £000
Financial assets				
Cash and short-term deposits	—	9 974	—	9 974
Trade and other receivables	—	—	29 179	29,179
Financial liabilities				
Trade and other payables	—	—	(37,039)	(37,039)
Total	—	9 974	(7 860)	2 114

The Group had the following available undrawn facilities

	2015 £000	2014 £000
Against trade receivables	**10,467**	16 645

(d) Foreign exchange risk

The Group is exposed to a negligible element of foreign exchange risk with only a limited number of supplies from abroad and all sales made in the UK

(e) Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash safely and profitably The Group monitors its cash resources through short medium and long-term cash forecasting against available facilities Short-term flexibility is achieved by the use of an invoice discounting facility the details of which are set out in the table above The maturity of borrowings is set out in note 18

Capital risk management

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to shareholders through optimising the debt and equity balance The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the Company comprising issued capital, reserves and retained earnings as disclosed in the consolidated statement of changes in equity In order to maintain or adjust the capital structure the Group may adjust the amount of dividends paid to shareholders return capital to shareholders, issue new shares or sell assets to reduce debt The Group s capital is not restricted Management may seek additional external borrowings to fund the future investment and growth of the Group

In addition the Group has entered into a receivables finance facility agreement under which the maximum facility available is 80% of the allowable trade receivables up to £17 000 000 The Group draws down on this facility from time to time as required to support short-term working capital movements The amount drawn down at 26 April 2015 is £Nil (2014 £Nil)

The Group has a progressive dividend policy which aims to increase the value of ordinary dividends over time taking into account the results of the past year and the outlook

Borrowings and cash

The carrying values of cash and short-term borrowings approximate to their fair values because of the short-term maturity of these instruments

Fair values of financial assets and financial liabilities

The carrying values of all the Group s financial assets and financial liabilities approximate to their fair values because of the short-term maturity of these instruments

The fair value of trade receivables and payables is considered to be equal to the carrying values of these items due to their short-term nature All other financial assets and liabilities are carried at amortised cost Cash is held with counterparties with a credit rating of A and BBB+

Notes to the financial statements *continued*

20 Deferred taxation asset

	£000
At 28 April 2013	2,156
Charged to the income statement	(1,258)
Credited to equity	381
Arising on acquisition of subsidiary	(162)
At 27 April 2014	1 117
Charged to the income statement (note 7)	(213)
Charged to equity	(178)
Arising on acquisition of subsidiary (note 28)	(79)
At 26 April 2015	**647**

The deferred tax asset is made up as follows

	2015 £000	2014 £000
Accelerated capital allowances	**330**	308
Tax on trade losses	**30**	21
Tax on share-based payments	**406**	898
Tax on intangible asset recognised on acquisition of subsidiary	**(221)**	(162)
Short-term temporary differences	**102**	52
	647	1 117

The recoverability of the deferred tax asset is dependent on future taxable profits in excess of those arising from the reversal of deferred tax liabilities The deferred tax asset has been recognised to the extent that it is considered to be recoverable based on forecasts for future periods At 26 April 2015 the value of the unrecognised deferred tax asset is £Nil (2014 £Nil)

Deferred tax assets and deferred tax liabilities are presented net in the statement of financial position as the Group has the legal right to settle current tax amounts on a net basis and the deferred tax amounts are levied by the same taxing authority on the same Group of entities that intend to realise the asset and settle the liability at the same time

21 Share capital

	2015 £000	2014 £000
Authorised, allotted, called up and fully paid		
66 940 383 ordinary shares of £0 0002 each (2014 66 713 020)	**13**	13
217 058,802 deferred shares of £0 0002 each (2014 217 058 802)	**44**	44
Total	**57**	57

On 8 July 2013 each A ordinary share and each B ordinary share were sub-divided into 36 77614821 £0 0002 ordinary shares (rounded up in respect of each shareholder s aggregate holding) On the same date a further 33,163 902 £0 0002 ordinary shares were issued for £1 each resulting in a total of 66,700,000 £0 0002 ordinary shares

On 8 July 2013 each A ordinary share and each B ordinary share were sub-divided into 13 22385179 £0 0002 deferred shares (rounded down in respect of each shareholder s aggregate holding) On the same date a further 205 000,000 £0 0002 deferred shares were issued at par funded from the Company s undistributable reserves resulting in a total of 217 058 802 £0 0002 deferred shares

