SandpiperCI
Locally Owned, Locally Managed

# SANDPIPERCI GROUP LIMITED

## DIRECTORS' REPORT & CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JANUARY 2021


little star
Take it easy

# CONTENTS




LIBERTY WHARF
shop meet relax
LIBERTY WHARF
shop dine meet relax

# MANAGEMENT REPORT

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
TR Scott
J Ravenscroft

## COMPANY INFORMATION

### Registered Number:

97651 (Jersey)

### Company Secretary:

AJ van der Hoorn

### Registered Office:

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

### Listing Sponsor:

Ravenscroft Consultancy &
Listing Services 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. After completing the Advanced Management Programme at Harvard Business School, he then worked for a number of private equity groups 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 30 January 2021*

**Gross revenues up over 7% on a 52 week basis**

**Trading EBITDA up by 6% on a 52 week basis**

**Food retail Like-for-like over 19%**

**Total dividend of 3.0p per share paid**

In the context of what was undoubtedly the most challenging trading era of modern times, I am delighted to report a strong set of results for the period ending 30 January 2021 in spite of store closures and the significant extra costs of COVID-19 in our food stores driven by PPE and social distancing measures. Our trading EBITDA (the key metric by which the Board measures the performance of the business) grew by 6% on a comparable 52 week basis.

Our network of smaller food stores located in the heart of their communities across every parish in the islands produced an industry beating performance of over 19% like for like, over double that achieved by any other publicly owned food retailer reporting to date. We have seen many new customers, whose desire to shop locally in lockdown times, has driven significantly higher basket sizes, driven by the depth of range we carry in our stores and which we continue to see even as lockdown eases. Of course, our non-food stores were not so fortunate, many having been closed for long periods across the year but given our wide network of stores, we were able to redeploy all of those affected colleagues into our food stores to alleviate the pressures brought on by unprecedented demand levels, the end result of which was to increase our total gross revenues by over 6% in the year (over 7% on a 52 week basis).

The closure of our non-food estate provided an opportunity for us to reappraise the brands that we were partnering with. To that end and for a variety of reasons, we have now ceased trading with George, Moss Bros, Laura Ashley and Cornish Bakery. This will enable us to focus more clearly on the key brands within our franchise portfolio and at the same time, we are delighted to have recently (and very successfully) opened stores in Jersey and Guernsey with Matalan, as we seek to refine our blue chip brand offering in the light of unprecedented change in the High Street shopping patterns.

We were also able to offer financial support to many of our retail tenants to assist them through the period and had no need to call on any support from the Government in either Channel Island.

Other business developments throughout the year were of course somewhat constrained, but we did complete the acquisition of Le Cocq's Stores in October and trading to date, in spite of the well documented supply challenges in Alderney, has significantly exceeded our initial expectations. We also started trading in a new territory towards the back end of the year with the opening of iQ and Card Factory in the Isle of Man. Both stores were initially bedding in very well but due to ongoing shutdowns, a pattern of trade has yet to clearly emerge.

As we see the light emerging at the end of the lockdown tunnel and life returns to normality, we will be aggressively pursuing development opportunities both within and outside our portfolio of brands and looking forward we remain confident of another year of continued growth.

Finally, it would be remiss of me not to once again, thank my colleagues for their unflinching efforts in keeping all of our stores open and ensuring Channel Islanders did not go hungry in the dark days of the pandemic.

**Tony O'Neill**
Executive Chairman
*13th May 2021*

# FINANCIAL REVIEW

*for the period ended 30 January 2021*

| £000 | 2021 | 2020 | Change |
|---|---|---|---|
| **Revenue** | **200,380** | **188,475** | **11,905** |
| **Operating Profit** | **5,583** | **3,187** | **2,396** |
| **Depreciation and amortisation** | 5,338 | 5,139 | 199 |
| **(Loss) Profit on disposal of fixed assets** | 340 | (144) | 484 |
| **Revaluation of investment property** | (1,302) | 735 | (2,037) |
| **Non-trading items** | 388 | 252 | 136 |
| **Non-recurring items** | 963 | 1,808 | (841) |
| **Trading EBITDA** | **11,310** | **10,973** | **337** |
| **As a % of Revenue** | 5.6% | 5.8% | (0.2%) |

As noted in the Executive Chairman's Review, Trading EBITDA is the key metric by which the Board of Directors measures the financial performance of the business. This is calculated by taking Operating Profit and adding back non-cash, non-trading and non-recurring items that do not relate to the underlying operation of the business (as per the above table). Non-trading items for the period include amounts relating to share based payments and contributions to defined benefit pension schemes. Non-recurring items include the aborted acquisition of The Guernsey Pub Co, the exit of our Spanish operations and significant COVID-19 costs relating to PPE and social distancing; in 2020 these items included the costs of listing on TISE and rebranding of stores. Trading EBITDA improved by 3% (or 6% on a comparable 52 weeks basis) which, given the trading environment for non-food retail during the period, represents a strong performance.

| £000 | 2021 | 2020 (53 Weeks) | Change |
|---|---|---|---|
| **Operating Profit** | **5,583** | **3,187** | **2,396** |
| **Financing costs and tax** | **(2,316)** | **(2,339)** | **23** |
| **Profit After Tax** | **3,267** | **848** | **2,419** |
| **Other Comprehensive Income** | 1,561 | (1,304) | 2,865 |
| **Other Comprehensive Income** | **4,828** | **(456)** | **5,284** |

The improvement in Operating Profit and Profit After Tax for the period is driven by an increase in the valuation of investment properties and a reduction in the cost of non-recurring items for the period, offset by an increase in the loss on disposal of fixed assets (relates to the exiting of a number of brands during the period).

