

Matthew Clark Bibendum (Holdings) Limited

Annual Report and Financial Statements

Registered number 06133835
For the year ended 29 February 2020



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Strategic Report

Company information

The financial statements have been prepared for the year ended 29 February 2020. The comparative information is for the period from 30 April 2018 to 28 February 2019.

Principal activities

The Company is an intermediate holding company. The Company also held foreign exchange contracts mainly for the benefit of its main trading subsidiary, Matthew Clark Bibendum Limited, to mitigate Matthew Clark Bibendum Limited's foreign exchange risk. During the year these contracts were transferred to Matthew Clark Bibendum Limited and the Company no longer enters into such contracts.

Business review

During the year, the Company settled its remaining foreign exchange contracts. No new contracts are expected to be entered into and the Company is expected to remain a holding company for the foreseeable future.

Business structure

The Company is the parent undertaking of Matthew Clark Bibendum Limited, a fully-owned subsidiary. The Company also owns 100% of two dormant subsidiaries, Matthew Clark (Scotland) Wholesale Limited and The Wine Studio Limited.

Principal risks and uncertainties

Financial instrument risk

The Company holds foreign exchange contracts which fluctuate in value in line with the prevailing currency's foreign exchange rates (see note 8).

Risk/uncertainty

The Company uses a consistent documented approach in its treatment of risk, ensuring appropriate mitigation over legal, regulatory and financial exposures.

Regular management review and strategic exercises seek to identify those areas of risk and uncertainty that need to be addressed and put in place appropriate actions to moderate them.

Economic uncertainty relating to the COVID-19 pandemic

In December 2019, a novel strain of coronavirus ("COVID-19") was reported in Wuhan, China. The World Health Organization ("WHO") declared COVID-19 to constitute a "Public Health Emergency of International Concern". Since then, the virus has spread worldwide. On 11 March 2020, the WHO announced that the COVID-19 outbreak could be characterised as a pandemic. The COVID-19 pandemic began to have an impact on global economies from March 2020 and on businesses generally. This impact has increased significantly since then.

Similar to businesses across many sectors and specifically the drinks industry, government imposed restrictions, while necessary to slow the spread of COVID-19, have had a significant impact on many of the C&C Group plc's ("the Group") outcomes, principally the on-trade, as well as the Group's employees, many of whom have been furloughed. The Group's primary concern is for the welfare of the Group's people, their families and the communities in which it operates. To that end, the Group has followed the advice from the respective governments at all times and will continue to do so to protect the Group's people and operations.

The Group has strengthened its financial position through renegotiating the timing of term loan repayment, securing covenant waivers from lenders and diversifying sources of funding through the successful issue of US private placement notes. In May 2021, the Group announced an equity raise to strengthen the balance sheet and reduce leverage to deal with the challenging environment and ensure the Group remains resilient in the event of further negative developments in the pandemic. The Group has suspended all unnecessary capital expenditure, reduced marketing spend, reduced other operating costs and implemented a range of working capital controls to protect liquidity including furloughing all non-essential employees. The Group will continue to monitor guidance from governments and health authorities and implement measures in line with best practice.

Strategic report *(continued)*

Key performance indicators

Being a holding company, the performance of the company is assessed through the performance of its subsidiaries, notably the profit or loss in the financial period.

Stakeholder Relationships (S172 Statement)

In fulfilling their duty to promote the success of the Company for the benefit of the shareholders, it is necessary for the directors to have regard of a broader range of stakeholders in recognition of the fact that the long-term success of the Company is dependent on maintaining these relationships. Given the principal activity of the Company is that of a holding entity of subsidiary investments, for which the main trading subsidiary is Matthew Clark Bibendum Limited ("the main trading subsidiary"), and that the Company and its subsidiaries are managed as one body, the principal stakeholder relationships listed below are primarily relevant to the main trading subsidiary. Being the leading composite drinks supplier in the UK, the main trading subsidiary has a significant number of key relationships, which include:

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

Key Decisions

The Company and its subsidiaries regularly make decisions which may impact its Stakeholders, however there are occasionally certain key decisions which can have a significant impact. In making such decisions the directors are always conscious of, and have regard to, the impact on the stakeholders. During the year, the main trading subsidiary was faced with the serious impact presented by a lockdown of the on-trade. In order to preserve the financial security and working capital of the subsidiary, key decisions were made on the furloughing of staff and payment of suppliers.

