Independent Auditor's Report
to the Members of C&C Group Plc

Report on the audit of the financial statements

Opinion

We have audited the financial statements of C&C Group plc ('the Company') and its subsidiaries ('the Group') for the year ended 28 February 2021, which comprise;

- the Consolidated Income Statement and the Consolidated Statement of Comprehensive Income for the year then ended;
- the Consolidated Balance Sheet and the Company Balance Sheet as at 28 February 2021;
- the Consolidated Cash Flow Statement for the year then ended;
- the Consolidated Statement of Changes in Equity and the Company Statement of Changes in Equity for the year then ended; and
- the notes forming part of the financial statements, including the Statement of Accounting Policies set out on pages 151 to 166.

The financial reporting framework that has been applied in their preparation is Irish Law and International Financial Reporting Standards (IFRS) as adopted by the European Union and, as regards the Company financial statements as applied in accordance with the provisions of the Companies Act 2014 and Accounting Standards including FRS 101 *Reduced Disclosure Framework*.

In our opinion:

- the Group financial statements give a true and fair view of the assets, liabilities and financial position of the Group as at 28 February 2021 and of the Group's loss for the year then ended;
- the Company financial statements gives a true and fair view of the assets, liabilities and financial position of the Company as at 28 February 2021;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with FRS 101 *Reduced Disclosure Framework*; and
- the Group financial statements and Company financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) 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 Group and Company in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard as applied to public interest entities issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), 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. Our evaluation of the directors' assessment of the Group and Company's ability to continue to adopt the going concern basis of accounting included:

Risk assessment procedures

- Obtained an understanding of management's process for the use of the going concern basis of accounting. Events or conditions were identified, and audit procedures designed to evaluate the effect of these on the Group's and the Company's ability to continue as a going concern; and
- Involved members of our internal corporate finance and modelling specialists as part of the audit team to support procedures in respect of the model used and the scenarios considered.

Management's process for assessing going concern

- In conjunction with our walkthrough of the Group's financial statement close process, engaged with management early to ensure key factors were considered in their assessment including controls;
- Obtained management's board-approved forecast cash flows and covenant calculations covering the period of assessment from the date of signing to 31 August 2022 ("going concern assessment period"), along with the Group's assessment models for the going concern base case and reasonable worse case scenarios;
- Using our understanding of the business and through inspection and testing, evaluated and determined, whether the forecasting model and methods adopted by management in assessing going concern were appropriately sophisticated to be able to make an assessment for the entity; and
- Considered the consistency of information obtained from other areas of the audit such as the forecasts used for impairment assessments.

Assumptions

- Considered past historical accuracy of management's forecasting (prior to COVID-19);
- Tested the assumptions included in each modelled scenario. Noting that the model was prepared on a top down basis, driven by volumes sold within each business unit and channel with different assumptions around the phased reopening of the on-trade channel for England, Scotland and Ireland, we reviewed and challenged the phasing assumptions. The assumptions were predicated on available Government guidance for each region;

- Tested the forecast models for each scenario to ensure that they were mathematically accurate;
- Evaluated the relevance and reliability of the underlying data used to make the assumptions included in the assessment by corroborating underlying data to available Government guidance, trading experienced throughout 2020 amid varying degrees of restrictions and social distancing guidance in each region; and
- Considered industry reports and market data for indicators of contradictory evidence, including a review of profit warnings within the sector.

Debt facilities / liquidity

- Performed a detailed review of all borrowing facilities to assess their continued availability to the Group through the going concern assessment period and to ensure completeness of covenants identified by management;
- Verified the covenant waivers in place covering the August 2021 and February 2022 measurement dates, which were replaced by a gross debt cap and the requirement to maintain a minimum level of available liquidity (the “Minimum Liquidity Requirements”) amounting to €150m with a reduction to €120m for the month ending 31 July 2021; reduction to €80m for the month ending 30 June 2022; and a reduction to €100m for the month ending 31 July 2022; and
- Considered the accuracy of management’s forecast model in complying with the Minimum Liquidity Requirements by reference to the above amounts.

Stress testing and Management’s plans for future actions

- Performed sensitivity analysis assuming a further lockdown and cessation of on trade business for the October to December 2021 period with a gradual re-opening in January and February 2022, which indicated that there was still liquidity headroom under this scenario;
- Assessed the plausibility of management’s reasonable worse case scenario by evaluating the actual COVID-19 impact on the Group subsequent to the year end and considering industry outlook analysis; and
- Evaluated management’s ability to undertake mitigating actions to reduce cash outflows during the going concern assessment period in order to determine whether such actions are feasible.

Disclosures

Reviewed the Group’s going concern disclosures in the financial statements to ensure they are in accordance with International Financial Reporting Standards.

Our key observations

The going concern assessment is most sensitive to the level of phased re-opening of the on-trade business during the assessment period. Under both the base case and reasonable worse case scenarios, the Group is not forecasted to breach the Minimum Liquidity Requirement during the going concern assessment period. Our sensitivity testing indicated that there was still liquidity headroom when the additional stress assumptions outlined above were applied, with periods of lower headroom caused by the timing of working capital flows and the timing of specifically identified outflows.

Conclusion

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 Group and 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.

In relation to the Group and Company’s reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors’ statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

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 Group’s or the Company’s ability to continue as a going concern.

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to the Members of C&C Group plc (continued)

Overview of our audit approach

Audit scope	• We performed an audit of the complete financial information of 10 components and performed audit procedures on specific balances for a further 8 components • We performed specified procedures at a further 6 components that were determined by the Group audit team in response to specific risk factors • The components where we performed either full or specific audit procedures accounted for 98.7% of the Group's loss before tax from continuing operations, 97.0% of the Group's Net Revenue and 97.8% of the Group's Total Assets • Components represent business units across the Group considered for audit scoping purposes
Key audit matters	• Going concern – presented in the 'Conclusions relating to going concern' section above • Recoverability of on-trade receivable balances and advances to customers • Impairment assessment of goodwill and intangible brand assets • Assessment of the valuation of property, plant and equipment (PP&E) and impairment assessment of equity accounted investments • Revenue recognition
Materiality	• Overall Group materiality was assessed to be €3.7 million which represents approximately 0.5% of the Group's Net Revenue. In our prior year audit, we adopted a materiality of €4.8 million based on 5% of the Group's profit before tax before non-recurring exceptional items.
What has changed?	• In the current year, our auditor's report includes an amendment to the key audit matter Assessment of the valuation of property, plant and equipment (PP&E), where this key audit matter has been broadened to include impairment assessment of equity accounted investments. • In the prior year, our auditor's report included a key audit matter in relation to *IFRS 16 Implementation* which is no longer considered a key audit matter in the current year.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Recoverability of on-trade receivable balances and advances to customers (Trade receivables 2021: €75.9m, 2020: €93.1m, advances to customers 2021: €42.1m, 2020: €44.7m) The Group has a risk through exposure to on-trade receivable balances and advances to customers who may experience financial difficulty given the ongoing national and international lockdowns and restrictions in Ireland, the UK and across the world following the outbreak of COVID-19 which has resulted in the closure of pubs, bars, clubs and restaurants. Refer to the Audit Committee Report (page 88); and Statement of Accounting Policies (pages 163 to 164); and Note 15 of the Consolidated Financial Statements (pages 199 to 200).	We have performed a thorough review of the Expected Credit Loss (ECL) model in relation to on-trade receivables and advances with customers considering C&C's use of top-down 'management overlays' to account for current macro-economic scenarios. As part of this review we critically assessed management's assumptions and estimates for accuracy and robustness. We have also benchmarked assumptions used within the model to third party data where possible. Given the level of uncertainty and the sensitivity of judgements and estimates used, we reviewed all key assumptions used and judgements made in estimating ECL.	We completed our planned audit procedures with no exceptions noted. Our observations included our assessment of management's methodology for calculating expected credit losses in accordance with IFRS 9. We focused on the significant judgements made by management, benchmarked key assumptions and the appropriate disclosure of these in the financial statements.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Impairment assessment of goodwill & intangible brand assets (2021: €646.0m, 2020: €652.9m) The Group holds significant amounts of goodwill & intangible brand assets on the balance sheet. In line with the requirements of IAS 36: 'Impairment of Assets' ('IAS 36'), management tests goodwill balances annually for impairment, and also tests intangible assets where there are indicators of impairment. The annual impairment testing was significant to our audit because of the financial quantum of the assets it supports as well as the fact that the testing relies on a number of critical judgements, estimates and assumptions by management. Judgemental aspects include cash-generating unit ('CGU') determination for goodwill purposes, assumptions of future profitability, revenue growth, margins and forecast cash flows, and the selection of appropriate discount rates, all of which may be subject to management override. Refer to the Audit Committee Report (pages 88 to 89); Statement of Accounting Policies (pages 157 to 158); and Note 12 of the Consolidated Financial Statements (pages 190 to 195).	Valuations specialists within our team performed an independent assessment against external market data of key inputs used by management in calculating appropriate discount rates, principally risk-free rates, country risk premia and inflation rates. We carefully considered the determination of the Group's 6 CGUs, and flexed our audit approach relative to our risk assessment and the level of excess of value-in-use over carrying amount in each CGU for goodwill purposes and in each model for the impairment assessment for intangible brand assets. For all models, we assessed the historical accuracy of management's estimates, corroborated key assumptions and benchmarked growth assumptions to external economic forecasts. We evaluated management's sensitivity analyses and performed our own sensitivity calculations to assess the level of excess of value-in-use over the goodwill and intangible brand carrying amount and whether a reasonably possible change in assumptions could cause the carrying amount to exceed its recoverable amount. We considered the adequacy of management's disclosures in respect of impairment testing and whether the disclosures appropriately communicate the underlying sensitivities, in particular the requirement to disclose further sensitivities for CGUs and intangible brands where a reasonably possible change in a key assumption would cause an impairment. The above procedures were performed by the Group audit team.	We completed our planned audit procedures with no exceptions noted. Our observations included our assessment of management's impairment model methodology and then for each CGU and intangible brand model: • whether the discount rates lay within an acceptable range • the level of headroom of the present value of cash flows over the CGU and asset carrying amounts • analysis of the 5-year forecast EBIT growth rate when viewed against the prior year and current year actual growth • the results of our sensitivity analysis • all disclosures are appropriate to the requirements of IAS 36.

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Risk	Our response to the risk	Key observations communicated to the Audit Committee
Assessment of the valuation of property, plant and equipment (PP&E) (2021: €139.3m, 2020: €146.7m) and impairment assessment of equity accounted investments (2021: €63.1m, 2020: €83.9m) The Group carries its land and buildings at estimated fair value, its plant and machinery using a depreciated replacement cost approach and motor vehicles and other equipment at cost less accumulated depreciation and impairment losses. During the year, all land and buildings and plant and machinery were subject to independent expert valuations. We considered the valuation of these assets to be a risk area due to the size of the balances and the lack of comparable market data and observable inputs such as market based assumptions, plant replacement costs and plant utilisation levels due to the specialised nature of the Group's assets. The valuation of PP&E involves significant judgement and therefore is susceptible to management override. The Group's interest in equity accounted investments comprise interests in associates and joint ventures. In line with the requirements of IAS 36: 'Impairment of Assets' ('IAS 36'), management tests equity accounted investments where there are indicators of impairment. The impairment testing was significant to our audit because of the financial quantum of the assets it supports as well as the fact that the testing relies on a number of critical judgements, estimates and assumptions by management. Judgemental aspects include assumptions of future profitability, revenue growth, margins and forecast cash flows, and the selection of appropriate P/E multiple, all of which may be subject to management override. Refer to the Audit Committee Report (page 89); Statement of Accounting Policies (pages 155 to 156 and 154 to 155); and note 11 and note 13 of the Consolidated Financial Statements (pages 185 to 189 and 195 to 198) for PP&E and Equity accounted investments respectively.	For PP&E, we inspected the independent expert valuation reports in order to assess the integrity of the data and key assumptions underpinning the valuations. Our specialist valuation team performed an independent assessment on the reasonableness of the key assumptions and judgements underlying the valuations. We corroborated the key assumptions and considered consistency to market data and observable inputs. We considered the adequacy of management's disclosures in respect of the valuation and whether the disclosures appropriately communicate the underlying sensitivities. For equity accounted investments our focus was on Admiral Taverns which is the Group's most significant joint venture. We considered all quantative and qualitative factors in assessing management's market based valuation. We assessed the historical accuracy of management's estimates, corroborated key assumptions which included the reopening of on trade in England, the location and composition of the portfolio of pubs, the real estate value and assessed the level of trade since the pubs reopened for external trading in England. We have reviewed the adequacy of management's disclosures in respect of the market valuation and whether the disclosures appropriately communicate the underlying sensitivities. All of the above procedures were performed predominantly by the Group audit team.	We completed our planned audit procedures with no exceptions noted. Our observations included: • an overview of the risk • an outline of the procedures performed • the judgements we focused on • the results of our testing on the outcome of the valuations and in respect of the related disclosures.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Revenue recognition (2021: €736.9m, 2020: €1,719.3m) The Group generates revenue from a variety of geographies and across a large number of separate legal entities spread across the Group's four business segments. The Group's revenue particularly on supply, complex and non-standard customer contracts agreements may not have been accounted for correctly. In this regard we focused our risk on revenue generated in connection with certain of the Group's arrangements with third parties entered into in order to utilise excess capacity and other material complex arrangements with customers. Revenue is an important element of how the Group measures its performance, and revenue recognition is therefore inherently susceptible to the risk of management override. Refer to the Audit Committee Report (page 89); Statement of Accounting Policies (pages 160 to 161); and note 1 of the Consolidated Financial Statements (pages 167 to 170).	We considered the appropriateness of the Group's revenue recognition accounting policies; in particular, those related to supply, complex and non-standard customer contracts. For the purpose of our audit, the procedures we carried out included the following: • We have evaluated the systems and key controls, designed and implemented by management, related to revenue recognition • We considered the appropriateness of the Group's revenue recognition policy • We discussed with management the key assumptions, estimates and judgements related to recognition, measurement and classification of revenue in accordance with *IFRS 15: Revenue* • In addition, we have discussed significant and complex customer contracts, discounts and the treatment of marketing contribution to ensure that accounting policies are applied correctly • We performed journal entry testing and verification of proper cut-off at year-end.	We completed our planned audit procedures with no exceptions noted. Our observations included: • an overview of the risk • an outline of the procedures performed • the judgements we focused on and the results of our testing.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group and Company to be €3.7 million, which is approximately 0.5% of the Group's Net Revenue, (2020: €4.8 million based on 5% of the Group's profit before tax before non-recurring exceptional items). We believe that Net Revenue provides us with the most appropriate performance metric on which to base our materiality calculation as we consider it to be the most relevant performance measure to the stakeholders of the Group.

During the course of our audit, we reassessed initial materiality and considered that no further changes to materiality were necessary.

Performance materiality

Performance materiality is the application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality. On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 50% of our planning materiality, namely €1.85 million (2020: €2.38 million). We have set performance materiality at this percentage based on our assessment of the risk of misstatements, both corrected and uncorrected, consistent with the prior year.

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Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of €0.18 million (2020: €0.24 million), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

An overview of the scope of our audit report

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity within the Group. Taken together, this enables us to form an opinion on the Consolidated Financial Statements.

In determining those components in the Group to which we perform audit procedures, we utilised size and risk criteria when assessing the level of work to be performed at each entity.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, we selected 18 (2020: 20) components covering entities across Ireland, UK, Luxembourg and the US, which represent the principal business units within the Group.

Of the 18 (2020: 20) components selected, we performed an audit of the complete financial information of 10 (2020: 10) components ("full scope components") which were selected based on their size or risk characteristics. For the remaining 8 (2020: 10) components ("specific scope components"), we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

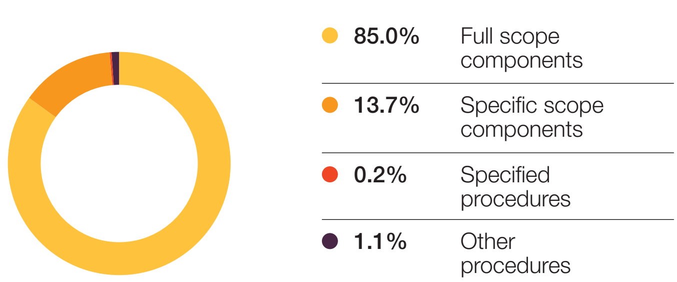
In addition to the 18 components discussed above, we selected a further 6 (2020: 6) components where we performed procedures at the component level that were specified by the Group audit team in response to specific risk factors.

The reporting components where we performed audit procedures accounted for 98.9% (2020: 99.6%) of the Group's loss before tax, 99.6% (2020: 98.6%) of the Group's net revenue and 99.5% (2020: 99.4%) of the Group's total assets.

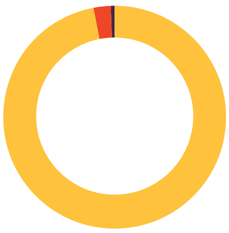
For the current year, the full scope components contributed 85.0% (2020: 85.0%) of the Group's loss before tax, 97.0% (2020: 97.1%) of the Group's net revenue and 97.3% (2020: 93.3%) of the Group's total assets. The specific scope component contributed 13.7% (2020: 12.6%) of the Group's loss before tax, 0.0% (2020: 0.0%) of the Group's net revenue and 0.5% (2020: 0.4%) of the Group's total assets. The components where we performed specified procedures that were determined by the Group audit team in response to specific risk factors contributed 0.2% (2020: 1.9%) of the Group's loss before tax, 2.6% (2020: 1.5%) of the Group's net revenue and 1.7% (2020: 5.7%) of the Group's total assets. The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant tested for the Group.

Of the remaining components that together represent 1.1% (2020: 0.4%) of the Group's loss before tax, none are individually greater than 5% (2020: 5%) of the Group's loss before tax before non-recurring exceptional items. For these components, we performed other procedures, including analytical review, testing of consolidation journals and intercompany eliminations and foreign currency translation recalculations to respond to any potential risks of material misstatement to the Group financial statements.
The charts below illustrate the coverage obtained from the work performed by our audit teams.

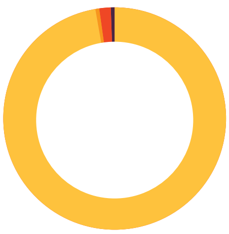
Loss before tax



Revenue



Total Assets



Involvement with component teams

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors from other EY global network firms operating under our instruction. Where the work was performed by component auditors, we determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole.

We issued detailed instructions to each component auditor in scope for the Group audit, with specific audit requirements and requests across key areas. The Group audit team would normally have completed a programme of planned visits designed to ensure that senior members of the Group audit team, including the Audit Engagement Partner, visit a number of overseas locations each year. During the current year's audit cycle, due to travel restrictions as a result of the Covid-19 pandemic, no physical visits were possible by the Group audit team. Instead, the Group audit team performed virtual visits in respect of our key component teams in the U.K., and Ireland. These visits involved discussing the audit approach and any issues arising with the component team and holding discussions with local management and attending closing meetings.

The Group audit team interacted regularly with the component teams where appropriate during various stages of the audit, reviewed and evaluated the work performed by these teams, including review of key reporting documents, in accordance with the ISAs (Ireland) and were responsible for the overall planning, scoping and direction of the Group audit process. Senior members of the Group audit team also participated in component and divisional planning, interim and closing meeting calls during which the planning and results of the audits were discussed with the component auditors, local management and Group management. This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements.

Other conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (Ireland) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the annual report (set out on pages 32 to 42) that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation (set out on page 32) in the annual report that they have carried out a robust assessment of the principal risks facing the Group and the Company, including those that would threaten its business model, future performance, solvency or liquidity;
- the directors' statement (set out on page 41) in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the Group's and the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the directors' statement relating to going concern required under the Listing Rules in accordance with Listing Rule 6.8.3(3) is materially inconsistent with our knowledge obtained in the audit; or
- the directors' explanation (set out on page 41) in the annual report as to how they have assessed the prospects of the Group and the parent company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group and the parent company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

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Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- *Fair, balanced and understandable* (set out on page 89) – the statement given by the Directors that they consider the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and the Company's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- *Audit Committee reporting* (set out on pages 86 to 91) – the section describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee or is materially inconsistent with our knowledge obtained in the audit; or
- *Directors' statement of compliance with the UK Corporate Governance Code* (set out on page 78) – the parts of the Directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 6.8.6 do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Opinions on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that:

- in our opinion, the information given in the Directors' Report, other than those parts dealing with the non-financial statement pursuant to the requirements of S.I. No. 360/2017 on which we are not required to report in the current year, is consistent with the financial statements; and
- in our opinion, the Directors' Report, other than those parts dealing with the non-financial statement pursuant to the requirements of S.I. No. 360/2017 on which we are not required to report in the current year, has been prepared in accordance with the Companies Act 2014.

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the Company statement of financial position is in agreement with the accounting records.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the Group and parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by sections 305 to 312 of the Act, which relate to disclosures of directors' remuneration and transactions, are not complied with by the Company. We have nothing to report in this regard.

We have nothing to report in respect of section 13 of the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017 (as amended), which require us to report to you if, in our opinion, the Company has not provided in the non-financial statement the information required by Section 5(2) to (7) of those Regulations, in respect of year ended 29 February 2020.

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the Directors' Responsibility Statement set out on page 133, 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 they 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 Group and 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 management either intends to liquidate the Group or the Company or to cease operations, or has 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 (Ireland) 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.

The objectives of our audit, in respect to fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group across the various jurisdictions globally in which the Group operates. We determined that the most significant are those that relate to the form and content of external financial and corporate governance reporting including company law, tax legislation, employment law and regulatory compliance
- We understood how C&C Group plc is complying with those frameworks by making enquiries of management, internal audit, those responsible for legal and compliance procedures and the Company Secretary. We corroborated our enquiries through our review of the Group's Compliance Policies, board minutes, papers provided to the Audit Committee and correspondence received from regulatory bodies
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur, by meeting with management, including within various parts of the business, to understand where they considered there was susceptibility to fraud. We also considered performance targets and the potential for management to influence earnings or the perceptions of analysts. Where this risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud or error
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures included a review of board minutes to identify any non-compliance with laws and regulations, a review of the reporting to the Audit Committee on compliance with regulations, enquiries of internal and external legal counsel and management

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at: http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf. This description forms part of our auditor's report.

Other matters which we are required to address

We were appointed by the Audit Committee following an AGM held on 6 July 2017 to audit the financial statements for the year ending 28 February 2018 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 4 years.

The non-audit services prohibited by IAASA's Ethical Standard were not provided to the Group and we remain independent of the Group in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's members, as a body, in accordance with section 391 of the Companies Act 2014. 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.

Pat O'Neill
for and on behalf of
Ernst & Young
Chartered Accountants and Statutory Audit Firm
Dublin
26 May 2021

Consolidated Income Statement
For the financial year ended 28 February 2021

	Notes	Year ended 28 February 2021 Before exceptional items €m	Exceptional items (note 5) €m	Total €m	Year ended 29 February 2020 Before exceptional items €m	Exceptional items (note 5) €m	Total €m
Revenue	1	**1,022.8**	**-**	**1,022.8**	2,145.5	-	2,145.5
Excise duties		**(285.9)**	**-**	**(285.9)**	(426.2)	-	(426.2)
Net revenue	1	**736.9**	**-**	**736.9**	1,719.3	-	1,719.3
Operating costs	2	**(796.5)**	**(25.2)**	**(821.7)**	(1,598.5)	(91.0)	(1,689.5)
Group operating (loss)/profit	1	**(59.6)**	**(25.2)**	**(84.8)**	120.8	(91.0)	29.8
Profit on disposal	5	**-**	**5.8**	**5.8**	-	0.9	0.9
Finance income	6	**-**	**-**	**-**	0.5	-	0.5
Finance expense	6	**(19.5)**	**(7.9)**	**(27.4)**	(20.3)	-	(20.3)
Share of equity accounted investments' (loss)/profit after tax	13	**(6.1)**	**(8.8)**	**(14.9)**	3.1	(2.4)	0.7
(Loss)/profit before tax		**(85.2)**	**(36.1)**	**(121.3)**	104.1	(92.5)	11.6
Income tax credit/(expense)	7	**14.4**	**2.4**	**16.8**	(12.3)	9.8	(2.5)
Group (loss)/profit for the financial year		**(70.8)**	**(33.7)**	**(104.5)**	91.8	(82.7)	9.1
Basic (loss)/earnings per share (cent)	9			**(33.8)**			2.9
Diluted (loss)/earnings per share (cent)	9			**(33.8)**			2.9

All of the results are related to continuing operations.

Consolidated Statement of Comprehensive Income
For the financial year ended 28 February 2021

	Notes	2021 €m	2020 €m
Other Comprehensive Income:			
Items that may be reclassified to Income Statement in subsequent years:			
Foreign currency translation differences arising on the net investment in foreign operations	6	**(17.4)**	1.4
Gain relating to cash flow hedges	24	**0.3**	1.7
Deferred tax relating to cash flow hedges	7	**-**	(0.3)
Items that will not be reclassified to Income Statement in subsequent years:			
Revaluation of property, plant & equipment	11	**0.9**	1.1
Deferred tax on revaluation of property, plant and equipment	22	**(0.2)**	(0.1)
Actuarial gain/(loss) on retirement benefits	23	**13.4**	(4.4)
Deferred tax (charge)/credit on actuarial gain/(loss) on retirement benefits	22	**(1.6)**	0.7
Share of equity accounted investments' Other Comprehensive Income	13	**(0.4)**	3.7
Net (loss)/profit recognised directly within Other Comprehensive Income		**(5.0)**	3.8
Group (loss)/profit for the financial year		**(104.5)**	9.1
Comprehensive income for the financial year		**(109.5)**	12.9

Consolidated Balance Sheet
As at 28 February 2021

	Notes	2021 €m	2020 €m
ASSETS			
Non-current assets			
Property, plant & equipment	11	**204.0**	223.4
Goodwill & intangible assets	12	**646.0**	652.9
Equity accounted investments/financial assets	13	**63.1**	83.9
Retirement benefits	23	**10.4**	8.8
Deferred tax assets	22	**24.6**	11.9
Trade & other receivables	15	**41.8**	25.8
		989.9	1,006.7
Current assets			
Inventories	14	**121.3**	145.8
Trade & other receivables	15	**102.8**	166.0
Cash		**107.7**	123.4
		331.8	435.2
Assets held for sale	16	**13.9**	-
		345.7	435.2
TOTAL ASSETS		**1,335.6**	1,441.9
EQUITY			
Capital and reserves			
Equity share capital	25	**3.2**	3.2
Share premium	25	**171.3**	171.0
Treasury shares	25	**(36.5)**	(36.6)
Other reserves	25	**83.1**	102.4
Retained income		**225.0**	315.4
Total Equity		**446.1**	555.4
LIABILITIES			
Non-current liabilities			
Lease liabilities	19	**60.7**	74.4
Interest bearing loans & borrowings	20	**420.3**	323.8
Retirement benefits	23	**5.5**	16.7
Provisions	18	**6.5**	5.1
Deferred tax liabilities	22	**17.3**	16.5
		510.3	436.5
Current liabilities			
Lease liabilities	19	**18.9**	18.9
Derivative financial liabilities	24	**-**	0.3
Trade & other payables	17	**296.2**	390.7
Interest bearing loans & borrowings	20	**49.7**	33.2
Provisions	18	**6.2**	4.1
Current income tax liabilities		**5.8**	2.8
		376.8	450.0
Liabilities directly associated with the assets held for sale	16	**2.4**	-
		379.2	450.0
Total liabilities		**889.5**	886.5
TOTAL EQUITY & LIABILITIES		**1,335.6**	1,441.9

On behalf of the Board

S Gilliland	**D Forde**	**DATE**
Chair	Chief Executive Officer	26 May 2021

Consolidated Cash Flow Statement
For the financial year ended 28 February 2021

	Notes	2021 €m	2020 €m
CASH FLOWS FROM OPERATING ACTIVITIES			
Group (loss)/profit for the year		**(104.5)**	9.1
Finance income	6	**-**	(0.5)
Finance expense	6	**27.4**	20.3
Income tax (credit)/expense	7	**(16.8)**	2.5
Loss/(profit) on share of equity accounted investments	13	**14.9**	(0.7)
Impairment of intangible asset	12	**0.3**	36.6
Impairment of equity accounted investments	5,13	**9.1**	-
Impairment of property, plant & equipment	5	**1.2**	1.0
Depreciation of property, plant & equipment	11,19	**28.2**	30.3
Amortisation of intangible assets	12	**2.6**	2.5
Profit on disposal	5	**(5.8)**	(0.9)
Net profit on disposal of property, plant & equipment		**(0.4)**	(0.2)
Charge for equity settled share-based payments	4	**0.8**	2.5
Pension contributions: adjustment from charge to payment	23	**0.5**	0.3
		(42.5)	102.8
Decrease in inventories		**18.2**	38.6
Decrease/(increase) in trade & other receivables		**39.6**	(4.8)
(Decrease)/increase in trade & other payables		**(97.2)**	51.9
Increase in provisions		**3.5**	1.9
		(78.4)	190.4
Interest received		**-**	0.5
Interest and similar costs paid		**(23.4)**	(17.9)
Income taxes refunded/(paid)		**7.2**	(8.0)
Net cash (outflow)/inflow from operating activities		**(94.6)**	165.0
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant & equipment	11	**(8.4)**	(15.3)
Purchase of intangible assets	12	**(1.6)**	(4.5)
Net proceeds on disposal of property, plant & equipment		**1.0**	0.4
Proceeds from sale of equity accounted investment	5	**-**	6.1
Sale of business	10	**6.7**	(1.0)
Cash outflow re acquisition of equity accounted investments/financial assets	13	**(6.9)**	(11.2)
Net cash outflow from investing activities		**(9.2)**	(25.5)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from exercise of share options/equity interests		**0.3**	0.9
Drawdown of debt		**570.9**	192.6
Repayment of debt		**(464.0)**	(280.7)
Payment of lease liabilities	19	**(19.0)**	(18.6)
Payment of issue costs	20	**(1.4)**	(0.5)
Shares purchased to satisfy share option entitlements		**-**	(0.5)
Shares purchased under share buyback programme	25	**-**	(23.0)
Dividends paid	8	**(0.4)**	(29.7)
Net cash inflow/(outflow) from financing activities		**86.4**	(159.5)
Decrease in cash		**(17.4)**	(20.0)
Reconciliation of opening to closing cash			
Cash at beginning of year		**123.4**	144.4
Translation adjustment		**1.7**	(1.0)
Net decrease in cash		**(17.4)**	(20.0)
Cash at end of financial year		**107.7**	123.4

A reconciliation of cash to net debt is presented in note 21 to the financial statements.

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

	Equity share capital €m	Share premium €m	Other capital reserves* €m	Cash flow hedge reserve €m	Share-based payments reserve €m	Currency translation reserve €m	Revaluation reserve €m	Treasury shares €m	Retained income €m	Total €m	Non-controlling interest €m	Total €m
At 28 February 2019	3.2	152.6	25.7	(1.1)	3.8	57.6	10.4	(37.1)	383.7	598.8	(0.8)	598.0
Adjustment on initial application of IFRS 16	-	-	-	-	-	-	-	-	(6.2)	(6.2)	-	(6.2)
At 1 March 2019 (adjusted)	3.2	152.6	25.7	(1.1)	3.8	57.6	10.4	(37.1)	377.5	592.6	(0.8)	591.8
Profit for the financial year	-	-	-	-	-	-	-	-	9.1	9.1	-	9.1
Other comprehensive income/(expense)	-	-	-	1.4	-	1.4	1.1	-	(0.1)	3.8	-	3.8
Total comprehensive income/(expense)	-	-	-	1.4	-	1.4	1.1	-	9.0	12.9	-	12.9
Dividends on ordinary shares (note 8)	0.1	18.0	-	-	-	-	-	-	(48.1)	(30.0)	-	(30.0)
Exercised share options (note 25)	-	0.4	-	-	-	-	-	-	-	0.4	-	0.4
Reclassification of share-based payments reserve	-	-	-	-	(0.5)	-	-	-	0.5	-	-	-
Sale of treasury shares/purchase of shares to satisfy employee share entitlements (note 25)	-	-	-	-	-	-	-	0.5	(0.5)	-	-	-
Shares purchased under share buyback programme and subsequently cancelled (note 25)	(0.1)	-	0.1	-	-	-	-	-	(23.0)	(23.0)	-	(23.0)
Disposal of non-controlling interests (note 10)	-	-	-	-	-	-	-	-	-	-	0.8	0.8
Equity settled share-based payments (note 4)	-	-	-	-	2.5	-	-	-	-	2.5	-	2.5
Total transactions with owners	-	18.4	0.1	-	2.0	-	-	0.5	(71.1)	(50.1)	0.8	(49.3)
At 29 February 2020	3.2	171.0	25.8	0.3	5.8	59.0	11.5	(36.6)	315.4	555.4	-	555.4
Loss for the financial year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(104.5)**	**(104.5)**	**-**	**(104.5)**
Other comprehensive income/(expense)	**-**	**-**	**-**	**0.3**	**-**	**(17.4)**	**0.9**	**-**	**11.2**	**(5.0)**	**-**	**(5.0)**
Total comprehensive income/(expense)	**-**	**-**	**-**	**0.3**	**-**	**(17.4)**	**0.9**	**-**	**(93.3)**	**(109.5)**	**-**	**(109.5)**
Dividends on ordinary shares (note 8)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.2**	**0.2**	**-**	**0.2**
Exercised share options (note 25)	**-**	**0.3**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.3**	**-**	**0.3**
Reclassification of share-based payments reserve	**-**	**-**	**-**	**-**	**(3.3)**	**-**	**-**	**-**	**3.3**	**-**	**-**	**-**
Reclassification of cash flow hedge reserve	**-**	**-**	**-**	**(0.6)**	**-**	**-**	**-**	**-**	**0.6**	**-**	**-**	**-**
Sale of treasury shares/purchase of shares to satisfy employee share entitlements (note 25)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.1**	**(0.1)**	**-**	**-**	**-**
Equity accounted investment adjustment (note 13)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1.1)**	**(1.1)**	**-**	**(1.1)**
Equity settled share-based payments (note 4)	**-**	**-**	**-**	**-**	**0.8**	**-**	**-**	**-**	**-**	**0.8**	**-**	**0.8**
Total transactions with owners	**-**	**0.3**	**-**	**(0.6)**	**(2.5)**	**-**	**-**	**0.1**	**2.9**	**0.2**	**-**	**0.2**
At 28 February 2021	**3.2**	**171.3**	**25.8**	**-**	**3.3**	**41.6**	**12.4**	**(36.5)**	**225.0**	**446.1**	**-**	**446.1**

* Other capital reserves includes Other undenominated reserve of €0.9m and the capital reserve of €24.9m.