Other Comprehensive Income for the period includes a further increase in pension scheme liability of £0.9m (2020 was £1.2m) due to a further fall in corporate bond yields in the first half of the period, offset by an increase in the valuation of properties that we trade from and foreign exchange gains relating to the exit of our operations in Spain (a combined £2.5m improvement).

| Net Assets and Net Debt | 30 Jan 2021 | 1 Feb 2020 | 26 Jan 2019 |
|---|---|---|---|
| Net Assets (Shareholders Funds) | 65,710 | 63,640 | 59,930 |
| Net Debt | 17,648 | 19,093 | 17,660 |

Shareholder Value - we have paid out £4.5m in dividends since the company listed in May 2019 and, in addition to this, Shareholders' Funds (Net Assets) of £65.7m have increased by £5.7m since January 2019.

Net Debt (loans less cash and bank in hand) has reduced by £1.4m to £17.6m over the period and is now in line with January 2019. This is after funding dividend payments of £3m and the acquisition of Le Cocq's Stores in Alderney.

**Tony van der Hoorn**
CFO and Company Secretary
*13th May 2021*

# 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 30 January 2021. 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, the Isle of Man and Gibraltar.

## 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 18.

Dividends totalling £2,995,506 (2020: £2,253,784) were paid in the period. Interim dividends of 1.5p per share totalling £1,500,000 and £1,495,506 were paid on 29 September 2020 and 16 December 2020 respectively.

## 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 (2020: £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' RESPONSIBLITIES

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.

## 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.

Approved by the Board of Directors on 13 May 2021 and signed on its behalf by:

**Tony Van der Hoorn**
*Secretary*
13th May 2021

**Registered Office**
1-2 L'Avenue 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 ended 30 January 2021 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 commitee**: responsible for the Company's remuneration policy and for reviewing and recommending Directors' remuneration, bonuses and incentives. This committee is chaired by Tom Scott; 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. Shareholders also receive discount vouchers twice a year.

# INDEPENDENT AUDITOR'S REPORT

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

## OPINION

In our opinion:

- give a true and fair view of the state of the Group's affairs as at 30 January 2021 and of the Group's profit for the 52 week period then ended;
- have been properly prepared in accordance with United Kingdom Accounting Standards; and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

We have audited the consolidated financial statements (the 'financial statements') of SandpiperCI Group Limited (the 'Company') and its subsidiaries (the 'Group') for the period ended 30 January 2021 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 the preparation of the Group financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 the Financial Reporting Standard in the United Kingdom and Republic of Ireland.

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

## INDEPENDENCE

We remain independent of the Group 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.

## CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the Directors use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Covid-19 has continued to have significant implications for the Group and because of this and the judgements made by management (including the Board and Audit Committee) in assessing going concern; we considered it to be a key audit matter.

Our evaluation of the Directors assessment of the Group's ability to continue to adopt the going concern basis and in response to the key audit matter included:

We challenged the Directors on the key assumptions included in the forecast scenarios such as levels of revenue and resulting EBITDA expectations. We did this by analysing and reviewing the growth considered in revenue and EBITDA and by comparing with previous period actual and budgeted results and post period-end actual results. We also agreed debt service cover, interest cover and loan to value covenants calculations within the forecasts to the borrowing facilities and performed our own sensitivities on the cash flows to understand the impact on covenants.

We obtained management's reverse stress testing analysis, which was performed to determine the point at which covenants break and considered whether such a scenario was reasonably possible given the potential impacts of COVID-19 and the level of uncertainty. This included consideration of the Group's trading to date.

We reviewed the adequacy of Directors disclosures in relation to the impact of COVID-19 on going concern.

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

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

## OVERVIEW

<table>
<tr><td>Coverage</td><td>100% (2020: 100%) of Group profit before tax<br>100% (2020: 100%) of Group revenue<br>100% (2020: 100%) of Group total assets</td></tr>
<tr><td>Key audit matters</td><td><table>
<tr><td>KAM</td><td>2021</td><td>2020</td></tr>
<tr><td>Revenue Recognition Existence</td><td>Yes</td><td>Yes</td></tr>
<tr><td>Property valuation</td><td>Yes</td><td>Yes</td></tr>
<tr><td>Going Concern</td><td>Yes</td><td>Yes</td></tr>
</table></td></tr>
<tr><td>Materiality</td><td>Group financial statements as a whole<br><br>£ 256,000 (2020: £ 255,000) based on 5% (2020: 5%) of Adjusted Profit before Tax.</td></tr>
</table>

## 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. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

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. The Group operates under common management with the same accounting system and policies and accordingly our audit was carried out as if the Group were one entity. The Group engagement team performed all procedures.

## 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. In addition to the matter described in the Conclusions related to going concern section of our report, we have determined the matters below to be the key audit matters to be communicated in our report.

| **Key Audit Matter** | **How we addressed the key audit matter in the audit** |
|---|---|
| Revenue Recognition - Existence (note 1)<br><br>*Revenue is the primary determinant of the Group's profitability and one of the primary measures of performance communicated to investors.*<br><br>*A significant element of this risk relates to the potential for improper or fraudulent manual journal entries within Revenue to improve results.*<br><br>*Additionally there is a high volume of transactions, which is processed through the cash system, which may result in overstatement of Revenue.*<br><br>*Because of the significance of these risks, we identified the existence of revenue this as a key audit matter.* | We have agreed the revenue from the cash system to total revenue recorded in general ledger and agreed samples of revenue from the cash system to till reports and bank statements.<br><br>We agreed manual journal entries on sample basis posted to Revenue in the general ledger as part of journal testing.<br><br>**Key observation:**<br><br>Based on our procedures performed we did not identify any matters to suggest that the existence of revenue was not appropriate. |
| Freehold property valuations (note 15)<br><br>*The Group's property portfolio is split between retail and residential properties in Jersey and Guernsey.*<br><br>*Property is included in the Consolidated Balance Sheet at fair value of £63.6m.*<br><br>*The valuation of the Group's freehold 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 retail properties, factors include a future cash flow evaluation.* | 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.<br><br>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.<br><br>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 |

| | |
|---|---|
| *We deemed this a Key Audit Matter due to the significant judgement and estimations in valuation required by management, including the use of external property valuation experts.* | our internal property valuation expert and their knowledge of the market.<br><br>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 values back to signed rental agreements.<br><br>We also agreed historic cash flow 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.<br><br>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.<br><br>**Key observations:**<br><br>Based on our procedures performed, no issues were identified to indicate that the assumptions used by management were inappropriate. |

