Annual Report

Directors' report & consolidated financial statements

For the year ended 28 January 2023

SandpiperCI

LOCALLY OWNED. LOCALLY MANAGED.

Contents

Section 1

Management report

Company information

Directors

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

A T J O'Neill	Executive Chairman
D S Wilson	Executive Director
M J Rutter	Executive Director
S J A Harrison	Non-Executive Director
J R Ravenscroft	Non-Executive Director
T R Scott	Non-Executive Director

Registered number

97651 (Jersey)

Company Secretary

D S Wilson

Registered office

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

Independent auditor

BDO LLP

Arcadia House
Maritime Walk
Ocean Village
Southampton
England
SO14 3TL

Listing sponsor

Ravenscroft Consultancy & Listing Services Limited

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

Registrar

Link Market Services (Jersey) Limited

12 Castle Street
St Helier
Jersey
JE2 3RT

Board of Directors

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

Tony O'Neill
Executive Chairman

Tony was Chief Executive Officer of the Company from its buyout in August 2007 until his appointment as Executive Chairman in November 2019. He spent 13 years at Marks & 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.

Dan Wilson
CFO and Company Secretary

Dan was appointed as Chief Financial Officer and Company Secretary in September 2021. He previously spent 12 years with Tesco PLC in a number of senior finance roles spanning the UK, Central Europe and Asia, and four years with Whitbread PLC. Dan started his career with KPMG in the City of London and is a fellow of the Institute of Chartered Accountants in England and Wales.

Mike Rutter
Retail Managing Director

Mike was appointed to the Board in August 2021, having acted as Retail Managing Director since November 2019. Prior to his appointment as Retail Managing Director, Mike held a number of senior executive roles within SandpiperCI during the preceding twelve years, including Managing Director of Marks & Spencer (Jersey) and Managing Director of the Food Retail division. He previously spent six years at Somerfield holding the positions of Supply Chain Director and Business Transformation Director.

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 was finance director of several companies including Dollond & Aitchison Limited and Leeds United PLC. Stephen is also a Non-Executive Director at Bremsen Technik Group and at Investing For Good CIC, and is Chairman of Peters' Cleaners, a private-equity backed laundry and dry-cleaning business. Stephen has an MSc in Management (now MBA) from the London Business School.

Jon Ravenscroft
Non-Executive Director

Jon has enjoyed over 36 years in investments and corporate finance and is a Fellow of the Chartered Institute for Securities & Investment. He founded Ravenscroft (CI) Limited (formerly Cenkos Channel Islands Limited) in 2005. Jon has extensive experience of investing in, mentoring and advising Channel Islands' companies over these years and has been instrumental in establishing local funds which provide the opportunity to invest into local businessess and commercial property. Jon joined the Board in December 2017.

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 February 2016 and is Chairman of the Remuneration Committee. He 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 and leisure investments.

Executive Chairman's review

In what was a very challenging year for both businesses and consumers, we saw our revenues grow by 3.6%. Food sales were up 1.9%, driven by a particularly strong performance from our M&S stores where we continue to see growth in customer numbers on a weekly basis. Our three-year (pre-pandemic) food like-for-like sales grew by just under 12%, clearly showing we have grown market share which reflects our continued focus on mitigating significant cost price pressure, to offer our customers the best possible values we can in these times of unprecedented cost price inflation.

Internally, we made our biggest ever investment in pay to ensure we attract and retain the best talent available in a shrinking labour pool. We also faced double-digit increases in our distribution costs, which form such a substantial part of our cost base. In spite of our efforts to mitigate these impacts, our trading EBITDA at £11.7m, fell by £1.0m year on year, a decrease of 8.2%.

Inevitably, with inflation still in double digits, the outlook is uncertain. On the positive side, current sales performance is exceeding our expectations and prices are starting to moderate. Our challenge remains continuing to grow our sales ahead of our cost base. As an island-based business with a finite market, ongoing inflation inevitably creates further cost pressures, particularly on labour and distribution.

I should also mention the development of franchise stores in partnership with M&S on the UK mainland, which we announced last year. We are still in the early stages of this long-term project but encouragingly we expect to open our first two stores by autumn of this year.

Finally, and as always, I acknowledge and thank all of my colleagues for their hard work, with growing positive comments on social media underlining their efforts to provide the best possible service in these challenging times.

Tony O'Neill
Executive Chairman
10 May 2023

Financial review

The Group's sales increased by 3.6% in the year to £218.2m, following the 5.0% growth seen in the prior year. Sales growth was driven by a particularly strong performance in our M&S stores and a full year of ownership of the Red restaurants group.

	2023 £'000	2022 £'000	Change £'000
Revenue	**218,235**	**210,674**	**7,561**
Trading EBITDA	**11,668**	**12,715**	**(1,047)**
Revaluation of investment property	771	1,333	(562)
Non-trading and non-recurring items	(530)	(1,192)	662
Depreciation and amortisation	(4,773)	(4,847)	74
Operating profit	**7,136**	**8,009**	**(873)**
Trading EBITDA as a percentage of revenue	5.3%	6.0%	(0.7%)

Trading EBITDA is the key measure by which the Board of Directors assesses the financial performance of the business. As presented in the table above, Trading EBITDA is an alternative performance measure which states profit before the deduction of non-cash, non-trading and non-recurring items that do not reflect the underlying performance of the business.

Trading EBITDA for the year was £11.7m, a decrease of £1.0m versus the prior year. Operating margins have been impacted by significant cost inflation, most notably relating to labour and distribution, although cost-saving initiatives have been successful in mitigating at least some of these impacts.

Continuing improvements in the occupancy rates of our freehold investment properties supported a further uplift in their market valuations with a £0.8m gain in the year.

Non-trading and non-recurring items represented a net cost of £0.5m in the year. Included within this figure are accounting charges for the issuance of share options, pre-opening costs relating to new projects, exit costs of ancillary brands and operations, and adjustments to provisions for dilapidations. The prior year comparative figure also includes exit and pre-opening costs, in addition to costs relating to Covid-19.

Depreciation and amortisation charges of £4.8m complete the reconciliation to the operating profit figure of £7.1m.

	2023 £'000	2022 £'000	Change £'000
Operating profit	**7,136**	**8,009**	**(873)**
Finance charges	**(721)**	(587)	(134)
Tax on profit on ordinary activities	**(1,476)**	(1,873)	397
Profit after tax	**4,939**	**5,549**	**(610)**
Other comprehensive income	1,364	5,043	(3,679)
Total comprehensive income	**6,303**	**10,592**	**(4,289)**

Financial review (continued)

Finance charges increased by £0.1m due to higher interest costs on the Group's floating rate debt, following rises in the Bank of England base rate. This increase in underlying interest costs was partially off-set by fair value remeasurement gains related to the mark-to-market movement on an interest rate swap.

The reduction in the tax charge this year follows the reduction in the Group's operating profit and a lower figure for non-qualifying depreciation and amortisation.

Other comprehensive income benefitted from a £2.0m actuarial gain relating to the Group's legacy defined benefit pension schemes. This is principally due to a 2.2 percentage points increase in the discount rate applied to the schemes' future liabilities, reducing their net present value. This gain was partially offset by a reduction in the valuation of the Group's freehold retail properties, reflecting a trend seen in the wider retail property market.

	28 January 2023 £'000	29 January 2022 £'000 *Restated	Change £'000
Net assets (shareholders' funds)	**76,393**	74,504	1,889
Net debt	**9,031**	13,640	(4,609)

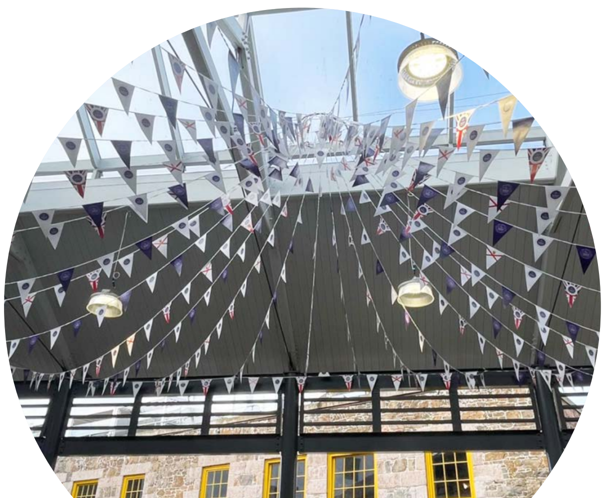
Net debt reduced by £4.6m in the year to £9.0m, comprising the outstanding balance of the Group's term loan of £19.8m, less cash of £10.3m and unamortised debt issuance costs of £0.4m.

The reduction in net debt was primarily driven by £8.8m of cash generated from operating activities. Although the working capital position at the balance sheet date presents a cash outflow, a focus on lower stock holding together with regularised payment terms with key suppliers throughout the year will ensure the Group is better positioned in the current interest rate environment. Net capital expenditure was a £0.7m inflow following the disposal of two non-core freehold properties.

