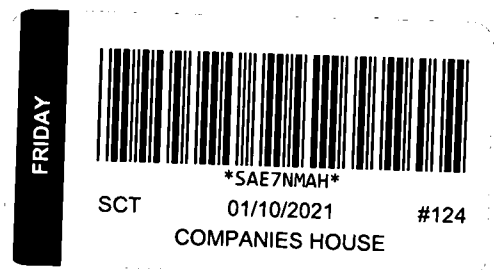


# Magners GB Limited

07063165

## Annual report and financial statements

For the year ended 28 February 2021



# **Magners GB Limited**

**Year ended 28 February 2021**

## **Annual report and financial statements**

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# Magners GB Limited

## Directors and other information

<b>Directors</b>	T McCusker J Catto (appointed 28 October 2020) R Heffernan (appointed 12 March 2020) R Webster (resigned 28 October 2020)
<b>Secretary</b>	C&C Management Services Limited
<b>Principal bankers</b>	Ulster Bank 11-16 Donegal Square East Belfast BT1 5AU  National Westminster Bank 25 High Street Shepton Mallet BA4 5AF United Kingdom
<b>Solicitors</b>	McCann FitzGerald Riverside One Sir John Rogerson's Quay Dublin 2
<b>Auditor</b>	Ernst & Young LLP G1, 5 George Square Glasgow G2 1DY
<b>Registered office</b>	C/O Matthew Clark Whitchurch Lane Whitchurch Bristol England BS14 0JZ
<b>Registered number</b>	07063165

# **Magners GB Limited**

## ***Strategic Report***

### **Strategic Report - For the year ended 28 February 2021**

The directors present their Strategic Report of Magners GB Limited ("the company") for the year ended 28 February 2021.

#### **Principal activities**

The company's principal activities are the manufacture, sale and marketing of alcoholic drinks.

#### **Business review and future developments**

##### *Financial performance and company developments*

The results for the year are set out on page 17. Turnover for the year ended 28 February 2021 totalled £228.4m (2020: £246.9m) and this primarily represents sales of the Magners Cider in England & Wales, 'Gaymer Cider Brands' in England & Wales and sales of Tennent's Beer to England & Wales customers. Profit before taxation totalled £15.4m (2020: £19.0m).

Operating profit for the year totalled £15.4m (2020: £19m) and includes a gain on a write-off of intercompany loans owed by other C&C companies to value of £3m. A further exceptional charge of £1.5m to the income statement in respect of the effects of Covid-19, which are explained in further detail within the Strategic Report and the notes to the accounts.

Continued investment in the Magners brand and products were made through sponsorship of Celtic Football Club and continued investment in advertising and social media.

##### *Covid-19*

The emergence of Covid-19 at the start of the financial year represented an unprecedented challenge for our industry which brought significant economic and human hardship. From the outset of the pandemic, our priority has remained protecting the health and wellbeing of our people, customers, suppliers, business partners and community. This objective has underpinned every action we have taken since the virus emerged. Social distancing measures continue to be in place across our operations while those colleagues who can work from home continue to do so. We continue to make sure our colleagues feel supported during this uncertain time by reiterating key resources that can aid personal wellbeing.

With closure of the hospitality sector to varying degrees throughout the year, there was significant downward pressure on sales in this channel for our brands. Conversely, sales in the off-trade channel received a commensurate uplift with consumer demand for at home consumption heightened with the closure of pubs, restaurants and hotels. Our Magners brand historically over indexes in the off-trade channel therefore volumes were relatively insulated from these hospitality closures although net volumes were down in the year. To ensure security of supply of our brands in off-trade stores, we bolstered our production capabilities and supply chain to meet the increased demand within this channel.

# Magners GB Limited

## Strategic Report

### Brexit

The conclusion of the Brexit negotiations in late December 2020 brought much welcomed clarity on the future trading dynamics with European Union member states. UK and the European Union signed a Trade and Cooperation Agreement, which provided for, among other things, zero-rate tariffs and zero quotas on the movement of goods between the UK and the European Union.

We had devised a range of contingency plans in the run up to 1<sup>st</sup> January 2021 to respond operationally to the possible outcomes, so we have been able to adapt quickly to the new trading arena. Being a part of the wider C&C Group plc, with a geographical spread of assets and markets, we have flexibility in ensuring that the company optimises the movement of goods.

### Principal risks and uncertainties

Risks & uncertainties	Mitigation
Covid-19 Pandemic represents a challenge for the company and industry.	The company has implemented an extensive range of measures to provide the safest environment for our stakeholders and will continue to work with customers to offer support where possible and overcome these difficulties together.
Consumers may shift away from larger brands towards more localised, premium and niche products.	Through diversification, innovation and strategic partnerships, we are developing our product portfolio to enhance our offering of niche and premium products to satisfy changing consumer requirements.
Input costs may be subject to volatility and inflation and the continuity of supply of raw materials may be affected by the weather and other factors.	The company seeks to mitigate some of these risks through long term or fixed price supply agreements.
Seasonal fluctuations in demand, especially an unseasonably bad summer in the UK could materially affect demand for cider products.	Brand diversification is helping to mitigate this risk.
Changes in legislation	The company engages with legislative bodies to understand and manage risks arising from new legislation.

# Magners GB Limited

## Strategic Report

Key Performance Indicators (KPIs)	
The company's KPIs have been developed to align to parent company and management objectives in line with our annual budgeting and three year plan cycles.	
<b>Strategy:</b> Driving Growth	
<i>Growth is driven through marketing, innovation and product development alongside continued customer investment</i>	
<b>KPI:</b> Net Turnover	
The level of sales achieved in the year after discounts and duty are deducted. Net revenue decreased 6.1% compared to prior year.	
<b>Strategy:</b> Enhancing margins	
<i>We intend to enhance our margins through operational improvement.</i>	
<b>KPI:</b> Operating profit/loss %	
Based on the headline operating profit before tax, operating profit decreased by 18.8% compared to the prior year, driven by the impact on the business of Covid-19.	

### Section 172 statement

*Statement by the directors in performance of their statutory duties in accordance with section 172 of the Companies Act 2006*

The Companies (Miscellaneous Reporting) Regulations 2018, introduced a statutory reporting requirement for financial reporting years beginning on or after 1 January 2019. As a result, the directors of the company are required to give a statement which describes how the directors have had regard to the matters set out in section 172(1) of the Companies Act 2006 when discharging their duty under that section.

The directors acknowledge and understand their duties and responsibilities, including that, under section 172 of the Companies Act 2006, a director of a company must act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to the:

- likely consequences of any decisions in the long-term;
- interests of the company's employees;
- need to foster the company's business relationships with suppliers, customers and others;
- impact of the company's operations on the community and environment;
- desirability of the company maintaining a reputation for high standards of business conduct;
- and
- need to act fairly as between shareholders of the company.