## 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.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. 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.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

| | Group financial statements | |
|---|---|---|
| | 2021<br>£ | 2020<br>£ |
| Materiality | 256,000 | 255,000 |
| Basis for determining materiality | 5% of profit before tax before non-recurring & non-trading items and an exceptional upward revaluation of property values. | 5% of profit before tax before exceptional share listing costs and an exceptional downward revaluation of property values |
| Rationale for the benchmark applied | We considered adjusted profit before tax to be the most significant determinant of the Group's financial performance for the users of the financial statements. | |
| Performance materiality | 192,000 | 191,250 |
| Basis for determining performance materiality | 75% of Group materiality considering 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 | |

*Reporting threshold*

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £12,800 (2020: £5,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

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 and as a result there are no separate component materiality thresholds.

## OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises the information included in the Directors 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.

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

We have nothing to report in this regard.

## OTHER COMPANIES (JERSEY) LAW 1991 REPORTING

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

- proper accounting records have not been kept by the Company, or proper returns adequate for our audit have not been received from branches not visited by us; or

- the 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 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 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory framework applicable to the Group. We considered the significant laws and regulations to be those that that have a direct impact on the preparation of the financial statements such as the Companies (Jersey) Law 1991, the applicable accounting framework, Income tax and sales tax law. We assessed the susceptibility of the financial statements to material misstatement including fraud which included an evaluation of management incentives and opportunities for fraudulent manipulation of the financial statements and considered that the principal risks were those related to the posting of inappropriate journal entries, overstatement of property assets (valuations) to improve the result before tax for the period and revenue recognition (refer to Key Audit Matters section above).

Procedures performed by the audit team in response to the above included:

- Discussions with management and those charged with governance and review of minutes of meetings with Board and Audit Committee regarding known or suspected instances of non-compliance with laws and regulations;
- In response to the risk of management override of controls, assessing journal entries which met a specific criteria as part of our planned audit approach;

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

## USE OF OUR REPORT

This report is made solely to the Company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. 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 auditors' 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.

**James Newman**
*For and on behalf of BDO LLP,*
*Chartered Accountants*
*Southampton, United Kingdom*
*13th May 2021*

*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 30 January 2021*

| £000 | Note | 2021 | 2020 |
|---|---|---|---|
| Turnover | 3 | **200,380** | **188,475** |
| Cost of sales | | (184,148) | (173,836) |
| Gross profit | | **16,232** | **14,639** |
| Rental income | 6 | 2,535 | 2,705 |
| Administrative expenses | | (14,146) | (13,566) |
| Revaluation of property | 15 | 1,302 | (735) |
| (Loss) Profit on disposal of fixed assets | | (340) | 144 |
| Operating profit | 4 | **5,583** | **3,187** |
| Finance charges (net) | 9 | (854) | (1,058) |
| Profit on ordinary activities before taxation | | **4,729** | **2,129** |
| Tax on profit on ordinary activities | 10 | (1,462) | (1,281) |
| Profit for the financial period | | **3,267** | **848** |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*for the period ended 30 January 2021*

| £000 | Note | 2021 | 2020 |
|---|---|---|---|
| Profit for the financial period | | **3,267** | **848** |
| Actuarial (loss)/gain relating to defined benefit pension schemes | 26 | (933) | (1,170) |
| Exchange differences | | 240 | (209) |
| Revaluation of freehold property | 15 | 2,254 | 75 |
| Total comprehensive (loss)/ income for thex financial period | | **4,828** | **(456)** |

| Earnings per share £000 | Note | 2021 | 2020 |
|---|---|---|---|
| Basic | 7 | 0.03p | 0.01p |
| Diluted | 7 | 0.03p | 0.01p |

The notes on pages 25 to 44 form part of these accounts.

# CONSOLIDATED BALANCE SHEET
*at 30 January 2021*

| £000 | Note | 2021 | 2020 |
|---|---|---|---|
| Intangible assets | *14* | 24,605 | 24,454 |
| Tangible assets | *15* | 73,861 | 71,292 |
| Investments | *16* | 2 | 2 |
| Total fixed assets | | **98,468** | **95,748** |
| Stocks | *17* | 11,990 | 10,505 |
| Debtors | *18* | 5,742 | 5,714 |
| Cash at bank and in hand | | 4,383 | 9,795 |
| Total current assets | | **22,115** | **26,014** |
| Creditors: amounts falling due within one year | *19* | (30,916) | (33,566) |
| Net current liabilities | | **(8,801)** | **(7,552)** |
| Total assets less current liabilities | | **89,667** | **88,196** |
| Creditors: amounts falling due after more than one year | *20* | (20,168) | (22,038) |
| Provisions for liabilities | *22* | (2,095) | (1,621) |
| Net assets excluding pension (deficit) / surplus | | **67,404** | **64,537** |
| Net pensions deficit | *26* | (1,694) | (897) |
| Net assets including pension deficit | | **65,710** | **63,640** |
| **Capital and Reserves £000** | | **2020** | **2019** |
| Called up share capital | *23* | **-** | - |
| Share premium account | *24* | **23,067** | 23,067 |
| Own Shares | *31* | **(225)** | **-** |
| Profit and loss account | | **42,399** | 40,573 |
| Attribute to owners of the parent company | | **65,241** | 63,640 |
| Non-controlling interests | *31* | **469** | - |
| Shareholders' funds | | **65,710** | 63,640 |

These financial statements were approved by the board of Directors on 13 May 2021 and were signed on its behalf by:

