Tennent Caledonian Breweries Wholesale Limited

SC081527

Annual report and financial statements

For the year ended 28 February 2021

Tennent Caledonian Breweries Wholesale Limited

Year ended 28 February 2021

Annual report and financial statements

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Tennent Caledonian Breweries Wholesale Limited

Directors and other information

Directors	K Gray R Heffernan J Catto (appointed 28 October 2020) P McMahon (appointed 23 July 2020) E J Robertson (resigned 12 March 2020) D Frew (resigned 21 April 2020) J Solesbury (appointed 25 March 2020; resigned 23 July 2020) R J Webster (resigned 28 October 2020)
Secretary	C&C Management Services Limited
Principal bankers	Bank of Scotland Head Office Edinburgh EH1 1YH
Solicitors	McCann FitzGerald Riverside One Sir John Rogerson's Quay Dublin 2
Auditor	Ernst & Young LLP G1, 5 George Square Glasgow G2 1DY
Registered office	Wellpark Brewery, 161 Duke Street, Glasgow, G31 1JD
Registered number	SC081527

Strategic Report – For the year ended 28 February 2021

The directors present their Strategic Report of Tennent Caledonian Breweries Wholesale Limited ("the company") for the year ended 28 February 2021.

Principal activities

The principal activity of the company is the wholesaling and distribution of alcoholic drinks to the licenced trade.

Business review and future developments

Financial performance and company developments

As a result of Covid-19, the drinks industry saw the closure of pubs, bars and restaurants throughout the year resulting in a significant drop in turnover of -71% against prior year. The company achieved a loss before tax as a percentage of turnover of -4.7% (2020: profit as percentage of turnover of 0.2%), excluding a net gain during the year relating to the write-off of intercompany loans with other C&C Group companies for £10.97m which is included within operating costs.

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

	Unit	Year Ended 28 February 2021	Year Ended 29 February 2020
Turnover	£	32,451,456	110,240,329
Turnover Growth	%	-71%	19%
Profit before tax	£	9,454,561	259,895
(Loss) / Profit before tax (excluding gain on intercompany loan write off)	£	(1,511,678)	259,895
Net Assets Total	£	14,905,418	5,146,516

Sales of Tennent's branded goods during the financial year were sold through another group entity, namely Tennent Caledonian Breweries UK Limited.

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.

Throughout the year, we also took proactive actions designed to support our customers, many of whom faced significant uncertainty due to the imposed lockdowns. We implemented a number of measures including flexibility on credit terms, the postponement of a planned price increase on our beers and ciders, a 6 month holiday on capital and interest repayments to our loan customers, full credit or "new for old" on un-broached kegs, together with a dedicated helpline to offer advice and guidance around the Government support initiatives that were introduced.

The closure of pubs, bars and restaurants throughout the year triggered a shift in consumption dynamics which resulted in a consequential heightening of demand in our off-trade channel. To ensure security of supply of our brands in these stores, we bolstered our production capabilities and supply chain to meet the increased demand within this channel. We actively sought to develop and broaden the off-trade revenue opportunities for our brands and have engaged consistently with retailers in that channel to ensure the increased demand was being met.

In the year, we continued with the optimisation of our logistics network in Scotland and announced an investment and extension of distribution operations with a new 50,000 sq ft warehouse and distribution centre in Edinburgh which was fully operational in June 2021. Extending our distribution operations is a positive step and will further strengthen our logistics capabilities, eliminate transport inefficiencies and enhance the service we provide to our customers across Scotland. We have also been investing in our on-line capabilities in recognition of the emerging shift towards e-commerce transactions post lockdown.

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 1st 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, whose 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.

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.	
Strategy: Driving Growth	
Growth is driven through marketing, innovation and product development alongside continued customer investment	
KPI: Net Turnover	
The level of sales achieved in the year after discounts are deducted. Net revenue decreased 69% as a result of Covid-19 trade closures and restrictions.	
Strategy: Enhancing margins	
We intend to enhance our margins through operational improvement.	
KPI: Operating profit %	
Based on the headline profit before tax, excluding gain on intercompany loan write offs, operating (loss) / profit decreased to (3.5%) compared to 0.2% prior year.	

