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

Opinion

We have audited the financial statements of C&C Group plc ('the Company') and its subsidiaries ('the Group') for the year ended 29 February 2020, 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 29 February 2020;
- 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 111 to 125.

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 (Irish Generally Accepted Accounting Practice).

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 29 February 2020 and of the Group's profit for the year then ended;
- the Company Balance Sheet gives a true and fair view of the assets, liabilities and financial position of the company as at 29 February 2020;
- 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 Irish Generally Accepted Accounting Practice; 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.

Overview of our audit approach

Key audit matters	• Going concern • Recoverability of on-trade receivable balances and advances to customers • Impairment assessment of goodwill and intangible brand assets • IFRS 16 Implementation • Assessment of the valuation of property, plant and equipment (PP&E) • Revenue recognition
Audit scope	• We performed an audit of the complete financial information of 10 components and performed audit procedures on specific balances for a further 10 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 99.6% of the Group's profit before tax from continuing operations, 98.6% of the Group's Revenue and 99.4% of the Group's Total Assets • 'Components' represent business units across the Group considered for audit scoping purposes
Materiality	• Overall Group materiality was assessed to be €4.75m million which represents approximately 5% of the Group's profit before tax before non-recurring exceptional items. In our prior year audit, we adopted a materiality of €4.5m based on 5% of the Group's profit before tax.

What has changed?	• In the current year, our auditor's report includes new key audit matters in relation to:
	  ◦ Going concern
	  ◦ Recoverability of on-trade receivable balances and advances to customers
	  ◦ IFRS 16 Implementation
	• In the prior year, our auditor's report included key audit matters in relation to
	  ◦ the purchase price allocation in connection with the current year MCB acquisition and the prior year acquisition of the interest in Admiral Taverns; and
	  ◦ MCB's internal controls over supplier statement reconciliations, principally at the date of acquisition
	both of which are no longer applicable 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
New in 2020 **Going concern basis used in preparation of the Annual Report & Financial Statements** The Company's Annual Report and financial statements are prepared on the assumption that the going concern basis of accounting is appropriate. This basis is dependent on a number of factors, including the Group's financial performance and the Group's ability to continue to operate within its financial covenants. The outbreak of COVID-19 has resulted in the closure of pubs, bars, restaurants and clubs, which negatively impacts C&C's revenues from its on-trade operations. This has significantly increased the uncertainties inherent in the going concern assessment. Management have updated their base case forecast to reflect the impact of COVID-19, in particular the delayed reopening of on-trade business until Summer 2020. Management have then considered the impact of an assumption of no on-trade operations until the end of the going concern assessment period in 2021. In this case, management have assumed the related reductions in revenue derived costs, such as excise duties and rebates as well as reductions in marketing costs and overheads. C&C's forecast liquidity and covenant compliance are key considerations when considering the appropriateness of adopting the going concern basis of accounting. The Directors have concluded that no material uncertainty over Going Concern exists covering a period of at least 12 months from the date of approval of the Annual Report, as even under the situation where on-trade business does not resume during the going assessment period, the Group has sufficient liquidity and there is no projected breach of covenants. Refer to the Audit Committee Report (page 69); Going Concern statement (page 20); and Statement of Accounting Policies (page 113).	As part of assessment of the appropriateness of adopting the going concern basis of accounting we have: • Confirmed our understanding of C&C's going concern assessment process as well as review controls in place on the going concern model and management's Board memoranda and compared cash available and expected cash generation to forecast liability settlement in order to assess liquidity risk; • In light of Government announcements in all locations that the Group operates in, we assessed how management have considered these in their base case model and the flexibility of the business model to respond to reduced revenues; • Challenged the reasonableness of all key assumptions, for each revenue stream, and related expenses and overheads through reconciliation to the budget approved by the Board and comparison with recent actuals, as well as their consistency with other areas of the audit including impairment assessment; • Recalculated management's forecast covenant ratio compliance calculations to check for potential breaches for the period out to 12 months from the date of approval of these financial statements under management's base case and adjustments to the base case, including management's ability to execute required mitigating actions to implement any required cost savings and obtained evidence of the agreements with lenders confirming the waivers granted and the covenant resets for the period subsequent to 29 February 2020; • Exercise professional skeptisim through performing independent stress testing of management's models; • Reviewed the appropriateness and adequacy of management's going concern disclosures in describing the risks associated with its ability to continue to operate as a going concern for a period of at least 12 months from the date of our Auditor's Report which make it clear to readers that the going concern assumption used by management is subject to certain uncertainties.	We completed our planned audit procedures with no exceptions noted. We reported to the Audit Committee that, based on our testing performed, we agreed that the going concern assumption adopted in the 2020 financial statements remains appropriate after considering management's base case reflecting COVID-19 and adjustments made to the base case to reflect, in particular, the potential for delay in respect of the extent and timing of the recovery in the on-trade business from the impact of the COVID-19 pandemic. We agreed that management's disclosure appropriately describes the risks associated with the Group's ability to continue as a going concern.

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

Risk	Our response to the risk	Key observations communicated to the Audit Committee
New in 2020 **Recoverability of on-trade receivable balances and advances to customers (Trade receivables 2020: €93.1m, 2019: €90.0m, advances to customers 2020: €44.7m, 2019: €51.4m)** The Group has a risk through exposure to on-trade receivable balances and advances to customers who may experience financial difficulty given the outbreak of COVID-19 which has resulted in the closure of pubs, bars, clubs and restaurants across Ireland and the UK. . Refer to the Audit Committee Report (page 69); and Statement of Accounting Policies (page 122); and Note 15 of the Consolidated Financial Statements (pages 157 to 158).	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 have challenged 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 (2020: €652.9m, 2019: €683.7m) 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 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. Management has recorded an impairment of €34m in the Group's North America operating segment in respect of intangible asset – brands. Given the level of impairment recorded through the year and the judgement inherent therein coupled with management's ability to override controls in this area, we consider this to be a fraud risk. Refer to the Audit Committee Report (page 69); Statement of Accounting Policies (pages 116 to 117); and Note 12 of the Consolidated Financial Statements (pages 148 to 154).	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 challenged the determination of the Group's 6 cash-generating units ('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 challenged 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 reasonable 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: • where the discount rates lay within an acceptable range • the headroom level • 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 • the amount recorded as an impairment charge for the period • all disclosures materially comply with the applicable requirements of IAS 36

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Risk	Our response to the risk	Key observations communicated to the Audit Committee
New in 2020 **IFRS 16 Implementation (Right of use asset: €76.7m, lease liability 2020: €93.3m)** The Group transitioned to IFRS 16 '*Leases*' on 1 March 2019. Consequently, there was an impact on both measurement and disclosures in the current year financial statements. Misstatements could occur in relation to recognition of the right of use asset and lease liability. A right of use asset and lease liability were recognised as a result of the implementation of IFRS 16. There is a risk these balances may be incorrect as a result of an incomplete lease population or inaccuracies in the IFRS 16 lease model. Refer to the Audit Committee Report (page 70); Statement of Accounting Policies (pages 115 to 116); and Note 18 of the Consolidated Financial Statements (pages 160 to 161).	We have tested lease samples to the input sheets used for populating the lease model. We considered the appropriateness of the Group's lease policy and assessed management's documentation for the effect of implementing IFRS 16 Leases. We assessed the completeness and accuracy of the Group's population of leases assessed under IFRS 16 through testing lease agreements and expenses. We tested the model used by management to calculate the right of use asset and lease liability. Valuation specialists within our team performed an independent assessment against external market data of the incremental borrowing rate used to calculate the lease liability and right of use asset. We considered the adequacy of management's disclosures in respect of IFRS 16 and whether the disclosures appropriately communicate the underlying data.	We completed our planned audit procedures with no ex-ceptions noted. Our observations included our assessment of the incremental borrowing rate used by the Group, results of our testing of the lease agreements and model used to calculate right of use assets and lease liabilities and all applicable disclosures.
Assessment of the valuation of property, plant and equipment (PP&E) (2020: €146.7m, 2019: €144.5m) 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. Refer to the Audit Committee Report (page 69); Statement of Accounting Policies (pages 114 to 115); and note 11 of the Consolidated Financial Statements (pages 143 to 147).	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. 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, outline of the procedures performed, the judgements we focused on, the results of our testing and all related disclosures.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Revenue recognition (2020: €1,719.3m, 2019: €1,574.9m) 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 70); Statement of Accounting Policies (page 119); and note 1 of the Consolidated Financial Statements (pages 126 to 129).	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 performed substantive procedures. 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, 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 €4.8 million, which is approximately 5% of the Group's profit before tax before non-recurring exceptional items. We believe that profit before tax before non-recurring exceptional items 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 €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 €0.24 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 20 (2019: 20) components covering entities across Ireland, UK, Luxembourg and the US, which represent the principal business units within the Group.

Of the 20 (2019: 20) components selected, we performed an audit of the complete financial information of 10 (2019: 9) components ("full scope components") which were selected based on their size or risk characteristics. For the remaining 10 (2019: 11) 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 20 components discussed above, we selected a further 6 (2019: 2) components where we performed procedures at the component level that were specified by the Group audit team in response to specific risk factors.

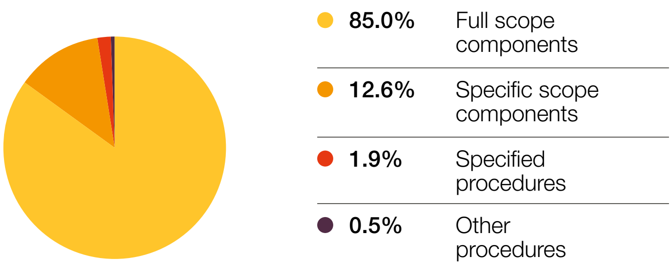
The reporting components where we performed audit procedures accounted for 99.6% (2019: 98.5%) of the Group's profit before tax, 98.6% (2019: 97.7%) of the Group's revenue and 99.4% (2019: 98.9%) of the Group's total assets.

For the current year, the full scope components contributed 85.0% (2019: 81.3%) of the Group's profit before tax before non-recurring exceptional items, 97.1% (2019: 90.7%) of the Group's revenue and 93.3% (2019: 89.6%) of the Group's total assets. The specific scope component contributed 12.6% (2019: 15.3%) of the Group's profit before tax before non-recurring exceptional items, 0.0% (2019: 5.6%) of the Group's revenue and 0.4% (2019: 3.1%) 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 1.9% (2019: 1.9%) of the Group's profit before tax before non-recurring exceptional items, 1.5% (2019: 1.4%) of the Group's revenue and 5.7% (2019: 6.2%) 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.

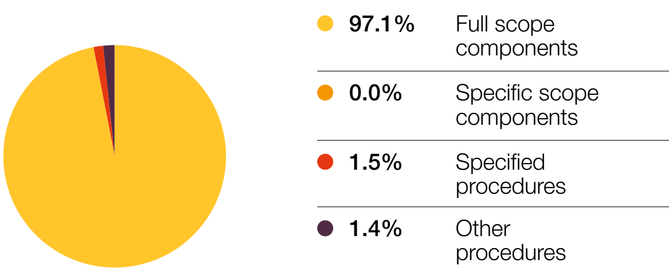
Of the remaining components that together represent 0.4% (2019: 1.5%) of the Group's profit before tax before non-recurring exceptional items, none are individually greater than 5% (2019: 5%) of the Group's profit before tax before non-recurring exceptional items. For these components, we performed other 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.

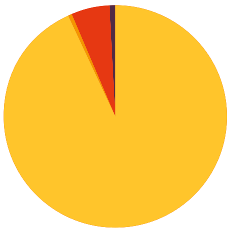
PBT before exceptional items



Revenue



Total Assets



93.3%	Full scope components
0.4%	Specific scope components
5.7%	Specified procedures
0.6%	Other procedures

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 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 continued to perform a review of all key component files across the Group, reviewing 10 component files during 2020. The file reviews conducted during the year involved discussing with the component team the audit approach and any issues arising from their work, discussions held with local management, attending planning and closing meetings and reviewing key audit working papers on risk areas. The Group audit team interacted regularly with all component teams where appropriate during various stages of the audit, reviewed key working papers and were responsible for the scope and direction of the audit process. This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Consolidated Financial Statements.

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 13 to 21) that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation (set out on page 13) in the annual report that they have carried out a robust assessment of the principal risks facing the group and the parent company, including those that would threaten its business model, future performance, solvency or liquidity;
- the directors' statement (set out on page 20) 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 parent 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 20) 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.

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:

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- *Fair, balanced and understandable* (set out on page 70) – 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 parent 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 67 to 72) – the section describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee 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 60) – 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 are not made. 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' Responsibilities Statement set out on page 93, 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 Company's ability to continue as going concerns, 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 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 the Group 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 Policy, 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 noncompliance with laws and regulations, a review of the reporting to the Audit Committee on compliance with regulations, enquiries of internal general 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 3 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

3 June 2020

Consolidated Income Statement
For the financial year ended 29 February 2020

	Notes	Year ended 29 February 2020 Before exceptional items €m	Exceptional items (note 5) €m	Total €m	Year ended 28 February 2019 Before exceptional items €m	Exceptional items (note 5) €m	Total €m
Revenue	1	**2,145.5**	**-**	**2,145.5**	1,997.3	-	1,997.3
Excise duties		**(426.2)**	**-**	**(426.2)**	(422.4)	-	(422.4)
Net revenue	1	**1,719.3**	**-**	**1,719.3**	1,574.9	-	1,574.9
Operating costs	2	**(1,598.5)**	**(91.0)**	**(1,689.5)**	(1,470.4)	(7.8)	(1,478.2)
Group operating profit/(loss)	1	**120.8**	**(91.0)**	**29.8**	104.5	(7.8)	96.7
Profit on disposal	5	**-**	**0.9**	**0.9**	-	-	-
Finance income	6	**0.5**	**-**	**0.5**	0.1	-	0.1
Finance expense	6	**(20.3)**	**-**	**(20.3)**	(15.7)	-	(15.7)
Share of equity accounted investments' profit/(loss) after tax	13	**3.1**	**(2.4)**	**0.7**	4.0	(3.3)	0.7
Profit/(loss) before tax		**104.1**	**(92.5)**	**11.6**	92.9	(11.1)	81.8
Income tax (expense)/credit	7	**(12.3)**	**9.8**	**(2.5)**	(10.8)	1.1	(9.7)
Group profit/(loss) for the financial year		**91.8**	**(82.7)**	**9.1**	82.1	(10.0)	72.1
Attributable to:							
Equity holders of the parent		**91.8**	**(82.7)**	**9.1**	82.3	(10.0)	72.3
Non-controlling interests		**-**	**-**	**-**	(0.2)	-	(0.2)
Group profit/(loss) for the financial year		**91.8**	**(82.7)**	**9.1**	82.1	(10.0)	72.1
Basic earnings per share (cent)	9			**2.9**			23.4
Diluted earnings per share (cent)	9			**2.9**			23.4

All of the results are related to continuing operations.

Consolidated Statement of Comprehensive Income
For the financial year ended 29 February 2020

	Notes	2020 €m	2019 €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	**1.4**	13.2
Gain/(loss) relating to cash flow hedges	23	**1.7**	(1.8)
Deferred tax relating to cash flow hedges	21	**(0.3)**	0.3
Revaluation of property, plant & equipment	11	**1.1**	-
Deferred tax on revaluation of property, plant and equipment	21	**(0.1)**	-
Share of equity accounted investments' Other Comprehensive Income	13	**3.7**	7.1
Items that will not be reclassified to Income Statement in subsequent years:			
Actuarial loss on retirement benefits	22	**(4.4)**	(3.6)
Deferred tax credit on actuarial loss on retirement benefits	21	**0.7**	0.3
Gains transferred to inventory purchased during the year	23	**-**	0.4
Net profit recognised directly within Other Comprehensive Income		**3.8**	15.9
Group profit for the financial year		**9.1**	72.1
Comprehensive income for the financial year		**12.9**	88.0
Attributable to:			
Equity holders of the parent		**12.9**	88.2
Non-controlling interests		**-**	(0.2)
Comprehensive income for the financial year		**12.9**	88.0

Consolidated Balance Sheet
As at 29 February 2020

	Notes	2020 €m	2019 €m
ASSETS			
Non-current assets			
Property, plant & equipment*	11	**223.4**	144.5
Goodwill & intangible assets	12	**652.9**	683.7
Equity accounted investments	13	**83.9**	71.4
Retirement benefits	22	**8.8**	9.0
Deferred tax assets	21	**11.9**	4.0
Trade & other receivables	15	**25.8**	25.7
		1,006.7	938.3
Current assets			
Inventories	14	**145.8**	184.1
Trade & other receivables	15	**166.0**	162.6
Cash		**123.4**	144.4
		435.2	491.1
TOTAL ASSETS		**1,441.9**	1,429.4
EQUITY			
Capital and reserves			
Equity share capital	24	**3.2**	3.2
Share premium	24	**171.0**	152.6
Treasury shares	24	**(36.6)**	(37.1)
Other reserves	24	**102.4**	96.4
Retained income		**315.4**	383.7
Equity attributable to equity holders of the parent		**555.4**	598.8
Non-controlling interests		**-**	(0.8)
Total Equity		**555.4**	598.0
LIABILITIES			
Non-current liabilities			
Lease liabilities	18	**74.4**	-
Interest bearing loans & borrowings	19	**323.8**	390.8
Retirement benefits	22	**16.7**	12.2
Provisions	17	**5.1**	11.1
Deferred tax liabilities	21	**16.5**	16.9
		436.5	431.0
Current liabilities			
Lease liabilities	18	**18.9**	-
Derivative financial liabilities	23	**0.3**	2.0
Trade & other payables	16	**390.7**	336.3
Interest bearing loans & borrowings	19	**33.2**	55.2
Provisions	17	**4.1**	4.6
Current income tax liabilities		**2.8**	2.3
		450.0	400.4
Total liabilities		**886.5**	831.4
TOTAL EQUITY & LIABILITIES		**1,441.9**	1,429.4

* Includes leased right-of-use assets with net carrying amount of €76.7m (see note 18).