**Tony O'Neill**
Director

**Tony van der Hoorn**
Director

The notes on pages 25 to 44 form part of these accounts.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period ended 30 January 2021

| £000 | Note | Share Premium | Own Share Reserve | Non-controlling minority interests | Profit and loss account | Total equity |
|---|---|---|---|---|---|---|
| **At 1 February 2020** | | **23,067** | **-** | **-** | **40,573** | **63,640** |
| **Profit for the period** | | - | - | - | 3,267 | 3,267 |
| **Actuarial loss on pension schemes** | *26* | - | - | - | (933) | (933) |
| **Exchange differences** | | - | - | - | 240 | 240 |
| **Revaluation of freehold properties** | *15* | - | - | - | 2,254 | 2.254 |
| **Other comprehensive income for the period** | | - | - | - | 1,561 | 1,561 |
| **Total comprehensive income for the period** | | - | - | - | 4,828 | 4,828 |
| **Non-controlling minority interests** | *31* | | (225) | 469 | (244) | - |
| **Dividends** | | - | - | - | (2,996) | (2,996) |
| **Share based payment** | | - | - | - | 238 | 238 |
| **At 30 January 2021** | | **23,067** | **(225)** | **469** | **42,399** | **65,710** |

| £000 | Note | 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** | *26* | - | - | (1,170) | (1,170) |
| **Exchange differences** | | - | - | (209) | (209) |
| **Revaluation of freehold property** | | - | - | 75 | 75 |
| **Other comprehensive loss for the period** | | - | - | (1,304) | (1,304) |
| **Total comprehensive loss 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 sare issue costs)** | | - | 2,268 | - | 2,268 |
| **Share based payment** | | - | - | 152 | 152 |
| **At 1 February 2020** | | - | 23,067 | 40,573 | 63,640 |

The notes on pages 25 to 44 form part of these accounts.

# CONSOLIDATED CASH FLOW STATEMENT

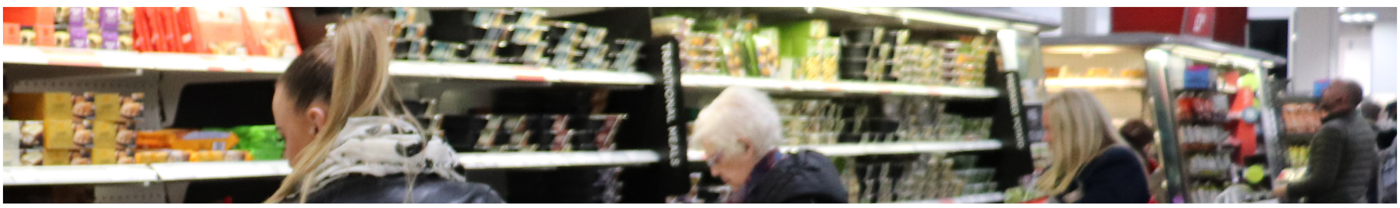
for the period ended 30 January 2021

| Cash flows from operating activities £000 | Note | 2021 | 2020 |
|---|---|---|---|
| **Profit for the financial period adjusted for:** | | **3,267** | **848** |
| **Depreciation, impairment and amortisation of fixed assets** | *4* | 5,385 | 5,319 |
| **Net interest payable**[9] | *9* | 854 | 1,058 |
| **Revaluation of property** | | (1,302) | 735 |
| **Taxation expense**[10] | *10* | 1,462 | 1,281 |
| **Increase in stock** | | (1,485) | (240) |
| **Increase in debtors** | | (28) | (411) |
| **(Decrease) / increase in creditors** | | 2,109 | (2,631) |
| **Decrease in provisions** | | 456 | (47) |
| **Exchange differences** | | 29 | (236) |
| **Share based payment** | | 238 | 152 |
| **Defined Benefit pension schemes** | | 150 | 100 |
| **(Profit)/loss on disposal of fixed assets** | | 340 | (144) |
| **Cash from operations** | | 11,475 | **5,604** |
| **Bank interest paid** | | (611) | (766) |
| **Subordinated loan interest paid** | | - | (246) |
| **Taxation paid** | | (1,471) | (1,700) |
| **Net cash generated from operating activities** | | 9,393 | **2,892** |

| Cash flows from investing activities £000 | Note | 2021 | 2020 |
|---|---|---|---|
| Proceeds from sale of tangible fixed assets | | 167 | - |
| Purchase of tangible fixed assets | *15* | (2,305) | (8,494) |
| Purchase of business assets | *30* | (2,777) | - |
| Purchase of intangible fixed assets | *14* | (20) | (54) |
| Interest received | *9* | - | - |
| **Net cash used in investing activities** | | **(4,935)** | **(8,548)** |

| Cash flows from financing activities £000 | Note | 2021 | 2020 |
|---|---|---|---|
| Repayment of bank loans | | (6,852) | (1,920) |
| Repayment of subordinated loans | | (7) | (119) |
| New bank loans | | - | 9,763 |
| New subordinated loans | | - | 34 |
| Debt issue costs | | (27) | (77) |
| Equity dividends paid | | (2,996) | (2,254) |
| Equity share issue | | - | 2,419 |
| **Net cash (used in)/generated from financing activities** | | **(9,882)** | **7,846** |

| £000 | Note | 2021 | 2020 |
|---|---|---|---|
| **Net increase / (decrease) in cash and cash equivalents** | | **(5,424)** | **2,190** |
| Effect of exchange rates on cash and cash equivalents | | 12 | (14) |
| Cash and cash equivalents at beginning of period | | 9,795 | 7,619 |
| **Cash and cash equivalents at end of period** | | **4,383** | **9,795** |



| Cash and cash equivalents comprise £000 | Note | 2021 | 2020 |
|---|---|---|---|
| **Cash at bank and in hand** | | **4,383** | **9,795** |

| Analysis of changes in debt £000 | At 1 February 2020 | Cash Flows | Other Changes | At 30 January 2021 |
|---|---|---|---|---|
| **Cash at bank and in hand** | **9,795** | **(5,424)** | **12** | **4,383** |
| **Debt due within one year** | (6,852) | 5,000 | (10) | (1,862) |
| **Debt due after on year** | (22,036) | 1,920 | (53) | (20,169) |
| **Total** | **(19,093)** | **1,496** | **(51)** | **(17,648)** |

The notes on pages 25 to 44 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 Trading ebitda by 10% below that achieved in the current period, 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 Board consider that Trading ebitda is the most appropriate metric to se for stress testing the financial projections as this is the measure that mostly closely impacts the bank convenants.

