

Tennent Caledonian Breweries UK Limited

Registration number: SC362352

Directors' Report and Financial Statements

For the year ended 28 February 2023

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Tennent Caledonian Breweries UK Limited

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Tennent Caledonian Breweries UK Limited

Directors and other information

For the year ended 28 February 2023

Directors	R Heffernan P McMahon J S P Kowszun (resigned 30 November 2023) S Munro A Pozzi R J Webster (resigned 31 March 2023)
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Secretary	C&C Management Services Limited
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Registered office	Wellpark Brewery 161 Duke Street Glasgow G31 1JD
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Registration number	SC362352
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Auditor	Ernst & Young Chartered Accountants Harcourt Building Harcourt Street Dublin 2 Ireland
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Solicitor	McCann FitzGerald Riverside One Sir John Rogerson's Quay Dublin 2
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Principal bankers	Bank of Scotland Head Office Edinburgh EH1 1YH
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Tennent Caledonian Breweries UK Limited

Strategic report

For the year ended 28 February 2023

The directors present their strategic report and audited financial statements of Tennent Caledonian Breweries UK Limited (the 'Company') for the year ended 28 February 2023.

Principal activities

The Company's principal trading activities are the manufacturing and marketing of alcoholic drinks from the company's Wellpark brewery facility in Glasgow.

Business review

The results for the year are set out on page 16. The Company is reporting a net sales revenue of £151.6m for the year (2022: £125m) and an operating loss of £9.8m (2022: operating loss £7.7m).

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

Continued brand investment on Tennent's products was made through advertising media, investment in Scottish football and sponsorship of Scottish Rugby.

We are a business with a manufacturing footprint and depot network close to the customers and consumers we serve. We have world class facilities and a network that is unrivalled in terms of reach and scale across the UK. Integral to our success in optimising this advantage is identifying opportunities and responding quickly to serve the needs of our customers. Our people, and the culture we foster collectively, are at the core of our success. The health and safety of our colleagues is our key priority, one which we will continue to invest in to ensure we provide the safest and most enjoyable working environment we can for all those working in the company.

Principal risks and uncertainties

During the year, the directors carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. The principal risks and uncertainties set out below represent the principal uncertainties that the directors believe may impact the Company's ability to effectively deliver its strategy and future performance. The list does not include all risks that the Company faces and it does not list the risks in any order of priority. The actions taken to mitigate the risks cannot provide assurance that other risks will not materialise and adversely affect the operating results and financial position of the Company. These principal risks are incorporated into the modelling activity performed to assess the ability of the Company to continue in operation and meet its liabilities as they fall due for the purposes of going concern. The directors will continue to monitor risk in the context of relevant factors, as well as other changes in the external environment, which may create future risks.

The directors consider the principal risk faced by the Company is the recoverability of the Company's receivable balance of £127.1m which is due from fellow Group entities and its ability to repay loans to fellow Group entities. In the event that a fellow Group entity is unable to fund repayments, the ultimate parent undertaking may need to support the Company.

Tennent Caledonian Breweries UK Limited

Strategic report

For the year ended 28 February 2023

Other principal risks are set out below:

Competition: the Company faces strong competition in its various markets and if it fails to compete successfully, market share and profitability may decline.

Customer and consumer dynamics: consumer preference may change, new competing brands may be launched and competitors may increase their marketing or change their pricing policies. Failure to respond to competition and/or changes in customer preferences could have an adverse impact on sales, profits and cash flow.

Regulatory and social attitude changes to alcohol: the Company may be adversely affected by changes in government regulations affecting alcohol pricing (including duty), sponsorship or advertising.

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

Supply chain operations, costs and inflation: Circumstances such as the prolonged loss of a production or storage facility, disruptions to its supply chains or critical IT systems and reduced supply of raw materials may interrupt the supply of the Company's products, adversely impacting results and reputation. The Company's performance is also impacted by potential recessions, inflation, exchange rates, taxation rates and social unrest.

Information technology: any significant disruption or failure of key systems could result in business disruption and revenue loss, accident or misappropriation of confidential information.

Cyber security and data protection: failure or compromise of our IT infrastructure or key IT systems may result in theft, loss of information, inability to operate effectively, financial or regulatory penalties, loss of financial control and negatively impact our reputation.

People and culture: the Company's ability to attract, develop, engage and retain a diverse, talented and capable workforce is critical if the Company is to continue to compete and grow effectively.

Financial and credit: The Company is subject to a number of financial and credit risks such as adverse exchange and interest rate fluctuations, availability of supplier credit and credit management of customers.

Tennent Caledonian Breweries UK Limited

Strategic report

For the year ended 28 February 2023

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 and duty are deducted. Net turnover increased 21% driven by the full re-opening of the on-trade.

Strategy: Enhancing margins

We intend to enhance our margins through operational improvement.

KPI: Operating profit %

Based on the headline operating profit before tax excluding exceptional costs and intercompany loan write off's, operating profit percentage increased to -7.2% from -7.8% in the prior year.

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 0.37 when compared to prior year due.

Strategy: Environmental management

We intend to reduce our CO2 emissions and we aim to promote waste recycling

KPI: Tonnes of CO2 emissions

The company continues to invest in the sustainability programme at Wellpark. We introduced a lighter weight pint can for FY2023 reducing our aluminium usage. We continue to focus on driving efficiencies at the site to reduce energy usage, where 100% of electricity usage is now generated from renewable sources. Our focus on maximising energy efficiency to reduce both our site usage and overall carbon footprint, will ensure that we have as competitive a manufacturing cost base as possible and ensure we deliver on our sustainability commitments. Wellpark has also retained the British Retail Consortium AA grade, the highest level of food safety standards in the UK.

Tennent Caledonian Breweries UK Limited

Strategic report

For the year ended 28 February 2023

Section 172 statement

The following statement describes how the directors have had regard to matters set out in section 172(1) when performing their duties under that section of the Companies Act 2006.

The directors consider that they have acted in good faith and in a way that would 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 its suppliers, customers and others;
- impact of the Company's operations on the community and environment;
- desirability of the Company to maintain a reputation for high standards of business conduct; and
- need to act fairly as between members of the Company.

Stakeholder engagement

Meaningful engagement with stakeholders to deliver long-term success is a key priority for the directors. The Company has a number of key relationships, which include:

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.

Suppliers - the Company enjoys close working relationships with its suppliers who range from large multinationals to local, independent suppliers. Knowledge of their category, products and strategy is key for the success of both parties.