Key Performance Indicators (KPIs) – (continued)
Strategy: Environmental Management
We intend to reduce our CO2 emissions and we aim to promote waste recycling
KPI: Tonnes of CO2 emissions
£2.7 million has been invested into an innovative carbon capture facility, the largest in Scotland, which will allow the brewery to store and utilise over 4,200 tonnes of CO2 per year. Tonnes of waste sent to landfill is nil for both comparative years.
Strategy: Safe and healthy working conditions
We intend to promote a safe working environment within the company
KPI: Number of injuries that resulted in lost workdays, per 100,000 hours working time in production facilities
Based on the results of operations the number of injuries increased by 7.2 when compared to prior year due to higher number of contractors on site. Briefings for contractors visiting sites have been improved.

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 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 success of the company is built on the hard work of its employees and maintaining that relationship is fundamental to the ongoing operation and development of the company;

2) Suppliers – the company enjoys close relationships with its suppliers which range from large multinational companies 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 Scottish regional multiples, C&C group plc companies, multi-national and regional brewers and small pubs and chains. 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 Scotland, and in particular in Glasgow where it is a significant employer. The company recognises its need to act responsibly for the wider community.

<u>Key Decisions</u>
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.

<u>Employees</u>

The directors actively consider the interest of employees and 'People' is a regular agenda item at management meetings where a whole spectrum of employee issues are identified and discussed. Employees are involved in key decisions and kept up to date with significant announcements.

Regulations
We have well developed policies in place to ensure compliance with applicable laws and related codes of practice. These cover a wide range of employment issues such as disciplinary, grievance, harassment, discrimination, stress, anti-bribery, anti-corruption and whistleblowing and are part of C&C Group plc codes.

Training
We continually strive to support our colleagues in achieving their full potential and have created a variety of development opportunities this year. This year there was an emphasis on apprenticeships with programmes running across a range of disciplines in various parts of the business. This included apprenticeship training in Sales, Team Leadership, Management, Health and Safety, Engineering, Packaging, Brewing, Logistics, Digital Marketing, People Services, Warehousing and Quality. Our 'Raising the Bar', initiative continued in Tennent's this year. The aim of this programme is to ensure colleagues have the skills, confidence and knowledge to deliver, developing them personally and professionally. This year the focus was on leadership training within our management and team leader populations.

Health & Safety
The prevention of harm to employees, contractors, member of the public and protection of business assets is a key priority for the company. The company has well developed health and safety management and reporting to ensure the company and its employees meet all internal and external requirements and standards. Internally, reporting on lost time accidents and near misses is published and is a key KPI for manufacturing and distribution operations management.

Employee health and wellbeing
The company encourages colleagues to manage their wellbeing and makes available advice on how to improve their health and wellbeing generally. There has continued to be a focus on mental health with initiatives - for example, interactive workshops were facilitated where teams explored the impact mental health has on our daily working lives and how to identify and support a colleague or friend suffering with mental health challenges and events took place around 'Time to Talk Day' and 'Health and Well Being Day'.

As a consequence of Covid-19, the company has implemented its business continuity planning and restricted all unnecessary access to its operations in line with government and health service guidelines and consistent with industry best-practice. All travel has been suspended unless business critical, gatherings (such as customer tastings) are suspended and visitors are no longer allowed on site. Staff are also not allowed to move between production facilities to minimise exposure risk. The company is ensuring that all employees who can work from home are doing so. The company is also offering support to employees who have children in school and has put in place additional measured to aid personal wellbeing.

Employee feedback and consultation

As part of a C&C group exercise, all employees take part in an anonymous annual employee engagement survey. The level of response was high and has given insights on areas where the company is performing well and others where improvements are required. We regularly consult with employees and their representatives via a variety of channels including monthly team meetings, annual conferences, and employee relations forums.

Inclusion and diversity

We are committed to increasing the diversity of our workforces and want to attract the best talent without regard for gender, age, sexual orientation, disability, ethnicity or other factors.