Holders of deferred shares do not have any right to receive notice of any general meeting or to attend speak or vote at any general meeting of the Company No dividend shall arise on deferred shares save for a cumulative fixed rate dividend of 0 000001% per annum of the nominal value of the deferred shares On a return of capital on a winding up holders of deferred shares shall receive only an amount equal to each deferred share's nominal value after all other shares have received £1 000 000 and deferred shares shall have no other rights to participate in the assets or profits of the Company The Company may redeem or purchase all or any of the deferred shares for an aggregate sum equal to the accrued, but unpaid dividend due on such shares and any Director may execute any transfer of such deferred shares on behalf of the holders of such deferred shares

Details of dividends paid in respect of these shares in the 52 weeks to 26 April 2015 are disclosed in note 9

The Company entered into additional block listing arrangements with AIM in respect of the notification to AIM of allotments of 30 000 new ordinary shares of £0 0002 each in the capital of the Company to satisfy the requirement to allot matching shares at the time of purchase of partnership shares for the Bargain Booze Share Incentive Plan (note 27) In this regard 19 797 shares were issued during the year

In addition, 207,566 free shares were issued to employees under the Bargain Booze Share Incentive Plan (note 27) during the 52 weeks to 26 April 2015

22 Other reserves

	Share premium £000	Share based payment reserve £000	Other reserves £000
At 28 April 2013	904	67	(84)
Share-based payment charge	–	2 945	–
Deferred tax on share-based payment charge	–	381	–
Transfer of share-based payment charge for vested options	–	(2 379)	–
Acquisition of shares for the EBT	–	–	(10)
Disposal of shares from EBT	–	–	36
Issue of new deferred shares	(41)	–	–
Premium arising on shares issued in the period	33 157	–	–
At 27 April 2014	34 020	1 014	(58)
Share-based payment charge (note 27)	–	1 032	–
Deferred tax on share-based payment charge (note 20)	–	(178)	–
Excess deferred tax deduction on share options	–	185	–
Transfer of share-based payment charge for vested options	–	(25)	–
Disposal of shares from EBT	–	–	32
At 26 April 2015	**34,020**	**2,028**	**(26)**

Included within the Group operations is Bargain Booze Employee Benefit Trust ("the EBT") The EBT purchases shares to fund the share option schemes At 26 April 2015 the EBT held 954 755 ordinary shares (2014 2,116 279 ordinary shares) with a cost of £26,000 (2014 £58 000) The market value of these shares as at 26 April 2015 is 143 50 pence per share (2014 166 00 pence per share) Of these shares 896 809 are under option as at 26 April 2015 (2014 2 006 983)

During the 52 weeks ended 26 April 2015 the EBT sold 1 161 524 shares with a cost of £32,000 to satisfy the exercise of share options

23 Cash generated from operations

	2015 £000	2014 £000
Profit before tax including acquisitions	**8,986**	4 825
Adjustments for		
- Depreciation	**1,887**	1 753
- Amortisation	**125**	28
- (Profit)/loss on sale of property plant and equipment	**(28)**	8
- Loss/(gain) on sale of shares held by EBT	**1**	(429)
- Equity-settled share options charge (note 27)	**1,032**	2 945
- Net finance costs (note 6)	**52**	1 312
- Decrease in inventories	**649**	2,722
- Increase in trade and other receivables	**(1,169)**	(1 342)
- Decrease in trade and other payables	**(296)**	(6,002)
- Costs associated with acquisition of subsidiary (note 28)	**257**	178
Cash generated from operations	**11,496**	5 998

The operating cash flows include an exceptional outflow of £474 000 in the 52 weeks ended 26 April 2015 (2014 £439 000) which relates to professional and consultancy charges arising from transactional activity and other one-off projects There is a further £720 000 of one-off exceptional costs incurred on IPO included within operating cash flows for the 52 weeks ended 27 April 2014

Notes to the financial statements *continued*

24 Commitments under operating leases

At the reporting date the Group had the following future aggregate minimum lease payments under non-cancellable operating leases

	Land and buildings		Other	
	2015 £000	2014 £000	**2015 £000**	2014 £000
Within one year	**2,241**	1 681	**1,438**	290
Between two and five years inclusive	**5,739**	4,440	**2,849**	409
After five years	**3,912**	2,738	**—**	—
Total	**11,892**	8 859	**4,287**	699

There are no significant obligations or incentives attached to any of the Group s lease agreements