Customers and others - the Company has a diverse range of customers across all areas of the hospitality sector. The Company separates itself from its competition by tailoring products and services to its customers' needs and working with them to develop the right stocking approach. The ongoing success of the Company's customers is fundamentally linked to our own success.

Community - the Company has significant presence in Scotland. The Company recognises its need to act responsibly for the wider community. The need to ensure communities are well educated and protected in terms of their relationship with our products is central to our business.

Tennent Caledonian Breweries UK Limited

Strategic report

For the year ended 28 February 2023

Employees

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 such as apprenticeship training, team leadership and management.

Health and safety - the prevention of harm to employees, contractors, members 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.

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 to ensure colleagues feel fully supported in the workplace.

Employee feedback and consultation - as part of a C&C Group plc exercise, all employees take part in an anonymous employee engagement survey which provided insight on where the Company is performing well and where improvements are required.

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.

Employee reward - we provide a wide range of benefits to employees such as participation in the C&C Group plc share incentive scheme, private medical insurance, death in service insurance, workplace pensions and cycle to work scheme.

Community

As a subsidiary of C&C Group plc, the Company was part of the first drinks organisation to carry the UK Chief Medical Office's responsible drinking guidelines on our own brand packaging. We also offer low alcohol alternatives to our core brands. 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 the packaging of our own brands.

Tennent Caledonian Breweries UK Limited

Strategic report

For the year ended 28 February 2023

Environment

As a subsidiary of C&C Group plc, we recognise the important role that our industry plays in wider society but acknowledge and understand the key role we play in social responsibility within the local communities we serve. We continue to invest significantly in sustainability in line with the Group's Environmental, Social and Governance strategy.

As a distributor, another significant environmental impact comes from the delivery of goods to our customers. We mitigate the impact of this, we seek to ensure distribution systems are optimised to minimise empty running, eliminate unnecessary journeys and minimise fuel consumption.

High standards of business conduct

The Company always seeks to maintain the highest standards of business conduct with its customers and suppliers, and recognises the importance of this in maintaining these key relationships. Furthermore, as a subsidiary 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 the 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 suppliers 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.

It is noted that the directors have always acted in accordance with the above duties in their decision making and they will continue to do so.

On behalf of the board



A Pozzi
Director

Date: 19 February 2024

Tennent Caledonian Breweries UK Limited

Directors' report

For the year ended 28 February 2023

The directors present their report and audited financial statements of Tennent Caledonian Breweries UK Limited (the 'Company') for the year ended 28 February 2023.

Details contained within the Strategic Report on pages 3 form part of this report by cross reference.

The results for the year are set out on page 16. During the year, the company paid a dividend of £Nil (2022: £Nil)

Directors, secretary and their interests

The directors and secretary who served at any time during the financial year are disclosed on page 2.

Political contributions and charitable donations

The Company made political contributions of £Nil in the year (2022: £Nil). The Company made charitable donations of £2.5k in the year (2022: £Nil).

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.

Going concern

The financial statements have been prepared on the going concern basis. The net current liabilities of the Company at 28 February 2023 are £77.5m (2022: net current liabilities of £-43.5m).

The directors of the Company do not expect any significant changes in the Company's activities and they have reasonable expectations that the Company has adequate resources to continue in operational existence for the foreseeable future. The directors have concluded that the amounts due from Group undertakings are recoverable and, that the Company has sufficient resources to continue in operation, with the commitment of the ultimate parent undertaking, C&C Group plc, to provide financial support to the Company to meet its liabilities as they fall due for a period of at least one year from the date of approval of the financial statements and that based on the going concern review of the Group, such financial support is available. Accordingly they continue to adopt the going concern basis in preparing the annual financial statements.

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.

Tennent Caledonian Breweries UK Limited

Directors' report

For the year ended 28 February 2023

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 2023 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 an existing employee becoming disabled, every effort is made to ensure continuity of employment, and that appropriate training is given where necessary.

Financial Instruments

The company does not use complex financial instruments. The risk exposure of the company, including the exposure to credit risk, liquidity risk and interest rate risk, is consistent with the risks facing the group, and are disclosed in the 2023 annual report of C&C Group plc.

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 Director's Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware. Each director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Independent auditor

On 17 January 2023, Ernst & Young LLP Glasgow resigned as auditor, and Ernst & Young Chartered Accountants Ireland was appointed.

Tennent Caledonian Breweries UK Limited

Directors' responsibilities statement

For the year ended 28 February 2023

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 Company financial statements in accordance with UK Generally Accepted Accounting Practice, including FRS 101 'Reduced Disclosure Framework'.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Board:



A Pozzi

Date: 19 February 2024

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

Opinion

We have audited the financial statements of Tennent Caledonian Breweries UK Limited ('the Company') for the year ended 28 February 2023 which comprise the Income Statement, Statement of Comprehensive Income, Balance Sheet, 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 2023 and of its loss 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 at least 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 UK 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 this gives rise to 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TENNENT CALEDONIAN BREWERIES UK LIMITED (Continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement page 11, 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.

- 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 Tennent Caledonian Breweries UK Limited 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.

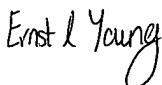
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TENNENT CALEDONIAN
BREWERIES UK LIMITED (Continued)**

- 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 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 noncompliance 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.



Allison Legge (Senior statutory auditor)
for and on behalf of
Ernst & Young Chartered Accountants and Statutory Audit Firm
Dublin

22 February 2024

Tennent Caledonian Breweries UK Limited**Income Statement**

For the year ended 28 February 2023

	Notes	Feb-23 £'000	Feb-22 £'000 (As restated Note 1)
Revenue	2	275,019	225,404
Excise Duties		(123,461)	(100,413)
Net Revenue		151,558	124,991
Other operating income		-	310
Operating Costs	3	(161,407)	(132,999)
Operating loss		(9,849)	(7,698)
Finance Expense	5	(1,000)	(2,176)
Loss before tax		(10,849)	(9,874)
Income Tax Expense	6	(2,642)	(240)
Loss for the financial year		(13,491)	(10,114)

Tennent Caledonian Breweries UK Limited**Statement of Comprehensive Income**

For the year ended 28 February 2023

	Notes	Feb-23 £'000	Feb-22 £'000 (As restated Note 1)
Loss for the financial year		(13,491)	(10,114)
Revaluation of Property, Plant & Equipment		(1,011)	2,019
Deferred Tax on Property, Plant & Equipment		253	(750)
Total comprehensive loss for the financial year		(14,249)	(8,845)