Company Balance Sheet
As at 28 February 2021

	Notes	2021 €m	2020 €m
ASSETS			
Non-current assets			
Financial assets	13	**985.4**	984.6
		985.4	984.6
Current assets			
Trade & other receivables	15	**118.6**	263.6
Cash		**0.7**	-
		119.3	263.6
TOTAL ASSETS		**1,104.7**	1,248.2
EQUITY			
Equity share capital	25	**3.2**	3.2
Share premium	25	**872.3**	872.0
Other reserves	25	**3.1**	5.6
Retained income		**44.7**	50.0
Total equity		**923.3**	930.8
LIABILITIES			
Non-current liabilities			
Interest bearing loans & borrowings	20	**139.7**	3.2
		139.7	3.2
Current liabilities			
Interest bearing loans & borrowings	20	**4.7**	10.7
Trade & other payables	17	**37.0**	303.5
		41.7	314.2
Total liabilities		**181.4**	317.4
TOTAL EQUITY & LIABILITIES		**1,104.7**	1,248.2

As permitted by section 304 of the Companies Act 2014, the Company is availing of the exemption from presenting its separate Income Statement in the Financial Statements and from filing it with the Registrar of Companies. The Company's loss for the financial year is €8.8m (FY2020: profit €4.0m). This includes dividends received from subsidiaries of €76.6m (FY2020: €10.0m).

On behalf of the Board

S Gilliland
Chair

D Forde
Chief Executive Officer

DATE
26 May 2021

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

	Equity share capital €m	Share premium €m	Other undenominated reserve €m	Share-based payments reserve €m	Retained income €m	Total €m
Company						
At 28 February 2019	3.2	853.6	0.8	2.7	116.6	976.9
Profit for the financial year	-	-	-	-	4.0	4.0
Total	-	-	-	-	4.0	4.0
Dividend on ordinary shares (note 8)	0.1	18.0	-	-	(48.1)	(30.0)
Exercised share options (note 25)	-	0.4	-	-	-	0.4
Shares purchased under share buyback programme and subsequently cancelled (note 25)	(0.1)	-	0.1	-	(23.0)	(23.0)
Reclassification of share-based payments reserve	-	-	-	(0.5)	0.5	-
Equity settled share-based payments (note 4)	-	-	-	2.5	-	2.5
Total	-	18.4	0.1	2.0	(70.6)	(50.1)
At 29 February 2020	3.2	872.0	0.9	4.7	50.0	930.8
Loss for the financial year	**-**	**-**	**-**	**-**	**(8.8)**	**(8.8)**
Total	**-**	**-**	**-**	**-**	**(8.8)**	**(8.8)**
Dividend on ordinary shares (note 8)	**-**	**-**	**-**	**-**	**0.2**	**0.2**
Exercised share options (note 25)	**-**	**0.3**	**-**	**-**	**-**	**0.3**
Reclassification of share-based payments reserve	**-**	**-**	**-**	**(3.3)**	**3.3**	**-**
Equity settled share-based payments (note 4)	**-**	**-**	**-**	**0.8**	**-**	**0.8**
Total	**-**	**0.3**	**-**	**(2.5)**	**3.5**	**1.3**
At 28 February 2021	**3.2**	**872.3**	**0.9**	**2.2**	**44.7**	**923.3**

Statement of Accounting Policies
For the year ended 28 February 2021

Significant accounting policies

C&C Group plc (the 'Company') is a company incorporated and tax resident in Ireland. The Group's financial statements for the year ended 28 February 2021 consolidate the individual financial statements of the Company and all subsidiary undertakings (together referred to as "the Group") together with the Group's share of the results and net assets of equity accounted investments for the year ended 28 February 2021.

The Company and Group financial statements, together the "financial statements", were authorised for issue by the Directors on 26 May 2021.

The accounting policies applied in the preparation of the financial statements for the year ended 28 February 2021 are set out below. Except if mentioned otherwise these have been applied consistently for all periods presented in these financial statements and by all Group entities.

Statement of compliance

The Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU and as applied in accordance with Companies Acts 2014. The individual financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* (FRS 101). In accordance with Section 304 of the Companies Act 2014, the Company is availing of the exemption from presenting its individual Income Statement to the Annual General Meeting and from filing it with the Registrar of Companies.

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;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

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

- IFRS 2 *Share-Based Payments* in respect of Group settled share-based payments.

Changes in accounting policies and disclosures

IFRS as adopted by the EU applied by the Company and Group in the preparation of these financial statements are those that were effective for accounting periods ending on or before 28 February 2021. The IASB have issued the following standards, policies, interpretations and amendments which were effective for the Group for the first time in the year ended 28 February 2021:

- **Amendments to IFRS 3 Definition of a Business**
  The amendment to IFRS 3 *Business Combinations* clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group but may impact future periods should the Group enter into any business combinations.

- **Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform**
  The amendments to IFRS 9 and IAS 39 *Financial Instruments: Recognition and Measurement* provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

- **Amendments to IAS 1 and IAS 8 Definition of Material**
  The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of the Group, nor is there expected to be any future impact to the Group.

- **Conceptual Framework for Financial Reporting issued on 29 March 2018**
  The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual

Statement of Accounting Policies
For the year ended 28 February 2021 (continued)

Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements of the Group.

- **Amendments to IFRS 16 COVID-19 Related Rent Concessions**
  On 28 May 2020, the IASB issued *COVID-19 Related Rent Concessions* - amendment to IFRS 16 *Leases*. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for the change under IFRS 16 if the change were not a lease modification.

The amendment applies to annual reporting periods beginning on or after 1 June 2020, however earlier application is permitted. This amendment had no material impact on the consolidated financial statements of the Group.

IFRS and IFRIC interpretations being adopted in subsequent years
A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 28 February 2021 and have not been applied in preparing these consolidated financial statements.

These following new standards, amendments and interpretations are either not expected to have a material impact on the consolidated financial statements once applied or are still under assessment by the Group.

Accounting standard/interpretation (Effective date)
Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
- The amendments enable entities to reflect the effects of transitioning from benchmark interest rates, such as interbank offer rates (IBORs) to alternative benchmark interest rates without giving rise to accounting impacts that would not provide useful information to users of financial statements. The amendments apply to all entities and are not optional. The amendments are effective for annual periods beginning on or after 1 January 2021 with early application permitted.

The amendments are currently under assessment but are not expected to have a material impact on the Group.

Reference to the Conceptual Framework – Amendments to IFRS 3 (1 January 2022)
- In May 2020, the IASB issued Amendments to IFRS 3 *Business Combinations - Reference to the Conceptual Framework*.
  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The IASB also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 *Levies*, if incurred separately. At the same time, the IASB decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 (1 January 2022)
- In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37 (1 January 2022)
- In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter (1 January 2022)

- As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 *First-time Adoption of International Financial Reporting Standards.* The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities (1 January 2022)

- As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

IAS 41 Agriculture – Taxation in fair value measurements

- As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IAS 41 *Agriculture*. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement ("PS") 2 (1 January 2023)

- On 12 February 2021, the IASB issued amendments to IAS 1 and the PS to provide guidance on the application of materiality judgements to accounting policy disclosures. The amendments to IAS 1 replace the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies. Guidance and illustrative examples are added in the PS to assist in the application of the materiality concept when making judgements about accounting policy disclosures.

The amendments to IAS 1 will be effective for annual periods starting on or after 1 January 2023. Group financial reporting in subsequent years will be prepared in accordance with the new definition, however this is not expected to result in significant changes.

Amendments to IAS 8 Accounting Policies, Changes to Accounting Estimates and Errors: Definition of Accounting Estimates

- On 12 February 2021, the IASB issued amendments to IAS 8 to introduce a new definition of accounting estimates. Accounting estimates are defined as "monetary amounts in financial statements that are subject to measurement uncertainty". The amendments clarify what changes in accounting estimates are and how these differ from changes in accounting policies and corrections of errors.

The amendments become effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted. Group financial reporting in subsequent years will be prepared in accordance with the new definition, however this is not expected to result in significant changes.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current (1 January 2023)

- In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The amendments are currently under assessment but are not expected to have a material impact on the Group.

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IFRS 17 Insurance Contracts (1 January 2023)

- In May 2017, the IASB issued IFRS 17. It is expected to be effective for reporting periods beginning on or after 1 January 2023, with presentation of comparative figures required.

The Group will be unaffected by this standard given it does not issue insurance contracts.

Significant accounting policies

The significant accounting policies applied by the Group in the preparation of these financial statements are as follows:

Basis of preparation

The Group and the individual financial statements of the Company are prepared on the going concern and historical cost basis, except for, retirement benefits, the revaluation of certain items of property, plant & equipment, share-based payments at date of grant and derivative financial instruments. The accounting policies have been applied consistently by Group entities and for all periods presented.

The financial statements are presented in Euro millions to one decimal place.

(i) Going concern basis

The Directors have adopted the going concern basis in preparing the financial statements after assessing the Group's principal risks including the risks arising from COVID-19. In assessing the impact of the COVID-19 pandemic, the Directors considered a base case scenario, along with a reasonable worse case scenario, both of which exclude any upside from the potential rights issue. The Directors assessed the Group's cash flow forecasts for the period ending 31 August 2022 (the going concern "assessment period"). They also assessed the assumptions relating to the profitability and cash generation of the business. The key assumption in the assessment is the phased reopening of the on-trade business in the Company's main markets of England, Scotland and Ireland based on available Government advice and roadmaps.

The Group's scenarios are outlined below:

- The base case projection assumes on-trade recovery in England and Scotland continuing from April and May 2021 respectively, Ireland's on-trade recovery commencing from June 2021.
- The pace of recovery is assumed to be similar across each territory once on-trade restrictions are eased, with gradual improvement to volumes.
- In aggregate on-trade volumes over the assessment period are projected to be approximately 79% of FY2020 in the base case scenario over the assessment period.
- The reasonable worst case projection assumes the same timeline for re-opening of on-trade as the base case; however volumes are projected to hold flat at modest levels for the remainder of the summer as many on-trade restrictions are assumed to remain in place over that period and then build more gradually from that point.
- The reasonable worse case projection contains linked working capital assumptions reflecting a more challenged supplier credit environment.

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

Overall conclusion

Having considered these factors, the Directors have concluded that monthly liquidity and gross debt covenant waiver tests will be satisfied under both the base case and reasonable worse cast scenarios (without any benefit of the proposed rights issue) and therefore consider it appropriate to adopt the going concern basis of accounting with no material uncertainties as to the Group's ability to continue to do so. In making this assessment, the Directors considered the continued impact of COVID-19 and in particular the assumptions in respect of forecasted level of the on-trade business in each of the Group's main trading locations. While it was recognised that COVID-19 continues to have a negative impact on the on-trade business, given the actions available to management, the Directors do not expect any reasonably anticipated deterioration in the forecasted revenues to impact the Group's ability to continue as a going concern.

Basis of consolidation

The Group's financial statements consolidate the financial statements of the Company and all subsidiary undertakings together with the Group's share of the results of equity accounted investments for the year ended 28 February 2021.

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

On 30 April 2004, the Group, previously headed by C&C Group International Holdings Limited, underwent a reorganisation by virtue of which C&C Group International Holdings Limited's shareholders in their entirety exchanged their shares for shares in C&C Group plc, a newly formed company, which then became the ultimate parent company of the Group. Notwithstanding the change in the legal parent of the Group, this transaction has been accounted for as a reverse acquisition and the consolidated financial statements are prepared on the basis of the new legal parent having been acquired by the existing Group except that the capital structure shown is that of the legal parent.

Non-controlling interests represents the portion of the equity of a subsidiary not attributable either directly or indirectly to the Parent Company and are presented separately in the Income Statement and within equity in the Balance Sheet distinguished from Parent Company shareholders' equity, when relevant.

Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result of such transactions. On an acquisition by acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. If the Group loses control over a subsidiary, it derecognises the related assets (including Goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in the Income Statement. Any investment retained is recognised at fair value.

(ii) Investments in associates and jointly controlled entities (equity accounted investments)

The Group's interests in equity accounted investments comprise interests in associates and joint ventures. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of the arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The Group's investments in its joint ventures are accounted for using the equity method from the date joint control is deemed to arise until the date on which joint control ceases to exist or when the interest becomes classified as an asset held for sale. The Income Statement reflects the Group's share of profit after tax of the related joint ventures. Investments in joint ventures are carried in the Balance Sheet at cost, adjusted in respect of post-acquisition changes in the Group's share of net assets, less any impairment in value. If necessary, impairment losses on the carrying amount of an investment are reported within the Group's share of equity accounted investments results in the Income Statement.

Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and Other Comprehensive Income of associates, until the date on which significant influence ceases. Dividends receivable from associates reduce the carrying amount of the investment.

(iii) Transactions eliminated on consolidation

All intercompany balances and transactions, including unrealised gains arising from inter-group transactions, have been eliminated in full. Unrealised losses are eliminated in the same manner as unrealised gains except to the extent that they provide evidence of impairment.

Unrealised gains arising from transactions with equity accounted investments are eliminated against the investment to the extent of the Group's interest in the investment.

(iv) Company Financial Statements

Investments in subsidiaries are carried at cost less provision for impairment. Dividend income is recognised when the right to receive payment is established.

Property, plant and equipment (note 11)

Property (comprising freehold land & buildings) is recognised at estimated fair value with the changes in the value of the property reflected in Other Comprehensive Income in the case of a revaluation gain, to the extent it does not reverse previously recognised losses, or as an impairment loss in the Income Statement to the extent it does not reverse previously recognised revaluation gains. The fair value is based on estimated market value at the valuation date, being the estimated amount for which a property could be exchanged in an arm's length transaction, to the extent that an active market exists. Such valuations are determined based on benchmarking against comparable transactions for similar properties in similar locations as those of the Group or on the use of valuation techniques including the use of market yields on comparable properties. If no active market exists or there are no other observable comparative transactions, the fair value may be determined using a valuation technique known as a Depreciated Replacement Cost approach.

Plant & machinery is carried at its revalued amount. In view of the specialised nature of the Group's plant & machinery and the lack of comparable market-based evidence of a similar plant sold, upon which to base a market approach of fair value, the Group uses a Depreciated Replacement Cost approach to determine a fair value for such assets.

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

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

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

Property, plant & equipment, other than freehold land and assets under construction, which are not depreciated, were depreciated using the following rates which are calculated to write-off the value of the asset, less the estimated salvage value of 5% for other plant & machinery and 15% for storage tanks, over its expected useful life:

Land & Buildings	
Land	n/a
Buildings – ROI, US, Portugal	2 - 6% straight-line
Buildings – UK	2 - 3% straight-line

Plant & Machinery	
Storage tanks	2 - 7% straight-line
Other plant & machinery	6 - 32% reducing balance

Motor vehicles & other equipment	
Motor vehicles	15% straight-line
Other equipment incl returnable bottles, cases and kegs	5 - 25% straight-line

Judgement is involved in the depreciation policy applied to certain fixed assets where there is considered to be a salvage value. The Group considers that such assets have a salvage value equal to 5% of cost for other plant & machinery and 15% for storage tanks, based on the expected scrap value of the associated assets. The salvage value and useful lives of property, plant & equipment are reviewed and adjusted if appropriate at each reporting date to take account of any changes that could affect prospective depreciation charges and asset carrying values. When determining useful economic lives, the principal factors the Group takes into account are the intensity at which the assets are expected to be used, expected requirements for the equipment and technological developments.

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

The carrying amounts of the Group's property, plant & equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised when the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount (being the greater of fair value less costs to sell and value in use). Impairment losses are debited directly to equity under the heading of revaluation reserve to the extent of any credit balance existing in the revaluation reserve account in respect of that asset with the remaining balance recognised in the Income Statement.

Certain property, plant & equipment is remeasured to fair value at regular intervals. In these cases, the revaluation surplus is credited directly to Other Comprehensive Income and accumulated in equity under the heading of revaluation reserve, unless it reverses a revaluation decrease on the same asset previously recognised as an expense, where it is first credited to the Income Statement to the extent of the previous write down.

Leases (note 11 and note 19)

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

A contract contains a lease if it is enforceable and conveys the right to control the use of a specified asset for a period of time in exchange for consideration, which is assessed at inception.

Group as a lessee
(i) Right-of-use assets
The Group recognises a right-of-use asset at the commencement date for contracts containing a lease. The commencement date is the date at which the asset is made available for use by the Group.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the lease liability adjusted for any payments made at or before the commencement date, initial direct costs incurred, lease incentives received and an estimate of the cost to dismantle or restore the underlying asset or the site on which it is located at the end of the lease term. The right-of-use asset is depreciated over the lease term or, where a purchase option is reasonably certain to be exercised, over the useful economic life of the asset in line with depreciation rates for owned property, plant & equipment. The right-of-use asset is tested periodically for impairment if any impairment indicator is considered to exist.

(ii) Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The commencement date is the date at which the asset is made available for use by the Group. Lease payments include fixed payments less any lease incentives receivable, variable payments that are dependent on a rate or index known at the commencement date, payments for an optional renewal period and purchase and termination option payments, if the Group is reasonably certain to exercise those options. Management applies judgement in determining whether it is reasonably certain that a renewal, termination or purchase option will be exercised.

The lease liability is initially measured at the present value of the future lease payments, discounted using the incremental borrowing rate or the interest rate implicit in the lease, if this is readily determinable, over the remaining lease term. Incremental borrowing rates are calculated using a portfolio approach, based on the risk profile of the entity holding the lease and the term and currency of the lease.

After initial recognition, the lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments or when the Group changes its assessment of whether it is reasonably certain to exercise an option within the contract. A corresponding adjustment is made to the carrying amount of the right-of-use asset.

The Group chooses whether or not to include certain non-lease components, such as maintenance costs, in the measurement of the right-of-use asset and lease liability on an underlying asset class as afforded by the practical expedients in the standard. Where the non-lease components are not included, the costs are separated from lease payments and are expensed as incurred.

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

Business combinations (note 10)

Upon making any investment, the Group is required to determine whether any control exists and hence whether the business acquired is accounted for as a subsidiary. If control is not deemed to exist then the investment is accounted for as either a joint venture, associate or financial asset depending on the relevant agreement. This determination is made based on an assessment of the Group's power to affect the activities of the investment and the extent to which it has exposure to variable returns and the ability to affect such returns. This assessment is based principally on shareholder agreements and representation of the Group on the investment's management committee as well as any relevant other side agreements.

Where an investment is made to the extent that the Group is deemed to have control over the investee, the investment is accounted for as a business combination using the acquisition method. In applying the acquisition method, the Group determines the cost of acquisition, being the fair value of consideration transferred, and also determines the fair value of identifiable assets and liabilities acquired.

Where the consideration to be transferred is contingent on future events the consideration is initially recorded at fair value with any changes recognised in the Income Statement. The only exception to this is where the consideration transferred meets the definition of an equity instrument, in which case the consideration is not remeasured, and the settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the cost of acquisition, non-controlling interests and any previous interest held over the fair value of the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the Income Statement immediately.

Goodwill (note 12)

As at the date of acquisition any goodwill acquired is allocated to each cash-generating unit (CGU) (which may comprise more than one cash-generating unit) expected to benefit from the combination's synergies. Impairment is determined by assessing the recoverable amount of the CGU to which the goodwill relates. These

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CGU's represent the lowest level within the Group at which goodwill is monitored for internal management purposes.

Where goodwill forms part of a CGU and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the proportion of the business segment retained.

Goodwill relating to associates and joint ventures is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Where indicators of impairment of an investment arise in accordance with the requirements of IAS 36, the carrying amount is tested for impairment by comparing its recoverable amount with its carrying amount.

Intangible assets (other than goodwill) (note 12)

An intangible asset, which is a non-monetary asset without a physical substance, is capitalised separately from goodwill as part of a business combination at cost (fair value at date of acquisition) to the extent that it is probable that the expected future economic benefits attributable to the asset will flow to the Group and that its fair value can be reliably measured. Acquired brands and other intangible assets are deemed to be identifiable and recognised when they are controlled through contractual or other legal rights, or are separable from the rest of the business, regardless of whether those rights are transferable or separable from the Group or from other rights and obligations.

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

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

The amortisation charge on intangible assets considered to have finite lives is calculated to write-off the book value of the asset over its useful life on a straight-line basis on the assumption of zero residual value.

The useful lives of the Group's intangible assets are as follows:

Trade relationship re Tennent's acquisition	20 years
Trade relationship re Wallaces acquisition	10 years
Trade relationship re Gleeson acquisition	15 years
Trade relationship re Matthew Clark and Bibendum acquisition	15 years
Software and licence costs	5 - 8 years

Impairment of non-financial assets

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:
- Goodwill and intangible assets with indefinite lives: Note 12
- Intangible assets: Note 12
- Property, plant and equipment: Note 11
- Investments in associates and joint ventures: Note 13

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses of continuing operations are recognised in the Income Statement in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to Other Comprehensive Income. For such properties, the impairment is recognised in Other Comprehensive Income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Income Statement unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is subject to impairment testing on an annual basis and at any time during the year if an indicator of impairment is considered to exist. In the year in which a business combination is effected and where some or all of the goodwill allocated to a particular cash-generating unit arose in respect of that combination, the cash-generating unit is tested for impairment prior to the end of the relevant annual period. Where the carrying value exceeds the estimated recoverable amount (being the greater of the fair value less costs of disposal and value-in-use), an impairment loss is recognised by writing down goodwill to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The recoverable amount of goodwill is determined by reference to the cash-generating unit to which the goodwill has been allocated. Impairment losses arising in respect of goodwill are not reversed once recognised.

Intangible assets with indefinite useful economic lives are reviewed for indicators of impairment regularly and are subject to impairment testing on an annual basis unless events or changes in circumstances indicate that the carrying values may not be recoverable and impairment testing is required earlier.

Retirement benefit obligations (note 23)

The Group operates a number of defined contribution and defined benefit pension schemes.

Obligations to the defined contribution pension schemes are recognised as an expense in the Income Statement as the related employee service is received. Under these schemes, the Group has no obligation, either legal or constructive, to pay further contributions in the event that the fund does not hold sufficient assets to meet its benefit commitments.

The liabilities and costs associated with the Group's defined benefit pension schemes, all of which are funded and administered under trusts which are separate from the Group, are assessed on the basis of the projected unit credit method by professionally qualified actuaries and are arrived at using actuarial assumptions based on market expectations at the reporting date. The discount rates employed in determining the present value of the schemes' liabilities are determined by reference to market yields, at the reporting date, on high-quality corporate bonds of a currency and term consistent with the currency and term of the associated post-employment benefit obligations. The fair value of scheme assets is based on market price information, measured at bid value for publicly quoted securities.

The resultant defined benefit pension net surplus or deficit is shown within either non-current assets or non-current liabilities on the face of the Balance Sheet and comprises the total for each plan of the present value of the defined benefit obligation less the fair value of plan assets out of which the obligations are to be settled directly. The assumptions (disclosed in note 23) underlying these valuations are updated at each reporting period date based on current economic conditions and expectations (discount rates, salary inflation and mortality rates) and reflect any changes to the terms and conditions of the post retirement pension plans. The deferred tax liabilities and assets arising on pension scheme surpluses and deficits are disclosed separately within deferred tax assets or liabilities, as appropriate.

When the benefits of a defined benefit scheme are improved, the portion of the increased benefit relating to the past service of employees is recognised as an expense immediately in the Income Statement.

The expected increase in the present value of scheme liabilities arising from employee service in the current period is recognised in arriving at operating profit or loss together with the net interest expense/(income) on the net defined benefit liability/(asset). Differences between the actual return on plan assets and the interest income, experience gains and losses on scheme liabilities, together with the effect of changes in the current or prior assumptions underlying the liabilities are recognised in Other Comprehensive Income. The amounts recognised in the Income Statement and Statement of Other Comprehensive Income and the valuation of the defined benefit pension net surplus or deficit are sensitive to the assumptions used.

Company

The Company has no direct employees and is not the sponsoring employer for any of the Group's defined benefit pension schemes.

Income tax (note 7 and note 22)

Current income tax

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

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

Deferred tax assets and liabilities are recognised for all temporary differences except where they arise from:
- The initial recognition of goodwill or an asset or a liability in a transaction that is not a business combination and affects neither the accounting profit or loss nor the taxable profit or loss at the time of the transaction, or,
- Taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary difference is subject to the Group's control and it is probable that a reversal will not be recognised in the foreseeable future.

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

The Group offsets deferred tax assets and deferred tax liabilities only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax and current tax are recognised as a component of the tax expense in the Income Statement except to the extent that they relate to items recognised directly in Other Comprehensive Income or equity (for example, certain derivative financial instruments and actuarial gains and losses on defined benefit pension schemes), in which case the related tax is also recognised in Other Comprehensive Income or equity.

Company financial assets
The change in legal parent of the Group on 30 April 2004, as disclosed in detail in that year's annual report, was accounted for as a reverse acquisition. This transaction gave rise to a financial asset in the Company's accounts, which relates to the fair value at that date of its investment in subsidiaries. Financial assets are reviewed for impairment if there are any indications that the carrying value may not be recoverable.

Share options granted to employees of subsidiary companies are accounted for as an increase in the carrying value of the investment in subsidiaries and the share-based payment reserve.

Revenue recognition
IFRS 15 *Revenue from Contracts with Customers* (IFRS 15) establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue comprises an amount that reflects the consideration to which an entity expects to be entitled to in exchange for transferring goods or services to a customer, these are exclusive of value added tax, after allowing for discounts, rebates, allowances for customer loyalty and other pricing related allowances and incentives. Provision is made for returns where appropriate. The Group recognises revenue in the amount of the price expected to be received for goods and services supplied at a point in time or over time, as contractual performance obligations are fulfilled, and control of goods and services passes to the customer. Where revenue is earned over time as contractual performance obligations are satisfied, the percentage-of-completion method remains the primary method by which revenue recognition is measured.

The Group manufactures and distributes branded cider, beer, wine, spirits and soft drinks in which revenue is recognised at a point in time when control is deemed to pass to the customer upon leaving the Group's premises or upon delivery to a customer depending on the terms of sale. Contracts do not contain multiple performance obligations (as defined by IFRS 15).

Across the Group, goods are often sold with discounts or rebates based on cumulative sales over a period. The variable consideration is only recognised when it is highly probable that it will not be subsequently reversed and is recognised using the most likely amount or expected value methods, depending on the individual contract terms. In the application of appropriate revenue recognition, judgement is exercised by management in the determination of the likelihood and quantum of such items based on experience and historical trading patterns.

The Group is deemed to be a principal to an arrangement when it controls a promised good or service before transferring them to a customer; and accordingly recognises the revenue on a gross basis. The Group is determined to be an agent to a transaction, in circumstances where the Group arranges for the provision of goods or services by another third party, based on the principal of control; the net amount retained after the deduction of any costs to the principal is recognised as revenue.

Excise duty

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

Net revenue

Net revenue is defined by the Group as revenue less excise duty paid by the Group.

Exceptional items

The Group has adopted an accounting policy and Income Statement format that seeks to highlight significant items of income and expense within the Group results for the year. The Directors believe that this presentation provides a more useful analysis. Such items may include significant restructuring and integration costs, profits or losses on disposal or termination of operations or significant contracts, litigation costs and settlements, profit or loss on disposal of investments, significant impairment of assets, acquisition related costs and unforeseen gains/losses arising on derivative financial instruments. In the current and prior financial year, the Group has accounted for the impact of the COVID-19 pandemic as an exceptional item. The Directors use judgement in assessing the particular items, which by virtue of their scale and nature, are disclosed in the Income Statement and related notes as exceptional items.

Finance income and expenses

Finance income comprises interest income on funds invested and any gains on hedging instruments that are recognised in the Income Statement. Interest income is recognised as it accrues in the Income Statement, using the effective interest method.

Finance expenses comprise interest expense on borrowings, interest expense on sale of trade receivables, bank guarantee fees, amortisation of borrowing issue costs, losses on hedging instruments that are recognised in the Income Statement, ineffective portion of changes in the fair value of cash flow hedges and unwinding the discount on provisions and leases. All borrowing costs are recognised in the Income Statement using the effective interest method.

Research and development

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

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

Government grants

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

Capital grants received and receivable by the Group are credited to government grants and are amortised to the Income Statement on a straight-line basis over the expected useful lives of the assets to which they relate.

Revenue grants are recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Assets held for sale

Non-current assets, or disposal groups comprising of assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets or employee benefit assets, which continue to be measured in accordance with the Group's other accounting policies as applicable.

Impairment losses on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognised in the Income Statement. Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity accounted investee is no longer equity accounted.

Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which; represents a separate major line of business or geographic area of operations; is part of a single

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For the year ended 28 February 2021 (continued)

co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale. When an operation is classified as a discontinued operation, the comparative Income Statement and Other Comprehensive Income is represented as if the operation had been discontinued from the start of the comparative year.

Segmental reporting

Operating segments are reported in a manner consistent with the internal organisational and management structure of the Group and the internal financial information provided to the Chief Operating Decision-Maker, the executive Directors, who are responsible for the allocation of resources and the monitoring and assessment of performance of each of the operating segments. The Group has four reportable operating segments consistent with the prior year.

The analysis by segment includes both items directly attributable to a segment and those, including central overheads that are allocated on a reasonable basis to those segments in internal financial reporting packages.

Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Euro, which is the presentation currency of the Group and both the presentation and functional currency of the Company.

Transactions in foreign currencies are translated into the functional currency of each entity at the foreign exchange rate ruling at the date of the transaction. Non-monetary assets carried at historic cost are not subsequently retranslated. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into functional currencies at the foreign exchange rate ruling at that date. Foreign exchange movements arising on translation are recognised in the Income Statement with the exception of all monetary items designated as a hedge of a net investment in a foreign operation, which are recognised in the consolidated financial statements in Other Comprehensive Income until the disposal of the net investment, at which time they are recognised in the Income Statement for the year.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Euro at the foreign exchange rates ruling at the reporting date. The revenues and expenses of foreign operations are translated to Euro at the average exchange rate for the financial period where that represents a reasonable approximation of actual rates. Foreign exchange movements arising on translation of the net investment in a foreign operation, including those arising on long-term intra-group loans for which settlement is neither planned nor likely to happen in the foreseeable future and as a consequence are deemed quasi equity in nature, are recognised directly in Other Comprehensive Income in the consolidated financial statements in the foreign currency translation reserve. The portion of exchange gains or losses on foreign currency borrowings or derivatives used to provide a hedge against a net investment in a foreign operation that is designated as a hedge of those investments, is recognised directly in Other Comprehensive Income to the extent that they are determined to be effective. The ineffective portion is recognised immediately in the Income Statement for the year.

Any movements that have arisen since 1 March 2004, the date of transition to IFRS, are recognised in the currency translation reserve and are recycled through the Income Statement on disposal of the related business. Translation differences that arose before the date of transition to IFRS as adopted by the EU in respect of all non-Euro denominated operations are not presented separately.

Inventories

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

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

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

Provisions

A provision is recognised in the Balance Sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value at an appropriate rate if the effect of the time value of money is deemed material. The carrying amount of the provision increases in each period to reflect the passage of time and the unwinding of the discount. The increase in the provision due to the passage of time is recognised in the Income Statement within finance expense.

A contingent liability is not recognised but is disclosed where the existence of the obligation will only be confirmed by future events or where it is not probable that an outflow of resources will be required to settle the obligation or where the amount of the obligation cannot be measured with reasonable reliability. Contingent assets are not recognised but are disclosed where an inflow of economic benefits is probable. Provisions are not recognised for future operating losses; however, provisions are recognised for onerous contracts where the unavoidable cost exceeds the expected benefit.

Due to the inherent uncertainty with respect to such matters, the value of each provision is based on the best information available at the time, including advice obtained from third party experts, and is reviewed by the Directors on a periodic basis with the potential financial exposure reassessed. Revisions to the valuation of a provision are recognised in the period in which such a determination is made, and such revisions could have a material impact on the financial performance of the Group.

Share-based payments

The Group operates a number of Share Option Schemes, Performance Share Plans and cash settled award schemes, listed below:

- Executive Share Option Scheme (the 'ESOS'),
- Long-Term Incentive Plan (the 'LTIP'),
- Recruitment and Retention Plan,
- Deferred Bonus Plan ('DBP')
- Partnership and Matching Share Schemes.

Equity settled share-based payment transactions

Group share schemes allow certain employees to acquire shares in the Company. The fair value of share entitlements granted is recognised as an employee expense in the Income Statement with a corresponding increase in equity, while the cost of acquiring shares on the open market to satisfy the Group's obligations under the Partnership and Matching Share Schemes is recognised in the Income Statement as incurred.

All awards are subject to non-market vesting conditions only, the details of which are set out in note 4.

The expense for the share entitlements shown in the Income Statement is based on the fair value of the total number of entitlements expected to vest and is allocated to accounting periods on a straight-line basis over the vesting period. The cumulative charge to the Income Statement at each reporting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. It is reversed only where entitlements do not vest because all non-market performance conditions have not been met or where an employee in receipt of share entitlements leaves the Group before the end of the vesting period and forfeits those options in consequence.

The proceeds received by the Company net of any directly attributable transaction costs on the vesting of share entitlements met by the issue of new shares are credited to share capital and share premium when the share entitlements are exercised. Amounts included in the share-based payments reserve are transferred to retained income when vested options are exercised, forfeited post-vesting or lapse.

The dilutive effect of outstanding options, to the extent that they are to be settled by the issue of new shares and to the extent that the vesting conditions would have been satisfied if the end of the reporting period was the end of the contingency period, is reflected as additional share dilution in the determination of diluted earnings per share.