25 Capital commitments

At 26 April 2015 amounts contracted for but not provided in the consolidated financial statements for the acquisition of property plant and equipment amounted to £96,000 (2014 £519 000)

26 Pension commitments

The Company operates a stakeholder pension scheme Following the introduction of auto-enrolment in respect of employee participation in pension schemes the Group commenced making contributions to employee pension schemes from 1 June 2014

Contributions recognised as an employee benefit expense for the 52 week period ended 26 April 2015 were £54 000 (2014 £Nil) Pension contributions accrued and therefore not yet paid over to the pension provider as at 26 April 2015 were £62 000 (2014 £Nil)

27 Share-based payments

The Group makes equity-settled share awards to senior executives employees and Franchisees under three different share option plans An accrual has been made for national insurance due on exercise of share options and treated as a cash-settled share-based payment In addition an equity-settled share-based payment charge has been recognised in respect of a share warrant granted to Zeus Capital which vested on successful admission to AIM Further details of the three plans are provided below The amounts recognised in respect of these schemes is as follows

	2015 Non-exceptional £000	**2015 Exceptional £000**	**2015 Total £000**	2014 Non-exceptional £000	2014 Exceptional £000	2014 Total £000
Equity-settled share-based payment						
ESOP	**310**	**5**	**315**	186	1 936	2 122
SIP	**27**	**—**	**27**	1	—	1
FIP	**690**	**—**	**690**	425	—	425
Warrant to Zeus Capital	**—**	**—**	**—**	—	397	397
Total equity-settled share-based payment	**1,027**	**5**	**1,032**	612	2 333	2 945
Cash-settled share-based payment						
National insurance on ESOP and SIP	**46**	**1**	**47**	26	462	488
Total share-based payment charge	**1,073**	**6**	**1,079**	638	2 795	3 433

(a) Bargain Booze Unapproved Employee Share Option Plan 2013 ("ESOP")

Under the ESOP the share options are awarded at a price which is determined by the Board but is not less than the market value of the shares as at the date of grant The awards granted on 26 February 2013 vested on successful admission to AIM All subsequent grants become exercisable between three and ten years after grant and upon the achievement of performance criteria in relation to EBITDA targets or service conditions All options lapse on the day immediately after the expiry date to the extent they have not been exercised Options are forfeited if the employee leaves the Company in the first three years following grant The following table provides details of all existing grants under the ESOP

Date of grant	Subscription price (pence)	Performance conditions	Earliest exercise date	Expiry date
26/02/2013	2 7	achieving IPO	31/07/2013	25/02/2023
31/07/2013	100 0	2014 to 2016 aggregate EBITDA of £38 2m	31/07/2016	30/07/2023
03/03/2014	187 0	2014 to 2016 aggregate EBITDA of £38 2m	03/03/2017	02/03/2024
18/09/2014	170 5	2014 to 2016 aggregate EBITDA of £38 2m	18/09/2017	17/09/2024
18/09/2014	0 0	one year service condition	18/09/2015	17/09/2024
13/10/2014	147 5	2014 to 2016 aggregate EBITDA of £38 2m	13/10/2017	12/10/2024

27 Share-based payments continued

(a) Bargain Booze Unapproved Employee Share Option Plan 2013 ("ESOP") continued

The tables below summarises the movement on share options in the period

	2015		2014	
	Share options number	**Weighted average exercise price pence**	Share options number	Weighted average exercise price pence
Outstanding at the beginning of the period	**4,622,537**	**60**	77 511	100
Redesignated shares*	**—**	**—**	2,773 046	3
Free share award omitted in prior year	**38,300**	**0**	—	—
Granted	**483,082**	**139**	2,730 052	103
Exercised	**(1,161,524)**	**3**	(881 874)	3
Forfeited	**(471,650)**	**96**	(76,198)	100
Outstanding at the end of the period	**3,510,745**	**85**	4 622 537	60
Exercisable at end of the period	**826,809**		1 968 683	
Exercise price	**2.7 pence**		2 7 pence	
Weighted average remaining contractual life	**8 34 years**		8 82 years	

* On 8 July 2013 each ordinary share was sub-divided into 36 77614821 ordinary shares (note 21)

The weighted average share price at the date of exercise for share options exercised during the period was 157 pence (2014 127 pence)