We published our fourth Gender Pay Report data in April 2020, and our gender pay gap is partially driven by Operations, where roles are held primarily by male employees, consistent with demographics in the wider manufacturing sector. These roles typically require employees to work shift patterns and therefore attract a shift allowance in addition to basic pay. Additionally, across the broader GB business there is a higher proportion of male employees in senior roles compared to female employees and this is something that we are cognisant of. We continuously strive for consistency and fairness across employee pay arrangements and ensure that colleagues receive the same career development opportunities. In this regard, we will monitor our gender pay gap and look to improve the gender balance across our business.

Employee Reward

We provide a wide range of benefits to employees in including: participation in the C&C Group plc Share Incentive Plan, cycle to work scheme, private medical insurance, death in service insurance, and participation in workplace pensions.

Modern Slavery Statement

The company is committed to human and labour rights and to eliminating modern slavery that could in any way be connected to our business. We welcomed the introduction of the Modern Slavery Act 2015 and published our own Modern Slavery Statement, which was approved by the Board. This statement is published at: https://candcgroupplc.com/modern-slavery-act-statement

Community and Environmental

Environment

The company is proactive in tracking and reducing its environmental impact. Many of our environmental commitments were captured by our '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 which will be completed in 2021 and to be carbon neutral by 2025. Work is nearing completion switching from plastic packaging to cardboard, an initiative which will remove 150 tonnes of plastic from the environment each year. Our newly commissioned carbon dioxide recovery system removes the equivalent of 27,000 flights from Glasgow to London of CO_2 out of the atmosphere.

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.

In common with the wider C&C group, we 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.

We are a founding member of Circularity Scotland, affirming our commitment to the creation of an efficient and well-designed Deposit Return Scheme for Scotland that delivers the recycling and litter objectives and supports the country's ambitions for a more circular economy.

The company supports a host of charitable and community projects. This includes the award-winning Tennent's Training Academy - situated on the Wellpark Brewery site. The Training Academy continues its work in supporting charities and schools with a programme of training and learning sessions across a range of hospitality sectors.

Tennent's continues its longstanding partnership with The Benevolent Society of Scotland, which aids people of all ages who have worked in the licensed trade for at least three years full-time. Beneficiaries receive annual financial assistance as well as discretionary grants for emergency situations.

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 which ranges from capital loans to data driven market insight. We lend on a secured basis to independent free trade to help our customers grow their business. In some instances, this is to help refurbish existing facilities, or in other cases, to assist in the acquisition of new premises. In return, customers commit to buying our product for their outlets. Our long-term support for trade customers is normally recognised through increased customer loyalty and the lifetime value is higher than for those customers that trade without a tie.

We also operate Scotland's leading alcohol distribution network offering a modern, flexible and highly skilled service for a wide range of industry requirements to service the demands of brand owners and those seeking a route to market in Scotland.

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. 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 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

J Catto
Director

27 August 2021

The directors present their report and the audited financial statements of the company for the year ended 28 February 2021.

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

Dividend
The directors proposed and paid a dividend of £Nil in the current financial year (2020: £41.9m).

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 concentrated mainly on new product development.

Future developments
In Scotland the company combines leading local brands with unrivalled production and distribution capabilities. These strong brand and geographic combinations provide the platform from which the company can deliver long term value from its key brand assets as well as build out its portfolio through targeted brand investments, product innovation, agency wins and acquisitions.

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.

Political and charitable contributions
The company made charitable donations of £Nil (2020: £Nil) during the year.

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
Our people are central to the future development of the business. We communicate with our people to strive to reach the highest standards in all aspects of employment policy and practice and to ensure that our people are achieving their full potential. This is set out in further detail in the Strategic Report.

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.

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 £3.9m 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.
- 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
Following the balance sheet date, the Irvine depot was sold on 3 June 2021 for the value of £1,951,613. No other events affecting the company have occurred since the year end.

Financial Instruments
The company does not use complex financial instruments.

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 steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be 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 Practice), 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 its profit or loss for that period.