The Group is expected to remain in a strong financial position during the forecast period based on the empirical evidence of how the business performed whereby Trading ebitda during the period when the impact of COVID-19 was most pronouced actually improved from the previos 53-week period (which was not impacted by COVID-19).

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.

## Non-controlling interests

The Group initially recognises non-controlling interests at the non-controlling interest's proportionate share of the subsidiary's net assets. The total comprehensive income of non-wholly owned subsidiaries is attributed to owners of the parent and to the non-controlling interest in proportion to their relative ownership interests.

## 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.

## Investments in own shares

Own shares held by the Group's Employee Benefit Trust have been classified as deductions from shareholders' funds.

## 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 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.

### Prior period presentational amendments

Directors fees and emoluments for 2020 in note 5 have been restated to remove the effect of 2019 remuneration incorrectly included in 2020. The restatement totals £245,000.

### 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.

## 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 performace 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 professional valued annually. This uses market rentals (and yields ranging from 4% - 10%) 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 | 30 January 2021 | 1 February 2020 |
|---|---|---|
| Channel Islands | 197,716 | 184,750 |
| Spain | 121 | 1,560 |
| Gibraltar | 1,172 | 2,165 |
| Isle of Man | 1,371 | - |
| | 200,380 | 188,475 |

## 4 OPERATING PROFIT

| Stated after charging/ (crediting) £000 | 30 January 2021 | 1 February 2020 |
|---|---|---|
| Depreciation of tangible fixed assets owned | 3,504 | 3,090 |
| Depreciation of tangible fixed assets leased | 288 | 280 |
| Amortisation of goodwill | 1,544 | 1,765 |
| Amortisation of intangibles | 2 | 4 |
| Impairment of intangibles | 47 | 257 |
| Operating lease rentals | | |
| Plant & Machinery | 75 | 84 |
| Other | 7,019 | 7,287 |
| Share based payment | 238 | 152 |
| Defined benefit pension scheme (credit) / charge | 150 | 100 |
| Defined contribution pension scheme charge | 253 | 242 |

| Auditor's remuneration £000 | 30 January 2021 | 1 February 2020 |
|---|---|---|
| Audit fees | 107 | 110 |
| Tax compliance fees | 26 | 28 |
| Tax advisory fees | 8 | 10 |
| Other services | - | 8 |

## 5 REMUNERATION OF DIRECTORS

| £000 | 30 January 2021 | 1 February 2020 |
|---|---|---|
| Directors' fees and emoluments | 982 | 675 |
| Share based payments | 221 | 141 |
| Company contributions to money purchase schemes | 47 | 51 |
| | 1,250 | 867 |

Retirement benefits are accruing to three (2020: three) Directors under money purchase pension arrangements. Directors fees and emoluments for 2020 have been restated to remove the effect of 2019 remuneration incorrectly included in 2020. The restatement totals £245,000.

## 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 30 January £000 | Retail | Property | Unallocated | Total |
|---|---|---|---|---|
| Revenue | 200,380 | - | - | 200,380 |
| Rental income | - | 2,535 | - | 2,535 |
| Operating profit/(loss) before investment property revaluations | 4,023 | 496 | (238) | 4,281 |
| Operating profit/(loss) after investment property revaluations | 4,023 | 1,798 | (238) | 5,583 |
| Profit/(loss) on ordinary activities before taxation | 4,023 | 1,798 | (1,092) | 4,729 |
| Tax on profit/(loss) on ordinary activities | - | - | (1,462) | (1,462) |
| **Profit for the finacial period** | **4,023** | **1,798** | **(2,554)** | **3,267** |

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

## 7 EARNINGS PER SHARE ("EPS")

| Earnings £000 | 30 January 2021 | 1 February 2020 |
|---|---|---|
| Earnings for the purpose of basic and diluted EPS | 3,267 | 848 |
| **Number of Shares** | | |
| Weighted average number of shares for the purpose of basic EPS | 100,000,000 | 73,682,629 |
| **Basic EPS (pence)** | 0.03 | 0.01 |

| Number of Shares | 30 January 2021 | 1 February 2020 |
|---|---|---|
| Effect of dilutive potential of ordinary shares | 7,250,000 | 6,217,225 |
| Weighted average number of shares for the purpose of diluted EPS | 107,250,000 | 79,899,854 |
| **Diluted EPS (pence)** | 0.03 | 0.01 |

## 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 | 30 January 2021 | 1 February 2020 |
|---|---|---|
| Full time | 679 | 730 |
| Part time | 288 | 322 |
| | **967** | **1,052** |

The aggregate payroll costs of these persons were as follows:

| £000 | 30 January 2021 | 1 February 2020 |
|---|---|---|
| Wages and salaries | 22,237 | 23,572 |
| Defined contribution pension scheme | 403 | 342 |
| | **22,640** | **23,914** |

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

## 9 FINANCE CHARGES (NET)

| £000 | 30 January 2021 | 1 February 2020 |
|---|---|---|
| Interest payable and similar charges | 755 | 1,063 |
| Losses on derivative financial instruments | 85 | - |
| Net return on pension scheme | 14 | (5) |
| | **854** | **1,058** |

Interest payable and similar charges

| £000 | 30 January 2021 | 1 February 2020 |
|---|---|---|
| Bank loans and overdrafts | 618 | 821 |
| Loan notes | - | 98 |
| | **618** | **919** |
| Amortisation of debt issue costs | 137 | 144 |
| | **755** | **1,063** |

