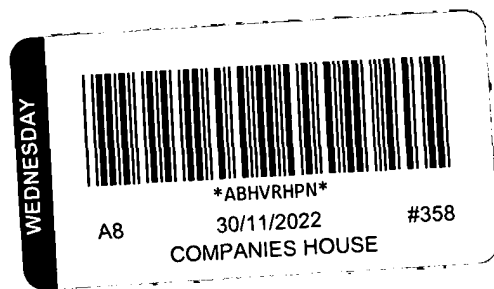


Matthew Clark Bibendum Limited

Annual Report and Financial Statements

Registered number 02550982
For the financial year ended 28 February 2022



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Strategic Report

Principal activities

The Company's principal activity during the year has been that of a brand led drinks distributor, operating in the United Kingdom (UK).

Business review

The Company has established itself as the leading independent composite drinks supplier, operating throughout the UK supplying the on-trade. The Company supplies pubs, bars, hotels, restaurants and leisure outlets, both independent and major nationally managed chains (constituting the on-trade).

Business structure

The Company owns 100% of eight dormant subsidiaries, being Matthew Clark Wholesale Bond Limited, Matthew Clark & Sons Limited, Matthew Clark Limited, Bibendum Wine Ireland Limited, Catalyst PLB Brands Limited, A2 Contractors Limited, Odyssey Intelligence Limited and Elastic Productions Limited.

Aims and objectives

The Company's ultimate objective is to grow profits and cash flows via a strategy centred on enhancing the customer offer and service. To achieve this, the Company has taken a leadership position in the on-trade market whilst providing a fully composite offering.

Principal risks and uncertainties

Competition

The Company's competitors can be broken down into a number of sectors:

- *National independent wholesalers* who offer similar product and service offerings to the Company.
- *Independent regional wholesalers* who, whilst lacking national scope, have strong local distribution and customer bases.
- *Brewers* who focus on beer distribution with other drinks as service lines and represent the largest volume operators in the market by virtue of their beer volumes.

The Company mitigates against the risk of loss of key business to competitors by offering a market leading service and product range, competitive pricing and developing strong relationships with our customer base. Certain key national accounts have their own account managers who manage the customer relationship and new opportunities are targeted as they arise.

Legal and regulatory environment

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. In addition, the Company has well developed policies in place covering a wide range of issues such as anti-bribery, anti-corruption and whistle blowing which are part of the group codes of conduct.

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.

Strategic report (*continued*)

Principal risks and uncertainties (*continued*)

Measurement

The Company has established a performance measurement system that focuses the business on the key levers of sales volume and profit growth, together with cost control and cash generation. Detailed financial information can be found on pages 13 to 37 of these financial statements.

A detailed annual planning process ensures that targets relating to business growth and development are set in conjunction with the Company's and Group's long term strategy.

Financial risk management

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The main exposure to credit risk in the Company is represented by receivables owing to the Company. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of those assets, net of any provisions, as disclosed in the Balance Sheet and notes to the financial statements. Rolling cash flow forecasting, securing mutually appropriate credit terms with our supplier base and debtor-secured borrowing, as well as access to intra-group support if required, ensure that future cash flow obligations can be met by the Company.

Additionally, in order to reduce foreign exchange risk, the Company hedges its exposure to Euro-denominated purchases by entering into forward contracts with its banking partners. The Company does not apply hedge accounting.

Economic uncertainty relating to the Covid-19 pandemic

As explained further below (see Performance section), the financial year ended 28 February 2022 continued to be impacted by the lockdowns implemented as a consequence of the Covid-19 pandemic and the introduction of the new variant Omicron. On 24 February 2022, an announcement was made to lift all restrictions by 24 March 2022, this would allow the Company to achieve trading activities similar to those prior to the pandemic.

Employees

Disabled persons

We welcome, and fully consider, applications from candidates with disabilities and non-visible disabilities. In the event of an existing colleague becoming disabled or developing a non-visible disability, we are committed in making every effort to provide the appropriate support and training, and increased flexibility, to ensure they can continue their employment in the Company. It is the policy of the Company to ensure as far as possible, training, development and career progression opportunities are identical for all colleagues, regardless of disability or hidden disability. A diversity, equity and inclusion (DE&I) advisory group has been established across the Group in 2022, with board level sponsorship and cross functional business representation.

Employee involvement

Regular, formal and informal communication and engagement channels are well established within the Company for all colleagues and their representatives, to ensure colleague's views are taken into account, in decisions that are likely to affect their interests. As well as twice-yearly employee engagement surveys, employee representative groups (ERG) have been established to capture colleague feedback in 3 key areas of Mental Health & Wellbeing, Physical Health, and Working Parents. The output of these forums is discussed at executive committee meetings to help shape future employee initiatives. A colleague intranet will launch in early January 2023. Company performance is communicated via multi-media colleague briefings, and via the new Group website launched in August 2022.

Bribery and corruption

We have a zero-tolerance approach to bribery, corruption, and fraudulent behaviour of any kind. An Anti-Bribery & Corruption policy exists within the Company which clearly communicates Group policy with regards to carrying out our business honestly and transparently. All appropriate colleagues are required to complete mandatory anti-bribery and corruption online training regularly updated to reflect the most up-to-date legislation and policy. The Company refuses to offer, give, or receive bribes or improper payments, or participate in any kind of corrupt activity, either directly or via any third party.

Strategic report (continued)

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 to a broader range of stakeholders in recognition of the fact that the long-term success of the Company is dependent on maintaining these relationships. Being the leading composite drinks supplier in the UK, the Company has a significant number of key relationships, which include:

1) Employees – the success of the Company is built on the hard work of its colleagues and maintaining that relationship is fundamental to the ongoing operation and development of the Company. The Company has historically been a key employer in the South West and continues to do so. However, with regionalised depots, a London office and being a national distributor we recognise our impact across the UK;

2) Community – We are committed to working within the communities within which we work, actively providing support in areas aligned to our charitable pillars of addiction, food poverty, and homelessness. In 2022, we agreed an initial 3-year partnership with The Big Issue Group in the UK, to help change lives through social enterprise. Our colleagues will participate in vendor days, mentoring, and volunteering, as well as facilitating employment opportunities for Big Issue vendors with the Group, via Big Issue Recruit;

3) Suppliers – the Company enjoys close relationships with its suppliers which range from large multinational breweries and wineries to local, independent suppliers. Knowledge of their category, products and strategy is key for the success of both parties; and

4) Customers – the Company has a diverse range of customers, broadly categorised into large national chains and regional establishments across all areas of the hospitality industry. 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.

