

SANDPIPERCI GROUP LIMITED

DIRECTORS' REPORT & CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 1 FEBRUARY 2020



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The Directors who served throughout the period and up to the date of signing these financial statements were as follows:

EXECUTIVE DIRECTORS

ATJ O'Neill, Executive Chairman from 11th November 2019; previously Chief Executive Officer
AJ van der Hoorn, Chief Financial Officer appointed 30th April 2019

NON EXECUTIVE DIRECTORS

SJA Harrison from 1 June 2019; previously Group Finance Director
J Ravenscroft
TR Scott

COMPANY INFORMATION

Registered Number:

97651 (Jersey)

Company Secretary:

AJ van der Hoorn (appointed 30 April 2019)
SJA Harrison (resigned 30 April 2019)

Registered Office:

1-2 L'Avenue Le Bas
Longueville
St Saviour
Jersey JE4 8NB

Listing Sponsor:

Ravenscroft Limited
PO Box 222
20 New Street
St Peter Port
Guernsey GY1 4JG

Independent Auditor:

BDO LLP
Arcadia House
Maritime Walk
Ocean Village
Southampton
England SO14 3TL

Registrar:

Link Asset Services Limited
12 Castle Street
St Helier
Jersey JE2 3RT

BOARD OF DIRECTORS

The Board comprises two Executive Directors and three Non-Executive Directors.



TONY O'NEILL, EXECUTIVE CHAIRMAN

Tony was CEO of the Company since its buyout in August 2007 until his appointment as Executive Chairman. He spent 13 years at Marks and Spencer rising to a senior executive position. He subsequently worked for Somerfield where he held the following main Board positions - Managing Director Convenience Division, Buying Director, Group Operations Director and finally Managing Director of Somerfield Stores. He then moved into private equity working on turnarounds.

TONY VAN DER HOORN, CFO AND COMPANY SECRETARY

Tony was appointed as CFO of the Company in April 2019 following his return to the UK from New Zealand. He has held senior financial positions in UK retail organisations such as Littlewoods, Iceland Stores and most latterly Sainsbury's Supermarkets where he was the Director of Corporate Finance. Tony has also been CFO for two of New Zealand's largest retail businesses - Foodstuffs (food retail) and Farmlands (rural supplies).



JON RAVENSCROFT, NON-EXECUTIVE DIRECTOR

Jon founded Ravenscroft Limited (formerly Cenkos Channel Islands Limited) in 2005. He has more than 35 years' experience in stockbroking, starting his career at Sheppards & Chase in 1983 in Guernsey and then the Isle of Man before returning to establish Canaccord Genuity Wealth (International) Limited (formerly Collins Stewart (CI) Limited). Jon joined the Board in 2018.

TOM SCOTT, NON-EXECUTIVE DIRECTOR

Tom is a director and one of the ultimate beneficial owners of Sealyham Investments Limited, a significant investor in the Company. Tom, who is a Chartered Accountant, joined the Board in 2016 and previously served as a non-executive director of C.I. Traders Limited and Ann Street Brewery Limited. His other principal areas of interest are in commercial property development in the Channel Islands, Leicester Tigers rugby club and general financial, retail & leisure investments.



STEPHEN HARRISON, NON-EXECUTIVE DIRECTOR

Upon the listing of the Company in May 2019, and after 11 years as Group Finance Director and Secretary, Stephen moved into a Non-Executive Director role and is Chairman of the Audit Committee. Prior to joining the Company, he held senior divisional finance director roles at Northern Foods plc and as finance director of several companies including Dollond & Aitchison Limited and Leeds United plc. Stephen has a MSc in Management (now MBA) from the London Business School.



EXECUTIVE CHAIRMAN'S REVIEW

for the period ended 1st February 2020

Our first financial period as a listed entity finished on 1 February 2020. Whilst sales remained under pressure throughout the whole period, driven in part by reducing town centre footfall and the continued growth of online shopping, I am very pleased to report that our adjusted trading EBITDA showed growth of just under 10% on the prior period and that our Shareholder Funds increased by £3.7m in the period to £63.6m.

We had expected to see this performance consolidated in the new financial period, although we were wary of supply chain issues impacting availability should a no deal Brexit occur. All these thoughts were of course put into perspective by the arrival of COVID-19 in the Channel Islands and before that in the Iberian Peninsula.

Our primary concern is now of course the health and safety of our colleagues working in food shops and our customers who shop with us. Our non-food shops were closed in March by government decree but are beginning to reopen as I write this report. I must thank and congratulate my front line colleagues for all of their efforts in ensuring our shelves remain as full as possible. They have been outstanding and deserve to be included in the 'Thursday night clap' which has become such an integral part of our lockdown lives. Not least because of our new home delivery services across all of our key brands, which were introduced from scratch within 2 weeks of lockdown.

We continue to work closely with the relevant authorities in both Bailiwicks and are playing our part, as a landlord, in supporting local businesses who are our tenants.

Clearly, the loss of our non-food stores is having a negative effect on performance and whilst supermarkets are trading strongly, we are incurring extra costs due to social distancing and much higher than normal sickness rates.

As you would expect, we have taken a very firm line on stopping any discretionary spend within the business but at this stage of lockdown it is very difficult to accurately project line of sight on performance for the new financial period. We have therefore taken the decision to defer our interim dividend scheduled for June this year until we have a better understanding of the long-term impact of COVID-19 although we intend to revisit this decision later this year. This will provide us with maximum flexibility around how we prioritise uses of our historic strong net cash inflows over the next few critical months.

I must also mention our withdrawal from the Randalls Guernsey acquisition driven by the potential COVID-19 impact on our financial position. We regret that events conspired against us and send our best wishes to the Randalls team.

Looking to the future, our recent performance is testimony to our stable of blue chip brands, long-term franchise agreements, and the relationships we have developed with those companies and we are actively working on various development initiatives which will start to kick in once lockdown is removed.

In closing, having given due consideration to the potential impact of COVID-19 on the financial performance of the Group and, after making enquiries and reviewing the Group's forecasts and projections, repayments and servicing of borrowings and stress testing trading performance, the Board remains confident of the long term future of the Company.

Tony O'Neill
Executive Chairman
4th June 2020

FINANCIAL SUMMARY

for the period ended 1st February 2020

£000	2020	2019	Change	Change %
Revenue	188,475	189,056	(581)	(0.3)
Gross Profit	14,639	14,100	539	3.8
Rental income¹	2,705	2,477	228	9.2
Admin expenses exc.² depreciation & amortisation	(8,427)	(7,914)	(513)	(6.5)
Revaluation of investment property³	(735)	5,018	(5,753)	(114.6)
Profit on disposal of fixed assets⁴	144	641	(497)	(77.5)
Depreciation & amortisation	(5,139)	(5,010)	(129)	(2.6)
Operating Profit	3,187	9,312	(6,125)	(65.8)
Finance charges (net)⁵	(1,058)	(1,207)	149	12.3
Tax on profit on ordinary activities	(1,281)	(1,348)	67	5.0
Profit for the financial period	848	6,757	(5,909)	(87.5)
Basic EPS (pence)	0.01	0.30	(0.29)	(96.7)
Adjusted Basic EPS (pence)⁶	0.05	0.04	0.01	25.0
Trading EBITDA⁷	8,917	8,663	254	2.9
Adjusted Trading EBITDA^{6,7}	10,973	10,012	961	9.6
(% to Revenue)	5.8%	5.3%		

NOTES:

1 Increase driven by the acquisition of Nelson House during the first quarter of the financial period.

2 Improvements in cost controls were offset by £1.2m of costs attributable to the listing of the Company on The International Stock Exchange ("TISE").

3 Prior to 2020 investment property was revalued triennially, in line with accounting policy, leading to the significant uplift in value in 2019. As from 2020 accounting policy has changed to revalue properties annually.