This statement has been prepared in accordance with the requirements of The Companies (Miscellaneous Reporting) Regulations 2018, which require the company to describe how the directors have had regard to the matters set out in section 172 of the Companies Act 2006 during the financial year under review. It is noted that the Directors have always acted in accordance with such duties in their decision making and they will continue to do so. In light of the additional

# **Magners GB Limited**

## ***Strategic Report***

disclosure requirements, we have set out below further detail on how the Directors have fulfilled their duties.

### **Engaging with Stakeholders**

Meaningful engagement with stakeholder groups supports the ethos of section 172 of the Companies Act 2006 which states that directors should have regard to stakeholder interests when discharging their duty to promote, in good faith, the success of the company for the benefit of its members as a whole. Details of how the company engages with its stakeholders, and how these activities influence the company, are set out below:

- 1) Employees – the company has no employees directly and shares back-office costs with Tennent Caledonian Breweries UK Ltd, but nevertheless, the success of the company is dependent on the hard work and dedication of these employees;
- 2) Suppliers – the company enjoys close relationships with its suppliers which range from sister companies in the C&C group plc, regional and national supply chain and production partners to small local independent suppliers. Knowledge of their products and services and working closely with them is key for the success of both parties;
- 3) Customers – the company has a diverse range of customers, broadly categorised into multi-national and regional brewers and distributors and national and regional retailers and wholesalers. The company separates itself from its competition by tailoring products and service offerings to its customers' needs and working with them to develop their business as well as our own – indeed, the ongoing success of the Company's customers is fundamentally linked to our own success; and
- 4) Community – the company has significant presence in the UK, and in particular in the South West of England where it has ties to the cider apple growers and the related farming communities in and around Somerset. The company recognises its need to act responsibly for the wider community.

### **Key Decisions**

The company regularly makes decisions which directly impact its stakeholders, and there are occasionally certain key decisions which can have a significant impact. In making such decisions the directors are always conscious of, and have regard to, the impact on the stakeholders. We consult and engage with stakeholders on an ongoing basis.

### **Employees**

As the company has no direct employees, and shares staff with fellow C&C Group plc company, Tennent Caledonian Breweries UK Ltd, employee engagement is covered in the strategic report of Tennent Caledonian Breweries UK Ltd.

# Magners GB Limited

## Strategic Report

### Community and Environmental

#### *Environment*

The company is proactive in tracking and reducing its environmental impact. As distributor of Tennent's to England & Wales companies, many of our environmental commitments were captured in the year by Tennent's 'Because Life is Bigger than Beer' campaign. Underpinning this campaign is investment which enabled the introduction of pioneering green-technology and strategic partnerships. This campaign encapsulates our commitments to be out of single-use plastic by 2022. Work has already begun switching from plastic packaging to cardboard, an initiative which will remove 150 tonnes of plastic from the environment each year. Being a distributor, another significant environmental impact from the company is from the delivery of goods to our customers, and to mitigate the impact of this we seek to ensure distribution systems are optimised to minimise empty running, eliminate unnecessary journeys and minimise fuel consumption.

#### *Community*

The company was, in common with related subsidiaries of C&C Group plc, the first drinks organisation to carry the UK Chief Medical Office's new responsible drinking guidelines on our packaging in the UK. We also offer low alcohol alternatives to our core brands. The need to ensure that communities are well educated and protected in terms of their relationship with our products is central to our business and consistent with the role we want to play within our local communities.

Consistent with our commitment towards responsible alcohol consumption, and to ensure that consumers are provided with full detail on our products, we voluntarily display calorie information on our packaging in the UK and Ireland. The company continues to seek ways to improve the health impacts of our offerings and we are delighted to confirm that Tennent's Light has been recognised as the beer with the lowest calories on the market. Tennent's Light, at only 66 calories a 33cl bottle, is further evidence of not just our efforts to evolve our offerings with changing demand but our commitment to providing healthier substitutes to existing beer offerings.

In common with the wider C&C group, are a sector leader in promoting enhanced public policy on responsible alcohol consumption and the company works with local and national bodies with a particular focus on the Minimum Unit Pricing ("MUP") of alcohol – indeed we were strong supporters of the Scottish Government's introduction of MUP, which the company believes is a responsible measure to help reduce the misuse of alcohol in society. We are encouraged by the early, positive impact of this legislation.

The company is a funder of Drinkaware, which performs the valuable role of equipping consumers with information about responsible alcohol consumption. We also promote Drinkaware on our packaging and advertising materials.



# Magners GB Limited

## Strategic Report

### Customer and suppliers: High standards and business conduct

The company always seeks to maintain the highest standards and business conduct with its suppliers and customers and recognises the importance of this in maintaining these key relationships.

Furthermore, as part of C&C Group plc, the company is exposed to the Corporate Governance practices adopted by its ultimate parent. Further details can be found in the Corporate Governance Report within C&C Group Plc annual report.

#### *Commitment to customers*

Serving customers is the basic threshold for the company, and we aim to go above this. In partnering with our customers, we aspire to provide unrivalled value adding services to form a collaboration that enhances our competitive advantage. In doing so, we seek to build a loyal customer base to whom we offer a spectrum of services.

#### *Commitment to suppliers*

We are always looking for ways to improve our working relationships with our existing supplier and contractors – as well as establishing new ones. We have a broad, diverse and far-reaching supply chain and our suppliers have a key role to play in the success of the company. We are members of the UK's National Association of Cider Makers (NACM), which works closely with apple growers and the agricultural communities in cider regions in the UK. This working relationship puts us at the heart of many UK Government discussions relating to the responsible use of alcohol. The NACM is also engaged with tax and regulatory departments and opinion-forming bodies having an interest in cider and alcohol generally.

As a large company, our payment practices performance is published at: <https://www.gov.uk/check-when-businesses-pay-invoices>.

### **Covid-19**

Our priority is the health and wellbeing of our people, customers, suppliers, business partners and community and the company has implemented an extensive range of measures to provide the safest environment we can for our stakeholders.

The Covid-19 crisis does not change the company's strategy and we remain committed to supporting our industry. We will act responsibly with the interests of our employees and trade relationships at the core of the decisions we make.

We will continue to work with our customers who face significant challenges to offer our support where possible to overcome these difficulties together. Collaborating with our suppliers, we have been able to implement a range of initiatives to support our customers – in particular, the company has introduced full credit or 'new for old' on un-broached kegs, together with a dedicated helpline to offer advice and guidance around government support initiatives that have been introduced and how to access them.

Covid-19 has seen an increase in off-trade demand and the company was able to redeploy resources quickly to support this channel in light of the overnight shift in consumer dynamics, with the

# **Magners GB Limited**

## ***Strategic Report***

company's staff responding to this challenge which has provided security of supply of the company's brands into the off-trade.

On behalf of the board

A handwritten signature in black ink, appearing to read 'Jonny Catto'. The signature is fluid and cursive, with the first name 'Jonny' and the last name 'Catto' clearly distinguishable.