On behalf of the Board

S Gilliland
Interim Executive Chairman

J Solesbury
Chief Financial Officer

3 June 2020

Consolidated Cash Flow Statement
For the financial year ended 29 February 2020

	Notes	2020 €m	2019 €m
CASH FLOWS FROM OPERATING ACTIVITIES			
Group profit for the year		**9.1**	72.1
Finance income	6	**(0.5)**	(0.1)
Finance expense	6	**20.3**	15.7
Income tax expense	7	**2.5**	9.7
Profit on share of equity accounted investments	13	**(0.7)**	(0.7)
Impairment of intangible asset	12	**36.6**	-
Impairment of property, plant & equipment	5	**1.0**	0.4
Depreciation of property, plant & equipment	11,18	**30.3**	13.1
Amortisation of intangible assets	12	**2.5**	2.4
Profit on disposal	5	**(0.9)**	-
Net profit on disposal of property, plant & equipment		**(0.2)**	(0.1)
Charge for equity settled share-based payments	4	**2.5**	1.9
Pension contributions paid plus amount charged to Income Statement	22	**0.3**	0.7
		102.8	115.1
Decrease/(increase) in inventories		**38.6**	(34.2)
(Increase)/decrease in trade & other receivables		**(4.8)**	137.2
Increase/(decrease) in trade & other payables		**51.9**	(81.8)
Increase/(decrease) in provisions		**1.9**	(2.2)
		190.4	134.1
Interest received		**0.5**	0.1
Interest and similar costs paid		**(17.9)**	(12.6)
Income taxes paid		**(8.0)**	(8.6)
Net cash inflow from operating activities		**165.0**	113.0
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant & equipment	11	**(15.3)**	(19.0)
Purchase of intangible assets	12	**(4.5)**	(3.1)
Net proceeds on disposal of property, plant & equipment		**0.4**	0.1
Proceeds from sale of equity accounted investment	5	**6.1**	-
Sale of business		**(1.0)**	-
Cash outflow re acquisition of equity accounted investments	13	**(11.2)**	-
Net cash outflow from investing activities		**(25.5)**	(22.0)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from exercise of share options/equity Interests		**0.9**	0.2
Drawdown of debt		**192.6**	736.0
Repayment of debt		**(280.7)**	(786.2)
Payment of lease liabilities	18	**(18.6)**	-
Payment of issue costs		**(0.5)**	(5.0)
Shares purchased to satisfy share option entitlements		**(0.5)**	(0.2)
Shares purchased under share buyback programme	24	**(23.0)**	(1.9)
Dividends paid	8	**(29.7)**	(36.0)
Net cash outflow from financing activities		**(159.5)**	(93.1)
Decrease in cash		**(20.0)**	(2.1)
Reconciliation of opening to closing cash			
Cash at beginning of year		**144.4**	145.5
Translation adjustment		**(1.0)**	1.0
Net decrease in cash		**(20.0)**	(2.1)
Cash at end of financial year		**123.4**	144.4

A reconciliation of cash to net debt is presented in note 20 to the financial statements.

Consolidated Statement of Changes in Equity
For the financial year ended 29 February 2020

	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 2018	3.2	143.4	25.7	-	2.1	44.4	10.4	(37.3)	355.0	546.9	-	546.9
Profit/(loss) for the financial year	-	-	-	-	-	-	-	-	72.3	72.3	(0.2)	72.1
Other comprehensive (expense)/income	-	-	-	(1.1)	-	13.2	-	-	3.8	15.9	-	15.9
Total comprehensive (expense)/income	-	-	-	(1.1)	-	13.2	-	-	76.1	88.2	(0.2)	88.0
Dividends on ordinary shares (note 8)	-	9.2	-	-	-	-	-	-	(45.5)	(36.3)	-	(36.3)
Reclassification of share-based payments reserve	-	-	-	-	(0.2)	-	-	-	0.2	-	-	-
Sale of treasury shares/purchase of shares to satisfy employee share entitlements	-	-	-	-	-	-	-	0.2	(0.2)	-	-	-
Shares purchased under share buyback programme and subsequently cancelled (note 24)	-	-	-	-	-	-	-	-	(1.9)	(1.9)	-	(1.9)
Non-controlling interests arising on acquisition (note 10)	-	-	-	-	-	-	-	-	-	-	(0.6)	(0.6)
Equity settled share-based payments (note 4)	-	-	-	-	1.9	-	-	-	-	1.9	-	1.9
Total transactions with owners	-	9.2	-	-	1.7	-	-	0.2	(47.4)	(36.3)	(0.6)	(36.9)
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 24)	**-**	**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 24)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.5**	**(0.5)**	**-**	**-**	**-**
Shares purchased under share buyback programme and subsequently cancelled (note 24)	**(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**

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

Company Balance Sheet
As at 29 February 2020

	Notes	2020 €m	2019 €m
ASSETS			
Non-current assets			
Financial assets	13	**984.6**	982.1
		984.6	982.1
Current assets			
Trade & other receivables	15	**263.6**	346.2
		263.6	346.2
TOTAL ASSETS		**1,248.2**	1,328.3
EQUITY			
Equity share capital	24	**3.2**	3.2
Share premium	24	**872.0**	853.6
Other reserves	24	**5.6**	3.5
Retained income		**50.0**	116.6
Total equity		**930.8**	976.9
LIABILITIES			
Non-current liabilities			
Interest bearing loans & borrowings	19	**3.2**	14.3
		3.2	14.3
Current liabilities			
Interest bearing loans & borrowings	19	**10.7**	10.2
Trade & other payables	16	**303.5**	326.9
		314.2	337.1
Total liabilities		**317.4**	351.4
TOTAL EQUITY & LIABILITIES		**1,248.2**	1,328.3

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 profit for the financial year is €4.0m (2019: loss €5.7m). This includes dividends received from subsidiaries of €10.0m (2019: €nil).

On behalf of the Board

S Gilliland — Interim Executive Chairman

J Solesbury — Chief Financial Officer

3 June 2020

Company Statement of Changes in Equity
For the financial year ended 29 February 2020

	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 2018	3.2	844.4	0.8	1.0	169.5	1,018.9
Loss for the year attributable to equity shareholders	-	-	-	-	(5.7)	(5.7)
Total	-	-	-	-	(5.7)	(5.7)
Dividend on ordinary shares (note 8)	-	9.2	-	-	(45.5)	(36.3)
Shares purchased under share buyback programme and subsequently cancelled (note 24)	-	-	-	-	(1.9)	(1.9)
Reclassification of share-based payments reserve	-	-	-	(0.2)	0.2	-
Equity settled share-based payments (note 4)	-	-	-	1.9	-	1.9
Total	-	9.2	-	1.7	(47.2)	(36.3)
At 28 February 2019	3.2	853.6	0.8	2.7	116.6	976.9
Profit for the year attributable to equity shareholders	**-**	**-**	**-**	**-**	**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	**-**	**0.4**	**-**	**-**	**-**	**0.4**
Shares purchased under share buyback programme and subsequently cancelled (note 24)	**(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**

Statement of Accounting Policies
For the year ended 29 February 2020

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 29 February 2020 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 29 February 2020.

The Company and Group financial statements, together the "financial statements", were authorised for issue by the Directors on 3 June 2020.

The accounting policies applied in the preparation of the financial statements for the year ended 29 February 2020 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 with the exception of IFRS 16, which was not applied in the prior year, as discussed below.

Statement of compliance

The Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), 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 FRS 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 Company 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

IFRSs 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 29 February 2020. 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 29 February 2020:

- IFRS 16 *Leases.*
- IFRIC 23 *Uncertainty over Income Tax Treatments.*
- Amendments to IFRS 9 – *Financial Instruments – amended for prepayment features with negative compensation.*
- Amendments to IFRS 11 – *Joint Arrangements – amended for previously held interests in a joint operation.*
- Amendments to IAS 12 – *Income Taxes – amended for tax consequences of payments on financial instruments as equity.*
- Amendments to IAS 19 *Employee Benefits – amended for plan amendments, curtailments and settlements.*
- Amendments to IAS 23 *Borrowing Costs – amended for borrowing costs eligible for capitalisation.*
- Amendments to IAS 28 – Investments in associates and joint ventures – *amended for long-term interests in associates and joint ventures.*
- Annual Improvements to IFRSs: 2015 – 2017 Cycle – Amendments to IFRS 3 *Business Combinations*, IFRS 11 *Joint Arrangements*, IAS 12 *Income Taxes and IAS 23 Borrowing Costs*.

The new standards, interpretations and standard amendments did not result in a material impact on the Group's results, with the exception of IFRS 16 Leases which is detailed below.

IFRS 16, Leases

IFRS 16 Leases replaces IAS 17 Leases. The Group adopted IFRS 16 from 1 March 2019 by applying the modified retrospective approach. Under this method, the impact of the standard is calculated retrospectively, however, the cumulative effect arising from the new leasing rules is recognised in the opening balance sheet at the date of initial application. Accordingly, the comparative information presented for FY2019 has not been restated. As part of the initial application of IFRS 16, the Group chooses to apply the relief option, which allows it to adjust the right-of-use asset by the amount of any provision for onerous leases recognised in the Consolidated Balance Sheet immediately before the date of initial application. The Group recognises the right-of-use asset at the date of initial application at its carrying amount as if the Standard has been applied since the lease commencement date, but discounted using the incremental borrowing rate at the date of initial application, for the top twenty-five largest leases by lease liability value. The remaining leases recognise the right-of-use asset at the date of initial application at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the Consolidated Balance Sheet

Statement of Accounting Policies
For the year ended 29 February 2020 (continued)

immediately before the date of initial application. The Group applied the recognition exemption for both short-term leases and leases of low value assets.

The adoption of IFRS 16 Leases had a material impact on the Consolidated Financial Statements and certain key financial metrics, which is quantified in the table below:

Primary statement line item / financial metric / alternative performance measure

	12 months ended 29 February 2020 €m
Consolidated Income Statement	
EBITDA*	+21.7
Depreciation	+17.3
Operating profit	+4.4
Finance costs	+3.5
Profit before tax	+0.9
Income tax expense	+0.3
Basic EPS (cent)	+0.1c
Adjusted diluted EPS (cent)	+0.2c

	As at 1 March 2019 €m
Consolidated Balance Sheet	
Property, plant & equipment	+81.9
Lease liabilities; net debt	+99.6
Provisions (onerous leases)	-8.5
Retained earnings	-6.2
Deferred tax asset	+1.5
Accruals	-2.1
Prepayments	-0.6

	12 months ended 29 February 2020 €m
Consolidated Statement of Cash Flows	
Operating cash flow	+18.6
Cash flows from financing activities	-18.6
Free cash flow*	+18.6
Free cash flow* conversion ratio	-1.5%
Free cash flow* conversion ratio excluding exceptional cash outflow	-2.5%

* Alternative performance measures are defined on page 196.

Income Statement
Operating costs (excluding depreciation) have decreased by €21.7m, as the Group previously recognised operating lease expenses in operating costs. Depreciation has increased due to the capitalisation of a right-of-use asset which is depreciated over the term of the lease and finance costs have increased due to associated finance costs applied annually to the lease liability.

Certain lease payments which do not meet the criteria for capitalisation continue to be recorded as an expense within operating costs. The amount recognised within operating costs relating to short term leases was €2.1m for the year ended 29 February 2020.

Adopting IFRS 16 does not change the overall cash flows. Where the life of the right-of-use asset is deemed to be equal to the lease term, the total effect of IFRS 16 on the Income Statement will be neutral over the life of the lease.

Balance Sheet
The Group has identified the lease payments outstanding and has applied the appropriate discount rate to calculate the present value of the lease liability and right-of-use asset recognised on the Consolidated Balance Sheet. The discount rates applied were arrived at using a methodology to calculate the incremental borrowing rates across the Group. The weighted average incremental borrowing rate applied to lease liabilities on the Consolidated Balance Sheet was 4.07% at 1 March 2019.

There is no effect on the Group's existing banking covenants as a result of implementing IFRS 16 which are calculated on a pre-adoption basis.

A reconciliation of the operating lease commitment previously reported under IAS 17 to the discounted liability as at 1 March 2019 under IFRS 16 Leases is as follows:

	As at 1 March 2019 €m
Operating lease commitment under IAS 17	116.0
Other lease payments not included in discounted lease liability under IFRS 16*	(2.1)
Undiscounted lease liability under IFRS 16	113.9
Less impact of discounting	(14.3)
Discounted lease liability under IFRS 16	99.6

* Other lease payments not included in discounted lease liability under IFRS 16 include payments related to short-term leases which were included in operating lease commitment under IAS 17 but are exempt from capitalisation under IFRS 16.

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 29 February 2020, 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)

Amendments to IFRS 3 Business Combinations (1 January 2020)

- In October 2018, the IASB issued amendments to IFRS 3, regarding the definition of a business. The amendments clarify that the process required to meet the definition of a business (together with inputs to create outputs) must be substantive; and, that the inputs and process must together significantly contribute to creating outputs. Any business combinations enacted in subsequent financial years will be assessed against the new criteria.

Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 7 (1 January 2020)

- In September 2019, the IASB issued amendments to IFRS 9, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures, which concludes phase one of its work to respond to the effects of Interbank Offered Rates (IBOR) reform on financial reporting. Amendments have been introduced on the effect of the IBOR reform on hedge accounting, however given the Group has no hedges in place linked to IBOR, there is no effect.

Disclosure initiative – Definition of Material (Amendments to IAS 1 and IAS 8) (1 January 2020)

- In October 2018, the IASB issued Definition of Material (Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors), which will be applied prospectively from 1 January 2020. The amendments clarify and align the definition of "material" to the definition used in the Conceptual Framework and other IFRS standards. Information is now considered 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. 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.

IFRS 17 Insurance Contracts (1 January 2021)

- In May 2017, the IASB issued IFRS 17. It is expected to be effective for reporting periods beginning on or after 1 January 2022, with presentation of comparative figures required. The Group will be unaffected by this standard given it does not issue insurance contracts.

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.

Significant accounting policies

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

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 29 February 2020.

(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 re-organisation 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.

Statement of Accounting Policies
For the year ended 29 February 2020 (continued)

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 Consolidated Income Statement and within equity in the Consolidated Balance Sheet distinguished from Parent Company shareholders' equity.

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 Consolidated Income Statement reflects the Group's share of profit after tax of the related joint ventures. Investments in joint ventures are carried in the Consolidated 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 Consolidated 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 from equity accounted investments are recognised as revenue in the Consolidated Income Statement when the right of payment has been established.

(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 land and buildings) is recognised at estimated fair value with the changes in the value of the property reflected in Other Comprehensive Income, 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 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.

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 residual value of 5%, over its expected useful life:

Land and Buildings

Land	n/a
Buildings – ROI, US, Portugal, Wallaces Express	2% straight-line
Buildings – UK (excluding Wallaces Express)	2% straight-line

Plant and Machinery

Storage tanks	10% reducing balance
Other plant & machinery	15-30% reducing balance

Motor vehicles and 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 residual value. The Group considers that such assets have a residual value equal to 5% of cost, based on the expected scrap value of the associated assets. The residual 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 generation 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 18)

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. A right-of-use asset and lease liability are recognised at the commencement date for contracts containing a lease, with the exception of leases with a term of 12 months or less and leases where the underlying asset is of low value. The commencement date is the date at which the asset is made available for use by the Group.

In accordance with IFRS 16 the Group has applied the carrying amount as if IFRS 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application, the Group applied this approach to the top 25 leases. The difference between the lease liability and the lower right-of-use assets is posted as a reserves adjustment on transition. For the remaining leases an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the Balance Sheet immediately before the date of initial application has been applied. The lease liability is initially measured at the present value

Statement of Accounting Policies
For the year ended 29 February 2020 (continued)

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. Lease payments include fixed payments, variable payments that are dependent on a rate or index known at the commencement date, payments for an optional renewal period and purchase and termination option payments, if the Group is reasonable certain to exercise those options. The lease term is the non-cancellable period of the lease adjusted for any renewal or termination options which are reasonably certain to be exercised. Management applies judgement in determining whether it is reasonably certain that a renewal, termination or purchase option will be exercised.

Incremental borrowing rates are calculated using a portfolio approach, based on the risk profile of the entity holding the lease and the term and currency of the lease.

After initial recognition, the lease liability is measured at amortised cost using the effective interest method. It is 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 right-of-use asset is initially measured at cost, which comprises the lease liability adjusted for any payments made at or before the commencement date, initial direct costs incurred, lease incentives received and an estimate of the cost to dismantle or restore the underlying asset or the site on which it is located at the end of the lease term. The right-of-use asset is depreciated over the lease term or, where a purchase option is reasonably certain to be exercised, over the useful economic life of the asset in line with depreciation rates for owned property, plant and equipment. The right-of-use asset is tested periodically for impairment if any impairment indicator is considered to exist.

The 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 a 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.