Tennent Caledonian Breweries UK Limited

Balance Sheet

As at 28 February 2023

		Feb-23	Feb-22 (As restated Note 1)
	Notes	£'000	£'000
Non-current assets		161,973	143,499
Property, plant & equipment	7	71,158	71,744
Goodwill & intangible assets	8	20,179	20,694
Investments	9	72	72
Trade & other receivables	11	70,564	50,989
Current assets		84,146	92,666
Inventories	10	3,625	2,228
Trade & other receivables	11	75,029	88,747
Cash		5,492	1,691
Total assets		246,119	236,165
Non-current liabilities		17,476	18,765
Lease liabilities	13	9,207	11,208
Provisions	14	1,259	2,921
Deferred tax	15	7,010	4,636
Current liabilities		161,685	136,183
Trade & other payables	12	155,587	131,400
Lease liabilities	13	4,636	4,783
Provisions	14	1,462	-
Total liabilities		179,161	154,948
Net assets		66,958	81,217
Capital & reserves			
Equity share capital	15	46,235	46,235
Other Capital Reserves	15	68,603	68,613
Revaluation Reserve	15	4,155	4,913
Retained income		(52,035)	(38,544)
Shareholder funds		66,958	81,217

The accompanying notes form part of the financial statements.

The financial statements were approved by the Board on 19 February 2024 and signed on their behalf by:



A Pozzi

Tennent Caledonian Breweries UK Limited

Statement of Changes in Equity

For the year ended 28 February 2023

	Equity Share Capital	Other Capital Reserves	Revaluation Reserve	Retained income	Total
	£'000	£'000	£'000	£'000	£'000
At 1 March 2021	46,235	68,613	3,644	(28,430)	90,062
Loss for the year	-	-	-	(10,114)	(10,114)
Other comprehensive income	-	-	1,269	-	1,269
Total comprehensive income/(expense)	-	-	1,269	(10,114)	(8,845)
At 28 February 2022	46,235	68,613	4,913	(38,544)	81,217
Loss for the year	-	-	-	(13,491)	(13,491)
Other comprehensive (expense)	-	-	(758)	-	(758)
Total comprehensive (expense)	-	-	(758)	(13,491)	(14,249)
Capital contribution	-	(10)	-	-	(10)
At 28 February 2023	46,235	68,603	4,155	(52,035)	66,958

Tennent Caledonian Breweries UK Limited

Notes to the financial statements

For the year ended 28 February 2023

1 Significant accounting policies

Tennent Caledonian Breweries UK Limited (the 'Company') is a private company incorporated and domiciled in Scotland in the UK.

The accounting policies applied in the preparation of the financial statements for the year ended 28 February 2023 are set out below. Except if mentioned otherwise these have been applied consistently for all periods presented in these financial statements.

Prior year restatements and updates to the format of the financial statements for the year ended 28 February 2023

As part of work to harmonise the format, layout and disclosures of C&C Group plc's subsidiary statutory accounts and as permitted by Paragraph 1A(1) and (2) of Schedule 1 to the Regulations, the Company has adapted the balance sheet and profit and loss account formats in Section B of Part 1 of Schedule 1 to the Regulations in order to apply the relevant presentation requirements of IAS 1 Presentation of Financial Statements ("Adapted Formats"). As a result, a number of changes have been made to the Company's financial statements for the year ended 28 February 2023, which has necessitated some prior year restatements. These are summarised as follows:

Income Statement

The Income Statement was referred to as the Profit and Loss Account in the prior financial period statements. Revenue was referred to as turnover and net revenue was referred to as net turnover in the prior financial period statements. Finance Expense was referred to as Interest payable in the prior financial period statements. Income tax expense was referred to as tax on loss in the prior financial period statements.

Statement of Other Comprehensive Income

Revaluation of Property, Plant & Equipment: The prior year comparative of this note has been restated to separate out the deferred tax element of revaluation to a separate line under Deferred Tax on Property, Plant & Equipment.

Balance Sheet

Non-current assets were referred to as Fixed Assets in the prior financial period statements. Property, plant & equipment was referred to as Tangible assets in the prior financial period statements. Trade & other receivables were referred to as Debtors in the prior financial period statements. Additionally, amounts due from group undertakings have been assessed between current and non-current Trade & other receivables based on expected settlement timescales. Inventories were referred to as Stocks in the prior financial period statements. Lease liabilities were referred to as Creditors: amounts due after one year in the prior financial period statements. Current liabilities have been separated out on the face of the balance sheet compared to the prior financial period statements into Trade & other payables and lease liabilities. The descriptions of equity accounts have been aligned to match the terminology used by C&C Group plc.

Note 3: Operating Costs

The prior year comparatives of this note have been restated to reflect the changes to the Income Statement, as described above, and includes new categories (including, Raw materials cost of goods sold/bought in finished goods, management charge and inventory write downs, direct brand marketing and intercompany royalty).

Tennent Caledonian Breweries UK Limited

Notes to the financial statements

For the year ended 28 February 2023

Note 11: Trade and other receivables

The prior year comparatives of this note have been restated to reflect the changes as described above.

Additionally, amounts due from group undertakings have been assessed between current and non-current Trade & other receivables based on expected settlement timescales, and consequently, in the prior year £44.66m has been reclassified from current assets: Trade & other receivables to Non-current assets: Trade & other receivables.

Overall effect on restatements

Category (using current financial period terminology)	Feb-22	Restatement	Feb-22 As restated
	£'000	£'000	£'000
Current assets: Trade & other receivables	133,408	(44,661)	88,747
Non Current assets: Trade & other receivables	6,328	44,661	50,989
Revaluation of property, plant and equipment	1,269	750	2,019
Deferred Tax on Property, Plant & Equipment	-	(750)	(750)
Current liabilities: Trade & other payables	(136,183)	4,783	(131,400)
Current liabilities: Lease liabilities	-	(4,783)	(4,783)
Category (using prior financial period terminology)	Feb-22	Restatement	Feb-22 As restated
	£'000	£'000	£'000
Debtors: amounts falling due within one year	133,408	(44,661)	88,747
Debtors: amounts falling due after one year	6,328	44,661	50,989
Revaluation of property, plant and equipment	1,269	750	2,019
Deferred Tax on Property, Plant & Equipment	-	(750)	(750)

Tennent Caledonian Breweries UK Limited

Notes to the financial statements

For the year ended 28 February 2023

The Company's ultimate parent undertaking, C&C Group plc, includes the company in its consolidated financial statements. The consolidated financial statements of C&C Group plc are prepared in accordance with International Financial Reporting Standards (IFRS) and are available to the public and may be obtained from the Companies Registration Office at Bloom House, Gloucester Place Lower, 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:

- A 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 compensation of Key Management Personnel; and
- Comparative period reconciliations for tangible 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 FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instruments: Disclosures* ;
- Certain disclosures required by IFRS 2 *Share-Based Payments* ;
- Certain disclosures required by IAS 36 *Impairment of Assets* ; and
- Certain disclosures required by IFRS 15 *Revenue from Contracts with Customers* .