Financial instruments

Trade & other receivables

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

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

Cash

Cash in the Balance Sheet comprises of cash at bank and in hand and short-term deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form part of the Group's cash management are included as a component of cash for the purpose of the statement of cash flows.

Advances to customers

Advances to customers, which can be categorised as either an advance of discount or a repayment/annuity loan conditional on the achievement of contractual sales targets, are initially recognised at fair value, amortised to the Income Statement (and classified within sales discounts as a reduction in revenue) over the relevant period to which the customer commitment is made, and subsequently carried at amortised cost less an impairment allowance. Where

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there is a volume target the amortisation of the advance is included in sales discounts as a reduction to revenue. Regarding advances to customers, the Group 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.

Trade & other payables
Trade & other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

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

Derivative financial instruments
Derivatives are initially recognised at fair value on the date that a derivative contract is entered into, and they are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges). The gains or losses related to derivatives not used as effective hedging instruments are recognised in the Income Statement.

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions. The fair values of derivative financial instruments designated in hedge relationships are disclosed in note 24. Movements in the hedging reserve in shareholders' equity are shown in note 24. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. The Group only trades derivatives for hedging activities. The Group documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Cash flow hedges that qualify for hedge accounting
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in the Income Statement as finance expenses.

The Group uses forward contracts to hedge forecast transactions, the Group generally designates the full change in fair value of the forward contract, i.e. the forward rate including forward points, as the hedging instrument. Gains or losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedge reserve within equity.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss. Where the hedged item subsequently results in the recognition of a non-financial asset (such as inventory), the deferred hedging gains and losses are included within the initial cost of the asset. The deferred amounts are ultimately recognised in profit or loss, since the hedged item affects profit or loss (for example, through operating costs).

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss in equity at that time remains in equity until the forecast transaction is no longer expected to occur, the cumulative gain or loss that were reported in equity are immediately reclassified to profit or loss.

Cash flow hedge reserve
The cash flow hedge reserve is used to recognise the effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges, as described in note 24. Amounts are subsequently either transferred to the initial cost of inventory or reclassified to profit or loss as appropriate.

Net investment hedging
Any gain or loss on the effective portion of a hedge of a net investment in a foreign operation using a foreign currency denominated monetary liability is recognised in Other Comprehensive Income while the gain or loss on the ineffective portion is recognised immediately in the Income Statement. Cumulative gains and losses remain in Other Comprehensive Income until disposal of the net investment in the foreign operation at which point the related differences are transferred to the Income Statement as part of the overall gain or loss on disposal.

Share capital/premium

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

Treasury shares

Equity share capital issued under its Joint Share Ownership Plan, which is held in trust by an Employee Trust is classified as treasury shares on consolidation until such time as the Interests lapse and the shares are cancelled or disposed of by the Trust.

Own shares acquired under share buyback programme

The cost of ordinary shares purchased by a subsidiary of the Group on the open market is recorded as a deduction from equity on the face of the Group Balance Sheet. When these shares are cancelled, an amount equal to the nominal value of any shares cancelled is included within other undenominated capital fund and the cost is deducted from retained earnings.

Dividends

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

Significant Judgements and Estimates

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

Significant judgements

Income Taxes

The Group is subject to income tax in a number of jurisdictions, and judgement is required in determining the worldwide provision for taxes. There are many transactions and calculations during the ordinary course of business, for which the ultimate tax determination is uncertain and the complexity of the tax treatment may be such that the final tax charge may not be determined until a formal resolution has been reached with the relevant tax authority which may take extended time periods to conclude. The ultimate tax charge may, therefore, be different from that which initially is reflected in the Group's consolidated tax charge and provision and any such differences could have a material impact on the Group's income tax charge and consequently financial performance.
The determination of the provision for income tax is based on management's understanding of the relevant tax law and judgement as to the appropriate tax charge, and management believe that all assumptions and estimates used are reasonable and reflective of the tax legislation in jurisdictions in which the Group operates. Where the final tax charge is different from the amounts that were initially recorded, such differences are recognised in the income tax provision in the period in which such determination is made.

Deferred tax assets in respect of deductible temporary differences are recognised only to the extent that it is probable that taxable profits or taxable temporary differences will be available against which to offset these items. The recognition or non-recognition of deferred tax assets as appropriate also requires judgement as it involves an assessment of the future recoverability of those assets. The recognition of deferred tax assets is based on management's judgement and estimate of the most probable amount of future taxable profits and taking into consideration applicable tax legislation in the relevant jurisdiction.

Valuation of property, plant and equipment

The Group values its freehold land & buildings and plant & machinery at market value/Depreciated Replacement Cost and consequently, carries out an annual valuation. The Group engages external valuers to value the Group's property, plant & machinery at a minimum every three years or as at the date of acquisition for assets acquired as part of a business combination. An external valuation was conducted at 28 February 2021 by PricewaterhouseCoopers LLP to value the freehold land & buildings and plant & machinery at the Group's Clonmel (Tipperary), Wellpark (Glasgow) and Portugal sites.

The key assumptions used to determine the fair value of the freehold land & buildings and plant & machinery and sensitivity analyses are provided in note 11.

Equity accounted investment impairment

The Group accounts for investments in associates and joint ventures using the equity method from the date joint control is deemed to arise until the date on which joint control ceases to exist or when the interest becomes classified as an asset held for sale. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and Other Comprehensive Income of associates adjusted in respect of post-acquisition changes in the Group's share of net assets, less any impairment in value.

In the current year, after taking account of the Group's share of Admiral Taverns' losses, the Group recorded within exceptional operating costs (note 5), an impairment charge of €8.9m with respect to the carrying value of its investment in Admiral Taverns at 28 February 2021. The hospitality and pub industry in the United Kingdom have been significantly curtailed by lockdowns and trading

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restrictions since March 2020. The Group assessed the carrying value of its equity accounted investment in Admiral Taverns at 28 February 2021, considering the underutilisation of their pub assets as a direct consequence of such lockdowns and recorded an impairment charge of €8.9 million in this regard.

The key assumptions used to determine the recoverable value of the Group's investment in Admiral is provided in note 13.

Sources of estimation uncertainty

Recoverable amount of goodwill

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

The inputs to the value in use calculations are disclosed in note 12.

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 currency, economic environment and term of lease); a financing spread adjustment, an entity specific adjustment (if applicable) and a lease specific adjustment (if applicable, for example, a property lease compared to vehicle/other leases, and the term of the lease).

Please refer to note 19 for the carrying amounts of the right-of-use assets and the lease liability impacted.

Pension valuation

Significant estimates are used in the determination of the pension obligation, the amounts recognised in the Income Statement and Statement of Other Comprehensive Income and the valuation of the defined benefit pension net surplus or deficit are sensitive to the assumptions used. The assumptions underlying the actuarial valuations (including discount rates, rates of increase in future compensation levels, mortality rates, salary and pension increases, future inflation rates and healthcare cost trends), from which the amounts recognised in the consolidated financial statements are determined, are updated annually based on current economic conditions and for any relevant changes to the terms and conditions of the pension and post-retirement plans. These assumptions can be affected by (i) for the discount rate, changes in the rates of return on high-quality corporate bonds; (ii) for future compensation levels, future labour market conditions and (iii) for healthcare cost trend rates, the rate of medical cost inflation in the relevant regions. The weighted average actuarial assumptions used and sensitivity analysis in relation to the significant assumptions employed in the determination of pension and other post-retirement liabilities are contained in note 23 to the consolidated financial statements.

Whilst management believes that the assumptions used are appropriate, differences in actual experience or changes in assumptions may affect the obligations and expenses recognised in future accounting periods. The assets and liabilities of defined benefit pension schemes may exhibit significant period-on-period volatility attributable primarily to changes in bond yields and longevity. In addition to future service contributions, cash contributions may be required to remediate past service deficits. A sensitivity analysis of the change in these assumptions is provided in note 23.

Expected credit losses

The Group 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 Group, estimates have been made around the credit losses expected to be incurred on the Group'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 Group 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.

Please refer to note 15 for the impact of the expected credit loss approach on the Group's trade receivables and advances to customers.

Provision for obsolete stock

As a result of COVID-19, the Group has provided for obsolete inventory with respect to inventory which has no alternate use or right of return to the supplier and/or where inventory has become obsolete due to COVID-19 restrictions in the on-trade.

Notes forming part of the financial statements

1. SEGMENTAL REPORTING

The Group's business activity is the manufacturing, marketing and distribution of branded beer, cider, wine, spirits and soft drinks. Four operating segments have been identified in the current and prior financial year; Ireland, Great Britain, Matthew Clark and Bibendum ("MCB") and International.

The Group continually reviews and updates the manner in which it monitors and controls its financial operations resulting in changes in which information is classified and reported to the Chief Operating Decision Maker ("CODM"). The CODM, identified as the Executive Directors, assesses and monitors the operating results of segments separately via internal management reports in order to effectively manage the business and allocate resources.

The identified business segments are as follows:

(i) Ireland

This segment includes the financial results from sale of the Group's own branded products across the Island of Ireland, principally Bulmers, Magners, Tennent's, Five Lamps, Clonmel 1650, Heverlee, Dowd's Lane, Seven Summits hard seltzer, Roundstone Irish Ale, Linden Village, Finches and Tipperary Water. The Group also operates the Bulmers Ireland drinks distribution business, a leading distributor of third party drinks to the licensed on and off-trade in Ireland. The Group distributes San Miguel, Tsingtao and Budweiser Brewing Group beer brands across the Island of Ireland. Since July 2020, the Group has also distributed the Budweiser brand on an exclusive basis. Our primary manufacturing plant is located in Clonmel, Co. Tipperary, with major distribution and administration centres in Dublin and Culcavy, Northern Ireland.

(ii) Great Britain (GB)

This segment includes the financial results from sale of the Group's own branded products in Scotland, with Tennent's, Caledonia Best, Heverlee and Magners the main brands. This division includes the sale of the Group's portfolio of owned cider brands across the rest of GB, including Magners, Orchard Pig, K Cider and Blackthorn which are distributed in partnership with Budweiser Brewing Group. In addition, the division includes the Tennent's drinks distribution business in Scotland. The Group also distributes selected Budweiser Brewing Group brands in Scotland and the Tsingtao and Menabrea international beer brands across the UK. Our primary manufacturing plant and administration centre is located at the Wellpark Brewery in Glasgow.

(iii) Matthew Clark and Bibendum (MCB)

This segment includes the financial results from the Matthew Clark and Bibendum businesses. Matthew Clark is the largest independent distributor to the UK on-trade drinks sector. It offers a range of over 13,000 products, including beers, wines, spirits, cider and soft drinks. Matthew Clark and Bibendum also have a number of exclusive distribution agreements for third party products (mainly wines but also including spirits) into the UK market and also has a limited range of own brand wines. It has a nationwide distribution network serving the independent free trade and national accounts. Bibendum is one of the largest wine, spirits and craft beer distributors and wholesalers to the UK on-trade and off-trade, with a particular focus on wine.

(iv) International

This segment includes the financial results from the sale and distribution of the Group's own branded products, principally Magners and Tennent's outside of the UK and Ireland. The Group exports to over 40 countries globally, notably in continental Europe, Asia and Australia. The Group operates mainly through local distributors in these markets and regions. This division includes the sale of the Group's cider and beer products in the US and Canada. In April 2021, the business divested our wholly-owned US subsidiary, Vermont Hard Cider Company and its Woodchuck suite of brands.

The analysis by segment includes both items directly attributable to a segment and those, including central overheads, which are allocated on a reasonable basis in presenting information to the CODM.

Inter-segmental revenue is not material and thus not subject to separate disclosure.

Notes forming part of the financial statements
(continued)

1. SEGMENTAL REPORTING (continued)

(a) Analysis by reporting segment

	2021 Revenue €m	2021 Net revenue €m	2021 Operating loss €m	2020 Revenue €m	2020 Net revenue €m	2020 Operating profit €m
Ireland	**269.8**	**166.1**	**(4.9)**	327.1	227.7	40.5
Great Britain	**347.8**	**206.8**	**(8.4)**	516.9	334.1	44.9
Matthew Clark and Bibendum (MCB)	**378.3**	**337.8**	**(44.5)**	1,262.7	1,119.6	29.0
International	**26.9**	**26.2**	**(1.8)**	38.8	37.9	6.4
Total before exceptional items	**1,022.8**	**736.9**	**(59.6)**	2,145.5	1,719.3	120.8
Exceptional items (note 5)	**-**	**-**	**(25.2)**	-	-	(91.0)
Group operating (loss)/profit	**-**	**-**	**(84.8)**	-	-	29.8
Profit on disposal (note 5)	**-**	**-**	**5.8**	-	-	0.9
Finance income (note 6)	**-**	**-**	**-**	-	-	0.5
Finance expense (note 6)	**-**	**-**	**(19.5)**	-	-	(20.3)
Finance expense exceptional items (note 5)	**-**	**-**	**(7.9)**	-	-	-
Share of equity accounted investments' (loss)/profit after tax before exceptional items (note 13)	**-**	**-**	**(6.1)**	-	-	3.1
Share of equity accounted investments' exceptional items (note 5)	**-**	**-**	**(8.8)**	-	-	(2.4)
Total	**1,022.8**	**736.9**	**(121.3)**	2,145.5	1,719.3	11.6

Of the exceptional items in the current financial year of €25.2m, €8.3m loss relates to Ireland, €14.7m loss relates to Great Britain, €2.9m loss relates to MCB and €0.7m credit relates to International. Of the exceptional items in the prior financial year of €91.0m, €7.2m related to Ireland, €27.7m related to Great Britain, €16.2m related to MCB, €39.8m related to International and €0.1m was unallocated as it did not relate to any particular segment.

Profit on disposal of €5.8m in the current financial year relates to Ireland. Profit on disposal of €0.9m in the prior financial year related to a €2.6m profit on disposal included within International offset by a loss with respect to the sale of Peppermint within MCB of €1.7m.

The share of equity accounted investments' loss after tax before exceptional items of €6.1m (FY2020: profit €3.1m) relates to Great Britain. The share of equity accounted investments' exceptional items of €8.8m (FY2020: €2.4m) relates to Great Britain.

Total assets for the year ended 28 February 2021 amounted to €1,335.6m (FY2020: €1,441.9m).

(b) Other operating segment information

	2021 Tangible and intangible expenditure €m	2021 Lease additions €m	2021 Depreciation /amortisation / impairment / revaluation €m	2020 Tangible and intangible expenditure €m	2020 Lease additions €m	2020 Depreciation / amortisation / impairment/ revaluation €m
Ireland	**1.9**	**0.9**	**6.1**	8.5	1.1	5.4
Great Britain	**10.5**	**6.1**	**14.1**	6.7	4.6	12.2
Matthew Clark and Bibendum	**1.3**	**4.9**	**10.4**	3.4	6.4	13.3
International	**0.4**	**-**	**1.7**	1.2	-	39.5
Total	**14.1**	**11.9**	**32.3**	19.8	12.1	70.4

1. SEGMENTAL REPORTING (continued)

(c) Geographical analysis of revenue and net revenue

	Revenue		Net revenue	
	2021 €m	2020 €m	2021 €m	2020 €m
Ireland	**269.8**	327.1	**166.1**	227.7
Great Britain	**726.1**	1,779.6	**544.6**	1,453.7
International	**26.9**	38.8	**26.2**	37.9
Total	**1,022.8**	2,145.5	**736.9**	1,719.3

The geographical analysis of revenue and net revenue is based on the location of the third party customers.

(d) Geographical analysis of non-current assets

	Ireland €m	Great Britain €m	International €m	Total €m
28 February 2021				
Property, plant & equipment	**68.5**	**130.2**	**5.3**	**204.0**
Goodwill & intangible assets	**158.1**	**462.7**	**25.2**	**646.0**
Equity accounted investments/financial assets	**0.4**	**62.5**	**0.2**	**63.1**
Total	**227.0**	**655.4**	**30.7**	**913.1**

	Ireland €m	Great Britain €m	International €m	Total €m
29 February 2020				
Property, plant & equipment	73.6	136.5	13.3	223.4
Goodwill & intangible assets	158.5	469.2	25.2	652.9
Equity accounted investments	0.4	83.3	0.2	83.9
Total	232.5	689.0	38.7	960.2

The geographical analysis of non-current assets, with the exception of goodwill & intangible assets, is based on the geographical location of the assets. The geographical analysis of goodwill & intangible assets is allocated based on the country of destination of sales at the date of acquisition.

(e) Disaggregated net revenue

In the following table, net revenue is disaggregated by primary geographic market and by principal activities and products. Geography is the primary basis on which management reviews its businesses across the Group.

Principal activities and products		2021		
Net revenue	Ireland €m	Great Britain €m	International €m	Total €m
Own brand alcohol	**41.2**	**107.3**	**22.7**	**171.2**
Matthew Clark and Bibendum	**-**	**337.8**	**-**	**337.8**
Other sources*	**124.9**	**99.5**	**3.5**	**227.9**
Total Group from continuing operations	**166.1**	**544.6**	**26.2**	**736.9**

* Other sources include wholesale (excluding MCB), own label, contracts and non-alcoholic beverages (NABs) revenues.

Notes forming part of the financial statements
(continued)

1. SEGMENTAL REPORTING (continued)

Principal activities and products Net revenue	2020 Ireland €m	Great Britain €m	International €m	Total €m
Own brand alcohol	85.1	161.9	34.5	281.5
Matthew Clark and Bibendum	-	1,119.6	-	1,119.6
Other sources*	142.6	172.2	3.4	318.2
Total Group from continuing operations	227.7	1,453.7	37.9	1,719.3

* Other sources include wholesale (excluding MCB), own label, contracts and non-alcoholic beverages (NABs) revenues.

2. OPERATING COSTS

	2021 Before exceptional items €m	Exceptional items (note 5) €m	Total €m	2020 Before exceptional items €m	Exceptional items (note 5) €m	Total €m
Raw material cost of goods sold/bought in finished goods	**562.1**	**-**	**562.1**	1,280.5	-	1,280.5
Inventory write-down (note 14)	**0.9**	**5.8**	**6.7**	2.2	-	2.2
Employee remuneration (note 3)	**101.6**	**6.8**	**108.4**	144.4	3.0	147.4
Direct brand marketing	**13.5**	**-**	**13.5**	18.2	-	18.2
Other operating, selling and administration costs	**86.6**	**2.7**	**89.3**	119.6	50.4	170.0
Foreign exchange	**(0.6)**	**-**	**(0.6)**	0.1	-	0.1
Depreciation (note 11) (note 19)	**28.2**	**-**	**28.2**	30.3	-	30.3
Amortisation (note 12)	**2.6**	**-**	**2.6**	2.5	-	2.5
Net profit on disposal of property, plant & equipment	**0.3**	**(0.7)**	**(0.4)**	(0.2)	-	(0.2)
Auditor's remuneration (a)	**1.3**	**-**	**1.3**	0.9	-	0.9
Impairment of intangible assets (note 12)	**-**	**0.3**	**0.3**	-	36.6	36.6
Impairment of equity accounted investment (note 5)	**-**	**9.1**	**9.1**			
Net revaluation/impairment of property, plant & machinery (note 11)	**-**	**1.2**	**1.2**	-	1.0	1.0
Total operating expenses	**796.5**	**25.2**	**821.7**	1,598.5	91.0	1,689.5

(a) Auditor remuneration: The remuneration of the Group's statutory auditor, being the Irish firm of the principal auditor of the Group, Ernst & Young, Chartered Accountants is as follows:

	EY Ireland 2021 €m	Other EY Offices 2021 €m	Total 2021 €m	EY Ireland 2020 €m	Other EY Offices 2020 €m	Total 2020 €m
Audit of the Group financial statements	**0.5**	**-**	**0.5**	0.2	-	0.2
Audit of subsidiaries	**0.4**	**0.4**	**0.8**	0.1	0.6	0.7
Tax compliance and advisory services	**-**	**-**	**-**	-	-	-
Total	**0.9**	**0.4**	**1.3**	0.3	0.6	0.9

The audit fee for the audit of the financial statements of the Company was less than €0.1m in the current and prior financial year. There were no non-audit fees paid to Ernst & Young during the current or prior financial year.

3. EMPLOYEE NUMBERS & REMUNERATION COSTS

The average number of persons employed by the Group (including Executive Directors) during the year, analysed by category, was as follows:

	2021 Number	2020 Number
Sales & marketing	**519**	599
Production & distribution	**1,536**	1,614
Administration	**895**	940
Total	**2,950**	3,153

The actual number of persons employed by the Group as at 28 February 2021 was 2,653 (29 February 2020: 3,061).

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

	2021 €m	2020 €m
Wages, salaries and other short-term employee benefits, net of government grants (a)	**82.9**	121.5
Restructuring costs (note 5)	**6.8**	3.0
Social welfare costs	**10.7**	13.0
Retirement benefits – defined benefit schemes (note 23)	**0.9**	0.7
Retirement benefits – defined contribution schemes, including pension related expenses	**5.8**	5.6
Equity settled share-based payments (note 4)	**0.8**	2.5
Other non-equity settled share-based payments and PRSI accrued with respect to share-based payments	**0.5**	1.1
Charged to the Income Statement	**108.4**	147.4
Actuarial (gain)/loss on retirement benefits recognised in Other Comprehensive Income (note 23)	**(13.4)**	4.4
Total employee benefits	**95.0**	151.8

Directors' remuneration

	2021 €m	2020 €m
Directors' remuneration (note 28)	**2.0**	5.1

Notes forming part of the financial statements
(continued)

3. EMPLOYEE NUMBERS & REMUNERATION COSTS (continued)

(a) Government grants and assistance

In the current financial year, wages and salaries amounting to €82.9m are stated net of wage subsidies received by the Group from the Irish and UK governments. These wage subsidies are offset against the related wages and salaries expense over the period in which they were incurred. During FY2021, the Group availed of wage subsidies of €4.2m from the Irish government and €21.9m (£19.6m) from the UK government.

	2021 €m	2020 €m
Temporary Wage Subsidy Scheme (Ireland)	**1.3**	-
Employment Wage Subsidy Scheme (Ireland)	**2.9**	-
Coronavirus Job Retention Scheme (UK)	**21.9**	-
Grants related to income	**26.1**	-

The Group has availed of the Irish and UK government schemes as a direct consequence of the COVID-19 pandemic. The Group has availed of the Temporary Wage Subsidy Scheme from 1 April 2020 to 31 August 2020 and the Employment Wage Subsidy Scheme from 1 September 2020 to 28 February 2021 in Ireland and the Coronavirus Job Retention Scheme in the UK from 1 April 2020 to 28 February 2021. The Group continues to avail of the wage subsidy schemes.

The Temporary Wage Subsidy Scheme was available to employers who lost a minimum of 25% of turnover as a result of the COVID-19 pandemic and who kept employees on their payroll during this time. The scheme was replaced by the Employment Wage Subsidy Scheme from 1 September 2020 with similar conditions to the preceding scheme, but with a turnover decline of 30% required compared to a similar period in FY2020.

In the UK, the Group availed of the Coronavirus Job Retention Scheme. Up to 30 June 2020, the scheme only applied to furloughed employees and employees still working in the Group 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 current financial year, the Group 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.

Government assistance

In addition, the Group received financial assistance by way of commercial rates waivers and deferrals of tax liabilities from the Irish and UK governments.

In Ireland, the Group benefitted from a commercial rates waiver of €1.0m for the period March 2020 to February 2021.

Under the warehousing of tax liabilities legislation introduced by the Financial Provisions (COVID-19) (No. 2) Bill 2020 and Finance Act 2020 (Act 26 of 2020), Irish VAT liabilities of €19.1m and payroll tax liabilities of €1.3m relating to the year ended 28 February 2021 have been deferred. It is envisaged that the deferred balance will be paid over a twelve month period, commencing 2 months post COVID-19 restrictions being removed in the on-trade in Ireland.

In the UK, VAT liabilities of £28.0m (€32.2m) were deferred at 28 February 2021. All UK payroll tax liabilities relating to FY2021 were paid during the year ended 28 February 2021. Excise duty liabilities of £21.6m (€24.8m) payable during the year ended 28 February 2021 have also been deferred. Both the deferred VAT liabilities and the deferred excise duties will be repaid in FY2022.

4. SHARE-BASED PAYMENTS

Equity settled awards

The Group has an established equity settled **Executive Share Option Scheme ("ESOS")** in place under which options to purchase shares in C&C Group plc are granted to certain Executive Directors and members of management. Under the terms of the scheme, the options are exercisable at the market price prevailing at the date of the grant of the option.

Options were granted in June 2017, November 2017 and May 2018 under this scheme. The vesting of these awards is based on compound annual growth in underlying EPS over the three year performance period, commencing in the financial year when an award is granted. If compound annual growth in underlying EPS over the performance period is 2% per annum, then 25% of the awards vest. If the compound annual growth in underlying EPS over the performance period is 6% per annum then 100% of the awards vest. There is straight-line vesting between both points and no reward for below threshold performance. Options granted in 2017 have achieved their performance conditions and therefore vested in full. Options granted in 2018 have not met their performance conditions and therefore are deemed to have lapsed at 28 February 2021.

The Group also has an established **Long-Term Incentive Plan ("LTIP")** under the terms of which options to purchase shares in C&C Group plc are granted at nominal cost to certain Executive Directors and members of management. All such awards granted from June 2017 to December 2019 are subject to the following three performance conditions:

- 33% of the award is subject to compound annual growth in underlying EPS over the three year performance period. If compound annual growth in underlying EPS over the performance period is 3% per annum then 25% of the awards vest. If the compound annual growth in underlying EPS over the performance period is 8% per annum then 100% of the awards vest.
- 33% of the award is subject to the performance condition that the Free Cash Flow Conversion ratio ('FCF') of the Group (excluding the impact of exceptional items) would be 65% conversion, on average, over the three year performance period, at which case 25% of this element of the award would vest. If the FCF is 75% on average, then 100% of this element of the award would vest.
- 33% of the award is subject to a Return on Capital Employed ('ROCE') target. If the ROCE is 9.3% then 25% of this element of the award would vest. If the ROCE is 10% then 100% of this element of the award would vest.

In all three components of the performance conditions of the LTIP there is straight-line vesting between both points and no reward for below threshold performance. Options granted in 2017 have achieved their performance conditions and therefore vested in full. The performance conditions for options granted in May 2018, February 2019, May 2019 and December 2019 are deemed to be no longer capable of achieving their performance conditions and therefore are deemed to have lapsed at 28 February 2021.

The vesting of LTIP awards granted in December 2020 will be subject to an assessment of the Group's underlying financial performance across the three year period FY2021 – FY2023. Each award will also be subject to the following three separate performance conditions:

- 30% of the award was subject to FY2021 liquidity, which was defined as the Group's cash on hand plus availability from the Group's Revolving Credit Facility as at the 28 February 2021. If liquidity was €250.0m, 25% of this element of the award would have vested and if liquidity was €300.0m, 100% of this element of the award would have vested.
- 35% of the award is subject to FY2022 Net Debt to FY2022 EBITDA. The targets will be disclosed in the Group's FY2022 Annual Report.
- 35% of the award is subject to FY2023 financial measures. The details of these measures will be determined by the Board by no later than the start of the FY2023 performance period.

Threshold vesting in respect of any year will be no more than 25%, but subject to the overriding three-year financial performance assessment. No award will vest until the end of the full three year performance period, and Executive Directors' awards will then be subject to a further two-year holding period.

Following the appointment of David Forde as Group Chief Executive Officer, the Group made an award of 842,636 shares to David

Notes forming part of the financial statements
(continued)

4. SHARE-BASED PAYMENTS (continued)

on 3 November 2020 **("Buy-Out Awards")**. These shares were to compensate David for remuneration which he forfeited from his previous employment upon joining the Group. Reflecting the fact that the forfeited remuneration bought out was guaranteed cash-based remuneration, the closing share price on the day before the date of grant was used to calculate the number of shares to ensure the value was equal to the remuneration forfeited. The award will vest in respect of 50% of the shares in November 2022 **("Buy-Out 1")** and 50% of the shares in November 2023 **("Buy-Out 2")**. After sales of shares to cover tax, David Forde will be required to retain 50% of the shares acquired in satisfaction of the Group's Executive Director shareholding requirement.

In June 2010, the Group established a **Recruitment and Retention Plan ("R&R")** under the terms of which options to purchase shares in C&C Group plc at nominal cost are granted to certain members of management, excluding Executive Directors.

The performance conditions and/or other terms and conditions for awards granted under this plan are specifically approved by the Board of Directors at the time of each individual award, following a recommendation by the Remuneration Committee. Performance conditions vary per award but include, some or all, of the following conditions; continuous employment, performance targets linked to the business unit to which the recipient is aligned or a requirement to have a personal shareholding in the Company at the end of the performance period.

Obligations arising under the Recruitment and Retention Plan will be satisfied by the purchase of existing shares on the open market. Upon settlement, any difference between the amount included in the share-based payment reserve account and the cash paid to purchase the shares is recognised in retained income via the Statement of Changes in Equity.

The Group also has a **Deferred Bonus Plan ("DBP")** under the terms of which options to purchase shares in C&C Group plc at nominal cost are granted to certain members of management. Awards under this plan are subject to a continuous employment performance condition only.

In November 2011, the Group set up **Partnership and Matching Share Schemes** for all ROI and UK based employees of the Group under the approved profit sharing schemes referred to below. Under these schemes, employees can invest in shares in C&C Group plc (partnership shares) that will be matched on a 1:1 basis by the Company (matching shares) subject to Revenue approved limits. Both the partnership and matching shares are held on behalf of the employee by the Scheme trustee, Link Group Limited. The shares are purchased on the open market on a monthly basis at the market price prevailing at the date of purchase with any remaining cash amounts carried forward and used in the next share purchase. The shares are held in trust for the participating employee, who has full voting rights and dividend entitlements on both partnership and matching shares. Matching shares may be forfeited and/or tax penalties may apply if the employee leaves the Group or removes their partnership shares within the Revenue-stipulated vesting period. The Revenue stipulated vesting period for matching shares awarded under the ROI scheme is three years and under the UK scheme is up to five years.

The Group held 564,152 matching shares (1,128,304 partnership and matching) in trust at 28 February 2021 (FY2020: 298,016 matching shares (596,032 partnership and matching shares held)).

In the prior financial year the Group, recognising that some employees of Matthew Clark and Bibendum ("MCB"), which the Group acquired in FY2019, had previously lost money in a share scheme operated by the previous owners of MCB and prior to MCB being acquired by the Group, committed to allocating to those employees, C&C Group plc shares in May 2021, equivalent in value to the amount they had lost in the share scheme of the previous owners of MCB. The employees must also be investing in the Group's partnership and matching share scheme to qualify for the award.

4. SHARE-BASED PAYMENTS (continued)

Award valuation

The fair values assigned to the equity settled awards granted were computed in accordance with a Black Scholes valuation methodology.

As per IFRS 2 *Share-based Payment*, non-market or performance related conditions were not taken into account in establishing the fair value of equity instruments granted, instead these non-market vesting conditions are taken into account by adjusting the number of equity instruments included in the measurement of the transaction amount so that, ultimately the amount recognised for time and services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest, unless the failure to vest is due to failure to meet a market condition.

The main assumptions used in the valuations for equity settled share-based payment awards granted in the current and prior financial years were as follows:

	LTIP options granted Dec 20	Buy-Out 1 options granted Nov 20	Buy-Out 2 options granted Nov 20	R&R options granted Nov 20	R&R options granted Oct 20	DBP options granted Oct 20	R&R options granted Feb 20	R&R options granted Dec 19	LTIP options granted Dec 19	LTIP options granted May 19
Fair value at date of grant	€2.64	€1.61	€1.61	€1.61	€1.98	€1.98	€4.17	€4.27	€4.66	€3.71
Exercise price	-	-	-	-	-	-	-	-	-	-
Risk free interest rate	-	-	-	-	-	-	0.55%	0.63%	0.63%	0.63%
Expected volatility	36.8%	38.3%	34.6%	41.0%	37.8%	37.8%	25.3%	24.9%	24.9%	24.5%
Expected term until exercise –years	3	2	3	1.5	2	2	2.3	2.5	2.5	5
Dividend yield	-	-	-	-	-	-	3.57%	3.40%	-	-

Expected volatility is calculated by reference to historic share price movements prior to the date of grant over a period of time commensurate with the expected term until exercise. The dividends which would be paid on a share reduces the fair value of an award since, in not owning the underlying shares, a recipient does not receive the dividend income on these shares. Due to the Group not paying dividends in the current financial year dividend yield has been set to zero. For LTIP, DBP and the Buy-Out awards, the participants are entitled to receive dividends, and therefore the dividend yield has been set to zero to reflect this.

Notes forming part of the financial statements (continued)

4. SHARE-BASED PAYMENTS (continued)

Details of the share entitlements and share options granted under these schemes together with the share option expense are as follows:

Grant date	Vesting period	Number of options/ equity Interests granted	Number deemed outstanding at 28 February 2021*	Grant price €	Market value at date of grant €	Fair value at date of grant €	Expense / (income) in Income Statement 2021 €m	Expense / (income) in Income Statement 2020 €m
Executive Share Option Scheme								
1 June 2017	3 years	830,702	146,833	3.40	3.364	0.328	**-**	0.1
13 November 2017	3 years	246,211	146,211	2.93	2.880	0.219	**-**	-
31 May 2018	3 years	939,466	-	2.99	2.99	0.255	**(0.1)**	-
Long-Term Incentive Plan								
1 June 2017	3 years	553,799	-	-	3.364	3.364	**-**	0.4
1 August 2017	3 years	494,646	87,634	-	3.069	3.069	**0.1**	0.1
13 November 2017	3 years	164,140	-	-	2.880	2.880	**0.1**	0.2
31 May 2018	3 years	626,311	-	-	2.990	2.990	**(0.6)**	0.1
11 February 2019	3 years	478,343	-	-	3.05	3.05	**(0.4)**	0.4
23 May 2019	3 years	605,249	-	-	3.71	3.71	**(0.3)**	0.3
12 December 2019	3 years	293,961	-	-	4.66	4.66	**(0.1)**	0.1
2 December 2020	3 years	772,952	772,952	-	2.54	2.64	**0.2**	-
Buy-Out Award								
3 November 2020	2-3 years	842,636	842,636	-	1.685	1.61	**0.2**	-
Recruitment & Retention Plan								
30 October 2015	2 years	490,387	7,205	-	3.60	3.27–3.53	**-**	-
12 May 2016	1.5–2.5 years	193,817	2,775	-	4.041	3.71–3.84	**-**	-
1 August 2017	1.8 years	64,469	16,634	-	2.8172	2.8172	**-**	-
11 February 2019	2 – 3 years	448,936	448,936	-	3.05	2.64 – 2.77	**0.4**	0.4
12 December 2019	2.5 years	446,081	446,081	-	4.66	4.27	**0.8**	0.2
18 February 2020	2 years	56,383	56,383	-	4.52	4.17	**0.1**	-
22 October 2020	2 years	16,704	16,704	-	1.98	1.98	**-**	-
3 November 2020	1.5 years	139,657	139,657	-	1.61	1.61	**0.1**	-
Deferred Bonus Plan								
11 February 2019	2 years	13,513	13,513	-	3.05	3.05	**-**	-
22 October 2020	2 years	16,704	16,704	-	1.98	1.98	**-**	-
		8,735,067	**3,160,858**				**0.5**	2.3
MCB compensation awards							**0.3**	0.2
							0.8	2.5
Partnership and Matching Share Schemes		1,128,304**					**0.7**	0.3

* Excludes awards that are deemed to be not capable of achieving their performance conditions at 28 February 2021.
** Includes both partnership and matching shares.