4 Profit on disposal of fixed assets reduction is

driven by the sale of Canning Court & Arzl properties in the prior period.

5 Reduction in interest payable driven by waiver of loan notes during the current period.

6 Adjusted Basic EPS and Adjusted Trading EBITDA are calculated after adding back non-recurring items such as costs of listing on TISE (2020) and costs associated with converting and rebranding stores (2019 and 2020).

7 Trading EBITDA represents Operating Profit before depreciation, amortisation, profit or loss on disposal of fixed assets and revaluation of investment property.

DIRECTORS' REPORT

The Directors present their Directors' Report and the Consolidated Financial Statements of SandpiperCI Group Limited (formerly Sandpiper Topco Limited) (the "Company") and its subsidiaries (together the "Group") for the period ended 1 February 2020. Sandpiper TopCo Limited changed its name to Sandpiper CI Group Limited on 21 May 2019.

PRINCIPAL ACTIVITIES

The Group is principally engaged in the operation of convenience stores and other retail outlets in the Channel Islands.

FINANCIAL INSTRUMENTS

Details of the use by the Group of financial instruments can be found in the Notes to the Consolidated Financial Statements.

RESULTS AND DIVIDENDS

The results for the period are set out on page 17.

Dividends totalling £2,253,784 (2019: £nil) were paid in the period. A dividend of £753,784 was paid on 30 April 2019 prior to the listing of the company on The International Stock Exchange on 31 May 2019 and an interim dividend of 1.5p per share totalling £1,500,000 was paid on 11 December 2019.

EMPLOYMENT POLICIES

The Group strives to meet its business objectives by motivating and encouraging its employees to be responsive to the needs of its customers and by continually improving operational performance. The Group is committed to providing equality of opportunity to employees and potential employees. This applies to appropriate training, career development and promotion for all employees, regardless of physical ability, gender, sexual orientation, religion, age or ethnic origin.

Full and fair consideration is given to applications for employment received from disabled persons, according to their skills and capabilities. The services of any existing employee disabled during their period of employment are retained wherever possible.

POLITICAL CONTRIBUTIONS

The Group made no political contributions in the period (2019: £nil).

DIRECTORS' INTERESTS IN SHARES

The Directors who held office at the end of the financial period had the following interests in the ordinary shares of Group companies according to the register of directors' interests:

At end of period	Company	Class of share	Interest
ATJ O'Neill	SandpiperCI Group Limited	Ordinary Shares	6,318,100
ATJ O'Neill	SandpiperCI Group Limited	Options over Ordinary Shares	3,500,000
AJ van der Hoorn	SandpiperCI Group Limited	Ordinary Shares	40,000
AJ van der Hoorn	SandpiperCI Group Limited	Options over Ordinary Shares	3,250,000
SJA Harrison	SandpiperCI Group Limited	Ordinary Shares	666,667

See Note 28 Related party disclosures for details of disclosable interests of the other Directors who held office at the end of the financial period.

INDEPENDENT AUDITOR

The Independent Group Auditor, BDO LLP has indicated its willingness to continue in office. A reappointment resolution will be proposed at the Annual General Meeting.

DIRECTORS' RESPONSIBILITIES

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

The Directors are required to prepare financial statements for each financial period under the Companies (Jersey) Law 1991. As permitted under that law, the Directors have elected to prepare the Group financial statements in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

The Group financial statements are required by law to give a true and fair view of the state of affairs of the Group and of the profit or loss for that period.

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

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

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that its financial statements comply with the Companies (Jersey) Law 1991.

They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditor is unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Approved by the Board of Directors on 4 June 2020 and signed on its behalf by:

AJ van der Hoorn
Secretary
4th June 2020

Registered Office
1-2 L'Aenue le Bas
Longueville,
St Saviour,
Jersey, JE4 8NB

CORPORATE GOVERNANCE REPORT

INTRODUCTION

The Board is committed to high standards of corporate governance and business integrity in all of its activities. The Directors acknowledge the importance of the principles set out in the Finance Sector Code of Corporate Governance issued by the Guernsey Financial Services Commission (the "Code"). Whilst there is no regulatory requirement for the Company to adhere to the Code, the Directors have adopted the Code as far as they consider appropriate for the size and nature of the Company and, in their opinion, throughout the period since listing on TISE on 31 May 2019 until 1 February 2020 the Company has complied fully with the principles set out in the Code.

BOARD COMPOSITION AND ROLE

The Board comprises five Directors, two of whom are executive directors (including the Chairman) and three of whom are non-executive directors. Details of the individual Directors and their biographies are set out on page 4.

The Board meets regularly to consider strategy, performance, risk and the framework of internal controls. To enable the Board to discharge its duties, all Directors receive appropriate and timely reports as well as direct access to any information on request. Briefing papers are distributed to all Directors in advance of Board meetings. All Directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. In addition, procedures are in place to enable the Directors to obtain independent professional advice in the furtherance of their duties, if necessary, at the Company's expense.

BOARD COMMITTEES

The Board has established a number of committees to which it delegates certain authorities. These committees are:

- **Audit committee:** responsible for reviewing and monitoring internal financial control systems and risk management systems on which the Company is reliant, considering annual and interim accounts and audit reports, considering the appointment and remuneration of the Company's auditors and monitoring and reviewing annually their independence, objectivity, effectiveness and qualifications. This committee meets three times per year and is chaired by Stephen Harrison;
- **Remuneration committee:** responsible for the Company's remuneration policy and for reviewing and recommending Directors' remuneration, bonuses and incentives. This committee is chaired by Jon Ravenscroft; and
- **Nominations committee:** responsible for identifying suitable candidates to be appointed as Directors as and when a vacancy may arise. This committee only meets as required.

The audit, remuneration and nominations committees are made up of the three Non-Executive Directors, with Executive Directors in attendance as required.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's business activities are subject to risk factors, both specific to its business activities and of a more general nature, which may individually or cumulatively, materially and adversely affect its business, operations and financial performance. Many of these risks are outlined in the Company's listing document available on its TISE web page and these risks are regularly reviewed by the Board along with specific emerging risks such as COVID-19.

SHAREHOLDER RELATIONS

The Company places a great deal of importance on communicating clearly and openly with its shareholders and providing them transparent and adequate information to assist them in making informed decisions. The Company releases announcements to the market in accordance with TISE's listing rules and uses the interim and annual reports to provide further information to current and prospective shareholders. In addition, the Executive Chairman remains available for contact with the Company's investors throughout the year and is responsible for ensuring that shareholders' views are communicated to the wider Board.



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SANDPIPERCI GROUP LIMITED (FORMERLY SANDPIPER TOPCO LIMITED)

OPINION

We have audited the financial statements of SandpiperCI Group Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the period ended 1 February 2020 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and Notes to the Financial Statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'the Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the Group financial statements give a true and fair view of the state of the Group's affairs as at 1 February 2020 and of the Group's profit for the period then ended;
- the Group financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the Group financial statements have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

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

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, 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) 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.