Leases pre 1 March 2019

Where the Group has entered into lease arrangements on land & buildings the lease payments are allocated between land & buildings and each component is assessed separately to determine whether it is a finance or operating lease. Finance leases, which transfer to the Group substantially all the risks and rewards of ownership of the leased asset, are recognised in property, plant & equipment at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation. Lease payments are apportioned between finance charges and a reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the Income Statement as part of finance expense. Leases where the lessor retains substantially all the risks and benefits of ownership of the assets are classified as operating leases. Operating lease payments are recognised as an expense in the Income Statement on a straight-line basis over the lease term.

Business combinations (note 10)

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 this 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 re-assesses 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 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:

ABI Distribution rights	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 goodwill and intangible assets (note 12)

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.

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.

Retirement benefit obligations (note 22)

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.

Statement of Accounting Policies
For the year ended 29 February 2020 (continued)

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 Consolidated 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 22) 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. There is no stated policy within the Group in relation to the obligations of Group companies to contribute to scheme deficits. Group companies make contributions to the schemes as requested by the sponsoring employers.

Income tax (note 7 and note 21)

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.

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 the initial recognition of 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,
- 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.

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 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 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. 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.

Statement of Accounting Policies
For the year ended 29 February 2020 (continued)

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.

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 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 re-sale.

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 re-presented 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 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 of completion and 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 2015 (the 'ESOS 2015'),
- Long-Term Incentive Plan 2015 (Part I) (the 'LTIP 2015 (Part I)'),
- Recruitment and Retention Plan,
- 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.

Statement of Accounting Policies
For the year ended 29 February 2020 (continued)

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.

Cash
Cash in the Balance Sheet comprise 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 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 de-recognised 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 re-measured 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 23. Movements in the hedging reserve in shareholders' equity are shown in note 23. 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 Company 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 23. 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 vest and the participants acquire the shares from the Trust or 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 IFRSs 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

Business combinations

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. Consequently the determination of control materially affects how the investment is presented in the financial statements. This determination is made based on an assessment of the Group's power to affect the activities of the investment and 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.

The Group did not make any acquisitions in the current year. In the prior year the Group acquired the entire share capital of Matthew Clark (Holdings) Limited and Bibendum PLB (Topco) Limited. Consequently, there were no significant judgements in whether control was deemed to exist.

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

Statement of Accounting Policies
For the year ended 29 February 2020 (continued)

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.

Impact of COVID-19

There is a significant judgement in whether the impact of COVID-19 should be considered in the measurement of assets and liabilities at year end. This judgement is based on whether COVID-19 is considered an adjusting or non-adjusting event, which is based on the facts and circumstances at the balance sheet date. The global spread of COVID-19 began before the balance sheet date and the Group concluded that the impact of COVID-19 should be reflected in the measurement of assets and liabilities in the Consolidated Balance Sheet.

Sources of estimation uncertainty

Business combinations

Upon acquisition, the Group makes estimates to determine the purchase price of businesses acquired, taking into account contingent consideration, as well as its allocation to acquired assets and liabilities. The Group is required to determine the acquisition date and fair value of the identifiable assets acquired, including intangible assets such as brands, customer relationships and liabilities assumed. The estimated useful lives of the acquired amortisable assets, the identification of intangible assets and the determination of the indefinite or finite useful lives of intangible assets acquired will have an impact on the Group's future profit or loss.

The Group did not make any acquisitions in the current year. In the prior year the Group acquired the entire share capital of Matthew Clark (Holdings) Limited and Bibendum PLB (Topco) Limited. Significant estimates were made in the prior year as to the fair value of acquired assets and liabilities on acquisition as discussed in the Group's Annual Report for the financial year ended 28 February 2019.

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 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. The weighted average incremental borrowing rate applied to lease liabilities on the Consolidated Balance Sheet on transition was 4.07% at 1 March 2019.

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 22 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 22.

Expected credit losses

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 Group has considered different sources of financial information, including comparisons to the financial crash and current market data, and concluded a suitable benchmark as being credit default swaps on industry-appropriate companies. Market data for credit default swaps on listed entities in the on-trade has been adjusted for yield-curves and Group customer risk weightings in determining an appropriate proxy for expected credit losses.

For international, listed customers, without evidence to the contrary, (known as "low risk") the expected credit loss is considered to be similar to the credit risk implied from credit default swaps of similar entities. However, for smaller, regional customers with less access to finance, the expected credit loss applied is leveraged by reference to historical Group losses for these customers as a ratio to Group losses for "low risk" customers.

Provision for obsolete stock

As a result of COVID-19, the Group has been required to consider its provision for obsolete inventory. For inventory which has no alternate use or right of return to the supplier, and is not expected to be sold during lockdown, the provision for obsolescence has been calculated by reference to the shelf life of products compared with the expected period of lockdown. The Group has made an estimate of the period of lockdown based on the Geography of its operations on a case-by-case basis. The period of lockdown estimated for any region is not in excess of six months from year end.

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, soft drinks and bottled water. Four operating segments have been identified in the current and prior financial year; Ireland, Great Britain, International and Matthew Clark and Bibendum ("MCB").

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. Due to the acquisition of MCB on the 4 April 2018, an additional operating segment was identified in the prior financial year. MCB is run independently with its own Management team and its results are reviewed by the CODM independently of any other element of the Group's business.

The identified business segments are as follows:-

(i) Ireland

This segment includes the financial results from sale of own branded products on the Island of Ireland, principally Bulmers, Outcider, Tennent's, Magners, Clonmel 1650, Five Lamps, Heverlee, Roundstone Irish Ale, Linden Village, Dowd's Lane traditional craft ales, Finches and Tipperary Water. It also includes the financial results from beer, wines and spirits distribution, wholesaling, the results from sale of third party brands as permitted under the terms of a distribution agreement with AB InBev and production and distribution of some private label and third party brands.

(ii) Great Britain

This segment includes the results from sale of the Group's own branded products in Scotland, England and Wales, with Tennent's, Magners, Heverlee, Caledonia Best, Blackthorn, Olde English, Chaplin & Cork's, Orchard Pig and K Cider being the principal brands. It also includes the financial results from AB InBev beer distribution in Scotland, third party brand distribution and wholesaling in Scotland, the distribution of the Italian lager Menabrea, the American lager Pabst, the Chinese beer Tsingtao and the production and distribution of some private label and third party brands.

(iii) International

This segment includes the results from sale of the Group's cider and beer products, principally Magners, Gaymers, Woodchuck, Wyders, Blackthorn, Hornsby's and Tennent's in all territories outside of Ireland and Great Britain. It also includes the production, sale and distribution of some private label and third party brands.

(iv) Matthew Clark and Bibendum (MCB)

This segment includes the 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 also has a number of exclusive distribution agreements for third party products (mainly wines) 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.

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.

1. SEGMENTAL REPORTING (continued)

(a) Analysis by reporting segment

	2020 Revenue €m	2020 Net revenue €m	2020 Operating profit €m	2019 Revenue €m	2019 Net revenue €m	2019 Operating profit €m
Ireland	**327.1**	**227.7**	**40.5**	318.3	219.2	40.3
Great Britain	**516.9**	**334.1**	**44.9**	482.7	306.3	42.1
International	**38.8**	**37.9**	**6.4**	39.7	38.9	6.4
Matthew Clark and Bibendum (MCB)	**1,262.7**	**1,119.6**	**29.0**	1,156.6	1,010.5	15.7
Total before exceptional items	**2,145.5**	**1,719.3**	**120.8**	1,997.3	1,574.9	104.5
Exceptional items (note 5)	**-**	**-**	**(91.0)**	-	-	(7.8)
Group operating profit	**-**	**-**	**29.8**	-	-	96.7
Profit on disposal	**-**	**-**	**0.9**	-	-	-
Finance income (note 6)	**-**	**-**	**0.5**	-	-	0.1
Finance expense (note 6)	**-**	**-**	**(20.3)**	-	-	(15.7)
Share of equity accounted investments' profit after tax before exceptional items (note 13)	**-**	**-**	**3.1**	-	-	4.0
Share of equity accounted investments' exceptional items (note 5)	**-**	**-**	**(2.4)**	-	-	(3.3)
Total	**2,145.5**	**1,719.3**	**11.6**	1,997.3	1,574.9	81.8

Of the exceptional items in the current financial year of €91.0m, €7.2m relates to Ireland, €27.7m relates to Great Britain, €39.8m relates to International, €16.2m relates to MCB and €0.1m is unallocated as it does not relate to any particular segment. Of the exceptional items in the prior year of €7.8m, €0.8m related to Ireland, €1.1m related to Great Britain, €5.2m related to MCB, €0.2m related to International and €0.5m is unallocated as it does not relate to any particular segment.

Profit on disposal of €0.9m in the current financial year, €2.6m relates to the 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' profit after tax before exceptional items of €3.1m relates to Great Britain. In the prior financial year, the share of equity accounted investments' profit after tax of €4.0m related to Great Britain €3.9m and International €0.1m. The share of equity accounted investments' exceptional items of €2.4m relates to Great Britain (2019: €3.3m related to Great Britain).

Total assets for the year ended 29 February 2020 amounted to €1,441.9m (2019: €1,429.4m).

(b) Other operating segment information

	2020 Tangible and intangible expenditure €m	2020 Depreciation /amortisation / impairment €m	2019 Tangible and intangible expenditure €m	2019 Depreciation / amortisation / impairment €m
Ireland	**8.5**	**5.4**	6.0	7.6
Great Britain	**6.7**	**12.2**	10.2	4.4
International	**1.2**	**39.5**	1.8	1.3
Matthew Clark and Bibendum	**3.4**	**13.3**	4.1	2.6
Total	**19.8**	**70.4**	22.1	15.9

Notes forming part of the financial statements
(continued)

1. SEGMENTAL REPORTING (continued)

(c) Geographical analysis of revenue and net revenue

	Revenue 2020 €m	2019 €m	Net revenue 2020 €m	2019 €m
Ireland	**327.1**	318.3	**227.7**	219.2
Great Britain	**1,779.6**	1,639.3	**1,453.7**	1,316.8
International	**38.8**	39.7	**37.9**	38.9
Total	**2,145.5**	1,997.3	**1,719.3**	1,574.9

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
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**

* Includes IFRS 16 Leases in the current financial year of €76.7m (note 18).

	Ireland €m	Great Britain €m	International €m	Total €m
28 February 2019				
Property, plant & equipment	64.2	65.5	14.8	144.5
Goodwill & intangible assets	159.2	466.4	58.1	683.7
Equity accounted investments	0.3	67.6	3.5	71.4
Total	223.7	599.5	76.4	899.6

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 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.

1. SEGMENTAL REPORTING (continued)

Principal activities and products Net revenue	2019 Ireland €m	Great Britain €m	International €m	Total €m
Own brand alcohol	90.6	155.5	35.7	281.8
Matthew Clark and Bibendum	-	1,010.5	-	1,010.5
Other sources*	128.6	150.8	3.2	282.6
Total Group from continuing operations	219.2	1,316.8	38.9	1,574.9

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

2. OPERATING COSTS

	2020 Before exceptional items €m	Exceptional items (note 5) €m	Total €m	2019 Before exceptional items €m	Exceptional items (note 5) €m	Total €m
Raw material cost of goods sold/bought in finished goods	**1,280.5**	**-**	**1,280.5**	1,065.0	-	1,065.0
Inventory write-down (note 14)	**2.2**	**-**	**2.2**	3.2	-	3.2
Employee remuneration (note 3)	**144.4**	**3.0**	**147.4**	143.4	5.3	148.7
Direct brand marketing	**18.2**	**-**	**18.2**	18.0	-	18.0
Other operating, selling and administration costs	**119.6**	**50.4**	**170.0**	201.9	2.1	204.0
Foreign exchange	**0.1**	**-**	**0.1**	(0.9)	-	(0.9)
Depreciation (note 11) (note 18)	**30.3**	**-**	**30.3**	13.1	-	13.1
Amortisation (note 12)	**2.5**	**-**	**2.5**	2.4	-	2.4
Net profit on disposal of property, plant & equipment	**(0.2)**	**-**	**(0.2)**	(0.1)	-	(0.1)
Auditors remuneration	**0.9**	**-**	**0.9**	1.2	-	1.2
Impairment of intangible assets (note 12)	**-**	**36.6**	**36.6**	-	-	-
Revaluation/impairment of property, plant & machinery (note 11)	**-**	**1.0**	**1.0**	-	0.4	0.4
Operating lease rentals:						
– land & buildings	**-**	**-**	**-**	8.5	-	8.5
– plant & machinery	**-**	**-**	**-**	1.0	-	1.0
– other	**-**	**-**	**-**	13.7	-	13.7
Total operating expenses	**1,598.5**	**91.0**	**1,689.5**	1,470.4	7.8	1,478.2

(a) Auditor remuneration: In the current year, 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:-

	2020 €m	2019 €m
Audit of the Group financial statements	**0.9**	1.2
Total	**0.9**	1.2

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. Included in the amount above are amounts paid to other Ernst & Young offices in relation to subsidiary undertakings of €nil (2019: €0.6m).

Notes forming part of the financial statements
(continued)

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:-

	2020 Number	2019 Number
Sales & marketing	**599**	800
Production & distribution	**1,614**	1,867
Administration	**940**	577
Total	**3,153**	3,244

The actual number of persons employed by the Group as at 29 February 2020 was 3,061 (28 February 2019: 3,153).

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

	2020 €m	2019 €m
Wages, salaries and other short-term employee benefits	**121.5**	123.1
Restructuring costs (note 5)	**3.0**	5.3
Social welfare costs	**13.0**	12.6
Retirement benefits – defined benefit schemes (note 22)	**0.7**	0.9
Retirement benefits – defined contribution schemes, including pension related expenses	**5.6**	4.7
Equity settled share-based payments (note 4)	**2.5**	1.9
Other non-equity settled share-based payments and PRSI accrued with respect to share-based payments	**1.1**	0.2
Charged to the Income Statement	**147.4**	148.7
Actuarial loss on retirement benefits recognised in Other Comprehensive Income (note 22)	**4.4**	3.6
Total employee benefits	**151.8**	152.3

Directors' remuneration

	2020 €'m	2019 €'m
Directors' remuneration (note 27)	**5.1**	6.4

In addition to the amounts disclosed above, during the prior financial year, a Group subsidiary paid fees for services to Joris Brams BVBA (a company wholly owned by Joris Brams and family) see further details disclosed in note 27 Related Party Transactions.

4. SHARE-BASED PAYMENTS

Equity settled awards

In July 2015, the Group established an equity settled **Executive Share Option Scheme (ESOS 2015)** 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 May 2016, 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 a 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 3% per annum with respect to the May 2016 awards or 2% per annum for all awards thereafter, 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 May 2016 were deemed to have partially achieved their performance conditions and consequently 65.4% vested. Options granted in 2017 have achieved their performance conditions and therefore vest in full.

In July 2015, the Group established a **Long-Term Incentive Plan (Part I) (LTIP 2015 (Part I))** 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. Options have been granted under this scheme since May 2016. All such awards granted 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, over the three year performance period, at which case 25% of this element of the award would vest. If the FCF was 75% 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 was 10% then 100% of this element of the award would vest.

In all three components of the performance conditions of the LTIP 2015 (Part I) there is straight-line vesting between both points and no reward for below threshold performance. Options granted in May 2016 were deemed to have partially achieved their performance conditions and consequently 62.4% vested. Options granted in 2017 have achieved their performance conditions and therefore vest in full.

If awards are made to an individual under both the ESOS 2015 and the LTIP 2015 (Part I) in respect of the same financial year the overall maximum award, other than in exceptional circumstances, will be capped at 250% of salary. In exceptional circumstances the maximum combined ESOS 2015 and LTIP 2015 (Part I) award in respect of any financial year is 500% of salary.

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 of the Company stock 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. On 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.

In February 2019, the Group established a **Deferred Bonus Plan ("DFP")** under the terms of which options to purchase shares in C&C Group plc at nominal cost are granted to certain members of management.

In the prior year, 13,513 awards were granted in February 2019 under the DFP. Awards are subject to a continuous employment performance condition only, and if achieved, will vest in February 2021.

Notes forming part of the financial statements
(continued)

4. SHARE-BASED PAYMENTS (continued)

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 (previously Capita Corporate Trustees 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 five years.

The Group held 298,016 matching shares (596,032 partnership and matching) in trust at 29 February 2020 (2019: 266,632 matching shares (533,264 partnership and matching shares held)).

In the current financial year the Group, recognising that some employees of Matthew Clark and Bibendum ("MCB"), which the Group acquired in the prior financial year, 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.

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 19	LTIP options granted May 19	R&R options granted Dec 19	R&R options granted Feb 20	DBP options granted Feb 19	R&R options granted Feb 19	R&R options granted Feb 19	R&R options granted Jun 18	LTIP options granted Feb 19	LTIP options granted Jan19	LTIP options granted May 18	ESOS options granted May 18
Fair value at date of grant	€4.66	€3.71	€4.27	€4.17	€3.05	€2.64	€2.77	€2.908	€3.05	€3.30	€2.99	€0.255
Exercise price	-	-	-	-	-	-	-	-	-	-	-	€2.99
Risk free interest rate	0.63%	0.63%	0.63%	0.55%	0.76%	0.78%	0.76%	0.51%	-	-	-	0.65%
Expected volatility	24.9%	24.5%	24.9%	25.3%	25.0%	23.15%	22.89%	21.77%	-	-	-	21.44%
Expected term until exercise –years	2.5	5	2.5	2.3	2	3	2	1	3	5	3	3
Dividend yield	-	-	3.40%	3.57%	-	4.82%	4.82%	4.78%	-	-	-	4.88%

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. For LTIP 2015 (Part I) awards, the participants are entitled to receive dividends, and therefore the dividend yield has been set to zero to reflect this.