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

In restructuring payments with major suppliers, the Company has worked proactively to maintain dialogue and set-up feasible payment plans in the interest of both its suppliers and the Company in order to maintain working relationship whilst working within working capital constraints.

Strategic report *(continued)*

Stakeholder Relationships (S172 Statement) *(continued)*

Employees

The Company did not have any employees in the current and prior year. The Directors are employed and remunerated by other entities in the Group. The Directors of the main trading subsidiary actively consider the interest of employees and “people” as a regular agenda item at board meetings where key leavers and joiners are identified and employee satisfaction is discussed as part of the continued commitment to employee engagement. As discussed on Page 2, and above, employees are involved in key decisions and kept up to date with significant announcements. During the year, the company has continued to expand its implemented share-scheme, allowing employees to invest and benefit from the growth of the wider group.

Community and Environmental impact

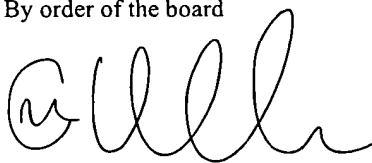
The Company and its subsidiaries are proactive in tracking and reducing their environmental impact. With the main trading subsidiary being a distributor, the main environmental impact is incurred through the delivery of goods to customers. Distribution systems are optimised to focus on proximity to customer demand through last mile logistics, reducing the number of journeys and the amount of fuel consumption required. All our vehicles meet exacting European emissions standards.

High standards and business conduct

The Company always seeks to maintain the highest standards and business conduct with suppliers and other 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.

By order of the board



E Robertson
Director

23 July 2021

Directors' Report

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

Results and dividends

The Company made a Profit after tax for the year of £1,728,000 (*2019: Loss for the period of £1,728,000*) and paid a dividend of £nil (*2019: £nil*).

Directors

The following Directors served during the period:

M G Grisman (appointed on 12 November 2019)

E J Robertson

A Pozzi (resigned 12 November 2019)

J Solesbury (resigned 12 November 2019)

Subsequent to year-end, P McMahon was appointed as a director after the balance sheet date on 23 July 2020.

Political donations

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

Employees

The Company did not have any employees in the current or prior years. The Directors are employed and remunerated by other entities in the Group. In the instance in which the Company were to procure employees, the policies under which it would do so would be in-line with the wider C&C Group plc.

These policies require that applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and the appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Going Concern

The response to the impact of COVID-19 is set out in the Principal Risks and Uncertainties section above.

The Directors have obtained a letter of ongoing financial support from the ultimate parent company. The Directors, having assessed the responses of the directors of the ultimate parent company, C&C Group plc., have no reason to believe that a material uncertainty exists that may cast doubt on the ability of C&C Group plc. to honour the letter of ongoing financial support. After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The only outstanding liabilities of the Company are amounts owed to Group undertakings and there is no expectation that these amounts will be called due until the Company is in a position to repay these amounts using dividend income from its subsidiary undertakings. Accordingly, the Directors continue to adopt the going concern basis of accounting in preparing the annual report and financial statements.

Further details regarding the adoption of the going concern basis in preparing the financial statements can be found in the accounting policies (Note 1).

Directors' Report *(continued)*

Post balance sheet events

As at the date of the approval of the financial statements the Company no longer holds foreign exchange contracts and operates as an intermediate holding company. The lockdown of the hospitality sector due to COVID-19 significantly impacted the trading results of the Company's main trading subsidiary, however the subsidiary has now returned to operating at near historic levels given the easing of the restrictions in the UK.

On 26 May 2020 the Company issued 1,500,000,000 Ordinary A shares of nominal value £0.01 and 1,500,000,000 Ordinary B shares of £0.01 for a total subscription price of £30,000,000. The Company also issued 500,000,000 Ordinary A shares of nominal value £0.01 and 500,000,000 Ordinary B shares of nominal value £0.01 for a total subscription price of £10,000,000 on 24 June 2020. The purpose of this share issue was to facilitate the financing of the Company's subsidiary, Matthew Clark Bibendum Limited.

Disclosure of information to the auditor

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

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

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

Reappointment of auditors

The auditor, Ernst & Young, Chartered Accountants and Statutory Audit Firm, will continue in office in accordance with section 485 of the Companies Act 2006.