Equity-settled share-based payments are measured at fair value at the date of grant The fair value determined at the date of grant is expensed on a straight-line basis over the vesting period based on the Group s estimate of shares that will eventually vest Fair value for the ESOP is measured by use of a Black-Scholes model The inputs into the option pricing model are provided below

	2015	2015	2015
Grant date	**13/10/2014**	**18/09/2014**	**18/09/2014**
Exercise price (pence)	**147 5**	**170 5**	**0 0**
Expected volatility	**34%**	**34%**	**34%**
Expected life	**5 years**	**5 years**	**5 years**
Expected dividend yield	**5 4%**	**4 7%**	**4 7%**
Risk-free interest rate	**1.49%**	**1.88%**	**1 88%**

The weighted average fair value of options granted during the period in relation to the ESOP was 45 2 pence (2014 34 7 pence)

Due to the short period of share trading activity, expected volatility was determined by reference to the historical volatility of the share price of comparable listed companies over the previous five years The volatility of the Group s share price on each date of grant was calculated as the average of annualised standard deviations of daily continually compounded returns on the stock calculated over five years back from the date of the grant

The risk-free rate is the yield to maturity on the date of grant of a UK gilt strip, with term to maturity equal to the life of the option The expected life of each option is equal to the vesting period plus a two year exercise period

(b) Bargain Booze Share Incentive Plan 2013

The Group operates a Share Incentive Plan ("SIP") approved by HMRC on 14 October 2013 approved by the Board on 11 October 2013 and commenced 1 November 2013 All UK resident tax-paying employees of Conviviality Retail Plc and its participating subsidiaries are eligible to participate in the SIP subject to completing a minimum qualifying period of service of six months

Under the SIP the Group can

(a) give 10% of salary, up to £3,000 worth of free shares in each tax year to an employee ("Free Shares"),

(b) offer an employee the opportunity of buying up to £1,500 of shares a year (Partnership Shares"),

(c) give an employee a matching share for each Partnership Share bought ("Matching Shares) Each employee must complete three years service before these shares are awarded and

(d) in addition to buying up to £1 500 of Partnership Shares each year allow employees to purchase more shares ("Dividend Shares") using dividends received on Free Shares Partnership Shares and Matching Shares up to percentage limits set by the Company

Awards of 'Matching Shares under this scheme are at £Nil cost and therefore their fair value is equal to the share price on the date of issue, at the time when each grant is allocated If a person ceases to be an employee prior to the exercise date, the "Matching Shares" will be forfeited Details of all Matching Share" grants in the year are overleaf none of which are exercisable at the period end

Notes to the financial statements *continued*

27 Share-based payments continued
(b) Bargain Booze Share Incentive Plan 2013 continued

Date of grant	Fair value at grant Pence	Exercise date	Number of options Opening	Granted	Forfeited	Closing
22/11/2013	163 00	22/11/2016	2,030	–	(445)	1 585
23/12/2013	168 00	23/12/2016	2 199	–	(452)	1 747
22/01/2014	184 00	22/01/2017	2 022	–	(414)	1 608
24/02/2014	190 00	24/02/2017	2,147	–	(406)	1 741
24/03/2014	160 00	24/03/2017	2,396	–	(476)	1 920
22/04/2014	168 00	22/04/2017	2 226	–	(373)	1,853
22/05/2014	172 50	22/05/2017	–	2 211	(292)	1 919
23/06/2014	173 00	23/06/2017	–	2 065	(283)	1 782
22/07/2014	159 50	22/07/2017	–	2 155	(224)	1,931
22/08/2014	166 00	22/08/2017	–	2 216	(217)	1,999
22/09/2014	169 00	22/09/2017	–	1 996	(207)	1 789
22/10/2014	160 00	22/10/2017	–	2 176	(220)	1 956
24/11/2014	146 00	24/11/2017	–	2 263	(226)	2 037
22/12/2014	145 00	22/12/2017	–	2,272	(227)	2,045
22/01/2015	127 75	22/01/2018	–	2 693	(200)	2 493
23/02/2015	154 00	23/02/2018	–	2 037	(81)	1,956
23/03/2015	148 50	23/03/2018	–	2 295	(85)	2 210
			13 020	24 379	(4,828)	32 571
Weighted average share price (pence)			171 86	154 67	165 38	160 67

Awards of "Free Shares" under this scheme are at nil cost and therefore their fair value is equal to the share price on the date of issue at the time when each grant is allocated If a person ceases to be an employee prior to the exercise date the Free Shares" will be forfeited Details of all Free Share" grants in the year are below none of which are exercisable at the period end