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 outstanding at 29 February 2020	Grant price €	Market value at date of grant €	Fair value at date of grant €	Expense / (income) in Income Statement 2020 €m	2019 €m
Executive Share Option Scheme (ESOS 2015)								
12 May 2016	3 years	593,700	175,492	4.18	4.041	0.4245	**-**	-
1 June 2017	3 years	830,702	558,844	3.40	3.364	0.328	**0.1**	0.1
13 November 2017	3 years	246,211	246,211	2.93	2.880	0.219	**-**	-
31 May 2018	3 years	939,466	472,398	2.99	2.99	0.255	**-**	0.1
Long-Term Incentive Plan 2015 (Part I)								
12 May 2016	3 years	395,800	111,806	-	4.041	4.041	**-**	0.1
1 June 2017	3 years	553,799	372,561	-	3.364	3.364	**0.4**	0.4
1 August 2017	3 years	494,646	324,182	-	3.069	3.069	**0.1**	0.5
13 November 2017	3 years	164,140	164,140	-	2.880	2.880	**0.2**	0.2
31 May 2018	3 years	626,311	314,932	-	2.990	2.990	**0.1**	0.5
11 February 2019	3 years	478,343	395,763	-	3.05	3.05	**0.4**	-
23 May 2019	3 years	605,249	335,216	-	3.71	3.71	**0.3**	-
12 December 2019	3 years	293,961	293,961	-	4.66	4.66	**0.1**	-
Recruitment & Retention Plan								
21 May 2014	1–3 years	823,233	15,391	-	4.34	1.91–4.19	**-**	-
30 October 2015	2 years	490,387	22,915	-	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	16,636	-	2.8172	2.8172	**-**	-
11 February 2019	2 – 3 years	448,936	448,936	-	3.05	2.64 – 2.77	**0.4**	-
12 December 2019	2.5 years	446,081	446,081	-	4.66	4.27	**0.2**	-
18 February 2020	2 years	56,383	56,383	-	4.52	4.17	**-**	-
Deferred Bonus Plan								
11 February 2019	2 years	13,513	13,513	-	3.05	3.05	**-**	-
		8,759,147	**4,788,136**				**2.3**	1.9
MCB compensation awards							**0.2**	-
							2.5	1.9
Partnership and Matching Share Schemes		596,032*					**0.3**	0.2

* Includes both partnership and matching shares.

The amount charged to the Income Statement includes a credit of €0.5m (2019: €nil), being the reversal of previously expensed charges on equity settled option schemes where the non-market performance conditions were deemed no longer likely to be achieved or the employee has left the Company.

Notes forming part of the financial statements
(continued)

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:-

	2020 Number of options/ equity Interests	2020 Weighted average exercise price €	2019 Number of options/ equity Interests	2019 Weighted average exercise price €
Outstanding at beginning of year	**5,491,198**	**1.33**	3,250,587	1.39
Granted/correction to opening balance	**1,415,187**	**-**	2,708,599	1.04
Exercised	**(259,166)**	**1.40**	(64,445)	-
Forfeited/lapsed	**(1,859,083)**	**1.16**	(403,543)	-
Outstanding at end of year	**4,788,136**	**1.00**	5,491,198	1.33

The aggregate number of share options/equity Interests exercisable at 29 February 2020 was 345,015 (2019: 113,045).

The unvested share options/equity Interests outstanding at 29 February 2020 have a weighted average vesting period outstanding of 1.3 years (2019: 1.8 years). The weighted average contractual life outstanding of vested and unvested share options/equity Interests is 7.1 years (2019: 7.5 years).

The weighted average market share price at date of exercise of all share options/equity Interests exercised during the year was €4.39 (2019: €3.11); the average share price for the year was €4.03 (2019: €3.17); and the market share price as at 29 February 2020 was £3.28 or €3.84 euro equivalent (28 February 2019: €3.06 or £2.63 sterling equivalent).

5. EXCEPTIONAL ITEMS

	2020 €m	2019 €m
Operating costs		
COVID-19 (a)	**(47.6)**	-
Impairment of intangible assets (b)	**(34.2)**	-
Contract termination (c)	**(4.4)**	-
Restructuring costs (d)	**(3.0)**	(5.3)
Impairment of property, plant & equipment (e)	**(1.0)**	(0.4)
Acquisition related expenditure (f)	**(0.2)**	(2.1)
Other (g)	**(0.6)**	-
Operating profit exceptional items	**(91.0)**	(7.8)
Profit on disposal (h)	**0.9**	-
Share of equity accounted investments' exceptional items (i)	**(2.4)**	(3.3)
Total loss before tax	**(92.5)**	(11.1)
Income tax credit (j)	**9.8**	1.1
Total loss after tax	**(82.7)**	(10.0)

(a) COVID-19

The Group has accounted for the COVID-19 pandemic as an adjusting event in the current financial year and has incurred an exceptional charge of €47.6m at 29 February 2020 in this regard. In light of the closure of on-trade premises in both Ireland and the UK, the Group reviewed the recoverability of its debtor book and advances to customers and booked an expected credit loss provision directly associated with COVID-19 of €19.4m and €5.8m respectively. The Group also reviewed the stock balances and in particular stock that was due to expire in the short to medium term and booked a provision of €10.6m. The balance of €11.8m relates to trade and marketing contracts now deemed to be onerous of €9.4m and the write off of an IT intangible asset where the project will now not be completed, as a direct consequence of COVID-19, of €2.4m.

5. EXCEPTIONAL ITEMS (continued)

(b) 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.

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. Despite some signs of volume growth last summer on the back of innovation launches, the Woodchuck brands continue to struggle in an ever more crowded market place. The overall Cider category remains under pressure and is declining in value terms. The success of the relatively new Hard Seltzers' category in particular has squeezed other categories and resulted in less space being made available for our brands. In the short and medium term the outlook is not positive for growth in Cider in the US and the COVID-19 crisis and linked restrictions has further restricted our ability to innovate and trade our way back to sustainable profit growth.

An impairment of €0.1m was taken with respect to the Group's Matthew Clark Bibendum cash generating unit directly attributable to a discontinued brand.

(c) Contract termination
During the current financial year, the Group terminated a number of its long term apple contracts incurring a cost of €4.4m. These apple contracts were deemed surplus to requirements.

(d) Restructuring costs
Restructuring costs of €3.0m were incurred in the current financial year. These costs were primarily relating 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 current financial year resulted in a further charge of €0.2m.

In the prior financial year, restructuring costs of €5.3m were incurred primarily relating to severance costs arising from the acquisition and subsequent integration of Matthew Clark and Bibendum and the previously acquired Orchard Pig into the Group, of €3.4m and €0.5m respectively. Other restructuring initiatives across the Group in the prior financial year resulted in a further charge of €1.4m.

(e) Impairment of property, plant & equipment
Property (comprising land and buildings) and plant & machinery are valued at fair value on the 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), 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 Other Comprehensive Income.

In the prior financial year, the Group took the decision to impair an element of its IT system at a cost of €0.4m which had become redundant following a system upgrade.

(f) Acquisition related expenditure
During the current financial year, the Group incurred €0.2m of costs associated with a previous acquisition.

During the prior financial year, the Group incurred €2.1m of acquisition and integration related costs, primarily with respect to professional fees associated with the acquisition and subsequent integration of Matthew Clark and Bibendum into the Group.

(g) Other
Other costs of €0.6m were incurred during the current financial year with respect to incremental costs related to the dual running of warehouse management systems in Scotland due to system implementation delays.

Notes forming part of the financial statements
(continued)

5. EXCEPTIONAL ITEMS (continued)

(h) Profit on disposal
During the current 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. Also during the current financial year, the Group disposed of its investment and non-controlling interest in Peppermint Events Limited at a loss of €1.7m.

(i) Share of equity accounted investments' exceptional items
Property within Admiral Taverns are valued at fair value on the Balance Sheet, the result of the fair value exercise at 29 February 2020 resulted in a revaluation loss (the Group's share of this loss equated to €2.7m) accounted for in the Income Statement and a gain (the Group's share of this gain equated to €3.7m) accounted for within Other Comprehensive Income. Also, during the current financial year, the Group invested a further €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). See note 13 for further details.

In the prior financial year, the result of the fair value exercise at 28 February 2019 resulted in a revaluation loss (the Group's share of this loss equated to €3.3m) accounted for in the Income Statement and a gain (the Group's share of this gain equated to €7.1m) accounted for within Other Comprehensive Income.

(i) Income tax credit
The tax credit in the current financial year with respect to exceptional items amounted to €9.8m (2019: €1.1m).

6. FINANCE INCOME AND EXPENSE

	2020 €m	2019 €m
Recognised in Income Statement		
Finance income:		
Interest income	**0.5**	0.1
Total finance income	**0.5**	0.1
Finance expense:		
Interest expense	**(12.8)**	(12.4)
Other finance expense	**(3.9)**	(2.7)
Interest on lease liabilities	**(3.6)**	-
Ineffective proportion of cash flow hedge	**-**	(0.3)
Unwinding of discount on provisions	**-**	(0.3)
Total finance expense	**(20.3)**	(15.7)
Net finance expense	**(19.8)**	(15.6)

	2020 €m	2019 €m
Recognised directly in Other Comprehensive Income		
Foreign currency translation differences arising on the net investment in foreign operations	**1.4**	13.2
Net income recognised directly in Other Comprehensive Income	**1.4**	13.2

7. INCOME TAX

(a) Analysis of charge in year recognised in the Income Statement

	2020 €m	2019 €m
Current tax:		
Irish corporation tax	**2.2**	3.7
Foreign corporation tax	**9.6**	5.5
Adjustment in respect of previous years	**(2.7)**	(1.1)
	9.1	8.1
Deferred tax:		
Irish	**0.6**	0.3
Foreign	**(7.2)**	1.4
Adjustment in respect of previous years	**-**	(0.1)
	(6.6)	1.6
Total income tax expense recognised in Income Statement	**2.5**	9.7
Relating to continuing operations		
– continuing operations before exceptional items	**12.3**	10.8
– continuing operations exceptional items	**(9.8)**	(1.1)
Total	**2.5**	9.7

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.

	2020 €m	2019 €m
Profit before tax	**11.6**	81.8
Less: Group's share of equity accounted investments' profit after tax	**(0.7)**	(0.7)
Adjusted profit before tax	**10.9**	81.1
Tax at standard rate of corporation tax in the Republic of Ireland of 12.5%	**1.4**	10.1
Actual tax charge is affected by the following:		
Expenses not deductible for tax purposes	**10.8**	1.6
Adjustments in respect of prior years	**(2.7)**	(1.2)
Income taxed at rates other than the standard rate of tax	**(3.1)**	0.1
Other differences	**(4.1)**	(2.7)
Non-recognition of deferred tax assets	**0.2**	1.8
Total income tax	**2.5**	9.7

Notes forming part of the financial statements
(continued)

7. INCOME TAX (continued)

(b) Deferred tax recognised directly in Other Comprehensive Income

	2020 €m	2019 €m
Deferred tax arising on movement of derivatives designated as cash flow hedges	**0.3**	(0.3)
Deferred tax arising on revaluation of fixed assets reflected in revaluation reserve	**0.1**	-
Deferred tax arising on movement in retirement benefits	**(0.7)**	(0.3)
Total	**(0.3)**	(0.6)

(c) Factors that may affect future charges

Future income tax charges may be impacted by changes to the corporation tax rates and/or changes to corporation tax legislation in force in the jurisdictions in which the Group operates.

8. DIVIDENDS

	2020 €m	2019 €m
Dividends charged to Consolidated Income Statement:		
Final: paid 9.98c per ordinary share in July 2019 (2019: 9.37c paid in July 2018)	**30.8**	28.8
Interim: paid 5.50c per ordinary share in December 2019 (2019: 5.33c paid in December 2018)	**17.3**	16.7
Total equity dividends	**48.1**	45.5
Settled as follows:		
Paid in cash	**29.7**	36.0
Scrip dividend	**18.1**	9.2
Accrued with respect to LTIP 2015 (Part 1) dividend entitlements	**0.3**	0.3
	48.1	45.5

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 2015 (Part I) incentive programme should reflect the equivalent value to that which accrues to shareholders by way of dividends during the vesting period. An amount of €0.3m (2019: €0.3m) was accrued during the current financial year in this regard.

As outlined in note 29, the Directors have decided that due to the Group's focus on cash conservation in the current environment of COVID-19, no final dividend has been proposed (2019: 9.98 cent). Total dividend for the year is therefore 5.50 cent per share (2019: 15.31 cent).

Total dividends of 15.48 cent per ordinary share were recognised as a deduction from the retained income reserve in the year ended 29 February 2020 (2019: 14.70 cent).

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

	2020 Number '000	2019 Number '000
Number of shares at beginning of year	**320,354**	317,876
Shares issued in lieu of dividend	**4,624**	3,055
Shares issued in respect of options exercised	**142**	-
Share repurchased and subsequently cancelled	**(5,625)**	(577)
Number of shares at end of year	**319,495**	320,354
Weighted average number of ordinary shares (basic)*	**308,906**	308,460
Adjustment for the effect of conversion of options	**1,690**	1,075
Weighted average number of ordinary shares, including options (diluted)	**310,596**	309,535

* Excludes 10.8m treasury shares (2019: 10.9m).

Profit attributable to ordinary shareholders

	2020 €m	2019 €m
Group profit for the financial year	**9.1**	72.1
Loss attributable to non-controlling interest	**-**	0.2
Profit attributable to equity holders of the parent	**9.1**	72.3
Adjustment for exceptional items, net of tax (note 5)	**82.7**	10.0
Earnings as adjusted for exceptional items, net of tax and non-controlling interest	**91.8**	82.3

	Cent	Cent
Basic earnings per share		
Basic earnings per share	**2.9**	23.4
Adjusted basic earnings per share	**29.7**	26.7
Diluted earnings per share		
Diluted earnings per share	**2.9**	23.4
Adjusted diluted earnings per share	**29.6**	26.6

Basic earnings per share is calculated by dividing the profit attributable to the equity holders of the parent by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased/issued by the Company and accounted for as treasury shares (at 29 February 2020: 10.8m shares; at 28 February 2019: 10.9m shares).

Diluted 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.

Notes forming part of the financial statements
(continued)

9. EARNINGS PER ORDINARY SHARE (continued)

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 (175,492 at 29 February 2020 and 1,222,812 at 28 February 2019). 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.

10. BUSINESS COMBINATIONS AND NON-CONTROLLING INTERESTS

Year ended 29 February 2020

In the current financial year, the Group disposed of its investment and non-controlling interest in Peppermint Events Limited which it acquired in the prior financial year as part of the acquisition of Matthew Clark (Holdings) Limited and Bibendum PLB (Topco) Limited and their subsidiaries as outlined in further detail below (together “Matthew Clark and Bibendum”). A loss of €1.7m was incurred on disposal (note 5).

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

Year ended 28 February 2019

On 4 April 2018, the Group acquired the entire share capital of Matthew Clark (Holdings) Limited and Bibendum PLB (Topco) Limited and their subsidiary businesses, Catalyst, Peppermint (61% holding), Elastic and Walker & Wodehouse (together “Matthew Clark and Bibendum”) for cash consideration of £1. 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 also has a number of exclusive distribution agreements for third party products (mainly wines) 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.

The Group had a non-controlling interest with respect to Peppermint, in which it had a 61% holding.

As outlined in the table below, the Group has recognised the non-controlling interest’s proportionate share of net assets acquired, in which the carrying value approximates fair value.

Matthew Clark and Bibendum

The identifiable net assets acquired, including adjustments to final fair values were as follows:

10. BUSINESS COMBINATIONS AND NON-CONTROLLING INTERESTS (continued)

	Initial value assigned €m	Adjustment to initial fair value €m	Revised final fair value €m
ASSETS			
Non-current assets			
Goodwill (note 12)	-	103.5*	103.5
Property, plant & equipment (note 11)	4.3	-	4.3
Brands (note 12)	-	16.9	16.9
Intangible assets (note 12)	2.2	8.1	10.3
Deferred tax assets (note 21)	2.3	-	2.3
Total non-current assets	**8.8**	**128.5**	**137.3**
Current assets			
Cash	-	-	-
Inventories	61.2	-	61.2
Trade & other receivables	196.2	-	196.2
Current income tax asset	6.3	-	6.3
Current assets	**263.7**	**-**	**263.7**
LIABILITIES			
Trade & other payables	(274.3)	-	(274.3)
Borrowings	(116.5)	-	(116.5)
Provisions	(5.9)	-	(5.9)
Deferred tax liabilities (note 21)	-	(4.3)	(4.3)
Total liabilities	**(396.7)**	**(4.3)**	**(401.0)**
Net identifiable (liabilities)/assets acquired	(124.2)	124.2	-
Non-controlling interest/adjustment to goodwill	0.6	(0.6)*	-
Equity holder of the parent (liabilities)/assets acquired	(124.8)	124.8	-
Total	**(124.2)**	**124.2**	**-**
Satisfied by:			
Cash consideration	**-**	**-**	**-**
Analysis of cash flows on acquisition			
Transaction costs of the acquisition (included in cash flows from operating activities in the prior year)			**0.8**

*Total goodwill attributable to the equity holders of the parent on acquisition was €102.9m (€103.5m gross less non-controlling interest €0.6m).

The principle factor contributing to the recognition of goodwill on acquisition entered into by the Group is the realisation of cost savings and other synergies with existing entities in the Group, which do not qualify for separate recognition as intangible assets. The acquired brands, were valued at fair value on the date of acquisition in accordance with IFRS 3 *Business Combinations* by independent professional valuers. The brands identified as part of the acquisition were predominately the Matthew Clark and Bibendum brands. The deferred tax adjustment is recognised with respect to these intangible assets.