Employees

The directors actively consider the interest of employees and "People" is a regular agenda item at board meetings where key leavers and joiners are identified and employee satisfaction is discussed as part of our continued commitment to employee engagement. As discussed on page 2, and above, employees are actively engaged on key issues through group-wide announcements, discussions with people managers and through employee surveys, as well as being kept up to date with significant announcements. Certain employees of the Company also have the opportunity to enter into our Group share schemes, with the Company providing additional free shares on top of shares subscribed to by employees, allowing them to invest and benefit from the growth of the Group.

Environmental, Social and Governance (ESG) Impact

As part of the C&C Group, our Environmental, Social and Governance (ESG) strategy is directed by our Group purpose of "We deliver joy to customers with remarkable brands and service" and our 3 values of "Respect people and the planet", "We bring Joy to life" and "Quality is at our core".

While delivering joy to customers, we always shine a light on people and the planet. A structured and ambitious programme of continuous improvement will ensure we meet our ESG vision of "Delivering to a better world!" Our six ESG pillars ensure that we focus on the most material areas to guide our actions around sustainability.

Environmental – We strive to minimise our impact on the environment and the communities in which we operate.

1. Reduce our Carbon Footprint
2. Sustainably produce and source products & services

Social – Our ethos is simple, our employees should work in a safe and healthy workplace. As a drinks business, we are also committed to promoting responsible alcohol consumption

1. Ensure Alcohol is consumed responsibly
2. Enhance Health, Wellbeing & Capability of colleagues

Strategic report (continued)

Stakeholder Relationships (S172 Statement) (continued)

Governance – We believe that working ethically, in line with the Group’s corporate governance framework, in an environment where individuality is respected and celebrated, acting as a trusted partner with all stakeholders, makes a tangible difference to people and our planet.

1. Build a more Diverse, Inclusive, & Engaged workforce
2. Collaborate with Government & NGOs

C&C Group plc established the ESG Committee, in FY2021, to support the Group’s ongoing commitment to environmental, corporate social responsibility and corporate governance matters. This Committee is responsible for monitoring and reviewing current and emerging ESG trends, relevant international standards and legislative requirements and identifying how these are likely to impact the strategy, operations, and reputation of the Group. The Committee is also responsible for assessing the effectiveness of the Group’s policies, programmes, practices, and systems for:

- identifying, managing, and mitigating or eliminating ESG risks in connection with the Group’s operations and corporate activity; and
- ensuring compliance with relevant legal and regulatory requirements and industry standards and guidelines applicable to ESG matters

High standards and business conduct

Being the UK leader in its sector, the Company always seeks to maintain the highest standards and business conduct with its suppliers and customers and recognises the importance of this in maintaining these key relationships. The Company benefits from having developed these strong relationships in maintaining its working capital requirements.

Furthermore, as a subsidiary of C&C Group plc, a premium listed company on the London Stock Exchange, the Company is subject to the highest standards of corporate governance. Further details can be found within the Corporate Governance Report in C&C Group plc’s Annual Report and Accounts for the year ended 28 February 2022.

Carbon emissions reporting

As part of the C&C Group plc, we have pledged to be a carbon-neutral business by 2050 at the latest. The Group has recently set our emissions reduction targets which are grounded in climate science and will be validated by the Science Based Targets initiative (‘SBTi’). The Group are committed to reduce our absolute Scope 1 and Scope 2 GHG emissions by 35% by 2030 (Vs a FY2020 base year). To achieve our target of reducing our Scope 3 emissions by 25% (Vs a FY2020 base year) by 2030, the Group has also committed that suppliers and customers making up 67% of our Scope 3 emissions (Purchased Goods, Downstream Transport and Use of Sold Goods) will have science-based targets in place by 2026. The Group will continuously engage with suppliers and customers to support them to set science-based targets for their own emissions. A cross functional team has been established to lead our alignment with the TCFD guidance. An expert external party has also been engaged to support this process. The Company will continue to embed climate considerations into our overall strategic planning and investment appraisal process. The carbon emissions of the Company are disclosed in its ultimate Parent, C&C Group Plc, Financial Statements along with the Carbon emissions of the other UK registered Companies within the group.

Performance

The Company’s profit before tax, was £3,239k against a prior year loss before tax of £47,037k, with its performance driven by the easing of Covid-19 restrictions allowing the on-trade trading environment to increase throughout the year.

Despite the profit, the introduction of the Covid-19 variant Omicron impacted the Company’s trading during the months of December 2021 and January 2022 as tighter restrictions around gatherings were introduced. The Company carried on taking pro-active steps to manage its working capital cycle, working with suppliers and customers to settle outstanding balances whilst not compromising the liquidity of either party (as discussed on page 2). The Company continued to make use of Government assistance programmes, notably the Coronavirus Job Retention Scheme (CJRS), to offset fixed employment costs where possible. In using this scheme, the Company engaged effectively with its employees (as discussed on page 3). These steps helped the Company to protect its liquidity and financial position, alongside investment from its parent company, and be fully prepared to take advantage of the reopening of the on-trade sector and is now experiencing profitable trade. The company ceased receiving support from the CJRS in May 2021.

As discussed in the Directors report, the impact of Covid-19 on the assets recognised at the current and prior year-ends has been reflected in this set of financial statements as exceptional items.

Strategic report *(continued)*

Performance *(continued)*

In reviewing the performance of the Company, the directors monitor a number of key performance indicators as discussed below:

Key Performance Indicator	2022	2021
Gross profit margin	12.2%	10.9%
Operating profit/(loss) margin	0.2%	(16.0)%

Gross profit margin and operating profit margin have both increased in the period, compared to previous year. These changes are a result of Covid-19 restrictions being lifted in the current financial year whereas the previous year was impacted due to the pandemic on stock losses, resulting from obsolescence, recognised through gross profit margin and fixed cost base of the business affecting operating profit margin.