**J Catto**  
Director  
27 August 2021

# **Magners GB Limited**

## **Directors' Report**

The directors present their report and audited financial statements of Magners GB Limited ("the company") for the year ended 28 February 2021.

The directors declared and made a payment of a dividend during the year to C&C Holdings NI Ltd of £3.6m (2020: £27m).

### **Directors, secretary and their interests**

The directors and secretary who served at any time during the period are set out on page 1.

### **Business Relationships**

The directors have had regard for the need to foster the Company's business relationships with suppliers, customers and others. Details of these activities are included as part of the s.172 disclosure in the Strategic Report.

### **Research and development**

Research and development is focused mainly on new product development.

### **Political and charitable contributions**

The company made no political or charitable donations during the current or preceding financial year.

### **Energy and Carbon Reporting**

Energy and carbon reporting for C&C Group plc, which includes the energy and carbon emissions figures for the Company, are disclosed in C&C Group plc's 2021 annual report (in the Responsibility Report), which does not form part of this report.

### **Employment of disabled persons**

All applications for employment from disabled persons are given full and fair consideration, due regard being given to the aptitude and ability of the individual and the requirements of the position concerned. Disabled persons are treated on equal terms with other employees with regards to training, career development and promotion. In the event of an existing employee becoming disabled, every effort is made to ensure continuity of employment, and that appropriate training is given where necessary.

### **Employee involvement**

During the financial year, the policy of providing employees with information about the company has been continued through the company's website.

### **Employee Engagement**

The directors have had regard for the need to foster the engagement with employees. Details of these activities are included as part of the s.172 disclosure in the Strategic Report.

# **Magners GB Limited**

## **Directors' Report**

### **Going concern**

These financial statements have been prepared on the going concern basis. The directors are required to state whether it is appropriate to adopt the going concern basis of accounting in preparing the financial statements, and to identify any material uncertainties as to the Company's ability to continue as a going concern over a period of at least 12 months from the date of approval of the financial statements. The period of management's going concern assessment is the period to 31 August 2022.

The company is in a net current asset position of £34.4m as at the financial year end and the company requires parental financial support from the parent. C&C Group plc (the parent), has provided a letter of support confirming it will provide support for the period to at least 12 months from the date of approval of the balance sheet where required.

The Directors of the Company have considered the ability of the parent to provide financial support, through directly reviewing the going concern assessment of the parent. The parent company financial statements for the year ended 28 February 2021, having adopted the going concern basis of preparation, were approved by its directors on 26 May 2021.

The parent has confirmed through the provision of a letter of support that it will provide or procure such funds as necessary to enable the company to settle its liabilities as they fall due for at least the next twelve months from the date of approval of the financial statements through to the end of the group's assessment period to 31 August 2022. The amount of funding that may be required from the parent is dependent on the future trading performance and the impact of Covid-19.

### **Going concern assessment – parent**

In assessing the basis of preparation of the financial statements, the parent have undertaken an assessment of going concern, considering financial forecasts for the period to 31 August 2022. The directors recognise that Covid-19 has had a significant impact on the trading and liquidity of the company. The emergence of Covid-19 has impacted global economies and businesses generally. Similar to businesses across many sectors, Government-imposed restrictions from March 2020 onwards, while necessary to slow the spread of Covid-19, had a significant impact on the closure of the hospitality industry, therefore significantly reducing our on-trade sales.

The directors of the parent have reviewed the forecast financial position of the group for the duration of the going concern review period including a base case scenario, reasonable worst case scenario by stress testing the key assumptions, and its forecast funding to the other subsidiaries within the group for the period ending 31 August 2022. The key assumption in the assessment is the phased reopening of the on-trade business in the C&C Group plc's main markets of England, Scotland and Ireland based on available Government advice and roadmaps.

The parent's scenarios used in its going concern assessment are outlined below:

- The base case projection assumes on-trade recovery in England and Scotland continuing from April and May 2021 respectively, Ireland's on-trade recovery commencing from June 2021.

# Magners GB Limited

## Directors' Report

- The pace of recovery is assumed to be similar across each territory once on-trade restrictions are eased, with gradual improvement to volumes.
- In aggregate on-trade volumes over the assessment period are projected to be approximately 79% of FY2020 in the base case scenario over the assessment period.
- The reasonable worst case projection assumes the same timeline for re-opening of on-trade as the base case; however volumes are projected to hold flat at modest levels for the remainder of the summer as many on-trade restrictions are assumed to remain in place over that period and then build more gradually from that point.
- The reasonable worst-case projection contains linked working capital assumptions reflecting a more challenged supplier credit environment

The going concern base case and reasonable worse case scenarios also consider the achievement of cost saving measures, the parent company's financing facilities, the use of temporary government supports and projected dividend payments. The parent benchmarked the impacts of both scenarios against the monthly liquidity and gross debt covenant waiver tests through the going concern assessment period. The parent has obtained waivers on its original covenant requirements up to, but not including, the August 2022 test date whether or not the rights issue was successful. The headroom on the covenants within the financing facilities have been reviewed in detail by group management of the parent.

Please refer to the full Annual Report of C&C Group plc (which can be found at <https://candcgroupplc.com/investors/financial-reports/>) for further details.

As a result, the parent continues to adopt the going concern basis of accounting in preparing the Group financial statements.

### **Going concern assessment – company**

Taking the parent going concern assessment into consideration, the Board of Directors of the Company have a reasonable expectation that the parent has sufficient resources to provide ongoing financial support for the foreseeable future, which is the period to at least 12 months from the date of approval of the balance sheet where required.

As a result, the Board of Directors of the Company will continue to adopt the going concern basis of accounting in preparing the company financial statements.

### **Post balance sheet events**

No events affecting the company have occurred since the year end.

### **Disclosure of information to auditor**

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

# Magners GB Limited

## Directors' Report

### Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and therefore Ernst & Young LLP will continue in office.

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

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 year. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practices) including FRS101 "Reduced Disclosure Framework".

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

On behalf of the board



**J Catto**  
Director

27 August 2021

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAGNERS GB LIMITED**

### **Opinion**

We have audited the financial statements of Magners GB Limited (the Company) for the year ended 28 February 2021 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 21, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 28 February 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

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

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAGNERS GB LIMITED (Continued)**

### **Other information**

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

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

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

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

### **Matters on which we are required to report by exception**

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

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

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

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 12, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAGNERS GB LIMITED (Continued)**

the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

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

### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting framework, being United Kingdom Accounting Standards including FRS 101 and the Companies Act 2006, and the relevant tax compliance regulations in the UK.
- We understood how the Company is complying with those frameworks by making enquiries of management, those charged with governance, and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes and any correspondence with tax authorities and noted that there was no contradictory evidence.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by making enquiries of management from various parts of the business and performing a walkthrough of the financial statement close process. We also considered performance targets and their propensity to influence efforts made by management to manage results. Where this risk was considered to be higher, we performed audit procedures to address each identified fraud risk. We identified the following fraud risks:

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAGNERS GB LIMITED (Continued)

- Fraud risk regarding revenue recognition arising from the potential for incorrect recording of cut-off, and through the accounting for supply, complex and non-standard revenue arrangements. In response to this fraud risk, we reviewed contracts for unusual terms and conditions, performed testing over the accounting for volume rebates and promotional discounts, and performed year-end cut-off procedures.
- Fraud risk in respect of impairment of goodwill and intangible assets. In response to this risk, we engaged valuations specialists to perform an independent assessment against external market data of key inputs used by management in impairment calculations.
- Fraud risk in respect of management override of controls. In response to this fraud risk, we performed procedures that included testing manual journals based on specific criteria, investigating the journals identified to gain an understanding of these transactions and agree to source documentation.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures, in addition to those set out above, included a review of board minutes to identify any non-compliance with laws and regulations. In addition, we completed procedures to conclude on the compliance of the disclosures in the financial statements and accounts with all applicable requirements. We involved tax specialists in the audit to review for non-compliance with tax legislation.