Notes forming part of the financial statements
(continued)

10. BUSINESS COMBINATIONS AND NON-CONTROLLING INTERESTS (continued)

Post-acquisition impact

The post-acquisition impact of acquisitions completed during the prior financial year on Group's prior year results was as follows:

	2019 €m
Revenue	**1,156.6**
Operating profit	**15.7**

The acquisition was completed on 4 April 2018, Operating profit of the Group for the financial year ended 28 February 2019 determined in accordance with IFRS as though the acquisition effected during the period had been at the beginning of the period would not have been materially different. The revenue of the Group for the financial year ended 28 February 2019 determined in accordance with IFRS as though the acquisition effected during the period had been at the beginning of the period would have been as follows:

	FY2019 acquisitions €m	C&C Group excluding FY2019 acquisitions €m	Pro-forma consolidated Group €m
Revenue	**1,287.2**	**840.7**	**2,127.9**

The gross contractual value of trade and other receivables as at the date of acquisition amounted to €196.2m. The fair value of these receivables is €196.2m, all of which is expected to be recoverable.

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 2018	86.5	179.2	72.7	338.4
Translation adjustment	1.5	1.9	1.4	4.8
Additions	1.4	12.5	5.1	19.0
Impairment of property, plant and equipment	-	-	(0.4)	(0.4)
Disposals	(0.5)	-	(0.1)	(0.6)
Reclassification to intangible assets (note 12)	-	(2.9)	(13.7)	(16.6)
Acquisition of Matthew Clark and Bibendum (note 10)	1.4	0.7	2.2	4.3
At 28 February 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 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**
Depreciation				
At 1 March 2018	13.8	132.1	57.3	203.2
Translation adjustment	0.1	1.0	1.2	2.3
Disposals	(0.5)	-	(0.1)	(0.6)
Reclassification to intangible assets (note 12)	-	(1.1)	(12.5)	(13.6)
Charge for the year	1.6	6.4	5.1	13.1
At 28 February 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**
Net book value				
At 29 February 2020	**81.7**	**52.1**	**12.9**	**146.7**
At 28 February 2019	75.3	53.0	16.2	144.5

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
Leased right-of-use assets				
At 29 February 2020, net carrying amount (note 18)	35.2	1.3	40.2	76.7
Total property, plant and equipment	**116.9**	**53.4**	**53.1**	**223.4**

No depreciation is charged on freehold land which had a book value of €14.0m at 29 February 2020 (28 February 2019: €13.0m).

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

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 Vermont (USA) along with the Group's depots in Ireland 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.

Two methodologies were applied to value the land & buildings 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 has been applied. The distribution warehouses comprise standard distribution facilities with an active market and therefore they are valued using a market approach. The Depreciated Replacement Cost approach was also used to derive fair value for the plant & equipment at the Group's manufacturing facilities given their specialised nature.

The result of these external valuations, as at 29 February 2020, was an increase in the value of freehold land & buildings of €2.2m which €1.1m was credited to the P&L and €1.1m was credited to the revaluation reserve. 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.

Valuation of freehold land, buildings and plant & machinery - 28 February 2019

In the prior financial year, for all freehold land & buildings and plant & machinery, an internal valuation was completed by the Directors as at 28 February 2019. As part of their valuation assessment, the Directors considered the following factors and their impact in determining year end valuation of the Group's property, plant & equipment:-

- market fluctuations of land and industrial property prices since the date of the last external valuation,
- fluctuations driven by market commodity prices, of the gross replacement cost of property, plant & machinery,
- projected asset utilisation rates based on FY2020 budgeted/forecasted production volumes,
- changes to functional and physical obsolescence of plant & machinery beyond that which would normally be expected, and continued appropriateness of the assumed useful lives of property, plant & machinery.

Having considered the above variables, the Directors estimated that the changes arising from market fluctuations and anticipated utilisation rates would not result in a material change to the valuation of the carrying value of these items of property, plant & equipment and hence no adjustment to their carrying value was deemed necessary in the prior financial year.

11. PROPERTY, PLANT & EQUIPMENT (continued)

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 Leases)				
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**

	Freehold land & buildings €m	Plant & machinery €m	Motor vehicles & other equipment €m	Total €m
Net book value				
Carrying value at 28 February 2019 post revaluation	75.3	53.0	16.2	144.5
Carrying value at 28 February 2019 pre revaluation	75.3	53.0	16.2	144.5
Gain/(loss) on revaluation	-	-	-	-

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 leases capitalised under IFRS 16 Leases, 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	**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**

	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	45.5	-	-	45.5
Freehold land & buildings measured at depreciated replacement cost	29.8	-	-	29.8
Plant & machinery measured at depreciated replacement cost	53.0	-	-	53.0
At 28 February 2019	128.3	-	-	128.3

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, Vermont 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 and 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	€33–€477 per hectare	€17–€44 per square meter	
	United States	$39 per acre	$48 per square foot	
	United Kingdom	£175-£225 per acre	£14 to £46 per square foot	

The significant unobservable inputs used in the depreciated cost measurement of freehold land & buildings and plant & machinery are as follows:-

Gross replacement cost adjustment	Increase in gross replacement cost of 0% (2019: 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% (2019: 0% to 100%). The weighted average obsolescence factor by site is as follows: Cidery, Ireland – 24%; Brewery Scotland – 4% and Cidery, United States – 41%
Physical and functional obsolescence adjustment factor	Adjustment for changes to physical and functional obsolescence ranging from 49% to 76% (2019: nil)

The carrying value of depot freehold land & buildings located would increase/(decrease) by €1.1m 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 €1.3m if the economic obsolescence adjustment factor was increased/(decreased) 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/(decrease) by €3.7m if the economic obsolescence adjustment factor was increased/(decreased) by 5%. If the gross replacement cost was increased/(decreased) by 2% the carrying value of the Group’s plant & machinery would increase/(decrease) by €0.8m.

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 2018	494.7	300.2	4.5	799.4
Acquisition of Matthew Clark and Bibendum (note 10)	102.9	16.9	10.3	130.1
Additions	-	-	3.1	3.1
Reclassification from property, plant & equipment (note 11)	-	-	16.6	16.6
Translation adjustment	3.6	5.0	0.2	8.8
At 28 February 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**
Amortisation and impairment				
At 1 March 2018	76.2	180.4	1.7	258.3
Reclassification from property, plant & equipment (note 11)	-	-	13.6	13.6
Amortisation charge for the year	-	-	2.4	2.4
At 28 February 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**
Net book value				
At 29 February 2020	**526.7**	**109.5**	**16.7**	**652.9**
At 28 February 2019	525.0	141.7	17.0	683.7

12. GOODWILL & INTANGIBLE ASSETS (continued)

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 2018	154.5	58.5	180.3	9.2	16.0	-	418.5
Acquisition of Matthew Clark and Bibendum (note 10)	-	-	-	-	-	102.9	102.9
Translation adjustment	-	1.0	0.5	-	-	2.1	3.6
At 28 February 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**

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 Asset*s goodwill is allocated to each cash generating unit 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.

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

Notes forming part of the financial statements
(continued)

12. GOODWILL & INTANGIBLE ASSETS (continued)

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 the financial year ended 28 February 2010, Vermont Hard Cider Company cider brands and Waverley wine brands acquired during the financial year ended 28 February 2013.

The Tennent's, Gaymers and Vermont Hard Cider Company 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 29 February 2020 amounted to €75.0m (2019: €74.6m) and has an indefinite life which is subject to annual impairment testing. The movement in the current financial year is due to currency exchange.

In the prior financial year, as a result of the acquisition of Matthew Clark and Bibendum the Group acquired brands which were valued at fair value on the date of acquisition in accordance with IFRS 3 *Business Combinations* by independent professional valuers. The brands identified as part of the acquisition were predominantly the Matthew Clark and Bibendum brand. The brands have an indefinite life and are subject to annual impairment testing.

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 28 February 2018	89.1	30.7	-	119.8
Acquisition of Matthew Clark and Bibendum (note 10)	-	-	16.9	16.9
Translation adjustment	2.6	2.1	0.3	5.0
At 28 February 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**

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 current 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 Clarke Bibendum cash generating unit as outlined in further detail below.

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 2018	2.0	2.5	-	-	4.5
Additions	1.7	-	-	1.4	3.1
Arising on acquisition of Matthew Clark and Bibendum (note 10)	-	-	-	10.3	10.3
Reclassification from property, plant & equipment (note 11)	3.1	13.2	0.3	-	16.6
Translation adjustment	-	0.1	-	0.1	0.2
At 28 February 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**
Amortisation and impairment					
At 1 March 2018	0.5	1.2	-	-	1.7
Reclassification from property, plant & equipment (note 11)	1.1	12.3	0.2	-	13.6
Amortisation charge for the year	0.5	0.7	-	1.2	2.4
At 28 February 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**
Net book value					
At 29 February 2020	**4.0**	**3.5**	**-**	**9.2**	**16.7**
At 28 February 2019	4.7	1.6	0.1	10.6	17.0

At year end, the Group wrote off an IT intangible asset where the project will now not be completed, as a direct consequence of COVID-19 of €2.4m.

In the prior year, due to the acquisition of Matthew Clark and Bibendum, the Group acquired trade relationships which were valued at fair value at the date of acquisition in accordance with the requirements of IFRS 3 *Business Combinations* by independent professional valuers. These trade relationships have a finite life and are subject to amortisation on a straight-line basis.

Other intangible assets also comprise the fair value of 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.

During the prior financial year, the Group reclassified assets from property, plant & equipment which were deemed to be more appropriately classified as intangible assets. This assets primarily related to software and licences.

The amortisation charge for the year ended 29 February 2020 with respect to intangible assets was €2.5m (2019: €2.4m).

Notes forming part of the financial statements
(continued)

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, 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 budgets and plans. These plans were recalculated post year end in light of COVID-19 and reflect the best estimate of the Group's projected cash flows over the next five years;
- 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 assessment of anticipated market conditions for each CGU both in the current financial year and over the next five years in light of COVID-19. A terminal growth rate of 1.75%-2.00% (2019: 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 5.6%-8.3% (2019: 6.0%-8.3%); 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 formulating the budget the Group takes into account historical experience, an appreciation of 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. The key macro-economic factor that influenced the cash flows was undoubtedly COVID-19 and the Group's assessment of how a recovery takes place.

With regard to the Group's North America segment and 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. Despite some signs of volume growth last summer on the back of innovation launches, the Woodchuck brands continue to struggle in an ever more crowded market place. The overall Cider category remains under pressure and is declining in value terms. The success of the relatively new Hard Seltzers' category in particular has squeezed other categories and resulted in less space being made available for our brands. In the short and medium term the outlook is not positive for growth in Cider in the US and the COVID-19 crisis and linked restrictions has further restricted our ability to innovate and trade our way back to sustainable profit growth.

12. GOODWILL & INTANGIBLE ASSETS (continued)

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.

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

Market	Discount rate 2020	Discount rate 2019	Terminal growth rate 2020	Terminal growth rate 2019
Ireland	**7.25%**	8.3%	**2.00%**	2.00%
Scotland	**7.25%**	6.2%	**2.00%**	2.00%
C&C Brands	**7.25%**	6.2%	**2.00%**	2.00%
North America	**8.25%**	6.0%	**1.75%**	1.75%
Export	**5.6%**	6.2%	**2.00%**	2.00%
Matthew Clark Bibendum	**7.25%**	6.2%	**2.00%**	2.00%

The impairment testing carried out during the year led to an impairment charge of €34.1m (2019: €nil) to the North America cash generating unit as outlined above. All other segments had sufficient headroom.

Significant goodwill amounts

The goodwill allocated to Ireland, C&C Brands and MCB CGU's amount to 29% (2019: 29%), 34% (2019: 34%) and 20% (2019: 20%) of the total carrying amount of goodwill respectively.

	Ireland 2020	2019	C&C Brands 2020	2019	MCB 2020	2019
Goodwill allocated to the cash-generating unit at balance sheet date	**154.5**	154.5	**180.9**	180.8	**106.3**	105.0
Discount rate applied to the cash flow projections (real pre-tax)	**7.25%**	8.3%	**7.25%**	6.2%	**7.25%**	6.2%

Sensitivity analysis

In the current financial year, the impairment testing carried out as at 29 February 2020 identified headroom in the recoverable amount of the brands and goodwill compared to their carrying values with the exception of the Woodchuck suite of brands within the Group's North America cash generating unit.

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.

Notes forming part of the financial statements
(continued)

12. GOODWILL & INTANGIBLE ASSETS (continued)

The value-in-use calculations indicate significant headroom in respect of all other 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 €50m. The table below identifies the impact of a movement in the key inputs with respect to C&C Brands.

	2020 Movement %	Increase/ (decrease on headroom €m
Increase/decrease in operating profit	**2.5/(2.5)**	**7.0/(7.0)**
Increase in discount rate	**0.25**	**(10.2)**
Decrease in discount rate	**(0.25)**	**11.2**
Increase in terminal growth rate	**0.25**	**11.7**
Decrease in terminal growth rate	**(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 – 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						
Carrying amount at 1 March 2018	57.9	0.2	3.3	0.3	-	61.7
Share of profit after tax	3.8	0.1	0.1	-	-	4.0
Share of exceptional loss after tax (note 5)	(3.3)	-	-	-	-	(3.3)
Share of Other Comprehensive Income	7.1	-	-	-	-	7.1
Translation adjustment	1.8	-	0.1	-	-	1.9
Carrying amount at 28 February 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 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**

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* 2020 €m	Joint ventures 2020 €m	Associates 2020 €m	Admiral Taverns* 2019 €m	Joint ventures 2019 €m	Associates 2019 €m
Non-current assets	**417.7**	**2.6**	**3.3**	303.2	2.8	7.7
Current assets	**30.9**	**1.0**	**1.8**	37.0	1.0	4.5
Non-current liabilities	**(242.6)**	**(1.9)**	**(2.2)**	(168.5)	(2.0)	(6.5)
Current liabilities	**(32.5)**	**(1.3)**	**(1.0)**	(27.4)	(1.2)	(3.8)
Net assets	**173.5****	**0.4**	**1.9**	144.3	0.6	1.9
Revenue	**86.6**	**4.3**	**3.1**	77.4	4.8	17.4
Profit/(loss) before tax	**3.8**	**(0.2)**	**(0.2)**	8.5	0.1	1.0
Other Comprehensive Income	**7.7**	**-**	**-**	7.1	-	-

* Included in current assets for Admiral Taverns is cash and cash equivalents of €12.9m (2019: €22.2m). Admiral Taverns also had depreciation and amortisation of €8.6m (2019: €6.7m), net interest costs of €11.2m (2019: €10.9m) and tax charge of €2.3m (2019: €1.3m)

** Net assets of €173.5m by the Group's share in equity of 47.7% amounts to €82.8m which equates to the carrying amount in Admiral Taverns.

A listing of the Group's equity accounted investments is contained in note 28.

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 (€42.4 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 FY2018, the Group recognised its provisional estimate of assets acquired. In the prior financial year the Group completed its final determination and the Group's share of assets acquired was calculated at £50.1m (€56.8m euro equivalent on date of investment). The most significant asset acquired was property and detailed fair value calculations were performed to determine the value of the property assets on acquisition; consideration was also given to the value of all other assets and liabilities on acquisition including deferred tax balances.

In the current 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 share of profit before exceptional items of Admiral Taverns attributable to the Group was €3.1m. Property within Admiral Taverns are valued at fair value on the Balance Sheet, the result of the fair value exercise at 29 February 2020 resulted in a revaluation loss (the Group's share of this loss equated to €2.7m) accounted for in the Income Statement and a gain (the Group's share of this gain equated to €3.7m) accounted for within Other Comprehensive Income. Also, during the current financial year, the Group invested a further €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).

In the prior financial year, the financial result of Admiral Taverns attributable to the Group included a share of profit before exceptional items of €3.8m, €3.3m exceptional loss in the Income Statement and a €7.1m revaluation gain recognised in Other Comprehensive Income.

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.

Notes forming part of the financial statements
(continued)

13. EQUITY ACCOUNTED INVESTMENTS/FINANCIAL ASSETS (continued)

Canadian Investment

During the current 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, 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 current 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 the prior year. 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

	2020 €m	2019 €m
Equity investment in subsidiary undertakings at cost		
At beginning of year	**982.1**	980.2
Capital contribution in respect of share options granted to employees of subsidiary undertakings	**2.5**	1.9
At end of year	**984.6**	982.1

The total expense of €2.5m (2019: €1.9m) 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 Balance Sheet. Details of subsidiary undertakings are set out in note 28.

14. INVENTORIES

	2020 €m	2019 €m
Group		
Raw materials & consumables	**46.2**	47.2
Finished goods & goods for resale	**99.6**	136.9
Total inventories at lower of cost and net realisable value	**145.8**	184.1

An analysis of the Group's cost of sale expense is provided in Note 2 to the financial statements.

Inventory write-down recognised within operating costs amounted to €2.2m (2019: €3.2m). The inventory write-down in the current financial year was with respect to breakages and write off of damaged and obsolete stock. The inventory write-down in the prior financial year of €3.2m was primarily due to the write-down of obsolete stock of €1.7m as a result of a change in a distribution company and the write-down of obsolete stock in our newly acquired distribution business of €1.5m due to a discontinued product. During the current financial year, the Group has reviewed the stock balances and in particular stock that was due to expire in the short to medium term and booked a provision of €10.6m as a result of COVID-19 (note 5).

