Registration number: 01299745

Mitchells & Butlers (Property) Limited

Annual Report and Financial Statements

for the 52 weeks ended 29 September 2018

Mitchells & Butlers (Property) Limited

Strategic Report for the 52 weeks ended 29 September 2018

Mitchells & Butlers (Property) Limited ("the Company") is a private company limited by shares, and is a subsidiary company of Mitchells & Butlers plc,. Mitchells & Butlers plc, along with its subsidiaries, form the Mitchells and Butlers group of companies ("the Group").

The Directors present their Strategic Report for the 52 weeks ended 29 September 2018. The comparative period is for the 53 weeks ended 30 September 2017.

Business Model

Fair review of the business
The Company manages an unlicensed property portfolio within the Group. The operation is based within the UK with the majority of the property being owned on a freehold basis. The Company generates rental income through property letting

Revenue for the period was £172,000 (2017 £214,000) with loss for the period before taxation of £86,000 (2017 Profit of £193,000). Taxation charged against the loss for the period was £nil (2017 £nil) leaving a loss after tax of £86,000 (2017 profit of £193,000). The Company was in a net liability position of £893,000 as at the period end (2017 £807,000).

Key Performance Indicators
As the Company qualifies as a small company the Directors believe that key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. Key performance indicators for the Group as a whole, which includes the Company, are discussed in the Annual Report and Accounts 2018 of Mitchells & Butlers plc.

Principal risks and uncertainties
The principal risk facing the Company relates to the UK property market and the Company's ability to dispose of properties or achieve property rental income in excess of the ongoing rental commitments. In order to manage this risk, management work alongside specialist property advisors to actively manage the risk.

Future Developments
The Company is expected to continue to own and manage a property portfolio.

Approved by the Board on 21 November 2018 and signed on its behalf by:

A W Vaughan
Director

Mitchells & Butlers (Property) Limited

Directors' Report for the 52 weeks ended 29 September 2018

The Directors present their report on the affairs of the Company, together with the financial statements and independent auditor's report, for the 52 weeks ended 29 September 2018. The comparative period is for the 53 weeks ended 30 September 2017.

Details of future developments can be found in the Strategic Report on page 1.

Dividends
No dividends were declared or paid during the period (2017 £nil). The Directors are proposing a final dividend of £nil (2017 £nil).

Financial risk management
The financial risk management objectives and policies of the Company are monitored as part of the wider Group. Details of the risks and exposure of the Group to financial risks including: credit risk, liquidity risk and market risk are provided in the Mitchells & Butlers plc Annual Report and Accounts 2018.

Going Concern
The financial statements have been prepared on a going concern basis. The Directors of Mitchells & Butlers plc, the ultimate parent undertaking have stated that they will continue to make funds available to the Company to enable it to meet its debts as they fall due for the foreseeable future, being a period of at least twelve months from the date of approval of the balance sheet.

Directors of the Company
The Directors who held office during the period and up to the date of this report were as follows:

J A Berrow
S K Martindale
L J Miles
A W Vaughan
G J McMahon

Directors indemnity
Throughout the period to which these financial statements refer, the Directors had the benefit of a Directors' and officers' liability insurance policy, the premium for which was paid by the Company's ultimate parent company, Mitchells & Butlers plc.

Disclosure of information to the auditor
The Directors who held office as 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 Company's auditor is unaware; and that each Director has taken all the steps that they ought to have taken as a Director to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006.

Reappointment of the auditor
In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Deloitte LLP as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board on 21 November 2018 and signed on its behalf by:

A W Vaughan
Director

Mitchells & Butlers (Property) Limited

Directors' Responsibilities Statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report to the members of Mitchells & Butlers (Property) Limited

Report on the audit of the financial statements

Opinion
In our opinion the financial statements of Mitchells & Butlers (Property) Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 29 September 2018 and of its loss for the 52 weeks then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Income Statement;
- the Balance sheet;
- the Statement of Changes in Equity; and
- the related notes 1 to 16.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (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 are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's) Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
We are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

Other information
The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in respect of these matters.