Date of grant	Fair value at grant Pence	Exercise date	Number of options Opening	Granted	Forfeited	Closing
16/10/2014	149 50	16/10/2017	–	207 566	(12 875)	194 691
			–	207,566	(12,875)	194,691
Weighted average share price (pence)			–	149 50	149 50	149 50

(c) Franchisee Incentive Plan ("FIP")
The FIP is intended to provide a pool of the issued ordinary shares as awards to Franchisees subject to the achievement of performance conditions and then at the discretion of the Board There are four categories of proposed award all of which are subject to approval, at the discretion of the Board at the end of the third year of measurement, being September 2016 (for shares awarded for the financial year ended 27 April 2014) and September 2017 (for shares awarded for the financial year ended 26 April 2015)

- Part 1 - Store Standards Incentive Plan - All Franchisees could be entitled to one-third of their maximum allocation on passing each of three annual store audits
- Part 2 - Group EBITDA target - Awards may be made, at the discretion of the Board based on Group EBITDA targets over a three year period and will be shared between all stores equally
- Part 3 - Individual Franchisee performance awards - Annual awards may be made subject to the achievement by a store of certain key performance indicators
- Part 4 - New Franchisee incentives - This part will cover up to 5% of the FIP pool The award may be made at the discretion of the Board, three years after passing a store audit

The shares are transferred to the Franchisees for no payment If a person ceases to be a Franchisee prior to the vesting of any award that award will lapse entirely The awards are subject to Board approval in September 2016 and September 2017, therefore the service period commences prior to the grant date The fair value of each grant is calculated as the best estimate of the share price on the date of grant being the year-end share price

27 Share-based payments continued
(c) Franchisee Incentive Plan ("FIP") continued

Date of grant	Start of vesting period	Estimated fair value Pence	Exercise date	Number of options Opening	Granted	Forfeited	Closing
30/09/2016	31/07/2013	143 50	30/09/2016	1,239,970	—	(140 500)	1,099 470
30/09/2017	31/07/2014	143 50	30/09/2017	—	1,364 720	—	1 364 720
				1 239 970	1 364 720	(140,500)	2 464 190
Weighted average share price (pence)				143 50	143 50	143 50	143 50

* Date of grant is subject to Board approval

(d) Warrants
On 18 July 2013 the Company issued warrants to Zeus Capital giving them the right to subscribe to 1,334,000 shares for £1 conditional on successful admission to AIM, exercisable from 31 July 2014 to 31 July 2023 Management considers this to be a share-based payment and has fair valued the options using a Black-Scholes model

Upon admission to AIM a share-based payment charge of £397 000 was recognised within exceptional costs

28 Business combinations
R N B Stores
On 16 May 2014 the Group entered into an agreement to acquire certain trade and assets of R N B Stores Limited including 26 stores for a total consideration of £1 70m in cash On 27 June 2014 the Group entered into an agreement to acquire a further five stores for a total consideration of £0 18m in cash

At the time of purchase all stores operated under the Rhythm & Booze brand and were immediately rebranded to an appropriate Conviviality Retail Plc fascia The purchase of these stores opens up a key region in which the Group had limited presence and is consistent with the Group's ongoing strategy to expand into new territories

The following table summarises the consideration paid and the amount of assets acquired and liabilities assumed recognised at the acquisition date

	Book value £000	Fair value adjustment £000	Fair value £000
Property plant and equipment	497	—	497
Total identifiable net assets	497	—	497
Goodwill			1 383
Total consideration satisfied by cash			1,880
Cash flow			
Cash consideration			1 880
Acquisition costs (expensed to exceptional operating costs in financial year ended 26 April 2015)			20
Acquisition costs (expensed to exceptional operating costs in financial year ended 27 April 2014)			166
			2 066

The goodwill arising on acquisition represents the premium paid to acquire a cluster of stores in a key region providing significant opportunities for increased wholesale sales and cross-selling and other synergies Goodwill has been allocated to the Bargain Booze cash-generating unit (CGU') No other material intangibles have been identified

Acquisition costs of £20,000 have been charged to exceptional items in the consolidated income statement for the period and acquisition costs of £166 000 were charged to exceptional items in the consolidated income statement in the prior period