By order of the board



R J Webster

Director

30/11/2022

Directors' Report

The directors present their report together with the financial statements of the Company for the financial year ended 28 February 2022. The comparative figures are for the period ended 28 February 2021.

Results and dividends

The Company made a profit after tax for the period of £2,099k (2021: loss of £38,585k). No dividend was paid for either the current or prior year.

The impact of the UK lockdown on the hospitality trade, resulting from the onset of Covid-19, has had a significant impact on the position and trading of the Company. As discussed in the significant judgement section of the accounting policies, the impact of the lockdown on the Company's receivables, stock and onerous contracts has resulted in adjustments for the corresponding assets included on the Balance Sheet in both the prior and current year.

Directors

The following directors served during the period and subsequently:

E J Robertson (resigned 23 February 2022)
M G Grisman (resigned 19 January 2022)
P McMahon
J Kowszun (appointed 19 January 2022)
C Shand (appointed 19 January 2022)
R J Webster (appointed 19 January 2022)
A Pozzi (appointed 19 January 2022)
R Heffernan (appointed 19 January 2022)

Corporate governance

The Board meets regularly and reviews operating performance against the strategic business plan and detailed management budgets. This strategic business plan incorporates all aspects of strategy and associated risks; all proposals for contract variations are vetted before approval against the plan. The Board reserves its own decision on contractual expenditure above a certain amount and associated funding. The Board, with help from the Group Risk and Audit Committee, decides upon the accounting policies which are appropriate for the Company and ensures they are consistently applied.

Political donations

The Company made no political donations nor incurred any political expenditure during the period (2021: £nil).

Going concern

The financial statements have been prepared on a going concern basis, which assumes the Company will be able to meet its liabilities as they fall due, for at least the next 12 months. The directors concluded on the going concern basis after taking into account the following factors.

At the date of signing these financial statements the country is no longer in lockdown and the hospitality sector has resumed trading. Our level of activity is comparable to pre-pandemic levels and we are trading profitably on a monthly basis.

The directors have prepared cash flow forecasts based on a range of estimates of future trading conditions. Whilst there remains a degree of uncertainty in the current trading environment, the directors have concluded that the Company will be able to continue to operate for the foreseeable future based on its free cash flow generation. The directors continue to monitor the trading results of the Company and take necessary action to secure the viability of the Company to meet its liabilities as they fall due.

Directors' Report *(continued)*

Going concern *(continued)*

In addition, C&C Group Plc, the Company's ultimate parent undertaking, has indicated that it will provide or procure such funds as necessary to enable the Company to settle all liabilities as they fall due for at least the next 12 months from the date of signing these financial statements. The Company does not foresee any requirement for further financing, however in the event that it was needed, the Company intends to rely on such support to bridge working capital demands, in preference to seeking external financing. The directors are satisfied that C&C Group Plc will be in a position to provide such support given its cash reserves, access to further funding given its listing on the FTSE 250 alongside continued cash flows from sales in the off-trade and banking support.

Future developments and post balance sheet events

The company is expecting increased operational and trading costs in the future mainly due to inflation as a result of the Ukraine conflict but does not anticipate that it will have a material impact on the company's business or operational performance. There were no other events affecting the Company that have occurred since the year end which would require disclosure or amendment of the financial statements.

Disclosure of information to the auditor

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

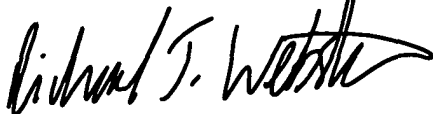
- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's 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, was appointed by the Company and will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Approved by the Board on 30/11/2022 and signed on its behalf by:



R. J. Webster
Director

Whitchurch Lane
Bristol
United Kingdom
BS14 0JZ

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

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

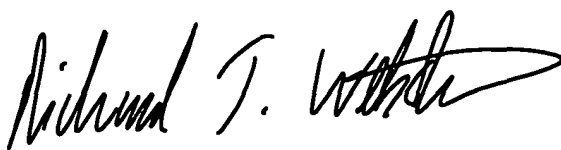
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) 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 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Board on 30/11/2022 and signed on its behalf by:



R J Webster
Director

Whitchurch Lane
Bristol
United Kingdom
BS14 0JZ



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

Opinion

We have audited the financial statements of Matthew Clark Bibendum Limited ('the Company') for the year ended 28 February 2022 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 27, including the 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 state of the company's affairs as at 28 February 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue to November 2023.

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.

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.



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

Other information (Continued)

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
- 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 7, 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.

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

Responsibilities of directors (Continued)

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 FRS 101 "Reduced Disclosure Framework", the Companies Act 2006 and the relevant direct and indirect tax compliance regulation in the United Kingdom. In addition, the Company has to comply with laws and regulations relating to its operations, including Health and Safety, anti-bribery and corruption and GDPR;
- We understood how the Company is complying with those frameworks by making enquiries of management to understand how the Company maintains and communicates its policies and procedures in these areas. We corroborated our enquires through reading board resolutions and any correspondence with relevant authorities, and we noted that there is no contradictory evidence;
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override related to posting of manual journals outside of the routine financial statement close process. Our procedures to address this risk include making enquiries of management, those charged with governance and others within the entity, as to whether they have knowledge of any actual or suspected fraud. The audit procedures to address the fraud risk included testing manual journals falling under specific criteria. The audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error;



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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (Continued)

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved testing journals identified by specific risk criteria. We read the minutes of board resolutions to identify any non-compliance with laws and regulations. We also made enquiries with the management of the Company regarding compliance with laws and regulations.

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, Statutory Auditor

Dublin

30 November 2022

Profit and Loss Account and Other Comprehensive Income

	<i>Note</i>	2022 £000	2021 £000
Turnover	4	774,844	255,325
Cost of sales		(680,332)	(227,616)
		<hr/>	<hr/>
Gross profit		94,512	27,709
Distribution costs		(51,512)	(36,126)
Administration expenses		(41,182)	(32,556)
		<hr/>	<hr/>
Operating profit/(loss)	5	1,818	(40,973)
Exceptional items	6	3,382	(2,747)
Interest payable	9	(1,961)	(3,317)
		<hr/>	<hr/>
Profit/(loss) before taxation		3,239	(47,037)
Income tax (expense)/credit	10	(1,140)	8,452
		<hr/>	<hr/>
Profit/(loss) for the financial period		2,099	(38,585)
		<hr/> <hr/>	<hr/> <hr/>
Total comprehensive income/(expense) for the period		2,099	(38,585)
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 16 to 37 form part of these financial statements.