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that 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

Jonny Catto

J Catto
Director
27 August 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TENNENT CALEDONIAN BREWERIES WHOLESALE LIMITED

Opinion

We have audited the financial statements of Tennent Caledonian Breweries Wholesale 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 20, 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 TENNENT CALEDONIAN BREWERIES WHOLESALE 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 16, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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:

  - 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 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

Tennent Caledonian Breweries Wholesale Limited

Profit and Loss Account
for the year ended 28 February 2021

	Notes	Year ended 28 February 2021	Year ended 29 February 2020
		£	£
Turnover	3	32,451,456	110,240,329
Operating costs		(23,979,946)	(109,980,434)
Other Operating Income	5	1,249,105	-
Operating profit		9,720,615	259,895
Interest payable		(266,054)	-
Profit before taxation		9,454,561	259,895
Taxation on profit	8	304,341	(3,922)
Profit for the financial year		9,758,902	255,973

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	9,758,902	255,973
Other comprehensive income	-	-
Total comprehensive income for the year	9,758,902	255,973

The accompanying notes form part of the financial statements.

Tennent Caledonian Breweries Wholesale Limited

Balance Sheet
As at 28 February 2021

	Notes	2021	2020
		£	£
			(As restated)
Non-current assets			
Tangible assets	10	**5,481,960**	3,951,832
Deferred tax asset	9	**325,358**	21,017
		5,807,318	3,972,849
Current assets			
Stocks	11	**8,330,159**	6,000,426
Debtors: amounts falling due within one year	12	**22,279,464**	19,261,931
Cash at bank and in hand		**671,933**	6,505,999
		31,281,556	31,768,356
Creditors: amounts falling due within one year	13	**(27,387,525)**	(38,689,159)
Net current assets/(liabilities)		**3,894,031**	(6,920,803)
Debtors: amounts falling due after one year	12	**9,715,954**	11,023,267
Total assets less current liabilities		**19,417,303**	8,075,313
Creditors: amounts falling due after one year	13	**(4,511,885)**	(2,928,797)
Net assets		**14,905,418**	5,146,516
Capital and reserves			
Share capital	15	**513,158**	513,158
Capital redemption reserve	15	**84,219**	84,219
Profit and loss account		**14,308,041**	4,549,139
Shareholder funds		**14,905,418**	5,146,516

The accompanying notes form part of the financial statements.

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

Jonny Catto

J Catto
Director
Company Registered Numbered: SC081527

Tennent Caledonian Breweries Wholesale Limited

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

	Called Up Share Capital	Capital Redemption reserve	Profit and loss account	Total
	£	£	£	£
Balances at 1 March 2020	**513,158**	**84,219**	**4,549,139**	**5,146,516**
Profit for the financial year	-	-	9,758,902	**9,758,902**
Balances at 28 February 2021	**513,158**	**84,219**	**14,308,041**	**14,905,418**

	Called Up Share Capital	Capital Redemption reserve	Profit and loss account	Total
	£	£	£	£
Balances at March 1, 2019, as previously reported	**513,158**	**84,219**	**46,215,286**	**46,812,663**
Impact of adoption of IFRS 16	-	-	(120)	(120)
Balances at March 1, 2019 as adjusted	**513,158**	**84,219**	**46,215,166**	**46,812,543**
Profit of the financial year	-	-	255,973	255,973
Dividends paid	-	-	(41,922,000)	(41,922,000)
Balances at 29 February 2020	**513,158**	**84,219**	**4,549,139**	**5,146,516**

The accompanying notes form part of the financial statements.

Tennent Caledonian Breweries Wholesale Limited

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

1 – Statement of Accounting Policies
Tennent Caledonian Breweries Wholesale Limited is a private company incorporated, domiciled and registered in Scotland in the UK. The registered number is SC081527 and the registered address is Wellpark Brewery, 161 Duke Street, Glasgow, G31 1JD.

The accounting policies set out below, unless otherwise stated, have been applied consistently to all periods presented in these financial statements of the company.

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.