Key Audit Matter	How we addressed the key audit matter in the audit
<p>Revenue Recognition (note 1)</p> <p>Revenue is recognised in accordance with the accounting policy set out in the financial statements.</p> <p>We focus on revenue recognition across the Group because it is material, is the primary determinant of the Group's profitability and one of the primary measures of performance communicated to investors.</p> <p>Because of the significance of revenue, we have identified this as a key audit matter.</p>	<p>We checked that revenue has been recognised in accordance with FRS102.</p> <p>We have performed sample testing tracing cash collections through the electronic point of sales (EPOS) system through to bank statements and into the general ledger.</p> <p>We have reviewed data from till systems to assess for potential omission of recording of revenue.</p> <p><i>Key observations:</i></p> <p>No issues were identified in our testing.</p>
<p>Property valuations (note 1)</p> <p>The Group's property portfolio is split between commercial and residential properties in Jersey and Guernsey. We deemed this a Key Audit Matter due to the material judgement and estimations in valuation required by management, including the use of external experts.</p> <p>The valuation in the Consolidated Balance Sheet is £59.7m. The valuation of the Group's property portfolio is inherently subjective due to, among other factors, the individual nature of each property, its location and the expected future rentals for that particular property. For owner-occupied retail properties, factors include a future cash flow evaluation.</p>	<p>We read the valuation reports for all the properties and confirmed that the valuation approach for each was in accordance with RICS standards and suitable for use in determining the carrying value for the purpose of the financial statements.</p> <p>We assessed the valuers' qualifications and expertise and read their terms of engagement with the Group to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations upon their work.</p> <p>We obtained details of each property held by the Group and set an expected range for yield and capital value movement, determined by reference to published benchmarks and using our experience and knowledge of the market.</p> <p>We carried out procedures, on a sample basis, to check the accuracy of the property information supplied to the valuers by management, including agreeing rental</p>

	<p>values back to signed rental agreements. We also agreed historic cashflow amounts back to data from the accounting system as part of determining whether future cash flow evaluations were reasonable. For retail units, we carried out procedures on a sample basis to check that the cash flow information used to value store trading values had been accurately extracted from the accounting system.</p> <p>We engaged an internal RICS qualified valuation specialist to review the valuation reports and report any findings to the audit team. We read these findings and challenged management on the valuation basis used including the yields and estimated market rents.</p> <p><i>Key observations:</i></p> <p>No issues were identified in our testing.</p>
<p>Going concern relating to COVID-19 (note 1)</p> <p>During the course of the financial statements production the potential impact of COVID-19 became significant.</p> <p>As a result, management (including the Board and Audit Committee) invested a significant amount of time to fully consider the implications of COVID-19 on the Group, particularly in respect of going concern.</p> <p>Management considered implications for the Group's going concern assessment and appropriate disclosure in the Annual Report and accounts, by developing stress test scenarios to model potential impacts.</p> <p>Because of the significance of this area, and the judgements involved, we considered it to be a Key Audit Matter.</p>	<p>We reviewed management's stress test scenarios including levers available to management to mitigate the impacts, in addition to performing our own sensitivities.</p> <p>We challenged management on the key assumptions included in the scenarios such as levels of revenue and resulting EBITDA expectations by performing a detailed review of the forecast profiling and quantum.</p> <p>We reviewed management's disclosures in relation to the COVID-19 potential impact.</p> <p><i>Key observations:</i></p> <p>These are set out in the Conclusions related to going concern section of our audit report.</p>

OUR APPLICATION OF MATERIALITY

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

The materiality we applied to the Group equates to 5% of profit before tax before exceptional share listing costs and an exceptional downward revaluation of property values (2019: 5% of EBITDA). We consider profit before tax to be the most significant determinant of the Group's financial performance for the users of the financial statements. Materiality for the financial statements as a whole was £255,000 (2019: £650,000).

Performance materiality is set at a level lower than materiality, which was 75% of Group materiality totalling £191,250 (2019: £487,500). In setting the level of performance materiality, we considered a number of factors including the expected total value of known and likely misstatements (based on past experience and other factors) and management's attitude towards proposed adjustments. Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole.

We agreed with the Audit Committee that we would report to them all individual audit differences identified during the course of our audit in excess of £5,000 (2019: £13,000). We also agreed to report differences below that threshold that, in our view, warranted reporting on qualitative grounds.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements at the Group level.

Given the way the Group is managed and run there is considered to be one significant component within the Group, on which we carried out a full scope audit. We carried out full scope audits on the Group as a whole, being SandpiperCI Group Limited group, which covered all of the Group's revenue and profit before tax.

There has been no significant change in the Group's operations, therefore the key audit matters described above, which are those that had the greatest effect on the audit strategy, the allocation of resources in the audit and directing the efforts of the audit team, are the same risks as in the prior year. This is with the exception of going concern in relation to COVID-19.

OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises the information included in the report and consolidated financial statements, 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.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters in relation to which the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Parent Company, or proper returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

USE OF OUR REPORT

This report is made solely to the Parent Company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Malcolm Thixton

*For and on behalf of BDO LLP
Chartered Accountants
Southampton, United Kingdom
4th June 2020*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).



CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the period ended 1 February 2020

£000	2020	Restated 2019
Turnover³	188,475	189,056
Cost of sales	(173,836)	(174,956)
Gross profit	14,639	14,100
Rental income¹	2,705	2,477
Administrative expenses	(13,566)	(12,924)
Revaluation of property	(735)	5,018
Profit on disposal of fixed assets	144	641
Operating profit⁴	3,187	9,312
Finance charges (net)⁹	(1,058)	(1,207)
Profit on ordinary activities before taxation	2,129	8,105
Tax on profit on ordinary activities¹⁰	(1,281)	(1,348)
Profit for the financial period	848	6,757

All items dealt with in arriving at the profit on ordinary activities before taxation for both periods relate to continuing operations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period ended 1 February 2020

£000	2020	2019
Profit for the financial period	848	6,757
Actuarial (loss)/gain relating to defined benefit pension schemes²⁶	(1,170)	500
Exchange differences	(209)	(80)
Revaluation of freehold property	75	2,597
Total comprehensive (loss)/income for the financial period	(456)	9,774

Earnings per share £000	2020	2019
Basic⁷	0.01p	0.30p
Diluted⁷	0.01p	0.25p

The notes on pages 24 to 43 form part of these accounts.



CONSOLIDATED BALANCE SHEET

at 1 February 2020

£000	2020	2019
Intangible assets¹⁴	24,454	26,169
Tangible assets¹⁵	71,292	66,471
Investments¹⁶	2	2
Total fixed assets	95,748	92,642
Stocks¹⁷	10,505	10,447
Debtors¹⁸	5,714	5,229
Cash at bank and in hand	9,795	7,619
Total current assets	26,014	23,295
Creditors: amounts falling due within one year¹⁹	(33,566)	(31,127)
Net current liabilities	(7,552)	(7,832)
Total assets less current liabilities	88,196	84,810
Creditors: amounts falling due after more than one year²⁰	(22,038)	(23,367)
Provisions for liabilities²²	(1,621)	(1,680)
Net assets excluding pension (deficit) / surplus	64,537	59,763
Net pensions (deficit) / surplus²⁶	(897)	167
Net assets including pension (deficit) / surplus	63,640	59,930

Capital and Reserves £000	2020	2019
Called up share capital²³	-	-
Share premium account²⁴	23,067	20,799
Profit and loss account	40,573	39,131
Shareholders' funds	63,640	59,930

These financial statements were approved by the board of Directors on 4th June 2020 and were signed on its behalf by:

ATJ O'Neill
Director

AJ van der Hoorn
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period ended 1 February 2020

£000	Share capital	Share premium	Profit and loss account	Total equity
At 27 January 2019	-	20,799	39,131	59,930
Profit for the period	-	-	848	848
Actuarial loss on pension schemes	-	-	(1,170)	(1,170)
Exchange differences	-	-	(209)	(209)
Revaluation of freehold properties	-	-	75	75
Other comprehensive income for the period	-	-	(1,304)	(1,304)
Total comprehensive income for the period	-	-	(456)	(456)
Dividends	-	-	(2,254)	(2,254)
Capital contribution on waiver of loan notes	-	-	4,000	4,000
Issue of share capital (net of share issue costs)	-	2,268	-	2,268
Issue of share options	-	-	152	152
At 1 February 2020	-	23,067	40,573	63,640

At 1 February 2020 £11,523,000 (2019: £12,335,000) of the Profit & Loss reserve is non-distributable. This relates to the revaluation of freehold property and share option charges.