## 10 TAX ON PROFIT ON ORDINARY ACTIVITIES AND DEFERRED TAX

The tax charge comprises:

| Current tax £000 | 30 January 2021 | 1 February 2020 |
|---|---|---|
| Channel Islands tax | 1,547 | 1,247 |
| Gibraltar tax | 24 | 24 |
| **Deferred tax liability £000** | (109) | 10 |
| **Total tax on profit on ordinary activities** | **1,462** | **1,281** |

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 | 30 January 2021 | 1 February 2020 |
|---|---|---|
| **Profit on ordinary activities before tax** | 4,729 | 2,129 |
| Tax on Group profit on ordinary activities at standard Channel Islands income tax rate of 20% (2020: 20%) | 946 | 426 |

Effects of:

| £000 | 30 January 2021 | 1 February 2020 |
|---|---|---|
| Gibraltar trading profits taxable at 10% | 24 | 24 |
| Non-qualifying depreciation & amortisation | 611 | 728 |
| Disallowable expenditure and non-taxable income (net) | 141 | (44) |
| Non-taxable revaluations | (260) | 147 |
| **Group current tax charge for the period** | 1,462 | 1,281 |

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 | 30 January 2021 | 1 February 2020 |
|---|---|---|
| Dividend paid 26 September 2020/ 30 April 2019 | 1,500 | 754 |
| Dividend paid 16 December 2020/11 December 2019 | 1,496 | 1,500 |
| **Total dividend paid in the period** | 2,996 | 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:

| | 30 January 2021 | | 1 February 2020 | |
|---|---|---|---|---|
| | **Number of options** | **Weighted average exercise price £000** | **Number of options** | **Weighted average exercise price £000** |
| **Outstanding at beginning of the period** | 7,250,000 | 0.825 | 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** | **7,250,000** | **0.825** |
| **Exercisable at the end of the period** | - | - | - | - |

The options outstanding at 30 January 2021 had a weighted average exercise price of £0.825 (2020): £0.825). The options were granted on 4 June 2019 and have a 10 year expiry date. The aggregate of the estimated fair values of the options granted on 4 June 2019 is £929,000.

| | 2021 | 2020 |
|---|---|---|
| **Weighted average share price** | 75p | 75p |
| **Weighted average exercise price** | 82.5p | 82.5p |
| **Expected volatility** | 25.00% | 25.00% |
| **Expected life** | 3-5 years | 3-5 years |
| **Risk-free rate** | 0.78% | 0.78% |
| **Expected dividend yield** | 4.00% | 4.00% |

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 £237,564 (2020: £151,549).

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 1.3 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 3.3 years.

## 14 INTANGIBLE ASSETS

| Cost £000 | Note | Goodwill | Other | Total |
|---|---|---|---|---|
| At 30 January 2021 | | 48,502 | 129 | 48,631 |
| Additions | | - | 20 | 20 |
| Intangibles acquired on a business combination | *30* | 1,724 | - | 1,724 |
| Impairment | | (47) | - | (47) |
| **At 30 January 2021** | | **50,179** | **149** | **50,328** |

| Amortisation £000 | Goodwill | Other | Total |
|---|---|---|---|
| At 30 January 2021 | 24,076 | 101 | 24,177 |
| Charge for the period | 1,544 | 2 | 1,546 |
| **At 30 January 2021** | **25,620** | **103** | **25,723** |

| £000 | Goodwill | Other | Total |
|---|---|---|---|
| **Net book at 30 January 2021** | **24,559** | **46** | **24,605** |
| Net book value at 1 February 2020 | 24,426 | 28 | 24,454 |

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. Impairment reflects goodwill written off relating to brands exited due the period.

Other intangible assets predominantly comprise the rights to operate coffee shops under the Costa brand in certain territories.

## 15 TANGIBLE FIXED ASSETS

| Cost £000 | Freehold | Leasehold | Other Assets | Total |
|---|---|---|---|---|
| **At 1 February 2020** | 59,702 | 2,854 | 21,288 | 83,844 |
| Additions | 594 | 396 | 2,313 | 3,303 |
| Revaluation | 3,304 | - | - | 3,304 |
| Effects of exchange | - | - | 59 | 59 |
| Disposals | - | (15) | (2,863) | (2,878) |
| **At 30 January 2021** | 63,600 | 3,235 | 20,797 | 87,632 |

| Depreciation £000 | Freehold | Leasehold | Other Assets | Total |
|---|---|---|---|---|
| **At 1 February 2020** | - | 1,928 | 10,624 | 12,552 |
| Revaluation | (252) | - | - | (252) |
| Charge for the period | 252 | 288 | 3,252 | 3,792 |
| Effects of exchange | - | - | 50 | 50 |
| Disposals | - | (3) | (2,368) | (2,371) |
| **At 30 January 2021** | - | 2,213 | 11,558 | 13,771 |

| £000 | Freehold | Leasehold | Other Assets | Total |
|---|---|---|---|---|
| **Net Book Value At 30 January 2021** | 63,600 | 1,022 | 9,239 | 73,861 |
| Net Book Value At **30 January 2021** | 59,702 | 926 | 10,664 | 71,292 |

Within Freehold Land and Buildings, the carrying amount comprises:

| Investment property at fair value £000 | 2021 | 2020 |
|---|---|---|
| Freehold investment property | 27,566 | 24,551 |

The Group's investment properties were revalued on 31 January 2021 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.

Due to changes in use in the freehold property a reallocation of £1,713,000 has been made from retail property to investment property (2020: £592,000 has been made from investment property to retail property). This has contributed to the total fair value movement in the year of £3,015,000.

The cost of the Group's freehold property under the historical cost accounting rules is £35,413,000 (2020: £36,518,000) and written down value £33,886,000 (2020: £34,672,000).