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

### Use of our report

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

*Ernst & Young LLP*

Julie Cavin (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Edinburgh  
27 August 2021

**Profit and Loss Account**  
*for the year ended 28 February 2021*

	Notes	Year ended 28 February 2021 £'000	Year ended 29 February 2020 £'000
Turnover	3	228,408	246,942
<u>Excise duties</u>		<u>(42,987)</u>	<u>(49,388)</u>
<b>Net Turnover</b>		<b>185,421</b>	<b>197,554</b>
<u>Operating costs</u>		<u>(170,029)</u>	<u>(178,592)</u>
<b>Operating profit</b>	4	<b>15,392</b>	<b>18,962</b>
<u>Interest receivable</u>		<u>19</u>	<u>25</u>
<b>Profit before taxation</b>		<b>15,411</b>	<b>18,987</b>
<u>Taxation on profit</u>	7	<u>(552)</u>	<u>(913)</u>
<b><u>Profit for the financial year</u></b>		<b><u>14,859</u></b>	<b><u>18,074</u></b>

**Statement of Comprehensive Income**  
*for the year ended 28 February 2021*

	Year ended 28 February 2021	Year ended 29 February 2020
	£	£
Profit for the financial year	14,859	18,074
Other comprehensive income	–	–
<b>Total comprehensive (loss) / income for the year</b>	<b>14,859</b>	<b>18,074</b>

**Balance Sheet**

As at 28 February 2021

		28 February 2021	29 February 2020
		£'000	£'000
<b>Non-current assets</b>			(As restated)
Tangible fixed assets	8	5,407	7,272
Goodwill and Other Intangible Assets	10	3,287	3,259
Deferred tax asset	9	163	213
		<b>8,857</b>	<b>10,744</b>
<b>Current Assets</b>			
Stocks	11	3,990	6,611
Debtors: amounts falling due within one year	12	90,733	125,573
Cash at bank and in hand		15,890	14,423
		<b>110,613</b>	<b>146,607</b>
<b>Creditors</b>			
Creditors: amounts falling due within one year	13	(76,208)	(102,111)
<b>Net current assets/(liabilities)</b>		<b>34,405</b>	<b>44,496</b>
<b>Total assets less current liabilities</b>		<b>43,262</b>	<b>55,240</b>
<b>Noncurrent liabilities</b>			
Creditors: amounts falling due after one year		(9,235)	(12,053)
<b>Provision for liabilities and charges</b>			
Other provisions	14	-	(1,400)
<b>Net assets</b>		<b>34,027</b>	<b>41,787</b>
<b>Capital and reserves</b>			
Share capital	16	22,100	22,100
Share premium	16	230	230
Capital redemption reserve	16	1,235	1,235
Profit and loss account		10,462	18,222
		<b>34,027</b>	<b>41,787</b>

The financial statements were approved by the board on 27 August 2021 and signed on its behalf by:



J Catto  
Director

Company Registered Numbered: 07063165

**Statement of Changes in Equity**  
**For the year ended 28 February 2021**

	Called Up Share Capital £'000	Share Premium £'000	Capital Contribution Reserve £'000	Revaluation Reserve £'000	Profit and loss account £'000	Total £'000
<b>Balances at March 1, 2020</b>	<b>22,100</b>	<b>230</b>	<b>1,235</b>	-	<b>18,222</b>	<b>41,787</b>
Profit for the financial year	-	-	-	-	14,859	14,859
Total Comprehensive income						
For the year	-	-	-	-	14,859	14,859
Distribution in specie	-	-	-	-	(19,069)	(19,069)
Dividends paid	-	-	-	-	(3,550)	(3,550)
<b>Balances at February 28, 2021</b>	<b>22,100</b>	<b>230</b>	<b>1,235</b>	-	<b>10,462</b>	<b>34,027</b>

	Called Up Share Capital £'000	Share Premium £'000	Capital Contribution Reserve £'000	Revaluation Reserve £'000	Profit and loss account £'000	Total £'000
<b>Balances at March 1 2019,</b>						
<b>As previously reported</b>	<b>22,100</b>	<b>230</b>	<b>1,235</b>	-	<b>28,691</b>	<b>52,256</b>
Impact of adoption of IFRS16	-	-	-	-	(1,543)	(1,543)
<b>Balances as at March 1, 2019</b>						
<b>As adjusted</b>	<b>22,100</b>	<b>230</b>	<b>1,235</b>	-	<b>27,148</b>	<b>50,713</b>
Profit of the financial year	-	-	-	-	18,074	18,074
Other comprehensive income	-	-	-	-	-	-
Total Comprehensive income						
for the year	-	-	-	-	18,074	18,074
Dividends paid	-	-	-	-	(27,000)	(27,000)
<b>Balances at February 29, 2020</b>	<b>22,100</b>	<b>230</b>	<b>1,235</b>	-	<b>18,222</b>	<b>41,787</b>

The accompanying notes form part of the financial statements.

## **Notes - Forming part of the financial statements - For the year ended 28 February 2021**

### **1 – Statement of Accounting Policies**

Magners GB Limited (the "company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 07063165 and the registered address is C/O Matthew Clark Whitchurch Lane, Whitchurch, Bristol, BS14 0JZ.

#### **Basis of preparation**

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The financial statements are prepared in Pound Sterling (£) which is the functional currency and presentational currency of the entity.

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

The company's ultimate holding parent, C&C Group plc includes the company in its consolidated financial statements. The consolidated financial statements of C&C Group plc are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from the Companies Registration Office at 14 Parnell Square, Dublin 1, Republic of Ireland.

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

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

As the consolidated financial statements of C&C Group plc include the equivalent disclosures, the company has also taken the exemptions under FRS101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures; and
- Certain disclosures required by IFRS 2 Share Based Payments; and
- Certain disclosures required by IAS 36 impairment of assets in respect of the impairment of goodwill.