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

Tennent Caledonian Breweries UK Limited

Notes to the financial statements

For the year ended 28 February 2023

Basis of preparation

The financial statements of the Company are prepared on the going concern and historical cost basis, except for, retirement benefits, the revaluation of certain items of property, plant & equipment, share-based payments at date of grant and derivative financial instruments.

The financial statements are prepared in Pounds Sterling which is the functional currency and presentational currency of the entity, and rounding has been applied to the nearest thousand (£'000).

Going concern

The financial statements have been prepared on the going concern basis. The net current liabilities of the Company at 28 February 2023 are £77.5m (2022: net current liabilities of £-43.5m).

The directors of the Company do not expect any significant changes in the Company's activities and they have reasonable expectations that the Company has adequate resources to continue in operational existence for the foreseeable future. The directors have concluded that the amounts due from Group undertakings are recoverable and, that the Company has sufficient resources to continue in operation, with the commitment of the ultimate parent undertaking, C&C Group plc, to provide financial support to the Company to meet its liabilities as they fall due for a period of at least one year from the date of approval of the financial statements and that based on the going concern review of the Group, such financial support is available. Accordingly they continue to adopt the going concern basis in preparing the annual financial statements.

Revenue

Revenue comprises an amount that reflects the consideration to which an entity expects to be entitled to in exchange for transferring goods or services to a customer. These are exclusive of value added tax, after allowing for discounts, rebates, allowances for customer loyalty and other pricing related allowances and incentives. Provision is made for returns where appropriate. The Company recognises revenue in the amount of the price expected to be received for goods and services supplied at a point in time or over time, as contractual performance obligations are fulfilled, and control of goods and services passes to the customer. Where revenue is earned over time as contractual performance obligations are satisfied, the percentage-of-completion method remains the primary method by which revenue recognition is measured.

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 relevant jurisdictions in which the Company operates. As the Company's manufacturing and warehousing facilities are revenue approved and registered excise facilities, the excise duty liability generally crystallises on transfer of product from duty in suspense to duty paid status which normally coincides with the point of sale. The duty number disclosed represents the cash cost of duty paid on the Company's products. Where goods are bought duty paid, and subsequently sold, the duty element is not included in the duty line within net revenue but is included within the cost of goods sold.

Tennent Caledonian Breweries UK Limited

Notes to the financial statements

For the year ended 28 February 2023

Net revenue

Net revenue is defined by the Company as revenue less excise duty paid by the Company. Excise duties which represent a significant proportion of revenue, 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 revenue enhances the transparency and provides a more meaningful analysis of underlying sales performance.

Research and development

Expenditure on research that is not related to specific product development is recognised in the Income Statement as incurred.

Expenditure on the development of new or substantially improved products or processes is capitalised if the product or process is technically feasible and commercially viable.

Government grants

Grants are recognised at their fair value when there is a reasonable assurance that the grant will be received, and all attaching conditions have been complied with.

Finance expense

Finance expenses comprise interest expense on intercompany loans and lease liabilities. All borrowing costs are recognised in the Income Statement using the effective interest method.

Foreign currencies

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the foreign exchange rate ruling at that date. Foreign exchange movements arising on translation are recognised in the Income Statement.

Tennent Caledonian Breweries UK Limited

Notes to the financial statements

For the year ended 28 February 2023

Property, plant and equipment

Property (comprising freehold land & buildings) is recognised at fair value by external valuers at a minimum every three years and is reassessed by the Company's management on an annual basis with the changes in the value of the property reflected in Other Comprehensive Income in the case of a revaluation gain, to the extent it does not reverse previously recognised losses, or as an impairment loss in the Income Statement to the extent it does not reverse previously recognised revaluation 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 that 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 or there are no other observable comparative transactions, the fair value may be determined using a valuation technique known as a Depreciated Replacement Cost approach.

Plant & machinery is carried at its revalued amount. In view of the specialised nature of the Company's plant & machinery and the lack of comparable market-based evidence of a similar plant sold, upon which to base a market approach of fair value, the Company uses a Depreciated Replacement Cost approach to determine a fair value for 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 & other equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. When parts of an item of property, plant & equipment have different useful lives, they are accounted for as separate items (major components) of property, plant & equipment. Subsequent costs are included in an asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company.

Property, plant & equipment, other than freehold land and assets under construction, which are not depreciated, were depreciated using the following rates which are calculated to write-off the value of the asset, less the estimated salvage value, over its expected useful life:

- Buildings	2% to 10% straight-line
- Motor vehicles	10% to 20% straight-line
- Other equipment	10% to 20% straight-line
- Plant & machinery	7% to 63% reducing balance

On disposal of property, plant & equipment, the cost or valuation and related accumulated depreciation and impairments are removed from the Balance Sheet and the net amount, less any proceeds, is taken to the Income Statement and any amounts included within the revaluation reserve transferred to retained income.

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period.

Tennent Caledonian Breweries UK Limited

Notes to the financial statements

For the year ended 28 February 2023

Leases

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.

(i) Right-of-use assets

As a lessee, the Company recognises a right-of-use asset at the commencement date for contracts containing a lease. The commencement date is the date at which the asset is made available for use by the Company.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes 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 & equipment. The right-of-use asset is tested periodically for impairment if any impairment indicator is considered to exist.

(ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The commencement date is the date at which the asset is made available for use by the Company. Lease payments include fixed payments less any lease incentives receivable, 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. Management applies judgement in determining whether it is reasonably certain that a renewal, termination or purchase option will be exercised.

The lease liability is initially measured at the present value of the future 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. 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 remeasured when there is a change in future 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 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 lease payments and are expensed as incurred.

Tennent Caledonian Breweries UK Limited

Notes to the financial statements

For the year ended 28 February 2023

(iii) Short-term leases

The Company applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases where the underlying asset value is low. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Goodwill

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

Intangible assets

Acquired brands and other intangible assets are deemed to be identifiable and recognised when they are controlled through contractual or other legal rights, or are separable from the rest of the business, regardless of whether those rights are transferable or separable from the Company or from other rights and obligations.