The Group completed the refinancing of its borrowings with HSBC Bank plc on 23 September 2022. The new facilities agreement comprises a five-year term loan of £20m, revolving credit facility ('RCF') of £5m and an overdraft facility of £3m. The RCF was not drawn during the year and neither the overdraft nor the RCF were drawn at the year-end. Surplus cash is held in fixed term deposit accounts of varying maturities all of which mature within three months of the deposit being made.

The full-year dividend was held at 3.3 pence per share amounting to a total of £3.3m paid to shareholders of the parent Company in the year. Dividends paid to shareholders since the Company listed in May 2019 now total £11.1m.

Dan Wilson
Chief Financial Officer
10 May 2023



Directors' report

The Directors present their directors' report and the consolidated financial statements of SandpiperCI Group Limited (the "Company") and its subsidiaries (together the "Group") for the year ended 28 January 2023.

Principal activities

The Group is principally engaged in the operation of a variety of retail outlets in the Channel Islands, the Isle of Man and Gibraltar.

Financial instruments

Details of the use of financial instruments by the Group can be found in the notes to the consolidated financial statements.

Results and dividends

The results for the year are set out on page 20.

Dividends totalling £3,277,914 (2022: £3,277,914) were paid to equity holders of the parent in the year. Two interim dividends of 1.65 pence per share, each totalling £1,638,957, were paid on 14 June 2022 and 16 December 2022.

Events after the reporting period

The Directors declared a dividend of 1.65 pence per share, totalling £1,638,957, which was approved by the Board on 10 May 2023 and will be paid on 13 June 2023.

On 3 March 2023 the Group completed the acquisition of the remaining 30% of the ordinary share capital of Big Red Limited for £481,813. The Group subsequently disposed of 75% of its shareholding in Sandpiper Castle Limited, the holding company of Big Red Limited, on 6 March 2023 to Big Red Holdings Limited for adjusted proceeds of £1,327,013. Jon Ravenscroft, who is a director of the Company, holds 5% of the ordinary share capital of Big Red Holdings Limited.

On 12 April 2023 a subsidiary company of the Group received a potential claim from a former landlord relating to historic dilapidations that had not been carried out on a formerly leased property. The amount of the potential claim is circa £1.1m which represents a contingent liability for the Group. The dilapidations to which the claim relates existed before the Group acquired ownership of the subsidiary company which leased the property, and the Group received a contractual commitment from the former owner of the subsidiary company that they will meet the costs of any dilapidations during the acquisition process. This undertaking from the former owner represents a contingent asset for the Group. As the matter is a recent development, and the basis of the claim is yet to be validated, a reliable estimate of the potential obligation cannot be reliably measured. Consequently, no provision has been recognised.

Going concern

On 24 February 2022 Russia invaded Ukraine. The resulting conflict between the two countries has prompted concerns around food security and has been a key factor in the high level of inflation that has prevailed over the reporting period which, with regards to food prices, continues to grow. The Company remains of the view that the conflict will not have a material impact on its operations and does not give rise to any questions over the going concern presumption. Nevertheless, the degree to which the Company is affected will continue to depend on the nature and duration of uncertain and unpredictable events and reactions to ongoing developments by global financial markets.

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. Further details are provided in note 1 to these financial statements.

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 employment are retained wherever possible.

Directors' report (continued)

Environmental and social

The Board recognises the Group's responsibility to have a positive impact on all its stakeholders and continues to support initiatives aimed at delivering environmental and social benefits.

Environmental initiatives

Food waste is a significant challenge in the Channel Islands with thousands of tonnes of food thrown away each year. The Group continued its partnership with Gander through the year which improves the sell-through of price-reduced food items and reduces waste in stores. In the current environment of highly-inflated food prices, the resulting reductions present a further savings benefit for customers.

The Group recognises the environmental impact of single-use plastic bags and the important role it has to influence behaviour and discourage a throwaway culture. The Group ensures that all of its plastic bags achieve the specified densities and attract the requisite charge for purchase. Furthermore, bags for life are available across stores, together with compostable bags for fruit and vegetables.

Women in Business

The group endeavours to create workplaces that increase the visibility of women and foster a culture where women can succeed in demanding and fulfilling positions. Women represent 62% of the Sandpiper colleagues and 64% of management roles are occupied by women. The Group is proud its diverse workforce includes colleagues of 26 nationalities across the business.

Supporting our communities

The Group continues to work with local partners to provide work experience opportunities in its communities. In 2022, 21 Jersey students in years 10 and 11 completed multi-week placements within the Group's various operating businesses, gaining an insight into the world of working and developing the skills to improve their job prospects.

Jersey was impacted by two devastating events in quick succession, shortly before Christmas. The Group responded by providing emergency and essential clothing donations and coordinating in-store collections for the Bailiff's Relief Fund. We sadly lost a long-serving and valued colleague in one of the tragedies and we share our heartfelt condolences with all those who were, and continue to be, impacted by those events.

Marks & Spencer Jersey partners with many local charities by making daily donations of food nearing its expiry date. A long-standing partnership with The Shelter Trust provides accommodation and support services for the homeless community in Jersey. This contribution is particularly appreciated as Marks & Spencer food ranges provide suitable options for specific dietary requirements, such as vegetarians or those with food intolerances.

Throughout the past year, the Group has responded to numerous requests from its local communities to sponsor events and donate to initiatives across various charitable sectors. In addition, we play an active role in coordinating charitable donations from our customers. One such event involved our Operations Director visiting our stores along the 100km cycling route of the Tour de Jersey, in aid of Jersey Hospice Care.

The Group continues to support the National Trust for Jersey and is encouraged to see colleagues volunteering for activities such as hedge row planting and Purple Dew plant removing. We look forward to more colleagues volunteering with the National Trust in the forthcoming year.

The Group is also proud to be sponsoring the upcoming *International Island Games* in Guernsey. The Island Games are held every two years, with thousands of athletes from across the globe coming together to compete. Some of the world's finest sportsmen and women began their careers as Island Games competitors.

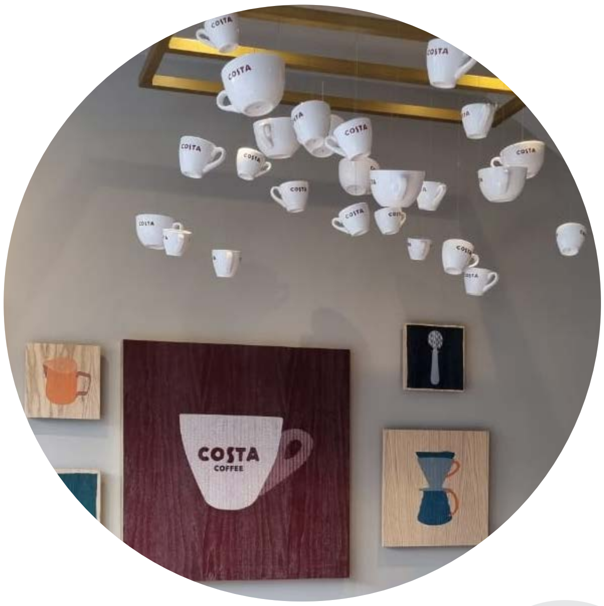
Directors' report (continued)

Political contributions

The Group made no political contributions in the year (2022: £nil).

Directors' interests in shares

The Directors who held office at the end of the financial year had the following interests in the ordinary share capital of the Company as at 28 January 2023.



	Number of shares	Percentage
A T J O'Neill	5,000,000	5.00%
D S Wilson	30,001	0.03%
J R Ravenscroft	500,000	0.50%
M J Rutter	138,700	0.14%
S J A Harrison	666,667	0.67%
T R Scott	14,725,522	14.73%

In addition to the figures above, Jon Ravenscroft and Tony O'Neill also have indirect holdings in the Company of 0.67% and 0.23% respectively, via their holdings in Bailiwick Investments Limited.

Directors had the following interests in options over ordinary shares in the Company as at 28 January 2023.

	Number of options	Exercise price	Grant date
A T J O'Neill	**3,500,000**	82.5 pence	4 June 2019
D S Wilson	**2,000,000**	85.0 pence	7 September 2021
M J Rutter	**500,000**	82.5 pence	4 June 2019
M J Rutter	**500,000**	82.5 pence	11 November 2019
M J Rutter	**1,000,000**	99.0 pence	19 July 2022

See Note 29 Related party disclosures for details of other disclosable interests of the Directors who held office at the end of the financial year.

Directors' report (continued)

Directors' responsibilities

The Directors are responsible for preparing the financial statements in accordance with applicable law and regulations. The Directors are required to prepare financial statements for each financial year 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 year.

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 10 May 2023 and signed on its behalf by:

Dan Wilson
Secretary

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 28 January 2022 the Company has complied with the relevant principles set out in the Code.

Board composition and role

The Board comprises six Directors, three of whom are Executive Directors (including the Chairman) and three of whom are Non-Executive Directors. Details of the individual Directors and their biographies are set out on page 4.

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

Board committees

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

- **Audit committee:** responsible for reviewing and monitoring internal financial control systems and risk management systems on which the Company is reliant, considering annual and interim accounts and audit reports, considering the appointment and remuneration of the Company's auditors and monitoring and reviewing annually their independence, objectivity, effectiveness and qualifications. This committee meets three times per year and is chaired by Stephen Harrison;
- **Remuneration committee:** responsible for the Company's remuneration policy and for reviewing and recommending Directors' remuneration, bonuses and incentives. This committee is chaired by 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 ongoing risks such as the inflationary impacts on food prices, supply chain costs and wages, financial risks presented by volatility in the financial markets, and the ongoing effects of Covid and the conflict in Ukraine.