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 £3.9m 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.

Notes - Forming part of the financial statements - continued

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.
- 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 comprises the fair value of goods supplied to external customers exclusive of VAT after allowing for discounts, rebates, allowances for customer loyalty and other pricing related allowances and incentives. Provision is made for returns where appropriate. 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 performance obligation being goods fully produced and ready to be shipped to customer, 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.

Government grants

Government grants are presented as part of other income and relate to the financial support received as part of the Coronavirus Job Retention Scheme (CJRS). The grants are recognised when there is a reasonable assurance that the entity will comply with the conditions attaching to them, and the grants will be received. Grant income is presented as gross.

Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

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

Buildings	2% straight line
Fixtures & Fittings	20% straight line
Computer Equipment	10% straight line
Motor vehicles & Other	25% straight line

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date. The assets valuations are reviewed every three years with the last review performed on 28 February 2021.

Non-derivative financial instruments

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

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.

Trade debtors

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

Advances to customers

Advances to customers which can be categorised as either an advance of discount or a repayment / annuity sales conditional on the achievement of contractual sales targets, are initially recognised at fair value, amortised to the profit and loss account (and classified within trade discounts as a reduction in turnover) over the relevant period to which the customer commitment is made and to which the customer commitment is made and subsequently carried at amortised cost less an expected credit loss.

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.

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.

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 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.

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.

Defined contribution plans

The company operates a defined contribution pension scheme.
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.

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 amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill 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.

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.

Impairment excluding stocks and deferred tax assets

Financial assets (including trade debtors)

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

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

Non-financial assets

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

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 new leasing rules is recognised in the opening balance sheet at the date of initial application. Accordingly, the comparative information presented for FY2019 was not restated. 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.

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 reasonable 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 an underlying asset class as afforded by the 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.

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. 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;
- Carrying value of inventory: 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 after the reopening of on-trade market in reference to the shelf life of the products;
- Valuation of property and equipment relates to the assessment made 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
- 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). Refer to note 17 for the carrying amounts of the right-of-use assets and the lease liability impacted.

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 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 advances to customers (£11,023,267) and deferred tax asset (£21,017) 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 a decrease in net current assets of £11,023,267 to result in a net current liability balance of £6,920,803. 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 £	Year ended 29 February 2020 £
Alcoholic drinks	32,451,456	110,240,329

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 - Expenses and auditor's remuneration

Included in the profit are the following:

	Year ended 28 February 2021 £	Year ended 29 February 2020 £
Depreciation	26,478	30,783
Depreciation of ROU asset	677,115	442,873
Gain on intercompany loan write-offs	(10,966,239)	-
Staff costs (note 6)	5,209,018	5,321,180

Auditor remuneration of £65,492 (2020: £49,500) was borne by another group company on Tennent Caledonian Breweries Wholesale Limited's behalf.

5. Other Operating Income	Year Ended 28 February 2021	Year Ended 29 February 2020
Government Grants – Coronavirus Job Retention Scheme	£1,249,105	-

6 – Staff numbers and costs

	Year ended 28 February 2021 No.	Year ended 29 February 2020 No.
The average number of persons employed by the company (including executive directors) during the year, analysed by category, was as follows:		
Administration & Support	55	59
Distribution	128	130
	183	189

The aggregate remuneration costs of these employees were:

	Year ended 28 February 2021	Year ended 29 February 2020
	£	£
Wages and salaries	**4,428,747**	4,690,933
Social welfare costs	**408,336**	315,960
Other pension costs	**371,935**	314,287
	5,209,018	5,321,180

7. Directors' remuneration

	Year Ended 28 February 2021	Year Ended 29 February 2020
	£	£
Directors' remuneration	**166,806**	80,328
Other pension costs	**3,250**	-

There are directors of the company who are also directors of the holding company and fellow subsidiaries. The directors received total remuneration for the year of £Nil (2020: £3,532,880), all of which was paid by the holding company. 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.