£000	Share capital	Share premium	Profit and loss account	Total equity
At 28 January 2018	-	20,799	29,357	50,156
Profit for the period	-	-	6,757	6,757
Actuarial loss on pension schemes	-	-	500	500
Exchange differences	-	-	(80)	(80)
Revaluation of freehold property	-	-	2,597	2,597
Other comprehensive income for the period	-	-	3,017	3,017
Total comprehensive income for the period	-	-	9,774	9,774
At 27 July 2019	-	20,799	39,131	59,930

The notes on pages 24 to 43 form part of these accounts.

CONSOLIDATED CASH FLOW STATEMENT

for the period ended 1 February 2020

Cash flows from operating activities £000	2020	2019
Profit for the financial period adjusted for:	848	6,757
Depreciation, impairment and amortisation of fixed assets ⁴	5,139	5,010
Net interest payable ⁹	1,058	1,207
Revaluation of property	735	(5,018)
Taxation expense ¹⁰	1,281	1,348
Increase in stock	(240)	(221)
Increase in debtors	(411)	(1,005)
(Decrease) / increase in creditors	(2,631)	353
Decrease in provisions	(47)	(433)
Exchange differences	(236)	(42)
Share based payment	152	-
Defined Benefit pension schemes	100	(200)
Profit on disposal of fixed assets	(144)	(641)
Cash from operations	5,604	7,115
Bank interest paid	(766)	(582)
Subordinated loan interest paid	(246)	(1,675)
Taxation paid	(1,700)	(30)
Net cash generated from operating activities	2,892	4,828

Cash flows from investing activities £000	2020	2019
Proceeds from sale of tangible fixed assets	-	1,490
Purchase of tangible fixed assets¹⁵	(8,494)	(3,458)
Purchase of intangible fixed assets¹⁴	(54)	-
Purchase of subsidiary undertakings	-	(11,762)
Cash acquired with subsidiary undertakings	-	82
Interest received⁹	-	-
Net cash used in investing activities	(8,548)	(13,648)

Cash flows from financing activities £000	2020	2019
Repayment of bank loans	(1,920)	(18,353)
Repayment of subordinated loans	(119)	(194)
New bank loans	9,763	23,500
New subordinated loans	34	-
Debt issue costs	(77)	(284)
Equity dividends paid	(2,254)	-
Equity share issue	2,419	-
Net cash generated from financing activities	7,846	4,669

£000	2020	2019
Net increase / (decrease) in cash and cash equivalents	2,190	(4,151)
Effect of exchange rates on cash and cash equivalents	(14)	(8)
Cash and cash equivalents at beginning of period	7,619	11,778
Cash and cash equivalents at end of period	9,795	7,619

Cash and cash equivalents comprise £000	2020	2019
Cash at bank and in hand	9,795	7,619

Analysis of changes in net debt £000	At 26 January 2019	Cash flows	Loan note waiver	Other changes	At 1 February 2020
Cash at bank and in hand	7,619	2,190	-	(14)	9,795
Debt due within one year ²¹	(1,912)	(4,881)	-	(59)	(6,852)
Debt due after one year ²¹	(23,367)	4,763	(4,000)	568	(22,036)
Total	(17,660)	2,072	(4,000)	495	(19,093)

The notes on pages 24 to 43 form part of these accounts.



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

The following accounting policies have been applied in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 102"). The Group has adopted Amendments to FRS 102 - Triennial Review 2017 - in these financial statements.

Basis of consolidation

The consolidated financial statements include the financial statements of SandpiperCI Group Limited (formerly Sandpiper Topco Limited) (the "Company") and its subsidiary undertakings (together the "Group") made up to 1 February 2020. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the period are included in the Consolidated Profit and Loss Account from the date of acquisition or up to the date of disposal.

Going Concern

The financial statements have been prepared on the going concern basis as the Directors have prepared detailed projections for a period of at least 12 months from the date of signing the accounts which show that the Group is expected to be able to meet all its liabilities as they fall due despite the outbreak of COVID-19 which has had a profound impact on the global and UK economy and businesses.

The Group's main sources of finance are a £23.5m term loan, an undrawn £5m revolving credit facility and an undrawn £3m overdraft facility from HSBC, all of which are not due for renewal until June 2023.

As a result of the market uncertainty due to

the ongoing COVID-19 situation, the possible impact on available cash during the next 12 months' trading has been modelled under a range of assumptions and sensitivities. As part of this, the Directors have performed a detailed stress test to confirm that the business will be able to operate for at least the following 12 months.

A significant proportion of the Group's turnover is derived from convenience food retail which has remained open and been trading ahead of budget throughout the crisis. The board has stress tested trading performance for the 12 months following the date of approving these financial statements, reducing non-food revenues by 50% and the revised forecasts show that the Group would not require further funds to finance the Group's activities going forward or avoid breaching bank covenants.

The Group is expected to remain in a strong financial position during the forecast period and a gradual return to the Group's previous financial position is expected to commence from June 2020 onwards in line with the recent Government of Jersey directive.

The Directors are confident of being able to trade for a period of at least 12 months from the approval of the financial statements and have therefore concluded that it is appropriate for the financial statements to be prepared on the going concern basis.

Other intangible assets

Other intangible assets comprise the rights to operate coffee shops under the Costa brand in certain territories within Spain and Gibraltar. These are measured at cost less accumulated amortisation and accumulated impairment losses, and are being amortised over 5 years, the period for which the Group has the rights.

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on consolidation in respect of acquisitions is capitalised. Positive goodwill is

amortised within administrative expenses to nil by equal annual instalments over its estimated useful life, which has been estimated at 20 years. The Directors will monitor the useful economic life of goodwill on a regular basis, and will consider the useful life and residual value will be affected by certain external events and economic influences. In the first full year following an acquisition the carrying value of goodwill is reviewed for impairment. Thereafter, further reviews are performed when events or circumstances indicate that the carrying value may not be appropriate. Any impairment charge is included within operating profits unless otherwise stated.

The estimated useful economic life of the goodwill is based on a variety of factors, the principal factors being the longstanding nature and reputation of the businesses acquired within the Channel Islands and assumptions that market participants would consider in respect of similar businesses.

Tangible fixed assets

With the exception of land & buildings, the cost of fixed assets is their purchase cost, together with any incidental cost of acquisition. The Group has adopted a revaluation policy for freehold property, with revaluations to occur annually. Freehold property is stated in the financial statements at an open market existing use value, as outlined in note 15. Any surplus or deficit on book value is credited/debited to Other Comprehensive Income.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of tangible fixed assets (excluding freehold land) less their estimated residual values on a straight line basis over the expected useful economic lives of the assets concerned. Residual values are calculated on prices prevailing at the date of acquisition or revaluation.

Land & Buildings

Freehold land is not depreciated. Freehold buildings are depreciated over 15-50 years on an individual appraisal basis. Interests in leasehold land and buildings are depreciated over the shorter of the un-expired portion

of the lease or the expected useful life of the property, that not being more than 50 years.

Other intangible assets

Plant & Machinery	Straight line basis between 1 and 15 years
Fixtures & Fittings	Straight line basis between 1 and 25 years
Computer Equipment	Straight line basis between 1 and 10 years
Motor vehicles	Straight line basis between 3 and 5 years

Investment property

Investment property is initially recognised at cost, including any directly attributable acquisition costs, and subsequently recognised at fair value through profit or loss. The properties are valued by an external valuation expert every year (reduced from every 3 years). In those periods where revaluation does not occur, the Directors assess the fair value of the portfolio for any significant movements.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are included within creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. The vesting conditions are non-market conditions and vest due to the passing of time only.

Pension costs

For defined benefit schemes the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the consolidated profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance charges or credits adjacent to interest.

Actuarial gains and losses are recognised immediately in the consolidated statement of total recognised gains and losses.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resultant defined benefit asset or liability, net of related deferred tax, is presented separately after other net assets on the face of the balance sheet.