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

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

Independent Auditor's Report to the members of Mitchells & Butlers (Property) Limited (continued)

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the Directors' report.

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or 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
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report
This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

John Charlton FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, UK
21 November 2018

Mitchells & Butlers (Property) Limited

Income statement for the 52 weeks ended 29 September 2018

	Note	52 weeks ended 29 September 2018 £000	53 weeks ended 30 September 2017 £000
Revenue	2	**172**	214
Operating costs	3	**(254)**	(594)
Separately disclosed items	4	**(8)**	592
OPERATING (LOSS)/PROFIT		**(90)**	212
Finance costs	6	**(3)**	(19)
Finance revenue	7	**7**	-
(LOSS)/PROFIT BEFORE TAXATION		**(86)**	193
Tax charge	8	**-**	-
(LOSS)/PROFIT FOR THE PERIOD		**(86)**	193

The above results are derived from continuing operations.

The Company has no comprehensive income or expense other than the loss stated above.

The notes on pages 9 to 17 form an integral part of these financial statement

Mitchells & Butlers (Property) Limited

(Registration number: 1299745)

Balance sheet as at 29 September 2018

	Note	29 September 2018 £000	30 September 2017 £000
NON-CURRENT ASSETS			
Property, plant and equipment	9	**726**	550
TOTAL NON-CURRENT ASSETS		**726**	550
CURRENT ASSETS			
Trade and other receivables	10	**107**	103
Cash and cash equivalents		**29,634**	29,793
TOTAL CURRENT ASSETS		**29,741**	29,896
TOTAL ASSETS		**30,467**	30,446
CURRENT LIABILITIES			
Trade and other payables	11	**(31,109)**	(30,993)
TOTAL CURRENT LIABILITIES		**(31,109)**	(30,993)
NET CURRENT LIABILITIES		**(1,368)**	(1,097)
TOTAL ASSETS LESS CURRENT LIABILITIES		**(642)**	(547)
NON-CURRENT LIABILITIES			
Provisions	13	**(251)**	(260)
TOTAL NON-CURRENT LIABILITIES		**(251)**	(260)
TOTAL LIABILITIES		**(31,360)**	(31,253)
NET LIABILITIES		**(893)**	(807)
EQUITY			
Share capital	14	-	-
Retained losses		**(893)**	(807)
TOTAL EQUITY		**(893)**	(807)

Approved by the Board and authorised for issue on 21 November 2018. They were signed on its behalf by:

A W Vaughan
Director

The notes on pages 9 to 17 form an integral part of these financial statements.

Mitchells & Butlers (Property) Limited

Statement of Changes in Equity for the 52 weeks ended 29 September 2018

	Share capital £000	Retained losses £000	Total £000
At 24 September 2016	-	(1,000)	(1,000)
Profit for the period	-	193	193
Total comprehensive income	-	193	193
At 30 September 2017	**-**	**(807)**	**(807)**
Loss for the period	-	(86)	(86)
Total comprehensive expense	-	(86)	(86)
At 29 September 2018	-	(893)	(893)

The notes on pages 9 to 17 form an integral part of these financial statements.

1. Accounting policies

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. The nature of the Company's operations and its principal activities are set out in the Strategic Report.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions. Where relevant, equivalent disclosures have been given in the Annual Report and Accounts 2018 of Mitchells & Butlers plc.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

The Company's ultimate parent undertaking, Mitchells & Butlers plc includes the Company in its consolidated financial statements. The consolidated financial statements of Mitchells & Butlers plc are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from the Company Secretary, Mitchells & Butlers plc, 27 Fleet Street, Birmingham B3 1JP.

Accounting reference date

The Company's accounting reference date is 30 September. The Company draws up its financial statements to the Saturday directly before or following the accounting reference date, as permitted by section 390(3) of the Companies Act 2006. The period ended 29 September 2018 includes 52 trading weeks and the period ended 30 September 2017 includes 53 trading weeks.