## **Notes - Forming part of the financial statements – continued**

### **Going concern**

These financial statements have been prepared on the going concern basis. The directors are required to state whether it is appropriate to adopt the going concern basis of accounting in preparing the financial statements, and to identify any material uncertainties as to the Company's ability to continue as a going concern over a period of at least 12 months from the date of approval of the financial statements. The period of management's going concern assessment is the period to 31 August 2022.

The company is in a net current asset position of £34.4m as at the financial year end and the company requires parental financial support from the parent. C&C Group plc (the parent), has provided a letter of support confirming it will provide support for the period to at least 12 months from the date of approval of the balance sheet where required.

The Directors of the Company have considered the ability of the parent to provide financial support, through directly reviewing the going concern assessment of the parent. The parent company financial statements for the year ended 28 February 2021, having adopted the going concern basis of preparation, were approved by its directors on 26 May 2021.

The parent has confirmed through the provision of a letter of support that it will provide or procure such funds as necessary to enable the company to settle its liabilities as they fall due for at least the next twelve months from the date of approval of the financial statements through to the end of the group's assessment period to 31 August 2022. The amount of funding that may be required from the parent is dependent on the future trading performance and the impact of Covid-19.

### **Going concern assessment – parent**

In assessing the basis of preparation of the financial statements, the parent have undertaken an assessment of going concern, considering financial forecasts for the period to 31 August 2022. The directors recognise that Covid-19 has had a significant impact on the trading and liquidity of the company. The emergence of Covid-19 has impacted global economies and businesses generally. Similar to businesses across many sectors, Government-imposed restrictions from March 2020 onwards, while necessary to slow the spread of Covid-19, had a significant impact on the closure of the hospitality industry, therefore significantly reducing our on-trade sales.

The directors of the parent have reviewed the forecast financial position of the group for the duration of the going concern review period including a base case scenario, reasonable worst case scenario by stress testing the key assumptions, and its forecast funding to the other subsidiaries within the group for the period ending 31 August 2022. The key assumption in the assessment is the phased reopening of the on-trade business in the C&C Group plc's main markets of England, Scotland and Ireland based on available Government advice and roadmaps.

The parent's scenarios used in its going concern assessment are outlined below:

- The base case projection assumes on-trade recovery in England and Scotland continuing from April and May 2021 respectively, Ireland's on-trade recovery commencing from June 2021.



## **Notes - Forming part of the financial statements – continued**

- The pace of recovery is assumed to be similar across each territory once on-trade restrictions are eased, with gradual improvement to volumes.
- In aggregate on-trade volumes over the assessment period are projected to be approximately 79% of FY2020 in the base case scenario over the assessment period.
- The reasonable worst case projection assumes the same timeline for re-opening of on-trade as the base case; however volumes are projected to hold flat at modest levels for the remainder of the summer as many on-trade restrictions are assumed to remain in place over that period and then build more gradually from that point.
- The reasonable worst-case projection contains linked working capital assumptions reflecting a more challenged supplier credit environment

The going concern base case and reasonable worse case scenarios also consider the achievement of cost saving measures, the parent company's financing facilities, the use of temporary government supports and projected dividend payments. The parent benchmarked the impacts of both scenarios against the monthly liquidity and gross debt covenant waiver tests through the going concern assessment period. The parent has obtained waivers on its original covenant requirements up to, but not including, the August 2022 test date whether or not the rights issue was successful. The headroom on the covenants within the financing facilities have been reviewed in detail by group management of the parent.

Please refer to the full Annual Report of C&C Group plc (which can be found at <https://candcgroupplc.com/investors/financial-reports/>) for further details.

As a result, the parent continues to adopt the going concern basis of accounting in preparing the Group financial statements.

### **Going concern assessment – company**

Taking the parent going concern assessment into consideration, the Board of Directors of the Company have a reasonable expectation that the parent has sufficient resources to provide ongoing financial support for the foreseeable future, which is the period to at least 12 months from the date of approval of the balance sheet where required.

As a result, the Board of Directors of the Company will continue to adopt the going concern basis of accounting in preparing the company financial statements.

### **Turnover**

Turnover represents the fair value of sale of goods to third party customers in the financial reporting period. The fair value of sales is exclusive of value added tax, after allowances for discounts and other price adjustments. Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company, that it can be reliably measured, and that the significant risks and rewards of ownership of the goods have passed to the buyer. This is deemed to occur on delivery.

The company has adopted IFRS 15 from 1 March 2018, using the modified retrospective approach and has not restated the prior year comparatives on adoption. At the date of adoption, the company assessed the impact on its Financial Statements resulting from the application of IFRS 15. The assessment resulted in an immaterial change for certain contract brewing and contract bottling arrangements, the

## **Notes - Forming part of the financial statements – continued**

performance obligation in such arrangements does not create an asset with an alternative use to the company and the company has an enforceable right to payment (cost plus a margin) for performance completed to date. In these circumstances, revenue is recorded over time rather than at a point in time. Significant payment terms are in line with standard company payment terms.

### **Excise duty**

Excise duty is levied at the point of production in the case of the company's manufactured products and at the point of importation in the case of imported products in the key jurisdictions in which the company operates.

### **Net turnover**

Net turnover is defined as turnover less excise duty. Excise duties which represent a significant proportion of turnover, are set by external regulators over which the company has no control and are generally passed on to the customer, consequently the directors consider that the disclosure of net turnover enhances the transparency and provides a more meaningful analysis of underlying sales performance.

### **Tangible fixed assets**

Land and buildings are recognised at estimated fair value with the changes in the value of land and buildings reflected in the Statement of Other Comprehensive Income to the extent it does not reverse previously recognised losses or as an impairment loss in the profit and loss account to the extent it does not reverse previously recognised revalued gains. The fair value is based on estimated market value at the valuation date, being the estimated amount for which a property could be exchanged in an arm's length transaction, to the extent an active market exists. Such valuations are determined based on benchmarking against comparable transactions for similar properties in similar locations as those of the company or on the use of valuation techniques including the use of market yields on comparable properties. If no active market exists, fair value may be determined using a Depreciated Replacement Cost approach.

Plant and machinery is carried at its revalued amount. In view of the specialised nature of the company's plant and machinery and lack of comparable market-based evidence of similar plant sold on a going concern basis, as part of a continuing business, upon which to base a market approach of fair value, the company uses a depreciated replacement cost approach to determine a fair value of such assets.

Depreciated replacement cost is assessed, firstly, by the identification of the gross replacement cost for each class of plant & machinery. A depreciation factor derived from both the physical and functional obsolescence of each class of asset, taking into account estimated residual values at the end of the life of each class of asset is then applied to the gross replacement cost to determine the net replacement cost. An economic obsolescence factor, which is derived based on current and anticipated capacity or utilisation of each class of plant & machinery as a function of total available production capacity, is applied to determine the depreciated replacement cost.

Motor vehicles and other equipment are stated at cost less accumulated depreciation.