For defined contribution schemes, the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Stocks

Stock is stated at the lower of cost and net realisable value. Cost includes direct materials and labour and also those overheads that have been incurred in bringing the stock to its present location and condition. Net realisable value is based on estimated selling price less further costs expected to be incurred prior to disposal. Provision is made for slow moving or defective items where appropriate.

Taxation

The charge for current tax (including foreign tax) is based on the profit for the period as adjusted for tax purposes. Group companies resident in the Channel Islands are subject to a general corporate rate of tax of 0%. However, certain types of income, including Channel Islands rental income, are taxable at the standard rate of 20%. From 1 January 2016 and 1 January 2018 in Guernsey and Jersey (respectively), where a Group company meets the definition of a Large Corporate Retailer, the whole of the company's profits are subject to tax at a rate of up to 20%.

Deferred tax is recognised on all temporary timing differences arising between tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are only recognised to the extent that it is probable that taxable profits will be available in the future. Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are enacted or substantively enacted at the balance sheet date.

Investments

Investments are stated at cost less provision for any impairment in value.

Classification of financial instruments issued by the Group

Financial instruments issued by the Group are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and
- b) where the instrument will or may be settled in the Group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Group's own equity instruments or is a derivative that will be settled by the Group exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

Issue costs of debt instruments are deducted from the gross proceeds received for the purposes of initial recognition in the balance sheet and are subsequently amortised in the profit and loss account within interest payable and similar charges so as to reflect a constant rate of charge on the carrying value of the related instrument.

In line with Sections 11 and 12 of FRS 102, financial assets are initially measured at transaction price and subsequently held at cost less impairment, while financial liabilities are initially measured at transaction price and subsequently held at amortised cost.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges.

Turnover

Turnover, which excludes sales between Group companies, represents the value of goods and services supplied, net of refunds and discounts given to customers. Turnover is recognised when the significant risks and rewards of ownership have transferred to the customer.

Commercial income

Commercial income is accounted for as a deduction from the cost of purchase, and it is recognised in accordance with signed supplier agreements.

Rental income

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

Cash

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand.

Bank loans

The Group has bank loans which are initially recognised at the amount received less transaction costs and subsequently measured at amortised cost less impairment. These include a Revolving Credit Facility, which is available to drawdown on demand.

Prior period presentational amendments

Presentational amendments have been made to the prior period to present external rental income growth as opposed to net of external rental expense.

The external rent expense of £1.14m has been amended from rental income to cost of sales, the effect of which £nil on profit and net assets.

2 JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing these financial statements, the directors have made the following judgements:

Determine whether leases entered into by the Group, either as a lessor or a lessee, are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease-by-lease basis.

Determine whether there are indicators of impairment of the Group's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and, where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Determine the useful economic life over which goodwill is amortised.

Other key sources of estimation uncertainty

Tangible fixed assets (see note 15), are depreciated over their useful lives, taking into account residual values where appropriate. The actual lives of assets and residual values are based on a number of factors, predominantly being the actual life of an asset to the point it remains no longer economically viable to maintain and the regularity of store fit-out programs/refreshes.

Where leased properties are no longer used by the Group but have a remaining lease term a provision for such vacant properties is recorded. This provision is based on the

estimated discounted future cost to the Group of the vacant premise. Factors taken into account are lease and ancillary costs and an estimate as to how much of the future term the property might be sublet.

The Group carries investment property at fair value through profit or loss, and uses professionally qualified valuation specialists to determine fair value annually. Freehold and investment properties are professionally valued annually. This uses market rentals and earnings figures respectively. There is a degree of judgement over the forecast rental income and trading results.

Stock provisions are made based on a percentage of revenue until the next stock take is performed. The percentage provided for varies by business area and is based on a combination of track record and current conditions.

The Group maintains three legacy defined benefit pension schemes. In order to estimate the future liabilities of these schemes assumptions, extended way into the future, are made in respect of inflation, discount rates and mortality. These are estimated based on current best practice by reference to qualified actuaries.

3 ANALYSIS OF TURNOVER

By country of destination £000	1 February 2020	26 January 2019
Channel Islands	184,750	185,531
Spain	1,560	1,880
Gibraltar	2,165	1,645
	188,475	189,056



4 OPERATING PROFIT

Stated after charging/ (crediting) £000	1 February 2020	26 January 2019
Depreciation of tangible fixed assets owned	3,090	3,270
Depreciation of tangible fixed assets leased	280	256
Amortisation of goodwill	1,765	1,462
Amortisation of intangibles	4	22
Plant & Machinery operating lease rentals	84	83
Other operating lease rentals	7,287	7,569
Share based payment	152	30
Defined benefit pension scheme (credit) / charge	(100)	(186)
Defined contribution pension scheme charge	342	428

Auditor's remuneration £000	1 February 2020	26 January 2019
Audit fees	110	87
Tax compliance fees	28	28
Tax advisory fees	10	19
Other services	8	8

5 REMUNERATION OF DIRECTORS

£000	1 February 2020	26 January 2019
Directors' fees and emoluments	920	960
Share based payments	141	30
Company contributions to money purchase schemes	51	52
	1,112	1,042

Retirement benefits are accruing to three (2019: two) Directors under money purchase pension arrangements.

6 SEGMENT INFORMATION

The Directors currently identify the Group's reportable segments as follows:

- the operation of convenience stores and other retail outlets; and
- the management of commercial and residential properties

Management monitors the operating results of business segments separately for the purpose of making decisions on resource allocation and assessing performance. Segment performance is evaluated based on trading profit or loss. Share option costs, finance charges (net), and tax have been included within the "unallocated" segment.

Period ending 1 February £000	Retail	Property	Unallocated	Total
Revenue	188,475	-	-	188,475
Rental income	-	2,705	-	2,705
Operating profit before investment property revaluations	2,763	1,311	(152)	3,922
Operating profit after investment property revaluations	2,763	576	(152)	3,187
Profit on ordinary activities before taxation	2,763	576	(1,210)	2,129
Tax on profit on ordinary activities	-	-	(1,281)	(1,281)
Profit for the financial period	2,763	576	(2,491)	848

Period ending 26 January £000	Retail	Property	Unallocated	Total
Revenue	189,056	-	-	189,056
Rental income	-	2,477	-	2,477
Operating profit before investment property revaluations	3,177	1,147	(30)	4,294
Operating profit after investment property revaluations	3,177	6,165	(30)	9,312
Profit on ordinary activities before taxation	3,177	6,165	(1,237)	8,105
Tax on profit on ordinary activities	-	-	(1,348)	(1,348)
Profit for the financial period	3,177	6,165	(2,585)	6,757

7 EARNINGS PER SHARE ("EPS")

Earnings £000	1 February 2020	26 January 2019
Earnings for the purpose of basic and diluted EPS	848	6,757
Number of Shares		
Weighted average number of shares for the purpose of basic EPS	73,682,629	22,301,095
Basic EPS (pence)	0.01	0.30
Number of Shares	1 February 2020	26 January 2019
Effect of dilutive potential of ordinary shares	6,217,225	4,200,854
Weighted average number of shares for the purpose of diluted EPS	79,899,854	26,501,949
Diluted EPS (pence)	0.01	0.25

8 STAFF NUMBERS AND COSTS

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

Number of employees	1 February 2020	26 January 2019
Full time	730	721
Part time	322	324
	1,052	1,045

The aggregate payroll costs of these persons were as follows:

£000	1 February 2020	26 January 2019
Wages and salaries	23,572	23,475
Defined contribution pension scheme	342	428
	23,914	23,903

The emoluments of the Directors of the Company have been recharged in full to Group undertakings.