Approved by the Board on 23/07/21 and signed on its behalf by:

By order of the board



E Robertson
Director

Whitchurch Lane
Bristol
BS14 0JZ

23 July 2021

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 period. Under that law they 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 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 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 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.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of the accounts.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MATTHEW CLARK BIBENDUM (HOLDINGS) LIMITED

Opinion

We have audited the financial statements of Matthew Clark Bibendum (Holdings) Limited for the year ended 29 February 2020 which comprise the Profit and Loss Account and Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 12, 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 29 February 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Emphasis of Matter – effects of COVID-19

We draw attention to Note 1 of the financial statements, which describes the economic and social consequences the company is facing as a result of COVID-19. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

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

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

Continued / ...

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MATTHEW CLARK BIBENDUM (HOLDINGS) LIMITED (Continued)

Other information

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

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; 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.

Continued / ...

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MATTHEW CLARK BIBENDUM (HOLDINGS) LIMITED (Continued)

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 6, 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.

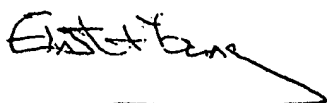
Auditor's responsibilities for the audit of the financial statements

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.

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.



Dermot Quinn (Senior statutory auditor)
for and on behalf of
Ernst & Young, Chartered Accountants and Statutory Auditor

Dublin

23 July 2021

Profit and Loss Account and Other Comprehensive Income
for the year ended 29 February 2020

	<i>Note</i>	1 March 2019 to 29 February 2020 £000	30 April 2018 to 28 February 2019 £000
Administration expenses		-	-
Operating profit		-	-
Interest receivable/(payable) and similar income/(charges)	2	1,728	(1,728)
Profit/(loss) before taxation		1,728	(1,728)
Tax on profit/(loss)	3	-	-
Profit/(loss) for the financial year		1,728	(1,728)
Total comprehensive profit/(loss) for the year		1,728	(1,728)

The notes on pages 13 to 20 form part of these financial statements.

There was no other comprehensive income for the current year or preceding period other than the profit for the year.

These results derive wholly from continuing operations.

Balance Sheet
at 29 February 2020

	<i>Note</i>	29 February 2020		28 February 2019	
		£000	£000	£000	£000
Fixed assets					
Investments	4		126,908		70,908
Current assets					
Debtors	5		20,993		-
Creditors: amounts falling due within one year	6	(84,446)		(30,174)	
Net current liabilities			(63,453)		(30,174)
Total assets less current liabilities			63,455		40,734
Capital and reserves					
Called up share capital	7		-		-
Capital contribution reserve	10		20,993		-
Share premium account			-		35,007
Profit and loss account			42,462		5,727
Shareholders' funds			63,455		40,734

The notes on pages 13 to 20 form an integral part of these financial statements

These financial statements were approved by the board of Directors on 23/07/21 and were signed on its behalf by:



E Robertson
Director

Registered number 06133835

Statement of Changes in Equity

	Called up share capital £000	Share premium account £000	Capital contribution reserve £000	Profit and loss account £000	Total equity £000
Balance at 30 April 2018	-	35,007	-	7,455	42,462
Total comprehensive expense for the period	-	-	-	(1,728)	(1,728)
Balance at 28 February 2019	-	35,007	-	5,727	40,734
Balance at 1 March 2019	-	35,007	-	5,727	40,734
Capital reduction (see Note 7)	-	(35,007)	-	35,007	-
Capital contribution (see Note 10)	-	-	20,993	-	20,993
Total comprehensive income for the year	-	-	-	1,728	1,728
Balance at 29 February 2020	-	-	20,993	42,462	63,455

The notes on pages 13 to 20 form an integral part of these financial statements

Notes to the financial statements

(forming part of the financial statements)

1 Accounting policies

Matthew Clark Bibendum (Holdings) Limited, previously Matthew Clark (Holdings) Limited, (the “Company”) is a company incorporated and domiciled in the UK. The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding period. During the prior period, the Company has changed its period end from 29 April to 28 February to align with parent undertakings. The prior period therefore contains a 10-month period with the current year being a 12-month period of account.

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 on the historical cost basis except financial instruments classified as fair value through the profit or loss, which are held at fair value.

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

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

The Company’s parent undertaking, C&C Group plc, includes the Company in its consolidated financial statements. The consolidated financial statements of C&C Group plc are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from the address given in Note 12.

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

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets, intangible assets and investments;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel;
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers; and
- Certain disclosure requirements of IFRS 16.