From the date of acquisition, R N B Stores has contributed revenue of £16 1m and £0 7m to profit before tax to the Group's results If the acquisition had taken place at the beginning of the financial period, it is estimated that the Group revenue for the period would have been £365 1m and total Group operating profit would have been unchanged as the acquisition took place on the 16 May 2014

GT News Group
On 4 February 2015 the Group entered into an agreement to acquire the entire issued share capital of GT News (Holdings) Limited for a total consideration of £6 0m in cash plus normalised working capital on a debt/cash free basis GT News (Holdings) Limited is a leading independent convenience led retailer and operates 37 stores, predominantly in and around East Midlands and Yorkshire This acquisition is consistent with the Group s ongoing strategy of focusing on key regions to improve store density and drive logistics and marketing efficiencies The majority of stores have been rebranded under the Bargain Booze or Bargain Booze Select Convenience fascia

Notes to the financial statements *continued*

28 Business combinations *continued*

GT News Group continued

The following table summarises the consideration paid for GT (News) Holdings Limited and the amount of assets acquired and liabilities assumed recognised at the acquisition date

	Book value £000	Fair value adjustment £000	Fair value £000
Property plant and equipment	1 166	(12)	1 154
Inventories	1,227	–	1,227
Trade and other receivables	929	(114)	815
Cash and cash equivalents	(258)	–	(258)
Trade and other payables	(2 689)	(24)	(2,713)
Borrowings (short-term)	(12)	–	(12)
Current tax payable	(32)	–	(32)
Deferred tax liability (note 20)	(11)	(68)	(79)
Borrowings (long-term)	(4)	–	(4)
Total identifiable net assets	316	(218)	98
Initial goodwill			6 074
Total consideration satisfied by cash			6 172
Allocation to intangible assets – brands (note 12)			(342)
Final goodwill			**5,732**
Cash flow			
Cash consideration			6 000
Payment for normalised working capital (paid 12 June 2015)			172
Cash acquired with subsidiary			258
Acquisition costs (expensed to exceptional operating costs)			237
			6 667

Significant adjustments made to the fair value of assets acquired include the recognition of the deferred tax liability relating to the intangible asset (note 20) and provision for doubtful debts

The goodwill arising on acquisition represents the premium paid to acquire GT News (Holdings) in a key region providing significant opportunities for increased wholesale sales and cross-selling and other synergies Goodwill has been allocated to the GT News (Holdings) cash-generating unit (CGU")

Acquisition costs of £237 000 have been charged to exceptional items in the consolidated income statement for the period (note 4)

From the date of acquisition GT News (Holdings) Limited and subsidiaries have contributed revenue of £9 2m and £Nil to profit before tax to the Group s results If the acquisition had taken place at the beginning of the financial period it is estimated that the Group revenue for the period would have been £392 8m and total Group operating profit would have been £9 7m

In addition to the acquisition set out above the Group has also completed a number of individual smaller store acquisitions for a total cash consideration of £245 000, all of which has been recognised as goodwill

29 Events occurring after the reporting date

On 12 June 2015 the Group paid the £172 000 normalised working capital payment relating to the acquisition of GT News (Holdings) Limited (note 28)

30 Subsidiary audit exemption

Under Section 479A of the Companies Act 2006, the Group is claiming exemption from audit for the subsidiary companies listed below

Company name	Company number
Conviviality Stores Limited	05501974
Bargain Booze Limited	01801597
Bargain Booze EBT Trustees Limited	04451429
Wine Rack Limited	06880288
Conviviality Retail Logistics Limited	09329476
GT News (Holdings) Limited	06510628
GT News Limited	03931912
GT News (Nottingham) Limited	03877068
Rhythm & Booze Limited	09053217

31 Related parties

During the 52 weeks ended 26 April 2015 the Group purchased services totaling £280,000 (2014 £Nil) from Practicology Limited Martin D Newman is a Non-Executive Director of Conviviality Retail Plc and also a 52% shareholder of Practicology Limited There are no amounts outstanding to Practicology Limited as at 26 April 2015

Dividend payments totaling £4 000 were made from the company to Directors during the 52 weeks ended 26 April 2015 (2014 £Nil)

Key management comprises the Executive and Non-Executive Directors Information on their emoluments is provided in note 5