The amount charged to the Income Statement includes a credit of €1.5m (FY2020: €0.5m), being the reversal of previously expensed charges on equity settled option schemes where the non-market performance conditions were deemed no longer capable of being achieved or the employee has left the Group.

4. SHARE-BASED PAYMENTS (continued)

A summary of activity under the Group's equity settled share option schemes with the weighted average exercise price of the share options is as follows:

	2021 Number of options/ equity interests	2021 Weighted average exercise price €	2020 Number of options/ equity interests	2020 Weighted average exercise price €
Outstanding at beginning of year	**4,788,136**	**1.00**	5,491,198	1.33
Granted	**1,788,653**	**-**	1,415,187	-
Exercised	**(1,002,587)**	**0.29**	(259,166)	1.40
Forfeited/lapsed	**(2,413,344)**	**1.47**	(1,859,083)	1.16
Outstanding at end of year	**3,160,858**	**0.30**	4,788,136	1.00

The aggregate number of share options/equity interests exercisable at 28 February 2021 was 469,977 (FY2020: 345,015).

The unvested share options/equity Interests (excluding those awards which are not deemed capable of vesting) outstanding at 28 February 2021 have a weighted average vesting period outstanding of 1.9 years (FY2020: 1.3 years). The weighted average contractual life outstanding of vested and unvested share options/equity interests (excluding those which are not deemed capable of vesting) is 6.6 years (FY2020: 7.1 years).

The weighted average market share price at date of exercise of all share options/equity Interests exercised during the year was £2.22 or €2.48 euro equivalent (FY2020: €4.39); the average share price for the year was £2.15 or €2.41 euro equivalent (FY2020: €4.03); and the market share price as at 28 February 2021 was £2.58 or €2.96 euro equivalent (29 February 2020: £3.28 or €3.84 euro equivalent).

5. EXCEPTIONAL ITEMS

	2021 €m	2020 €m
Operating costs		
COVID-19 (a)	**(4.6)**	(47.6)
Restructuring costs (b)	**(8.1)**	(3.0)
Impairment of equity accounted investment (c)	**(9.1)**	-
Impairment of property, plant & equipment (d)	**(1.2)**	(1.0)
Impairment of intangible assets (e)	**-**	(34.2)
Contract termination (f)	**-**	(4.4)
Other (g)	**(2.2)**	(0.8)
Operating (loss)/profit exceptional items	**(25.2)**	(91.0)
Profit on disposal (h)	**5.8**	0.9
Finance expense (i)	**(7.9)**	-
Share of equity accounted investments' exceptional items (c)	**(8.8)**	(2.4)
Included in loss before tax	**(36.1)**	(92.5)
Income tax credit (j)	**2.4**	9.8
Included in loss after tax	**(33.7)**	(82.7)

Notes forming part of the financial statements
(continued)

5. EXCEPTIONAL ITEMS (continued)

(a) COVID-19

The Group has continued to account for the ongoing COVID-19 pandemic as an exceptional item and has incurred an exceptional charge of €4.6m from operating activities at 28 February 2021 in this regard (FY2020: €47.6m). The Group reviewed the recoverability of its debtor book and advances to customers and booked a credit of €6.1m with respect to its provision against trade debtors (FY2020: charge of €19.4m) and a charge of €1.2m with respect to its provision for advances to customers (FY2020: €5.8m). The Group incurred exceptional charges of €5.8m with respect to inventory (FY2020: €10.6m), this related to inventory that became obsolete, all as a consequence of the COVID-19 restrictions. The Group incurred costs of €1.7m with respect to a provision for lost kegs, €0.3m with respect to the write off of an IT intangible asset where the project will now not be completed (FY2020: €2.4m) due to COVID-19 and a net credit of €0.6m (FY2020: charge €9.4m) with respect to the release of a trade provision. Other costs of €2.3m were incurred, which included site improvement costs, impairment of brand dispense equipment and an excess holiday accrual all directly linked to the pandemic.

(b) Restructuring costs

Restructuring costs of €8.1m were incurred in the current financial year. These included severance costs of €6.8m, of which €4.9m was incurred with respect to the restructuring of the Group as a consequence of the COVID-19 pandemic and €1.9m arose as a consequence of the optimisation of the delivery networks in England and Scotland. The Group also incurred additional costs of €2.0m with respect to the optimisation of the delivery networks in England and Scotland which was offset by a credit of €0.7m relating to the profit on disposal of a property as a direct consequence of the optimisation project.

Restructuring costs of €3.0m were incurred in the prior financial year. These costs primarily related to severance costs arising from the acquisition and subsequent integration of Matthew Clark and Bibendum of €2.3m. Restructuring costs of €0.5m related to the centralisation of accounting services. Other restructuring initiatives across the Group in the prior financial year resulted in a further charge of €0.2m.

(c) Equity accounted investments' exceptional items

The hospitality and pub industry in the United Kingdom have been significantly curtailed by lockdowns and trading restrictions since March 2020. The Group assessed the carrying value of its equity accounted investments at 28 February 2021, in light of the underutilisation of their pub assets as a direct consequence of such lockdowns, and recorded an impairment charge of €8.9m with respect to its carrying value of its investment in Admiral Taverns and €0.2m with respect to the carrying value of its investment in Drygate Brewing Company Limited.

The Group also incurred €8.8m with respect to its share of Admiral Taverns' exceptional items. These included a charge of €7.0m (FY2020: €2.7m) with respect to the Group's share of the revaluation loss arising from the fair value exercise to value Admiral's property assets at 28 February 2021. As a result of the same valuation exercise, a loss of €0.4m (FY2020: a gain of €3.7m) with respect to the Group's share of the revaluation, was recognised in Other Comprehensive Income. The Group also recognised €1.8m with respect to its share of Admiral's other exceptional items for the year, including €0.8m with respect to a provision against trade debtors as a consequence of COVID-19, €0.5m with respect to an Asbestos provision with the remaining €0.5m in relation to other charges directly attributable to COVID-19.

In the prior financial year, the Group invested €10.7m which gave rise to capital duties to be expensed in relation to the acquisition (the Group's share of this expense was €2.9m). This was offset by recognition of the Group's share of an adjustment made by the investee to recognise a higher deferred tax asset in respect of timing differences on fixed assets in respect of prior years (the Group's share of this gain was €3.2m).

5. EXCEPTIONAL ITEMS (continued)

(d) Impairment of property, plant & equipment

Property (comprising freehold land & buildings) and plant & machinery are valued at fair value on the Consolidated Balance Sheet and reviewed for impairment on an annual basis. During the current financial year, as outlined in detail in note 11, the Group engaged external valuers to value the freehold land & buildings and plant & machinery at the Group's Clonmel (Tipperary), Wellpark (Glasgow) and Portugal sites. Using the valuation methodologies, this resulted in a net revaluation loss of €1.2m (FY2020: €1.0m) accounted for in the Consolidated Income Statement and a gain of €0.9m (FY2020: €1.1m) accounted for within Other Comprehensive Income.

(e) Impairment of intangible assets

To ensure that goodwill and brands considered to have an indefinite useful economic life are not carried at above their recoverable amount, impairment reviews are performed annually or more frequently if there is an indication that their carrying amount(s) may not be recoverable, comparing the carrying value of the assets with their recoverable amount using value in use computations. The Group performed an impairment review at 28 February 2021 and all assets were deemed to be recoverable.

In the prior financial year, the Group recorded an impairment charge of €34.1m with respect to the Group's North America segment and in particular the Woodchuck suite of brands. An impairment of €0.1m was also taken with respect to the Group's Matthew Clark Bibendum cash generating unit directly attributable to a discontinued brand.

(f) Contract termination

In the prior financial year, the Group terminated a number of its long-term apple contracts, which were deemed surplus to requirements, incurring a cost of €4.4m.

(g) Other

Other exceptional costs of €2.2m were incurred by the Group in the year with respect to a provision against legal disputes. In the prior financial year, the Group incurred costs of €0.2m associated with a previous acquisition and incurred €0.6m with respect to incremental costs associated with the dual running of warehouse management systems in Scotland due to system implementation delays.

(h) Profit on disposal

During the current financial year, as outlined in further detail in note 10, the Group disposed of its Tipperary Water Cooler business for an initial consideration of €7.4m, realising a profit of €5.8m on disposal.

During the prior financial year, the Group disposed of its equity accounted investment in a Canadian company for cash proceeds of €6.1m, realising a profit of €2.6m on disposal. The Group also disposed of its investment and non-controlling interest in Peppermint Events Limited at a loss of €1.7m.

(i) Exceptional finance charges

During the current financial year, the Group successfully negotiated covenant waivers due to the impact of COVID-19 with its lenders. Costs of €7.9m were incurred directly associated with these waivers including waiver fees, increased margins payable and other professional fees associated with covenant waivers.

(j) Income tax credit

The tax credit in the current financial year, with respect to exceptional items amounted to €2.4m (FY2020: €9.8m).

Notes forming part of the financial statements
(continued)

6. FINANCE INCOME AND EXPENSE

	2021 €m	2020 €m
Recognised in Income Statement		
Finance income:		
Interest income	-	0.5
Total finance income	-	0.5
Finance expense:		
Interest expense	(13.1)	(12.8)
Other finance expense	(2.9)	(3.9)
Interest on lease liabilities	(3.5)	(3.6)
Total finance expense	(19.5)	(20.3)
Exceptional finance expense:		
Interest expense	(7.9)	-
Total finance expense exceptional items	(7.9)	-
Net finance expense	(27.4)	(19.8)

	2021 €m	2020 €m
Recognised directly in Other Comprehensive Income		
Foreign currency translation differences arising on the net investment in foreign operations	(17.4)	1.4
Net (expense)/income recognised directly in Other Comprehensive Income	(17.4)	1.4

7. INCOME TAX

(a) Analysis of (credit)/expense in year recognised in the Income Statement

	2021 €m	2020 €m
Current tax:		
Irish corporation tax	**2.3**	2.2
Foreign corporation tax	**(4.0)**	9.6
Adjustment in respect of previous years	**(2.0)**	(2.7)
	(3.7)	9.1
Deferred tax:		
Irish	**0.6**	0.6
Foreign	**(14.2)**	(7.2)
Adjustment in respect of previous years	**0.2**	-
Rate change impact	**0.3**	-
	(13.1)	(6.6)
Total income tax (credit)/expense recognised in Income Statement	**(16.8)**	2.5
Relating to continuing operations		
– continuing operations before exceptional items	**(14.4)**	12.3
– continuing operations exceptional items	**(2.4)**	(9.8)
Total	**(16.8)**	2.5

The tax assessed for the year is different from that calculated at the standard rate of corporation tax in the Republic of Ireland, as explained below:

	2021 €m	2020 €m
(Loss)/profit before tax	**(121.3)**	11.6
Less: Group's share of equity accounted investments' loss/(profit) after tax	**14.9**	(0.7)
Adjusted (loss)/profit before tax	**(106.4)**	10.9
Tax at standard rate of corporation tax in the Republic of Ireland of 12.5%	**(13.3)**	1.4
Actual tax (credit)/expense is affected by the following:		
(Non-taxable income)/expenses not deductible for tax purposes	**(4.8)**	10.8
Adjustments in respect of prior years	**(1.8)**	(2.7)
Income taxed at rates other than the standard rate of tax	**(4.1)**	(3.1)
Other differences	**0.5**	(4.1)
Non-recognition of deferred tax assets	**6.7**	0.2
Total income tax (credit)/expense	**(16.8)**	2.5

Notes forming part of the financial statements
(continued)

7. INCOME TAX (continued)

(b) Deferred tax recognised directly in Other Comprehensive Income

	2021 €m	2020 €m
Deferred tax arising on movement of derivatives designated as cash flow hedges	-	0.3
Deferred tax arising on revaluation of property, plant & machinery reflected in revaluation reserve	**0.2**	0.1
Deferred tax arising on movement of retirement benefits	**1.6**	(0.7)
Total	**1.8**	(0.3)

(c) Factors that may affect future charges
Future income tax charges may be impacted by changes to the corporation tax rates, for example the proposed but un-enacted UK corporation tax rate of 25% (increased from 20%) due to come into effect on 1 April 2023, and/or changes to corporation tax legislation in force in the jurisdictions in which the Group operates.

8. DIVIDENDS

	2021 €m	2020 €m
Dividends charged to Income Statement:		
Final: €nil dividend paid (FY2020: 9.98c paid in July 2019)	-	30.8
Interim: €nil dividend paid (FY2020: 5.50c paid in December 2019)	-	17.3
Credit with respect to share-based payments dividend entitlements	**(0.2)**	-
Total equity dividends	**(0.2)**	48.1
Settled as follows:		
Paid in cash	-	29.7
Scrip dividend	-	18.1
(Credit)/charge with respect to share-based payments dividend entitlements	**(0.2)**	0.3
	(0.2)	48.1

In order to achieve better alignment of the interest of share-based remuneration award recipients with the interests of shareholders, shareholder approval was given at the 2012 AGM to a proposal that awards made and that vest under the LTIP incentive programme should reflect the equivalent value to that which accrues to shareholders by way of dividends during the vesting period. The Deferred Bonus Plan and the Buy-Out Awards also accrue dividends during the vesting period. A credit of €0.2m (FY2020: €0.3m charge) in the current financial year is a consequence of dividend accruing share-based payment awards deemed to have lapsed and their related dividend accrual being released.

A payment of €0.4m was made in the current financial year to recipients of dividend accruing share based payment awards, where the award was exercised in the current financial year and the resulting dividends accrued over the vesting period were paid (FY2020: €nil).

Due to COVID-19, no interim dividend was paid and no final dividend is being declared with respect to FY2021. Total dividend for the prior financial year was 5.50 cent. Total dividends of €nil (final dividend with respect to FY2020 and interim dividend with respect to FY2021) were recognised as a deduction from the retained income reserve in the year ended 28 February 2021 (FY2020: 15.48 cent). A credit of €0.2m was recorded in the current financial year as a consequence of dividend accruing share-based payment awards deemed to have lapsed and their related dividend accrual being released.

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

9. EARNINGS PER ORDINARY SHARE

Denominator computations

	2021 Number '000	2020 Number '000
Number of shares at beginning of year	**319,495**	320,354
Shares issued in lieu of dividend	**-**	4,624
Shares issued in respect of options exercised	**985**	142
Share repurchased and subsequently cancelled	**-**	(5,625)
Number of shares at end of year (note 25)	**320,480**	319,495
Weighted average number of ordinary shares (basic)*	**309,149**	308,906
Adjustment for the effect of conversion of options	**-**	1,690
Weighted average number of ordinary shares, including options (diluted)	**309,149**	310,596

* Excludes 10.8m treasury shares (FY2020: 10.8m).

(Loss)/profit attributable to ordinary shareholders

	2021 €m	2020 €m
Group (loss)/profit for the financial year	**(104.5)**	9.1
Adjustment for exceptional items, net of tax (note 5)	**33.7**	82.7
(Loss)/earnings as adjusted for exceptional items, net of tax	**(70.8)**	91.8

	Cent	Cent
Basic (loss)/earnings per share		
Basic (loss)/earnings per share	**(33.8)**	2.9
Adjusted basic (loss)/earnings per share	**(22.9)**	29.7
Diluted (loss)/earnings per share		
Diluted (loss)/earnings per share	**(33.8)**	2.9
Adjusted diluted (loss)/earnings per share	**(22.9)**	29.6

Basic (loss)/earnings per share is calculated by dividing the Group (loss)/profit for the financial year by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased/issued by the Group and accounted for as treasury shares (at 28 February 2021: 10.8m shares; at 29 February 2020: 10.8m shares).

Diluted (loss)/earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potential dilutive ordinary shares. The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period of the year that the options were outstanding.

Employee share awards (excluding awards which were granted under plans where the rules stipulate that obligations must be satisfied by the purchase of existing shares (note 4)), which are performance-based are treated as contingently issuable shares because their issue is contingent upon satisfaction of specified performance conditions in addition to the passage of time. In accordance with IAS 33 *Earnings per Share*, these contingently issuable shares are excluded from the computation of diluted earnings per share where the vesting conditions would not have been satisfied as at the end of the reporting period (1,930,864 at 28 February 2021 and 175,492 at 29 February 2020). If dilutive other contingently issuable ordinary shares are included in diluted EPS based on the number of shares that would be issuable if the end of the reporting period was the end of the contingency period.

Notes forming part of the financial statements
(continued)

10. BUSINESS COMBINATIONS/DIVESTMENTS AND NON-CONTROLLING INTERESTS

As part of a strategic review in the current financial year, the Group disposed of €1.3m of net assets with respect to its non-core Tipperary Water Cooler business for an initial consideration of €7.4m. Further consideration may be payable dependent on further revenue targets being achieved. Transaction costs of €0.3m were also incurred (included in the cash flows from operating activities) resulting in a profit on disposal of €5.8m (note 5).

The net identifiable assets disposed were as follows:

	Asset value on disposal €m
Non-current assets	
Property, plant & equipment (note 11)	0.9
Leased right-of-use assets (note 19)	0.4
Total non-current assets	**1.3**
Current assets	
Cash	0.5
Inventories	0.1
Trade & other receivables	0.3
Current income tax asset	0.1
Current assets	**1.0**
Non-current liabilities	
Lease liabilities (note 19)	(0.2)
Non-current liabilities	**(0.2)**
Current liabilities	
Lease liabilities (note 19)	(0.2)
Trade & other payables	(0.6)
Current liabilities	**(0.8)**
Total net identifiable assets disposed	**1.3**
Total consideration	7.4
Net identifiable assets disposed	(1.3)
Transaction costs incurred	(0.3)
Profit on disposal	**5.8**
Satisfied by:	
Cash consideration received	7.2
Deferred consideration	0.2
Total consideration	**7.4**
Analysis of cash flows on disposal:	
Cash consideration received	7.2
Cash and cash equivalents disposed of	(0.5)
Net cash inflow	**6.7**

Year ended 29 February 2020

In the prior financial year, the Group disposed of its investment and non-controlling interest in Peppermint Events Limited which it acquired in FY2019 as part of the acquisition of Matthew Clark (Holdings) Limited and Bibendum PLB (Topco) Limited and their subsidiaries (together "Matthew Clark and Bibendum"). A loss of €1.7m was incurred on disposal.

On disposal of Peppermint Events Limited the Group reversed the adjustment to Goodwill amounting to €0.6m for non-controlling interest.

Acquisition of equity accounted investments

Details of the Group's equity accounted investments in the current and prior financial year are outlined in note 13.

11. PROPERTY, PLANT & EQUIPMENT

	Freehold land & buildings €m	Plant & machinery €m	Motor vehicles & other equipment €m	Total €m
Group				
Cost or valuation				
At 1 March 2019	90.3	191.4	67.2	348.9
Translation adjustment	0.6	0.6	0.3	1.5
Additions	3.9	7.8	3.6	15.3
Revaluation/impairment of property, plant & machinery	2.2	(2.1)	-	0.1
Group transfer reclassification	1.5	(1.8)	0.3	-
Disposals	-	(0.6)	(4.2)	(4.8)
At 29 February 2020	98.5	195.3	67.2	361.0
Translation adjustment	**(1.3)**	**(1.2)**	**(1.1)**	**(3.6)**
Additions	**0.4**	**10.4**	**1.7**	**12.5**
Revaluation/impairment of property, plant & machinery	**3.2**	**(3.5)**	**-**	**(0.3)**
Assets held for sale (note 16)	**(5.1)**	**(2.6)**	**(0.3)**	**(8.0)**
Disposal of subsidiary (note 10)	**-**	**-**	**(5.7)**	**(5.7)**
Reclassification	**(7.1)**	**7.1**	**-**	**-**
Disposals	**-**	**-**	**(5.9)**	**(5.9)**
At 28 February 2021	**88.6**	**205.5**	**55.9**	**350.0**
Depreciation				
At 1 March 2019	15.0	138.4	51.0	204.4
Translation adjustment	0.1	0.2	0.2	0.5
Disposals	-	(0.5)	(3.1)	(3.6)
Group transfer reclassification	(0.1)	0.2	(0.1)	-
Charge for the year	1.8	4.9	6.3	13.0
At 29 February 2020	16.8	143.2	54.3	214.3
Translation adjustment	**(0.2)**	**(0.7)**	**(0.8)**	**(1.7)**
Disposals	**-**	**-**	**(5.3)**	**(5.3)**
Assets held for sale (note 16)	**(0.4)**	**(1.8)**	**(0.2)**	**(2.4)**
Disposal of subsidiary (note 10)	**-**	**-**	**(4.8)**	**(4.8)**
Charge for the year	**2.1**	**4.7**	**3.8**	**10.6**
At 28 February 2021	**18.3**	**145.4**	**47.0**	**210.7**
Net book value				
At 28 February 2021	**70.3**	**60.1**	**8.9**	**139.3**
At 29 February 2020	81.7	52.1	12.9	146.7

Notes forming part of the financial statements
(continued)

11. PROPERTY, PLANT & EQUIPMENT (continued)

	Freehold land & buildings €m	Plant & machinery €m	Motor vehicles & other equipment €m	Total €m
28 February 2021				
Leased right-of-use assets				
At 28 February 2021, net carrying amount (note 19)	**30.3**	**0.9**	**33.5**	**64.7**
Total property, plant and equipment	**100.6**	**61.0**	**42.4**	**204.0**
29 February 2020				
Leased right-of-use assets				
At 29 February 2020, net carrying amount (note 19)	35.2	1.3	40.2	76.7
Total property, plant and equipment	116.9	53.4	53.1	223.4

Cash outflow with respect to property, plant and equipment was €8.4m (FY2020: €15.3m) due to an increase in closing capital accruals at 28 February 2021. No depreciation is charged on freehold land which had a book value of €16.2m at 28 February 2021.

Valuation of freehold land & buildings and plant & machinery - 28 February 2021

In the current financial year, the Group engaged the Real Estate & Capital Equipment Valuation team of PricewaterhouseCoopers LLP to value the Group's freehold land & buildings and plant & machinery at the Group's manufacturing facilities in Clonmel (Tipperary), Wellpark (Glasgow) and the Group's facility in Castel Branco in Portugal. The valuers are members of the Royal Institution of Chartered Surveyors with experience of undertaking property, plant and equipment valuations on a global basis.

For specialised assets, comprising the production facilities at Clonmel, Wellpark Brewery and Portugal the Depreciated Replacement Cost approach has been applied to value land & buildings. The Depreciated Replacement Cost approach was also used to derive fair value for the plant & machinery at the Group's manufacturing facilities given their specialised nature.

The result of these external valuations, as at 28 February 2021, was an increase in the value of freehold land & buildings of €3.2m of which €2.3m was credited to the Income Statement and €0.9m was credited to Other Comprehensive Income. The value of plant & machinery decreased by €3.5m which was expensed to the Income Statement as there was no previously recognised gain in the revaluation reserve against which to offset.

For all other items of land & buildings and plant & machinery the Group completed an internal assessment of the appropriateness of their carrying value. Assisted by a market overview provided by the valuation team from PricewaterhouseCoopers LLP, with respect to the geographic locations of the Group's assets, the Group concluded that the carrying value was appropriate at 28 February 2021 and no adjustment was recorded in this regard.

Valuation of freehold land & buildings and plant & machinery - 29 February 2020

In the prior financial year, the Group also engaged the Real Estate & Capital Equipment Valuation team of PricewaterhouseCoopers LLP to value the Group's freehold land & buildings and plant & machinery at the Group's manufacturing facilities in Clonmel (Tipperary), Wellpark (Glasgow), and Vermont (USA) along with the Group's depots in Ireland and the Group's facility in Castel Branco in Portugal.

Two methodologies were also applied to value the land & buildings in the prior financial year depending upon the type of asset. For specialised assets, such as the production facilities at Clonmel, Wellpark Brewery, Vermont and Portugal the Depreciated Replacement Cost approach was applied. The distribution warehouses comprise standard distribution facilities with an active market and therefore they were valued using a market approach. The Depreciated Replacement Cost approach was also used to derive fair value for the plant & machinery at the Group's manufacturing facilities given their specialised nature.

11. PROPERTY, PLANT & EQUIPMENT (continued)

The result of these external valuations, as at 29 February 2020, was an increase in the value of freehold land & buildings of €2.2m of which €1.1m was credited to the Income Statement and €1.1m was credited to the revaluation reserve via Other Comprehensive Income. The value of plant & machinery decreased by €2.1m which was expensed to the Income Statement as there was no previously recognised gain in the revaluation reserve against which to offset.

Useful Lives

The following useful lives were attributed to the assets:

Asset category	Useful life
Tanks	30–35 years
Process equipment	20 –25 years
Bottling & packaging equipment	15–20 years
Process automation	10 years
Buildings	50 years

	Freehold land & buildings €m	Plant & machinery €m	Motor vehicles & other equipment €m	Total €m
Net book value (pre right-of-use assets)				
Carrying value at 28 February 2021 post revaluation	**70.3**	**60.1**	**8.9**	**139.3**
Carrying value at 28 February 2021 pre revaluation	**67.1**	**63.6**	**8.9**	**139.6**
Gain/(loss) on revaluation	**3.2**	**(3.5)**	**-**	**(0.3)**
28 February 2021 classified within:				
Income Statement				**(1.2)**
Other Comprehensive Income				**0.9**

	Freehold land & buildings €m	Plant & machinery €m	Motor vehicles & other equipment €m	Total €m
Net book value (pre right-of-use assets)				
Carrying value at 29 February 2020 post revaluation	81.7	52.1	12.9	146.7
Carrying value at 29 February 2020 pre revaluation	79.5	54.2	12.9	146.6
Gain/(loss) on revaluation	2.2	(2.1)	-	0.1
29 February 2020 classified within:				
Income Statement				(1.0)
Other Comprehensive Income				1.1

Notes forming part of the financial statements
(continued)

11. PROPERTY, PLANT & EQUIPMENT (continued)

Fair value hierarchy

The valuations of freehold land & buildings and plant & machinery, excluding right-of-use assets, are derived using data from sources which are not widely available to the public and involve a degree of judgement. For these reasons, the valuations of the Group's freehold land & buildings and plant & machinery are classified as 'Level 3' as defined by IFRS 13 *Fair Value Measurement*, and as illustrated below:

	Carrying amount €m	Quoted prices Level 1 €m	Significant observable Level 2 €m	Significant unobservable Level 3 €m
Recurring measurements				
Freehold land & buildings measured at market value	**14.7**	**-**	**-**	**14.7**
Freehold land & buildings measured at Depreciated Replacement Cost	**55.6**	**-**	**-**	**55.6**
Plant & machinery measured at Depreciated Replacement Cost	**60.1**	**-**	**-**	**60.1**
At 28 February 2021	**130.4**	**-**	**-**	**130.4**

	Carrying amount €m	Quoted prices Level 1 €m	Significant observable Level 2 €m	Significant unobservable Level 3 €m
Recurring measurements				
Freehold land & buildings measured at market value	21.8	-	-	21.8
Freehold land & buildings measured at Depreciated Replacement Cost	59.9	-	-	59.9
Plant & machinery measured at Depreciated Replacement Cost	52.1	-	-	52.1
At 29 February 2020	133.8	-	-	133.8

Measurement techniques

The Group used the following techniques to determine the fair value measurements categorised in Level 3:

- The Group's depots are valued using a market value approach. The market value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
- The Group's specialised assets such as the production facilities at Clonmel, Wellpark and Portugal are valued using the Depreciated Replacement Cost approach. Depreciated Replacement Cost is assessed, firstly, by the identification of the gross replacement cost for each class of asset at each of the Group's plants. A depreciation factor derived from both the physical and functional obsolescence of each class of asset, taking into account estimated residual values at the end of the life of each class of asset, is then applied to the gross replacement cost to determine the net replacement cost. An economic obsolescence factor, which is derived based on current and anticipated capacity or utilisation of each plant and machinery asset, at each of the Group's plants, as a function of total available production capacity, is applied to determine the Depreciated Replacement Cost.

11. PROPERTY, PLANT & EQUIPMENT (continued)

Unobservable inputs

The significant unobservable inputs used in the market value measurement of land & buildings is as follows:

Valuation technique	Significant unobservable inputs	Range of unobservable inputs – Land ('000)	Range of unobservable inputs – Buildings	Relationship of unobservable inputs to fair value
Comparable market transactions	Price per square foot/ acre			The higher the price per square foot/acre, the higher the fair value.
	Republic of Ireland	€50–€150 per hectare	€64–€1,119 per square metre	
	Portugal	€40 per hectare	€96 - €571 per square metre	
	United States	$39 per acre	$48 per square foot	
	United Kingdom	£175-£225 per acre	£251 to £1,524 per square metre	

The significant unobservable inputs used in the Depreciated Replacement Cost measurement of freehold land & buildings and plant & machinery are as follows:

Gross replacement cost adjustment	Increase in gross replacement cost of 0% (FY2020: 0%), based on management's judgment supported by discussions with valuers
Economic obsolescence adjustment factor	Economic obsolescence, considered on an asset by asset basis, for each plant, ranging from 0% to 100% (FY2020: 0% to 100%). The weighted average obsolescence factor by site is as follows: Cidery, Ireland – 21%; Brewery Scotland – 3% and Cidery, United States – 41%, Portugal – 0%
Physical and functional obsolescence adjustment factor	Adjustment for changes to physical and functional obsolescence ranging from 63% to 85% (FY2020: 49% to 76%)

The carrying value of depot freehold land & buildings would increase/(decrease) by €0.7m if the comparable open market value increased/(decreased) by 5%.

The carrying value of freehold land & buildings which is valued on the Depreciated Replacement Cost basis, would increase/(decrease) by €2.2m if the economic obsolescence adjustment factor was (decreased)/increased by 5%. The estimated carrying value of the same land & buildings would increase/(decrease) by €0.9m if the gross replacement cost was increased/(decreased) by 2%.

The carrying value of plant & machinery in the Group which is valued on the Depreciated Replacement Cost basis, would increase by €2.9m if the economic obsolescence adjustment factor was decreased by 5%. If the economic obsolescence adjustment increased by 5% the value would increase by €3.2m. If the gross replacement cost was increased by 2% the carrying value of the Group's plant & machinery would increase by €0.6m. If the gross replacement cost decreased by 2% the carrying value of the Group's plant & machinery would decrease by €0.9m.

Company

The Company has no property, plant & equipment.

Notes forming part of the financial statements
(continued)

12. GOODWILL & INTANGIBLE ASSETS

	Goodwill €m	Brands €m	Other intangible assets €m	Total €m
Cost				
At 1 March 2019	601.2	322.1	34.7	958.0
Additions	-	-	4.5	4.5
Write-back relating to non-controlling interest	0.6	-	-	0.6
Disposals	-	-	(0.1)	(0.1)
Translation adjustment	1.1	2.0	0.1	3.2
At 29 February 2020	602.9	324.1	39.2	966.2
Additions	**-**	**-**	**1.6**	**1.6**
Translation adjustment	**(3.1)**	**(2.2)**	**(0.3)**	**(5.6)**
At 28 February 2021	**599.8**	**321.9**	**40.5**	**962.2**
Amortisation and impairment				
At 1 March 2019	76.2	180.4	17.7	274.3
Disposals	-	-	(0.1)	(0.1)
Impairment charge for the year	-	34.2	2.4	36.6
Amortisation charge for the year	-	-	2.5	2.5
At 29 February 2020	76.2	214.6	22.5	313.3
Impairment charge for the year	**-**	**-**	**0.3**	**0.3**
Amortisation charge for the year	**-**	**-**	**2.6**	**2.6**
At 28 February 2021	**76.2**	**214.6**	**25.4**	**316.2**
Net book value				
At 28 February 2021	**523.6**	**107.3**	**15.1**	**646.0**
At 29 February 2020	526.7	109.5	16.7	652.9

Goodwill

Goodwill has been attributed to cash generating units (as identified under IAS 36 *Impairment of Assets*) as follows:

	Ireland €m	Scotland €m	C&C Brands €m	North America €m	Export €m	MCB €m	Total €m
At 1 March 2019	154.5	59.5	180.8	9.2	16.0	105.0	525.0
Write-back relating to non-controlling interest	-	-	-	-	-	0.6	0.6
Translation adjustment	-	0.3	0.1	-	-	0.7	1.1
At 29 February 2020	154.5	59.8	180.9	9.2	16.0	106.3	526.7
Translation adjustment	**-**	**(0.7)**	**(0.3)**	**-**	**-**	**(2.1)**	**(3.1)**
At 28 February 2021	**154.5**	**59.1**	**180.6**	**9.2**	**16.0**	**104.2**	**523.6**

12. GOODWILL & INTANGIBLE ASSETS (continued)

Goodwill consists both of goodwill capitalised under Irish GAAP which at the transition date to IFRS was treated as deemed cost and goodwill that arose on the acquisition of businesses since that date which was capitalised at cost and subsequently at fair value and represents the synergies arising from cost savings and the opportunity to utilise the extended distribution network of the Group to leverage the marketing of acquired products.