Subsequent to initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The carrying values of intangible assets considered to have an indefinite useful economic life are reviewed for indicators of impairment regularly and are subject to impairment testing on an annual basis unless events or changes in circumstances indicate that the carrying values may not be recoverable and impairment testing is required earlier.

Software costs incurred with respect to new systems and costs incurred in acquiring software and licences that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised. Costs capitalised include external direct costs of materials and service and direct payroll and payroll related costs of employees' time spent on the development side of the project.

Cloud software license agreements to use cloud software are treated as service contracts and expensed in the Income Statement, unless the Company has both the contractual right to take possession of the software anytime without significant penalty, and the ability to run the software independently of the host vendor. In such cases, the license agreement is capitalised as software within intangible assets.

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 on a straight-line basis on the assumption of zero residual value.

- Software and license costs

5 - 8 years

Tennent Caledonian Breweries UK Limited

Notes to the financial statements

For the year ended 28 February 2023

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all expenditure incurred in acquiring the inventories and bringing them to their present location and condition and is based on the first-in first-out principle.

In the case of finished goods and work in progress, cost includes direct production costs and the appropriate share of production overheads plus excise duties, where appropriate. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to complete the sale.

Provision is made for slow-moving or obsolete stock where appropriate.

Trade & other 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 for impairment losses. The Company applies the simplified approach permitted by IFRS 9 *Financial Instruments* to measure expected credit losses for trade and other receivables, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The carrying amount of these receivables approximates 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, which can be categorised as either an advance of discount or a repayment/annuity loan conditional on the achievement of contractual sales targets, are initially recognised at fair value, amortised to the Income Statement (and classified within sales discounts as a reduction in revenue) over the relevant period to which the customer commitment is made, and subsequently carried at amortised cost less an impairment allowance. Where there is a volume target the amortisation of the advance is included in sales discounts as a reduction to revenue. The Company applies the general approach to measure expected credit losses which requires a loss provision to be recognised based on twelve month or lifetime expected credit losses, provided a significant increase in credit risk has occurred since initial recognition. The Credit Committee reviews debt collection trends and commercial market information to assess any significant change in credit risk.

Cash

Cash in the Balance Sheet comprises of cash at bank and in hand and short-term deposits with an original maturity of three months or less.

Tennent Caledonian Breweries UK Limited

Notes to the financial statements

For the year ended 28 February 2023

Trade & other payables

Trade & other payables are recognised initially at fair value net of directly attributable transaction costs and subsequently measured at amortised cost using the effective interest rate method.

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, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value at an appropriate rate if the effect of the time value of money is deemed material.

Loans & borrowings

Interest-bearing loans & borrowings are recognised initially at fair value less attributable transaction costs and are subsequently measured at amortised cost with any difference between the amount originally recognised and redemption value being recognised in the Income Statement over the period of the borrowings on an effective interest rate basis. Where the early refinancing of a loan results in a significant change in the present value of the expected cash flows, the original loan is derecognised and the replacement loan is recognised at fair value. The difference between the original loan and the fair value of the replacement loan is recognised in finance costs in the year.

Retirement benefits

The regular cost of providing retirement benefits to employees is charged to the Income Statement on a systematic basis over the service lives of the members of the schemes. Pension costs are determined by an actuary by reference to a funding plan and funding assumptions. Pension costs are charged to the Income Statement in line with the Company's funding to schemes under the control of the ultimate parent undertaking.

Income tax

Current income tax

Current tax expense represents the expected tax amount to be paid in respect of taxable income for the current year and is based on reported profit and the expected statutory tax rates, reliefs, and allowances applicable. Current tax for the current and prior years, to the extent that it is unpaid, is recognised as a liability in the Balance Sheet.

Tennent Caledonian Breweries UK Limited

Notes to the financial statements

For the year ended 28 February 2023

Deferred tax

Deferred tax is provided on the basis of the Balance Sheet liability method on all temporary differences at the reporting date. Temporary differences are defined as the difference between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets and liabilities are not subject to discounting and are measured at the tax rates that are expected to apply in the period in which the asset is recovered or the liability is settled based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and liabilities are recognised for all temporary differences except where they arise from:

- The initial recognition of goodwill or an asset or a liability in a transaction that is not a business combination and affects neither the accounting profit or loss nor the taxable profit or loss at the time of the transaction, or,
- Taxable temporary differences associated with investments where the timing of the reversal of the temporary difference can be controlled and it is probable that a reversal will not be recognised in the foreseeable future.

Deferred tax assets in respect of deductible temporary differences are recognised only to the extent that it is probable that taxable profits or taxable temporary differences will be available against which to offset these items. The recognition or non-recognition of deferred tax assets as appropriate also requires judgement as it involves an assessment of the future recoverability of those assets. The recognition of deferred tax assets is based on management's judgement and estimate of the most probable amount of future taxable profits and taking into consideration applicable tax legislation. The carrying amounts of deferred tax assets are subject to review at each reporting date and are reduced to the extent that future taxable profits are considered to be insufficient to allow all or part of the deferred tax asset to be utilised.

Deferred tax and current tax are recognised as a component of the tax expense in the Income Statement except to the extent that they relate to items recognised directly in Other Comprehensive Income or equity, in which case the related tax is also recognised in Other Comprehensive Income or equity.

Dividends

Final dividends on ordinary shares are recognised as a liability in the financial statements only after they have been approved at an Annual General Meeting of the Company. Interim dividends on ordinary shares are recognised when they are paid.

Equity settled share-based payment transactions

The share option programme of the ultimate parent undertaking, C&C Group plc, allows employees of the Company to acquire shares of C&C Group plc. The fair value of options granted is recognised as an employee expense in the Income Statement with a corresponding amount recognised as a capital contribution from C&C Group plc. Recharges, if any, from C&C Group plc linked to the share-based payment arrangement are recognised by a reduction in the capital contribution account. The expense for the share entitlements shown in the Income Statement 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.

Tennent Caledonian Breweries UK Limited

Notes to the financial statements

For the year ended 28 February 2023

Significant judgements and estimates

The preparation of the financial statements in conformity with FRS 101 requires management to make certain judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The significant judgements, estimates and assumptions used by management may differ from the actual outcome of the transaction and consequently the realised value of the associated assets and liabilities may vary. The significant judgements and estimates which have been applied, and which are expected to have a material impact, are as follows:

Valuation of property, plant and equipment

The Company values its freehold land & buildings and plant & machinery at market value/Depreciated Replacement Cost. The Company engages external valuers to value the Company's property, plant & machinery at a minimum every three years or as at the date of acquisition for assets acquired as part of a business combination, and is reassessed by the Company's management on an annual basis.