15. TRADE & OTHER RECEIVABLES

	Group 2020 €m	2019 €m	Company 2020 €m	2019 €m
Amounts falling due within one year:				
Trade receivables	**93.1**	90.0	**-**	-
Amounts due from Group undertakings	**-**	-	**263.4**	346.0
Advances to customers	**21.6**	27.7	**-**	-
Prepayments and other receivables	**51.3**	44.9	**0.2**	0.2
	166.0	162.6	**263.6**	346.2
Amounts falling due after one year:				
Advances to customers	**23.1**	23.7	**-**	-
Prepayments and other receivables	**2.7**	2.0	**-**	-
	25.8	25.7	**-**	-
Total	**191.8**	188.3	**263.6**	346.2

Amounts due from Group undertakings are interest free 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 €131.4m to Group cash (2019: €152.6m) at 29 February 2020. The Group's debtors would therefore have been €131.4m higher (2019: €152.6m) had the programme not being in place. The Group's trade receivables programme is not recognised on the balance sheet as it meets the de-recognition criteria under IFRS 9.

The aged analysis of trade receivables and advances to customers analysed between amounts that were neither past due nor impaired and amounts past due at 29 February 2020 and 28 February 2019 were as follows:-

	Trade receivables		Advance to customers		Total		Total	
	Gross 2020 €m	Impairment 2020 €m	Gross 2020 €m	Impairment 2020 €m	Gross 2020 €m	Impairment 2020 €m	Gross 2019 €m	Impairment 2019 €m
Group								
Neither past due nor impaired	**79.0**	**(17.2)**	**52.6**	**(8.4)**	**131.6**	**(25.6)**	112.7	(1.4)
Past due:-								
Past due 0-30 days	**15.9**	**(1.2)**	**-**	**-**	**15.9**	**(1.2)**	7.8	-
Past due 31-120 days	**10.3**	**(3.6)**	**0.1**	**(0.1)**	**10.4**	**(3.7)**	11.3	(0.7)
Past due 121-365 days	**8.4**	**(2.3)**	**0.3**	**(0.2)**	**8.7**	**(2.5)**	15.1	(3.4)
Past due more than one year	**9.1**	**(5.3)**	**2.1**	**(1.7)**	**11.2**	**(7.0)**	11.7	(11.7)
Total	**122.7**	**(29.6)**	**55.1**	**(10.4)**	**177.8**	**(40.0)**	158.6	(17.2)

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. At 29 February 2020, the Group recognised an advance of discount prepaid.

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, historical information on payment patterns, terms of payment and days past due. The expected loss rates are based on the payment profiles of sales and the corresponding historical credit loss experience. The historical loss rates are adjusted to reflect current and forward-looking information on customer specific and macroeconomic factors, which affect the ability of customers to settle receivables. COVID-19 had a material impact on the assessment of credit losses of the Group's receivables balances at year end and the Group booked an exceptional provision of €19.4m in this regard (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 payment patterns, monitoring customer ordering activities, concentration maturity, and information about the current or forecasted general economic conditions, which affect the ability of customers to settle advances. The credit risk on advances to customers can be reduced through the value of security and/or collateral given. 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 €5.8m in this regard (note 5).

Trade receivables are on average receivable within 21 days (2019: 18 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 23.

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

	Trade receivables 2020 €m	Advance to customers 2020 €m	Total 2020 €m	Total 2019 €m
Group				
At beginning of year	**11.5**	**5.7**	**17.2**	13.3
Arising on acquisition	**-**	**-**	**-**	6.9
Recovered during the year	**(3.9)**	**-**	**(3.9)**	(6.5)
Provided during the year	**25.6**	**6.7**	**32.3**	6.3
Written off during the year	**(3.6)**	**(2.0)**	**(5.6)**	(2.7)
Translation adjustment	**-**	**-**	**-**	(0.1)
At end of year	**29.6**	**10.4**	**40.0**	17.2

At 29 February 2020, 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 €22.3m (2019: €1.4m) and expected lifetime losses of €17.7m (2019: €15.8m).

16. TRADE & OTHER PAYABLES

	Group 2020 €m	2019 €m	Company 2020 €m	2019 €m
Trade payables	**271.7**	225.7	**-**	-
Payroll taxes & social security	**3.1**	3.6	**-**	-
VAT	**23.9**	16.3	**-**	-
Excise duty	**21.9**	23.0	**-**	-
Accruals	**70.1**	67.7	**1.0**	0.6
Amounts due to Group undertakings	**-**	-	**302.5**	326.3
Total	**390.7**	336.3	**303.5**	326.9

Amounts due to Group undertakings are interest free and are payable on demand.

The Group's exposure to currency and liquidity risk related to trade & other payables is disclosed in note 23.

Company

The Company has entered into financial guarantee contracts to guarantee the indebtedness of the liabilities of certain of its subsidiary undertakings. As at 29 February 2020, 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 26.

17. PROVISIONS

	Onerous lease 2020 €m	Dilapidation 2020 €m	Other 2020 €m	Total 2020 €m	Total 2019 €m
At 28 February 2019	**10.3**	**3.8**	**1.6**	**15.7**	11.4
Adjustment on initial application of IFRS 16	**(8.5)**	**-**	**-**	**(8.5)**	-
At 1 March 2019 (adjusted)	**1.8**	**3.8**	**1.6**	**7.2**	11.4
Translation adjustment	**-**	**0.1**	**-**	**0.1**	0.3
Arising on acquisition	**-**	**-**	**-**	**-**	5.9
Reclass	**(1.8)**	**1.8**	**-**	**-**	-
Charged during the year	**-**	**0.1**	**3.2**	**3.3**	0.4
Unwind of discount on provisions	**-**	**-**	**-**	**-**	0.3
Utilised during the year	**-**	**(0.3)**	**(1.1)**	**(1.4)**	(2.6)
At end of year	**-**	**5.5**	**3.7**	**9.2**	15.7
Classified within:					
Current liabilities				**4.1**	4.6
Non-current liabilities				**5.1**	11.1
				9.2	15.7

Onerous leases

On initial application of IFRS 16 Leases in the current financial year, the Group reclassified its onerous lease provision and it is now presented as an impairment of the Group's right-of-use assets which were capitalised on application.

Notes forming part of the financial statements
(continued)

17. PROVISIONS (continued)

Dilapidation
The Group has a dilapidation provision of €5.5m at 29 February 2020 (2019: €3.8m). During the current financial year, it was determined that a dilapidation provision which had previously been included within the onerous lease provision was more appropriately classified as a dilapidation provision and it was therefore reclassified as such. The Group's dilapidation provision at 29 February 2020 is with respect to dilapidation costs for leased depots of €5.2m (2019: €3.5m) and leased fleet of €0.3m (2019: €0.3m).

Other
Other provisions relate to 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.

As a consequence of COVID-19 an exceptional provision of €1.6m was charged with regard to an onerous trade contract. 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.

18. 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 period	(6.1)	(0.4)	(10.8)	(17.3)
At 29 February 2020	35.2	1.3	40.2	76.7
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)

* Payments are apportioned between finance charges €3.4m and payment of lease liabilities of €18.6m in the Consolidated Cash Flow Statement

Lease liabilities classified within:	
Current liabilities	(18.9)
Non-current liabilities	(74.4)
	(93.3)

18. LEASES (continued)

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 29 February 2020 Discounted €m	Undiscounted €m
Within one year	**(18.9)**	**(22.6)**
Between one and two years	**(18.4)**	**(21.6)**
Between two and three years	**(14.9)**	**(17.4)**
Between three and four years	**(9.7)**	**(11.8)**
Between four and five years	**(7.4)**	**(9.0)**
After five years	**(24.0)**	**(27.9)**
Total	**(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 Consolidated Income Statement as incurred:

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

19. INTEREST BEARING LOANS & BORROWINGS

	Group 2020 €m	2019 €m	Company 2020 €m	2019 €m
Current liabilities				
Unsecured loans repayable by one repayment on maturity	**0.8**	1.2	**0.8**	1.2
Unsecured loans repayable by instalment	**(34.0)**	(56.4)	**(11.5)**	(11.4)
	(33.2)	(55.2)	**(10.7)**	(10.2)
Non-current liabilities				
Unsecured loans repayable by one repayment on maturity	**(235.5)**	(268.6)	**2.6**	2.9
Unsecured loans repayable by instalment	**(88.3)**	(122.2)	**(5.8)**	(17.2)
	(323.8)	(390.8)	**(3.2)**	(14.3)
Total borrowings	**(357.0)**	(446.0)	**(13.9)**	(24.5)

Group and Company

Outstanding borrowings of the Group are net of unamortised issue costs which are being amortised to the Income Statement over the remaining life of the Euro term loan and multi-currency revolving facilities agreement and the Group's previous 2014 multi-currency revolving loan facility to which they relate. Issue costs relating to the previous 2014 multi-currency revolving loan have now been fully amortised. The value of unamortised issue costs at 29 February 2020 was €3.7m (2019: €4.6m) of which €1.0m (2019: €1.4m) is netted against current liabilities and €2.7m (2019: €3.2m) is netted against non-current liabilities.

Notes forming part of the financial statements
(continued)

19. INTEREST BEARING LOANS & BORROWINGS (continued)

Terms and debt repayment schedule

Group	Currency	Nominal rates of interest at 29 February 2020	Year of maturity	2020 Carrying value €m	2019 Carrying value €m
Unsecured loans repayable by one repayment on maturity	Multi	Euribor/Libor + 1.6%	2024	**238.1**	271.5
Unsecured loans repayable by instalment	Euro	Euribor + 1.7%	2021	**105.0**	150.0
Unsecured loans repayable by instalment	GBP	Libor + 2.0%	2021	**17.6**	29.1
				360.7	450.6

Company	Currency	Nominal rates of interest at 29 February 2020	Year of maturity	2020 Carrying value €m	2019 Carrying value €m
Unsecured loans repayable by instalment	GBP	Libor + 2.0%	2021	**17.6**	29.1
				17.6	29.1

Borrowing facilities

Group

The Group manages its borrowing requirements by entering into committed loan facility agreements.

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.

During the current financial year, 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. The Euro term loan is repayable in instalments, with the last instalment payable on 12 July 2021.

Post year end, in March 2020, the Group completed the successful issue of approximately €140 million of new US Private Placement ('USPP') notes. The unsecured notes 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. A waiver of the prepayment was successfully negotiated post year end in addition to a waiver of a July 2020 repayment which now becomes payable with the last instalment in July 2021. The Group also received a waiver on its debt covenants from its lending group for FY2021, to be replaced by a minimum liquidity covenant and monthly gross debt cap.

The Group has also received confirmation from the Bank of England that it is eligible to issue commercial paper under the COVID-19 Corporate Financing Facility ('CCFF'') scheme. The Group had not drawn down on this facility as at 3 June 2020.

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.

The Group has further financial indebtedness of €17.6m at 29 February 2020 (2019: €29.1m), which is repayable by instalments with the last instalment payable on 3 April 2021. The Group pays variable interest on these drawn amounts based on a variable Libor interest rate plus a margin of 2%.

19. INTEREST BEARING LOANS & BORROWINGS (continued)

The Euro term loan and multi-currency revolving facilities agreement provides for a further €100m in the form of an uncommitted accordion facility and permits the Group to avail of further financial indebtedness, excluding working capital and guarantee facilities, to a maximum value of €200m, subject to agreeing the terms and conditions with the lenders. At 29 February 2020 the Group had €343.1m drawn down from the term loan and multi-currency revolving facilities (2019: €421.5m) and €17.6m from its non-bank financial indebtedness (2019: €29.1m).

All bank loans drawn under the Group's Euro term loan and multi-currency revolving loan facility 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.

All borrowings of the Group at 29 February 2020 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 drawn debt at 29 February 2020.

The Company is however a borrower with respect to the Group's non-bank debt of €17.6m at 29 February 2020 (2019: €29.1m). This debt is repayable by instalment with the last instalment payable on 3 April 2021. The Company pays variable interest on these drawn amounts based on a variable Libor interest rate plus a margin of 2%. This debt is repayable in full on change of control of the Group.

Covenants
The Group's Euro term loan and multi-currency debt facility incorporates the following financial covenants:
- 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 falling in August 2018 and February 2019 will not exceed 3.75:1
- 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 falling in August 2019 and thereafter will not exceed 3.5:1

The Company and Group also has covenants with respect to its non-bank financial indebtedness:
- 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 the Group complied with all covenants at each reporting date in the current and prior financial year. The Group has received a waiver on its debt covenants from its lending group for FY2021, to be replaced by a minimum liquidity covenant and monthly gross debt cap.

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

Further information about the Group's exposure to interest rate, foreign currency and liquidity risk is disclosed in note 23.

Notes forming part of the financial statements
(continued)

20. ANALYSIS OF NET DEBT

	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 18)**	**(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.
** All leases capitalised under IFRS 16 have been included as lease liabilities in FY2020.

	1 March 2018 €m	Translation adjustment €m	Arising on acquisition (note 10) €m	Cash Flow, net €m	Non-cash changes €m	28 February 2019 €m
Group						
Interest bearing loans & borrowings	(383.1)	(0.5)	(116.5)	55.2	(1.1)	(446.0)*
Cash	145.5	1.0	-	(2.1)	-	144.4
	(237.6)	0.5	(116.5)	53.1	(1.1)	(301.6)

* Interest bearing loans & borrowings at 28 February 2019 are net of unamortised issue costs of €4.6m.

	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.

	1 March 2018 €m	Translation adjustment €m	Cash Flow €m	Non-cash changes €m	28 February 2019 €m
Company					
Interest bearing loans & borrowings	0.7	(0.5)	(23.6)	(1.1)	(24.5)*
Cash	-	-	-	-	-
	0.7	(0.5)	(23.6)	(1.1)	(24.5)

* Interest bearing loans & borrowings at 28 February 2019 are net of unamortised issue costs of €4.6m.

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 €1.4m (2019: €1.1m). The non-cash changes for the Group's lease liabilities in the current financial year relate to discount unwinding.

As outlined in further detail in note 26, 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 29 February 2020.

21. RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES

	2020 Assets €m	2020 Liabilities €m	2020 Net assets/ (liabilities) €m	2019 Assets €m	2019 Liabilities €m	2019 Net assets/ (liabilities) €m
Group						
Property, plant & equipment	**3.4**	**(8.8)**	**(5.4)**	1.2	(7.3)	(6.1)
Intangible assets	**5.1**	**(5.0)**	**0.1**	-	(7.2)	(7.2)
Retirement benefits	**2.1**	**(2.3)**	**(0.2)**	1.5	(2.4)	(0.9)
Trade related items & losses	**1.3**	**(0.4)**	**0.9**	1.3	-	1.3
	11.9	**(16.5)**	**(4.6)**	4.0	(16.9)	(12.9)

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 a deferred tax asset has not been recognised. The cumulative value of such tax losses is €35.9m (2019: €35.3m). 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. The majority of these losses are due to expire in 2035.

Company

The company had no deferred tax assets or liabilities at 29 February 2020 or at 28 February 2019.

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

	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)
Provision for trade related items	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)

Notes forming part of the financial statements
(continued)

21. RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES (continued)

	1 March 2018 €m	Recognised in Income Statement €m	Recognised in Other Comprehensive Income €m	Arising on acquisition (note 10) €m	Translation adjustment €m	28 February 2019 €m
Group						
Property, plant & equipment: ROI	0.3	(0.2)	-	1.1	-	1.2
Property, plant and equipment: other	(6.9)	(0.1)	-	-	(0.3)	(7.3)
Provision for trade related items	0.9	(1.1)	0.3	1.2	-	1.3
Intangible assets	(2.7)	(0.1)	-	(4.3)	(0.1)	(7.2)
Retirement benefits	(1.1)	(0.1)	0.3	-	-	(0.9)
	(9.5)	(1.6)	0.6	(2.0)	(0.4)	(12.9)

22. 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 (2019: no active members). There are 55 active members, representing less than 10% of total membership, in the ROI Staff defined benefit pension scheme (2019: 57 active members) and 2 active members in the NI defined benefit pension scheme (2019: 3 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. The most recent 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.