Company balance sheet

	Note	2015 £000	2014 £000
Fixed assets			
Investments	2	**46,048**	45 315
Current assets			
Debtors	4	**945**	944
Cash		**19**	–
		964	944
Creditors: amounts falling due within one year	5	**(10,842)**	(3,053)
Net current liabilities		**(9,878)**	(2 109)
Net assets		**36,170**	43 206
Capital and reserves			
Called up share capital	7	**57**	57
Share premium account	8	**34,020**	34 020
Share-based payment reserve	8	**2,052**	1,012
Other reserves	8	**(26)**	–
Profit and loss account	8	**67**	8 117
Shareholders' funds	9	**36,170**	43 206

These financial statements were approved and authorised for issue by the Board of Directors on 13 July 2015

DHunter

Diana Hunter
Conviviality Retail Plc

Company registration number 5592636

Notes to the Company balance sheet

1 Accounting policies

Basis of preparation of financial statements

The accounts have been prepared in accordance with the Companies Act 2006 and United Kingdom Generally Accepted Accounting Practice (UK GAAP") under the historic cost convention

The consolidated financial statements of Conviviality Retail Plc which are presented separately have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union

Investments

Investments are included at cost less any provision for impairment

Share-based payments

Share-based payments are measured at fair value at the date of grant Fair value is measured using the Black-Scholes pricing model

The charge relating to grants to employees of the company is recognised on a straight-line basis as an expense in the profit and loss account spread over the vesting period based on the Company s estimate of the shares that will eventually vest and adjusted for the effect of non-market based vesting conditions

Dividends

Dividends are recognised in the Company's financial statements in the year in which they are approved in general meeting by the Company s shareholders Interim dividends are recognised when paid Final dividends are recognised when they have been approved by the shareholders at the Annual General Meeting

Deferred tax

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

Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is calculated using rates and laws that have been enacted or substantively enacted at the balance sheet date

2 Investments

	£000
At 29 April 2013	—
Capital contribution to subsidiary	43 211
Share options granted to subsidiary employees	454
Acquisition of subsidiary	1 650
At 27 April 2014	45 315
Share options granted to subsidiary employees	733
At 26 April 2015	**46,048**

On 30 September 2013 the Company forgave an existing inter-company loan balance with Conviviality Stores Limited which has been deemed a capital contribution in that company

On 30 August 2013 the Company entered into an agreement to acquire the entire issued share capital of L C L Enterprises Limited, now trading as Wine Rack Limited ("Wine Rack), for a total consideration of £1 65m in cash

The Company is the holding company of the Group The following table contains details of the Company s principal directly and indirectly held subsidiaries

Company name	Principal activity	Country of incorporation	Percentage ownership
Conviviality Stores Limited	Holding company	England	100%
Bargain Booze Limited	Wholesale marketing logistics and franchisor	England	100%
Bargain Booze EBT Trustees Limited	Trustee of EBT	England	100%
Wine Rack Limited	Retail distributor of beers wines spirits tobacco grocery and confectionery	England	100%
Conviviality Retail Logistics Limited	Distribution company	England	100%
GT News (Holdings) Limited	Holding company	England	100%
GT News Limited	Retail distributor of beers, wines spirits, tobacco grocery and confectionery	England	100%
GT News (Nottingham) Limited	Dormant	England	100%
Rhythm & Booze Limited	Dormant	England	100%

Notes to the Company balance sheet *continued*

2 Investments continued

Under Section 479A of the Companies Act 2006, the Company is claiming exemption from audit for the subsidiary companies listed below

Company name	Company number
Conviviality Stores Limited	05501974
Bargain Booze Limited	01801597
Bargain Booze EBT Trustees Limited	04451429
Wine Rack Limited	06880288
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GT News (Holdings) Limited	06510628
GT News Limited	03931912
GT News (Nottingham) Limited	03877068
Rhythm & Booze Limited	09053217

3 Directors' remuneration

The Directors are the only employees of the Company Further details of Directors remuneration are provided in note 5 of the consolidated financial statements

4 Debtors

	2015 £000	2014 £000
Amounts owed from Group undertakings	**504**	–
Prepayments and accrued income	**40**	54
Deferred tax asset (note 6)	**401**	890
	945	944

5 Creditors amounts falling due within one year

	2015 £000	2014 £000
Amounts owed to Group undertakings	**10,059**	2,510
Accruals and deferred income	**628**	543
Corporation tax	**155**	–
	10,842	3 053

6 Deferred tax asset

	2015 £000	2014 £000
At beginning of period	**890**	1 804
Charged to the profit and loss account	**(497)**	(1 293)
Charged to equity	**8**	379
At end of period	**401**	890