Recoverable amount of goodwill

The impairment testing process requires management to make significant estimates regarding the future cash flows expected to be generated by cash-generating units to which goodwill has been allocated. Future cash flows relating to the eventual disposal of these cash-generating units and other factors may also be relevant to determine the fair value of goodwill. Management periodically evaluates and updates the estimates based on the conditions which influence these variables. The assumptions and conditions for determining impairments of goodwill reflect management's best assumptions and estimates (discount rates, terminal growth rates, forecasted volume, net revenue, operating profit) but these items involve inherent uncertainties described above, many of which are not under management's control.

Incremental borrowing rates on leases

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 include several key components such as, a reference rate (incorporating currency, economic environment and term of lease), a financing spread adjustment and a lease specific adjustment (if applicable, for example, a property lease compared to vehicle/other leases, and the term of the lease).

Expected credit loss

The Company applies the simplified approach permitted by IFRS 9 *Financial Instruments* to measure expected credit losses for trade and other receivables, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The Company applies the general approach to measure expected credit losses which requires a loss provision to be recognised based on twelve month or lifetime expected credit losses, provided a significant increase in credit risk has occurred since initial recognition.

Tennent Caledonian Breweries UK Limited

Notes to the financial statements

For the year ended 28 February 2023

2 Revenue	Feb-23	Feb-22
	£'000	£'000
Gross sales of goods arising from the Company's principal activities	275,019	225,404

An analysis of revenue by class of business and geographical area is not provided as, in the opinion of the directors, the disclosure of this information would be prejudicial to the interests of the Company.

3 Operating Costs		Feb-23	Feb-22
	Notes	£'000	(As restated)
		£'000	£'000
Raw material cost of goods sold/bought in finished goods	10	104,479	90,217
Inventory write-down/(recovered)		248	(313)
Employee remuneration	4	27,007	22,695
Direct brand marketing		8,887	5,002
Other operating, selling and administration costs		4,564	5,290
Foreign exchange		1,365	(1,387)
Depreciation - Property, plant & equipment	7	4,239	3,679
Depreciation - Right of use assets	13	6,041	4,187
Amortisation	8	515	1,291
Auditors remuneration		20	-
Revaluation of property, plant and equipment	7	40	(707)
Management charge		1,003	608
Intercompany royalty		2,999	2,352
Restructuring costs		-	86
Total		161,407	132,999

Further auditor remuneration of £56k (2022: £56k) was borne by another Group company on Tennent Caledonian Breweries UK Limited's behalf.

Tennent Caledonian Breweries UK Limited

Notes to the financial statements

For the year ended 28 February 2023

4 Employee numbers & remuneration costs

The average number of persons employed by the Company during the year, analysed by category, was as follows:

	Feb-23 No.	Feb-22 No.
Sales & Marketing	70	60
Production & Distribution	437	380
Administration	64	55
Total	571	495

The aggregate remuneration costs of these employees can be analysed as follows:

	Feb-23 £'000	Feb-22 £'000
Wages & salaries	22,844	19,257
Restructuring costs	2	88
Social welfare costs	2,469	1,956
Retirement benefits	1,692	1,394
Total	27,007	22,695

Directors' remuneration	Feb-23 £'000	Feb-22 £'000
Wages & salaries	401	366
Other pension costs	20	17
Total	421	383

There are directors of the company who are also directors of the holding company and fellow subsidiaries. These directors received total remuneration for the year of £Nil (2022: £Nil), 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 £214k (2022: £209k) and pension contributions of £Nil (2022: £13k).

5 Finance income and expense

	Feb-23 £'000	Feb-22 £'000
Interest charged on intercompany loans	359	1,530
Interest on lease liabilities	13 604	646
Other finance expense	37	-
Total	1,000	2,176

Tennent Caledonian Breweries UK Limited

Notes to the financial statements

For the year ended 28 February 2023

6 Income tax	Feb-23	Feb-22
(a) analysis of charge in	£'000	£'000
<i>United Kingdom taxation:</i>		
Corporation tax	-	-
Adjustment in respect of previous years	15	-
Total current tax	15	-
Deferred tax	1,496	1,682
Adjustment in respect of previous years	702	(1,119)
Impact of rate change	429	(323)
Total deferred tax	2,627	240
Total tax charge	2,642	240
Deferred tax charged (credited) to OCI		
Revaluation reserve	(253)	750
Total deferred tax charge to profit and loss account and OCI	2,374	990
(b) reconciliation of effective tax rate	£'000	£'000
Loss before tax	(10,849)	(9,874)
Tax at standard rate of corporation tax in the United Kingdom of 19%	(2,061)	(1,876)
Expenses not deductible for tax purposes	201	300
Adjustments in respect of prior years	717	(1,119)
Group relief surrendered	3,485	2,258
Impact of deferred tax at a different rate	429	(323)
Recognition of deferred tax on share based payments	93	-
Deferred tax recognised relating to revaluation of building	(222)	1,000
Total tax charge	2,642	240

Legislation was enacted during 2021 to confirm the 19% UK corporation tax rate to remain in place until 1 April 2023. From 1 April 2023, the UK corporation tax will increase to 25%, therefore, work has been undertaken in relation to the unwind of deferred tax balances with such balances taxed at 19% or 25% depending on the timing of their unwind.

Tennent Caledonian Breweries UK Limited

Notes to the financial statements

For the year ended 28 February 2023

7 Property, plant & equipment

		Land & Buildings	Motor Vehicles & Other	Plant & Machinery	Assets under construction	Total
	Notes	£'000	£'000	£'000	£'000	£'000
Cost or valuation						
At 1 March 2022		34,871	8,722	58,632	948	103,173
Additions		20	417	4,098	950	5,485
Reclassification of assets under construction		-	-	948	(948)	-
Revaluation		(1,011)	-	(40)	-	(1,051)
At 28 February 2023		33,880	9,139	63,638	950	107,607
Depreciation						
At 1 March 2022		(7,016)	(7,512)	(31,216)	-	(45,744)
Charge for the period		(910)	(443)	(2,886)	-	(4,239)
At 28 February 2023		(7,926)	(7,955)	(34,102)	-	(49,983)
Tangible fixed assets NBV at 28 February 2023		25,954	1,184	29,536	950	57,624
Tangible fixed assets NBV at 28 February 2022		27,855	1,210	27,416	948	57,429
Leased right-of-use assets	13	2,203	11,331	-	-	13,534
Total property, plant & equipment		28,157	12,515	29,536	950	71,158

Valuation - 28 February 2023

Following an external valuation performed by PwC UK as at 28 February 2023, it was determined based on this review that the current value of freehold land & buildings should be decreased by £1m. The value of plant and machinery was decreased by £0.04m. The carrying amount of land and buildings if held at historical cost would be £27.2m, plant and machinery £21.7m

Tangible fixed assets under construction

There were no borrowing costs capitalised in assets under construction during the current or prior period.