## **Notes - Forming part of the financial statements – continued**

Tangible fixed assets were depreciated during the current period on the following basis:

The assets valuations are reviewed every three years with the last review performed on 28 February 2021.

Buildings	2% to 10% straight line
Fixtures & Fittings	10% to 20% straight line
Computer Equipment	10% to 20% straight line
Motor vehicles & Other	7 to 63% reducing balance

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

### **Measurement convention**

The financial statements are prepared on the historical cost basis. Non-current assets and disposal groups held for sale are stated at the lower of previous carrying amount and fair value less costs to sell.

### **Goodwill**

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units.

### **Intangible assets**

Intangible assets acquired as part of an acquisition are capitalised at the fair value where this can be measured reliably. The amortisation charge on intangible assets considered to have finite lives is calculated to write-off the book value of the asset over its useful life of twenty years on a straight-line basis on the assumption of zero residual value. Amortisation is charged to the profit and loss account.

### **Stocks**

Trading stocks are stated at the lower of cost and net realisable value. Cost comprises purchase price or direct production costs together with excise duties and manufacturing overheads as appropriate. Net realisable value is based on normal selling price, less further costs expected to be incurred to completion and disposal. Provision is made for slow-moving or obsolete stock where appropriate.

### **Research and development**

Research and development costs are written off as incurred.

### **Foreign currencies**

Transactions in foreign currencies are translated to the company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign currency exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair

## **Notes - Forming part of the financial statements – continued**

value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

### **Taxation including deferred tax**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. Deferred tax is provided on temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

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

### **Non-derivative financial instruments**

Non-derivative financial instruments comprise trade debtors, cash and cash equivalents, loans and borrowings, and trade creditors.

#### *Trade Receivables*

Trade receivables are initially recognised at fair value (which usually equals the original invoice value) and are subsequently measured at amortised cost less loss allowance or impairment losses. The company applies the simplified approach permitted by IFRS 9 Financial Instruments to measure expected credit losses for trade receivables, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The carrying amount of these receivables approximate their fair value as these are short-term in nature; hence, the maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable.

Trade receivables are derecognised when the rights to receive cash flows from the asset have expired or the company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

## **Notes - Forming part of the financial statements – continued**

### *Trade creditors*

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

### *Cash and Cash Equivalents*

Cash and short term deposits in the balance sheet comprise cash at bank and in hand and in short term deposits with an original maturity of three months or less.

### **Fair Value of financial instruments**

Management have considered the book value of financial instruments and deem these to be in line with their fair value.

### **Provisions**

A provision is recognised in the balance sheet when the company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

### **Share Capital**

Ordinary shares are classified as equity instruments. Incremental costs directly attributable to the issuance of new shares are shown in equity as a deduction from the gross proceeds

### **Capital Contribution**

A C&C Group plc share scheme allows certain employees of its subsidiary companies to acquire shares in C&C Group plc. Employees of the company received such awards during the year and this has been accounted for as a capital contribution. An external valuer determines the fair value at the date of grant of such awards. Share entitlements granted by C&C Group plc are subject to certain non-market-based vesting conditions which are not taken into account when estimating the fair value of entitlements as at the grant date. The expense for the share entitlements recognised in the profit and loss account is based on the fair value of the total number of entitlements expected to vest and is allocated to accounting periods on a straight-line basis over the vesting period with a corresponding increase in equity. The cumulative charge to the profit and loss account is reversed only where entitlements do not vest because all non-market vesting conditions have not been met or where an employee in receipt of share entitlements leaves the company before the end of the vesting period.

### **Revaluation Reserve**

Revaluation reserve relates to the gains recognized as a result of the external valuation of its freehold land & buildings

## Notes - Forming part of the financial statements – continued

### **Impairment excluding stocks, and deferred tax assets**

#### *Financial assets (including trade and other debtors)*

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

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

#### *Non-financial assets*

The carrying amounts of the company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

## Notes - Forming part of the financial statements – continued

The company has performed the details impairment testing calculations by cash generating units with the following discount rates being applied:

Discount Rate	Discount Rate	Terminal Growth	Terminal Growth
2021	2020	rate 2021	rate 2020
7.56%	7.25%	2.0%	2.0%

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is reversed if and only if the reasons for the impairment have ceased to apply.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### IFRS 16 – Leases

The company adopted IFRS16 from 1 March 2019 by applying the modified retrospective approach. Under this method, the impact of the standard is calculated retrospectively, however, the cumulative effect arising from the leasing rules is recognised in the opening balance sheet at the date of initial application. As part of the initial application of IFRS 16, the company chose to apply the relief option, which allows it to adjust the right-of-use asset by the amount of any provision for onerous leases recognised in the Balance Sheet immediately before the date of initial application. The company recognises the right-of-use asset at the date of initial application at its carrying amount as if the Standard has been applied since the lease commencement date, but discounted using the incremental borrowing rate at the date of initial application, for the top twenty-five largest leases by lease liability value. The remaining leases recognise the right-of-use asset at the date of initial application at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the Balance Sheet immediately before the date of initial application. The company applied the recognition exemption for both short-term leases and leases of low value assets.

## Notes - Forming part of the financial statements – continued

The company enters into leases for a range of assets, principally relating to freehold land & buildings, plant & machinery and motor vehicles & other equipment. These leases have varying terms, renewal rights and escalation clauses.

A contract contains a lease if it is enforceable and conveys the right to control the use of a specified asset for a period of time in exchange for consideration, which is assessed at inception. A right-of-use asset and lease liability are recognised at the commencement date for contracts containing a lease, with the exception of leases with a term of 12 months or less and leases where the underlying asset is of low value. The commencement date is the date at which the asset is made available for use by the company.

In accordance with IFRS 16 the company has applied the carrying amount as if IFRS 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application, the company applied this approach to the top 25 leases. The difference between the lease liability and the lower right-of-use assets is posted as a reserves adjustment on transition. For the remaining leases an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the Balance Sheet immediately before the date of initial application has been applied. The lease liability is initially measured at the present value of the future minimum lease payments, discounted using the incremental borrowing rate or the interest rate implicit in the lease, if this is readily determinable, over the remaining lease term. Lease payments include fixed payments, variable payments that are dependent on a rate or index known at the commencement date, payments for an optional renewal period and purchase and termination option payments, if the company is reasonably certain to exercise those options. The lease term is the non-cancellable period of the lease adjusted for any renewal or termination options which are reasonably certain to be exercised. Management applies judgement in determining whether it is reasonably certain that a renewal, termination or purchase option will be exercised. Incremental borrowing rates are calculated using a portfolio approach, based on the risk profile of the entity holding the lease and the term and currency of the lease.