22. RETIREMENT BENEFITS (continued)

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 (males) and S2PFA CMI 2016 (females) for the ROI schemes and S2PA CMI 2016 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:-

Future life expectations at age 65		ROI 2020 No. of years	ROI 2019 No. of years	NI 2020 No. of years	NI 2019 No. of years
Current retirees – no allowance for future improvements	Male	**22.5-23.4**	22.5-23.3	**22.5**	22.4
	Female	**24.4-25.3**	24.4-25.2	**24.2**	24.3
Future retirees – with allowance for future improvements	Male	**23.4-24.2**	23.3-24.2	**24.3**	24.2
	Female	**25.4-26.2**	25.3-26.2	**26.2**	26.1

Notes forming part of the financial statements
(continued)

22. RETIREMENT BENEFITS (CONTINUED)

Scheme liabilities

The average age of active members is 50 years (2019: 48 and 53 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 24 years (2019: 14 to 25 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 29 February 2020 and 28 February 2019 are as follows:-

	2020 ROI	NI	2019 ROI	NI
Salary increases	**0.0%-2.0%**	**3.3%**	0.0%-2.5%	3.6%
Increases to pensions in payment	**1.3%-1.4%**	**1.6%**	1.6%-1.7%	1.7%
Discount rate	**0.8%-1.0%**	**1.7%**	1.8%-2.1%	2.8%
Inflation rate	**1.3%-1.4%**	**2.9%**	1.6%-1.7%	3.2%

A reduction in discount rate used to value the schemes' liabilities by 0.25% would increase the valuation of liabilities by €10.7m while an increase in inflation/salary increase expectations of 0.25% would increase the valuation of liabilities by €10.6m. 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 Group Income Statement

	2020 ROI €m	NI €m	Total €m	2019 ROI €m	NI €m	Total €m
Analysis of defined benefit pension expense:						
Current service cost	**(0.6)**	**-**	**(0.6)**	(0.9)	-	(0.9)
Past service gain	**-**	**-**	**-**	0.1	(0.1)	-
Interest cost on scheme liabilities	**(3.6)**	**(0.2)**	**(3.8)**	(3.9)	(0.2)	(4.1)
Interest income on scheme assets	**3.4**	**0.3**	**3.7**	3.8	0.3	4.1
Total (expense)/income recognised in Income Statement	**(0.8)**	**0.1**	**(0.7)**	(0.9)	-	(0.9)

22. RETIREMENT BENEFITS (CONTINUED)

Analysis of amount recognised in Other Comprehensive Income:

	2020 ROI €m	2020 NI €m	2020 Total €m	2019 ROI €m	2019 NI €m	2019 Total €m
Actual return on scheme assets	**18.8**	**1.9**	**20.7**	4.3	0.3	4.6
Expected interest income on scheme assets	**(3.4)**	**(0.3)**	**(3.7)**	(3.8)	(0.3)	(4.1)
Experience gains and losses on scheme liabilities	**2.2**	**-**	**2.2**	2.9	0.3	3.2
Effect on changes in financial assumptions	**(26.3)**	**(1.7)**	**(28.0)**	(7.6)	0.1	(7.5)
Effect of changes in demographic assumptions	**4.4**	**-**	**4.4**	-	0.2	0.2
Total (expense)/income	**(4.3)**	**(0.1)**	**(4.4)**	(4.2)	0.6	(3.6)
Scheme assets	**186.8**	**14.1**	**200.9**	173.5	12.3	185.8
Scheme liabilities	**(200.2)**	**(8.6)**	**(208.8)**	(182.2)	(6.8)	(189.0)
Deficit in scheme	**(16.7)**	**-**	**(16.7)**	(12.2)	-	(12.2)
Surplus in scheme	**3.3**	**5.5**	**8.8**	3.5	5.5	9.0

(b) Impact on Group Balance Sheet

The retirement benefits (deficit)/surplus at 29 February 2020 and 28 February 2019 is analysed as follows:-

Analysis of net pension deficit:

	2020 ROI €m	2020 NI €m	2020 Total €m	2019 ROI €m	2019 NI €m	2019 Total €m
Investments quoted in active markets						
Bid value of assets at end of year:						
Equity*	**35.1**	**2.6**	**37.7**	33.9	2.5	36.4
Bonds	**113.4**	**11.5**	**124.9**	102.1	9.8	111.9
Alternatives	**24.9**	**-**	**24.9**	24.2	-	24.2
Cash	**0.2**	**-**	**0.2**	0.5	-	0.5
Investments unquoted						
Property	**13.2**	**-**	**13.2**	12.8	-	12.8
	186.8	**14.1**	**200.9**	173.5	12.3	185.8
Actuarial value of scheme liabilities	**(200.2)**	**(8.6)**	**(208.8)**	(182.2)	(6.8)	(189.0)
Deficit in the scheme	**(16.7)**	**-**	**(16.7)**	(12.2)	-	(12.2)
Surplus in the scheme	**3.3**	**5.5**	**8.8**	3.5	5.5	9.0
(Deficit)/surplus in the scheme	**(13.4)**	**5.5**	**(7.9)**	(8.7)	5.5	(3.2)
Related deferred tax asset	**2.1**	**-**	**2.1**	1.5	-	1.5
Related deferred tax liability	**(0.4)**	**(1.9)**	**(2.3)**	(0.4)	(2.0)	(2.4)
Net pension (deficit)/surplus	**(11.7)**	**3.6**	**(8.1)**	(7.6)	3.5	(4.1)

* The defined benefit pension schemes have a passive self investment in C&C Group plc of €nil (2019: €nil).

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

Notes forming part of the financial statements (continued)

22. RETIREMENT BENEFITS (CONTINUED)

Reconciliation of scheme assets

	2020 ROI €m	2020 NI €m	2020 Total €m	2019 ROI €m	2019 NI €m	2019 Total €m
Assets at beginning of year	**173.5**	**12.3**	**185.8**	175.6	11.8	187.4
Movement in year:						
Translation adjustment	**-**	**-**	**-**	-	0.3	0.3
Expected interest income on scheme assets, net of pension levy	**3.4**	**0.3**	**3.7**	3.8	0.3	4.1
Actual return less interest income on scheme assets	**15.4**	**1.6**	**17.0**	0.5	-	0.5
Employer contributions	**0.4**	**-**	**0.4**	0.2	-	0.2
Member contributions	**0.1**	**-**	**0.1**	0.2	-	0.2
Benefit payments	**(6.0)**	**(0.1)**	**(6.1)**	(6.8)	(0.1)	(6.9)
Assets at end of year	**186.8**	**14.1**	**200.9**	173.5	12.3	185.8

The expected employer contributions to fund defined benefit scheme obligations for year ending 28 February 2021 is €0.4m.

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

	2020 ROI	2020 NI	2019 ROI	2019 NI
Investments quoted in active markets				
Equities	**19%**	**18%**	20%	20%
Bonds	**61%**	**82%**	59%	80%
Alternatives	**13%**	**-**	14%	-
Cash	**-**	**-**	-	-
Investments unquoted				
Property	**7%**	**-**	7%	-
	100%	**100%**	100%	100%

22. RETIREMENT BENEFITS (CONTINUED)

Reconciliation of actuarial value of scheme liabilities

	2020			2019		
	ROI €m	NI €m	Total €m	ROI €m	NI €m	Total €m
Liabilities at beginning of year	**182.2**	**6.8**	**189.0**	179.4	7.0	186.4
Movement in year:						
Translation adjustment	**-**	**-**	**-**	-	0.2	0.2
Current service cost	**0.6**	**-**	**0.6**	0.9	-	0.9
Past service gain	**-**	**-**	**-**	(0.1)	0.1	-
Interest cost on scheme liabilities	**3.6**	**0.2**	**3.8**	3.9	0.2	4.1
Member contributions	**0.1**	**-**	**0.1**	0.2	-	0.2
Actuarial loss/(gain) immediately recognised in equity	**19.7**	**1.7**	**21.4**	4.7	(0.6)	4.1
Benefit payments	**(6.0)**	**(0.1)**	**(6.1)**	(6.8)	(0.1)	(6.9)
Liabilities at end of year	**200.2**	**8.6**	**208.8**	182.2	6.8	189.0

23. 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 29 February 2020/28 February 2019 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.

Notes forming part of the financial statements
(continued)

23. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

(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				
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)**
Leases*	**-**	**(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 18 for maturity analysis of the discounted and undiscounted lease liability.

	Other financial assets €m	Other financial liabilities €m	Carrying value €m	Fair value €m
Group				
28 February 2019				
Financial assets:				
Cash	144.4	-	144.4	144.4
Trade receivables	90.0	-	90.0	90.0
Advances to customers	51.4	-	51.4	51.4
Financial liabilities:				
Interest bearing loans & borrowings	-	(446.0)	(446.0)	(450.6)
Derivative contracts	-	(2.0)	(2.0)	(2.0)
Trade & other payables	-	(336.3)	(336.3)	(336.3)
Provisions	-	(15.7)	(15.7)	(15.7)
	285.8	(800.0)	(514.2)	(518.8)

23. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

	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)**
Trade & other payables	**-**	**(1.0)**	**(1.0)**	**(1.0)**
	263.4	**(317.4)**	**(54.0)**	**(57.7)**

	Other financial assets €m	Other financial liabilities €m	Carrying value €m	Fair value €m
Company				
28 February 2019				
Financial assets:				
Amounts due from Group undertakings	346.0	-	346.0	346.0
Financial liabilities:				
Interest bearing loans & borrowings	-	(24.5)	(24.5)	(29.1)
Amounts due to Group undertakings	-	(326.3)	(326.3)	(326.3)
Trade & other payables	-	(0.6)	(0.6)	(0.6)
	346.0	(351.4)	(5.4)	(10.0)

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.

Notes forming part of the financial statements
(continued)

23. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

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. All loans bear interest at floating rates.

(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 economically viable by maximising the value of its foreign currency input costs and creating a natural hedge. Where there is a net currency exposure 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. The Group hedges a proportion of this net risk exposure, forecasting out for up to 2 years, in line with our risk management strategy. At 29 February 2020 the Group has forward foreign currency cash flow hedges outstanding to the value of €24.6m (2019: €48.7m), which are disclosed as a derivative financial instrument on the Group's Balance sheet, at an average exchange rate of 1.1475 GBP/EUR (2019: 1.115 GBP/EUR).

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.

23. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

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.

	2020 €m	2019 €m
Derivatives		
Cash flow hedges – currency forwards	**(0.3)**	(1.9)
Not designated as hedges (held for trading) – currency forwards	**-**	(0.1)
Total	**(0.3)**	(2.0)

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.

	2020 €m	2019 €m
Hedging reserves		
Opening balance 1 March	**(1.1)**	-
Change in fair value of hedging recognised in Other Comprehensive Income for the year	**1.7**	(1.8)
Reclassified to the cost of inventory – not recognised in Other Comprehensive Income	**-**	0.4
Deferred tax on cash flow hedges	**(0.3)**	0.3
Closing balance 28 February – continuing hedges	**0.3**	(1.1)

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. The change in fair value of the hedged item used to determine hedge effectiveness is €0.3m (2019: €1.7m).

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.

Ineffectiveness of €nil (2019: €0.3m) was recognised in the Income Statement in the period within finance expense.

Notes forming part of the financial statements
(continued)

23. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

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)**
Leases	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(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)**

	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)**

The currency profile of the Group and Company's financial instruments subject to transactional exposure as at 28 February 2019 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	17.4	0.6	9.6	1.9	0.7	0.7	0.9	112.6	144.4
Trade receivables	3.5	0.5	0.8	0.6	-	-	0.3	84.3	90.0
Advances to customers	-	-	-	-	-	-	-	51.4	51.4
Interest bearing loans & borrowings	-	(29.4)	-	-	-	-	-	(416.6)	(446.0)
Trade & other payables	(8.6)	(3.4)	(1.8)	(0.1)	(0.2)	-	-	(322.2)	(336.3)
Provisions	-	-	-	-	-	-	-	(15.7)	(15.7)
Gross currency exposure	12.3	(31.7)	8.6	2.4	0.5	0.7	1.2	(506.2)	(512.2)

	Sterling €m	176Not at risk €m	Total €m
Company			
Interest bearing loans & borrowings	(29.1)	4.6	(24.5)
Net amounts due to Group undertakings	(22.4)	42.1	19.7
Accruals	-	(0.6)	(0.6)
Total	(51.5)	46.1	(5.4)

A 10% strengthening in the Euro against Sterling and the Australian, Canadian and US Dollars, based on outstanding financial assets and liabilities at 29 February 2020, would have a €4.7m negative impact on the Income Statement. A 10% weakening in the Euro against Sterling, and the Australian, Canadian and US Dollars would have a €3.9m positive effect on the Income Statement. This analysis assumes that all other variables, in particular interest rates, remain constant.

23. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

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 2020 €m	2019 €m	Company 2020 €m	2019 €m
Variable rate instruments				
Interest bearing loans & borrowings	**(360.7)**	(450.6)	**(17.6)**	(29.1)
Cash	**123.4**	144.4	**-**	-
	(237.3)	(306.2)	**(17.6)**	(29.1)

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, impact would be less than €0.1m on the Income Statement.

(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 at year end given the uncertainties that prevail around the pandemic (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 29 February 2020, the Group's year end cash had benefited by €131.4m (2019: €152.6m) 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.

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 year, the Group did not exercise their right to take possession of any material collateral that would require disclosure. At 29 February 2020, the Group held collateral of €2.7m (2019: €4.3m) on financial assets that are credit impaired and recognised no expected credit loss on financial assets of €12.1m (2019:€1.3m) 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.

Notes forming part of the financial statements
(continued)

23. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

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 26.

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 2020 €m	2019 €m	Company 2020 €m	2019 €m
Trade receivables	**93.1**	90.0	**-**	-
Advances to customers	**44.7**	51.4	**-**	-
Amounts due from Group undertakings	**-**	-	**263.4**	346.0
Cash	**123.4**	144.4	**-**	-
	261.2	285.8	**263.4**	346.0

The ageing of trade receivables and advances to customers together with an analysis of movement in the Group 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. Liquid resources are defined as the total of cash. The Group finances its operations through cash generated by the business and medium term bank credit facilities.

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 3 year cash projections; and (c) keeps refinancing options under review. In addition, the Group maintains an overdraft facility that is unsecured.

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. During the current financial year, 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. The Euro term loan is repayable in instalments, with the last instalment payable on 12 July 2021.

The Euro term loan and multi-currency revolving facilities agreement provides for a further €100m in the form of an uncommitted accordion facility and permits the Group to avail of further financial indebtedness, excluding working capital and guarantee facilities, to a maximum value of €200m, subject to agreeing the terms and conditions with the lenders. At 29 February 2020 the Group had €343.1m drawn down from the term loan and multi-currency revolving facilities (2019: €421.5m) and €17.6m from its non-bank financial indebtedness (2019: €29.1m).

23. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

There are no externally imposed requirements with respect to capital with the exception of a financial covenant in the Group's Euro Term loan and multi-currency debt facilities which limits the Net debt: EBITDA ratio and interest cover to a maximum of 3.5 times. A similar financial covenant exists in the Company and Group's non-bank borrowings at year end which limits the Net debt: EBITDA ratio and interest cover to a maximum of 3.5 times. All financial covenants were complied with throughout the current and prior financial years. Given the extraordinary environment that exists post year end with COVID-19 the Group has received a waiver on its debt covenants from its lending group for FY2021, to be replaced by a minimum liquidity covenant and monthly gross debt cap.

In March 2020, the Group announced the successful issue of approximately €140 million of new US Private Placement ('USPP') notes. The unsecured notes 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. A waiver of the prepayment was successfully negotiated post year end.

The Group has also received confirmation from the Bank of England that it is eligible to issue commercial paper under the COVID-19 Corporate Financing Facility ('CCFF'') scheme. The Group had not drawn down on this facility as at 3 June 2020.

The Company and Group has further financial indebtedness of €17.6m at 29 February 2020 (2019: €29.1m), which is repayable by instalment with the last instalment payable on 3 April 2021. The Group pays variable interest on these drawn amounts based on a variable Libor interest rate plus a margin of 2%.

All bank loans drawn under the Group's Euro term loan and multi-currency revolving loan facility 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.

All borrowings of the Company and Group at 29 February 2020 are repayable in full on change of control of the Group.

The Group's Euro term loan and multi-currency debt facility incorporates the following financial covenants:
- 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 falling in August 2018 and February 2019 will not exceed 3.75:1
- 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 falling in August 2019 and thereafter will not exceed 3.5:1

The Company and Group also has covenants with respect to its non-bank financial indebtedness:
- 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

Compliance with these debt covenants is monitored continuously. The Company and the Group complied with all covenants at each reporting date in the current and prior financial year. The Group has received a waiver on its debt covenants from its lending group for FY2021, to be replaced by a minimum liquidity covenant and monthly gross debt cap.

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

At the year end, the Group had net debt excluding lease liabilities (banking covenants are on a pre IFRS 16 adoption basis), of €233.6m (28 February 2019: €301.6m), with a Net debt/EBITDA ratio of 1.77:1 (2019: 2.51:1).

Notes forming part of the financial statements
(continued)

23. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

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						
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)**
2019						
Interest bearing loans & borrowings	(446.0)	(471.0)	(33.0)	(33.0)	(64.9)	(340.1)
Trade & other payables	(336.3)	(336.3)	(336.3)	-	-	-
Provisions	(15.7)	(16.5)	(3.1)	(1.7)	(1.3)	(10.4)
Total contracted outflows	(798.0)	(823.8)	(372.4)	(34.7)	(66.2)	(350.5)

	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
Company						
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)**	**-**	**-**	**-**
Trade & other payables	**(1.0)**	**(1.0)**	**(1.0)**	**-**	**-**	**-**
Total contracted outflows	**(317.4)**	**(321.4)**	**(309.6)**	**(6.0)**	**(5.8)**	**-**
2019						
Interest bearing loans & borrowings	(24.5)	(30.2)	(6.2)	(6.2)	(12.0)	(5.8)
Amounts due to Group undertakings	(326.3)	(326.3)	(326.3)	-	-	-
Trade & other payables	(0.6)	(0.6)	(0.6)	-	-	-
Total contracted outflows	(351.4)	(357.1)	(333.1)	(6.2)	(12.0)	(5.8)

24. SHARE CAPITAL AND RESERVES

	Authorised Number	Allotted and called up Number	Authorised €m	Allotted and called up €m
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
At 28 February 2018				
Ordinary shares of €0.01 each	800,000,000	317,876,001***	8.0	3.2

* Inclusive of 10.8m treasury shares.
** Inclusive of 10.9m treasury shares.
*** Inclusive of 11.0m treasury shares.

All shares in issue carry equal voting and dividend rights.