Going concern

The financial statements have been prepared on a going concern basis. The Directors of Mitchells & Butlers plc, the ultimate parent undertaking, have stated that they will continue to make funds available to the Company to enable it to meet its debts as they fall due for the foreseeable future, being a period of at least twelve months from the date of approval of the balance sheet.

Critical accounting judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions in the application of accounting policies that affect reported amounts of assets, liabilities, income and expense.

Estimates and judgements are periodically evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Critical judgements are described in:
Note 4 – Separately disclosed items.

Critical estimates are described in:
Note 13 – Provisions.

Adoption of new and revised Standards

None of the standards and interpretations issued by the International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee (IFRIC) and effective for the first time in the current period have had a material effect on the financial statements.

Revenue recognition

Revenue represents rental income (excluding VAT) received in the normal course of business which is recognised on a straight-line basis over the term of the lease.

1. Accounting policies (continued)

Separately disclosed items
In addition to presenting information on an IFRS basis, the Company also presents adjusted profit information that excludes separately disclosed items. Adjusted profitability measures are presented excluding separately disclosed items as we believe this provides management with useful additional information about the Company's performance and supports a more effective comparison of the Company's trading performance from one period to the next.

Separately disclosed items are those which are separately identified by virtue of their size or incidence and include impairment review of unlicensed properties, profit/loss on property disposals and material movements in the onerous lease provision.

Property, plant and equipment
Property, plant and equipment is held at cost less depreciation and impairment.

Depreciation
Depreciation is charged to the income statement on a straight- line basis to write off the cost less residual value over the estimated useful lives of items of property, plant and equipment and is commenced when an asset is ready for its intended use.

Freehold land is not depreciated.

Freehold and long leasehold properties are depreciated so that the difference between their carrying value and estimated residual value is written off over 50 years from the date of acquisition. The residual value of freehold and long leasehold properties is reviewed annually.

Leasehold properties are depreciated over the unexpired term of the lease where this is less than 50 years.

Fixtures, fittings and equipment have the following estimated useful lives:

Information technology equipment 3 to 7 years

Fixtures and fittings 3 to 20 years

Expected useful lives and residual values are reviewed each year and adjusted if appropriate.

Disposals
Profits and losses on disposal of property, plant and equipment are calculated as the difference between the net sales proceeds and the carrying amount of the asset at the date of disposal.

Impairment
Unlicensed properties (comprising land and buildings and fixtures, fittings and equipment) are reviewed on an outlet basis for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised whenever the carrying amount of a property exceeds its recoverable amount. The recoverable amount is the higher of a property's fair value less costs to sell and value in use. Any changes in earnings, or cash flows, the discount rate applied to those cash flows, or the estimate of sales proceeds could give rise to an additional impairment loss.

Provisions
Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are measured using the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

Onerous property provisions represent the expected unavoidable losses on onerous and vacant property leases and comprise the lower of the net rent payable or the operating loss after rental costs. The provision is calculated on a site by site basis, with an estimated period of future losses of up to five years. Other contractual dilapidations costs are also recorded as provisions as appropriate.

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and in hand and other short-term highly liquid deposits with an original maturity at acquisition of three months or less. Cash held on deposit with an original maturity at acquisition of more than three months is disclosed as other cash deposits.

1. Accounting policies (continued)

Trade receivables
Trade and other receivables are recognised and carried at original cost less an allowance for any uncollectable amounts.

Trade payables
Trade and other payables are recognised at amortised cost.

Taxation
The income tax expense represents both the income tax payable, based on profits for the period, and deferred tax and is calculated using tax rates enacted or substantively enacted at the balance sheet date. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense which are not taxable. Income tax is recognised in the income statement except when it relates to items charged or credited directly to equity, in which case the income tax is also charged or credited to equity.

Group tax relief
It is the policy of Mitchells & Butlers plc Group for no payment to be made for group tax relief received.

Leases
Operating leases - Company as lessee
Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases and sub-leases are charged to the income statement on a straight-line basis over the period of the lease. Lease incentives are recognised as a liability and a subsequent reduction in the rental expense over the lease term on a straight-line basis.