After initial recognition, the lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future minimum lease payments or when the company changes its assessment of whether it is reasonably certain to exercise an option within the contract. A corresponding adjustment is made to the carrying amount of the right-of-use asset. The right-of-use asset is initially measured at cost, which comprises the lease liability adjusted for any payments made at or before the commencement date, initial direct costs incurred, lease incentives received and an estimate of the cost to dismantle or restore the underlying asset or the site on which it is located at the end of the lease term. The right-of-use asset is depreciated over the lease term or, where a purchase option is reasonably certain to be exercised, over the useful economic life of the asset in line with depreciation rates for owned property, plant and equipment. The right-of-use asset is tested periodically for impairment if any impairment indicator is considered to exist. The company chooses whether or not to include certain non-lease components, such as maintenance costs, in the measurement of the right of use asset and lease liability on a underlying asset class as afforded by the



## **Notes - Forming part of the financial statements – continued**

practical expedients in the standard. Where the non-lease components are not included, the costs are separated from minimum lease payments and are expensed as incurred.

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

### **Accounting estimates and judgements**

The preparation of financial statements in conformity with FRS101 requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgement in the process of applying the company's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements relate primarily to:

- Expected credit losses: estimates have been made in respect of the credit losses expected to be incurred by the company as a result of the impact of Covid-19. In determining the expected credit losses, the directors have considered different sources of financial information, including credit default rates for comparable companies as an appropriate proxy for expected credit losses;
- Provision of obsolete stock: the directors have considered the carrying value of inventory with no alternate use or right of return to the supplier, and which is not expected to be sold in reference to the shelf life of products;
- Valuation of property and equipment relates to assessment by the management for the determination of carrying value or depreciated replacement cost, useful economic life and residual values in respect of the company's buildings, plant & machinery; and
- Impairment of goodwill relates to the assessment made by the management to make significant estimates regarding the future cash flows expected to be generated by cash-generating units to which goodwill has been allocated.
- Incremental borrowing rates on leases: Management used estimation in determining the incremental borrowing rates for leases which has a significant impact on the lease liabilities and right-of-use assets recognised. The incremental borrowing rates includes several key components such as, a reference rate (incorporating currency, economic environment, and term of lease); a financing spread adjustment, an entity specific adjustment (if applicable) and a lease specific adjustment (if applicable, for example, a property lease compared to vehicle/other leases, and the term of the lease).
- Management use estimation in determining the incremental borrowing rates for leases which has a significant impact on the lease liabilities and right-of-use assets recognised. The incremental borrowing rates includes several key components such as, a reference rate (incorporating currency, economic environment, and term of lease); a financing spread adjustment, an entity specific adjustment (if applicable) and a lease specific adjustment (if applicable, for example, a property lease compared to vehicle/other leases, and the term of the lease).

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of

## Notes - Forming part of the financial statements – continued

making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

### 2 – Prior year restatement

The Company identified that the non-current portion of IFRS 16 lease liabilities (£12,053,000) and deferred tax asset (£213,000) had been incorrectly presented in the Balance Sheet for the prior year-ended 29 February 2020 within 'Debtors: amounts falling due within one year'.

Therefore, the prior year comparatives have been restated resulting in an increase to net current assets of £11,840,000. There was no impact on the net assets or the loss for the prior period as a result of this restatement.

### 3 - Turnover – continuing operations

	Year ended 28 February 2021 £'000	Year ended 29 February 2020 £'000
<b>Analysis by class of business</b>		
Cider and other alcoholic drinks	228,408	246,942

An analysis of operating profit and net assets by class of business and geographical area is not provided as, in the opinion of the directors, the disclosure of this information would be seriously prejudicial to the interests of the company.

### 4 – Operating profit

The operating profit has been arrived at after charging:

	Year ended 28 February 2021 £'000	Year ended 29 February 2020 £'000
Gain on intercompany loan write-off	(2,958)	–
Depreciation	40	7
Royalty payments to fellow group entity	3,096	3,303
Depreciation - Right of Use Assets	1,702	1,629

Audit fees of £66,154 (2020: £50,000) were borne by a fellow group company on Magners GB Limited's behalf.

## Notes - Forming part of the financial statements – continued

### 5 – Staff numbers and costs

No employees specifically employed by the company under its name. All employees are remunerated through another C&C Group entity, Tennent Caledonian Breweries UK Ltd and recharged to the company. The aggregate remuneration costs of these employees were: -

	Year ended 28 February 2021 £'000	Year ended 29 February 2020 £'000
Wages and salaries	684	671
Termination costs	-	1
Social welfare costs	70	66
Other pension costs	91	49
	<b>845</b>	<b>787</b>

Payroll costs of £844,614 were still incurred during the year despite nil staff numbers because amounts were recharged from another C&C group company, Tennent Caledonian Breweries UK Ltd.

### 6 – Directors' remuneration

No director's remuneration paid for the year (2020: nil).

There are directors of the company who are also directors of the holding company and fellow subsidiaries. The directors do not believe that it is practicable to apportion this amount between their services as directors of the company and their services as directors of the holding and fellow subsidiary companies.

Notes - Forming part of the financial statements – continued

7 – Taxation

	Year ended 28 February 2021 £'000	Year ended 29 February 2020 £'000
<b>(a) Recognised in the profit and loss account</b>		
<b>UK corporation tax</b>		
Current tax on income for the period	-	746
Adjustment in respect of prior periods	502	85
<b>Total current tax charge</b>	<b>502</b>	<b>831</b>
<b>Deferred tax (note 9)</b>		
Timing differences	39	82
Adjustment in respect of prior periods	11	-
	<b>50</b>	<b>913</b>
<b>Tax on profit/(loss)</b>	<b>552</b>	<b>913</b>
<b>(b) Reconciliation of effective tax rate</b>		
<b>Deferred tax (note 9)</b>		
	£'000	£'000
Profit for the year	14,859	18,074
<b>Total tax expense</b>	<b>(552)</b>	<b>(913)</b>
<b>Profit excluding taxation</b>	<b>15,411</b>	<b>18,987</b>
Profit on ordinary activities multiplied by the standard rate of corporation tax of 19% (2020: 19%)	2,928	3,608
(Income not taxable)/Expenses not deductible	(562)	741
Other		
Prior Year Adjustment	513	85
Group relief	(2,327)	(3,508)
Impact of DT at different rate	-	(13)
<b>Total tax expense reported in the income statement</b>	<b>552</b>	<b>913</b>

Legislation was enacted during the year to confirm the 19% UK corporation tax rate to remain in place until 1 April 2023 therefore, deferred tax has been provided using the 19% rate. However, the UK corporation tax rate is due to increase to 25% from 1 April 2023 and this rate has been substantively enacted post the balance sheet date therefore if the 25% rate had been used the deferred tax asset would have been £51,327 higher.