These results derive wholly from continuing operations.

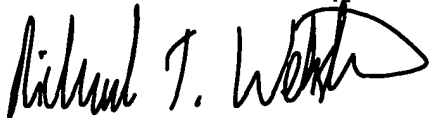
Balance Sheet

for the financial year ended 28 February 2022

	Note	2022	2021
		£000	£000
Fixed assets			
Intangible assets	11	1,558	1,099
Tangible and right of use assets	12	32,843	31,294
Investments	13	-	-
		<u>34,401</u>	<u>32,393</u>
Current assets			
Stocks	14	64,710	36,505
Debtors	15	214,765	124,544
Cash at bank and in hand		12,733	2,760
		<u>292,208</u>	<u>163,809</u>
Creditors: amounts falling due within one year	17	<u>(262,946)</u>	<u>(134,597)</u>
Net current assets		<u>29,262</u>	<u>29,212</u>
Total assets less current liabilities		<u>63,663</u>	<u>61,605</u>
Creditors: amounts due after one year	17	<u>(27,233)</u>	<u>(25,163)</u>
Provisions for liabilities	18	(6,419)	(7,839)
Net assets		<u>30,011</u>	<u>28,603</u>
Capital and reserves			
Called up share capital	19	43,000	43,000
Capital contribution reserve	20	76,995	76,995
Share based payment reserve		1,287	1,978
Accumulated losses		(91,271)	(93,370)
Shareholders' equity		<u>30,011</u>	<u>28,603</u>

The notes on pages 16 to 37 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 30/11/2022 and were signed on its behalf by:



R J Webster
Director

Statement of Changes in Equity

	Called up share capital £000	Capital contribution £000	Share based payments £000	Accumula- ted losses £000	Total equity £000
Balance at 1 March 2020	3,000	56,000	646	(54,785)	4,861
Total comprehensive loss for the period	-	-	-	(38,585)	(38,585)
<i>Transactions with owners, recorded directly in equity:</i>					
Share capital issue	40,000	-	-	-	40,000
Equity-settled share-based payments	-	-	1,332	-	1,332
Group capital restructuring	-	20,995	-	-	20,995
Balance at 28 February 2021	43,000	76,995	1,978	(93,370)	28,603
Balance at 1 March 2021	43,000	76,995	1,978	(93,370)	28,603
Total comprehensive income for the period	-	-	-	2,099	2,099
<i>Transactions with owners, recorded directly in equity:</i>					
Equity-settled share-based payments	-	-	(691)	-	(691)
Balance at 28 February 2022	43,000	76,995	1,287	(91,271)	30,011

The notes on pages 16 to 37 form an integral part of these financial statements.

Notes to the Financial Statements

1 General Information

Matthew Clark Bibendum Limited ("the Company") is a private company limited by share capital incorporated and regulated in the United Kingdom.

The address of its registered office is:
Whitchurch Lane
Bristol
BS14 0JZ

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates. Where figures are shown in "k" this represents "000s".

2 Accounting policies

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101") and on the historical cost basis. FRS 101 disclosure exemptions have therefore been taken, as discussed below.

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 27.

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.

Notes to the Financial Statements *(continued)*

2 Accounting policies *(continued)*

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.

New and amended standards and interpretations

No new accounting standards or amendments to accounting standards, or IFRIC interpretations that are effective for the period ended 28 February 2022, have had a material impact on the Company.

Exemption from preparing Group financial statements

The Company has taken advantage of the exemption from preparing consolidated financial statements afforded by Section 400 of the Companies Act 2006 because it is a wholly-owned subsidiary of C&C Group Plc which prepares consolidated financial statements in accordance with International Financial Reporting Standards that are publicly available and may be obtained from the Companies Registration Office, Bloom House, Gloucester Place Lower, Dublin 1. These financial statements present information about the Company as an individual undertaking and not about its Group.

Going concern

The financial statements have been prepared on a going concern basis, which assumes the Company will be able to meet its liabilities as they fall due, for at least the next 12 months. The directors concluded on the going concern basis after taking into account the following factors:

At the date of signing these financial statements the country is no longer in lockdown and the hospitality sector has resumed trading. Our level of activity is comparable to pre-pandemic levels and we are trading profitably on a monthly basis.

The directors have prepared cash flow forecasts based on a range of estimates of future trading conditions. Whilst there remains a degree of uncertainty in the current trading environment, the directors have concluded that the Company will be able to continue to operate for the foreseeable future based on its free cash flow generation. The directors continue to monitor the trading results of the Company and take necessary action to secure the viability of the Company to meet its liabilities as they fall due.

In addition, C&C Group Plc, the Company's ultimate parent undertaking, has indicated that it will provide or procure such funds as necessary to enable the Company to settle all liabilities as they fall due for at least the next 12 months from the date of signing these financial statements. The Company does not foresee any requirement for further financing, however in the event that it was needed, the Company intends to rely on such support to bridge working capital demands, in preference to seeking external financing. The directors are satisfied that C&C Group Plc will be in a position to provide such support given its cash reserves, access to further funding given its listing on the FTSE 250 alongside continued cash flows from sales in the off-trade and banking support.

Notes to the Financial Statements *(continued)*

2 Accounting policies *(continued)*

Exceptional items

Exceptional items are those items that, within the opinion of the directors, are necessary to present separately on the face of the income statement given their significance and the expectation that they will not be recurring. Such presentation is considered useful to a user of the accounts in allowing them to understand the underlying trade of the Company.

Foreign currencies

The Functional currency of the Company is considered to be Pound Sterling by virtue of this being the primary economic environment in which the Company operates. 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.

Revenue

Revenue is generated from the sale of goods, being the sale of alcoholic and non-alcoholic drinks, typically to the on-trade. Consequently, within each sale there is only considered to be a single performance obligation, being the provision of drinks, which is satisfied at a point in time on delivery.