9 FINANCE CHARGES (NET)

£000	1 February 2020	26 January 2019
Interest payable and similar charges	1,063	1,196
Net return on pension scheme	(5)	11
	1,058	1,207
£000	1 February 2020	26 January 2019
Bank loans and overdrafts	821	582
Loan notes	98	549
	919	1,131
Amortisation of debt issue costs	144	65
	1,063	1,196

10 TAX ON PROFIT ON ORDINARY ACTIVITIES AND DEFERRED TAX

The tax charge comprises:

Current tax £000	1 February 2020	26 January 2019
Channel Islands tax	1,247	1,228
Gibraltar tax	24	30
Deferred tax liability £000	10	30
Total tax on profit on ordinary activities	1,281	1,348

The differences between the total current tax shown above and the amount calculated by applying the standard rates of Channel Islands income tax to the profit before tax is as follows:

£000	1 February 2020	26 January 2019
Profit on ordinary activities before tax	2,129	8,105
Tax on Group profit on ordinary activities at standard Channel Islands income tax rate of 20% (2019: 20%)	426	1,629

Effects of:

£000	1 February 2020	26 January 2019
Gibraltar trading profits taxable at 10%	24	30
Non-qualifying depreciation & amortisation	728	671
Disallowable expenditure and non-taxable income (net)	(44)	22
Non-taxable revaluations	147	(1,004)
Group current tax charge for the period	1,281	1,348

Although the general company income tax rate in the Channel Islands is 0%, the significant majority of the Group's profit (retail activity and rental income) is subject to Channel Islands income tax at 20%. Therefore, the tax reconciliation is based on an expected effective rate of tax of 20%.

11 PARENT COMPANY

The Company has taken advantage of the exemption allowed under the Companies (Jersey) Law 1991 and has not presented its own primary statements in these financial statements.

12 DIVIDENDS ON EQUITY SHARES

Amounts recognised as distributions to equity holders in the period:

£000	1 February 2020	26 January 2019
Dividend paid 30 April 2019	754	-
Dividend paid 11 December 2019	1,500	-
Total dividend paid in the period	2,254	-



13 SHARED BASED PAYMENTS

The Group has a share option scheme for certain employees of the Group. These fall into 2 categories: a) exercisable on the earlier of 3 years, or one of various trigger events (e.g., sale of the Group) if earlier; and b) exercisable on the earlier of 5 years, or one of various trigger events (e.g., sale of the Group) if earlier. All options require the payment of cash to exercise the option, in return for which equity is issued. Details of the share options outstanding during the period are as follows:

	1 February 2020		26 January 2019	
	Number of options	Weighted average exercise price £000	Number of options	Weighted average exercise price £000
Outstanding at beginning of the period	4,200,854	0.58	4,200,854	0.58
Options exercised in the period	(4,200,854)	-	-	-
Options granted during the period	7,250,000	-	-	-
Options outstanding at the end of the period	7,250,000	0.825	4,200,854	0.58
Exercisable at the end of the period	-	-	1,876,985	0.26

The options outstanding at 1 February 2020 had a weighted average exercise price of £0.825 (2019: £0.58). The options were granted on 4 June 2019 and have a 10 year expiry date. All options outstanding at the beginning of the period were exercised during the period as a result of the Company listing on The International Stock Exchange. The aggregate of the estimated fair values of the options granted on 4 June 2019 is £929,000. The inputs into the Black Scholes model are as follows:

	2020	2019
Weighted average share price	75p	50p
Weighted average exercise price	82.5p	58p
Expected volatility	25.00%	24.41%
Expected life	3-5 years	3 years
Risk-free rate	0.78%	0.28%
Expected dividend yield	4.00%	3.00%

Expected volatility was determined by calculating the historical volatility of the share prices of a basket of Retail shares – Tesco plc, J Sainsbury plc, Marks & Spencer plc and William Morrison Supermarkets plc. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The share based remuneration in equity-settled schemes was £151,549 (2019: £30,000).

3,625,000 options are exercisable on the earlier of 3 years or certain trigger events. The unexpired term of these options to their 3 year anniversary is 2.3 years.

3,625,000 options are exercisable on the earlier of 5 years or certain trigger events. The unexpired term of these options to their 5 year anniversary is 4.3 years.

14 INTANGIBLE ASSETS

Cost £000	Goodwill	Other	Total
At 26 Januray 2019	48,448	129	48,577
Additions	54	-	54
At 1 February 2020	48,502	129	48,631

Amortisation £000	Goodwill	Other	Total
At 26 Januray 2019	22,311	97	22,408
Charge for the period	1,765	4	1,769
At 1 February 2020	24,076	101	24,177

£000	Goodwill	Other	Total
Net book at 1 February 2020	24,426	28	24,454
Net book value at 26 January 2019	26,137	32	26,169

Goodwill arising on consolidation is being amortised over the Directors' estimate of its useful life of 20 years. The estimate is based on a variety of factors, the principal factors being the longstanding nature and reputation of the businesses acquired within the Channel Islands and assumptions that market participants would consider in respect of similar businesses.

Other intangible assets comprise of the rights to operate coffee shops under the Costa Brand in territories within Spain and Gibraltar.



15 TANGIBLE FIXED ASSETS

Cost £000	Freehold	Leasehold	Other Assets	Total
At 26 January 2019	55,742	2,764	17,820	76,326
Additions	4,905	425	3,863	9,193
Revaluation	(945)	-	-	(945)
Effects of exchange	-	-	(48)	(48)
Disposals	-	(335)	(347)	(682)
At 1 February 2020	59,702	2,854	21,288	83,844

Depreciation £000	Freehold	Leasehold	Other Assets	Total
At 26 January 2019	-	1,737	8,118	9,855
Revaluation	(285)	-	-	(285)
Charge for the period	285	280	2,775	3,340
Effects of exchange	-	-	(17)	(17)
Disposals	-	(89)	(252)	(341)
At 1 February 2020	-	1,928	10,624	12,552

£000	Freehold	Leasehold	Other Assets	Total
Net Book Value At 1 February 2020	59,702	926	10,664	71,292
Net Book Value At 26 January 2019	55,742	1,027	9,702	66,471

Within Freehold Land and Buildings, the carrying amount comprises:

Investment property at fair value £000	2020	2019
Freehold investment property	24,551	21,871

The Group's investment properties were revalued on 31 December 2019 at fair value by an independent, professionally qualified valuer. The valuations were undertaken in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual. Details on the assumptions made and the key sources of estimation uncertainty are given in note 2. The Directors engaged a valuer with a detailed knowledge of the Channel Islands market in order to obtain a precise valuation.

The split of brought forward freehold property values has been revisited and a reallocation of £592,000 has been made from investment property to retail property.

The cost of the Group's freehold property under the historical cost accounting rules is £36,518,000 (2019: £31,893,000) and written down value £34,672,000 (2019: £30,058,000).

The cost of the Group's investment property under the historical cost accounting rules is £19,939,000 (2019: £16,807,000).

Movement in the fair value of investment property is as follows:

Fair value	£000
At 26 January 2019	21,871
Acquisitions	3,132
Reclassification to freehold retail property	(592)
Revaluation	140
Disposals	-
At 1 February 2020	24,551

16 FIXED ASSET INVESTMENTS

Cost £000	Other investments
At 1 February 2020 and 26 January 2019	2

17 STOCK AND WORK IN PROGRESS

£000	2020	2019
Finished goods and goods for resale	10,505	10,447

There is no material difference between the replacement cost of stocks and the amounts stated above.

18 DEBTORS

£000	2020	2019
Trade debtors	2,122	2,168
Other debtors	1,614	1,232
Prepayments & accrued income	1,978	1,829
	5,714	5,229

19 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

£000	2020	2019
Bank loans	6,847	1,801
Other loans	5	111
Trade creditors	16,366	16,657
Current taxation & social security	4,067	5,397
Other creditors	3,635	3,594
Accruals and deferred income	2,646	3,567
	33,566	31,127

20 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

£000	2020	2019
Bank loans	22,017	19,219
Loan notes	-	4,148
Other loans	21	-
	22,038	23,367

Debt issue costs of £144k (2019: £179k) are included within bank loans.