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

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's affairs as at 28 January 2023 and of the Group's profit for the year then ended;
- the Group's financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements 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 'Parent Company') and its subsidiaries (the 'Group') for the year ended 28 January 2023 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' (United Kingdom Generally Accepted Accounting Practice).

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 and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group's ability to continue to adopt the going concern basis of accounting included:

- Challenging the Directors on the key assumptions included in the forecast scenarios such as levels of turnover and resulting EBITDA expectations.
- We did this by analysing and reviewing the growth considered in turnover and EBITDA and by comparing this with previous period actual and budgeted results and post year-end actual results.
- We also agreed debt service cover, interest cover and loan to value covenants calculations within the forecasts to the borrowing agreements and performed our own sensitivities on the cash flows to understand the impact on covenants.
- In preparing the cashflow forecasts, the Directors have considered the impact of inflation and interest rates. In our review of the forecasts we have considered whether the Directors have made appropriate prudent assumptions in assessing the impact of the current economic environment and inflationary pressures and whether these are reasonable.

Independent auditor's report to the members of SandpiperCI Group Limited (continued)

Conclusions relating to going concern (continued)

- Obtained the Directors' reverse stress testing analysis, which was performed to determine the point at which covenants would be breached and considered whether such a scenario was reasonably possible by reperforming underlying calculations and checking if there was sufficient headroom. This included consideration of the Group's trading to date.
- We reviewed the Directors' disclosures in relation to going concern for consistency with the forecasts and stress tests thereon undertaken by the Directors.

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.

Coverage	100% (2022: 100%) of Group profit before tax 100% (2022: 100%) of Group turnover 100% (2022: 100%) of Group total assets		
Key audit matters	**KAM**	**2023**	**2022**
	Turnover Recognition - Existence	Yes	Yes
	Freehold Property Valuations	Yes	Yes
Materiality	*Group financial statements as a whole* *£309,000 (2022: £350,000) based on 5% (2022: 5%) of Adjusted Profit Before Tax.*		

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.

The Parent Company and its subsidiaries operate 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 audit procedures.

Independent auditor's report to the members of SandpiperCI Group Limited (continued)

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 year 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.

<table>
<tr><th colspan="2">Key audit matter</th><th>How the scope of our audit addressed the key audit matter</th></tr>
<tr><td>Turnover Recognition - Existence (note 1 and 3</td><td>Turnover is the primary determinant of the Group's profitability and one of the primary measures of performance communicated to investors.

A significant element of the risk of material misstatement in turnover relates to the potential for improper or fraudulent manual journal entries to turnover to improve results.

Additionally there is a high volume of transactions, which is processed through the cash system, which may result in the misstatement of turnover.

Because of the significance of these risks, we identified this to be a Key Audit Matter.</td><td>Our procedures included the following:

For certain turnover streams, we have involved our internal IT specialists to assist in the reconciliation of turnover recorded in the cash system to that in the general ledger, and we have agreed total turnover recognised in general ledger to cash received in the bank accounts. Where applicable, we have agreed samples of reconciling items to supporting documentation.

For a sample of turnover per the general ledger that does not go through the till system we agreed these to supporting documentation and bank statements.

We agreed a sample of manual journal entries posted to turnover in the general ledger to supporting documentation.

Key observation:
Based on our procedures performed we did not identify any matters to suggest that the existence of turnover was not appropriate.</td></tr>
<tr><td>Freehold Property Valuations (note 15 and note 1 accounting policy)</td><td>The Group's freehold property portfolio is split between retail and residential properties in Jersey and Guernsey and is included in the Consolidated Balance Sheet at its fair value of £64.4m.

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 trading evaluation.

As a result of the significant judgement and estimations required by management in determining the valuations, utilising their external property valuation experts, we deemed this a Key Audit Matter.</td><td>Our procedures included the following:

We read the valuation reports for all the properties and confirmed that the valuation approach for each was in accordance with RICS standards and accounting standards and suitable for use in determining the carrying value for the purpose of the financial statements.

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.

With the assistance of our RICS qualified internal property valuation experts and using their knowledge of the market we reviewed the valuation reports and challenged management on the valuation basis used including the yields and estimated market rentals. 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 compared to that used by management.

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.

We considered future trading for retail properties and agreed these amounts to forecasts. For a sample of retail properties we have checked forecast trading to actual trading subsequent to year end to assess the reasonableness of the forecasts.

Key observations:
Based on our procedures performed, no issues were identified to indicate that the assumptions used by management in the valuation of freehold properties were inappropriate.</td></tr>
</table>

Independent auditor's report to the members of SandpiperCI Group Limited (continued)

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	
	2023	**2022**
Materiality	£309,000	£350,000
Basis for determining materiality	5% of profit before tax before non-recurring and non-trading items and an upward 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	£231,750	£262,500
Basis and rationale 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 £15,250 (2022: £7,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

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.

Independent auditor's report to the members of SandpiperCI Group Limited (continued)

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, 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:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance; and
- Obtaining an understanding of the Group's policies and procedures regarding compliance with laws and regulations,

We considered the significant laws and regulations to be The Companies (Jersey) Law (1991).

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the Corporate and GST legislation, Alcohol Licensing Legislation, Health and Safety and Employment taxes legislation.

Independent auditor's report to the members of SandpiperCI Group Limited (continued)

Our procedures in respect of the above included:

- Review of minutes of meetings of those charged with governance for any instances of non-compliance with laws and regulations;
- Confirmed if any correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations; and
- Review of financial statement disclosures and agreeing to supporting documentation.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
    - Detecting and responding to the risks of fraud; and
    - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meetings of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to be significant accounting estimates, and inappropriate journal entries including manual journals to turnover.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Obtained an understanding of non recuring costs and agreed a sample to supporting evidence;
- Agreeing a sample of manual journal entries posted to turnover in the general ledger to supporting documentation (refer to Key Audit Matters section).
- Assessing significant estimates made by management for bias including provisions, property valuation (refer to Key Audit Matters section) and valuation of defined pension schemes.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Independent auditor's report to the members of SandpiperCI Group Limited (continued)

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 Parent Company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

James Newman
For and on behalf of BDO LLP

Chartered Accountants
Southampton
United Kingdom

10 May 2023

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

Section 2

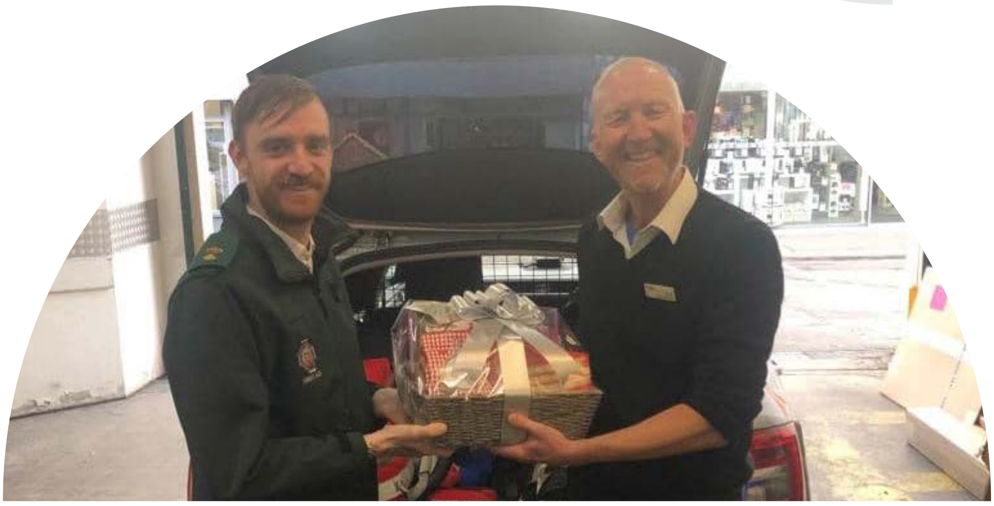
Consolidated financial statements

Consolidated profit and loss account

	Note	2023 £'000	2022 £'000
Turnover	3	**218,235**	210,674
Cost of sales		**(200,481)**	(191,838)
Gross profit		**17,754**	**18,836**
Rental income	6	**2,945**	2,905
Administrative expenses		**(14,334)**	(15,065)
Revaluation of freehold investment property	15	**771**	1,333
Operating profit	4	**7,136**	**8,009**
Finance charges	9	**(721)**	(587)
Profit on ordinary activities before taxation		**6,415**	**7,422**
Tax on profit on ordinary activities	10	**(1,476)**	(1,873)
Profit for the financial year		**4,939**	**5,549**
Attributable to:			
Non-controlling interests		**124**	33
Owners of the parent company		**4,815**	5,516
Profit for the financial year		**4,939**	**5,549**