Tennent Caledonian Breweries UK Limited

Notes to the financial statements

For the year ended 28 February 2023

8 Goodwill & intangible assets

	Goodwill	Other Intangibles	Total
Notes	£'000	£'000	£'000
Cost or valuation			
At 1 March 2022	21,484	7,259	28,743
At 28 February 2023	21,484	7,259	28,743
Amortisation or impairment			
At 1 March 2022	(2,820)	(5,229)	(8,049)
Charge for the period	-	(515)	(515)
At 28 February 2023	(2,820)	(5,744)	(8,564)
Net book value			
At 28 February 2023	18,664	1,515	20,179
At 28 February 2022	18,664	2,030	20,694

Goodwill arose on the acquisition of the Tennent's beer business and Wellpark Brewery from AB InBev in September 2009. The directors have reviewed the carrying value of goodwill and intangible assets at 28 February 2023 and are satisfied that no impairment had arisen.

Other intangible assets comprise of 20-year distribution rights for third party beer products which arose on the acquisition of the intangible asset.

Tennent Caledonian Breweries UK Limited

Notes to the financial statements

For the year ended 28 February 2023

9 Investments	Feb-23 £'000	Feb-22 £'000
The Innis & Gunn Brewing Company Limited	72	72
Total	72	72

On the 7 January 2022, the company acquired an 8% equity investment in The Innis & Gunn Brewing Company Limited, one of the UK's most successful international craft beer businesses. The cost of the investment was £0.07m.

The Director's have assessed the carrying value of the investments at the year end and are satisfied that they are being carried at their recoverable amounts.

Name	Nature of business	Country of registration	Percentage share-holding
The Innis & Gunn Brewing Company Limited	Craft Brewer	UK	Ordinary, 8%

10 Inventories	Feb-23 £'000	Feb-22 £'000
Raw materials & consumables	2,097	1,901
Finished goods & goods for resale	1,528	327
Total inventories at lower of cost & net realisable value	3,625	2,228

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £104.5m (2022: £90.2m). Inventory written down (recovered) to operating costs not already provided in the period (Note 3) totalled £248k (2022: recovered -£313k).

Tennent Caledonian Breweries UK Limited

Notes to the financial statements

For the year ended 28 February 2023

11 Trade & other receivables	Feb-23	Feb-22
	£'000	£'000
Amounts falling due within one year:		
Trade receivables	2,791	9,100
Amounts due from Group undertakings	65,365	74,464
Advances to customers	367	902
Prepayments and other receivables	5,396	2,597
Contract assets from brewing income	583	1,101
Corporation tax	526	583
	75,029	88,747
Amounts falling due after one year:		
Amounts due from Group undertakings	61,776	44,661
Advances to customers	8,788	6,328
	70,564	50,989
Total trade & other receivables	145,593	139,736

Amounts due from Group undertakings are a combination of interest bearing and interest free receivables and are all repayable on demand.

Intercompany loans due from group undertakings bearing interest are listed below.

	Borrower		
	C&C	C&C	C&C
	International	Group Plc	Holdings
Loan Currency	GBP	GBP	GBP
Interest Rate	2.75%	2.75%	2.75%
	£'000	£'000	£'000
Original Loan amount	197	355	204
Opening Loan amount at 1 March 2022	197	355	204
Repayment of Loan during year	-	-	-
Closing Loan amount at 28 February 2023	197	355	204

Tennent Caledonian Breweries UK Limited

Notes to the financial statements

For the year ended 28 February 2023

12 Trade & other payables	Feb-23	Feb-22
	£'000	£'000
Amounts falling due within one year:		
Trade payables	19,027	18,271
Amounts due to Group undertakings	123,798	96,842
Accruals and other creditors	12,762	16,287
Total	155,587	131,400

Amounts due to Group undertakings are a combination of interest bearing and interest free receivables and are all repayable on demand.

Intercompany loans due to group undertakings bearing interest are listed below.

	Lender		
	Bulmers	Fruit of the Vine	C&C Finco
Loan Currency	EURO	GBP	GBP
Interest Rate	1.60%	2.75%	2.9%-3.15%
	£'000	£'000	£'000
Original Loan amount	14,828	2,229	16,000
Opening Loan amount at 1 March 2022	14,828	2,229	16,000
Repayment of Loan during year	(14,828)	-	(16,000)
Closing Loan amount at 28 February 2023	-	2,229	-

Tennent Caledonian Breweries UK Limited

Notes to the financial statements

For the year ended 28 February 2023

13 Leases

Set out below are the carrying amounts of right-of-use assets (included under property, plant & equipment note 7) recognised and the movements during the year:

		Land & Buildings	Motor Vehicles & Other	Total
	Notes	£'000	£'000	£'000
Leased right-of-use assets				
At 1 March 2022		2,729	11,586	14,315
Additions		-	4,946	4,946
Charge for the period		(526)	(5,515)	(6,041)
Disposals		-	266	266
Reclassification		-	48	48
At 28 February 2023	7	2,203	11,331	13,534
Leased liabilities				
At 1 March 2022		(3,746)	(12,245)	(15,991)
Additions		-	(4,344)	(4,344)
Disposals		-	(304)	(304)
Interest (Discount unwinding)		(131)	(473)	(604)
Payments		813	6,587	7,400
At 28 February 2023		(3,064)	(10,779)	(13,843)
<i>Leased liabilities classified within:</i>			Feb-23	Feb-22
Current liabilities			(4,636)	(4,783)
Non-current liabilities			(9,207)	(11,208)
Total			(13,843)	(15,991)

Tennent Caledonian Breweries UK Limited

Notes to the financial statements

For the year ended 28 February 2023

13 Leases (continued)

The table below shows a maturity analysis of the discounted and undiscounted lease liability arising from leasing activities. The projections are based on the foreign exchange rates at the end of the relevant financial year and on interest rates (discounted projections only) applicable to the lease portfolio.