21 ANALYSIS OF DEBT

Debt can be analysed as falling due:

£000	2020	2019
In one year or less, or on demand	6,925	1,975
Between one & two years	1,927	1,920
Between two & five years	20,253	17,479
In more than five years	-	4,148
	29,105	25,522
Unamortised debt issue costs	(217)	(243)
	28,888	25,279

Debt comprises bank loans, which are secured by way of a variety of charges over properties, insurance policies, bank accounts and other assets owned by the Group and charges over the shares of the Company and its subsidiaries.

In May 2018 the Group refinanced its borrowings with HSBC Bank plc and has in place a facilities package including a 5 year term loan of up to £23.5m, revolving credit facility of up to £5m and overdraft of up to £3m.

The loan accrues interest at a variable rate of LIBOR + 2%. Capital repayments of £480,000, plus interest, are made quarterly.

In August 2018 the Group refinanced the shareholder loan notes, where interest accrued to that date was paid. These notes were repayable in 2028. Interest on the loan notes accrued at a rate of 8% per annum.

On 30 April 2019, the Company resolved to waive the £4,000,000 loan notes held by shareholders after payment of interest accrued on the loan notes to 30 April 2019 of £246,215.

On 30 January 2020, the Group drew down the full £5,000,000 of Revolving Credit Facility. The balance was repaid in full on 2 March 2020.



22 PROVISIONS FOR LIABILITIES

Group £000	Onerous Contracts	Vacant Property	Store Layout	Dilapidations	Deferred Tax	Total
At 26 January 2019	432	251	168	163	666	1,680
Utilisation of provision	(95)	(240)	-	(222)	-	(557)
Profit & Loss charge/(credit)	-	219	(168)	427	10	488
Effects of exchange	(12)	-	-	-	-	(12)
Effects of exchange	-	22	-	-	-	22
Effects of exchange	325	252	-	368	676	1,621

Vacant Property

The vacant property provision represents the Group's anticipated future costs on long leasehold property, which is no longer used to generate cash flows in the business.

Dilapidations

The dilapidations provision represents the Group's anticipated liability for making good certain leasehold property, as detailed in the respective leases, when the lease term on these properties expires.

Onerous Contracts

Where leasehold stores become loss making, the Group provides for all costs, net of anticipated income, to the end of the lease or the anticipated date of the disposal or sub-lease. This provision relates to a number of stores which are loss making in Spain. The provision is expected to be utilised over the life of the related leases of these stores.

23 CALLED UP SHARE CAPITAL

Allotted, called up and fully paid no par value shares:

26 January 2019	£000
21,361,683 Ordinary shares	-
939,412 'B' Ordinary shares	-
1 February 2020	£000
100,000,000 Ordinary shares	-

In accordance with the requirements of Jersey law, a nominal value of £nil is ascribed to the shares in issue, with the proceeds of issue being credited to the share premium account.

On 29 May 2019, in advance of listing on

The International Stock Exchange "TISE", all of the existing shares in the Company were redeemed, with a placement of 100,000,000 ordinary shares made concurrently. Total consideration was £3,455,000, less costs of £1,187,000. A total of £2,268,000 has been credited to the share premium account.

24 SHARE PREMIUM AND RESERVES

All Ordinary shares rank pari passu in all respects as to voting rights, dividends and amounts receivable on a winding up and have been classified as equity shares for the purposes of these financial statements. All of the Company's expenses during the period were recharged to Group undertakings.

25 COMMITMENTS

(a) Fixed asset capital commitments at the end of the financial period, for which no provision has been made, were as follows:

Group £000	2020	2019
Contracted	188	107

(b) The Group had minimum lease payments under non-cancellable operating leases as follows:

Group £000	2020 Land & Buildings	2020 Other	2019 Land & Buildings	2019 Other
Not later than one year	7,311	-	7,148	11
Later than 1 year and not later than 5 years	26,312	-	25,529	-
Later than 5 years	33,677	-	34,946	-
	67,300	-	67,623	11

(c) The Group had minimum lease payments due under non-cancellable operating leases from lessees as follows:

Group £000	2020 Land & Buildings	2020 Other	2019 Land & Buildings	2019 Other
Not later than one year	2,341	-	2,177	-
Later than 1 year and not later than 5 years	7,118	-	6,384	-
Later than 5 years	9,463	-	8,897	-
	18,922	-	17,458	-

26 PENSIONS

The Group operates three defined benefit pension arrangements (together, the "Schemes") and one defined contribution scheme in respect of certain of its Channel Islands' employees.

Provision for the cost of the benefits provided to employees under these schemes is charged to the profit and loss account over the average remaining future service lives of the eligible employees. Details of the defined benefit schemes are as follows:

Ann Street Group Limited Staff Pension and Life Assurance Scheme ("Ann Street Scheme 1")

Bass (Channel Islands) Limited Employees' Security Plan ("Ann Street Scheme 2")

Bucktrout & Company Limited Pension and Life Assurance Fund ("Bucktrout Scheme")

In each of the Schemes, the benefits provided are based on final salary and length of service on retirement, leaving service or death.

No employees have joined the Ann Street Scheme 2 subsequent to the business of Bass (Channel Islands) Limited being acquired in 2001 and there have been no further contributions since that date.

As at 31 December 2001, all active members of the Schemes joined the Ann Street Scheme 1 in respect of subsequent service.

The three defined benefit schemes were closed to both new and existing members at 31 December 2005, thereby ceasing the accrual of additional benefits for existing members relating to future service from that date onwards. Contributions of £150,000 are expected to be paid into the Schemes in the next financial period.

Comprehensive actuarial valuations are carried out in respect of each of the Schemes at least once every three years to determine whether the Schemes' assets are sufficient to meet their liabilities (assessed using actuarial assumptions selected by the Trustees of the Schemes). Depending on the results of these valuations, the Company may make additional contributions to the Schemes to address any funding shortfall.

The effective dates of the most recently completed comprehensive actuarial valuations of the Schemes were as follows:

Ann Street Scheme 1	1 January 2017
Ann Street Scheme 2	1 April 2017
Bucktrout Scheme	1 January 2017

The Schemes have been reviewed by independent actuaries to support the accounting and disclosure requirements of FRS 102 as at 1 February 2020, using the following assumptions:

%	2020	2019
Rate of increase in pensions in payment	3.0	2.6
Discount rate	1.7	2.5
Jersey Retail Prices Index inflation	3.1	3.2

Mortality assumptions regarding future life expectancies at age 65 for males and age 60 for females in respect of all three schemes.

Years	2020	2019
Male currently aged 45	22.9	23.4
Female currently aged 45	25.0	25.5
Male currently aged 65	21.5	22.0
Female currently aged 65	23.4	23.9

The disclosures have been made on a combined basis for all three schemes.

The Group contributed £342,000 (2019: £428,000) to one defined contribution pension scheme in respect of Channel Islands and United Kingdom employees.

The assets of the Schemes at the Review Date, excluding annuities in payment, may be broken down as follows:

%	2020 Total Assets	2019 Total Assets
Insurance policy	35.7	36.8
Equities	26.4	21.8
Gilts	3.0	2.6
Corporate Bonds	10.4	9.5
Gilt strips	18.5	21.3
Other	0.7	0.5
Cash	5.3	7.5
	100.0	100.0

Group £000	2020	2019
Fair value of assets	13,687	13,979
Present value of funded obligations	(14,584)	(13,812)
Net defined benefit (deficit)/surplus	(897)	167

The Schemes' assets do not include any direct investment in the Group. The net pension asset consists of deficits in two schemes and a surplus in the third as follows: Ann Street 1 Scheme surplus £871,000 (2019: surplus £1,346,000); Ann Street 2 scheme deficit £644,000 (2019: deficit £637,000); Bucktrout Scheme deficit £1,124,000 (2019: deficit £541,000).