Consolidated statement of comprehensive income

	Note	2023 £'000	2022 £'000
Profit for the year		**4,939**	**5,549**
Actuarial gain relating to defined benefit pension schemes	27	**1,980**	2,227
Exchange differences		**(6)**	(7)
Revaluation of retail property	15	**(610)**	2,823
Total comprehensive income relating to the financial year		**6,303**	**10,592**
Attributable to:			
Non-controlling interests		**124**	33
Owners of the parent company		**6,179**	10,559
		6,303	10,592
Earnings per share (pence):			
Basic	7	**4.9**	5.5
Diluted	7	**4.9**	5.5



Consolidated balance sheet

	Note	2023 £'000	2023 £'000	2022 £'000 *Restated	2022 £'000 *Restated
Fixed assets					
Intangible assets	14	**22,316**		23,875	
Tangible assets	15	**72,222**		76,866	
Investments	16	**2**		2	
		94,540		100,743	
Current assets					
Stocks	17	**12,578**		13,496	
Debtors	18	**6,044**		6,126	
Cash and cash equivalents		**10,300**		6,507	
		28,922		26,129	
Creditors: amounts falling due within one year	19	**(30,592)**		(33,590)	
Net current liabilities			**(1,670)**		**(7,461)**
Total assets less current liabilities			**92,870**		**93,282**
Creditors: amounts falling due after more than one year	20		**(17,999)**		(18,293)
Provisions for liabilities	22		**(1,223)**		(1,134)
Net assets excluding pension asset			**73,648**		**73,855**
Net pension asset	27		2,745		649
Net assets including pension asset			**76,393**		**74,504**

	Note	2023 £'000	2023 £'000	2022 £'000 *Restated	2022 £'000 *Restated
Capital and reserves					
Called up share capital	23		**-**		-
Share premium account	24		**23,067**		23,067
Stated capital			**23,067**		23,067
Own shares	25		**(1,468)**		(282)
Profit and loss account			**53,927**		50,807
Attributable to owners of the parent company			**75,526**		**73,592**
Non-controlling interests	33		**867**		912
			76,393		74,504

These financial statements were approved by the Board of Directors on 10 May 2023 and were signed on its behalf by:

Tony O'Neill
Director

Dan Wilson
Director

*Please refer to Note 35 Prior year adjustments and restatements.
The notes on pages 26 to 48 form part of these accounts.

Consolidated statement of changes in equity

	Note	Stated capital £'000	Own share reserve £'000	Non-controlling minority interests £'000	Profit and loss account £'000	Total equity £'000
At 30 January 2022		**23,067**	**(282)**	**912**	**50,807**	**74,504**
Profit for the financial year		**-**	**-**	**124**	**4,815**	**4,939**
Actuarial gain on pension schemes	27	-	-	-	1,980	**1,980**
Exchange differences		-	-	-	(6)	**(6)**
Revaluation of freehold retail properties	15	-	-	-	(610)	**(610)**
Other comprehensive income for the year		**-**	**-**	**-**	**1,364**	**1,364**
Total comprehensive income for the year		**-**	**-**	**124**	**6,179**	**6,303**
Dividends		-	-	(169)	(3,278)	**(3,447)**
Purchase of own shares		-	(1,186)	-	-	**(1,186)**
Share based payments		-	-	-	219	**219**
At 28 January 2023		**23,067**	**(1,468)**	**867**	**53,927**	**76,393**

	Note	Stated capital £'000	Own share reserve £'000	Non-controlling minority interests £'000	Profit and loss account £'000	Total equity £'000
At 31 January 2021 as per prior year		**23,067**	**(225)**	**469**	**42,399**	**65,710**
***Prior year adjustment to retained earnings**		**-**	**-**	**-**	**1,049**	**1,049**
***At 31 January 2021 restated**	**35**	**23,067**	**(225)**	**469**	**43,448**	**66,759**
Profit for the financial year		**-**	**-**	**33**	**5,516**	**5,549**
Actuarial gain on pension schemes	27	-	-	-	2,227	**2,227**
Exchange differences		-	-	-	(7)	**(7)**
Revaluation of freehold retail properties	15	-	-	-	2,823	**2,823**
Other comprehensive income for the year		**-**	**-**	**-**	**5,043**	**5,043**
Total comprehensive income for the year		**-**	**-**	**33**	**10,559**	**10,592**
Non-controlling interests on acquisition	33	-	-	410	-	**410**
Dividends		-	-	-	(3,278)	**(3,278)**
Purchase of own shares		-	(57)	-	57	**-**
Share based payments		-	-	-	21	**21**
At 29 January 2022		**23,067**	**(282)**	**912**	**50,807**	**74,504**

*Please refer to Note 35 Prior year adjustments and restatements.
The notes on pages 26 to 48 form part of these accounts.

Consolidated cash flow statement

	Note	2023 £'000	2022 £'000
Cash flows from operating activities			
Profit for the financial year		**4,939**	5,549
Adjusted for:			
Depreciation, impairment and amortisation of fixed assets	4	**4,773**	4,847
Net interest payable including net interest on defined benefit pension schemes	9	**721**	587
Net pension liabilities extinguished on settlements	27	**-**	62
Revaluation of freehold investment property		**(771)**	(1,333)
Profit on disposal of fixed assets	4	**(20)**	-
Taxation expense	10	**1,476**	1,873
Decrease/(increase) in stock		**932**	(1,241)
Decrease/(increase) in debtors		**1,027**	(101)
(Decrease)/increase in creditors		**(2,834)**	1,594
Increase/(decrease) in provisions		**149**	(478)
Exchange differences		**(6)**	(7)
Share based payments		**219**	21
Cash from operations		**10,605**	**11,373**
Defined benefit pension schemes	27	**(100)**	(200)
Bank interest paid		**(623)**	(491)
Taxation paid		**(1,074)**	(848)
Net cash generated from operating activities		**8,808**	**9,834**
Cash flows from investing activities			
Proceeds from sale of tangible fixed assets		**2,093**	-
Purchase of tangible fixed assets	15	**(1,396)**	(1,575)
Business combinations (net of cash acquired)	31	**(34)**	(932)
Net cash from/(used in) investing activities		**663**	**(2,507)**
Cash flows from financing activities			
Repayment of bank loans		**(1,293)**	(1,920)
Repayment of subordinated loans		**(5)**	(5)
Refinance of term loan		**720**	-
Debt issue costs		**(467)**	-
Purchase of own shares		**(1,186)**	-
Dividends paid to ordinary shareholders		**(3,278)**	(3,278)
Dividends paid to non-controlling interests		**(169)**	-
Net cash used in financing activities		**(5,678)**	**(5,203)**

The notes on pages 26 to 48 form part of these accounts.

Consolidated cash flow statement (continued)

	Note	2023 £'000	2022 £'000
Net increase in cash and cash equivalents		**3,793**	**2,124**
Cash and cash equivalents at beginning of year		6,507	4,383
Cash and cash equivalents at end of year		**10,300**	**6,507**
Cash and cash equivalents comprise:			
Cash at bank and in hand		10,300	6,507
		10,300	**6,507**

Analysis of changes in net debt

	At 29 January 2022 £'000	Cash flows £'000	Other changes £'000	At 28 January 2023 £'000
Cash and cash equivalents	6,507	3,793	-	10,300
Debt due within one year	(1,920)	486	-	(1,434)
Debt due after one year	(18,312)	(22)	-	(18,334)
Unamortised debt issue costs	85	467	(115)	437
Total	**(13,640)**	**4,724**	**(115)**	**(9,031)**

The notes on pages 26 to 48 form part of these accounts.

Notes to the consolidated 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") and Companies (Jersey) Law 1991. 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 (the "Company") and its subsidiary undertakings (together the "Group") made up to 28 January 2023. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year 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.

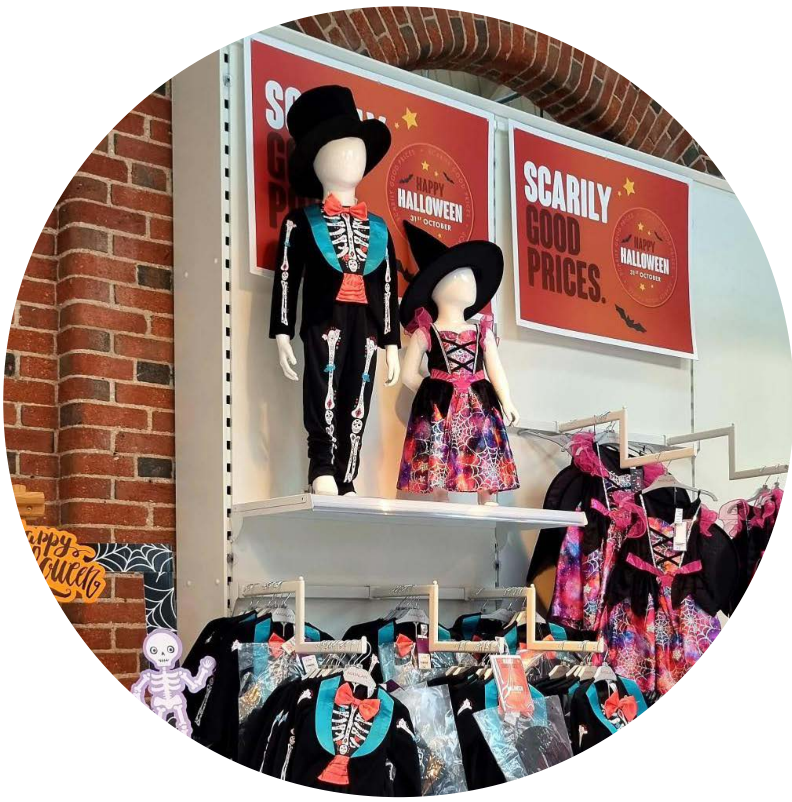
The Group's main sources of bank finance are a £20m term loan, an undrawn £5m revolving credit facility and an undrawn £3m overdraft facility from HSBC Bank plc, all of which were renewed on 23 September 2022 under a five year term.