As discussed within note 3, the transaction price on certain sales are variable given that they are subject to retrospective discounts. In considering any potential discount, the Company determines the most likely single amount which will be paid, which is then deducted from the transaction price. This amount is accrued as a contract liability given that there is a timing difference between the sale and the subsequent retrospective discount.

The Company will receive payment from the Customer according to their specific credit terms. If the goods supplied to the Customer are of unsatisfactory condition and the Company is informed within 3 days after the delivery then the Customer will be due a credit for the goods. Provision is made for returns where appropriate.

Expenses

Interest receivable and Interest payable

Interest payable and similar charges include interest payable and unwinding of any discount on provisions. Other interest receivable and similar income include interest receivable on funds invested. Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method.

Notes to the Financial Statements (continued)

2 Accounting policies (continued)

Tax

The tax credit/expense represents the sum of tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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 in the relevant jurisdiction.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Notes to the Financial Statements *(continued)*

2 Accounting policies *(continued)*

Tangible assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

Asset class	Depreciation method and rate
Freehold buildings	between 5 to 33 years
Leasehold improvements	length of lease
Fixtures and fittings	between 5 to 15 years
Computer equipment	between 2 to 5 years
Plant, machinery and vehicles	between 2 to 25 years

No depreciation is provided on assets in the course of construction until the asset is brought into use.

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

Intangible assets

Intangible fixed assets are stated at cost less accumulated amortisation and less accumulated impairment losses.

Internally generated assets

Development costs, including internal staff time, are capitalised where the Company is able to demonstrate that a project is technically feasible and intended to be completed, there is an ability to use the resulting asset and that it generates probable future economic benefit and that the expenditure can be measured.

Amortisation

Amortisation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Asset class	Amortisation method and rate
Computer software	between 3 to 5 years
Internally generated assets	between 5 to 8 years

Notes to the Financial Statements *(continued)*

2 Accounting policies *(continued)*

Leasing

For contracts entered into, the Company determines whether the contract is, or contains a lease. This is deemed to be the case where the contract conveys the right to use an asset for a period of time in exchange for consideration. In determining whether a lease exists, the Company determines whether the contract meets the following criteria

- The contract contains an identified asset;
- The Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use;
- The Company has the right to direct the use of the identified asset throughout the period of use.

At the lease commencement date, the Company recognises the lease as a right-of-use asset and a corresponding lease liability on the balance sheet. The right-of-use assets are included within property, plant and equipment. The right of use asset is measured at cost, being the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease and any lease payments made in advance of the lease commencement date.

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date over the lease term. The assets are also assessed for impairment where such indicators exist.

At the lease commencement date, the Company measures the lease liability at the present value of the remaining lease payments, discounted using either the interest rate implicit in the lease or the incremental borrowing rate specific to each asset. Over the term of the lease, interest is charged on the liability as a finance cost, whilst the liability is also reduced by any lease payments made. The lease liability is remeasured to reflect any reassessment or modification to the terms of the lease contract, any remeasurement is also taken as an adjustment to the right of use asset.

The Company elects to account, on a case-by-case basis, for short-term leases and leases of low value using the practical expedients in IFRS 16, namely as a straight-line expense over the term of the lease. Short term leases are defined as those less with a term of less than 12 months and low value leases are those which are not deemed financially significant individually (or in totality) to the Company.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Notes to the Financial Statements *(continued)*

2 Accounting policies *(continued)*

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension obligation

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Company's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss – depending on the contractual cash flow characteristics of the instrument. The main financial assets of the Company are trade receivables and intercompany balances, which are both held at amortised cost.

With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Subsequent measurement

Financial assets are subsequently held at amortised cost, measured using the effective interest (EIR) method and are subject to impairment. For trade receivables, the effect of applying the EIR is typically not significant and therefore such receivables are held at cost. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

De-recognition

Financial assets are derecognised when the rights to receive cash flows from the asset has expired

Notes to the Financial Statements *(continued)*

2 Accounting policies *(continued)*

Impairment

The Company recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs.

Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company considers a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as either fair value through profit or loss or amortised cost. With the exception of derivative contracts, all of the Company’s financial liabilities are classified as amortised cost. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company’s financial liabilities include trade and other payables, intercompany balances and borrowings including bank overdrafts.

Subsequent measurement

Subsequent measurement of liabilities is dependent on whether they are classified as:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at fair value through profit or loss

This category includes derivative financial instruments entered into by the Company and can either be financial assets or liabilities depending on the balance sheet valuation. Gains or losses on such liabilities are recognised in the statement of profit or loss.

Financial liabilities at amortised cost (loans and borrowings)

This category includes trade and other payables, loans and borrowings and intercompany balances. After initial recognition, such liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Where the effect of applying the effective interest rate method is not material, trade payables are held at transaction price.

Notes to the Financial Statements *(continued)*

2 Accounting policies *(continued)*

Presentation

Liabilities are classified as current liabilities if payment is due within one year or less. Where the Company has the unconditional right to defer payment for 12 months from the balance sheet date, they are presented as non-current liabilities.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Share based payments

Certain employees of the group are eligible for share schemes in which they receive equity instruments of the ultimate parent, C&C Group Plc at below fair value. The charge for these schemes is levied to the Company via an intercompany recharge arrangement from C&C Group Plc. The fair value of the instruments issued is recognised as an expense over the period in which the employee renders the service with an equivalent credit recognised directly within equity.

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The following significant estimates and judgements were used in preparing these financial statements:

Judgements

Impact of Covid-19

In the prior period, there was a significant judgement in whether the impact of Covid-19 should be considered in the measurement of assets and liabilities at that year-end. The judgement as to whether the impact should have been recognised in year-ended 2021 or year-ended 2022 was based on whether Covid-19 was considered an adjusting or non-adjusting event for 2021. This is based on the facts and circumstances at that balance sheet date. In the prior year, the Group assessed that the facts and circumstances leading to a decline in the on-trade existed as at that year-end and consequently concluded that the impact of Covid-19 should be reflected in the measurement of assets and liabilities in the Balance Sheet.