The highest paid director received remuneration of £84,645 (2020: £63,453) and pension contributions of £3,250 (2020: £Nil)

8 – Taxation

	Year ended 28 February 2021	Year ended 29 February 2020
	£	£
(a) Analysis of the charge in the year		
Current tax		
Current tax on income for the period	-	-
Adjustment in respect of previous years	-	28,905
Total current tax	-	28,905
Deferred tax		
Originating/reversal of temporary differences	**(289,253)**	(40,393)
Adjustments in respect of previous years	**(15,088)**	15,410
Total deferred tax	**(304,341)**	(24,983)
Tax on profit	**(304,341)**	3,922

	Year ended 28 February 2021	Year ended 29 February 2020
	£	£
(b) Reconciliation of effective tax rate		
Profit for the financial year	**9,758,902**	255,973
Total tax (charge)/credit	**304,341**	(3,922)
Profit excluding taxation	**9,454,561**	259,895
Profit on ordinary activities multiplied by the standard rate of corporation tax of 19% (2020: 19%)	**1,796,367**	49,380
Income not taxable for tax purposes	(2,085,620)	(80)
Adjustments to tax in respect of prior periods	**(15,088)**	44,315
Group relief (claimed)	-	(94,445)
Impact of deferred tax at a different rate	-	4,752
Total tax expense reported in the Income Statement	**(304,341)**	3,922

(c) Factors that may affect future changes

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 £102,745 higher.

Notes - Forming part of the financial statements – continued

9 – Deferred Tax

Recognised deferred tax (assets) / liabilities

Deferred tax (assets) / liabilities are attributable to the following:

	Assets 2021	Assets 2020	**Liabilities 2021**	Liabilities 2020	**Net 2021**	Net 2020
	£	£	**£**	£	**£**	£
Tangible fixed assets	**-**	-	38,364	27,705	**38,364**	27,705
Losses	**(351,182)**	-	**-**	-	**(351,182)**	-
Other short term timing differences	**(12,540)**	(48,722)	**-**	-	**(12,540)**	(48,722)
	(363,722)	(48,722)	38,364	27,705	**(325,358)**	(21,017)

Movement in deferred tax during the year

	01 March 2020	Recognised in income	**28 February 2021**
	£	£	**£**
Tangible fixed assets	**27,705**	10,659	**38,364**
Losses	-	(351,182)	**(351,182)**
Other short term timing differences	**(48,722)**	36,182	**(12,540)**
	(21,017)	(304,341)	**(325,358)**

Movement in deferred tax during the year

	01 March 2019	Recognised in income	**29 February 2020**
	£	£	**£**
Tangible fixed assets	**3,691**	24,014	**27,705**
Other short term timing differences	-	(48,722)	**(48,722)**
	3,691	(24,708)	**(21,017)**

Tennent Caledonian Breweries Wholesale Limited

Notes - Forming part of the financial statements – continued

10 – Tangible Fixed Assets

	Freehold land & Buildings	Total
	£	£
Cost or valuation		
At 29 February 2020	1,323,964	1,323,964
At 28 February 2021	**1,323,964**	**1,323,964**
Depreciation		
At 29 February 2020	624,446	624,446
Charge for the year	26,478	26,478
At 28 February 2021	**650,924**	**650,924**
Net book value		
At 29 February 2021	**673,040**	**673,040**
Net book value		
At 29 February 2020	699,518	699,518

Leased right-of-use assets

	Freehold land & Buildings	Motor Vehicles & other	Total
	£	£	£
At 28 February 2021, Net carrying amount (note 17)	3,949,505	859,415	4,808,920
Total Tangible Fixed Assets And Right-of-use Assets	**4,622,545**	**859,415**	**5,481,960**

There were no additions or disposals in the year.

Valuation – 28 February 2021

The directors have considered fluctuations in the property market. The carrying value of all the plant and machinery valued under the depreciated replacement method in the prior year was also reviewed. It was determined based on these reviews that there would not be a material variation to the current value of the tangible assets

Notes - Forming part of the financial statements – continued

11 – Stocks

	2021 £	2020 £
Raw materials and consumables	-	-
Finished goods and goods for resale	8,330,159	6,000,426
	8,330,159	6,000,426

Raw materials, consumables and changes in finished goods and work in progress recognised as operating costs in the year amounted to £29,092,692 (2020: £75,553,462).