Given the ongoing uncertainty arising from current geopolitical events, 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. The stress tests apply varying levels of impacts on the Group's ability to generate cash, covering: lower sales; lower commercial margins; higher rates of inflation and interest; and adverse working capital movements. The results of the stress tests indicate that the Group would continue to be able meet its liabilities as they fell due and would not breach its bank covenants.

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 fixed assets

Other intangible assets predominantly relate to a lease premium for the Red restaurant group and the right to operate coffee shops under the Costa brand in certain territories. The operating rights are measured at cost less accumulated amortisation and accumulated impairment losses, and are being amortised over five years, the period for which the Group has the rights.



Notes to the consolidated financial statements (continued)

1 Accounting policies (continued)

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 from 2017. 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 profit unless otherwise stated.

The estimated useful economic life of 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 and 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 retail property, with revaluations to occur annually. Freehold retail property is stated in the financial statements at an open market existing use value, as outlined in note 15. For freehold retail property, any surplus or deficit on book value is credited or charged 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 and buildings

Freehold land is not depreciated. Freehold buildings are depreciated over 15 to 50 years on an individual appraisal basis. Interests in leasehold land and buildings are depreciated over the shorter of the unexpired portion of the lease or the expected useful life of the property, that not being more than 50 years.

Other assets

- Plant and machinery
  Straight line basis between 1 and 15 years
- Fixtures and 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

Freehold 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 annually.

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 interests' 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.

Notes to the consolidated financial statements (continued)

1 Accounting policies (continued)

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 within payroll 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 vesting period. The interest cost and the expected return on assets are shown as a net amount in finance charges.

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

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 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 year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

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 year 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 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.

Notes to the consolidated financial statements (continued)

1 Accounting policies (continued)

Investments

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

Investment 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. 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 (excluding staff discounts). Turnover is recognised when the significant risks and rewards of ownership have transferred to the customer.

Staff discounts represent an employee benefit through the provision of subsidised goods. The value of staff discounts is included within wages and salaries and treated as an expense within cost of sales, in accordance with Section 28 of FRS 102.

Commercial income

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

Rental income

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

Non-trading and non-recurring items

Non-trading and non-recurring items are transactions that do not reflect the underlying performance of the business. They are added back to operating profit in the calculation of the alternative performance measure of "Trading EBITDA", and presented seperately due to their size or incidence. Non-trading and non-recurring items are disclosed in note 4.

Cash and cash equivalents

Cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value. Investments with a maturity of three months or less are included within cash equivalents.

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.

Notes to the consolidated financial statements (continued)

2 Judgements in applying accounting policies and key sources of estimation uncertainty

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

- Determine whether leases entered into by the Group, either as a lessor or a lessee, are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease-by-lease basis;
- Determine whether there are indicators of impairment of the Group's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and, where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit; and
- Determine the useful economic life over which goodwill is amortised.

Other key sources of estimation uncertainty

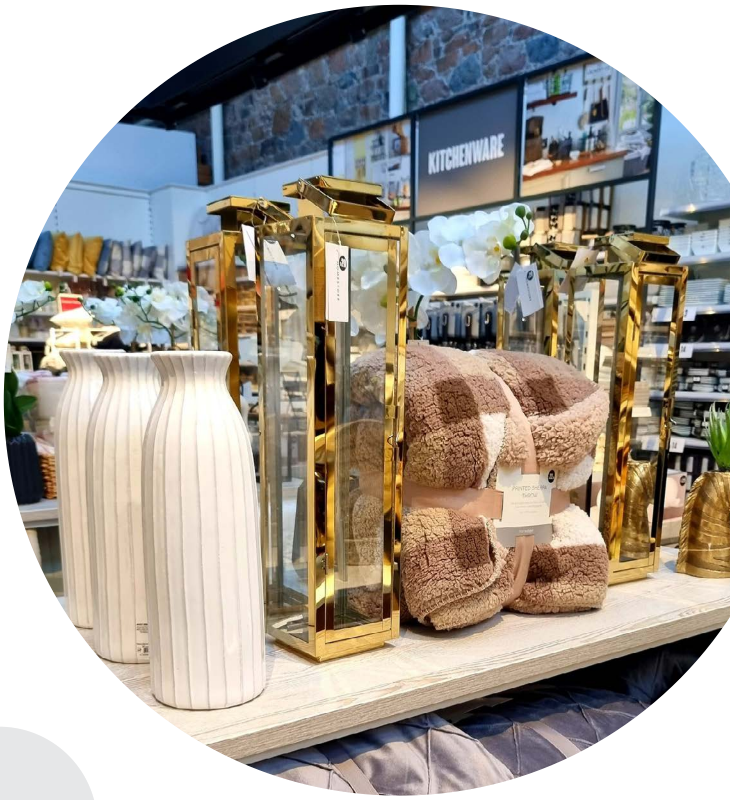
Tangible fixed assets (see note 15), are depreciated over their useful lives, taking into account residual values where appropriate. The actual lives of assets and residual values are based on a number of factors, predominantly being the actual life of an asset to the point it remains no longer economically viable to maintain and the regularity of store fit-out programs and 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 assessment of the potential for sub-letting during the remaining lease term. In addition the Group makes a provision for the anticipated liability for making good certain leasehold properties, as detailed in the respective leases, when the lease term on these properties expires.

The Group carries freehold investment property at fair value through profit or loss, and uses professionally qualified valuation specialists to determine fair value annually. This uses earnings figures and market rentals as appropriate. 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 are made in respect of inflation, discount rates and mortality. These are estimated based on current best practice by reference to qualified actuaries.



Notes to the consolidated financial statements (continued)

3 Analysis of turnover

	2023 £'000	2022 £'000
Channel Islands	**212,904**	205,797
Isle of Man	**3,018**	3,030
Gibraltar	**2,313**	1,847
	218,235	210,674

4 Operating profit

Operating profit is stated after charging/(crediting):

	2023 £'000	2022 £'000
Depreciation of tangible fixed assets:		
- Owned	**3,011**	3,075
- Leased	**184**	222
Amortisation of goodwill	**1,565**	1,542
Amortisation of other intangible fixed assets	**13**	8
Profit on disposal of fixed assets	**(20)**	-
Operating lease rentals:		
- Plant and machinery	**78**	73
- Other	**6,921**	7,010
Share based payments	**219**	21
Defined contribution pension scheme charge	**312**	284
Auditor's remuneration:		
- Audit fees	**132**	114
- Tax compliance fees	**33**	33

Included within operating profit are £530,000 of non-trading and non-recurring costs relating to: accounting charges for the issuance of share options, pre-opening costs relating to new projects, exit costs of ancillary brands and operations, and adjustments to provisions for dilapidations. The prior year comparative figure of £1,192,000 includes costs relating to: the restructuring of the Group's head office function; the exit of a number of ancillary brands and operations; and Covid costs relating to personal protective equipment ("PPE") and social distancing.

In addition to the defined contribution scheme charges above, the Group also made defined benefit pension contributions of £100,000 in 2023 (2022: £200,000).

Notes to the consolidated financial statements (continued)

5 Remuneration of directors

	2023 £'000	2022 £'000
Directors' fees and emoluments	726	1,323
Share based payments	207	-
Company contributions to money purchase schemes	51	51
	984	1,374

Retirement benefits are accruing to three (2022: three) Directors under money purchase pension arrangements. Included within directors' fees and emoluments in the prior year is an amount of £100,000 paid to a director for compensation of loss of office. Certain share options were forfeited in the prior year which resulted in the unwind of previous share based payment charges. This resulting credit to profit and loss off-sets the charge in the preceding year relating to the remaining share options.

6 Segment information

IFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reporting on components of the Group that are regularly reviewed by the Directors to allocate resources to the segments and to assess their performance. The Directors currently identify the Group's reportable segments as (i) Retail – comprising the operation and retailing of convenience stores and other retail outlets; and (ii) Property – including the management and associated income of retail and investment properties. Segment performance is evaluated based on trading profit or loss. Share based payment costs, and net finance and tax charges have been included within the *unallocated segment*.