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

- Certain IFRS 2 Share Based Payments in respect of group settled share based payments; and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

No new accounting standards, or amendments to accounting standards, or IFRIC interpretations that are effective for the period ended 29 February 2020, have had a material impact on the Company.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

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

Accounting judgements

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are as follows:

Carrying value of investments

Determining whether an investment is impaired requires an estimation of the future cash flows expected to arise from the subsidiary undertaking, discounted at a suitable discount rate in order to calculate present value. The estimation and value of underlying projected cash flows and the selection of an appropriate discount rate involves management judgement.

Going concern

In December 2019, a novel strain of coronavirus ("COVID-19") was reported in Wuhan, China. The World Health Organization ("WHO") declared COVID-19 to constitute a "Public Health Emergency of International Concern". Since then, the virus has spread worldwide. On 11 March 2020, the WHO announced that the COVID-19 outbreak could be characterised as a pandemic. The COVID-19 pandemic began to have an impact on global economies from March 2020 and on businesses generally. This impact has increased significantly since then.

Similar to businesses across many sectors and specifically the drinks industry, government imposed restrictions, while necessary to slow the spread of COVID-19, have had a significant impact on many of the Group's outcomes, principally the on-trade, as well as the Group's employees, many of whom have been furloughed. The Group's primary concern is for the welfare of the Group's people, their families and the communities in which it operates. To that end, the Group has followed the advice from the respective governments at all times and will continue to do so to protect the Group's people and operations.

The Group has strengthened its financial position through renegotiating the timing of term loan repayment, securing covenant waivers from lenders and diversifying sources of funding through the successful issue of US private placement notes. In May 2021, the Group announced an equity raise to strengthen the balance sheet and reduce leverage to deal with the challenging environment and ensure the Group remains resilient in the event of further negative developments in the pandemic. The Group has suspended all unnecessary capital expenditure, reduced marketing spend, reduced other operating costs and implemented a range of working capital controls to protect liquidity including furloughing all non-essential employees. The Group will continue to monitor guidance from governments and health authorities and implement measures in line with best practice.

The Directors have obtained a letter of ongoing financial support from the ultimate parent company. The Directors, having assessed the responses of the directors of the ultimate parent company, C&C Group plc., have no reason to believe that a material uncertainty exists that may cast doubt on the ability of C&C Group plc. to honour the letter of ongoing financial support. After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The only outstanding liabilities of the Company are amounts owed to Group undertakings and there is no expectation that these amounts will be called due until the Company is in a position to repay these amounts using dividend income from its subsidiary undertakings. Accordingly, the Directors continue to adopt the going concern basis of accounting in preparing the annual report and financial statements.

Notes to the financial statements (continued)

1 Accounting policies (continued)

Foreign currency

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. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Investments

Investments in subsidiaries are initially recognised at fair value, which is normally the transaction price (but excludes any transaction costs, where the investment is subsequently measured at fair value through profit and loss). Subsequently, investments in subsidiaries are carried at cost less provision for impairment.

Impairment excluding deferred tax assets

Financial assets (including trade and other debtors)

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

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment 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

At the end of each reporting period, the carrying amounts of the Company's non-financial assets are reviewed to determine whether there is any indication or objective evidence of impairment, as appropriate, and if any such indication or objective evidence exists, the recoverable amount of the asset is estimated. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised and the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised immediately in profit or loss account.

For assets where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined had no impairment losses been recognised for the asset in prior years. A reversal of impairment is recognised immediately in the profit or loss account

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on re-measurement to fair value at each reporting period is recognised immediately in profit or loss.

Notes to the financial statements (continued)

1 Accounting policies (continued)

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.

Trade and other debtors

Trade and other 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.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Investments in subsidiaries

Investments in subsidiaries are carried at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits and bank loans and overdrafts.

Taxation

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; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A 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.

2 Interest receivable/(payable) and similar income/(charges)

	1 March 2019 to 29 February 2020 £000	30 April 2018 to 28 February 2019 £000
Transfer of net loss on matured foreign exchange instruments to group undertaking	2,678	448
Net loss on matured foreign exchange instruments	(950)	(448)
Net gain/(loss) on financial instruments designated as fair value through profit or loss	-	(1,728)
	<hr/>	<hr/>
	1,728	(1,728)
	<hr/>	<hr/>

Notes to the financial statements *(continued)*

3 Tax on profit/(loss)

The tax charge comprises:

	1 March 2019 to 29 February 2020 £000	30 April 2018 to 28 February 2019 £000
UK corporation tax		
Current tax on income for the period	-	-
	<hr/>	<hr/>
Total tax expense	-	-
	<hr/>	<hr/>