In line with IAS 36 *Impairment of Assets* goodwill is allocated to each cash generating unit (CGU) which is expected to benefit from the combination synergies. These CGU's represent the lowest level within the Group at which goodwill is monitored for internal management purposes.

All goodwill is regarded as having an indefinite life and is not subject to amortisation under IFRS but is subject to annual impairment testing.

In the prior financial year, on disposal of Peppermint Events Limited the Group reversed the adjustment to Goodwill amounting to €0.6m for non-controlling interest.

Brands

Brands are expected to generate positive cash flows for as long as the Group owns the brands and have been assigned indefinite lives.

Capitalised brands include the Tennent's beer brands and the Gaymers cider brands acquired during FY2010, Waverley wine brands acquired during FY2013 and the Matthew Clark and Bibendum brands acquired during FY2019.

The Tennent's, Gaymers, Waverley wine brands and Matthew Clark and Bibendum brands were valued at fair value on the date of acquisition in accordance with the requirements of IFRS 3 (2008) *Business Combinations* by independent professional valuers. The Waverley wine brands were valued at cost.

The carrying value of the Tennent's beer brand as at 28 February 2021 amounted to €73.5m (FY2020: €75.0m) and has an indefinite life which is subject to annual impairment testing. The movement in the current financial year is due to translation adjustment.

The carrying amount of brands with indefinite lives are allocated to operating segments as follows:

	Great Britain €m	International €m	MCB €m	Total €m
At 1 March 2019	91.7	32.8	17.2	141.7
Impairment charge for the year	-	(34.1)	(0.1)	(34.2)
Translation adjustment	0.6	1.3	0.1	2.0
At 29 February 2020	92.3	-	17.2	109.5
Translation adjustment	**(1.8)**	**-**	**(0.4)**	**(2.2)**
At 28 February 2021	**90.5**	**-**	**16.8**	**107.3**

The brands are protected by trademarks, which are renewable indefinitely in all major markets where they are sold and it is the Group's policy to support them with the appropriate level of brand advertising. In addition, there are not believed to be any legal, regulatory or contractual provisions that limit the useful lives of these brands. Accordingly, the Directors believe that it is appropriate that the brands be treated as having indefinite lives for accounting purposes.

No intangible assets were acquired by way of government grant, there is no title restriction on any of the capitalised intangible assets and no intangible assets are pledged as security. There are no contractual commitments in relation to the acquisition of intangible assets at year end.

In the prior financial year, the Group recognised an impairment charge of €34.1m relating to the North America cash generating unit and €0.1m relating to Matthew Clark Bibendum cash generating unit.

Notes forming part of the financial statements
(continued)

12. GOODWILL & INTANGIBLE ASSETS (continued)

Other intangible assets

Other intangible assets have been attributed to operating segments (as identified under IFRS 8 *Operating Segments*) as follows:

	Ireland €m	Great Britain €m	International €m	MCB €m	Total €m
Cost					
At 1 March 2019	6.8	15.8	0.3	11.8	34.7
Additions	-	2.1	-	2.4	4.5
Disposals	-	-	-	(0.1)	(0.1)
Translation adjustment	-	-	-	0.1	0.1
At 29 February 2020	6.8	17.9	0.3	14.2	39.2
Additions	**0.2**	**0.8**	**-**	**0.6**	**1.6**
Translation adjustment	**-**	**(0.1)**	**-**	**(0.2)**	**(0.3)**
At 28 February 2021	**7.0**	**18.6**	**0.3**	**14.6**	**40.5**
Amortisation and impairment					
At 1 March 2019	2.1	14.2	0.2	1.2	17.7
Disposals	-	-	-	(0.1)	(0.1)
Impairment charge for the year	-	-	-	2.4	2.4
Amortisation charge for the year	0.7	0.2	0.1	1.5	2.5
At 29 February 2020	2.8	14.4	0.3	5.0	22.5
Impairment charge for the year	**-**	**-**	**-**	**0.3**	**0.3**
Amortisation charge for the year	**0.6**	**0.5**	**-**	**1.5**	**2.6**
At 28 February 2021	**3.4**	**14.9**	**0.3**	**6.8**	**25.4**
Net book value					
At 28 February 2021	**3.6**	**3.7**	**-**	**7.8**	**15.1**
At 29 February 2020	4.0	3.5	-	9.2	16.7

In the current financial year, the Group wrote off an IT intangible asset where the project was not completed, as a direct consequence of COVID-19 of €0.3m (FY2020: €2.4m).

Other intangible assets comprise the fair value of trade relationships acquired as part of the acquisition of Matthew Clark and Bibendum in FY2019, trade relationships acquired as part of the acquisition of TCB Wholesale during FY2015, the Gleeson trade relationships acquired during FY2014 and 20 year distribution rights for third party beer products acquired as part of the acquisition of the Tennent's business during FY2010. These were valued at fair value on the date of acquisition in accordance with the requirements of IFRS 3 (2008) *Business Combinations* by independent professional valuers. The intangible assets have a finite life and are subject to amortisation on a straight-line basis. Also included within Other Intangible assets are software and licences.

The amortisation charge for the year ended 28 February 2021 with respect to intangible assets was €2.6m (2020: €2.5m).

12. GOODWILL & INTANGIBLE ASSETS (continued)

Impairment testing

To ensure that goodwill and brands that are considered to have an indefinite useful economic life are not carried at above their recoverable amount, impairment testing is performed comparing the carrying value of the assets with their recoverable amount using value-in-use computations. Impairment testing is performed annually or more frequently if there is an indication that the carrying amount may not be recoverable. Where the value-in-use exceeds the carrying value of the asset, the asset is not impaired.

As permitted by IAS 36 *Impairment of Assets*, the value of the Group's goodwill has been allocated to groups of cash generating units (CGU), which are not larger than an operating segment determined in accordance with IFRS 8 *Operating Segments*. These business segments represent the lowest levels within the Group at which the associated goodwill is monitored for management purposes.

The recoverable amount is calculated using value-in-use computations based on estimated future cash flows discounted to present value using a discount rate appropriate to each cash generating unit and brand. Terminal values are calculated on the assumption that cash flows continue in perpetuity.

The key assumptions used in the value-in-use computations using level 3 inputs in accordance with fair value hierarchy are:

- Expected volume, net revenue and operating profit growth rates – cash flows for each CGU and brand are based on detailed financial projections for years one and two which were then projected out for years three, four and five.
- Long-term growth rate – cash flows after the first five years were extrapolated using a long-term growth rate, on the assumption that cash flows for the first five years will increase at a nominal growth rate in perpetuity.
- Discount rate.

The key assumptions were based on management's assessment of anticipated market conditions for each CGU. The key assumption for the Group in the current financial year is COVID-19, how and when restrictions are lifted and the corresponding impact on the trade as the sector reopens. The Group took into account historical experience and in particular the Group's experience over the last twelve month period. The Group also considers its core strengths and weaknesses in the markets in which it operates and external factors such as macro-economic factors, inflation expectations by geography, regulation and expected changes in regulation (such as expected changes to duty rates and minimum pricing), market growth rates, sales price trend, competitor activity, market share targets and strategic plans and initiatives.

A terminal growth rate of 1.75%-2.00% (FY2020: 1.75%-2.00%) in perpetuity was assumed based on an assessment of the likely long-term growth prospects for the sectors and geographies in which the Group operates. The resulting cash flows were discounted to present value using a range of discount rates between 7.11%-8.41% (FY2020: 5.60%-8.25%); these rates are in line with the Group's estimated pre-tax weighted average cost of capital for the three main geographies in which the Group operates (Ireland, Great Britain and North America), arrived at using the Capital Asset Pricing Model as adjusted for asset and country specific factors.

In the prior financial year, with regard to the Group's North America segment and in particular the Woodchuck suite of brands, the projected cash flows no longer supported the carrying value of the brand and an impairment of €34.1m was taken at 29 February 2020.

In the prior financial year, the Group also booked an impairment of €0.1m with respect to the Group's Matthew Clark Bibendum cash generating unit directly related to a discontinued brand.

Notes forming part of the financial statements
(continued)

12. GOODWILL & INTANGIBLE ASSETS (continued)

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

Market	Discount rate 2021	Discount rate 2020	Terminal growth rate 2021	Terminal growth rate 2020
Ireland	**8.41%**	7.25%	**2.00%**	2.00%
Scotland	**7.56%**	7.25%	**2.00%**	2.00%
C&C Brands	**7.56%**	7.25%	**2.00%**	2.00%
North America	**7.11%**	8.25%	**1.75%**	1.75%
Export	**7.56%**	5.60%	**2.00%**	2.00%
Matthew Clark Bibendum (MCB)	**7.56%**	7.25%	**2.00%**	2.00%

The impairment testing carried out at year end identified headroom in the recoverable amount of all the Group's goodwill and intangible assets (FY2020: impairment of €34.1m in North America).

Significant goodwill amounts

The goodwill allocated to Ireland, C&C Brands and MCB CGU's amount to 30% (FY2020: 29%), 34% (FY2020: 34%) and 20% (FY2020: 20%) of the total carrying amount of goodwill respectively.

	Ireland 2021	2020	C&C Brands 2021	2020	MCB 2021	2020
Goodwill allocated to the cash generating unit at balance sheet date	**154.5**	154.5	**180.6**	180.9	**104.2**	106.3
Discount rate applied to the cash flow projections (real pre-tax)	**8.41%**	7.25%	**7.56%**	7.25%	**7.56%**	7.25%

Sensitivity analysis

In the current financial year, the impairment testing carried out as at 28 February 2021 identified headroom in the recoverable amount of the brands and goodwill compared to their carrying values.

The key sensitivities for the impairment testing are net revenue and operating profit assumptions, discount rates applied to the resulting cash flows and the expected long-term growth rates.

12. GOODWILL & INTANGIBLE ASSETS (continued)

The value-in-use calculations indicate significant headroom in respect of all cash generating units. The cash generating unit with the least headroom, is the C&C Brands cash generating unit although the headroom is in excess of €68m. The table below identifies the impact of a movement in the key inputs with respect to C&C Brands.

	2021 Movement %	2021 Increase/ (decrease) on headroom €m	2020 Movement %	2020 Increase/ (decrease) on headroom €m
Increase/(decrease) in operating profit	**2.5/(2.5)**	**6.9/(6.9)**	2.5/(2.5)	7.0/(7.0)
Increase in discount rate	**0.25**	**(12.0)**	0.25	(10.2)
Decrease in discount rate	**(0.25)**	**13.1**	(0.25)	11.2
Increase in terminal growth rate	**0.25**	**10.6**	0.25	11.7
Decrease in terminal growth rate	**(0.25)**	**(9.7)**	(0.25)	(10.7)

The Group concludes that no reasonable movement in any of the underlying assumptions would result in a material impairment in any of the Group's cash generating units or brands.

13. EQUITY ACCOUNTED INVESTMENTS/FINANCIAL ASSETS

(a) Equity accounted investments/financial assets – Group

	Joint ventures			Associates		
	Admiral Taverns €m	Drygate Brewing Company Limited €m	Canadian Investment €m	Whitewater Brewing Company Limited €m	Other €m	Total €m
Investment in equity accounted investments/ financial assets						
Carrying amount at 1 March 2019	67.3	0.3	3.5	0.3	-	71.4
Purchase price paid	10.7	-	-	-	0.5	11.2
Disposal	-	-	(3.5)	-	-	(3.5)
Share of profit/(loss) after tax	3.1	-	-	0.1	(0.1)	3.1
Share of exceptional loss after tax (note 5)	(2.4)	-	-	-	-	(2.4)
Share of Other Comprehensive Income	3.7	-	-	-	-	3.7
Translation adjustment	0.4	-	-	-	-	0.4
Carrying amount at 29 February 2020	82.8	0.3	-	0.4	0.4	83.9
Purchase price paid	**6.7**	**-**	**-**	**-**	**0.2**	**6.9**
Share of loss after tax	**(6.0)**	**(0.1)**	**-**	**-**	**-**	**(6.1)**
Share of exceptional loss after tax (note 5)	**(8.8)**	**-**	**-**	**-**	**-**	**(8.8)**
Impairment of equity investment (note 5)	**(8.9)**	**(0.2)**	**-**	**-**	**-**	**(9.1)**
Equity accounted investment asset adjustment	**(1.1)**	**-**	**-**	**-**	**-**	**(1.1)**
Share of Other Comprehensive Income	**(0.4)**	**-**	**-**	**-**	**-**	**(0.4)**
Translation adjustment	**(2.2)**	**-**	**-**	**-**	**-**	**(2.2)**
Carrying amount at 28 February 2021	**62.1**	**-**	**-**	**0.4**	**0.6**	**63.1**

Notes forming part of the financial statements
(continued)

13. EQUITY ACCOUNTED INVESTMENTS/FINANCIAL ASSETS (continued)

Summarised financial information for the Group's investment in joint ventures and associates which are accounted for using the equity method is as follows:

	Admiral Taverns* 2021 €m	Joint ventures 2021 €m	Associates 2021 €m	Admiral Taverns* 2020 €m	Joint ventures 2020 €m	Associates 2020 €m
Non-current assets	**379.4**	**2.4**	**3.2**	417.7	2.6	3.3
Current assets	**36.1**	**0.8**	**1.4**	30.9	1.0	1.8
Non-current liabilities	**(239.0)**	**(1.7)**	**(2.1)**	(242.6)	(1.9)	(2.2)
Current liabilities	**(27.2)**	**(1.3)**	**(0.7)**	(32.5)	(1.3)	(1.0)
Net assets	**149.3****	**0.2**	**1.8**	173.5	0.4	1.9
Revenue	**42.7**	**2.5**	**0.3**	86.6	4.3	3.1
(Loss)/profit before tax	**(37.9)**	**(0.2)**	**-**	3.8	(0.2)	(0.2)
Other Comprehensive Income	**(0.8)**	**-**	**-**	7.7	-	-

* Included in current assets for Admiral Taverns is cash and cash equivalents of €15.0m (FY2020: €12.9m). Admiral Taverns also had depreciation and amortisation of €10.0m (FY2020: €8.6m), net interest costs of €16.8m (FY2020: €11.2m) and tax credit of €7.5m (FY2020: tax charge €2.3m)

** Net assets of €149.3m by the Group's share in equity at 28 February 2021 of 48.85% amounts to €72.9m however the percentage ownership of the Group has changed since original investment (including during the current financial year) and therefore the weighted share of net assets attributable to the Group at 28 February 2021 was €71.0m. The Group also booked an impairment charge of €8.9m in the current financial year which results in a carrying value at 28 February 2021 of €62.1m

A listing of the Group's equity accounted investments is contained in note 29.

Admiral Taverns

On 6 December 2017, the Group entered into a joint venture arrangement for a 49.9% share in Brady P&C Limited ("Admiral Taverns"), a UK incorporate entity with Proprium Capital Partners (50.1%). Brady P&C Limited subsequently incorporated a UK company, Brady Midco Limited where Admiral management acquired 6.5% of the shares. Brady Midco Limited incorporated Brady Bidco Limited which acted as the acquisition vehicle to acquire the entire share capital of AT Brit Holdings Limited (trading as Admiral Taverns) on the 6 December 2017. The equity investment by the Group was £37.4m (€42.4m euro equivalent on date of investment) representing 46.65% of the issued share capital of Admiral Taverns. The Group has 50% representation on the board and no decision can be made without 100% agreement by all Directors. The Group determined that Admiral Taverns was to be accounted for as a joint venture.

In the prior financial year, Admiral management disposed of 2% of their shareholding which in turn increased C&C's shareholding from 46.65% to 47.7%. In the current financial year, the Group made an equity investment in Admiral Taverns for €6.7m (£6.0m). Also, during the current financial year, Admiral management disposed of 2.4% of their shareholding which in turn increased C&C's shareholding from 47.7% to 48.85%.

In the current financial year, the share of loss before exceptional items of Admiral Taverns attributable to the Group was €6.0m (FY2020: profit €3.1m). The Group also incurred €8.8m with respect to its share of Admiral's exceptional items. These included a charge of €7.0m (FY2020: €2.7m) with respect to the Group's share of the revaluation loss arising from the fair value exercise to value Admiral's property assets at 28 February 2021. As a result of the same valuation exercise, a loss of €0.4m (FY2020: a gain of €3.7m) with respect to the Group's share of the revaluation, was recognised in Other Comprehensive Income. The Group also recognised a charge of €1.8m with respect to its share of other exceptional items for the year, including €0.8m with respect to a provision against trade debtors as a consequence of COVID-19, €0.5m with respect to an Asbestos provision with the remaining €0.5m in relation to other charges directly attributable to COVID-19.

13. EQUITY ACCOUNTED INVESTMENTS/FINANCIAL ASSETS (continued)

The Group also recorded, within exceptional operating costs (note 5), an impairment charge of €8.9m with respect to the carrying value of its investment in Admiral Taverns at 28 February 2021. The hospitality and pub industry in the United Kingdom have been significantly curtailed by lockdowns and trading restrictions since March 2020. The Group assessed the carrying value of its equity accounted investment in Admiral Taverns at 28 February 2021, in light of the underutilisation of their pub assets as a direct consequence of such lockdowns, and recorded an impairment charge of €8.9m in this regard.

Also in the current financial year, the Group recognised the Group's share of an adjustment to the net asset allocation between the joint venture partners and the minority shareholder of €1.1m resulting from the repurchase of shares from the minority shareholder.

In the prior financial year, the Group invested €10.7m which gave rise to capital duties to be expensed in relation to the acquisition (the Group's share of this expense was €2.9m). This was offset by recognition of the Group's share of an adjustment made by the investee to recognise a higher deferred tax asset, in FY2020, in respect of timing differences on fixed assets in respect of prior years (the Group's share of this gain was €3.2m).

Sensitivity analysis

In determining the recoverable amount of the Group's investment in Admiral Taverns, the Group utilised a market approach leveraging EBITDA and other relevant information generated by market transactions involving similar businesses. The key sensitivities for the impairment testing are the EBITDA forecast and the multiple assumption in the valuation calculation.

An increase of 2.5% in the EBITDA or EBITDA multiple assumption would lead to an increase of €4.4m in the carrying value of the Admiral investment, whilst a decrease of the same assumptions would lead to a €4.4m decrease of the Admiral carrying amount.

Drygate Brewing Company Limited

In 2015, the Group entered into a joint venture arrangement with Heather Ale Limited, run by the Williams brothers who are recognised as leading family craft brewers in Scotland, to form a new entity Drygate Brewing Company Limited. The joint venture, which is run independently of the joint venture partners existing businesses, operates a craft brewing and retail facility adjacent to Wellpark brewery.

In light of the impact of COVID-19 on the hospitality and pub industry the Group assessed the carrying value of its investment in Drygate Brewing Company Limited at 28 February 2021 and recorded an impairment charge of €0.2m (£0.2m) within exceptional operating costs (note 5).

Canadian Investment

During the prior financial year, the Group disposed of its equity accounted investment in a Canadian company for cash proceeds of €6.1m, realising a profit of €2.6m on disposal.

Whitewater Brewing Company Limited

On 20 December 2016, the Group acquired 25% of the equity share capital of Whitewater Brewing Company Limited, an Irish Craft brewer for £0.3m (€0.3m).

Other

During the current financial year, the Group made a 1% investment in an English entity Bramerton Condiments Limited for €0.1m (£0.1m) and a 50% investment in 3 Counties Spirits Limited for €nil consideration.

Notes forming part of the financial statements
(continued)

13. EQUITY ACCOUNTED INVESTMENTS/FINANCIAL ASSETS (continued)

On 7 January 2021, the Group also acquired an 8% shareholding in Innis & Gunn Holdings Limited at €nil cost. Share subscription costs of €0.1m (£0.1m) were incurred in this regard.

On 5 March 2019, the Group made a 10% investment in an English registered entity Jubel Limited, a craft beer producer for €0.3m (£0.3m).

In the prior financial year, the Group made an additional investment in CVBA Braxatorium Parcensis of €0.2m following on from a less than €0.1m investment in FY2019. The Group has a 33% investment in the Belgium entity.

The Group also has an equity investment in Shanter Inns Limited, Beck & Scott (Services) Limited (Northern Ireland) and The Irish Brewing Company Limited (Ireland). The value of each of these investments is less than €0.1m in the current and prior financial year.

(b) Financial Assets – Company

	2021 €m	2020 €m
Equity investment in subsidiary undertakings at cost		
At beginning of year	**984.6**	982.1
Capital contribution in respect of share options granted to employees of subsidiary undertakings	**0.8**	2.5
At end of year	**985.4**	984.6

The total expense of €0.8m (FY2020: €2.5m) attributable to equity settled awards granted to employees of subsidiary undertakings has been included as a capital contribution in financial assets.

In the opinion of the Directors, the shares in the subsidiary undertakings are worth at least the amounts at which they are stated in the Consolidated Balance Sheet. Details of subsidiary undertakings are set out in note 29.

14. INVENTORIES

	2021 €m	2020 €m
Group		
Raw materials & consumables	**38.4**	46.2
Finished goods & goods for resale	**82.9**	99.6
Total inventories at lower of cost and net realisable value	**121.3**	145.8

An analysis of the Group's raw material cost of goods sold/bought in finished goods is provided in note 2 to the consolidated financial statements.

Inventory write-down recognised within operating costs before exceptional items amounted to €0.9m (FY2020: €2.2m). The inventory write-down in the current and prior financial year was with respect to breakages and write off of damaged and obsolete stock. The Group incurred exceptional charges of €5.8m with respect to inventory (FY2020: €10.6m), this related to inventory that became obsolete as a consequence of the COVID-19 restrictions.

15. TRADE & OTHER RECEIVABLES

	Group 2021 €m	Group 2020 €m	Company 2021 €m	Company 2020 €m
Amounts falling due within one year:				
Trade receivables	**75.9**	93.1	**-**	-
Amounts due from Group undertakings	**-**	-	**118.6**	263.4
Advances to customers	**3.8**	21.6	**-**	-
Prepayments and other receivables	**23.1**	51.3	**-**	0.2
	102.8	166.0	**118.6**	263.6
Amounts falling due after one year:				
Advances to customers	**38.3**	23.1	**-**	-
Prepayments and other receivables	**3.5**	2.7	**-**	-
	41.8	25.8	**-**	-
Total	**144.6**	191.8	**118.6**	263.6

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

The Group 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 Group transfers the credit risk, late payment risk and control of the receivables sold. This arrangement contributed €45.0m to Group cash (FY2020: €131.4m) at 28 February 2021. The Group's debtors would therefore have been €45.0m higher (FY2020: €131.4m) had the programme not been in place. The Group's trade receivables programme is not recognised on the Consolidated Balance Sheet as it meets the de-recognition criteria under IFRS 9 *Financial Instruments*.

The aged analysis of trade receivables and advances to customers analysed between amounts that were not past due and amounts past due at 28 February 2021 and 29 February 2020 were as follows:

	Trade receivables Gross 2021 €m	Trade receivables Impairment 2021 €m	Advances to customers Gross 2021 €m	Advances to customers Impairment 2021 €m	Total Gross 2021 €m	Total Impairment 2021 €m	Total Gross 2020 €m	Total Impairment 2020 €m
Group								
Not past due	**57.8**	**(1.4)**	**49.7**	**(9.4)**	**107.5**	**(10.8)**	131.6	(25.6)
Past due:								
Past due 0-30 days	**5.6**	**(1.0)**	**0.2**	**-**	**5.8**	**(1.0)**	15.9	(1.2)
Past due 31-120 days	**13.2**	**(3.6)**	**0.4**	**(0.1)**	**13.6**	**(3.7)**	10.4	(3.7)
Past due 121-365 days	**8.4**	**(4.5)**	**0.6**	**(0.4)**	**9.0**	**(4.9)**	8.7	(2.5)
Past due more than one year	**7.3**	**(5.9)**	**2.5**	**(1.4)**	**9.8**	**(7.3)**	11.2	(7.0)
Total	**92.3**	**(16.4)**	**53.4**	**(11.3)**	**145.7**	**(27.7)**	177.8	(40.0)

Trade receivables, advances to customers and other receivables are recognised initially at fair value and subsequently measured at amortised cost less loss allowance or impairment losses.

Specifically, for advances to customers, any difference between the present value and the nominal amount at inception is treated as an advance of discount prepaid to the customer and is recognised in the Income Statement in accordance with the terms of the agreement. The discount rate calculated by the Group is at least based on the risk-free rate plus a margin, which takes into account the risk profile of the customer.

Notes forming part of the financial statements
(continued)

15. TRADE & OTHER RECEIVABLES (continued)

The Group 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.

To measure the expected credit losses, trade receivables are assessed collectively in groups that share similar credit risk characteristics, such as customer segments and in particular the Group's view of how COVID-19 and related restrictions impacted particular customer segments over the last twelve month period and how they are expected to impact them going forward, historical information on payment patterns including the payment patterns over the last twelve month period, terms of payment, the expected impact of government schemes coming to an end as markets reopen and what impact that might have on the Group's customers including an assessment of the risk of insolvencies due to lack of liquidity when the extended government payment terms cease. COVID-19 had and continues to have a material impact on the assessment of credit losses of the Group's receivables balances. The Group booked an exceptional provision of €19.4m in FY2020 with respect to the Group's receivables balances and has recorded an exceptional credit of €6.1m in this regard in the current financial year (note 5).

Regarding advances to customers, the Group applies the general approach to measure expected credit losses which requires a loss provision to be recognised based on twelve month or lifetime expected credit losses, provided a significant increase in credit risk has occurred since initial recognition. The Group assesses the expected credit losses for advances to customers based on historical information on repayment patterns including the repayment patterns over the last twelve month period, the expected impact of government schemes coming to an end as markets reopen and what impact that might have on the Group's advances to customers including an assessment of the risk of insolvencies due to lack of liquidity when the extended government payment terms cease. The credit risk on advances to customers can be reduced through the value of security and/or collateral given. In the current and prior financial year, COVID-19 had a material impact on the assessment of credit losses with regard to advances to customers at year end and the Group booked an exceptional provision of €1.2m (FY2020: €5.8m) in this regard (note 5).

Trade receivables are on average receivable within 33 days (FY2020: 21 days) of the balance sheet date, are unsecured and are not interest bearing. For more information on the Group's credit risk exposure refer to note 24.

The movement in the allowance for impairment in respect of trade receivables and advances to customers during the year was as follows:

	Trade receivables 2021 €m	Advance to customers 2021 €m	Total 2021 €m	Total 2020 €m
Group				
At beginning of year	**29.6**	**10.4**	**40.0**	17.2
Recovered during the year	**(10.7)**	**(0.7)**	**(11.4)**	(3.9)
Provided during the year	**2.9**	**2.4**	**5.3**	32.3
Derecognised on disposal	**(0.2)**	**-**	**(0.2)**	-
Written off during the year	**(4.5)**	**(0.6)**	**(5.1)**	(5.6)
Translation adjustment	**(0.7)**	**(0.2)**	**(0.9)**	-
At end of year	**16.4**	**11.3**	**27.7**	40.0

At 28 February 2021, regarding the impact of the expected loss model on trade receivables and advances to customers, the Group has provided for expected credit losses over the next twelve months of €6.2m (FY2020: €22.3m) and expected lifetime losses of €21.5m (FY2020: €17.7m).

16. DISPOSAL GROUP

Post year end, the Group announced the sale of its wholly owned US subsidiary, Vermont Hard Cider Company ("VHCC") to Northeast Kingdom Drinks Group, LLC (NKDG) for a total consideration of USD 20.0m. The sale was completed on 2 April 2021. VHCC was classified as a disposal group, held for sale, as at 28 February 2021.

The major classes of assets and liabilities of VHCC classified as held for sale as at 28 February 2021 were, as follows:

	2021 €m
Assets held for sale	
Property, plant & equipment (note 11)	5.6
Leased right-of-use assets (note 19)	0.2
Inventories	3.9
Trade & other receivables	4.1
Current income tax asset	0.1
Total assets held for sale	**13.9**
Liabilities directly associated with assets held for sale	
Trade & other payables	2.2
Lease liabilities (note 19)	0.2
Total liabilities directly associated with assets held for sale	**2.4**
Net assets directly associated with the disposal group	**11.5**

The cumulative foreign exchange gain recognised in other comprehensive income in relation to the disposal group as at 28 February 2021 was €3.9m.

Other commitments
At 28 February 2021, the value of the contracts placed for future expenditure by VHCC was €1.6m. This related to the following:

	Glass €m	Apples €m	Aluminium €m	Sugar €m	Total €m
Payable in less than one year	**0.6**	**0.3**	**0.1**	**0.6**	**1.6**
	0.6	**0.3**	**0.1**	**0.6**	**1.6**

17. TRADE & OTHER PAYABLES

	Group		Company	
	2021 €m	2020 €m	2021 €m	2020 €m
Trade payables	**135.2**	271.7	**-**	-
Payroll taxes & social security	**4.1**	3.1	**-**	-
VAT	**41.4**	23.9	**-**	-
Excise duty	**40.0**	21.9	**-**	-
Accruals	**75.5**	70.1	**3.1**	1.0
Amounts due to Group undertakings	**-**	-	**33.9**	302.5
Total	**296.2**	390.7	**37.0**	303.5

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

The Group's exposure to currency and liquidity risk related to trade & other payables is disclosed in note 24.

Notes forming part of the financial statements
(continued)

17. TRADE & OTHER PAYABLES (continued)

Company

The Company has entered into financial guarantee contracts to guarantee the indebtedness of the liabilities of certain of its subsidiary undertakings. As at 28 February 2021, the Directors consider these to be in the nature of insurance contracts and do not consider it probable that the Company will have to make a payment under these guarantees and as such discloses them as a contingent liability as detailed in note 27.

18. PROVISIONS

	Restructuring 2021 €m	Dilapidation 2021 €m	Other 2021 €m	Total 2021 €m	Total 2020 €m
At 28/29 February	-	5.5	3.7	9.2	15.7
Adjustment on initial application of IFRS 16	-	-	-	-	(8.5)
At 1 March (adjusted)	-	5.5	3.7	9.2	7.2
Translation adjustment	0.1	(0.1)	-	-	0.1
Charged during the year	8.1	0.2	5.5	13.8	3.3
Released during the year	-	(0.1)	(2.1)	(2.2)	-
Utilised during the year	(6.2)	(1.7)	(0.2)	(8.1)	(1.4)
At end of year	2.0	3.8	6.9	12.7	9.2
Classified within:					
Current liabilities				6.2	4.1
Non-current liabilities				6.5	5.1
				12.7	9.2

Restructuring

Restructuring costs of €8.1m were incurred in the current financial year. These included severance costs of €6.8m, of which €4.9m was incurred with respect to the restructuring of the Group as a consequence of the COVID-19 pandemic and €1.9m arose as a consequence of the optimisation of the delivery networks in England and Scotland. The Group also incurred additional costs of €2.0m with respect to the optimisation of the delivery networks in England and Scotland which was offset by a credit of €0.7m relating to the profit on disposal of a property as a direct consequence of the optimisation project. €6.2m of these costs were paid during the year with €2.0m outstanding at year end.

Dilapidation

The Group has a dilapidation provision of €3.8m at 28 February 2021 (FY2020: €5.5m). The Group's dilapidation provision at 28 February 2021 is with respect to dilapidation costs for leased depots of €3.5m (FY2020: €5.2m) and leased fleet of €0.3m (FY2020: €0.3m).

Other

Other provisions carried forward from FY2020 relate to provisions for various legal claims, a provision for an onerous trade contract and a provision for the Group's exposure to employee and third-party insurance claims. Under the terms of employer and public liability insurance policies, the Group bears a portion of the cost of each claim up to the specified excess. The provision is calculated based on the expected portion of settlement costs to be borne by the Group in respect of specific claims arising before the Balance Sheet date.

The amount charged in the current financial year, is primarily in respect of an increase in a provision against legal disputes and a provision with respect to lost kegs. The amount released during the year relates to a release of a legal provision which ultimately was not required and the release of an element of a provision for an onerous trade contract on exit of that contract.

19. LEASES

The Group adopted IFRS 16 *Leases* from 1 March 2019 and has lease contracts for various items of freehold land & buildings, plant & machinery and motor vehicles & other equipment.