The deferred tax asset is made up as follows

	2015 £000	2014 £000
Other timing differences	**401**	890

The recoverability of the deferred tax asset is dependent on future taxable profits in excess of those arising from the reversal of deferred tax liabilities The deferred tax asset has been recognised to the extent that it is considered to be recoverable based on forecasts for future periods At 26 April 2015 the value of the unrecognised deferred tax asset is £Nil (2014 £Nil)

7 Share capital

	2015 £000	2014 £000
Authorised, allotted, called up and fully paid		
66 940,383 ordinary shares of £0 0002 each (2014 66 713,020)	13	13
217 058 802 deferred shares of £0 0002 each (2014 217 058 802)	44	44
Total	57	57

Details of share capital transactions are provided in note 21 to the consolidated financial statements

8 Reserves

	Share premium account £000	Share-based payment reserve £000	Other reserves £000	Profit and loss account £000
At 29 April 2013	904	67	–	182
Profit for the financial period	–	–	–	6,890
Equity dividends paid	–	–	–	(1 334)
Share-based payment charge	–	2 491	–	–
Deferred tax on share-based payment charge	–	379	–	–
Share options granted to subsidiary employees	–	454	–	–
Share-based payment charge on vested options	–	(2 379)	–	2,379
Issue of deferred shares	(41)	–	–	–
Premium arising on shares issued in the period	33 157	–	–	–
At 27 April 2014	34 020	1 012	–	8 117
Loss for the financial period	–	–	–	(3 036)
Equity dividends paid	–	–	–	(5 345)
Prior year movement on EBT	–	–	(58)	331
Disposal of shares from EBT	–	–	32	–
Share-based payment charge	–	299	–	–
Deferred tax on share-based payment charge	–	8	–	–
Share options granted to subsidiary employees	–	733	–	–
At 26 April 2015	**34,020**	**2,052**	**(26)**	**67**

The parent company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements The parent company's loss for the year was £3 036 000 (2014 profit £6 890 000)

Further details of the Company s share option schemes are provided in note 27 to the consolidated financial statements

The Bargain Booze Employee Benefit Trust ("the EBT") purchases shares to fund the share option schemes At 26 April 2015 the EBT held 954,755 ordinary shares (2014 2 116,279 ordinary shares) with a cost of £26,000 (2014 £58 000) The market value of these shares as at 26 April 2015 is 143 50 pence per share (2014 166 00 pence per share) Of these shares 896 809 are under option as at 26 April 2015 (2014 2 006 983)

During the 52 weeks ended 26 April 2015 the EBT sold 1 161 524 shares with a cost of £32 000 to satisfy the exercise of share options

Notes to the Company balance sheet *continued*

9 Reconciliation of movement in shareholders' funds

	2015 £000	2014 £000
Opening shareholders' funds	**43,206**	1 162
(Loss)/profit for the financial period	**(3,036)**	6 890
Issue of shares	**—**	33 164
Equity dividends paid	**(5,345)**	(1 334)
Share-based payment reserve	**1,040**	3,324
Prior year movement on EBT	**273**	—
Disposal of shares from EBT	**32**	—
Closing shareholders funds	**36,170**	43,206

10 Dividends

Amounts recognised as distributions to ordinary shareholders in the period comprise

	2015 £000	2014 £000
Final dividend for 2014 of 6 pence per ordinary share	**4,006**	—
Interim dividend for 2015 and 2014 of 2 pence per ordinary share	**1,339**	1 334
	5,345	1 334

The 2015 final proposed dividend of £4 217 000 (6 3 pence per share) has not been accrued as it had not been approved by the period end

Sufficient dividends will be distributed within the Group subsequent to year end to ensure sufficient reserves are in place to pay the final proposed dividend Relevant accounts will be filed at Companies House to support this

11 Related party transactions

Transactions between the Company and its 100% owned subsidiaries, which are related parties of the Company are not disclosed in this note due to the advantage being taken of the exemption provided by FRS 8 "Related Party Disclosures" There have been no other related party transactions during the year

Dividend payments totaling £4,000 were made from the Company to Directors during the 52 weeks ended 26 April 2015 (2014 £Nil)

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Diana Hunter (Chief Executive Officer)

C Andrew Humphreys

Amanda J Jones

Kenton P Burchell

Martin D Newman (Non-Executive Director)

Stephen G Wilson (Non-Executive Director)

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