Reconciliation of effective tax rate

	1 March 2019 to 29 February 2020 £000	30 April 2018 to 28 February 2019 £000
Profit/(loss) before taxation	1,728	(1,728)
	<hr/>	<hr/>
Tax on profit/(loss) at standard UK corporation tax rate of 19.00% (2019: 19.00%)	328	(328)
<i>Effects of:</i>		
Non-deductible expenses	328	359
Movement in unrecognised deferred tax	-	(31)
	<hr/>	<hr/>
Total tax (credit)/expense	-	-
	<hr/>	<hr/>

The Finance (No 2) Act 2015, which provides for reductions in the main rate of corporation tax from 20% to 19% effective from 1 April 2017 and to 18% effective from 1 April 2020, was substantively enacted on 26 October 2015. Subsequently, the Finance Act 2016, which provides for a further reduction in the main rate of corporation tax to 17% effective from 1 April 2020, was substantively enacted on 6 September 2016. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date.

Prior to the signing of these financial statements the Government have enacted through the Finance Act 2020 to raise the corporation tax rate to 25% from April 2023.

Notes to the financial statements (continued)

4 Investments

	29 February 2020 £000	28 February 2019 £000
Cost of investment as at the beginning of the period	70,908	70,908
Additional amounts invested through capital contribution	56,000	-
	<hr/>	<hr/>
Cost of investment as at the end of the period	126,908	70,908
	<hr/>	<hr/>

During the current year, the Company contributed capital to its trading subsidiary, Matthew Clark Bibendum Limited, through increasing the intercompany balance owed to the subsidiary by £56,000,000 to £126,908,000. The capital contribution has been accounted for as an increase to the cost of investment in the current year given that it represents additional amounts invested in the subsidiary.

In light of the ongoing COVID-19 pandemic, the Company has conducted an impairment review of its cost of investment in its subsidiaries. Taking account of the expected temporary impact of the lockdown on the subsidiaries' profitability, normalised EBITDA and relevant pricing multiples, the Company has assessed the recoverable values of the investments as being in excess of their carrying values and therefore no impairment charge has been recognised.

The undertakings in which the Company's interest at the year-end is more than 20% are as follows:

Subsidiary undertakings	Country of incorporation	Registered address	Principal activity	Class and percentage of shares held
Matthew Clark Bibendum Limited	England & Wales	Whitchurch Lane, Bristol, BS14 0JZ	Wholesaler	100% ordinary share capital
The Wine Studio Limited	England & Wales	Whitchurch Lane, Bristol, BS14 0JZ	Dormant	100% ordinary share capital
Matthew Clark (Scotland) Limited	Scotland	Duke Street, Glasgow, G4 0UL	Dormant	100% ordinary share capital
*Elastic Productions Limited	England & Wales	Whitchurch Lane, Bristol, BS14 0JZ	Event management	100% ordinary share capital
*A2 Contractors Limited	England & Wales	Whitchurch Lane, Bristol, BS14 0JZ	Construction	100% ordinary share capital
*Catalyst PLB Brands Limited	England & Wales	Whitchurch Lane, Bristol, BS14 0JZ	Dormant	100% ordinary share capital
*Matthew Clark Wholesale Bond Limited	England & Wales	Whitchurch Lane, Bristol, BS14 0JZ	Dormant	100% ordinary share capital
*Matthew Clark & Sons Limited	England & Wales	Whitchurch Lane, Bristol, BS14 0JZ	Dormant	100% ordinary share capital
*Matthew Clark Limited	England & Wales	Whitchurch Lane, Bristol, BS14 0JZ	Dormant	100% ordinary share capital
*Odyssey Intelligence Limited	England & Wales	Whitchurch Lane, Bristol, BS14 0JZ	Dormant	100% ordinary share capital
*Bibendum Wine Ireland Limited	Ireland	Keeper Road, Crumlin, Dublin 12, Ireland	Dormant	100% ordinary share capital

*Investments are held in Matthew Clark Bibendum Ltd, and therefore indirectly held by Matthew Clark Bibendum (Holdings) Limited.

5 Debtors

	29 February 2020 £000	28 February 2019 £000
Amounts owed by Group undertakings	20,995	-
	<hr/>	<hr/>
	20,995	-
	<hr/>	<hr/>

Amounts owed by Group undertakings are unsecured, repayable on demand and carry no interest.