Year ending 28 January 2023	Retail £'000	Property £'000	Unallocated £'000	Total £'000
Revenue	218,235	-	-	218,235
Rental income	-	2,945	-	2,945
Operating profit/(loss) before investment property revaluations	5,683	913	(231)	6,365
Operating profit/(loss) after investment property revaluations	5,683	1,684	(231)	7,136
Profit/(loss) on ordinary activities before taxation	5,688	1,684	(957)	6,415
Tax on profit on ordinary activities	-	-	(1,476)	(1,476)
Profit/(loss) for the financial year	**5,688**	**1,684**	**(2,433)**	**4,939**

Year ending 29 January 2022	Retail £'000	Property £'000	Unallocated £'000	Total £'000
Revenue	210,674	-	-	210,674
Rental income	-	2,905	-	2,905
Operating profit/(loss) before investment property revaluations	5,870	934	(128)	6,676
Operating profit/(loss) after investment property revaluations	5,870	2,267	(128)	8,009
Profit/(loss) on ordinary activities before taxation	5,870	2,267	(715)	7,422
Tax on profit on ordinary activities	-	-	(1,873)	(1,873)
Profit/(loss) for the financial year	5,870	2,267	(2,588)	5,549

Notes to the consolidated financial statements (continued)

7 Earnings per share ("EPS")

	2023	2022
Earnings:		
Earnings for the purpose of basic and diluted EPS (£'000)	**4,939**	5,549
Number of shares:		
Weighted average number of shares for the purpose of basic EPS (number)	**100,000,000**	100,000,000
Basic EPS (pence)	**4.9**	5.5

	2023	2022
Effect of dilutive potential of ordinary shares (number)	**275,980**	139,988
Weighted average number of shares for the purpose of diluted EPS (number)	**100,275,980**	100,139,988
Diluted EPS (pence)	**4.9**	5.5

8 Staff numbers and costs

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

	2023 Number	2022 Number
Full-time employees	**669**	665
Part-time employees	**371**	302
	1,040	967

The aggregate payroll costs of these persons were as follows:

	2023 £'000	2022 £'000
Wages and salaries	**26,276**	23,717
Share based payments	**219**	-
Defined contribution pension scheme	**312**	284
	26,807	24,001

Included within wages and salaries are social security costs amounting to £1,445,494 (2022: £1,355,000) as well as staff benefits (including staff discounts) totalling £1,664,000 (2022: £1,671,000).

Notes to the consolidated financial statements (continued)

9 Finance charges (net)

	Note	2023 £'000	2022 £'000
Interest payable and similar charges		**861**	546
(Gain)/loss on derivative financial instruments		**(124)**	19
Net interest on defined benefit pension schemes	27	**(16)**	22
		721	587
Interest payable and similar charges:			
Bank loans and overdrafts		**746**	483
Amortisation of debt issue costs		**115**	63
		861	546

10 Tax on profit on ordinary activities and deferred tax

	2023 £'000	2022 £'000 *Restated
Current tax		
- Channel Islands tax	**1,518**	1,683
- Gibraltar tax	**17**	24
	1,535	1,707
Deferred tax	**(59)**	166
Tax on profit on ordinary activities charge	**1,476**	1,873

*Please refer to Note 35 Prior year adjustments and restatements.

The differences between the total 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:

	2023 £'000	2022 £'000
Profit on ordinary activities before tax	**6,415**	7,422
Tax on Group profit on ordinary activities at standard Channel Islands income tax rate of 20% (2022: 20%)	**1,283**	1,484
Effects of:		
Gibraltar trading profits taxable at 10%	**17**	24
Non-qualifying depreciation and amortisation	**330**	550
Disallowable expenditure and non-taxable income (net)	**-**	82
Non-taxable revaluations	**(154)**	(267)
Group total tax charge (current and deferred) for the year	**1,476**	1,873

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%.

Notes to the consolidated financial statements (continued)

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 in the year:

	2023 £'000	2022 £'000
Dividends paid to equity holders of the parent:		
Dividend paid on 14 June 2022 (2022: 14 June 2021)	**1,639**	1,639
Dividend paid on 16 December 2022 (2021: 16 December 2021)	**1,639**	1,639
Dividends paid to non-controlling interests:		
Dividends paid to non-controlling interests	**169**	-
Total dividends paid in the year	**3,447**	**3,278**

13 Share based payments

The Group has a share option scheme for certain employees of the Group. These fall into three categories: a) exercisable on the earlier of three years, or one of various trigger events if earlier (for example, the sale of the Group); b) exercisable on the earlier of four years, or one of various trigger events if earlier; and c) exercisable on the earlier of five years, or one of various trigger events 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 at the end of the year are as follows:

	28 January 2023		29 January 2022	
	Number of options	Weighted average exercise price (pence)	Number of options	Weighted average exercise price (pence)
Outstanding at beginning of the year	**6,500,000**	**83.3**	7,250,000	82.5
Options granted in prior years	**-**	**-**	500,000	82.5
Options granted during the year	**2,700,000**	**99.0**	2,000,000	85.0
Options forfeited during the year	**-**	**-**	(3,250,000)	82.5
Outstanding at end of the year	**9,200,000**	**87.9**	**6,500,000**	**83.3**
Exercisable at the end of the year	**2,250,000**	**82.5**	-	-

The options outstanding at 28 January 2023 had a weighted average exercise price of 87.9 pence (2022: 83.3 pence). All options granted have a 10 year expiry date. The aggregate of the estimated fair values of the options outstanding as at 28 January 2023 is £1,100,083 (2022: £969,000).

Notes to the consolidated financial statements (continued)

13 Share based payments (continued)

The inputs into the Black Scholes model are as follows:

	2023	2022
Weighted average share price (pence)	**82.8**	79.0
Weighted average exercise price (pence)	**87.9**	83.3
Expected volatility	**19.86%**	25.00%
Expected life	**3-5 years**	3-5 years
Risk-free rate	**1.07%**	0.78%
Expected dividend yield	**3.50%**	4.00%

Expected volatility was determined by calculating the historical volatility of the Company's share price.

The share based remuneration in equity-settled schemes was a charge of £219,094 (2022: £21,509).

4,250,000 options are exercisable on the earlier of three years or certain trigger events. The unexpired term of these options to their three-year anniversary is 1.0 years. 1,700,000 options are exercisable on the earlier of four years or certain trigger events. The unexpired term of these options to their four-year anniversary is 3.5 years. 3,250,000 options are exercisable on the earlier of five years or certain trigger events. The unexpired term of these options to their five-year anniversary is 2.1 years.

14 Intangible fixed assets

	Note	Goodwill £'000	Other £'000	Total £'000
Cost				
At 30 January 2022		50,923	225	**51,148**
Arising from a business combination	31	19	-	**19**
At 28 January 2023		**50,942**	**225**	**51,167**
Amortisation				
At 30 January 2022		27,162	111	**27,273**
Charge for the year		1,565	13	**1,578**
At 28 January 2023		**28,727**	**124**	**28,851**
Net book value at 28 January 2023		**22,215**	**101**	**22,316**
Net book value at 29 January 2022		23,761	114	23,875

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

Other intangible assets predominantly relate to a lease premium for the Red restaurant group and the right to operate coffee shops under the Costa brand in certain territories.

Notes to the consolidated financial statements (continued)

15 Tangible fixed assets

	Land and buildings			
	Freehold £'000	Leasehold £'000	Other assets £'000	Total £'000
Cost				
At 29 January 2022	67,495	3,438	22,740	**93,673**
Additions	-	182	1,214	**1,396**
Disposals	(3,000)	-	(2,579)	**(5,579)**
Revaluations	(115)	-	-	**(115)**
At 28 January 2023	**64,380**	**3,620**	**21,375**	**89,375**
Depreciation				
At 29 January 2022	-	2,435	14,372	**16,807**
Disposals	-	-	(2,573)	**(2,573)**
Revaluations	(276)	-	-	**(276)**
Charge for the year	276	185	2,734	**3,195**
At 28 January 2023	**-**	**2,620**	**14,533**	**17,153**
Net book value at 28 January 2023	**64,380**	**1,000**	**6,842**	**72,222**
Net book value at 29 January 2022	67,495	1,003	8,368	76,866

Within freehold land and buildings, the carrying amount comprises:

	2023 £'000	2022 £'000
Investment property at fair value		
Freehold investment property	**28,270**	28,899

The Group's investment properties were revalued on 28 January 2023 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.

During the year, the Group sold two freehold properties with a combined fair value of £3,000,000 in separate transactions. Total proceeds of £3,083,507 were received giving a net profit of £18,085 after transaction costs.

Notes to the consolidated financial statements (continued)

15 Tangible fixed assets (continued)

The cost of the Group's freehold retail property under the historical cost accounting rules is £34,343,000 (2022: £35,413,000) and written-down value £32,816,000 (2022: £33,886,000).

The cost of the Group's freehold investment property under the historical cost accounting rules is £20,392,000 (2022: £21,939,000).

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

	£'000
Investment property at fair value	
At 29 January 2022	28,899
Disposals	(1,400)
Revaluations	771
At 28 January 2023	28,270

16 Fixed asset investments

	Other investments £'000
Cost	
At 28 January 2023 and 29 January 2022	2

17 Stock and work in progress

	2023 £'000	**2022 £'000**
Finished goods and goods for resale	**12,578**	13,496

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

18 Debtors

	2023 £'000	**2022 £'000**
Trade debtors	**2,043**	2,591
Other debtors	**2,235**	1,510
Prepayments and accrued income	**1,766**	2,025
	6,044	6,126

Included within other debtors, is a loan receivable of £933,000 (2022: £nil) representing deferred proceeds from a property disposal due in more than one year. Also included within other debtors is a financial amount measured at fair value totalling £143,882
(2022: £20,093) as detailed in note 28.