12 – Debtors – Amounts falling due within a year

	2021 £	2020 £ (As restated)
Trade debtors	3,871,164	13,474,400
Amounts owed by group undertakings	17,669,633	2,669,138
Advances to customers	738,667	244,981
Prepayments and accrued income	-	2,873,412
	22,279,464	19,261,931

Debtors – Amounts falling due greater than a year

Advances to customers	9,715,954	11,023,267
	9,715,954	11,023,267

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

13 – Creditors- Amounts falling due within one year

	2021 £	2020 £ (As restated)
Trade creditors	2,460,918	8,715,447
Corporation tax payable	-	1,159,545
Amounts owed to group undertakings	1,254,117	25,795,100
Lease Liabilities	617,468	391,787
Accruals and deferred income	23,055,022	2,627,280
	27,387,525	38,689,159

Creditors– Amounts falling due greater than a year

Lease Liabilities	4,511,885	2,928,797
	4,511,885	2,928,797

Notes - Forming part of the financial statements – continued

The company has provided Standard Security and a Bond and Floating Charge over the property and undertakings of the company to the Royal Bank of Scotland.

Amounts due to group companies are unsecured, are a combination of both interest free and interest bearing and are all repayable on demand.

14 – 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 £284,498 (2020: £314,286).

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

15 – Share Capital

	2021	2020
Allotted, called up & fully paid:	**£**	£
513,158 Ordinary shares of £1 each	**513,158**	513,158
	513,158	513,158

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.

Capital contribution reserve

	2021	2020
	£	£
Equity share based payments	**84,219**	84,219
	84,219	84,219

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.

16 – Dividends

The following dividends were recognised and paid during the period:

	2021	2020
	£	£
Dividends	**-**	41,922,000
	-	41,922,000

Notes - Forming part of the financial statements – continued

17 – 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 10) recognised and the movements during the year:

	Land & Buildings	Motor Vehicles and Other equipment	Total
	£	£	£
Leased right-of-use assets			
At 1 March 2020, net carrying amount	2,121,606	1,130,708	3,252,314
Additions	2,212,819	-	2,212,819
Remeasurement	(111)	21,013	20,902
Depreciation charge for the period	(384,809)	(292,306)	(677,115)
At 28 February 2021	**3,949,505**	**859,415**	**4,808,920**
Leased Liabilities			
At 1 March 2020, net carrying amount	(2,168,785)	(1,151,799)	(3,320,584)
Additions	(2,173,850)	-	(2,173,850)
Remeasurement	-	(26,315)	(26,315)
Payments	220,000	315,697	535,697
Discount unwinding	(104,783)	(39,518)	(144,301)
At 28 February 2021	**(4,227,418)**	**(901,935)**	**(5,129,353)**

18 – Post balance sheet events

Following the balance sheet date, the Irvine depot was sold on 3 June 2021 for the value of £1,951,613. No other events affecting the company have occurred since year end.

19 – Related parties

The company had the following balances outstanding with the following group entities at year end.

	Sales for the Year ending		Receivables outstanding		Purchases for the year ending		Creditors outstanding as	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
	£	£	**£**	£	**£**	£	**£**	£
Drygate Brewing Company	**183,536**	394,647	**146,681**	141,381	**259,200**	489,498	-	233,311
Shanter Inns	**68,818**	444,379	**17,856**	33,151	-	-	-	-

Sales and purchases between related parties are made at normal market prices. Outstanding balances with entities are unsecured, interest free and cash settlement is expected upon demand.

Notes - Forming part of the financial statements – continued

20 – Ultimate parent undertaking

The company's intermediate parent undertaking is Wallaces Express Limited which has its registered office at Wellpark Brewery, 161 Duke Street, Glasgow, G31 1JD. 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 filed in the Companies Registration Office at 14 Parnell Square, Dublin 1, Republic of Ireland.