Notes to the financial statements (continued)

6 Creditors: amounts falling due within one year

	29 February 2020 £000	28 February 2019 £000
Amounts owed to Group undertakings	84,446	28,446
Derivatives held at fair value through profit or loss (note 8)	-	1,728
	<u>84,446</u>	<u>30,174</u>

Amounts owed to Group undertakings are unsecured, repayable on demand and carry no interest. Derivatives held at fair value through profit or loss relate to foreign exchange contract derivatives.

7 Share capital

	29 February 2020 £	28 February 2019 £
<i>Allotted, called up and fully paid</i>		
5,002 'A' ordinary shares of £0.01 each	50	50
5,002 'B' ordinary shares of £0.01 each	50	50
	<u>100</u>	<u>100</u>

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

During the year, the Directors made a declaration and undertook a special resolution on 11 September 2019 to reduce the Company's capital through reducing its share premium account in accordance with s641 of the Companies Act 2006 and increasing distributable reserves. This resulted in the transfer of the entirety of the share premium account to the profit and loss account.

8 Financial Instruments

At 29 February 2020 the Company held no foreign exchange contracts as they had been transferred to the Company's trading subsidiary. In the prior year the Company held foreign exchange contracts at year end with a notional amount of €48,740,000 whereby it secured fixed rates to convert Pound Sterling into Euro in order to reduce the impact of fluctuations in exchange rates of currencies in which supplier payments of its trading subsidiary were made. In the prior year, the fair value of these contracts was determined at the period-end by reference to the prevailing foreign exchange rate on actively traded markets. During the current period a number of contracts matured for which the loss on these contracts were transferred to Matthew Clark Bibendum Limited, a subsidiary of the Company.

	29 February 2020 £	28 February 2019 £
<i>Reconciliation of derivative financial instruments</i>		
Opening balance	(1,728)	-
Fair value adjustments	(950)	(2,176)
Transfer to subsidiary undertaking	2,678	448
	<u>-</u>	<u>(1,728)</u>

Notes to the financial statements (continued)

8 Financial Instruments (continued)

The following table demonstrates the sensitivity to a reasonably possible change in the Pound Sterling against the Euro exchange rate with all other variables held constant, of the Company's profit before tax in the prior year (due to fair value movements on forward currency contracts).

Scenario (Year-ended 28 February 2019)	Rate	FV Gain/(Loss)
At year-end rate	1.161	(1,728,000)
10% strengthening of GBP	1.277	(5,544,000)
10% weakening of GBP	1.045	2,940,000

9 Contingent liabilities

The Company is a member of the Group VAT registration and is therefore jointly liable for the other Group Companies' outstanding VAT liability. The outstanding liability as at 29 February 2020 was £12,628,895 (2019: £6,680,000).

10 Capital contribution

During the year, the Company received a capital contribution from a group entity, C&C Holdings (NI) Limited, in the form of an intercompany loan of £20,993,000. The capital contribution is considered distributable given that the loan is expected to be realisable and therefore meets the definition of qualifying consideration.

11 Post balance sheet events

As at the date of the approval of the financial statements, the Company no longer holds foreign exchange contracts and operates as an intermediate holding company. The lockdown of the hospitality sector due to COVID-19 significantly impacted the trading results of the Company's main trading subsidiary, however, the subsidiary has now returned to operating at near historic levels given the easing of the restrictions in the UK.

On 26 May 2020 the Company issued 1,500,000,000 Ordinary A shares of nominal value £0.01 and 1,500,000,000 Ordinary B shares of £0.01 for a total subscription price of £30,000,000. The Company also issued 500,000,000 Ordinary A shares of nominal value £0.01 and 500,000,000 Ordinary B shares of nominal value £0.01 for a total subscription price of £10,000,000 on 24 June 2020. The purpose of this share issue was to facilitate the financing of the Company's subsidiary, Matthew Clark Bibendum Limited.

12 Controlling parties

The Company's immediate parent undertaking is C&C Holdings (NI) Limited, a Company incorporated in Northern Ireland. The registered address of C&C Holdings (NI) Limited is 15 Dargan Road, Belfast, BT3 9LS, Northern Ireland.

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

C&C Group plc is the largest and smallest group in which the results of the Company are consolidated. No other group financial statements include the results of the Company. The consolidated financial statements of C&C Group plc are available to the public and may be obtained from Companies Registration Office, Bloom House, Gloucester Place Lower, Dublin 1, Ireland.