The cost of the Group's investment property under the historical cost accounting rules is £21,939,000 (2020: £19,939,000).

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

| Fair value | £000 |
|---|---|
| At 1 February 2020 | 24,551 |
| Acquisitions | - |
| Reclassification to freehold retail property | 1,713 |
| Revaluation | 1,302 |
| Disposals | - |
| **At 30 January 2021** | **27,566** |

## 16 FIXED ASSET INVESTMENTs

| Cost £000 | Other investments |
|---|---|
| At 30 January 2021 and 1 February 2020 | 2 |

## 17 STOCK AND WORK IN PROGRESS

| £000 | 2021 | 2020 |
|---|---|---|
| Finished goods and goods for resale | 11,990 | 10,505 |

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

## 18 DEBTORS

| £000 | 2021 | 2020 |
|---|---|---|
| Trade debtors | 2,599 | 2,122 |
| Other debtors | 1,530 | 1,614 |
| Prepayments & accrued income | 1,613 | 1,978 |
| | **5,742** | **5,714** |

## 19 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| £000 | 2021 | 2020 |
|---|---|---|
| Bank loans | 1,857 | 6,847 |
| Other loans | 5 | 5 |
| Trade creditors | 18,371 | 16,366 |
| Current taxation & social security | 4,332 | 4,067 |
| Other creditors | 3,250 | 3,635 |
| Accruals and deferred income | 3,101 | 2,646 |
| | **30,916** | **33,566** |

## 20 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| £000 | 2021 | 2020 |
|---|---|---|
| Bank loans | 20,155 | 22,017 |
| Loan notes | - | - |
| Other loans | 14 | 21 |
| | **20,169** | **22,038** |

Debt issue costs of £85k (2020: £144k) are included within bank loans.

## 21 ANALYSIS OF DEBT

Debt can be analysed as falling due:

| £000 | 2021 | 2020 |
|---|---|---|
| In one year or less, or on demand | 1,925 | 6,925 |
| Between one & two years | 1,925 | 1,927 |
| Between two & five years | 18,329 | 20,253 |
| In more than five years | - | - |
| | 22,179 | 29,105 |
| Unamortised debt issue costs | (148) | (217) |
| | 22,031 | 28,888 |

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 certain of the Company's 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.

## 22 PROVISIONS FOR LIABILITIES

| Group £000 | Onerous Contracts | Dilapidations | Deferred Tax | Total |
|---|---|---|---|---|
| **At 1 Febuary 2020** | 577 | 368 | 676 | 1,621 |
| Utilisation of provision | (474) | (100) | - | (574) |
| Profit & Loss charge/(credit) | 742 | 396 | (109) | 1,029 |
| Unwinding of discount | 20 | - | - | 20 |
| **At 30 January 2021** | 865 | 663 | 567 | 2,095 |

### Onerous Contracts

The Group has provided for all costs, net of anticipated income, that are expected to be incurred relating to operations which are being wound-up. At 30 January 2021 the value of these onerous contracts provisions is £223,763 (2020: £324,698)

The Group also makes provisions relating to anticipated future costs on long leasehold property which is no longer used to generate cash flows in the business. At 30 January 2021 the value of vacant property provisions is £641,323 (2020: £251,956).

### 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.

## 23 CALLED UP SHARE CAPITAL

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

| 1 February 2020 | £000 |
|---|---|
| 100,000,00 Ordinary shares | - |
| | - |
| **30 January 2021** | **£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.

## 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 | 2021 | 2021 |
|---|---|---|
| Contracted | 419 | 188 |

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

| Group £000 | 2021 Land & Buildings | 2021 Other | 2020 Land & Buildings | 2020 Other |
|---|---|---|---|---|
| Not later than one year | 7,367 | - | 7,311 | - |
| Later than 1 year and not later than 5 years | 26,858 | - | 26,312 | - |
| Later than 5 years | 32,605 | - | 33,677 | - |
| | 66,830 | - | 67,300 | - |

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

| Group £000 | 2021 Land & Buildings | 2021 Other | 2020 Land & Buildings | 2020 Other |
|---|---|---|---|---|
| Not later than one year | 2,975 | - | 2,341 | - |
| Later than 1 year and not later than 5 years | 8,311 | - | 7,118 | - |
| Later than 5 years | 6,645 | - | 9,463 | - |
| | 17,931 | - | 18,922 | - |

## 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 £200,000 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 2020 |
| Ann Street Scheme 2 | 1 April 2020 |
| Bucktrout Scheme | 1 January 2020 |

The Schemes have been reviewed by independent actuaries to support the accounting and disclosure requirements of FRS 102 as at 30 January 2021, using the following assumptions:

| % | 2021 | 2020 |
|---|---|---|
| Rate of increase in pensions in payment | 3.0 | 3.0 |
| Discount rate | 1.4 | 1.7 |
| Jersey Retail Prices Index inflation | 3.1 | 3.1 |

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

| Years | 2021 | 2020 |
|---|---|---|
| Male currently aged 45 | 23.3 | 22.9 |
| Female currently aged 45 | 25.7 | 25.0 |
| Male currently aged 65 | 21.9 | 21.5 |
| Female currently aged 65 | 24.3 | 23.4 |

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

The Group contributed £253,197 (2020: £241,567) 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:

| % | 2021 Total Assets | 2020 Total Assets |
|---|---|---|
| Insurance policy | 30.4 | 35.7 |
| Equities | 32.1 | 26.4 |
| Gilts | 2.8 | 3.0 |
| Corporate Bonds | 16.2 | 10.4 |
| Gilt strips | 10.2 | 18.5 |
| Other | 0.7 | 0.7 |
| Cash | 7.6 | 5.3 |
| | 100.0 | 100.0 |

| Group £000 | 2021 | 2020 |
|---|---|---|
| Fair value of assets | 12,619 | 13,687 |
| Present value of funded obligations | (14,313) | (14,584) |
| **Net defined benefit (deficit)/surplus** | (1,694) | (897) |

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 £244,000 (2020: surplus £871,000); Ann Street 2 scheme deficit £578,000 (2020: deficit £644,000); Bucktrout Scheme deficit £1,360,000 (2019: deficit £1,124,000).