	£'000 <i>Discounted</i>	£'000 <i>Undiscounted</i>
Within one year	(4,636)	(6,039)
Between one and two years	(3,655)	(3,936)
Between two and three years	(2,958)	(3,109)
Between three and four years	(1,487)	(1,556)
Between four and five years	(663)	(690)
After five years	(445)	(462)
At 28 February 2023	(13,843)	(15,793)
Within one year	(5,396)	(5,891)
Between one and two years	(3,963)	(4,284)
Between two and three years	(2,713)	(2,910)
Between three and four years	(2,069)	(2,173)
Between four and five years	(1,271)	(1,313)
After five years	(578)	(580)
At 28 February 2022	(15,991)	(17,152)

14 Provisions

	Dilapidation £'000	Keg Provision £'000	Total £'000
At 1 March 2022	1,459	1,462	2,921
Charged during the period	-	-	-
Utilised during the year	(200)	-	(200)
At 28 February 2023	1,259	1,462	2,721
<i>Provisions classified within:</i>	Feb-23	Feb-22	
Current liabilities	1,462	-	
Non-current liabilities	1,259	2,921	
Total	2,721	2,921	

The company holds a long-term lease on a premise. The unavoidable cost of meeting company's obligations under this contract exceeds the economic benefits expected to be received under the contracts and on that basis an onerous lease provision has been created.

Additionally, the company holds a provision to cover lost kegs distributed in the market that may not be returned.

Tennent Caledonian Breweries UK Limited

Notes to the financial statements

For the year ended 28 February 2023

15 Deferred tax

Deferred tax liabilities are attributable to the following:

	Feb-23 £'000	Feb-22 £'000
Tangible fixed assets	10,457	9,920
Taxable losses	(3,272)	(4,779)
Other short term timing differences	(175)	(505)
Total deferred tax liability	7,010	4,636

Movement in deferred tax during the year:

	Feb-22 £'000	Recognised in income £'000	Recognised in OCI £'000	Feb-23 £'000
Tangible fixed assets	9,920	790	(253)	10,457
Taxable losses	(4,779)	1,507	-	(3,272)
Other short term timing differences	(505)	330	-	(175)
Total	4,636	2,627	(253)	7,010

Movement in deferred tax during the prior year:

	Feb-21 £'000	Recognised in income £'000	Recognised in OCI £'000	Feb-22 £'000
Tangible fixed assets	6,940	2,230	750	9,920
Taxable losses	(3,209)	(1,570)	-	(4,779)
Other short term timing differences	(84)	(421)	-	(505)
Total	3,647	239	750	4,636

Tennent Caledonian Breweries UK Limited

Notes to the financial statements

For the year ended 28 February 2023

15 Capital and reserves

Share Capital			Authorised No.	Allotted & called up No.	Authorised £'000	Allotted & called up £'000
At 28 February 2023						
Ordinary shares of £	1.00	each	45,235,000	46,235,000	45,235	46,235
			45,235,000	46,235,000	45,235	46,235
At 28 February 2022						
Ordinary shares of £	1.00	each	46,235,000	46,235,000	46,235	46,235
			46,235,000	46,235,000	46,235	46,235
Other capital reserves					Feb-23 £'000	Feb-22 £'000
Equity share based payments					931	941
Capital contribution					67,672	67,672
					68,603	68,613

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 and this has been accounted for as a capital contribution.

Revaluation reserve			Feb-23 £'000	Feb-22 £'000
Revaluation reserve			4,155	4,913

Where property is revalued, the cumulative increase in the fair value of the property at the date of reclassification in excess of any previous impairment losses is included in the revaluation reserve.

Tennent Caledonian Breweries UK Limited

Notes to the financial statements

For the year ended 28 February 2023

16 Commitments

(a) capital commitments

At the year end, the following capital commitments authorised by the Director's had not been provided for in the financial statements:

	Feb-23 £'000	Feb-22 £'000
Capital commitments	2,615	355
Total	2,615	355

(b) other commitments

At the year end, the value of contracts placed for future expenditure was:

28 February 2023	Payable in:	< 1 year £'000	1-5 years £'000	> 5 years £'000	Total £'000
Aluminium		176	-	-	176
Glass		652	-	-	652
Sponsorship		1,570	3,065	-	4,635
Total		2,398	3,065	-	5,463

28 February 2022	Payable in:	< 1 year £'000	1-5 years £'000	> 5 years £'000	Total £'000
Barley		1,529	-	-	1,529
Glass		180	-	-	180
Malted Barley		5,500	460	-	5,960
Marketing		340	1,700	-	2,040
Sponsorship		2,145	3,130	-	5,275
Total		9,694	5,290	-	14,984

Where the Group has hedged an input cost, but a market exists for the Group to resell that input cost in the open market, then the Group does not classify that as a commitment.

17 Related party transactions

	Loan Outstanding		Receivables Outstanding		Sales for the year	
	Feb-23 £'000	Feb-22 £'000	Feb-23 £'000	Feb-22 £'000	Feb-23 £'000	Feb-22 £'000
Drygate Brewing Company Ltd	1,141	1,217	-	-	-	-
Shanter Inns Limited	460	483	-	-	-	-
The Innis & Gunn Brewing Company Limited	-	-	973	613	3,853	5,103

Tennent Caledonian Breweries UK Limited

Notes to the financial statements

For the year ended 28 February 2023

18 Contingent liabilities

The Company guaranteed the repayment obligations of other Group companies in respect of funding obtained by the Group under a US Private Placement notes, and a multi-currency revolving facility in place at year end. The amounts drawn down by these other Group companies under these facilities at 28 February 2023 amounted to €195.6m (FY2022: €258.9m).

19 Post balance sheet events

No events affecting the company have occurred since the year end other than below events.

The Company's ultimate parent undertaking has successfully negotiated and completed a refinancing of its current multi-currency facility agreement which was repayed in a single instalment following the publication of the Group's FY2023 Results, at which point the new facility began. The Group entered into a new five-year committed sustainability-linked facility comprised of a €250m multi-currency revolving loan facility and a €100m non-amortising Euro term loan, both with a maturity of FY2028. The facility offers optionality of two 1-year extensions to the maturity date callable within 12 months and 24 months of initial drawdown respectively.

20 Ultimate parent undertaking

The company's intermediate parent company is C&C Holdings (NI) Limited.

The company's ultimate parent undertaking 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 Bloom House, Gloucester Place Lower, Dublin 1, Republic of Ireland.

21 Approval of financial statements

These financial statements were approved by the Director's on 19 February 2024.