Set out below are the carrying amounts of right-of-use assets (included under property, plant & equipment note 11) recognised and the movements during the year:

	Freehold land & buildings €m	Plant & machinery €m	Motor vehicles & other equipment €m	Total €m
Leased right-of-use assets				
At 1 March 2019, net carrying amount	40.1	1.7	40.1	81.9
Translation adjustment	0.3	-	0.2	0.5
Additions	1.4	-	10.7	12.1
Disposals	(0.5)	-	-	(0.5)
Depreciation charge for the year	(6.1)	(0.4)	(10.8)	(17.3)
At 29 February 2020	35.2	1.3	40.2	76.7
Translation adjustment	**(0.8)**	**-**	**(0.9)**	**(1.7)**
Additions	**2.7**	**-**	**9.2**	**11.9**
Remeasurement	**(1.0)**	**-**	**(2.9)**	**(3.9)**
Disposals	**-**	**-**	**(0.1)**	**(0.1)**
Disposal of subsidiary (note 10)	**-**	**-**	**(0.4)**	**(0.4)**
Asset held for sale (note 16)	**(0.2)**	**-**	**-**	**(0.2)**
Depreciation charge for the year	**(5.6)**	**(0.4)**	**(11.6)**	**(17.6)**
At 28 February 2021	**30.3**	**0.9**	**33.5**	**64.7**

	Freehold land & buildings €m	Plant & machinery €m	Motor vehicles & other equipment €m	Total €m
Leased liabilities				
At 1 March 2019, net carrying amount	(55.3)	(1.7)	(42.6)	(99.6)
Translation adjustment	(0.3)	-	(0.2)	(0.5)
Additions to lease liabilities	(1.4)	-	(10.7)	(12.1)
Disposals	0.5	-	-	0.5
Payments*	9.5	0.4	12.1	22.0
Discount unwinding	(2.3)	-	(1.3)	(3.6)
At 29 February 2020	(49.3)	(1.3)	(42.7)	(93.3)
Translation adjustment	**1.0**	**-**	**1.0**	**2.0**
Additions to lease liabilities	**(2.7)**	**-**	**(9.2)**	**(11.9)**
Remeasurement	**1.0**	**-**	**2.9**	**3.9**
Disposals	**-**	**-**	**0.1**	**0.1**
Disposal of subsidiary (note 10)	**-**	**-**	**0.4**	**0.4**
Payments*	**8.7**	**0.5**	**13.3**	**22.5**
Asset held for sale (note 16)	**0.2**	**-**	**-**	**0.2**
Discount unwinding	**(1.9)**	**-**	**(1.6)**	**(3.5)**
At 28 February 2021	**(43.0)**	**(0.8)**	**(35.8)**	**(79.6)**

* Payments are apportioned between finance charges €3.5m (FY2020 €3.4m) and payment of lease liabilities €19.0m (FY2020: €18.6m) in the Cash Flow Statement

Notes forming part of the financial statements
(continued)

19. LEASES (continued)

Lease liabilities classified within:

	Total 2021 €m	Total 2020 €m
Current liabilities	**(18.9)**	(18.9)
Non-current liabilities	**(60.7)**	(74.4)
	(79.6)	(93.3)

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

	As at 28 February 2021		As at 29 February 2020	
	Discounted €m	Undiscounted €m	Discounted €m	Undiscounted €m
Within one year	**(18.9)**	**(21.7)**	(18.9)	(22.6)
Between one and two years	**(17.4)**	**(19.5)**	(18.4)	(21.6)
Between two and three years	**(10.5)**	**(12.2)**	(14.9)	(17.4)
Between three and four years	**(8.1)**	**(9.4)**	(9.7)	(11.8)
Between four and five years	**(7.3)**	**(8.3)**	(7.4)	(9.0)
After five years	**(17.4)**	**(19.8)**	(24.0)	(27.9)
Total	**(79.6)**	**(90.9)**	(93.3)	(110.3)

The Group avails of the exemption from capitalising lease costs for short-term leases and low-value assets where the relevant criteria are met. The following lease costs have been charged to the Income Statement as incurred:

	2021 €m	2020 €m
Expense relating to short-term leases (included in operating costs)	**0.7**	2.1
Total	**0.7**	2.1

20. INTEREST BEARING LOANS & BORROWINGS

	Group		Company	
	2021 €m	2020 €m	2021 €m	2020 €m
Current liabilities				
Unsecured loans repayable by one repayment on maturity	**0.8**	0.8	**0.8**	0.8
Unsecured loans repayable by instalment	**(50.6)**	(34.0)	**(5.6)**	(11.5)
Private Placement notes repayable by one repayment on maturity	**0.1**	-	**0.1**	-
	(49.7)	(33.2)	**(4.7)**	(10.7)
Non-current liabilities				
Unsecured loans repayable by one repayment on maturity	**(241.3)**	(235.5)	**1.8**	2.6
Unsecured loans repayable by instalment	**(37.5)**	(88.3)	**-**	(5.8)
Private Placement notes repayable by one repayment on maturity	**(141.5)**	-	**(141.5)**	-
	(420.3)	(323.8)	**(139.7)**	(3.2)
Total borrowings	**(470.0)**	(357.0)	**(144.4)**	(13.9)

20. INTEREST BEARING LOANS & BORROWINGS (continued)

Group and Company

Outstanding borrowings of the Group and Company are net of unamortised issue costs. During the current financial year, the Group completed the successful issue of new US Private Placement ("USPP") notes and incurred additional issue costs of €1.4m in this regard. All unamortised issue costs are being amortised to the Income Statement over the remaining life of the multi-currency revolving facilities agreement, the Euro term loan and the US Private Placement notes to which they relate. The value of unamortised issue costs at 28 February 2021 was €3.9m (FY2020: €3.7m) of which €1.0m (FY2020: €1.0m) is netted against current liabilities and €2.9m (FY2020: €2.7m) is netted against non-current liabilities.

Terms and debt repayment schedule

Group	Currency	Nominal rates of interest at 28 February 2021	Year of maturity	2021 Carrying value €m	2020 Carrying value €m
Unsecured loans repayable by one repayment on maturity	Multi	Euribor/Libor + 2.4%	2024	**243.1**	238.1
Unsecured loans repayable by instalment	Euro	Euribor + 2.85%	2022	**82.5**	105.0
Unsecured loans repayable by instalment	GBP	Libor + 2.0%	2021	**5.7**	17.6
Private Placement notes repayable by one repayment on maturity	Euro/GBP	1.6%-2.74%	2030/2032	**142.6**	-
				473.9	360.7

Company	Currency	Nominal rates of interest at 28 February 2021	Year of maturity	2021 Carrying value €m	2020 Carrying value €m
Unsecured loans repayable by instalment	GBP	Libor + 2.0%	2021	**5.7**	17.6
Private Placement notes repayable by one repayment on maturity	Euro/GBP	1.6%-2.74%	2030/2032	**142.6**	-
				148.3	17.6

Borrowing facilities

Group

The Group manages its borrowing requirements by entering into committed loan facility agreements and in the current financial year also completed the successful issue of new USPP notes which diversifies the Group's sources of debt finance.

In July 2018, the Group amended and updated its committed €450m multi-currency five year syndicated revolving loan facility and executed a three-year Euro term loan. Both the multi-currency facility and the Euro term loan were negotiated with eight banks, namely ABN Amro Bank, Allied Irish Bank, Bank of Ireland, Bank of Scotland, Barclays Bank, HSBC, Rabobank and Ulster Bank. In FY2020 the Group availed of an option within the Group's multi-currency revolving loan facility agreement to extend the tenure for a further 364 days from termination date. The multi-currency facility agreement is therefore now repayable in a single instalment on 11 July 2024. During the current financial year, the Group renegotiated an extension of the repayment schedule of the Euro term loan with its lenders and the last instalment is now payable on 12 July 2022.

In March 2020, the Group completed the successful issue of new USPP notes. The unsecured notes, denominated in both Euro and Sterling, have maturities of 10 and 12 years and diversify the Group's sources of debt finance. The Group's Euro term loan included a mandatory prepayment clause from the issuance of any Debt Capital Market instruments however a waiver of the prepayment was successfully negotiated in addition to a waiver of a July 2020 repayment, as a consequence of COVID-19, which now becomes payable with the last instalment in July 2022.

Under the terms of the multi-currency facility and the Euro term loan, the Group must pay a commitment fee based on 35% of the applicable margin on undrawn committed amounts and variable interest on drawn amounts based on variable Euribor/Libor interest rates plus a margin, the level of which is dependent on the Net Debt: EBITDA ratio, plus a utilisation fee, the level of which is dependent on percentage utilisation. The Group may select an interest period of one, two, three or six months.

Notes forming part of the financial statements
(continued)

20. INTEREST BEARING LOANS & BORROWINGS (continued)

Under the terms of the USPP, the Group pays a margin of 1.6% with respect to €19.0m USPP notes with a 10 year tenure; 1.73% with respect to €57.0m USPP notes with a 12 year tenure and 2.74% with respect to £58.0m notes with a 10 year tenure. A waiver fee was payable with respect to the covenant waivers secured during the current financial year, a reduced EBITDA fee is also payable while EBITDA is below €120.0m and a below investment grade fee is payable when the Group's credit rating is below investment grade. The maximum payable under the three components is 1.5%. A further fee of 1.5% is payable due to the Group not completing a right's issue within a pre-determined timeframe specified by the note holders.

The Group has further financial indebtedness of €5.7m at 28 February 2021 (FY2020: €17.6m), which is repayable by instalments with the last instalment paid on 3 April 2021. The Group paid variable interest on these drawn amounts based on a variable Libor interest rate plus a margin of 2%.

The Euro term loan and multi-currency revolving facilities agreement provides for a further €100m in the form of an uncommitted accordion facility.

All bank loans drawn are unsecured and rank pari passu. All borrowings of the Group are guaranteed by a number of the Group's subsidiary undertakings. The Euro term loan and multi-currency facilities agreement allows the early repayment of debt without incurring additional charges or penalties. The USPP allows the early prepayment of the notes at any time subject to the payment of a make whole amount to compensate the note holders for the interest that would have been received on the notes had they not been prepaid early.

All borrowings of the Group at 28 February 2021 are repayable in full on change of control of the Group.

Company
The Company is an original borrower under the terms of the Group's Euro term loan and multi-currency revolving credit facility but is not a borrower in relation to the Group's Euro term loan and multi-currency revolving credit facility drawn debt at 28 February 2021.

The Company is a borrower with respect to the Group's USPP notes of €142.6m (FY2020: €nil) as at 28 February 2021. Under the terms of the USPP, the Company pays a margin of 1.6% with respect to €19.0m notes with a 10 year tenure, 1.73% with respect to €57.0m notes with a 12 year tenure and 2.74% with respect to £58.0m notes with a 10 year tenure. A waiver fee was payable with respect to the covenant waiver secured. A reduced EBITDA fee is also payable while EBITDA of the Group is below €120.0m and a below investment grade fee is payable when the Group's credit rating is below investment grade. The maximum payable under the three components during the period is 1.5%. A further fee of 1.5% is payable due to the Group not completing a rights issue within a pre-determined timeframe specified by the note holders.

The Company is also a borrower with respect to the Group's non-bank debt of €5.7m at 28 February 2021 (FY2020: €17.6m). This debt is repayable by instalment with the last instalment paid on 3 April 2021. The Company paid variable interest on these drawn amounts based on a variable Libor interest rate plus a margin of 2%.

Covenants
As outlined previously, as a direct consequence of the impact of COVID-19, the Group successfully negotiated waivers on its debt covenants from its lending group for FY2021, and these have been extended up to, but not including, the August 2022 test date whether or not the rights issue, announced by the Group on 26 May 2021, is successful. Conditional on a Minimum Equity Raise being achieved, the debt covenants for 31 August 2022 were also renegotiated to increase the threshold of the Group's Net Debt/Adjusted EBITDA covenant to not exceed 4.5x and to reduce the Interest cover covenant to be not less than 2.5x. The Minimum Equity Raise is defined as the receipt of at least £125.0m of gross cash proceeds from the issuance of new ordinary shares in the Company including in such proceeds the gross amount received by the Company upon issuance of any right to acquire any new ordinary shares in the Company.

As part of the agreement reached to waive the debt covenants, a minimum liquidity requirement and a gross debt restriction have been put in place. Where the Minimum Equity Raise is not achieved, the minimum liquidity requirement and a gross debt restriction will remain in place until the Group is able to show compliance with its original debt covenant levels at the 31 August 2022 or any subsequent test date, and, with respect to the minimum liquidity requirement, the Group must maintain liquidity of at least €150.0m each month (except for July 2021 and December 2021 when the minimum amount of liquidity is €120.0m, June 2022 when the minimum amount of liquidity is €80.0m and July 2022 when the minimum amount of liquidity is €100.0m). A monthly gross debt cap of €750.0m in the current financial year applied which will continue during FY2022.

20. INTEREST BEARING LOANS & BORROWINGS (continued)

Where the Minimum Equity Raise is achieved, the minimum liquidity requirement and a gross debt restriction will remain in place until the Group is able to show compliance with its original debt covenant levels at the 28 February 2023 or any subsequent test date, and, with respect to the minimum liquidity requirement, the Group must maintain liquidity of at least €150.0m each month. A monthly gross debt cap of €750.0m in the current financial year also applied which will continue during FY2022 but will reduce to €700.0m post a Minimum Equity Raise being achieved. The minimum liquidity requirement and a gross debt restriction can be lifted earlier in certain circumstances.

The Group complied with these new minimum liquidity and gross debt requirements during the financial year.

The Group's Euro term loan and multi-currency debt facility incorporates the following financial covenants for the prior year (before the current waivers were secured):
- Interest cover: The ratio of EBITDA to net interest for a period of 12 months ending on each half-year date will not be less than 3.5:1
- Net debt: EBITDA: The ratio of net debt on each half-year date to EBITDA for a period of 12 months ending on a half-year date will not exceed 3.5:1

The Company and Group also had covenants with respect to its non-bank financial indebtedness for the prior year (before the current waivers were secured), this debt was repaid in full on 3 April 2021.
- Interest cover: The ratio of EBITDA to net interest for a period of 12 months ending on each half-year date will not be less than 3.5:1
- Net debt: EBITDA: The ratio of net debt on each half-year date to EBITDA for a period of 12 months ending on a half-year date will not exceed 3.5:1

There is no effect on the Group's covenants as a result of implementing IFRS 16 *Leases* in the prior financial year as all covenants are calculated on a pre IFRS 16 *Leases* adoption basis.

Further information about the Group's exposure to interest rate, foreign currency and liquidity risk is disclosed in note 24.

21. ANALYSIS OF NET DEBT

	1 March 2020 €m	Translation adjustment €m	Additions/ disposals/ remeasurement €m	Cash Flow, net €m	Non-cash changes €m	28 February 2021 €m
Group						
Interest bearing loans & borrowings	**(357.0)**	**(6.3)**	**-**	**(105.5)**	**(1.2)**	**(470.0)***
Cash	**123.4**	**1.7**	**-**	**(17.4)**	**-**	**107.7**
Net debt excluding leases	**(233.6)**	**(4.6)**	**-**	**(122.9)**	**(1.2)**	**(362.3)**
Lease liabilities (note 19)	**(93.3)**	**2.0**	**(7.3)**	**22.5**	**(3.5)**	**(79.6)**
Net debt including leases	**(326.9)**	**(2.6)**	**(7.3)**	**(100.4)**	**(4.7)**	**(441.9)**

* Interest bearing loans & borrowings at 28 February 2021 are net of unamortised issue costs of €3.9m.

	1 March 2019 €m	Translation adjustment €m	Additions/ Disposals €m	Cash Flow, net €m	Non-cash changes €m	29 February 2020 €m
Group						
Interest bearing loans & borrowings	(446.0)	1.8	-	88.6	(1.4)	(357.0)*
Cash	144.4	(1.0)	-	(20.0)	-	123.4
Net debt excluding leases	(301.6)	0.8	-	68.6	(1.4)	(233.6)
Lease liabilities (note 19)	(99.6)	(0.5)	(11.6)	22.0	(3.6)	(93.3)
Net debt including leases	(401.2)	0.3	(11.6)	90.6	(5.0)	(326.9)

* Interest bearing loans & borrowings at 29 February 2020 are net of unamortised issue costs of €3.7m.

Notes forming part of the financial statements
(continued)

21. ANALYSIS OF NET DEBT (continued)

	1 March 2020 €m	Translation adjustment €m	Cash Flow, net €m	Non-cash changes €m	28 February 2021 €m
Company					
Interest bearing loans & borrowings	**(13.9)**	**(2.4)**	**(126.9)**	**(1.2)**	**(144.4)***
Cash	**-**	**-**	**0.7**	**-**	**0.7**
	(13.9)	**(2.4)**	**(126.2)**	**(1.2)**	**(143.7)**

* Interest bearing loans & borrowings at 28 February 2021 are net of unamortised issue costs of €3.9m.

	1 March 2019 €m	Translation adjustment €m	Cash Flow, net €m	Non-cash changes €m	29 February 2020 €m
Company					
Interest bearing loans & borrowings	(24.5)	0.1	11.9	(1.4)	(13.9)*
Cash	-	-	-	-	-
	(24.5)	0.1	11.9	(1.4)	(13.9)

* Interest bearing loans & borrowings at 29 February 2020 are net of unamortised issue costs of €3.7m.

The non-cash change to the Company and Group's interest bearing loans and borrowings in the current financial year relates to the amortisation of issue costs of €1.2m (FY2020: €1.4m). The non-cash changes for the Group's lease liabilities in the current financial year relate to discount unwinding of €3.5m (FY2020: €3.6m).

As outlined in further detail in note 27, the Company, together with a number of its subsidiaries, gave a letter of guarantee to secure its obligations in respect of all debt drawn by the Company and Group at 28 February 2021.

22. RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES

	2021			2020		
	Assets €m	Liabilities €m	Net assets/ (liabilities) €m	Assets €m	Liabilities €m	Net assets/ (liabilities) €m
Group						
Property, plant & equipment	**2.1**	**(8.7)**	**(6.6)**	3.4	(8.8)	(5.4)
Intangible assets	**5.3**	**(6.1)**	**(0.8)**	5.1	(5.0)	0.1
Retirement benefits	**0.7**	**(2.5)**	**(1.8)**	2.1	(2.3)	(0.2)
Trade related items & losses	**16.5**	**-**	**16.5**	1.3	(0.4)	0.9
	24.6	**(17.3)**	**7.3**	11.9	(16.5)	(4.6)

The Group has not recognised deferred tax in relation to temporary differences applicable to investments in subsidiaries on the basis that the Group can control the timing and the realisation of these temporary differences and it is unlikely that the temporary differences will reverse in the foreseeable future. The aggregate amount of temporary differences applicable to investments in subsidiaries and equity accounted investments in respect of which deferred tax liabilities have not been recognised is immaterial on the basis that the participation exemptions and foreign tax credits should be available such that no material temporary differences arise. There are no other unrecognised deferred tax liabilities.

In addition, no deferred tax asset has been recognised in respect of certain tax losses incurred by the Group on the basis that the recovery is considered unlikely in the foreseeable future or due to the complexity and uncertainty of the tax treatment in connection with certain items giving rise to some of the losses. The cumulative value of such tax losses is €49.6m (FY2020: €35.9m). In the event that sufficient taxable profits arise or the tax treatment becomes sufficiently certain in the relevant jurisdictions in future years, these losses may be utilised. With the sale of Vermont Hard Cider Company, which occurred post year end, the losses in connection with this business are due to expire in 2021/2022 and the majority of the remaining losses are due to expire in 2035/2038.

22. RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES (continued)

Company

The Company had no deferred tax assets or liabilities at 28 February 2021 or at 29 February 2020.

Analysis of movement in net deferred tax (liabilities)/assets

	1 March 2020 €m	Recognised in Income Statement €m	Recognised in Other Comprehensive Income €m	Translation adjustment €m	28 February 2021 €m
Group					
Property, plant & equipment: ROI	**0.7**	**(0.3)**	**-**	**-**	**0.4**
Property, plant and equipment: other	**(6.1)**	**(0.5)**	**(0.2)**	**(0.2)**	**(7.0)**
Trade related items & losses	**0.9**	**14.8**	**-**	**0.8**	**16.5**
Intangible assets	**0.1**	**(0.9)**	**-**	**-**	**(0.8)**
Retirement benefits	**(0.2)**	**-**	**(1.6)**	**-**	**(1.8)**
	(4.6)	**13.1**	**(1.8)**	**0.6**	**7.3**

	1 March 2019 €m	Recognised in Income Statement €m	Recognised in Other Comprehensive Income €m	Arising on adoption of IFRS 16 Leases €m	Translation adjustment €m	29 February 2020 €m
Group						
Property, plant & equipment: ROI	1.2	(0.5)	-	-	-	0.7
Property, plant and equipment: other	(7.3)	(0.4)	(0.1)	1.5	0.2	(6.1)
Trade related items & losses	1.3	-	(0.3)	-	(0.1)	0.9
Intangible assets	(7.2)	7.5	-	-	(0.2)	0.1
Retirement benefits	(0.9)	-	0.7	-	-	(0.2)
	(12.9)	6.6	0.3	1.5	(0.1)	(4.6)

23. RETIREMENT BENEFITS

The Group operates a number of defined benefit pension schemes for certain employees, past and present, in the Republic of Ireland (ROI) and in Northern Ireland (NI), all of which provide pension benefits based on final salary and the assets of which are held in separate trustee administered funds. The Group closed its defined benefit pension schemes to new members in March 2006 and provides only defined contribution pension schemes for employees joining the Group since that date. The Group provides permanent health insurance cover for the benefit of certain employees and separately charges this to the Income Statement.

The defined benefit pension scheme assets are held in separate trustee administered funds to meet long-term pension liabilities to past and present employees. The trustees of the funds are required to act in the best interest of the funds' beneficiaries. The appointment of trustees to the funds is determined by the schemes' trust documentation. The Group has a policy in relation to its principal staff pension fund that members of the fund should nominate half of all fund trustees.

There are no active members remaining in the executive defined benefit pension scheme (FY2020: no active members). There are 52 active members, representing less than 10% of total membership, in the ROI Staff defined benefit pension scheme (FY2020: 55 active members)

Notes forming part of the financial statements
(continued)

23. RETIREMENT BENEFITS (continued)

and 2 active members in the NI defined benefit pension scheme (FY2020: 2 active members). The Group's ROI defined benefit pension reform programme concluded during the financial year ended 29 February 2012 with the Pensions Board issuing a directive under Section 50 of the Pensions Act 1990 to remove the mandatory pension increase rule, which guaranteed 3% per annum increase to certain pensions in payment, and to replace it with guaranteed pension increases of 2% per annum for each year 2012 to 2015 and thereafter for all future pension increases to be awarded on a discretionary basis.

Actuarial valuations – funding requirements

Independent actuarial valuations of the defined benefit pension schemes are carried out on a triennial basis using the attained age method. An actuarial valuation process is currently ongoing. The most recently completed actuarial valuations of the ROI defined benefit pension schemes were carried out with an effective date of 1 January 2018 while the date of the most recent actuarial valuation of the NI defined benefit pension scheme was 31 December 2017. The actuarial valuations are not available for public inspection; however the results of the valuations are advised to members of the various schemes.

The funding requirements in relation to the Group's ROI staff defined benefit pension schemes are assessed at each valuation date and are implemented in accordance with the advice of the actuaries. Arising from the formal actuarial valuations of the Group's staff defined benefit pension scheme, the Group has committed to contributions of 27.5% of pensionable salaries. There is no funding requirement with respect to the Group's ROI executive defined benefit pension scheme or the Group's NI defined benefit pension scheme, both of which are in surplus. The Group has an unconditional right to any surplus remaining in these schemes in the event the scheme concludes.

The Group is exposed to a number of risks in relation to the funding position of these schemes, namely:

Asset volatility: It is the Group's intention to pursue a long-term investment policy that emphasises investment in secure monetary assets to provide for the contractual benefits payable to members. The investment portfolio has exposure to equities, other growth assets and fixed interest investments, the returns from which are uncertain and may fluctuate significantly in line with market movements. Assets held are valued at fair value using bid prices where relevant.

Discount rate: The discount rate is the rate of interest used to discount post-employment benefit obligations and is determined by reference to market yields at the balance sheet date on high quality corporate bonds with a currency and term consistent with the currency and estimated term of the Group's post employment benefit obligations. Movements in discount rates have a significant impact on the value of the schemes' liabilities.

Longevity: The value of the defined benefit obligations is influenced by demographic factors such as mortality experience and retirement patterns. Changes to life expectancy have a significant impact on the value of the schemes' liabilities.

Method and assumptions

The schemes' independent actuary, Mercer (Ireland) Limited, has employed the projected unit credit method to determine the present value of the defined benefit obligations arising and the related current service cost.

The financial assumptions that have the most significant impact on the results of the actuarial valuations are those relating to the discount rate used to convert future pension liabilities to current values and the rate of inflation/salary increase. These and other assumptions used to determine the retirement benefits and current service cost under IAS19(R) *Employee Benefits* are set out below.

Mortality rates also have a significant impact on the actuarial valuations, as the number of deaths within the scheme have been too small to analyse and produce any meaningful scheme-specific estimates of future levels of mortality, the rates used have been based on the most up-to-date mortality tables, (the S2PMA CMI 2016 1.5% (males) and S2PFA CMI 2016 1.5% (females) for the ROI schemes and S2PA CMI 2016 1.5% for the NI scheme) with age ratings and loading factors to allow for future mortality improvements. These tables conform to best practice. The growing trend for people to live longer and the expectation that this will continue has been reflected in the mortality assumptions used for this valuation as indicated below. This assumption will continue to be monitored in light of general trends in mortality experience. Based on these tables, the assumed life expectations on retirement are:

23. RETIREMENT BENEFITS (continued)

Future life expectations at age 65		ROI 2021 No. of years	ROI 2020 No. of years	NI 2021 No. of years	NI 2020 No. of years
Current retirees – no allowance for future improvements	Male	**22.6-23.5**	22.5-23.4	**22.6**	22.5
	Female	**24.5-25.4**	24.4-25.3	**24.5**	24.2
Future retirees – with allowance for future improvements	Male	**23.5-24.3**	23.4-24.2	**24.4**	24.3
	Female	**25.5-26.3**	25.4-26.2	**26.3**	26.2

Scheme liabilities

The average age of active members is 50 and 51 years (FY2020: 50 years) for the ROI Staff and the NI defined benefit pension schemes respectively (the executive defined benefit pension scheme has no active members), while the average duration of liabilities ranges from 14 to 23 years (FY2020: 14 to 24 years).

The principal long-term financial assumptions used by the Group's actuaries in the computation of the defined benefit liabilities arising on pension schemes as at 28 February 2021 and 29 February 2020 are as follows:

	2021 ROI	2021 NI	2020 ROI	2020 NI
Salary increases	**0.0%-2.3%**	**3.6%**	0.0%-2.0%	3.3%
Increases to pensions in payment	**1.6%-1.7%**	**1.9%**	1.3%-1.4%	1.6%
Discount rate	**1.3%-1.5%**	**2.2%**	0.8%-1.0%	1.7%
Inflation rate	**1.6%-1.7%**	**3.2%**	1.3%-1.4%	2.9%

A reduction in discount rate used to value the schemes' liabilities by 0.25% would increase the valuation of liabilities by €9.7m while an increase in inflation/salary increase expectations of 0.25% would increase the valuation of liabilities by €9.5m. The sensitivity is calculated by changing the individual assumption while holding all other assumptions constant.

The pension assets and liabilities have been prepared in accordance with IAS19(R) *Employee Benefits*.

(a) Impact on Income Statement

	2021 ROI €m	2021 NI €m	2021 Total €m	2020 ROI €m	2020 NI €m	2020 Total €m
Analysis of defined benefit pension expense:						
Current service cost	**(0.8)**	**-**	**(0.8)**	(0.6)	-	(0.6)
Interest cost on scheme liabilities	**(1.9)**	**(0.2)**	**(2.1)**	(3.6)	(0.2)	(3.8)
Interest income on scheme assets	**1.8**	**0.2**	**2.0**	3.4	0.3	3.7
Total (expense)/income recognised in Income Statement	**(0.9)**	**-**	**(0.9)**	(0.8)	0.1	(0.7)

Notes forming part of the financial statements
(continued)

23. RETIREMENT BENEFITS (continued)

Analysis of amount recognised in Other Comprehensive Income:

	2021 ROI €m	2021 NI €m	2021 Total €m	2020 ROI €m	2020 NI €m	2020 Total €m
Actual return on scheme assets	**6.1**	**-**	**6.1**	18.8	1.9	20.7
Expected interest income on scheme assets	**(1.8)**	**(0.2)**	**(2.0)**	(3.4)	(0.3)	(3.7)
Experience gains and losses on scheme liabilities	**2.7**	**-**	**2.7**	2.2	-	2.2
Effect on changes in financial assumptions	**6.5**	**0.1**	**6.6**	(26.3)	(1.7)	(28.0)
Effect of changes in demographic assumptions	**-**	**-**	**-**	4.4	-	4.4
Total income/(expense)	**13.5**	**(0.1)**	**13.4**	(4.3)	(0.1)	(4.4)
Scheme assets	**187.1**	**13.7**	**200.8**	186.8	14.1	200.9
Scheme liabilities	**(187.5)**	**(8.4)**	**(195.9)**	(200.2)	(8.6)	(208.8)
Deficit in scheme	**(5.5)**	**-**	**(5.5)**	(16.7)	-	(16.7)
Surplus in scheme	**5.1**	**5.3**	**10.4**	3.3	5.5	8.8

(b) Impact on Balance Sheet

The retirement benefits deficit at 28 February 2021 and 29 February 2020 is analysed as follows:

Analysis of net pension deficit:

	2021 ROI €m	2021 NI €m	2021 Total €m	2020 ROI €m	2020 NI €m	2020 Total €m
Investments quoted in active markets						
Bid value of assets at end of year:						
Equity*	**40.0**	**2.9**	**42.9**	35.1	2.6	37.7
Bonds	**107.9**	**10.8**	**118.7**	113.4	11.5	124.9
Alternatives	**26.5**	**-**	**26.5**	24.9	-	24.9
Cash	**0.2**	**-**	**0.2**	0.2	-	0.2
Investments unquoted						
Property	**12.5**	**-**	**12.5**	13.2	-	13.2
	187.1	**13.7**	**200.8**	186.8	14.1	200.9
Actuarial value of scheme liabilities	**(187.5)**	**(8.4)**	**(195.9)**	(200.2)	(8.6)	(208.8)
Deficit in the scheme	**(5.5)**	**-**	**(5.5)**	(16.7)	-	(16.7)
Surplus in the scheme	**5.1**	**5.3**	**10.4**	3.3	5.5	8.8
(Deficit)/surplus in the scheme	**(0.4)**	**5.3**	**4.9**	(13.4)	5.5	(7.9)
Related deferred tax asset (note 22)	**0.7**	**-**	**0.7**	2.1	-	2.1
Related deferred tax liability (note 22)	**(0.7)**	**(1.8)**	**(2.5)**	(0.4)	(1.9)	(2.3)
Net pension (deficit)/surplus	**(0.4)**	**3.5**	**3.1**	(11.7)	3.6	(8.1)

* The defined benefit pension schemes have a passive self-investment in C&C Group plc of €nil (FY2020: €nil).

The alternative investment category includes investments in various asset classes including equities, commodities, currencies and funds. The investments are managed by fund managers.

23. RETIREMENT BENEFITS (continued)

Reconciliation of scheme assets

	2021 ROI €m	2021 NI €m	2021 Total €m	2020 ROI €m	2020 NI €m	2020 Total €m
Assets at beginning of year	**186.8**	**14.1**	**200.9**	173.5	12.3	185.8
Movement in year:						
Translation adjustment	**-**	**(0.3)**	**(0.3)**	-	-	-
Expected interest income on scheme assets	**1.8**	**0.2**	**2.0**	3.4	0.3	3.7
Actual return less interest income on scheme assets	**4.3**	**(0.2)**	**4.1**	15.4	1.6	17.0
Employer contributions	**0.4**	**-**	**0.4**	0.4	-	0.4
Member contributions	**0.1**	**-**	**0.1**	0.1	-	0.1
Benefit payments	**(6.3)**	**(0.1)**	**(6.4)**	(6.0)	(0.1)	(6.1)
Assets at end of year	**187.1**	**13.7**	**200.8**	186.8	14.1	200.9

The expected employer contributions to fund defined benefit scheme obligations for year ending 28 February 2022 is €0.4m.

The scheme assets had the following investment profile at the year end:

	2021 ROI	2021 NI	2020 ROI	2020 NI
Investments quoted in active markets				
Equities	**21%**	**21%**	19%	18%
Bonds	**58%**	**79%**	61%	82%
Alternatives	**14%**	**-**	13%	-
Cash	**-**	**-**	-	-
Investments unquoted				
Property	**7%**	**-**	7%	-
	100%	**100%**	100%	100%

Reconciliation of actuarial value of scheme liabilities

	2021 ROI €m	2021 NI €m	2021 Total €m	2020 ROI €m	2020 NI €m	2020 Total €m
Liabilities at beginning of year	**200.2**	**8.6**	**208.8**	182.2	6.8	189.0
Movement in year:						
Translation adjustment	**-**	**(0.2)**	**(0.2)**	-	-	-
Current service cost	**0.8**	**-**	**0.8**	0.6	-	0.6
Interest cost on scheme liabilities	**1.9**	**0.2**	**2.1**	3.6	0.2	3.8
Member contributions	**0.1**	**-**	**0.1**	0.1	-	0.1
Actuarial (gain)/loss immediately recognised in equity	**(9.2)**	**(0.1)**	**(9.3)**	19.7	1.7	21.4
Benefit payments	**(6.3)**	**(0.1)**	**(6.4)**	(6.0)	(0.1)	(6.1)
Liabilities at end of year	**187.5**	**8.4**	**195.9**	200.2	8.6	208.8

Notes forming part of the financial statements
(continued)

24. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Group's multinational operations expose it to various financial risks in the ordinary course of business that include credit risk, liquidity risk, commodity price risk, currency risk and interest rate risk. This note discusses the Group's exposure to each of these financial risks and summarises the risk management strategy for managing these risks. The note is presented as follows:

(a) Overview of the Group's risk exposures and management strategy
(b) Financial assets and liabilities as at 28 February 2021/29 February 2020 and determination of fair value
(c) Market risk
(d) Credit risk
(e) Liquidity risk

(a) Overview of the Group's risk exposures and management strategy

The main financial market risks that the Group is exposed to include foreign currency exchange rate risk, commodity price fluctuations, interest rate risk and financial counterparty creditworthiness. The Board continues to monitor and manage this and all other financial risks faced by the Group very closely.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. This is executed through various committees to which the Board has delegated appropriate levels of authority. An essential part of this framework is the role undertaken by the Audit Committee, supported by the internal audit function, and the Group Chief Financial Officer. The Board, through its Committees, has reviewed the internal control environment and the risk management systems and process for identifying and evaluating the significant risks affecting the business and the policies and procedures by which these risks will be managed effectively. The Board has embedded these structures and procedures throughout the Group and considers them to be a robust and efficient mechanism for creating a culture of risk awareness at every level of management.

The Group's risk management programme seeks to minimise the potential adverse effects, arising from fluctuations in financial markets, on the Group's financial performance in a non-speculative manner at a reasonable cost when economically viable to do so. The Group achieves the management of these risks in part, where appropriate, through the use of derivative financial instruments. All derivative financial contracts entered into in this regard are in liquid markets with credit rated parties. Treasury activities are performed within strict terms of reference that have been approved by the Board. See currency risk section for further details.

(b) Financial assets and liabilities

The carrying and fair values of financial assets and liabilities by measurement category were as follows:

	Other financial assets €m	Other financial liabilities €m	Carrying value €m	Fair value €m
Group				
28 February 2021				
Financial assets:				
Cash	107.7	-	107.7	107.7
Trade receivables	75.9	-	75.9	75.9
Advances to customers	42.1	-	42.1	42.1
Financial liabilities:				
Interest bearing loans & borrowings	-	(470.0)	(470.0)	(473.9)
Lease liabilities*	-	(79.6)	(79.6)	(79.6)
Trade & other payables	-	(296.2)	(296.2)	(296.2)
Provisions	-	(12.7)	(12.7)	(12.7)
	225.7	(858.5)	(632.8)	(636.7)

* See note 19 for maturity analysis of the discounted and undiscounted lease liability.

24. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

	Other financial assets €m	Other financial liabilities €m	Carrying value €m	Fair value €m
Group				
29 February 2020				
Financial assets:				
Cash	123.4	-	123.4	123.4
Trade receivables	93.1	-	93.1	93.1
Advances to customers	44.7	-	44.7	44.7
Financial liabilities:				
Interest bearing loans & borrowings	-	(357.0)	(357.0)	(360.7)
Lease liabilities*	-	(93.3)	(93.3)	(93.3)
Derivative contracts	-	(0.3)	(0.3)	(0.3)
Trade & other payables	-	(390.7)	(390.7)	(390.7)
Provisions	-	(9.2)	(9.2)	(9.2)
	261.2	(850.5)	(589.3)	(593.0)

* See note 19 for maturity analysis of the discounted and undiscounted lease liability.

	Other financial assets €m	Other financial liabilities €m	Carrying value €m	Fair value €m
Company				
28 February 2021				
Financial assets:				
Cash	**0.7**	**-**	**0.7**	**0.7**
Amounts due from Group undertakings	**118.6**	**-**	**118.6**	**118.6**
Financial liabilities:				
Interest bearing loans & borrowings	**-**	**(144.4)**	**(144.4)**	**(148.3)**
Amounts due to Group undertakings	**-**	**(33.9)**	**(33.9)**	**(33.9)**
Accruals	**-**	**(3.1)**	**(3.1)**	**(3.1)**
	119.3	**(181.4)**	**(62.1)**	**(66.0)**

	Other financial assets €m	Other financial liabilities €m	Carrying value €m	Fair value €m
Company				
29 February 2020				
Financial assets:				
Amounts due from Group undertakings	263.4	-	263.4	263.4
Financial liabilities:				
Interest bearing loans & borrowings	-	(13.9)	(13.9)	(17.6)
Amounts due to Group undertakings	-	(302.5)	(302.5)	(302.5)
Accruals	-	(1.0)	(1.0)	(1.0)
	263.4	(317.4)	(54.0)	(57.7)

Notes forming part of the financial statements
(continued)

24. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Determination of Fair Value
Set out below are the main methods and assumptions used in estimating the fair values of the Group's financial assets and liabilities. There is no material difference between the fair value of financial assets and liabilities falling due within one year and their carrying amount as due to the short-term maturity of these financial assets and liabilities their carrying amount is deemed to approximate fair value.

Short-term bank deposits and cash
The nominal amount of all short-term bank deposits and cash is deemed to reflect fair value at the balance sheet date.

Advances to customers
Advances to customers adjusted for advances of discount prepaid is considered to reflect fair value.

Trade & other receivables/payables
The nominal amount of all trade & other receivables/payables after provision for impairment is deemed to reflect fair value at the balance sheet date with the exception of provisions which are discounted to fair value.

Interest bearing loans & borrowings
The fair value of all interest bearing loans & borrowings has been calculated by discounting all future cash flows to their present value using a market rate reflecting the Group's cost of borrowing at the balance sheet date.

Lease liabilities
The fair value of lease liabilities is initially calculated by measuring the present value of the future lease payments, discounted using the incremental borrowing rate or the interest rate implicit in the lease, if this is readily determinable, over the remaining lease term. Incremental borrowing rates are calculated using a portfolio approach, based on the risk profile of the entity holding the lease and the term and currency of the lease. After initial recognition, the lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments or when the Group changes its assessment of whether it is reasonably certain to exercise an option within the contract.

(c) Market risk
Market risk is the risk that changes in market prices, such as commodity prices, foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Commodity price risk
The Group is exposed to variability in the price of commodities used in the production or in the packaging of finished products, such as apples, glass, barley, aluminium, polymer, wheat and sugar/glucose. Commodity price risk is managed, where economically viable, through fixed price contracts with suppliers incorporating appropriate commodity hedging and pricing mechanisms. The Group does not directly enter into commodity hedge contracts. The cost of production is also sensitive to variability in the price of energy, primarily gas and electricity. It is Group policy to fix the cost of a certain level of its energy requirement through fixed price contractual arrangements directly with its energy suppliers.

Currency risk
The Company's functional and reporting currency is Euro. The Euro is also the Group's reporting currency and the currency used for all planning and budgetary purposes. The Group is exposed to currency risk in relation to sales and purchase transactions by Group companies in currencies other than their functional currency (transaction risk), and fluctuations in the Euro value of the Group's net investment in foreign currency (primarily Sterling and US Dollar) denominated subsidiary undertakings (translation risk). Currency exposures for the entire Group are managed and controlled centrally. The Group seeks to minimise its foreign currency transaction exposure, when possible, by offsetting the foreign currency input costs against the same foreign currency receipts, creating a natural hedge. When the remaining net currency exposure is material, the Group enters into foreign currency forward contracts to mitigate and protect against adverse movements in currency risk and remove uncertainty over the foreign currency equivalent cash flows. At 28 February 2021 the Group had no forward foreign currency cash flow hedges outstanding (FY2020: €24.6m).

24. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

In addition, the Group has a number of long-term intra-group loans for which settlement is neither planned nor likely to happen in the foreseeable future, and as a consequence of which are deemed quasi equity in nature and are therefore part of the Group's net investment in its foreign operations. The Group does not hedge the translation exposure arising on the translation of the profits of foreign currency subsidiaries.

The net currency gains and losses on transactional currency exposures are recognised in the Income Statement and the changes arising from fluctuations in the Euro value of the Group's net investment in foreign operations are reported separately within Other Comprehensive Income.

	2021 €m	2020 €m
Derivatives		
Cash flow hedges – currency forwards	-	(0.3)
Total	-	(0.3)

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are classified as "held for trading" for accounting purposes and are accounted for at fair value through the Income Statement. They are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period.

	2021 €m	2020 €m
Hedging reserves		
Opening balance 1 March	**0.3**	(1.1)
Change in fair value of hedging recognised in Other Comprehensive Income for the year	**0.3**	1.7
Reclass to retained earnings	**(0.6)**	-
Deferred tax on cash flow hedges	-	(0.3)
Closing balance 28/29 February – continuing hedges	-	0.3

Hedge ineffectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments, to ensure that an economic relationship exists between the hedged item and hedging instrument.

For hedges of foreign currency purchases, the Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. The Group therefore performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item, such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Group uses the hypothetical derivative method to assess effectiveness.

In hedges of foreign currency purchases, ineffectiveness might arise if the timing of the forecast transaction changes from what was originally estimated, or if a degree of forecast purchases are no longer highly probable to occur. The hedging ratio is 1:1 as the quantity of purchases designated matches the notional amount of the hedging instrument.

No ineffectiveness was recognised in the Income Statement in the current or prior financial year.

Notes forming part of the financial statements
(continued)

24. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

The currency profile of the Group and Company's financial instruments subject to transactional exposure as at 28 February 2021 is as follows:

	Euro €m	Sterling €m	USD €m	CAD/AUD €m	NZD €m	SGD €m	ZAR €m	Not at risk €m	Total €m
Group									
Cash	**6.2**	**4.3**	**2.3**	**1.8**	**0.1**	**0.3**	**0.8**	**91.9**	**107.7**
Trade receivables	**2.5**	**3.9**	**1.3**	**0.4**	**-**	**-**	**-**	**67.8**	**75.9**
Advances to customers	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**42.1**	**42.1**
Interest bearing loans & borrowings	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(470.0)**	**(470.0)**
Lease liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(79.6)**	**(79.6)**
Trade & other payables	**(12.6)**	**(39.7)**	**(2.4)**	**(0.6)**	**(0.9)**	**-**	**-**	**(240.0)**	**(296.2)**
Provisions	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(12.7)**	**(12.7)**
Gross currency exposure	**(3.9)**	**(31.5)**	**1.2**	**1.6**	**(0.8)**	**0.3**	**0.8**	**(600.5)**	**(632.8)**

	USD €m	Sterling €m	Not at risk €m	Total €m
Company				
Cash	**-**	**-**	**0.7**	**0.7**
Interest bearing loans & borrowings	**-**	**(5.7)**	**(138.7)**	**(144.4)**
Net amounts due to Group undertakings	**(0.4)**	**(30.1)**	**115.2**	**84.7**
Accruals	**-**	**(1.6)**	**(1.5)**	**(3.1)**
Total	**(0.4)**	**(37.4)**	**(24.3)**	**(62.1)**

A 10% strengthening in the Euro against all currencies noted above, based on outstanding financial assets and liabilities at 28 February 2021, would have a €2.9m positive impact (FY2020: €4.7m) on the Income Statement. A 10% weakening in the Euro against all currencies noted above would have a €3.6m negative effect (FY2020: €3.9m) on the Income Statement. This analysis assumes that all other variables, in particular interest rates, remain constant.

The currency profile of the Group and Company's financial instruments subject to transactional exposure as at 29 February 2020 is as:

	Euro €m	Sterling €m	USD €m	CAD/AUD €m	NZD €m	SGD €m	ZAR €m	Not at risk €m	Total €m
Group									
Cash	8.2	0.9	2.9	2.3	-	0.5	0.5	108.1	123.4
Trade receivables	4.0	0.1	1.3	0.8	-	-	-	86.9	93.1
Advances to customers	-	-	-	-	-	-	-	44.7	44.7
Interest bearing loans & borrowings	-	(17.6)	-	-	-	-	-	(339.4)	(357.0)
Lease liabilities	-	-	-	-	-	-	-	(93.3)	(93.3)
Trade & other payables	(16.1)	(24.9)	(3.3)	(0.5)	(1.8)	-	-	(344.1)	(390.7)
Provisions	-	-	-	-	-	-	-	(9.2)	(9.2)
Gross currency exposure	(3.9)	(41.5)	0.9	2.6	(1.8)	0.5	0.5	(546.3)	(589.0)

24. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

	Sterling €m	Not at risk €m	Total €m
Company			
Interest bearing loans & borrowings	(17.6)	3.7	(13.9)
Net amounts due to Group undertakings	(19.6)	(19.5)	(39.1)
Accruals	(0.1)	(0.9)	(1.0)
Total	(37.3)	(16.7)	(54.0)

Interest rate risk

The interest rate profile of the Group and Company's interest-bearing financial instruments at the reporting date is summarised as follows:

	Group 2021 €m	2020 €m	Company 2021 €m	2020 €m
Variable/fixed rate instruments				
Interest bearing loans & borrowings	**(473.9)**	(360.7)	**(148.3)**	(17.6)
Cash	**107.7**	123.4	**0.7**	-
	(366.2)	(237.3)	**(147.6)**	(17.6)

The Group exposure to interest rate risk arises principally from its long-term debt obligations. A 0.25% increase/decrease in Euribor and Libor rates would result in a €1.9m impact on the Income Statement, over the duration of the tenure, with respect to the interest charge on interest bearing loans & borrowings.

(d) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade receivables, its cash advances to customers, cash including deposits with banks and derivative financial instruments contracted with banks. The Group has an indirect exposure to European Sovereigns via its defined benefit pension scheme investment portfolio. In the context of the Group's operations, credit risk is mainly influenced by the individual characteristics of individual counterparties and is not considered particularly concentrated as it primarily arises from a wide and varied customer base; there are no material dependencies or concentrations of individual customers which would warrant disclosure under IFRS 8 *Operating Segments*.

The Group has detailed procedures for monitoring and managing the credit risk related to its trade receivables and advances to customers based on experience, customer track records and historic default rates and forward looking information, such as concentration maturity and the macroeconomic circumstances within the Group's primary trading markets. The impact of COVID-19 resulted in the Group booking exceptional provisions in the current and prior financial year (note 5).

Generally, individual 'risk limits' are set by customer and risk is only accepted above such limits in defined circumstances. A strict credit assessment is made of all new applicants who request credit-trading terms. The utilisation and revision, where appropriate, of credit limits is regularly monitored. Impairment provision accounts are used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the amount is considered irrecoverable and is written off directly against the trade receivable/ advance to customer. The Group also 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 Group transfers the credit risk, late payment risk and control of the receivables sold. As at 28 February 2021, the Group's year end cash had benefited by €45.0 (FY2020: €131.4m) with respect to this purchase arrangement. The Group's trade receivables purchase arrangement is not recognised on the Balance Sheet as it meets the de-recognition criteria under IFRS 9 *Financial Instruments*.

Notes forming part of the financial statements
(continued)

24. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Advances to customers are generally secured by, amongst others, rights over property or intangible assets, such as the right to take possession of the premises of the customer. During the financial year, the Group did not exercise their right to take possession of any material collateral that would require disclosure. At 28 February 2021, the Group held collateral of €2.7m (FY2020: €2.7m) on financial assets that are credit impaired and recognised no expected credit loss on financial assets of €9.8m (FY2020:€12.1m) due to collateral.

Interest rates calculated on repayment/annuity advances are generally based on the risk-free rate plus a margin, which takes into account the risk profile of the customer and value of security given. The Group establishes an allowance for impairment of customer's advances that represents its estimate of potential future losses.

From time to time, the Group holds significant cash balances, which are invested on a short-term basis and disclosed under cash in the Balance Sheet. Risk of counterparty default arising on short-term cash deposits is controlled within a framework of dealing primarily with banks who are members of the Group's banking syndicate, and by limiting the credit exposure to any one of these banks or institutions. Management does not expect any counterparty to fail to meet its obligations.

The Company also bears credit risk in relation to amounts owed by Group undertakings and from guarantees provided in respect of the liabilities of wholly owned subsidiaries as disclosed in note 27.

The carrying amount of financial assets, net of impairment provisions represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Group 2021 €m	Group 2020 €m	Company 2021 €m	Company 2020 €m
Trade receivables	**75.9**	93.1	**-**	-
Advances to customers	**42.1**	44.7	**-**	-
Amounts due from Group undertakings	**-**	-	**118.6**	263.4
Cash	**107.7**	123.4	**0.7**	-
	225.7	261.2	**119.3**	263.4

The ageing of trade receivables and advances to customers together with an analysis of movement in the Group's impairment provisions against these receivables are disclosed in note 15. The Group does not have any significant concentrations of risk.

(e) Liquidity risk

Liquidity risk is the risk that the Group or Company will not be able to meet its financial obligations as they fall due.

The Group's policy is to ensure that sufficient resources are available either from cash balances, cash flows or committed bank facilities to meet all debt obligations as they fall due. To achieve this, the Group (a) maintains adequate cash balances; (b) prepares detailed 2 year cash projections; and (c) keeps refinancing options under review. In addition, the Group maintains an overdraft facility that is unsecured.

Cash and liquidity have been a key focus for the Group throughout FY2021. Post year end, on 26 May 2021, the Group announced a rights issue. The rights issue is intended, alongside the other actions that the Group has already announced and implemented, to reduce leverage and improve the Group's overall liquidity position thereby providing the Group with the capital structure to both support the business during further potential disruptions from COVID-19 and to deliver on its strategy as normalised trading conditions return.

In March 2020, the Group completed the successful issue of the new USPP notes. The unsecured notes, denominated in both Euro and Sterling, have maturities of 10 and 12 years and diversify the Group's sources of debt finance. The Group's Euro term loan included a mandatory prepayment clause from the issuance of any Debt Capital Market instruments however, as a consequence of COVID-19, a waiver of the prepayment was successfully negotiated in addition to a waiver of a July 2020 repayment which now becomes payable with the last instalment in July 2022.

24. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

In July 2018, the Group amended and updated its committed €450m multi-currency five year syndicated revolving loan facility and executed a three year Euro term loan. Both the multi-currency facility and the Euro term loan were negotiated with eight banks, namely ABN Amro Bank, Allied Irish Bank, Bank of Ireland, Bank of Scotland, Barclays Bank, HSBC, Rabobank, and Ulster Bank.

In FY2020 the Group availed of an option within the Group's multi-currency revolving loan facility agreement to extend the tenure for a further 364 days from termination date. The multi-currency facility agreement is therefore now repayable in a single instalment on 11 July 2024. During the current financial year, the Group renegotiated an extension of the repayment schedule of the Euro term loan with its lenders and the last instalment is now payable on 12 July 2022.

The Euro term loan and multi-currency revolving facilities agreement provides for a further €100m in the form of an uncommitted accordion facility. At 28 February 2021 the Group had €325.6m drawn down from the term loan and multi-currency revolving facilities (FY2020: €343.1m), €142.6m drawn down from Private Placement notes (FY2020: €nil) and €5.7m from its non-bank financial indebtedness (FY2020: €17.6m).

As outlined previously, as a direct consequence of the impact of COVID-19, the Group successfully negotiated waivers on its debt covenants from its lending group for FY2021, and these have been extended up to, but not including, the August 2022 test date whether or not the rights issue is successful. Conditional on a Minimum Equity Raise being achieved, the debt covenants for 31 August 2022 were also renegotiated to increase the threshold of the Group's Net Debt/Adjusted EBITDA covenant to not exceed 4.5x and to reduce the Interest cover covenant to be not less than 2.5x.

As part of the agreement reached to waive the debt covenants, a minimum liquidity requirement and a gross debt restriction have been put in place. Where the Minimum Equity Raise is not achieved, the minimum liquidity requirement and a gross debt restriction will remain in place until the Group is able to show compliance with its original debt covenant levels at the 31 August 2022 or any subsequent test date, and, with respect to the minimum liquidity requirement, the Group must maintain liquidity of at least €150.0m each month (except for July 2021 and December 2021 when the minimum amount of liquidity is €120.0m, June 2022 when the minimum amount of liquidity is €80.0m and July 2022 when the minimum amount of liquidity is €100.0m). A monthly gross debt cap of €750.0m in the current financial year applied which will continue during FY2022.

Where the Minimum Equity Raise is achieved, the minimum liquidity requirement and a gross debt restriction will remain in place until the Group is able to show compliance with its original debt covenant levels at the 28 February 2023 or any subsequent test date, and, with respect to the minimum liquidity requirement, the Group must maintain liquidity of at least €150.0m each month. A monthly gross debt cap of €750.0m in the current financial year also applied which will continue during FY2022 but will reduce to €700.0m post a Minimum Equity Raise being achieved. The minimum liquidity requirement and a gross debt restriction can be lifted earlier in certain circumstances.

The Group complied with these new minimum liquidity and gross debt requirements during the financial year.

The Company and Group has further financial indebtedness of €5.7m at 28 February 2021 (2020: €17.6m), which is repayable by instalment with the last instalment paid on 3 April 2021.

All bank loans drawn are unsecured and rank pari passu. All borrowings of the Group are guaranteed by a number of the Group's subsidiary undertakings. The euro term loan and multi-currency facilities agreement allows the early repayment of debt without incurring additional charges or penalties. The USPP allows the early prepayment of the notes at any time subject to the payment of a make whole amount to compensate the note holders for the interest that would have been received on the notes had they not been prepaid early.

All borrowings of the Company and Group at 28 February 2021 are repayable in full on change of control of the Group.

The Company and the Group complied with all covenants at each reporting date in the current and prior financial year. There is no effect on the Group's covenants as a result of implementing IFRS 16 *Leases* in the prior financial year as all covenants are calculated on a pre IFRS 16 Leases adoption basis.

Notes forming part of the financial statements
(continued)

24. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

During the current financial year, the Group also implemented various working capital initiatives, including the negotiation of temporary extensions to suppliers, and UK and Irish tax authorities' payments terms. Payment of dividends were paused, and the Group availed of Government furlough schemes across the UK and Ireland to support 2,000 colleagues' jobs that were directly and adversely impacted by the pandemic and restrictions on the hospitality sector. Post year end, the Group has also announced a cost reduction programme expected to deliver annualised savings of €18m against its pre COVID-19 cost base.

The following are the contractual maturities of financial liabilities, including interest payments:

	Carrying amount €m	Contractual cash flows €m	6 months or less €m	6–12 months €m	1–2 years €m	Greater than 2 years €m
Group						
2021						
Interest bearing loans & borrowings	**(470.0)**	**(531.6)**	**(35.3)**	**(29.3)**	**(49.9)**	**(417.1)**
Trade & other payables	**(296.2)**	**(296.2)**	**(296.2)**	**-**	**-**	**-**
Lease liabilities	**(79.6)**	**(90.9)**	**(10.9)**	**(10.8)**	**(19.5)**	**(49.7)**
Provisions	**(12.7)**	**(12.7)**	**(3.6)**	**(2.6)**	**(3.3)**	**(3.2)**
Total contracted outflows	**(858.5)**	**(931.4)**	**(346.0)**	**(42.7)**	**(72.7)**	**(470.0)**
Group						
2020						
Interest bearing loans & borrowings	(357.0)	(391.6)	(10.0)	(33.3)	(97.2)	(251.1)
Trade & other payables	(390.7)	(390.7)	(390.7)	-	-	-
Lease liabilities	(93.3)	(95.9)	(11.2)	(10.6)	(20.7)	(53.4)
Provisions	(9.2)	(9.2)	(2.5)	(1.6)	(1.7)	(3.4)
Total contracted outflows	(850.2)	(887.4)	(414.4)	(45.5)	(119.6)	(307.9)

Company						
2021						
Interest bearing loans & borrowings	**(144.4)**	**(178.6)**	**(7.3)**	**(1.6)**	**(3.1)**	**(166.6)**
Amounts due to Group undertakings	**(33.9)**	**(33.9)**	**(33.9)**	**-**	**-**	**-**
Accruals	**(3.1)**	**(3.1)**	**(3.1)**	**-**	**-**	**-**
Total contracted outflows	**(181.4)**	**(215.6)**	**(44.3)**	**(1.6)**	**(3.1)**	**(166.6)**
2020						
Interest bearing loans & borrowings	(13.9)	(17.9)	(6.1)	(6.0)	(5.8)	-
Amounts due to Group undertakings	(302.5)	(302.5)	(302.5)	-	-	-
Accruals	(1.0)	(1.0)	(1.0)	-	-	-
Total contracted outflows	(317.4)	(321.4)	(309.6)	(6.0)	(5.8)	-

25. SHARE CAPITAL AND RESERVES

	Authorised Number	Allotted and called up Number	Authorised €m	Allotted and called up €m
At 28 February 2021				
Ordinary shares of €0.01 each	**800,000,000**	**320,480,164***	**8.0**	**3.2**
At 29 February 2020				
Ordinary shares of €0.01 each	800,000,000	319,495,110*	8.0	3.2
At 28 February 2019				
Ordinary shares of €0.01 each	800,000,000	320,354,042**	8.0	3.2

* Inclusive of 10.8m (3%) treasury shares.
** Inclusive of 10.9m (3%) treasury shares.

All shares in issue carry equal voting and dividend rights.

Reserves
Group

	Allotted and called up Ordinary Shares 2021 '000	2020 '000
As at 1 March	**319,495**	320,354
Shares issued in lieu of dividend	**-**	4,624
Shares issued in respect of options exercised	**985**	142
Shares cancelled following share buyback programme	**-**	(5,625)
As at 28/29 February	**320,480***	319,495*

* Includes 9.025m shares bought by the Group during the financial year ended 28 February 2015 which continue to be held as Treasury Shares and Ordinary Shares held by the Trustee of the Employee Trust as outlined below.

	Ordinary Shares held by the Trustee of the Employee Trust 2021 '000	2020 '000	Other Treasury Shares 2021 '000	2020 '000	Total Treasury Shares 2021 '000	2020 '000
As at 1 March	**1,785**	1,909	**9,025**	9,025	**10,810**	10,934
Shares disposed of or transferred to Participants	**(19)**	(124)	**-**	-	**(19)**	(124)
As at 28/29 February	**1,766**	1,785	**9,025**	9,025	**10,791**	10,810

Movements in the year ended 28 February 2021
All shares held by Kleinwort Benson (Guernsey) Trustees Limited as trustees of the C&C Employee Trust which were neither cancelled nor disposed of by the Trust at 28 February 2021 continue to be included in the treasury share reserve. During the financial year, 18,532 shares were sold by the Trustees and are no longer accounted for as treasury shares.

Notes forming part of the financial statements
(continued)

25. SHARE CAPITAL AND RESERVES (continued)

Movements in the year ended 29 February 2020

In July 2019, 3,377,441 ordinary shares were issued to the holders of ordinary shares who elected to receive additional ordinary shares at a price of €3.7071 per share, instead of part or all the cash element of their final dividend entitlement for the year ended 29 February 2020. In December 2019, 1,246,538 ordinary shares were issued to the holders of ordinary shares who elected to receive additional ordinary shares at a price of €4.45916 per share, instead of part or all of the cash element of their interim dividend entitlement for the year ended 29 February 2020.

All shares held by Kleinwort Benson (Guernsey) Trustees Limited as trustees of the C&C Employee Trust which were neither cancelled nor disposed of by the Trust at 29 February 2020 continue to be included in the treasury share reserve. During the prior financial year, 123,889 shares were sold by the Trustees and are no longer accounted for as treasury shares.

Also during the prior financial year, as part of the Group's capital management strategy, the Group invested €22.7m (€23.0m inclusive of commission and related costs) in an on-market share buyback programme in which it repurchased and subsequently cancelled 5,625,000 of the Group's shares. This was in accordance with shareholder authority granted at the Group's AGM, to make market purchases of up to 10% of its own shares.

Share premium – Group

The change in legal parent of the Group on 30 April 2004, as disclosed in detail in that year's annual report, was accounted for as a reverse acquisition. This transaction gave rise to a reverse acquisition reserve debit of €703.9m, which, for presentation purposes in the Group financial statements, has been netted against the share premium in the Balance Sheet.

The current financial year movement relates to the exercise of share options €0.3m (FY2020: €0.4m). The prior financial year movement also relates to the issuance of a scrip dividend to those who elected to receive additional ordinary shares in place of a cash dividend €18.0m.

Share premium – Company

The share premium, as stated in the Company Balance Sheet, represents the premium recognised on shares issued and amounts to €872.3m as at 28 February 2021 (FY2020: €872.0m).

The current financial year movement relates to the exercise of share options €0.3m (FY2020: €0.4m). The prior financial year movement also relates to the issuance of a scrip dividend to those who elected to receive additional ordinary shares in place of a cash dividend €18.0m.

Other undenominated reserve and capital reserve

These reserves initially arose on the conversion of preference shares into share capital of the Company and other changes and reorganisations of the Group's capital structure.

Cash flow hedge reserve

The hedging reserve includes the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Share-based payment reserve

The reserve relates to amounts expensed in the Income Statement in connection with share option grants falling within the scope of IFRS 2 *Share-Based Payment*, less reclassifications to retained income following exercise/forfeit post vesting or lapse of such share options and interests, as set out in note 4.

Currency translation reserve

The translation reserve comprises all foreign exchange differences from 1 March 2004, arising from the translation of the Group's net investment in its non-Euro denominated operations, including the translation of the profits of such operations from the average exchange rate for the year to the exchange rate at the Balance Sheet date, as adjusted for the translation of foreign currency borrowings designated as net investment hedges and long-term intra group loans for which settlement is neither planned nor likely to happen in the foreseeable future, and as a consequence are deemed quasi equity in nature and are therefore part of the Group's net investment in foreign operations.

25. SHARE CAPITAL AND RESERVES (continued)

Revaluation reserve

Since 2009 the Group has completed a number of external and internal valuations on its property, plant and equipment. Gains arising from such revaluations are posted to the Group's revaluation reserve, unless it reverses a revaluation decrease on the same asset previously recognised as an expense, where it is first credited to the Income Statement to the extent of the write down. Any decreases in the value of the Group's property, plant and equipment as a result of external or internal valuations are recognised in the Income Statement except where there had been a previously recognised gain in the revaluation reserve as a result of the same asset, in which case, the gain is eliminated from the revaluation reserve to offset the loss in the first instance.

During the current financial year, as outlined in detail in note 11, the Group engaged external valuers to value the freehold land & buildings and plant & machinery at the Group's Clonmel (Tipperary), Wellpark (Glasgow) and Portugal sites. Using the valuation methodologies, this resulted in a net revaluation loss of €1.2m accounted for in the Income Statement and a gain of €0.9m accounted for within the revaluation reserve via Other Comprehensive Income.

During the prior financial year, as outlined in detail in note 11, the Group engaged external valuers to value the freehold land & buildings and plant & machinery at the Group's Clonmel (Tipperary), Wellpark (Glasgow), Vermont (USA) and Portugal sites, along with the Group's various Depots. Using the valuation methodologies, this resulted in a net revaluation loss of €1.0m accounted for in the Income Statement and a gain of €1.1m accounted for within the revaluation reserve via Other Comprehensive Income.

Treasury shares

Included in this reserve is where the Company issued equity share capital under its Joint Share Ownership Plan, which was held in trust by the Group's Employee Trust. All interests have now vested or lapsed and all vested interests have now been exercised. Remaining in the Trust are shares that lapsed and shares that were withheld by the Trust in lieu of some, or all, of the consideration due with respect to exercised Interests. Also included in the reserve is the purchase of 9,025,000 of the Company's own shares in the financial year ended 28 February 2015 at an average price of €3.29 per share under the Group's share buyback programme.

The current and prior year movement in the reserve relates to the sale of excess shares by the Trust to satisfy other share entitlements.

Capital management

The Board's policy is to maintain a strong capital base so as to safeguard the Group's ability: to continue as a going concern for the benefit of shareholders and stakeholders; to maintain investor, creditor and market confidence; and, to sustain the future development of the business through the optimisation of the value of its debt and equity shareholding balance.

The Board considers capital to comprise of long-term debt and equity. The Board periodically reviews the capital structure of the Group, considering the cost of capital and the risks associated with each class of capital. The Board approves any material adjustments to the capital structure in terms of the relative proportions of debt and equity. In order to maintain or adjust the capital structure, the Group may issue new shares, dispose of assets to reduce debt, alter dividend policy by increasing or reducing the dividend paid to shareholders, return capital to shareholders and/or buyback shares.

On 26 May 2021, the Group has announced a rights issue. The rights issue is intended, alongside the other actions that the Group has already announced and implemented, to reduce leverage and improve the Group's overall liquidity position thereby providing the Group with the capital structure to both support the business during further potential disruptions from COVID-19 and to deliver on its strategy as normalised trading conditions return. The Board has considered a number of different scenarios and assumptions and the impact these might have on the Group's financial position in deciding on the appropriate quantum. These included the potential length of the current lockdown, the impact of ongoing restrictions, the unwinding of temporary working capital supports from government and tax authorities, the potential economic impact on demand through the recovery and the likelihood of any further waves of lockdown. Taking these into consideration, the Board believes that a rights issue will not only reduce the Group's leverage but allow it to continue to deliver upon its strategy.

In March 2020, the Group completed the successful issue of the new USPP notes. The unsecured notes, denominated in both Euro and Sterling, have maturities of 10 and 12 years and diversify the Group's sources of debt finance. The Group's Euro term loan included a mandatory prepayment clause from the issuance of any Debt Capital Market instruments however, as a consequence of COVID-19, a waiver of the prepayment was successfully negotiated in addition to a waiver of a July 2020 repayment which now becomes payable with the last instalment in July 2022.

Notes forming part of the financial statements
(continued)

25. SHARE CAPITAL AND RESERVES (continued)

In July 2018, the Group amended and updated its committed €450m multi-currency five year syndicated revolving loan facility and executed a three year Euro term loan. Both the multi-currency facility and the Euro term loan were negotiated with eight banks, namely ABN Amro Bank, Allied Irish Bank, Bank of Ireland, Bank of Scotland, Barclays Bank, HSBC, Rabobank, and Ulster Bank.

In FY2020 the Group availed of an option within the Group's multi-currency revolving loan facility agreement to extend the tenure for a further 364 days from termination date. The multi-currency facility agreement is therefore now repayable in a single instalment on 11 July 2024. During the current financial year, the Group renegotiated an extension of the repayment schedule of the Euro term loan with its lenders and the last instalment is now payable on 12 July 2022.

The Euro term loan and multi-currency revolving facilities agreement provides for a further €100m in the form of an uncommitted accordion facility. At 28 February 2021 the Group had €325.6m drawn down from the term loan and multi-currency revolving facilities (FY2020: €343.1m), €142.6m drawn down from Private Placement notes (FY2020: €nil) and €5.7m from its non-bank financial indebtedness (FY2020: €17.6m).

As outlined previously, as a direct consequence of the impact of COVID-19, the Group successfully negotiated waivers on its debt covenants from its lending group for FY2021, and these have been extended up to, but not including, the August 2022 test date whether or not the rights issue is successful. Conditional on a Minimum Equity Raise being achieved, the debt covenants for 31 August 2022 were also renegotiated to increase the threshold of the Group's Net Debt/Adjusted EBITDA covenant to not exceed 4.5x and to reduce the Interest cover covenant to be not less than 2.5x.

As part of the agreement reached to waive the debt covenants, a minimum liquidity requirement and a gross debt restriction have been put in place. Where the Minimum Equity Raise is not achieved, the minimum liquidity requirement and a gross debt restriction will remain in place until the Group is able to show compliance with its original debt covenant levels at the 31 August 2022 or any subsequent test date, and, with respect to the minimum liquidity requirement, the Group must maintain liquidity of at least €150.0m each month (except for July 2021 and December 2021 when the minimum amount of liquidity is €120.0m, June 2022 when the minimum amount of liquidity is €80.0m and July 2022 when the minimum amount of liquidity is €100.0m). A monthly gross debt cap of €750.0m in the current financial year applied which will continue during FY2022.

Where the Minimum Equity Raise is achieved, the minimum liquidity requirement and a gross debt restriction will remain in place until the Group is able to show compliance with its original debt covenant levels at the 28 February 2023 or any subsequent test date, and, with respect to the minimum liquidity requirement, the Group must maintain liquidity of at least €150.0m each month. A monthly gross debt cap of €750.0m in the current financial year also applied which will continue during FY2022 but will reduce to €700.0m post a Minimum Equity Raise being achieved. The minimum liquidity requirement and a gross debt restriction can be lifted earlier in certain circumstances.