Notes to the Financial Statements *(continued)*

3 Critical accounting judgements and key sources of estimation uncertainty *(continued)*

Estimates

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 includes several key components such as, a reference rate (incorporating 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). Please refer to note 21 for the carrying amounts of the right-of-use assets and the lease liability impacted.

Retrospective discounts

The Company enters into arrangements with customers which allow for variations in retrospective discounts based on the level of sales to that customer in the contract period. This can result in a significant degree of estimation as to whether certain sales thresholds are met in order for those customers to be entitled to retrospective discounts. When the Company is making such estimates, it relies on historic sales volumes from those customers as well as judgement from the account handlers. As at 28 February 2022, retrospective discounts amounting to £12,215k (2021: £5,008k) are included within other creditors.

Expected credit losses

The Company applies the simplified approach permitted by IFRS 9 Financial Instruments to measure expected credit losses for trade receivables, which requires expected lifetime losses to be recognised from initial recognition of the receivables. Further to the impact of Covid-19 on the Company, estimates have been made around the credit losses expected to be incurred on the Company's financial assets – principally being trade receivables and trade loans. In determining the expected credit losses, the loss rates are determined based on the grouping of trade receivables sharing the same credit risk characteristics and past due days. Regarding advances to customers, 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.

Stock provisions

As a result of Covid-19, the Company has been required to consider its provision for obsolete inventory. For inventory which has no alternate use or right of return to the supplier, the provision for obsolescence has been calculated by reference to the shelf life of products compared to the expected period of sale.

4 Revenue

Revenue consists of sales in the United Kingdom arising from the Company's principal activity.

The analysis of the Company's revenue is as follows:

	2022 £000	2021 £000
Sale of goods	774,844	255,325

Notes to the Financial Statements *(continued)*

5 Operating profit / (loss)

Included within profit/(loss) are the following:

	2022 £000	2021 £000
Depreciation and amortisation	8,882	8,780
Movement in expected credit loss provision gain*	(2,117)	(2,267)
Foreign exchange losses	511	593
Auditor's remuneration	300	250

*excluding exceptional Covid-19 related costs (see note 6)

6 Exceptional costs

The exceptional costs recognised are analysed as follows:

	2022 £000	2021 £000
Costs in relation to improvements in logistics network	(475)	2,036
Professional and other charges*	-	126
	(475)	2,162
Covid-19 impact		
Expected credit losses	(2,492)	(2,706)
Provision for stock obsolescence	(1,323)	560
Restructuring costs	908	2,535
Onerous contract remeasurement	-	(753)
Holiday pay accruals	-	493
Impairment of intangible assets and other debtors	-	456
	(2,907)	585
	(3,382)	2,747

*Ad-hoc and professional fees in 2021 have been incorporated into a single line; professional and other charges.

Costs in relation to improvements in logistics network

These costs arose as a consequence of the optimisation of the delivery networks in England and Scotland.

Covid-19 adjustments

Adjustments arising from the effect of the Covid-19 lockdown on the on-trade industry are treated as exceptional costs given their unique, one-off nature. Where certain assets or liabilities have been adjusted but the underlying cause is not considered to be Covid-19 related, the movement has been treated as non-exceptional.

- *Restructuring costs*
Restructuring costs arose as a consequence of the Covid-19 pandemic and have therefore been treated as exceptional in the period.
- *Holiday pay accruals*
These costs are considered exceptional given the overwhelming holiday allowance accrued by individuals who were on furlough and therefore unable to take leave during that time. Historically the holiday pay accrual has been immaterial.

Notes to the Financial Statements *(continued)*

7 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the period, analysed by category, was as follows:

	Number of employees	
	2022	2021
Selling and distribution	1,114	1,341
Administration	200	196
	<u>1,314</u>	<u>1,537</u>

The aggregate payroll costs of these persons were as follows:

	2022	2021
	£000	£000
Wages and salaries	40,053	26,829
Restructuring costs (see note 6)	(908)	2,535
Share based payments	1,102	1,676
Social security costs	4,340	4,211
Other pension costs	1,824	2,151
	<u>46,411</u>	<u>37,402</u>

Government grants and assistance

In the current financial year, wages and salaries are stated net of wage subsidies of £1,991k (2021: £16,094k) received by the Company from the UK Government. These wage subsidies are offset against the related wages and salaries expense over the period in which they were incurred. The Company availed of the Coronavirus Job Retention Scheme in the UK from 1 April 2020 to 31 May 2021 as a direct consequence of the Covid-19 pandemic. Up to 30 June 2020, the scheme only applied to furloughed employees and employees still working at the Company were not eligible. From 1 July 2020, the UK government introduced a flexible furlough scheme where employees can work part time and an employer can claim subsidies which are passed on to employees for the hours not worked. In order to be eligible for the scheme, employees must have been on at least a three week furlough period prior to 10 June 2020. In the previous financial year, the Company was in compliance with all the conditions of the respective schemes. The grant income received has been offset against the related costs in operating costs in the Income Statement.

8 Directors' remuneration

During the year, two directors were remunerated locally, however their remuneration was not in lieu of their role as a director of the Company (2021: £nil).

Notes to the Financial Statements *(continued)*

9 Interest payable and similar expenses

	2022 £000	2021 £000
On bank loans and overdrafts	426	1,780
Interest on lease liabilities	1,535	1,537
	<u>1,961</u>	<u>3,317</u>

10 Tax

The tax charge/(credit) comprises:

	2022 £000	2021 £000
<i>UK corporation tax</i>		
Current tax on income for the period	1,041	273
Adjustments in respect of prior years	(717)	-
Total current tax	<u>324</u>	<u>273</u>
<i>Deferred tax</i>		
Current period	719	(8,584)
Adjustment in respect of prior years	1,326	(141)
Rate change	(1,229)	-
Total deferred tax	<u>816</u>	<u>(8,725)</u>
Total tax expense / (credit)	<u><u>1,140</u></u>	<u><u>(8,452)</u></u>

Notes to the Financial Statements (continued)

10 Tax (continued)

Reconciliation of effective tax rate

	2022 £000	2021 £000
Profit / (loss) before taxation	3,239	(47,037)
Tax on profit/ (loss) at standard UK corporation tax rate of 19.00% (2021: 19.00%)	615	(8,937)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	1,018	80
Adjustments to tax charge in respect of previous periods	610	(141)
Group relief	392	-
Impact of deferred tax at different rate	(1,229)	-
Recognition of deferred tax on Share based payments	(30)	-
Losses carried forward	(638)	-
Other	402	546
Total tax expense	1,140	(8,452)

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.