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 | 2021 | 2020 |
|---|---|---|
| Expected return onpension scheme assets | 221 | 350 |
| Interest on pension scheme liabilities | (235) | (345) |
| **Total credit/(charge) to net finance charges** | (14) | 5 |

| Amounts recognised in the Consolidated Statement of Comprehensive Income £000 | 2021 | 2020 |
|---|---|---|
| Difference between expected return and actual return on pension scheme assets | 116 | 387 |
| Experience (loss)/gain arising on the scheme liabilities | (1,049) | (1,557) |
| **Actuarial (loss) / gain recognised in the statement of consolidated income** | (933) | (1,170) |

| History of experience gains & losses £000 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| Fair value of Schemes' assets | 12,619 | 13,687 | 13,979 | 14,547 | 14,468 |
| Present value of scheme liabilities | (14,313) | (14,584) | (13,812) | (15,066) | (14,964) |
| (Deficit)/Surplus in the schemes | (1,694) | (897) | 167 | (519) | (496) |
| Difference between expected & actual return on scheme assets | 116 | 387 | (104) | 517 | 595 |
| Experience (loss)/ gain arising on the scheme liabilities | (1,049) | (1,557) | 604 | (527) | (1,624) |

| Movement in (deficit)/surplus during the period £000 | 2021 | 2020 |
|---|---|---|
| **Opening surplus/(deficit) of the schemes** | (897) | 167 |
| Interest on pension scheme liabilities | (235) | (345) |
| Expected return on pension scheme assets | 221 | 350 |
| Employer contributions | 150 | 99 |
| Actuarial gain/(loss) | (933) | (1,170) |
| **Closing (deficit)/surplus of the Schemes** | (1,694) | (897) |

| Movement in the schemes' assets during the period £000 | 2021 | 2020 |
|---|---|---|
| **Fair value of the Schemes' assets brought forward** | 13,687 | 13,979 |
| Benefits paid and expenses (where applicable) | (1,555) | (1,129) |
| Expected return on scheme assets | 221 | 350 |
| Employer contributions | 150 | 99 |
| Gain/(loss) on assets in excess of interest | 116 | 388 |
| **Closing assets of the scheme** | 12,619 | 13,687 |

| Movement in the Schemes' liabilities during the period £000 | 2021 | 2020 |
|---|---|---|
| **Fair value of the Schemes' liabilities brought forward** | (14,584) | (13,812) |
| Benefits paid and expenses (where applicable) | 1,555 | 1,129 |
| Interest on pension schemes' liabilities | (235) | (345) |
| (Loss)/gains on liabilities due to changes in assumptions | (1,049) | (1,556) |
| **Closing liabilities of the schemes** | (14,313) | (14,584) |

| Composition of plan liabilities £000 | 2021 | 2020 |
|---|---|---|
| Schemes wholly or partly funded | (14,313) | (14,584) |

## 27 FINANCIAL INSTRUMENTS

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

| Group £000 | 2021 | 2020 |
|---|---|---|
| Financial assets measured at amortised cost | 8,526 | 13,531 |
| Financial liabilities measured at amortised cost | 46,917 | 51,543 |

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 £17,904 (2020: £14,169) were paid in relation to key management personnel. There were no amounts due to key management personnel at the end of the period (2020: £nil).

Jon Ravenscroft is a director of Ravenscroft Specialist Fund Management Limited, which is Investment Manager for Bailiwick Investments Limited, a closed-ended investment company that is a shareholder of the Group. Entities within the Ravenscroft Group received annual fees totalling £75,000 for advisory services (2020: 39,583).

As at balance date two of the Company's Directors were beneficiaries of shares held in the Company by nominee companies of 14.73% and 0.45% respectively.

Shareholders were paid dividends totalling £2,995,506 during the period (2020: £2,253,784).

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 (2020: £2,023,596).

Two of the Company's Directors were paid fees of £66,250 (of which £16,250 was for advisory services) for acting as Non-Executive Directors (2020: two Directors; £52,084; of which £2,250 was for advisory services).

## 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** BUSINESS COMBINATIONS

On 7 September 2020 the Group acquired 100% of the trade and assets of Le Cocq's Stores for a total consideration of £2,777,060. In calculating goodwill arising on the acquisition, the fair value of net assets of Le Cocq's Stores have been assessed and adjustments from book value have been made where appropriate.

| **£000** | **Period to 30 January 2021** |
|---|---|
| Total purchase consideration (including directly attributable expenses of £122,042) | 2,777 |
| **Freehold retail property** | 594 |
| **Leasehold property** | 300 |
| **Fixed assets** | 104 |
| **Stock** | 114 |
| **Cash** | 3 |
| Debtors & repayments | 3 |
| **Creditors** | (65) |
| **Net Assets** | 1,053 |
| **Goodwill** | **1,724** |

The goodwill is being amortised over a useful life of 20 years (see note 1).

## **31** NON-CONTROLLING MINORITY INTERESTS

Non-controlling miniority interests represent amounts relating to the divestment of a proportion of a subsidiary company. Part of the consideration for this transaction was in parent company shares which were procured by a newly established Employee Benefits Trust (Own share reseves) at a price of 75p per share.

## **32** EVENTS AFTER THE END OF THE REPORTING PERIOD

Prior to the approval of the financial statements the Directors have approved a dividend of £1,638,957 which the company will announce on 14 May 2021.


Morrisons Daily
Iceland
Le Cocq's Stores
BURGER KING
COSTA COFFEE SINCE 1971
M&S EST. 1884
cardfactory quality and value for all life's moments
CREW CLOTHING COMPANY
wine warehouse
MATALAN REAL LIFE READY
HOTEL Chocolat.