Premiums paid on acquiring a new lease are spread on a straight-line basis over the lease term. Such premiums are classified in the balance sheet as current or non-current prepayments, with the current portion being the element which relates to the following period.

The Company's policy is to account for land held under both long and short leasehold contracts as operating leases, since it has no expectation that title will pass on expiry of the lease contracts.

Operating leases - Company as lessor
Rental income from operating leases is recognised on a straight-line basis over the term of the lease.

2. Revenue

Mitchells & Butlers (Property) Limited is a wholly owned subsidiary of Mitchells & Butlers Holdings Limited with its operations falling under a single class of business and all residing within the UK. As such the Company reports only a single business segment. Disclosures under IFRS 8 Segmental Reporting are only provided at a Group level and are available in the Mitchells & Butlers plc Annual Report and Accounts 2018.

Revenue is analysed as follows:

	52 weeks ended 29 September 2018 £000	53 weeks ended 30 September 2017 £000
Rent receivable	172	214

Finance revenue is detailed in note 7 of these financial statements.

3. Operating costs

Operating costs are analysed as follows:	Note	52 weeks ended 29 September 2018 £000	53 weeks ended 30 September 2017 £000
Operating lease expense – property		**180**	159
Other costs		**53**	412
Depreciation expense	9	**21**	23
Total operating costs		**254**	594

Fees paid to Deloitte LLP for the audit of the Company's accounts were £7,500 (2017 £7,500). The fee is borne on behalf of the Company by another Group company. Fees paid to Deloitte LLP and their associates for non-audit services are not disclosed for the Company since the Annual Report and Accounts 2018 of Mitchells & Butlers plc, the ultimate parent of Mitchells & Butlers (Property) Limited discloses such fees on a consolidated basis.

4. Separately disclosed items

Critical accounting judgements
Judgement is used to determine those items which should be separately disclosed to allow a better understanding of the adjusted trading performance of the Company. This judgement includes assessment of whether an item is of sufficient size or of a nature that is not consistent with normal trading activities.

- Profit/(loss) arising on property disposals – property disposals are disclosed separately as they are not considered to be part of adjusted trade performance and there is volatility in the size of the profit/(loss) in each accounting period.

- Movement in the valuation of the property portfolio – this is disclosed separately, due to the size and volatility of the movement in property valuation each period. This movement is also not considered to be part of the adjusted trade performance of the Company and would prevent year on year comparability of the Company's trading performance if not separately disclosed.

- Onerous lease provision – The discount rate applied in calculating the provision was changed in the prior period. Due to the size of the resulting increase in the provision, this was disclosed separately.

	Note	52 weeks ended 29 September 2018 £000	53 weeks ended 30 September 2017 £000
(Loss)/Profit on property disposals		**(8)**	625
Movement in the valuation of the property portfolio:			
Impairment of short leasehold and unlicensed properties		**-**	(3)
Onerous lease provision additions[a]		**-**	(30)
Total adjusted items		**(8)**	592

a. The prior period increase in the onerous lease provision, due to the change in the discount rate, was recognised as a separately disclosed item due to its size.

5. Employees and Directors

Employees
The Company does not have any direct employees in the current or prior period. The administration of the Company's property portfolio is conducted on its behalf by other companies in Mitchells & Butlers plc Group.

Directors' remuneration
The five Directors (2017 five) who served during the period were all employed by another Group company (Mitchells & Butlers Leisure Retail Limited) and are also Directors of other subsidiary companies of the Mitchells & Butlers plc Group. The Directors received total remuneration of £1.3m (2017 £1.1m) in respect of their services to the Group, but it is not practical to allocate this between each of the subsidiary companies for which they act as a Director. During the period three (2017 three) of the Directors were granted share options in the 'PRSP' (Performance Restricted Share Plan) scheme. Details of this scheme are disclosed in the Mitchells & Butlers plc Annual Report Accounts 2018.