Notes to the consolidated financial statements (continued)

19 Creditors: amounts falling due within one year

	2023 £'000	2022 £'000 *Restated
Bank loans	**1,324**	1,857
Other loans	**8**	-
Trade creditors	**17,721**	20,184
Current taxation and social security	**4,790**	3,609
Other creditors	**3,770**	4,326
Accruals and deferred income	**2,979**	3,614
	30,592	33,590

*Please refer to Note 35 Prior year adjustments and restatements.

Bank loans

The Group did not draw down the revolving credit facility during the year ended 28 January 2023 nor in the prior year before, 29 January 2022.

20 Creditors: amounts falling due after more than one year

	2023 £'000	2022 £'000
Bank loans	**17,999**	18,279
Other loans	**-**	14
	17,999	18,293

Debt issue costs of £437,000 (2022: £85,000) are included within bank loans.

21 Analysis of debt

	2023 £'000	2022 £'000
Debt can be analysed as falling due:		
In one year or less, or on demand	**1,434**	1,920
Between one and two years	**2,667**	18,312
Between two and five years	**15,667**	-
	19,768	20,232
Unamortised debt issue costs	**(437)**	(85)
	19,331	20,147

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

On 23 September 2022 the Group completed the refinancing of its borrowings with HSBC Bank plc. The new facilities agreement comprises a five-year term loan of £20m, revolving credit facility of £5m and an overdraft facility of £3m.

The loan accrues interest at a variable rate of SONIA plus 200 basis points. Capital repayments of £333,333, plus interest, are made quarterly.

Notes to the consolidated financial statements (continued)

22 Provisions for liabilities

	Onerous contracts £'000	Dilapidations £'000	Deferred tax £'000 *Restated	Total £'000 *Restated
At 29 January 2022 as per prior year	426	623	467	**1,516**
***Prior year adjustment**	-	-	(382)	**(382)**
At 29 January 2022 restated	426	623	85	**1,134**
Utilisation of provision	(167)	(2)	-	**(169)**
Profit and loss (credit)/charge	35	272	(59)	**248**
Unwinding of discount	10	-	-	**10**
At 28 January 2023	**304**	**893**	**26**	**1,223**

*Please refer to Note 35 Prior year adjustments and restatements.

Onerous contracts

The Group makes provisions relating to anticipated future costs on long leasehold property which is no longer used to generate cash flows in the business. At 28 January 2023 the value of vacant property provisions is £304,000 (2022: £426,000).

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

	2023 £'000
28 January 2023 and 29 January 2022	
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 stated capital 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 year were recharged to Group undertakings.

25 Own share reserve

	2023 £'000	2022 £'000
Balance at beginning of the year	**282**	225
Purchase of own shares for Employee Benefit Trust	**1,186**	57
	1,468	282

During the year SandpiperCI Group Limited completed the purchase of own shares for £1,186,000 (2022: £57,000) from a related party who is a director of the Company. At the balance sheet date, £nil (2022: £nil) was owed to the related party in respect of these transactions.

Notes to the consolidated financial statements (continued)

26 Commitments

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

	2023 £'000	2022 £'000
Contracted	**234**	220

The Group had minimum lease payments due under non-cancellable operating leases as follows:

	2023 Land and buildings £'000	2022 Land and buildings *Restated £'000
Not later than one year	**7,137**	7,361
Later than one year and not later than five years	**22,968**	25,100
Later than five years	**39,121**	28,216
	69,226	60,677

*Please refer to Note 35 Prior year adjustments and restatements.

The Group had minimum lease payments receivable under non-cancellable operating leases from lessees as follows:

	2023 Land and buildings £'000	2022 Land and buildings *Restated £'000
Not later than one year	**2,929**	3,069
Later than one year and not later than five years	**5,728**	6,860
Later than five years	**4,790**	5,377
	13,447	15,306

*Please refer to Note 35 Prior year adjustments and restatements.

27 Pensions

The Group operates three defined benefit pension arrangements (together the "DB Schemes") and one defined contribution scheme in respect of certain current and former employees (the "DC Scheme").

Provision for the cost of the benefits provided to employees under the DB Schemes was charged to the profit and loss account over the average remaining future service lives of the eligible employees.

Notes to the consolidated financial statements (continued)

27 Pensions (continued)

Details of the individual defined benefit schemes are as follows:

- Ann Street Group Limited Staff Pension and Life Assurance Scheme ("Ann Street Scheme", previously known as "Ann Street Scheme 1");
- Bass (Channel Islands) Limited Employees' Security Plan ("Bass Scheme", previously known as "Ann Street Scheme 2"); and
- Bucktrout & Company Limited Pension and Life Assurance Fund ("Bucktrout Scheme").

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

No employees have joined the Bass Scheme 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 DB Schemes transferred to the Ann Street Scheme in respect of subsequent service.

The DB 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.

Comprehensive actuarial valuations are carried out in respect of each of the DB Schemes at least once every three years to determine whether the DB Schemes' assets are sufficient to meet their liabilities (assessed using actuarial assumptions selected by the trustees of the DB Schemes). Depending on the results of these valuations, the Company may make additional contributions to the Schemes to address any funding shortfall. These annual contributions will be reviewed following the actuarial valuation of the Schemes as at 1 January 2023.

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

- Ann Street Scheme - 1 January 2020;
- Bass Scheme - 1 April 2020; and
- Bucktrout Scheme - 1 January 2020.

The DB Schemes have been reviewed by independent actuaries to support the accounting and disclosure requirements of FRS 102 as at 28 January 2023, using the following assumptions:

	2023 %	2022 %
Rate of increase in pensions in payment	2.5	2.7
Discount rate	4.4	2.2
Jersey Retail Prices Index inflation	3.3	3.8

Mortality assumptions regarding future life expectancies at age 65 in respect of the DB schemes.

	2023 Years	2022 Years
Male currently aged 45 years	22.5	23.2
Female currently aged 45 years	25.1	25.7
Male currently aged 65 years	21.9	21.9
Female currently aged 65 years	24.3	24.3

Notes to the consolidated financial statements (continued)

27 Pensions (continued)

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

The Group contributed £311,523 (2022: £283,793) to the DC Scheme in respect of Channel Islands and United Kingdom employees.

The assets of the DB Schemes at the review date, excluding annuities in payment, may be broken down as follows:

	2023 Percentage of total assets %	2022 Percentage of total assets %
Insurance policy	-	30.2
Equities	**44.9**	35.5
Gilts	**14.1**	3.1
Corporate bonds	**21.0**	12.1
Gilt strips	**7.6**	10.0
Cash	**12.4**	8.2
Other	-	0.9
	100.0	100.0

	2023 £'000	2022 £'000
Fair value of assets	**11,617**	12,596
Present value of funded obligations	**(8,872)**	(11,947)
Net defined benefit asset	**2,745**	649

The DB Schemes' assets do not include any direct investment in the Group. The net pension asset consists of surpluses in two schemes and a deficit in the third as follows: Ann Street Scheme surplus £1,740,000 (2022: surplus £1,031,000); Bass Scheme deficit £38,000 (2022: deficit £384,000); Bucktrout Scheme surplus of £1,043,000 (2022: surplus £2,000).

Annuities in respect of insured pensioner policies in the Ann Street Scheme 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 £6.5m. Their omission has no impact on the net deficit of the Schemes. The total pension cost was as follows:

Amounts recognised in the statement of profit and loss

	2023 £'000	2022 £'000
Liabilities extinguished on settlements	-	180
Assets distributed on settlements	-	(242)
Recognised in the statement of profit and loss	-	(62)

Notes to the consolidated financial statements (continued)

27 Pensions (continued)

Amounts credited/charged to net finance charges

	2023 £'000	2022 £'000
Expected return on DB Schemes' assets	**269**	174
Interest on DB Schemes' liabilities	**(253)**	(196)
Total credit/(charge) to net finance charges	**16**	(22)

Amounts recognised in the consolidated statement of comprehensive income

	2023 £'000	2022 £'000
Difference between expected return and actual return on DB Schemes' assets	**(514)**	462
Experience gain arising on DB Schemes' liabilities	**2,494**	1,765
Actuarial gains recognised in the statement of comprehensive income	**1,980**	2,227

History of experience gains and losses

	2023 £'000	2022 £'000	2021 £'000	2020 £'000	2019 £'000
Fair value of DB Schemes' assets	**11,617**	12,596	12,619	13,687	13,979
Present value of DB Schemes' liabilities	**(8,872)**	(11,947)	(14,313)	(14,584)	(13,812)
Surplus/(deficit) in the DB Schemes	**2,745**	649	(1,694)	(897)	167
Difference between expected and actual return on DB Schemes' assets	**(514)**	462	116	(897)	(104)
Experience gain/(loss) arising on DB Schemes' liabilities	**2,494**	1,765	(1,049)	(1,557)	604