Notes - Forming part of the financial statements – continued

8 – Tangible Fixed Assets

	Land & Buildings	Plant Machinery	Vehicles, fixtures & equipment £'000	Total £'000
<b>Cost or valuation</b>				
At beginning of year	-	-	267	267
Additions in year			20	20
At 28 February 2021	-	-	287	287
<b>Depreciation</b>				
At beginning of year	-	-	229	229
Charge for the year	-	-	40	40
At 28 February 2021	-	-	269	269
<b>Net book value at 28 February 2021</b>	-	-	18	18
Net book value at 29 February 2020	-	-	38	38

Leased right-of-use assets

	Land & Buildings £'000	Plant Machinery £'000	Vehicles, fixtures & equipment £'000	Total £'000
At 28 February 2021, Net carrying amount (note 15)	844	483	4,062	5,389
<b>Total Right of Use Assets</b>	<b>844</b>	<b>483</b>	<b>4,062</b>	<b>5,389</b>
<b>Total Tangible Fixed Assets and Right of Use Assets</b>	<b>844</b>	<b>483</b>	<b>4,080</b>	<b>5,407</b>

9 – Deferred Tax

Recognised deferred tax assets

Deferred tax assets are attributable to the following:

	2021 £'000	2020 £'000
Tangible fixed assets	163	213
Deferred tax assets	163	213

Movement in deferred tax during the year

	1 March 2020 £'000	Recognised in income £'000	2021 £'000
Tangible fixed assets	213	(50)	163

Notes - Forming part of the financial statements – continued

10 – Goodwill and intangible assets

	Goodwill £'000	Intangible Assets £'000	Total £'000
<b>Cost or valuation</b>			
At 29 February 2020	4,100	4,871	8,971
Additions in year	-	32	-
<b>At 28 February 2021</b>	<b>4,100</b>	<b>4,903</b>	<b>9,003</b>
<b>Amortisation</b>			
At 29 February 2020	845	4,867	5,712
Charge for the year	-	4	4
<b>At 28 February 2021</b>	<b>845</b>	<b>4,871</b>	<b>5,716</b>
<b>Net book value at</b>			
<b>28 February 2021</b>	<b>3,255</b>	<b>32</b>	<b>3,287</b>
Net book value at 29 February 2020	3,255	4	3,259

Goodwill arose on the acquisition of the Gaymer cider company in 2010. The directors have reviewed the carrying value of goodwill at 28 February 2021 and are satisfied that no impairment had arisen.

11 - Stocks

	2021 £	2020 £
Finished goods and goods for resale	1,930	1,937
Raw materials and consumables	2,060	4,674
	<b>3,990</b>	<b>6,611</b>

The estimated replacement cost of all stocks is not materially different from the amount shown above. Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £77,679,156 (2020: £144,972,000).

**Notes - Forming part of the financial statements – continued**

**12 – Debtors**

*Amounts falling due within one year*

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Trade debtors	<b>38,969</b>	45,284
Amounts due from other group companies	<b>50,494</b>	78,306
Prepayments and sundry debtors	<b>1,270</b>	1,983
	<b>90,733</b>	<b>125,573</b>

Amounts due from other group companies are unsecured, interest free and repayable on demand.

**13 – Creditors**

*Amounts falling due within one year*

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Trade creditors	<b>2,114</b>	5,624
Amounts due to other group companies	<b>32,277</b>	78,457
Accruals and other creditors	<b>38,285</b>	13,536
Lease liabilities	<b>2,691</b>	2,566
Corporation tax payable	<b>841</b>	1,928
	<b>76,208</b>	<b>102,111</b>

Loans due from other group companies are unsecured, interest free and repayable on demand.

*Creditors– Amounts falling due greater than a year*

<u>Lease liabilities</u>	<b>9,235</b>	<b>12,053</b>
	<b>85,443</b>	<b>114,164</b>

**14 – Provisions for liabilities and charges**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Opening onerous lease provision	<b>1,400</b>	7,683
Adjustments on initial application of IFRS 16	-	(6,283)
Provision used during the year	<b>(1,400)</b>	-
Closing onerous lease provision	-	1,400
<b>Total</b>	<b>-</b>	<b>1,400</b>

## Notes - Forming part of the financial statements – continued

### 15- Leases

The company adopted IFRS16 Leases from 1 March 2019 and has lease contracts for various items of freehold land & buildings, plant & machinery and motor vehicles and other equipment. Set out below are the carrying amounts of right-of-use assets (included under tangible fixed asset note 8) recognised and the movements during the year:

	Land & Buildings £'000	Plant Machinery £'000	Vehicles, fixtures & equipment £'000	Total £'000
<b>Leased right-of-use assets</b>				
At 1 March 2020, net carrying amount	2,130	1,142	3,962	7,234
Additions	-	-	595	595
Remeasurement	(971)	(381)	614	(738)
Depreciation charge for the period	(315)	(278)	(1,109)	(1,702)
<b>At 28 February 2021</b>	<b>844</b>	<b>483</b>	<b>4,062</b>	<b>5,389</b>

#### Leased Liabilities

At 1 March 2020, net carrying amount	(9,129)	(1,160)	(4,330)	(14,619)
Additions to lease liabilities	-	-	(595)	(595)
Remeasurement	1,028	387	(681)	734
Payments	1,323	294	1,469	3,086
Discount unwinding	(351)	(21)	(198)	(570)
<b>At 28 February 2021</b>	<b>(7,129)</b>	<b>(500)</b>	<b>(4,335)</b>	<b>(11,964)</b>

### 16 – Capital and reserves

#### Share Capital

	2021 £'000	2020 £'000
Allotted, called up & fully paid:		
22,100,000 Ordinary shares of £1 each	<u>22,100</u>	<u>22,100</u>
	<b>22,100</b>	<b>22,100</b>

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

#### Share premium

	2021 £'000	2020 £'000
Share premium	<u>230</u>	<u>230</u>
	<b>230</b>	<b>230</b>

The share premium, as stated in the company Balance Sheet, represents the premium recognised on shares issued.



## Notes - Forming part of the financial statements – continued

### Capital contribution reserve

	2021	2020
	£'000	£'000
Equity share based payments	<u>1,235</u>	<u>1,235</u>

A C&C Group plc share scheme allows certain employees of its subsidiary companies to acquire shares in C&C Group plc. Employees of the company received such awards during the year and this has been accounted for as a capital contribution.

### 17 - Commitments due to defined contribution pension schemes

The company operated a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to Nil (2020: Nil).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year. There were no capital commitments as at the beginning or end of the financial year.

### 18 – Dividends

The following dividends were recognised and paid during the period:

	2021	2020
	£'000	£'000
Dividends	<u>3,550</u>	<u>27,000</u>
	<u>3,550</u>	<u>27,000</u>

### 19 - Related parties

There were no transactions with related parties during the course of the year out with normal intragroup trading.

### 20 – Post balance sheet events

No events affecting the company have occurred since year end.

### 21 – Ultimate parent undertaking

The company's intermediate parent undertaking is C&C Holdings (NI) Limited. The company's ultimate parent undertaking and controlling party is C&C Group Plc, a company registered in the Republic of Ireland. The smallest and largest group in which the results of the company are consolidated is that headed by C&C Group Plc and the consolidated financial statements are available from the Companies Registration Office at 14 Parnell Square, Dublin 1, Republic of Ireland.