Reserves
Group

	Allotted and called up Ordinary Shares 2020 '000	2019 '000	Ordinary Shares held by the Trustee of the Employee Trust 2020 '000	2019 '000
As at 1 March	**320,354**	317,876	**1,909**	1,973
Shares issued in lieu of dividend	**4,624**	3,055	**-**	-
Shares issued in respect of options exercised	**142**	-	**-**	-
Shares cancelled following share buyback programme	**(5,625)**	(577)	**-**	-
Shares disposed of or transferred to Participants	**-**	-	**(124)**	(64)
As at 28 February	**319,495***	320,354*	**1,785**	1,909

* Includes 9.025m shares bought by the Group during the financial year ended 28 February 2015 which continue to be held as Treasury shares.

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 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 financial year, 123,889 shares were sold by the Trustees and are no longer accounted for as treasury shares.

Also during the current 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.

Notes forming part of the financial statements
(continued)

24. SHARE CAPITAL AND RESERVES (CONTINUED)

Movements in the year ended 28 February 2019

In July 2018, 2,478,035 ordinary shares were issued to the holders of ordinary shares who elected to receive additional ordinary shares at a price of €2.9486 per share, instead of part or all the cash element of their final dividend entitlement for the year ended 28 February 2018. In December 2018, 576,722 ordinary shares were issued to the holders of ordinary shares who elected to receive additional ordinary shares at a price of €3.36464 per share, instead of part or all the cash element of their interim dividend entitlement for the year ended 28 February 2019.

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 2019 continued to be included in the treasury share reserve. During the prior financial year, 64,445 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 €1.8m (€1.9m inclusive of commission and related costs) in an on-market share buyback programme in which it repurchased and subsequently cancelled 576,716 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 Consolidated Balance Sheet. The current financial year movement relates to the exercise of share options €0.4m (2019: nil) and the issuance of a scrip dividend to those who elected to receive additional ordinary shares in place of a cash dividend €18.0m (2019: €9.2m).

Share premium – Company

The share premium, as stated in the Company Balance Sheet, represents the premium recognised on shares issued and amounts to €872.0m as at 29 February 2020 (2019: €853.6m). The current financial year movement relates to the exercise of share options €0.4m (2019: nil) and the issuance of a scrip dividend to those who elected to receive additional ordinary shares in place of a cash dividend €18.0m (2019: €9.2m).

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 as set out in note 23.

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.

24. 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), 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.

There were no adjustments arising from the prior year valuation exercise.

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 long-term debt and equity.

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. During the current financial year, 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. The Euro term loan is repayable in instalments, with the last instalment payable on 12 July 2021.

The Euro term loan and multi-currency revolving facilities agreement provides for a further €100m in the form of an uncommitted accordion facility and permits the Group to avail of further financial indebtedness, excluding working capital and guarantee facilities, to a maximum value of €200m, subject to agreeing the terms and conditions with the lenders. At 29 February 2020 the Group had €343.1m drawn down from the term loan and multi-currency revolving facilities (2019: €421.5m) and €17.6m from its non-bank financial indebtedness (2019: €29.1m).

Notes forming part of the financial statements
(continued)

24. SHARE CAPITAL AND RESERVES (CONTINUED)

There are no externally imposed requirements with respect to capital with the exception of a financial covenant in the Group's Euro Term loan and multi-currency debt facilities which limits the Net debt: EBITDA ratio and interest cover to a maximum of 3.5 times. A similar financial covenant exists in the Company and Group's non-bank borrowings at year end which limits the Net debt: EBITDA ratio and interest cover to a maximum of 3.5 times. All financial covenants were complied with throughout the current and prior financial years. Given the extraordinary environment that exists post year end with COVID-19 the Group has received a waiver on its debt covenants from its lending group for FY2021, to be replaced by a minimum liquidity covenant and monthly gross debt cap.

In March 2020, the Group announced the successful issue of approximately €140 million of new US Private Placement ('USPP') notes. The unsecured notes 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. A waiver of the prepayment was successfully negotiated post year end.

The Group has also received confirmation from the Bank of England that it is eligible to issue commercial paper under the COVID-19 Corporate Financing Facility ('CCFF'') scheme. The Group had not drawn down on this facility as at 3 June 2020.

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.

In respect of the financial year ended 29 February 2020, the Company paid an interim dividend on ordinary shares of 5.50c per share (2019: 5.33c per share). Given the absolute focus on liquidity with the high levels of uncertainty with COVID-19, the Group will not declare a final dividend for the current financial year. Total dividend for the year is therefore 5.50 cent per share (2019: 15.31 cent).

In addition, as part of the Group's capital management strategy, the Group participated in a share buyback programme during the current and 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.

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. The Group's stockbroker, Davy, conducted the share buyback programme. All shares acquired as part of the share buyback programme in the current financial year were subsequently cancelled by the Group. In the prior financial year, the Group invested €1.8m (€1.9m including commission and related fees) as part of this on-market share buyback programme, purchasing 576,716 of the Company's shares at an average price of €3.18. All shares acquired 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.

25. COMMITMENTS

(a) Capital commitments

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

	2020 €m	2019 €m
Contracted	**2.3**	3.8
Not contracted	**7.7**	15.7
	10.0	19.5

The contracted capital commitments at 29 February 2020 primarily relate to an improved drainage system and waste water treatment plant in Clonmel amounting to €1.4m (2019: €0.7m), a waste water treatment plant in Wellpark of €0.7m (2019: €2.1m) and other of €0.2m (2019: €1.0m).

(b) Other commitments

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

2020	Apples €m	Glass €m	Marketing* €m	Barley €m	Aluminium €m	Polymer €m	Wheat €m	Sugar/ glucose €m	Natural gas	Electricity	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**

* An element of committed marketing spend is now deemed to be onerous in light of COVID-19 (note 5).
** Commitment obligations range from between 1 year to 25 years.

2019	Apples €m	Glass €m	Marketing €m	Barley €m	Aluminium €m	Polymer €m	Wheat €m	Sugar/ glucose €m	Natural gas	Electricity	Total* €m
Payable in less than one year	7.6	3.0	4.2	7.8	0.6	0.2	0.9	7.9	-	0.7	32.9
Payable between 1 and 5 years	11.7	-	3.4	17.9	-	-	-	-	-	-	33.0
Payable greater than 5 years	23.0	-	-	-	-	-	-	-	-	-	23.0
	42.3	3.0	7.6	25.7	0.6	0.2	0.9	7.9	-	0.7	88.9

* Commitment obligations range from between 1 year to 26 years.

Notes forming part of the financial statements
(continued)

26. 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 considers these to be insurance arrangements and accounts 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 19, the Group has a Euro term loan and a multi-currency revolving facility in place at year end, which it re-negotiated in July 2018. The Company and the Group also had some non-bank borrowings 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 29 February 2020. The actual loans outstanding at 29 February 2020 amounted to €360.7m (2019: €450.6m).

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) 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 expires on the earlier of: 10 years from the date on which the guarantee becomes effective; or the secured liabilities are repaid; or by mutual agreement with Clydesdale Bank plc.

Invest Northern Ireland funding, in the form of an employment grant of €0.2m was received during the 2015 financial year. Enterprise Ireland funding of €1.0m has previously been received towards the costs of implementing developmental projects. All of these funds were fully repayable should the recipient subsidiary of the Group at any time during the term of the agreements be in breach of the terms and conditions of the agreements. The agreement with respect to the Enterprise Ireland funding expired in the prior financial year and the agreement with respect to Northern Ireland funding expired in the current financial year.

Under the terms of the Sale and Purchase Agreement with respect to disposal of the Group's Northern Ireland wholesaling business in the year ended 29 February 2012, the Group had a maximum aggregate exposure of £4.3m in relation to warranties. The time limit for notification of all claims with respect to these warranties 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 29 February 2020 and as a result such subsidiaries are exempt from certain filing provisions.

27. 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 28. 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).

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

	Joint ventures 2020 €m	2019 €m	Associates 2020 €m	2019 €m
Net revenue	**1.7**	0.9	**0.5**	0.6
Trade & other receivables	**0.4**	0.2	**-**	-
Purchases	**0.7**	0.6	**0.8**	0.1
Trade & other payables	**-**	-	**0.3**	-
Loans	**1.6**	1.6	**1.1**	3.0

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.

Notes forming part of the financial statements
(continued)

27. RELATED PARTY TRANSACTIONS (continued)

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 Consolidated Income Statement, are as follows:-

	2020 Number	2019 Number
Number of individuals	**10**	11

	€m	€m
Salaries and other short-term employee benefits	**2.8**	4.2
Post employment benefits	**0.4**	0.4
Equity settled share-based payment charge and related dividend accrual	**1.2**	1.3
Termination payment	**-**	0.5
Pay in lieu of notice	**0.7**	-
Total	**5.1**	6.4

During the current 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
- The Group has been provided with consultancy services from Advanced Boardroom Excellence Limited, of which Helen Pitcher is a Director.

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

During the prior financial year, and pursuant to a contract for services effective as of 1 April 2014 between C&C IP Sàrl ('CCIP') and Joris Brams BVBA ('JBB'), (a company wholly owned by Joris Brams and family), CCIP paid fees of €91,550 to JBB in respect of brand development services provided by JBB to CCIP in relation to Belgian products. As part of a termination agreement a further €91,550 was paid to JBB.
For the purposes of the Section 305 of the Companies Act 2014, the aggregate gains by Directors on the exercise of share options during FY2020 was €nil (FY2019: €nil).

(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:-

	2020 €m	2019 €m
Dividend income	**10.0**	-
Expenses paid on behalf of and recharged by subsidiary undertakings to the Company	**(2.3)**	(3.4)
Equity settled share-based payments for employees of subsidiary undertakings	**2.5**	1.9
Drawdown of cash funding and other cash movements with subsidiary undertakings	**58.8**	18.9

28. SUBSIDIARIES AND EQUITY ACCOUNTED INVESTMENTS

	Notes	Nature of business	Class of shares held as at 29 February 2020 (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
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
Tipperary Pure Irish Water (Sales) Unlimited Company	(b) (n)	Water	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

Notes forming part of the financial statements (continued)

28. SUBSIDIARIES AND EQUITY ACCOUNTED INVESTMENTS (continued)

	Notes	Nature of business	Class of shares held as at 29 February 2020 (100% unless stated)
Incorporated and registered in England and Wales			
Bibendum Group Limited	(l) (q)	Holding company	Ordinary
Bibendum PLB (Topco) Limited	(k) (q)	Holding company	Ordinary
C&C Management Services (UK) Limited	(k)	Provision of management services	Ordinary
Elastic Productions Limited	(k)	Marketing	Ordinary
Magners GB Limited	(k)	Cider and beer	Ordinary
Matthew Clark Bibendum (Holdings) Limited	(k) (q)	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) (q)	Wine	Ordinary
C&C IP UK Limited	(k)	Licensing activity	Ordinary
The Wondering Wine Company Limited	(k) (q)	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

28. SUBSIDIARIES AND EQUITY ACCOUNTED INVESTMENTS (continued)

	Notes	Nature of business	Class of shares held as at 29 February 2020 (100% unless stated)
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)	Licensing activity	Common Stock
Vermont Hard Cider Company Holdings, Inc.	(h)	Holding company	Common Stock
Vermont Hard Cider Company, LLC	(h)	Cider	Membership Units
Wm. Magner, Inc.	(h)	Cider	Common Stock
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

Notes forming part of the financial statements
(continued)

28. SUBSIDIARIES AND EQUITY ACCOUNTED INVESTMENTS (continued)

	Notes	Nature of business	Class of shares held as at 29 February 2020 (100% unless stated)
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
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 2011 (NI) Limited	(p)	Dissolved	Ordinary
C&C Profit Sharing Trustee (NI) Limited	(c)	Non-trading	Ordinary

	Notes	Nature of business	Class of shares held as at 29 February 2020 (100% unless stated)
Incorporated and registered in England and Wales			
A2 Contractors Limited	(k)	Non-trading	Ordinary
Bibendum Limited	(k)	Non-trading	Ordinary
Bibendum Wine Limited	(l) (q)	Non-trading	Ordinary
Catalyst-PLB Brands Limited	(k)	Non-trading	Ordinary
Chalk Farm Wines 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 25).
(o) Immediate subsidiary of C&C Group plc.
(p) Dissolved on 3 March 2020.
(q) Entities that have availed of the audit exemption set out within Section 479A of the Companies Act 2006.

Notes forming part of the financial statements
(continued)

28. SUBSIDIARIES AND EQUITY ACCOUNTED INVESTMENTS (continued)

Equity accounted investments

	Notes	Nature of business	Class of shares held as at 29 February 2020 (100% unless stated)
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%
Associate			
CVBA Braxatorium Parcensis	(e)	Brewing	33.33%
Shanter Inns Limited (Scotland)	(f)	Public houses	Ordinary, 33%
Whitewater Brewing Co. Limited (Northern Ireland)	(g)	Brewing	25%
Jubel Limited	(h)	Brewing	10%

Notes:
(a) – (h)
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) 3001 Leuven-Heverlee, Abdij van Park 7, Belgium.
(f) 230 High Street, Ayr, KA7 1RQ, Scotland.
(g) Lakeside Brae, Castlewellan, Northern Ireland, BT31 9RH.
(h) Office 311 Edinburgh House, 170 Kennington Lane, London, England, SE11 5DP.

29. POST BALANCE SHEET EVENTS

As outlined in the Group's viability statement on page 20, COVID-19 is having a material impact on the Group's business and the Group has accounted for this as an adjusting event in the current year's financial statements. Post year end COVID-19 continues to have an impact on the Group's financial statements. In response to this, the Group has implemented a series of measures to reduce operating costs, maximise available cash flow, and maintain and strengthen the Group's liquidity position.

In March 2020, the Group completed the successful issue of approximately €140 million of new US Private Placement ('USPP') notes. The unsecured notes 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. A waiver of the prepayment was successfully negotiated post year end in addition to a waiver of a July 2020 repayment which now becomes payable with the last instalment in July 2021. The Group also received a waiver on its debt covenants from its lending group for FY2021, to be replaced by a minimum liquidity covenant and monthly gross debt cap.

The Group has also received confirmation from the Bank of England that it is eligible to issue commercial paper under the COVID-19 Corporate Financing Facility ('CCFF'') scheme. The Group had not drawn down on this facility as at 3 June 2020.

29. POST BALANCE SHEET EVENTS (continued)

Post year end, the Group announced to the market, the decision of the Board to not declare a final dividend for the current financial year. While the Board recognises the importance of dividend income to shareholders it felt, given absolute focus on cash conservation, that it would be neither appropriate, nor prudent, to declare a final dividend for the current financial year.

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

30. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Directors on 3 June 2020.

Financial Definitions

Adjusted earnings	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	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	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 Profit before tax for continuing activities before exceptional items and excluding the Group's share of equity accounted investments' profit/(loss) after tax
EPS	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, of the same period
Export	Sales in territories outside of Ireland, Great Britain and North America
LAD	Long Alcoholic Drinks

Adjusted earnings	Profit for the year attributable to equity shareholders as adjusted for exceptional items
Net debt/(cash)	Net debt/(cash) comprises cash and borrowings net of unamortised issue costs. Net debt/(cash) including the impact of IFRS 16 Leases, comprises cash and borrowings net of unamortised issue costs and lease liabilities capitalised.
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 profit	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 29 February 2020 was ordinary 800,000,000 ordinary shares at €0.01 each. The issued share capital at 29 February 2020 was 319,495,110 ordinary shares of €0.01 each.

CREST

C&C Group plc is a member of the CREST share settlement system. Therefore transfers of the Company's shares takes place through the CREST settlement system. 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	2020	2019
Share price at year end	£3.28	£2.63*

* During the course of the year, the Group cancelled the listing and trading of C&C shares on Euronext Dublin with effect from 8 October 2019. The 2019 share price of the Company has been converted from its Euro equivalent.

	2020 Number	2019 Number
No of Shares in issue at year end	319,495,110	320,354,042
Market capitalization	£1,048m	£842m*

Share price movement during the financial year		
– high	£4.11	£3.06*
– low	£3.28	£2.23*

* During the course of the year, the Group cancelled the listing and trading of C&C shares on Euronext Dublin with effect from 8 October 2019. The 2019 share price of the Company has been converted from its Euro equivalent.

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.

An interim dividend of 5.50 cent per share was paid in respect of ordinary shares on 13 December 2019.

Due to the emergence of COVID-19 and the impact this has on global economies and on business generally, the Board has concluded it is not appropriate to pay a final dividend for FY2020.

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 Capita Registrars to obtain a mandate form. Tax vouchers will be sent to the shareholder's registered address under this arrangement.

CREST members

Shareholders who hold their shares via CREST will automatically receive dividends in Euro unless they elect otherwise.

Non-CREST members

Shareholders who hold their shares in certificate 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

Following the introduction of the Transparency Regulations 2007, and 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.

Financial Calendar	Date
Annual General Meeting	23 July 2020
Interim results announcement	October 2020
Financial year end	28 February 2021

Company Secretary and Registered Office

Mark Chilton, C&C Group plc
Bulmers House, Keeper Road, Crumlin, Dublin 12, D12 K702
Tel: +353 1 506 3900

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

Investor Relations

FTI Consulting
10 Merrion Square, Dublin 2, D02 DW94

Principal Bankers

ABN Amro Bank
Allied Irish Bank
Bank of Ireland
Bank of Scotland
Barclays Bank
HSBC
Rabobank
Ulster Bank

Solicitors

McCann FitzGerald
Riverside One, Sir John Rogerson's Quay, Dublin 2, D02 X576

Stockbrokers

Davy
49 Dawson Street, Dublin 2, D02 PY05

Investec Bank plc
2 Gresham Street, London, EC2V 7QP

Auditor

Ernst & Young
Chartered Accountants
Harcourt Building,
Harcourt Street,
Dublin 2.

Website

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