11 Intangible assets

	Computer software £000	Assets under construction £000	Total £000
<i>Cost</i>			
At 1 March 2021	9,041	1,988	11,029
Additions	6	1,056	1,062
Transfers	41	(41)	-
Disposals	(46)	-	(46)
At 28 February 2022	9,042	3,003	12,045
<i>Amortisation</i>			
At 1 March 2021	8,034	1,896	9,930
Charge for period	603	-	603
Disposals	(46)	-	(46)
At 28 February 2022	8,591	1,896	10,487
<i>Net book value</i>			
At 28 February 2022	451	1,107	1,558
At 1 March 2021	1,007	92	1,099

Notes to the Financial Statements (continued)

12 Tangible fixed assets

	Buildings and building improvements £000	Assets in course of construction £000	Fixtures and Fittings £000	Computer equipment £000	Right of use lease assets £000	Plant, machinery and vehicles £000	Total £000
<i>Cost</i>							
At 1 March 2021	5,134	591	669	4,819	41,894	1,636	54,743
Additions	78	46	-	80	10,126	38	10,368
Remeasurement	-	-	-	-	424	-	424
Transfers	220	(592)	-	-	(776)	372	(776)
Disposals	(130)	-	(166)	(64)	(954)	(99)	(1,413)
At 28 February 2022	5,302	45	503	4,835	50,714	1,947	63,346
<i>Depreciation and impairment</i>							
At 1 March 2021	3,414	-	624	4,227	13,840	1,344	23,449
Charge for period	364	-	29	321	7,378	187	8,279
Disposals	(130)	-	(166)	(64)	(766)	(99)	(1,225)
At 28 February 2022	3,648	-	487	4,484	20,452	1,432	30,503
<i>Net book value</i>							
At 28 February 2022	1,654	45	16	351	30,262	515	32,843
At 1 March 2021	1,720	591	45	592	28,054	292	31,294

13 Investments

	Shares in undertakings £000
Cost	1,645
Impairment	(1,645)
Net book value at 28 February 2021 and 28 February 2022	-

Investments in subsidiaries are stated at cost less allowance for impairment. 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
Elastic Productions Limited	England & Wales	Whitchurch Lane, Bristol, BS14 0JZ	Dormant	100% ordinary share capital
A2 Contractors Limited	England & Wales	Whitchurch Lane, Bristol, BS14 0JZ	Dormant	100% ordinary share capital
Catalyst PLB Brands Limited	England & Wales	Whitchurch Lane, Bristol, BS14 0JZ	Dormant	100% ordinary share capital

Notes to the Financial Statements *(continued)*

13 Investments (continued)

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

14 Stock

	2022	2021
	£000	£000
Finished goods for resale	64,710	36,505

The value of stock charged to cost of sales amounted to £670,649k (2021: £227,194k). Included in the above stock balance is a stock provision of £3,418k (2021: £4,657k).

15 Debtors

	2022	2021
	£000	£000
Trade debtors	77,144	8,355
Amounts owed by Group undertakings	116,559	100,287
Other debtors	8,830	2,927
Prepayments and accrued income	2,883	2,810
Deferred tax asset (note 16)	9,349	10,165
	214,765	124,544

The Company manages credit risk through the use of a receivables purchase arrangement, for an element of its trade receivables. Under the terms of this arrangement, the Company transfers the credit risk, late payment risk and control of the receivables sold. The trade receivables programme is not recognised on the balance sheet as it meets the de-recognition criteria under IFRS 9.

Trade debtors are non-interest bearing and are shown net of provision for expected credit losses. As at 28 February 2022, expected credit loss provisions of £1,541k (2021: £3,658k) were recorded against trade debtors.

Amounts owed by Group undertakings are unsecured and receivable on demand.

Due to their short maturities, the fair value of debtors approximate their book value.

Notes to the Financial Statements *(continued)*

16 Deferred taxation

The elements of deferred taxation are as follows:

	2022 £000	2021 £000
Difference between accumulated depreciation and capital allowances	1,318	1,160
Taxable losses	7,178	8,578
Short term timing differences*	853	427
	9,349	10,165
	9,349	10,165

*Short term timing differences were incorrectly disclosed in the prior year accounts, these have been updated from £432k to £427k and does not impact the total deferred tax asset balance.

A deferred tax asset amounting to £9,349k has been recognised relating to losses carried forward, in respect of the difference between depreciation and capital allowances and other short term timing differences, with the asset considered recoverable as it will be realised in future periods as these differences unwind whilst the Company continues to trade. A further deferred tax asset amounting to £6,960k has not been recognised. These relate to losses carried forward on which recoverability is not certain.

17 Creditors

Amounts falling due within one year

	2022 £000	2021 £000
Bank loans and overdrafts	29,500	1,168
Trade creditors	97,563	28,003
Lease liabilities	6,409	6,511
Amounts owed to Group undertakings	82,329	69,776
Other taxes and social security	14,690	11,574
Other creditors	12,118	5,855
Accruals	17,894	9,159
Corporation tax payable	2,443	2,551
	262,946	134,597
	262,946	134,597

Notes to the Financial Statements (continued)

17 Creditors (continued)

Trade creditors are non-interest bearing and it is the Company's policy to pay within the stated terms which typically vary from 7 - 120 days from supplier invoice date.

Amounts owed to Group undertakings are payable on demand and non-interest bearing. No security is held against the Company's assets in relation to the amounts owed to Group undertakings.

Certain payments on VAT and Duty payables and PAYE/PRSI creditors, included in other taxes and social security, have been deferred in accordance with the government Covid-19 support guidelines.

Due to their short maturities, the fair value of creditors approximates their book value.