Movement in surplus/(deficit) during the year

	2023 £'000	2022 £'000
Opening deficit of the DB Schemes	**649**	(1,694)
Interest on DB Schemes liabilities	**(253)**	(196)
Expected return on DB Schemes' assets	**269**	174
Employer contributions	**100**	200
Cost of settlements	**-**	(62)
Actuarial gains	**1,980**	2,227
Closing asset surplus of the DB Schemes	**2,745**	649

Notes to the consolidated financial statements (continued)

27 Pensions (continued)

Movement in the DB Schemes' assets during the year

	2023 £'000	2022 £'000
Fair value of the DB Schemes' assets brought forward	**12,596**	12,619
Benefits paid and expenses (where applicable)	**(834)**	(617)
Expected return on DB Schemes' assets	**269**	174
Employer contributions	**100**	200
Assets distributed on settlements	**-**	(242)
(Loss)/gain on assets in excess of interest	**(514)**	462
Closing assets of the DB Schemes	**11,617**	12,596

Movement in the DB Schemes' liabilities during the year

	2023 £'000	2022 £'000
Fair value of the DB Schemes' liabilities brought forward	**(11,947)**	(14,313)
Benefits paid and expenses (where applicable)	**834**	617
Interest on DB Schemes' liabilities	**(253)**	(196)
Liabilities extinguished on settlements	**-**	180
Decrease in liabilities due to changes in assumptions	**2,494**	1,765
Closing liabilities of the DB Schemes	**(8,872)**	(11,947)

Composition of plan liabilities

	2023 £'000	2022 £'000
DB Schemes wholly or partly funded	**(8,872)**	(11,947)

28 Financial instruments

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

	2023 £'000	2022 £'000
Financial assets measured at fair value	**144**	20

Financial assets measured at fair value comprise a market-to-market derivative instrument.

Notes to the consolidated financial statements (continued)

29 Related party disclosures

The Group has taken advantage of the exemption conferred by FRS 102, section 33 ‘Related Party Disclosures’, not to disclose transactions entered into between wholly owned group companies.

Key management personnel comprise 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 £24,341 (2022: £22,006) were paid in relation to key management personnel. There were no amounts due to key management personnel at the end of the year (2022: £nil).

Jon Ravenscroft is the Group Chief Executive Officer and a significant shareholder of Ravenscroft Holdings Limited, which is the parent company of Ravenscroft (CI) Limited (“RL-CI”), Ravenscroft Specialist Fund Management Limited (“RSFML”) and Ravenscroft Consultancy & Listing Services Limited (“RCLSL”). RSFML is the investment manager of Bailiwick Investments Limited, which held 29.31% of the Company’s ordinary shares at the financial year end. RCLSL acts as listing sponsor and consultant to the Company. RL-CI acts as market maker to the Company.

Two of the Company’s Directors were paid fees of £56,960 (of which £6,960 was for advisory services) for acting as Non-Executive Directors (2022: two Directors; £62,500; of which £12,500 was for advisory services). RCLSL and RL-CI were paid annual fees totalling £75,000 in the year (2022: £75,000).

The Group leases certain properties from companies owned by a trust of which one of the beneficiaries is also a director and shareholder of the Company. Two of these properties were sold on 1 April 2022. Rent payable to these companies was £821,952 (2022: £2,225,150).

During the year the Group’s Employee Benefit Trust completed the purchase of 1,318,100 of own shares for £1,186,000 (2022: 70,000 shares for £57,000) from a related party who is a director of the Company. At the balance sheet date, £nil (2022: £nil) was owed to the related party in respect of this transaction.

Shareholders of the parent Company were paid dividends totalling £3,277,914 during the year (2022: £3,277,914).

30 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

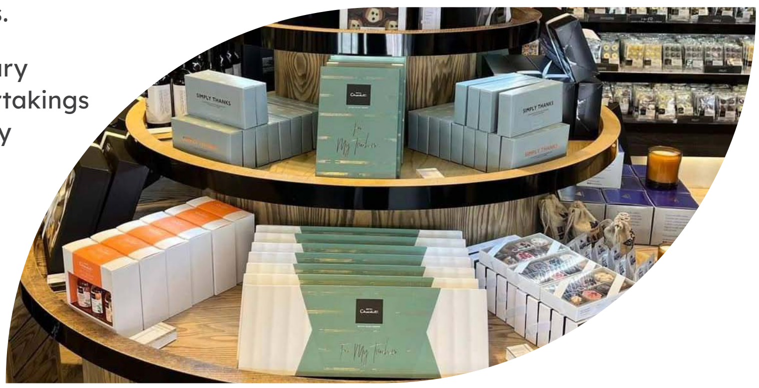
Place of incorporation and location of business

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.



Notes to the consolidated financial statements (continued)

31 Business combinations

On 1 February 2022 the Group acquired 100% of the ordinary share capital of Dolphin Holdings Limited which trades as Richards Newsagents in Alderney. The total cost of acquisition was £50,190 with £34,100 included in the cash flow statement, inclusive of cash acquired. Goodwill arising in respect of the acquisition amounted to £18,564.

	2023 Book and fair value £'000
Total purchase consideration (including directly attributable expenses of £8,064)	**50**
Stock	**13**
Cash	**16**
Debtors and prepayments	**12**
Creditors	**(10)**
Net assets	**31**
Goodwill	**19**

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

32 Controlling party

The Directors are of the opinion that there is no immediate or ultimate controlling party of the Company.

33 Non-controlling minority interests

Non-controlling minority interests relate to two subsidiary undertakings.

On 3 September 2021 the Group completed the acquisition of 70% of the ordinary share capital of Big Red Limited. The Red Group operates three restaurants in St Peter Port, Guernsey. This gave rise to an additional non-controlling minority interest of £409,741.

On 18 December 2020 the Group divested a proportion of one of its subsidiary companies. Consideration for this transaction included shares in the Group's parent company which were procured by a newly established Employee Benefits Trust at a price of 75 pence per share. These shares are included within the own share reserve within equity.

Movement in non–controlling minority interests during the year

	2023 £'000	2022 £'000
Non-controlling minority interests brought forward	**912**	469
On acquisition of subsidiary	**-**	410
Non-controlling share of profit in the year	**124**	33
Non-controlling interest dividends paid	**(169)**	-
Closing non–controlling minority interests	**867**	912

Notes to the consolidated financial statements (continued)

34 Events after the end of the reporting period

The Directors declared a dividend of 1.65 pence per share, totalling £1,638,957, which was approved by the Board on 10 May 2023 and will be paid on 13 June 2023.

On 3 March 2023 the Group completed the acquisition of the remaining 30% of the ordinary share capital of Big Red Limited for £481,813. The Group subsequently disposed of 75% of its shareholding in Sandpiper Castle Limited, the holding company of Big Red Limited, on 6 March 2023 to Big Red Holdings Limited for adjusted proceeds of £1,327,013. Jon Ravenscroft, who is a director of the Company, holds 5% of the ordinary share capital of Big Red Holdings Limited.

On 12 April 2023 a subsidiary company of the Group received a potential claim from a former landlord relating to historic dilapidations that had not been carried out on a formerly leased property. The amount of the potential claim is circa £1.1m which represents a contingent liability for the Group. The dilapidations to which the claim relates existed before the Group acquired ownership of the subsidiary company which leased the property, and the Group received a contractual commitment from the former owner of the subsidiary company that they will meet the costs of any dilapidations during the acquisition process. This undertaking from the former owner represents a contingent asset for the Group. As the matter is a recent development, and the basis of the claim is yet to be validated, a reliable estimate of the potential obligation cannot be reliably measured. Consequently, no provision has been recognised.

35 Prior year adjustment and restatements

Certain amounts in the consolidated balance sheet and notes to the consolidated financial statements have been adjusted. The impacts of these adjustments are as follows.

Accounting for corporation and deferred taxation

The Directors have reviewed the accounting in the prior year in relation to the recognition of deferred tax assets with regard to losses (including losses, excess management charges, and capital allowances) that were previously not recognised even though their utilisation was considered probable, and corresponding corporation tax liability. Based on the review:

- a deferred tax asset of £646,000 and reduction in corporation tax liability of £403,000 should have been recorded within the balance sheet as at 30 January 2021, with an increase in the profit and loss reserve of £1,049,000, and
- a deferred tax asset of £382,000, and reduction in corporation tax liability of £667,000 should have been recorded within the balance sheet as at 29 January 2022, with an increase in the profit and loss reserve of £1,049,000.

There was no impact to the income statement for the year to 29 January 2022 as the total tax charge remained unchanged, however the allocation between current tax and deferred tax within the total tax charge has been changed by £266,000.

Operating lease commitments

Included within the 2022 figures disclosed in the consolidated financial statements for the year ended 29 January 2022 for minimum lease payments were amounts due to Group subsidiary companies amounting to £2,655,000. These amounts have now been excluded in the prior year comparative figures. This restatement does not impact profit or equity and is only a disclosure restatement.

Similarly included within the 2022 figures disclosed in the consolidated financial statements for the year ended 29 January 2022 were minimum lease payments receivable from Group subsidiary companies amounting to £1,161,000. These amounts have now been excluded in the prior year comparative figures. This restatement does not impact profit or equity and is only a disclosure restatement.

SandpiperCI

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