Annuities in respect of insured pensioner policies in the Ann Street Scheme 1 have not been included in the fair value of its assets nor the present value of its funded obligations. These policies have not been formally valued. The actuary estimates that the asset and matching liability could be in the region of £9m. Their omission has no impact on the net deficit of the Schemes.

The total pension cost was as follows:

Amounts charged to net finance charges £000	2020	2019
Expected return on pension scheme assets	350	354
Interest on pension scheme liabilities	(345)	(365)
Total credit/(charge) to net finance charges	5	(11)

Amounts recognised in the Consolidated Statement of Comprehensive Income £000	2020	2019
Difference between expected return and actual return on pension scheme assets	387	(104)
Experience (loss)/gain arising on the scheme liabilities	(1,557)	604
Actuarial (loss) / gain recognised in the statement of consolidated income	(1,170)	500

History of experience gains & losses £000	2020	2019	2018	2017	2016
Fair value of Schemes' assets	13,687	13,979	14,547	14,468	14,126
Present value of scheme liabilities	(14,584)	(13,812)	(15,066)	(14,964)	(13,807)
(Deficit)/Surplus in the schemes	(897)	167	(519)	(496)	319
Difference between expected & actual return on scheme assets	387	(104)	517	595	(243)
Experience (loss)/gain arising on the scheme liabilities	(1,557)	604	(527)	(1,624)	1,733



Movement in (deficit)/surplus during the period £000	2020	2019
Opening surplus/(deficit) of the schemes	167	(519)
Interest on pension scheme liabilities	(345)	(365)
Expected return on pension scheme assets	350	354
Employer contributions	99	197
Actuarial gain/(loss)	(1,170)	500
Closing (deficit)/surplus of the Schemes	(897)	167

Movement in the schemes' assets during the period £000	2020	2019
Fair value of the Schemes' assets brought forward	13,979	14,547
Benefits paid and expenses (where applicable)	(1,129)	(1,018)
Expected return on scheme assets	350	354
Employer contributions	99	197
Gain/(loss) on assets in excess of interest	388	(101)
Closing assets of the scheme	13,687	13,979

Movement in the Schemes' liabilities during the period £000	2020	2019
Fair value of the Schemes' liabilities brought forward	(13,812)	(15,066)
Benefits paid and expenses (where applicable)	1,129	1,018
Interest on pension schemes' liabilities	(345)	(365)
(Loss)/gains on liabilities due to changes in assumptions	(1,556)	601
Closing liabilities of the schemes	(14,584)	(13,812)

Composition of plan liabilities £000	2020	2019
Schemes wholly or partly funded	(14,584)	(13,812)

27 FINANCIAL INSTRUMENTS

The Group's financial instruments may be analysed as follows:

Group £000	2020	2019
Financial assets measured at amortised cost	13,531	11,019
Financial liabilities measured at amortised cost	51,543	49,097

Financial assets measured at amortised cost comprise cash, trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise bank and other loans, trade creditors, other creditors and accruals.

28 RELATED PARTY DISCLOSURES

Key management personnel are comprised of all directors who together have authority and responsibility for planning, directing and controlling the activities of the Group. The compensation paid to key management personnel for services provided to the Group is disclosed in note 5. In addition to the figures in note 5, employer social security contributions of £14,169 (2019: £17,621) were paid in relation to key management personnel. There were no amounts due to key management personnel at the end of the period (2019: £nil).

Jon Ravenscroft is a director of Ravenscroft Limited, which is Investment Manager for Bailiwick Investments Limited, a closed-ended investment company that is a shareholder of the Group.

The loan notes balances disclosed in notes 19 and 20 are owed to shareholders. The notes are fixed rate secured loan notes which expire in 2028 and accrue interest at a rate of 8% per annum. The principal balance is £nil (2019: £4,000,000) and the amount due as interest on these notes was £nil at period end (2019: £148,164). On 30 April 2019, the Company resolved to waive the £4,000,000 loan notes held by shareholders after payment of interest accrued on the loan notes to 30 April 2019 of £246,215.

Shareholders were paid dividends totalling £2,253,784 during the period (2019: £Nil).

The Group leases certain properties from companies owned by a trust, of which one of the Company's shareholders is a beneficiary. Rent payable to these companies was £2,023,596 (2019: £2,023,596).

Three of the Company's Directors were paid fees of £52,084 for acting as Non-Executive Directors (2019: two Directors; £50,000).

Ravenscroft Limited was paid an annual fee of £39,583 for advisory services (2019: £25,000).

29 PRINCIPAL SUBSIDIARIES

The Company is the beneficial owner of all the equity share capital of a number of companies, the principal one being:

Name

Citriche Limited

Place of incorporation and location of business

Jersey

Principal activity

Retail and distribution of consumer goods

The undertaking listed above is a subsidiary undertaking. A full list of subsidiary undertakings is available on application to the Company Secretary.

30 EVENTS AFTER THE END OF THE REPORTING PERIOD

COVID-19

Since the period end date the impact of the global disruption by COVID-19 has become ever more evident. The situation is fast changing and the scale of the impact on the global economy, on capital markets, and on individual businesses remains uncertain.

The amounts stated in these financial statements reflect conditions existing as at the balance sheet date and no adjustments have been made as a result of COVID-19. The Group has a strong balance sheet and significant liquid assets. The Directors' view on the Group going concern has been disclosed in the Chairman's Review and Note 1 of these financial statements.

Freehold property valuation

The Directors consider that, due to the mix of properties occupied by the Group's own food retail outlets and properties occupied by third parties, in their view there is unlikely to be any material impact on the overall value of freehold property in the coming 12 month period as a result of COVID-19.

Net pension liability

Since the disclosure date financial markets have been very volatile, largely due to the worldwide COVID-19 pandemic.

Corporate bond yields increased significantly over March, but then fell back over April. As at 18 May 2020, the annualised yield on the iBoxx 15+ Year AA Corporate Bond Index was 1.7% pa, which is the same rate adopted for the 1 February 2020 disclosures. Therefore the Directors do not currently expect this to have had a material impact on the value that would have been placed on the liabilities at period end.

As at 18 May 2020, equity markets had seen significant falls since the disclosure date. The Group's Defined Benefit Schemes have significant exposure to equity markets (around 45% of total assets). Based on movements in appropriate market indices, it is estimated that the value of these assets may have fallen by between 2% and 4% (up to around £0.5m).

However, it should be noted that the equity exposure of the Ann Street Scheme is through Aviva's with-profits policy. This policy looks to smooth investment returns over time and this may have protected the assets in the Ann Street Scheme to some extent to falls in equity markets.

Potential acquisition of the The Guernsey Pub Company

On 31 March 2020 The Board of Directors of the Company announced that due to the effects of COVID-19 to date and the uncertainty surrounding its future effects the Company had served notice to the vendors to terminate the sale and purchase agreement with effect from 1 April 2020. In addition to professional fees relating to the aborted transaction of £423,000 a compensation payment of £500,000 payable

to the Vendors was triggered upon termination. Termination of the acquisition has been assessed as a non-adjusting post balance sheet event and costs relating to this transaction will be reflected in the financial statements of the Company in the financial period ended 30 January 2021.

Spanish retail operations

The Group operates four franchised Costa Coffee outlets in Spain. These outlets ceased trading as a result of COVID-19 in March 2020 and the Board of Directors determined that the outlets would not be reopened and that the Spanish subsidiary, Sandpiper Iberia S.L., should be wound down. This will not have a material impact on the financial results of the Group and has been assessed as a non-adjusting post balance sheet event.