The Group complied with these new minimum liquidity and gross debt requirements during the financial year.

In respect of the financial year ended 28 February 2021, due to the emergence of COVID-19, no final dividend is being declared and no interim dividend was paid (FY2020: 5.50 cent per share). Total dividend for the year is €nil (FY2020: 5.50 cent per share).

The Group participated in a share buyback programme during the prior financial year. At the AGM held on 4 July 2019, shareholders granted the Group authority to make market purchases of up to 10% of its own shares. In the prior financial year, the Group invested €22.7m (€23.0m including commission and related fees) as part of this on-market buyback programme, purchasing 5,625,000 of the Company's shares at an average euro equivalent price of €4.03. All shares acquired as part of the share buyback programme in the prior financial year were subsequently cancelled by the Group. In the financial year ended 28 February 2015, a subsidiary of the Group invested €30.0m as part of an on-market share buyback programme, purchasing 9,025,000 of the Company's shares at an average price of €3.29. All shares acquired as part of this share buyback programme are held as Treasury shares.

26. COMMITMENTS

(a) Capital commitments

At the year end, the following capital commitments authorised by the Board had not been provided for in the consolidated financial statements:

	2021 €m	2020 €m
Contracted	**5.7**	2.3
Not contracted	**5.0**	7.7
	10.7	10.0

The contracted capital commitments at 28 February 2021 are with respect of contracts that support the Group in achieving its environmental targets and optimising its operational footprint.

(b) Other commitments

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

2021	Apples €m	Glass €m	Marketing €m	Barley €m	Sugar/ glucose €m	Total* €m
Payable in less than one year	**6.3**	**1.7**	**3.0**	**7.1**	**6.3**	**24.4**
Payable between 1 and 5 years	**12.1**	**-**	**7.5**	**14.3**	**-**	**33.9**
Payable greater than 5 years	**17.9**	**-**	**-**	**-**	**-**	**17.9**
	36.3	**1.7**	**10.5**	**21.4**	**6.3**	**76.2**

* Commitment obligations range from between 1 year to 24 years. Other commitments do not include commitments relating to the Group's disposal group, see note 16 for further details.

2020	Apples €m	Glass €m	Marketing* €m	Barley €m	Aluminium €m	Polymer €m	Wheat €m	Sugar/ glucose €m	Natural gas €m	Electricity €m	Total* €m
Payable in less than one year	8.1	4.7	7.6	7.6	0.8	0.3	0.9	7.5	0.3	0.1	37.9
Payable between 1 and 5 years	13.3	-	6.4	14.8	-	-	-	-	-	-	34.5
Payable greater than 5 years	23.6	-	-	-	-	-	-	-	-	-	23.6
	45.0	4.7	14.0	22.4	0.8	0.3	0.9	7.5	0.3	0.1	96.0

* In the prior financial year, an element of committed marketing spend was deemed to be onerous in light of COVID-19 (note 5).
** Commitment obligations range from between 1 year to 25 years.

27. GUARANTEES, COMMITMENTS AND CONTINGENCIES

Where the Group or subsidiaries enters into financial guarantee contracts to guarantee the indebtedness of other companies or joint ventures and associates within the Group, the Group/subsidiaries consider these to be insurance arrangements and account for them as such. The Group/subsidiary treats the guarantee contract as a contingent liability until such time as it becomes probable that it will be required to make a payment under the guarantee.

As outlined in note 20, the Group has a euro term loan, US Private Placement notes, non-bank borrowings and a multi-currency revolving facility in place at year end. The Company has non-bank borrowings and US Private Placement notes in place at year end. The Company, together with a number of its subsidiaries, gave a letter of guarantee to secure its obligations in respect of all borrowings as at 28 February 2021. The actual loans outstanding for the Group at 28 February 2021 amounted to €473.9m (FY2020: €360.7m).

Notes forming part of the financial statements
(continued)

27. GUARANTEES, COMMITMENTS AND CONTINGENCIES (continued)

During the financial year ended 28 February 2015, a subsidiary of the Group entered into guarantees in favour of HSBC Bank plc, HSBC Asset Finance (UK) Limited and HSBC Equipment Finance Limited whereby it guaranteed drawn debt plus interest charges by Drygate Brewing Company Limited to HSBC Bank plc of up to £540,000 and to HSBC Asset Finance (UK) Limited and HSBC Equipment Finance Limited of up to £225,000 in aggregate. The guarantees reduce on a pound for pound basis to the extent of capital repayments in respect of the drawn debt and any amounts realised by the bank pursuant to any security provided in respect of the debt. The Guarantee with respect to HSBC Bank plc expires on the earlier of eleven years and three months from the date on which the guarantee became effective, the secured liabilities are repaid, or by mutual agreement with HSBC Bank plc. The Guarantees with HSBC Asset Finance (UK) Limited and HSBC Equipment Finance Limited expire after the secured liabilities are repaid, or by mutual agreement with HSBC Asset Finance (UK) Limited and HSBC Equipment Finance Limited respectively.

During the 2011 financial year, a subsidiary of the Group entered into a guarantee with Clydesdale Bank plc whereby it guaranteed £250,000 plus interest and charges of the drawn debt of one of its customers. The guarantee expired in the current financial year.

Invest Northern Ireland funding, in the form of an employment grant of €0.2m was received during FY2015. The funds were fully repayable should the recipient subsidiary of the Group at any time during the term of the agreement be in breach of the terms and conditions of the agreement. The term of the agreement expired in the prior financial year.

Pursuant to the provisions of Section 357 of the Companies Act 2014, the Company has guaranteed commitments entered into and liabilities of certain of its subsidiary undertakings incorporated in the Republic of Ireland for the financial year to 28 February 2021 and as a result such subsidiaries are exempt from certain filing provisions.

28. RELATED PARTY TRANSACTIONS

The principal related party relationships requiring disclosure in the consolidated financial statements of the Group under IAS 24 *Related Party Disclosures* pertain to the existence of subsidiary undertakings and equity accounted investments, transactions entered into by the Group with these subsidiary undertakings and equity accounted investments and the identification and compensation of and transactions with key management personnel.

(a) Group

Transactions

Transactions between the Group and its related parties are made on terms equivalent to those that prevail in arm's length transactions.

Subsidiary undertakings

The consolidated financial statements include the financial statements of the Company and its subsidiaries. A listing of all subsidiaries is provided in note 29. Sales to and purchases from subsidiary undertakings, together with outstanding payables and receivables, are eliminated in the preparation of the consolidated financial statements in accordance with IFRS 10 *Consolidated Financial Statements*.

Equity accounted investments

See note 13 for details on equity accounted investments.

Loans extended by the Group to equity accounted investments are considered trading in nature and are included within advances to customers in trade & other receivables (note 15).

28. RELATED PARTY TRANSACTIONS (continued)

Details of transactions with equity accounted investments during the year and related outstanding balances at the year end are as follows:

	Joint ventures		Associates	
	2021 €m	2020 €m	2021 €m	2020 €m
Net revenue	**0.9**	1.7	**0.1**	0.5
Trade & other receivables	**0.2**	0.4	**-**	-
Purchases	**0.3**	0.7	**0.2**	0.8
Trade & other payables	**-**	-	**-**	0.3
Loans	**1.5**	1.6	**1.0**	1.1

All outstanding trading balances with equity accounted investments, which arose from arm's length transactions, are to be settled in cash within 60 days of the reporting date.

Key management personnel

For the purposes of the disclosure requirements of IAS 24 *Related Party Disclosures*, the Group has defined the term 'key management personnel', as its Executive and Non-Executive Directors. Executive Directors participate in the Group's equity share award schemes (note 4), permanent health insurance (or reimbursement of premiums paid into a personal policy) and death in service insurance programme. Executive Directors may also benefit from medical insurance under a Group policy (or the Group will reimburse premiums). No other non-cash benefits are provided. Non-Executive Directors do not receive share-based payments nor post employment benefits.

Details of key management remuneration, charged to the Income Statement, are as follows:

	2021 Number	2020 Number
Number of individuals	**10**	10

	€m	€m
Salaries and other short-term employee benefits	**1.9**	2.8
Post employment benefits	**0.2**	0.4
Equity settled share-based payment (credit)/charge and related dividend accrual	**(0.7)**	1.2
Pay in lieu of notice	**0.6**	0.7
Total	**2.0**	5.1

During the current and prior financial year, there were no transactions or balances between the Group and its key management personnel or members of their close family apart from:

- The Group sells stock to Tesco plc, of which Stewart Gilliland is a Non-Executive Director;
- The Group purchases stock from St Austell Brewery Company Limited, of which Jill Caseberry is a Non-Executive Director; and
- In the prior financial year the Group was provided with consultancy services from Advanced Boardroom Excellence Limited, of which Helen Pitcher is a Non-Executive Director.

All transactions with related parties involve the normal supply of goods or services and are priced on an arm's length basis.

For the purposes of the Section 305 of the Companies Act 2014, the aggregate gains by Directors on the exercise of share options during FY2021 was €0.6m (FY2020: €nil).

Notes forming part of the financial statements
(continued)

28. RELATED PARTY TRANSACTIONS (continued)

(b) Company

The Company has a related party relationship with its subsidiary undertakings. Details of the transactions in the year between the Company and its subsidiary undertakings are as follows:

	2021 €m	2020 €m
Dividend income	**76.6**	10.0
Expenses paid on behalf of and recharged by subsidiary undertakings to the Company	**(2.1)**	(2.3)
Equity settled share-based payments for employees of subsidiary undertakings	**0.8**	2.5
Drawdown of cash funding and other movements with subsidiary undertakings	**49.3**	58.8

29. SUBSIDIARIES AND EQUITY ACCOUNTED INVESTMENTS

	Notes	Nature of business	Class of shares held as at 28 February 2021 (100% unless stated)
Trading subsidiaries			
Incorporated and registered in Republic of Ireland			
Bulmers Limited	(a) (n)	Cider	Ordinary
C&C Financing DAC	(b) (n) (o)	Financing company	Ordinary
C&C Group International Holdings Limited	(a) (n) (o)	Holding company	Ordinary & Convertible
C&C Group Irish Holdings Limited	(a) (n)	Holding company	Ordinary
C&C Group Sterling Holdings Limited	(b) (n)	Holding company	Ordinary
C&C (Holdings) Limited	(a) (n)	Holding company	Ordinary
C&C Management Services Limited	(a) (n)	Provision of management services	6% Cumulative Preference, 5% Second Non-Cumulative Preference & Ordinary Stock
C&C Finco Limited	(b) (n) (o)	Financing company	Ordinary
Cantrell & Cochrane Limited	(a) (n)	Holding company	Ordinary
Latin American Holdings Limited	(b) (n)	Holding company	Ordinary
M&J Gleeson & Co Unlimited Company	(b) (n)	Wholesale of drinks	Ordinary
Tennent's Beer Limited	(a) (n)	Beer	Ordinary
The Annerville Financing Company Unlimited Company	(a) (n)	Financing company	Ordinary
The Five Lamps Dublin Beer Company Limited	(b) (n)	Beer	Ordinary
Wm. Magner Limited	(a) (n)	Cider	Ordinary
Wm. Magner (Trading) Limited	(a) (n)	Financing company	Ordinary
Bibendum Wine Ireland Limited	(b) (n)	Wine	Ordinary
Incorporated and registered in Northern Ireland			
C&C Holdings (NI) Limited	(c)	Holding company	Ordinary
Gleeson N.I. Limited	(c)	Wholesale of drinks	Ordinary
Tennent's NI Limited	(c)	Cider and beer	Ordinary & 3.25% Cumulative Preference

29. SUBSIDIARIES AND EQUITY ACCOUNTED INVESTMENTS (continued)

	Notes	Nature of business	Class of shares held as at 28 February 2021 (100% unless stated)
Incorporated and registered in England and Wales			
Bibendum Group Limited	(l)	Holding company	Ordinary
Bibendum PLB (Topco) Limited	(k)	Holding company	Ordinary
C&C Management Services (UK) Limited	(k)	Provision of management services	Ordinary
Magners GB Limited	(k)	Cider and beer	Ordinary
Matthew Clark Bibendum (Holdings) Limited	(k)	Holding company	Ordinary
Matthew Clark Bibendum Limited	(k)	Wholesale of drinks	Ordinary
Bibendum Off Trade Limited	(l)	Wholesale of drinks	Ordinary
The Orchard Pig Limited	(i)	Cider	Ordinary
Walker & Wodehouse Wines Limited	(l) (p)	Wine	Ordinary
C&C IP UK Limited	(k)	Licensing activity	Ordinary
The Wondering Wine Company Limited	(k) (p)	Wine	Ordinary
Incorporated and registered in Scotland			
Badaboom Limited	(d)	Marketing	Ordinary
Macrocom (1018) Limited	(e)	Investment	Ordinary
Tennent Caledonian Breweries UK Limited	(d)	Beer and cider	Ordinary
Tennent Caledonian Breweries Wholesale Limited	(e)	Wholesale of drinks	Ordinary
Wallaces Express Limited	(e)	Holding company	Ordinary
Wellpark Financing Limited	(d)	Financing company	Ordinary
Incorporated and registered in Luxembourg			
C&C IP Sàrl	(f)	Licensing activity	Class A to J Units
C&C IP (No. 2) Sàrl	(f)	Licensing activity	Class A to J Units
C&C Luxembourg Sàrl	(f)	Holding and financing company	Class A to J Units
Incorporated and registered Portugal			
Frutíssima - Concentrados de Frutos da Cova da Beira, Lda	(g)	Ingredients	Ordinary
Frontierlicious Limitada	(g)	Orchard management	Ordinary
Incredible Prosperity Limitada	(g)	Orchard management	Ordinary
Incorporated and registered in Delaware, US			
Green Mountain Beverage Management Corporation, Inc	(h) (q)	Licensing activity	Common Stock
Vermont Hard Cider Company Holdings, Inc.	(h)	Holding company	Common Stock
Vermont Hard Cider Company, LLC	(h) (q)	Cider	Membership Units
Wm. Magner, Inc.	(h)	Cider	Common Stock

Notes forming part of the financial statements
(continued)

29. SUBSIDIARIES AND EQUITY ACCOUNTED INVESTMENTS (continued)

	Notes	Nature of business	Class of shares held as at 28 February 2021 (100% unless stated)
Incorporated and registered in Singapore			
C&C International (Asia) Pte. Ltd.	(j)	Sales & Marketing	Ordinary
Non-trading subsidiaries			
Incorporated and registered in Republic of Ireland			
C&C Brands Limited	(a) (n)	Non-trading	Ordinary
C&C Gleeson Group Pension Trust Limited	(b) (n)	Non-trading	Ordinary
C&C Group Pension Trust Limited	(a) (n)	Non-trading	Ordinary
C&C Group Pension Trust (No. 2) Limited	(a) (n)	Non-trading	Ordinary
C&C Profit Sharing Trustee Limited	(a) (n)	Non-trading	Ordinary
Ciscan Net Limited	(a) (n)	Non-trading	Ordinary & A Ordinary
Cooney & Co. Unlimited Company	(b) (n)	Non-trading	Ordinary
Cravenby Limited	(a) (n)	Non-trading	Ordinary
Crystal Springs Water Company Limited	(b) (n)	Non-trading	Ordinary
Dowd's Lane Brewing Company Limited	(a) (n)	Non-trading	Ordinary
Edward and John Burke (1968) Limited	(a) (n)	Non-trading	Ordinary & A Ordinary
Findlater (Wine Merchants) Limited	(a) (n)	Non-trading	Ordinary & A Ordinary
Fruit of the Vine Limited	(a) (n)	Non-trading	Ordinary
Gleeson Logistic Services Limited	(b) (n)	Non-trading	Ordinary
Gleeson Wines & Spirits Limited	(b) (n)	Non-trading	Ordinary
Greensleeves Confectionery Limited	(b) (n)	Non-trading	Ordinary, 12% Cumulative Convertible Redeemable Preference & 3% Cumulative Redeemable Convertible Preference
M.& J. Gleeson (Investments) Limited	(b) (n)	Non-trading	Ordinary
M&J Gleeson Nominees Limited	(b) (n)	Non-trading	Ordinary & Preference
M. and J. Gleeson (Manufacturing) Company u.c.	(b) (n)	Non-trading	Ordinary
M and J Gleeson (Manufacturing) Company Holdings Limited	(b) (n)	Non-trading	Ordinary & Non-Voting Ordinary
M and J Gleeson and Company Holdings Limited	(b) (n)	Non-trading	Ordinary
M & J Gleeson Property Development Limited	(b) (n)	Non-trading	Ordinary
Magners Irish Cider Limited	(a) (n)	Non-trading	Ordinary
Sceptis Limited	(a) (n)	Non-trading	Ordinary
Showerings (Ireland) Limited	(a) (n)	Non-trading	Ordinary
Tennmel Limited	(b) (n)	Non-trading	Ordinary & A-E Non-Voting
Thwaites Limited	(a) (n)	Non-trading	A & B Ordinary
Tipperary Natural Mineral Water Company Holdings Limited	(b) (n)	Non-trading	Ordinary

29. SUBSIDIARIES AND EQUITY ACCOUNTED INVESTMENTS (continued)

	Notes	Nature of business	Class of shares held as at 28 February 2021 (100% unless stated)
Tipperary Natural Mineral Water (Sales) Holdings Limited	(b) (n)	Non-trading	Ordinary
Tipperary Pure Irish Water Unlimited Company	(a) (n)	Non-trading	Ordinary
Vandamin Limited	(a) (n)	Non-trading	A & B Ordinary
Incorporated and registered in Northern Ireland			
C&C Profit Sharing Trustee (NI) Limited	(c)	Non-trading	Ordinary
Incorporated and registered in England and Wales			
A2 Contractors Limited	(k)	Non-trading	Ordinary
Bibendum Limited	(k)	Non-trading	Ordinary
Bibendum Wine Limited	(l) (p)	Non-trading	Ordinary
Catalyst-PLB Brands Limited	(k)	Non-trading	Ordinary
Chalk Farm Wines Limited	(k)	Non-trading	Ordinary
Elastic Productions Limited	(k)	Non-trading	Ordinary
Gaymer Cider Company Limited	(k)	Non-trading	Ordinary
Instil Drinks Limited	(k)	Non-trading	Ordinary
Matthew Clark and Sons Limited	(k)	Non-trading	Ordinary
Matthew Clark Limited	(k)	Non-trading	Ordinary
Matthew Clark (Scotland) Limited	(d)	Non-trading	Ordinary
Matthew Clark Wholesale Bond Limited	(k)	Non-trading	Ordinary
Mixbury Drinks Limited	(k)	Non-trading	Ordinary
Odyssey Intelligence Limited	(k)	Non-trading	Ordinary
PLB Wines Limited	(k)	Non-trading	Ordinary
The Real Rose Company Limited	(k)	Non-trading	Ordinary
The Wine Studio Limited	(k)	Non-trading	Ordinary
The Yorkshire Fine Wines Company Limited	(k)	Non-trading	Ordinary
West Country Beverages Limited	(m)	Non-trading	Ordinary

Notes (a) – (q)
The address of the registered office of each of the above companies and notes is as follows:
(a) Annerville, Clonmel, Co. Tipperary, E91 NY79, Ireland.
(b) Bulmers House, Keeper Road, Crumlin, Dublin 12, D12 K702, Ireland.
(c) 6 Aghnatrisk Road, Culcavy, Hillsborough, Co Down, Northern Ireland, BT26 6JJ.
(d) Wellpark Brewery, 161 Duke Street, Glasgow, G31 1JD, Scotland.
(e) Crompton Way, North Newmoor Industrial Estate, Irvine, Strathclyde, KA11 4HU, Scotland.
(f) L-2132 Luxembourg, 18 Avenue Marie-Therese, Luxembourg.
(g) Quinta Da Ferreira De Baxio, Castelo Branco, Fundão Parish, 6230 610 Salgueiro, Portugal.
(h) 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808, US.
(i) West Bradley Orchards, West Bradley, Glastonbury, Somerset, BA6 8LT.
(j) 143, Cecil Street, #03-01, GB Building, Singapore – 069542.
(k) Whitchurch Lane, Bristol, BS14 0JZ.
(l) 109A Regents Park Road, London, NW1 8UR
(m) C/O Tlt, 1 Redcliff Street, Bristol, United Kingdom, BS1 6TP.
(n) Companies covered by Section 357, Companies Act 2014 guarantees (note 27).
(o) Immediate subsidiary of C&C Group plc.
(p) Entities that have availed of the audit exemption set out within Section 479A of the Companies Act 2006.
(q) Disposed in April 2021.

Notes forming part of the financial statements
(continued)

29. SUBSIDIARIES AND EQUITY ACCOUNTED INVESTMENTS (continued)

Equity accounted investments

	Notes	Nature of business	Class of share held as at 28 February 2021
Joint venture			
Beck & Scott (Services) Limited (Northern Ireland)	(a)	Wholesale of drinks	Ordinary, 50%
Brady P&C Limited (England)	(b)	Holding Company	Ordinary, 49.9%
Drygate Brewing Company Limited (Scotland)	(c)	Brewing	B Ordinary, 49%
The Irish Brewing Company Limited (Ireland)	(d)	Non-trading	Ordinary, 45.61%
3 Counties Spirits Limited (Ireland)	(e)	Spirits	Ordinary, 50%
Associate			
CVBA Braxatorium Parcensis	(f)	Brewing	33.33%
Shanter Inns Limited (Scotland)	(g)	Public houses	Ordinary, 33%
Whitewater Brewing Co. Limited (Northern Ireland)	(h)	Brewing	Ordinary, 25%
Financial asset			
Jubel Limited	(i)	Brewing	Ordinary, 10%
Innis & Gunn Holdings Limited	(j)	Brewing	8%
Bramerton Condiments Limited	(k)	Food and beverage	Ordinary, 1%

Notes: (a) – (k)
The address of the registered office of each of the above equity accounted investments is as follows:
(a) Unit 1, Ravenhill Business Park, Ravenhill Road, Belfast, BT6 8AW, Northern Ireland.
(b) 49 Berkeley Square, 2nd Floor, London W1J 5AZ.
(c) 85 Drygate, Glasgow, G4 0UT, Scotland.
(d) Bulmers House, Keeper Road, Crumlin, Dublin 12, D12 K702, Ireland.
(e) Gilligan & Co, Silversprings House, Saint Patrick's Road, Clonmel, Co. Tipperary, E91 NT32, Ireland.
(f) 3001 Leuven-Heverlee, Abdij van Park 7, Belgium.
(g) 230 High Street, Ayr, KA7 1RQ, Scotland.
(h) Lakeside Brae, Castlewellan, Northern Ireland, BT31 9RH.
(i) Office 311 Edinburgh House, 170 Kennington Lane, London, England, SE11 5DP.
(j) 6 Randoplh Crescent, Edniburgh, EH3 7TH
(k) 5th Floor 14-16 Dowgate Hill, London, England, EC4R 2SU

30. POST BALANCE SHEET EVENTS

On 26 May 2021, the Group announced a rights issue. The rights issue is intended, alongside the other actions that the Group has already announced and implemented, to reduce leverage and improve the Group's overall liquidity position thereby providing the Group with the capital structure to both support the business during further potential disruptions from COVID-19 and to deliver on its strategy as normalised trading conditions return.

As a direct consequence of the impact of COVID-19, the Group successfully negotiated waivers on its debt covenants from its lending group for FY2021, and these have been extended up to, but not including, the August 2022 test date whether or not the rights issue is successful. Conditional on a Minimum Equity Raise being achieved, the debt covenants for 31 August 2022 were also renegotiated to increase the threshold of the Group's Net Debt/Adjusted EBITDA covenant to not exceed 4.5x and to reduce the Interest cover covenant to be not less than 2.5x. As part of the agreement reached to waive the debt covenants, a minimum liquidity requirement and a gross debt restriction have been put in place, both in the scenario of a Minimum Equity Raise being achieved and a Minimum Equity Raise not being achieved. Please refer to Note 20 for further details.

Post year end the Group announced that the outcome of a cost reduction programme it had undertaken would deliver annualised savings of €18m against its pre COVID-19 cost base.

On 2 April 2021, the Group completed the sale of its wholly owned US subsidiary, Vermont Hard Cider Company ("VHCC") to Northeast Kingdom Drinks Group, LLC for a total consideration of USD 20.0m. VHCC was classified as a disposal group, held for sale, as at 28 February 2021.

In April 2021, the Group's wholly owned subsidiary, Matthew Clark Bibendum Limited ("MCB"), was the subject of a cybersecurity incident, which impacted both Matthew Clark and Bibendum. MCB responded quickly, enacting its cybersecurity response plan, and taking steps to protect its IT systems. Additionally, C&C engaged a leading forensic information technology firm and legal counsel to assist the Group in investigating the incident and restoring the IT systems as quickly and as safely as possible. As part of the cybersecurity response plan, the Group contacted all stakeholders on the actions the Group had taken and notified the relevant authorities, including the Information Commissioner's Office. This incident did not affect the IT systems of the wider C&C Group, which continued to operate as normal. The recent incident affecting Matthew Clark and Bibendum IT systems has emphasised the need for continued focus on information security. The Group has commenced a detailed review of its information security and cyber preparedness policies and processes.

There were no other events affecting the Group that have occurred since the year end which would require disclosure or amendment of the consolidated financial statements.

31. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Directors on 26 May 2021.

Financial Definitions

Adjusted earnings	(Loss)/profit for the year attributable to equity shareholders as adjusted for exceptional items
Company	C&C Group plc
Constant Currency	Prior year revenue, net revenue and operating profit for each of the Group's reporting segments is restated to constant exchange rates for transactions by subsidiary undertakings in currencies other than their functional currency and for translation in relation to the Group's non-Euro denominated subsidiaries by revaluing the prior year figures using the current year average foreign currency rates
DWT	Dividend Withholding Tax
EBITDA	(Loss)/earnings before Interest, Tax, Depreciation and Amortisation charges excluding the Group's share of equity accounted investments' profit/(loss) after tax
Adjusted EBITDA	EBITDA as adjusted for exceptional items
EBIT	(Loss)/earnings before Interest and Tax
Adjusted EBIT	EBIT as adjusted for exceptional items
Effective tax rate (%)	Income and deferred tax charges relating to continuing activities before the tax impact of exceptional items calculated as a percentage of (loss)/profit before tax for continuing activities before exceptional items and excluding the Group's share of equity accounted investments' profit/(loss) after tax
EPS	(Loss)/earnings per share
EU	European Union
Exceptional	Significant items of income and expense within the Group results for the year which by virtue of their scale and nature are disclosed in the Income Statement and related notes as exceptional items
Free Cash Flow	Free Cash Flow is a measure that comprises cash flow from operating activities net of capital investment cash outflows which form part of investing activities. Free Cash Flow highlights the underlying cash generating performance of the ongoing business
GB	Great Britain (i.e. England, Wales and Scotland)
Group	C&C Group plc and its subsidiaries
HL	Hectolitre (100 Litres)
	kHL = kilo hectolitre (100,000 litres)
	mHL = millions of hectolitres (100 million litres)
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards as adopted by the EU
Interest cover	Calculated by dividing the Group's EBITDA excluding exceptional items and discontinued activities by the Group's interest expense, excluding IFRS 16 *Leases* finance charges, issue cost write-offs, fair value movements with respect to derivative financial instruments and unwind of discounts on provisions, for the same period
Export	Sales in territories outside of Ireland, Great Britain and North America
LAD	Long Alcoholic Drinks

Liquidity	Liquidity is defined as cash plus undrawn amounts under the Group's revolving credit facility
Net debt	Net debt comprises borrowings (net of issue costs) less cash. Net debt including leases comprises borrowings (net of issue costs) less cash plus lease liabilities capitalised under IFRS 16 *Leases*
Net debt/EBITDA	A measurement of leverage, calculated as the Group's Net debt divided by its EBITDA excluding exceptional items and discontinued activities. The net debt to EBITDA ratio is a debt ratio that shows how many years it would take for the Group to pay back its debt if net debt and EBITDA are held constant
Net revenue	Net revenue is defined by the Group as revenue less excise duty. The duty number disclosed represents the cash cost of duty paid on the Group's products. Where goods are bought duty paid and subsequently sold, the duty element is not included in the duty line but within the cost of goods sold. Net revenue therefore excludes duty relating to the brewing and packaging of certain products. Excise duties, which represent a significant proportion of revenue, are set by external regulators over which the Group has no control and are generally passed on to the consumer
NI	Northern Ireland
Non-controlling interest	Non-controlling interest is the share of ownership in a subsidiary entity that is not owned by the Group
Off-trade	All venues where drinks are sold for off-premise consumption including shops, supermarkets and cash & carry outlets selling alcohol for consumption off the premises
On-trade	All venues where drinks are sold at retail for on-premise consumption including pubs, hotels and clubs selling alcohol for consumption on the premises
Operating (loss)/profit	(Loss)/profit earned from the Group's core business operations before net financing and income tax costs and excluding the Group's share of equity accounted investments' profit/(loss) after tax. In line with the Group's accounting policies certain items of income and expense are separately classified as exceptional items on the face of the Income Statement
PPE	Property, plant & equipment
Revenue	Revenue comprises the fair value of goods supplied to external customers exclusive of intercompany sales and value added tax, after allowing for discounts, rebates, allowances for customer loyalty and other pricing related allowances and incentives
ROI	Republic of Ireland
TSR	Total Shareholder Return
UK	United Kingdom (Great Britain and Northern Ireland)
US	United States of America

Shareholder and Other Information

C&C Group plc is an Irish registered company (registered number: 383466). Its ordinary shares are quoted on the London Stock Exchange (ISIN: IE00B010DT83 SEDOL: B010DT8).

C&C Group plc also has a Level 1 American Depository Receipts (ADR) programme for which Deutsche Bank acts as depository (symbol CCGGY). Each ADR share represents three C&C Group plc ordinary shares.

The authorised share capital of the Company at 28 February 2021 was ordinary 800,000,000 ordinary shares at €0.01 each. The issued share capital at 28 February 2021 was 320,480,164 ordinary shares of €0.01 each.

Euroclear Bank

Following the migration in March 2021 of securities settlement in the securities of Irish registered companies listed on the London Stock Exchange (such as the Company) and/or Euronext Dublin from the CREST settlement system to the replacement system, Euroclear Bank, the Company's shares are held and transferred in certificated form (that is, represented by a share certificate) or in electronic form indirectly through the Euroclear System or through CREST in CDI (CREST Depository Interest) form. Shareholders have the choice of holding their shares in electronic form or in the form of share certificates. Shareholders should consult their stockbroker if they wish to hold their shares in electronic form.

SHARE PRICE DATA	2021	2020
Share price at year end	£2.58	£3.28

	2021 Number	2020 Number
No of Shares in issue at year end	320,480,164	319,495,110
Market capitalisation 28/29 February	£827k	£1,048m

Share price movement during the financial year		
– high	£3.36	£4.11
– low	£1.45	£3.28

Dividend Payments

The Company may, by ordinary resolution declare dividends in accordance with the respective rights of shareholders, but no dividend shall exceed the amount recommended by the Directors. The Directors may also declare and pay interim dividends if they believe they are justified by the profits of the Company available for distribution.

Due to the emergence of COVID-19 and the impact this has on global economies and on business generally, the Board concluded it was not appropriate to pay an interim dividend or a final dividend for FY2021.

Dividend Withholding Tax ('DWT') must be deducted from dividends paid by an Irish resident company, unless a shareholder is entitled to an exemption and has submitted a properly completed exemption form to the Company's Registrars. DWT applies to dividends paid by way of cash or by way of shares under a scrip dividend scheme and is deducted at the standard rate of income tax (currently 20%). Non-resident shareholders and certain Irish companies, trusts, pension schemes, investment undertakings, companies resident in any member state of the European Union and charities may be entitled to claim exemption from DWT. DWT exemption forms may be obtained from the Irish Revenue Commissioners website: http://www.revenue.ie/en/tax/dwt/forms/index.html. Shareholders should note that DWT will be deducted from dividends in cases where a properly completed exemption form has not been received by the relevant record date. Shareholders who wish to have their dividend paid direct to a bank account, by electronic funds transfer, should contact Link Registrars to obtain a mandate form. Tax vouchers will be sent to the shareholder's registered address under this arrangement.

Holders through Euroclear Bank

Investors who hold their shares via Euroclear Bank or (in CDI form) through CREST will automatically receive dividends in Euro unless they elect otherwise.

Certificated shareholders

Shareholders who hold their shares in certificated form will automatically receive dividends in Euro with the following exceptions:

- Shareholders with an address in the United Kingdom (UK) will automatically receive dividends in Sterling,
- Shareholders who had previously elected to receive dividends in a particular currency will continue to receive dividends in that currency.

Shareholders who wish to receive dividends in a currency other than that which will be automatically used should contact the Company's Registrars.

Electronic Communications

In order to promote a more cost effective and environmentally friendly approach, the Company provides the Annual Report electronically to shareholders via the Group's website and only sends a printed copy to those who specifically request one. Shareholders who wish to alter the method by which they receive communications should contact the Company's registrar. All shareholders will continue to receive printed proxy forms, dividend documentation, shareholder circulars, and, where the Company deems it appropriate, other documentation by post.

Company Secretary and Registered Office

Mark Chilton, C&C Group plc
Bulmers House, Keeper Road, Crumlin, Dublin 12, D12 K702
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Registrars

Shareholders with queries concerning their holdings, dividend information or administrative matters should contact the Company's registrars:
Link Registrars Limited (trading as Link Assets Services)
P.O. Box 7117, Dublin 2, Ireland
Tel: +353 1 553 0050
Fax: +353 1 224 0700
Email: enquiries@capita.ie
Website: www.linkassetservices.com

American Depositary Receipts (ADR)

Shareholder with queries concerning their ADR holdings should contact:
Deutsche Bank Trust Company Americas
C/o American Stock Transfer & Trust Company, 6201 15th Avenue, Brooklyn, NY 11219.
Tel: Toll free +1 866 249 2593
International +1 718 921 8137
Email: db@astfinancial.com

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Principal Bankers

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Bank of Scotland
Barclays Bank
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Numis Securities Limited
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Auditor

Ernst & Young
Chartered Accountants
Harcourt Building,
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Dublin 2.

Website

Further information on C&C Group plc is available at www.candcgroupplc.com