Amounts falling due after one year

	2022 £000	2021 £000
Lease Liabilities	27,233	25,163
	<u>27,233</u>	<u>25,163</u>

18 Provisions for liabilities

	Property £000	Other £000	Total £000
At beginning of period	2,976	4,863	7,839
Charged to the profit and loss for the period	506	1,554	2,060
Decrease in existing provisions	-	(483)	(483)
Utilisation of provision	(85)	(2,912)	(2,997)
At end of period	<u>3,397</u>	<u>3,022</u>	<u>6,419</u>

Property provisions relate to a number of properties used in the Company's business. They include amounts in respect of onerous rental expenses and dilapidations for leases expiring between the balance sheet date and 2036. The provision is calculated on the basis of external surveys, however these apply assumptions giving rise to uncertainty of the value.

Other provisions include:

- i) vehicle repair costs required prior to returning vehicles at the end of their lease. Calculation of these return costs are also based on assumptions, giving rise to potential uncertainty of the value;
- ii) restructuring costs in relation to the optimisation of logistics network in England & Wales;
- iii) holiday pay costs in respect accrued employee holiday entitlement, not taken at the year end, predominantly arising as a result of employees being on furlough during the year;
- iv) costs in respect of insurance claims and other contract negotiations.

The liabilities to which other provision relate are expected to expire between the balance sheet date and 2023.

Notes to the Financial Statements *(continued)*

19 Share capital

	2022	2021
	£000	£000
<i>Allotted, called up and fully paid</i>		
43,000,002 ordinary shares of £1 each	43,000	43,000

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.

20 Capital Contribution Reserve

	2022	2021
	£000	£000
Capital Contribution Reserve	76,995	76,995

Notes to the Financial Statements (continued)

21 Leases

The Company enters leases primarily for property, being the head-offices and lease depots, and motor vehicles used for delivery of goods. The leasing contracts entered into are typically for fixed terms with fixed lease payments. Certain property leases have break clauses and extension options, however at the balance sheet date none of these were reasonably likely to be exercised, furthermore certain property leases are subject to open market rent reviews. Leasing contracts for Motor Vehicles and Other Equipment are almost exclusively fixed term, typically less than 5 years, with no variability in lease payments. None of the leasing contracts entered into are subject to significant variability of future lease cashflows. The following disclosures provide information on the assets, liabilities and expenses in so far as they relate to IFRS 16.

Breakdown of Right-of-use asset per category

	Freehold Land and Buildings £000	Motor Vehicles and Other Equipment £000	Total £000
<i>Cost</i>			
At 1 March 2021	26,883	15,011	41,894
Additions	1,324	8,802	10,126
Remeasurement	-	424	424
Lease Adjustments	2,609	(3,385)	(776)
Disposals	-	(954)	(954)
	<hr/>	<hr/>	<hr/>
At 28 February 2022	30,816	19,898	50,714
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 1 March 2021	7,508	6,332	13,840
Charge for period	3,472	3,906	7,378
Eliminated on Disposal	-	(766)	(766)
	<hr/>	<hr/>	<hr/>
At 28 February 2022	10,980	9,472	20,452
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 28 February 2022	19,836	10,426	30,262
	<hr/>	<hr/>	<hr/>
At 1 March 2021	19,375	8,679	28,054
	<hr/>	<hr/>	<hr/>

Reconciliation of lease liability

	Freehold Land and Buildings £000	Motor Vehicles and Other Equipment £000	Total £000
<i>Cost</i>			
At 1 March 2021	22,773	8,901	31,674
Additions	1,324	8,802	10,126
Remeasurements	-	424	424
Lease adjustments	2,482	(3,138)	(656)
Disposals	-	(352)	(352)
Payments	(4,856)	(4,253)	(9,109)
Unwinding of discount	1,055	480	1,535
	<hr/>	<hr/>	<hr/>
At 28 February 2022	22,778	10,864	33,642
	<hr/>	<hr/>	<hr/>

Notes to the Financial Statements *(continued)*

21 Leases *(continued)*

Total impact of leasing taken to the Statement of Profit and Loss

	2022 £000	2021 £000
Depreciation of right of use assets	7,378	6,990
Unwinding of lease liabilities taken as finance charge	1,535	1,537
Short term leases accounted for as an expense	<u>59</u>	<u>69</u>
	<u>8,972</u>	<u>8,596</u>

Lease commitments at 28 February 2022

	Discounted £000	Undiscounted £000
Within one year	6,409	8,221
Between one and two years	4,424	6,027
Between two and three years	4,194	5,623
Between three and four years	3,970	5,069
Between four and five years	3,615	4,238
After five years	<u>11,030</u>	<u>12,423</u>
	<u>33,642</u>	<u>41,601</u>

22 Capital commitments

During the period ended 28 February 2022, the Company entered into a contract committing to incur capital expenditure of £nil (2021: £78k).

23 Group VAT registration

The Company is a member of a Group VAT registration, with its immediate Parent and one of its Subsidiaries, and is therefore jointly liable for the other Group Companies' outstanding VAT liability. The other Companies did not have any VAT liability (or asset) at 28 February 2022 or 28 February 2021.

24 Pensions

The Company operates a defined contribution scheme. The assets of the scheme are held separately from those of the Company, being invested with insurance companies. The pension cost charge represents contributions payable by the Company to the fund and amounted to £1,824k (2021: £2,151k). The amount outstanding at the year end was £316k (2021: £234k).

25 Related party transactions

In accordance with the exemption available under FRS 101, transactions with other wholly owned undertakings within the C&C Group Plc group have not been disclosed within these financial statements.

26 Post balance sheet events

The company is expecting increased operational and trading costs in the future mainly due to inflation as a result of the Ukraine conflict but does not anticipate that it will have a material impact on the company's business or operational performance. There were no other events affecting the Company that have occurred since the year end which would require disclosure or amendment of the financial statements.

Notes to the Financial Statements *(continued)*

27 Controlling parties

The Company's immediate parent undertaking is Matthew Clark Bibendum (Holdings) Limited, a Company incorporated in England and Wales. The registered address of Matthew Clark Bibendum (Holdings) Limited is Whitchurch Lane, Bristol, BS14 0JZ, England.

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, 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 the Companies Registration Office, Bloom House, Gloucester Place Lower, Dublin 1, Ireland.