The highest paid Director received emoluments of £0.4m (2017 £0.4m), with Company contributions to defined contribution pension schemes of £nil (2017 £nil). This Director also received share options in the PRSP scheme in the period.

6. Finance costs

	52 weeks ended 29 September 2018 £000	53 weeks ended 30 September 2017 £000
Unwinding of discount on provisions	3	19

7. Finance revenue

	52 weeks ended 29 September 2018 £000	53 weeks ended 30 September 2017 £000
Finance revenue intercompany	7	-

8. Taxation

	52 weeks ended 29 September 2018 £000	53 weeks ended 30 September 2017 £000
Taxation – income statement		
Current taxation		
UK corporation tax	**(11)**	(6)
Group relief surrendered for nil payment	**11**	6
	-	-

The standard rate of corporation tax applied to the reported loss is 19.0% (2017 19.5%). The applicable rate has changed following the substantive enactment of the Finance (No.2) Act 2015 on 18 November 2015, which reduced the main rate of corporation tax from 20.0% to 19.0% from 1 April 2017.

The tax in the income statement for the period is lower credit (2017 lower credit) than the standard rate of corporation tax in the UK.

The differences are reconciled below:

	52 weeks ended 29 September 2018 £000	53 weeks ended 30 September 2017 £000
(Loss)/profit before tax	**(86)**	193
Taxation (credited)/charged at the UK standard rate of corporation tax of 19.0% (2017 19.5%)	**(16)**	38
Income not taxable	**-**	(122)
Expenses not deductible	**5**	78
Group relief	**11**	6
Total tax charge	**-**	-

Factors which may affect future tax charges
The Finance Act 2016 was substantively enacted on 15 September 2016 and reduced the main rate of corporation tax from 19% to 17% from 1 April 2020. The effect of these changes has no impact on the financial statements.

Mitchells & Butlers (Property) Limited

Notes to the Financial Statements for the 52 weeks ended 29 September 2018 (continued)

9. Property, plant and equipment

	Land & buildings £000	Fixtures, fittings & equipment £000	Total £000
Cost			
At 30 September 2017	594	261	855
Additions	182	15	197
At 29 September 2018	**776**	**276**	**1,052**
Depreciation			
At 30 September 2017	112	193	305
Provided in the period	8	13	21
At 29 September 2018	**120**	**206**	**326**
Carrying amount			
At 29 September 2018	**656**	**70**	**726**
At 30 September 2017	482	68	550

Assets in the course of construction

Cost at 29 September 2018 includes £190,000 (2017 £0) of assets in the course of construction

10. Trade and other receivables

	29 September 2018 £000	30 September 2017 £000
Trade receivables	**44**	61
Prepayments	**36**	38
Other receivables	**4**	4
Amounts owed from group undertakings*	**23**	-
Total trade and other receivables	**107**	103

* Amounts owed from fellow subsidiary undertakings are repayable on demand. Interest is not charged on all balances. Where interest is charged, it is charged at market rate, based on what can be achieved on corporate deposits.

11. Trade and other payables

	29 September 2018 £000	30 September 2017 £000
Accrued expenses	**54**	65
Other payables	**82**	87
Amounts owed to group undertakings*	**30,973**	30,841
Total trade and other payables	**31,109**	30,993

*Amounts owed to fellow subsidiary undertakings are non-interest bearing and repayable on demand

12. Lease commitments

Operating leases - lessee

The vast majority of the Company's leases are industry standard commercial property leases which provide for periodic rent reviews to open market value and enjoy statutory rights to renewal on expiry. Generally they do not contain conditions relating to rent escalation, rights to purchase, concessions, residual values or other material provisions of an unusual nature.

The total future minimum lease rental payments under non-cancellable operating leases are as follows:

	29 September 2018 £000	30 September 2017 £000
Within one year	**180**	180
Between one and five years	**720**	720
After five years	**4,218**	4,397
	5,118	5,297

Operating leases – lessor

The Company leases its unlicensed properties to tenants. The majority of lease agreements have terms of 50 years or less and are classified as operating leases. Where sublet arrangements are in place, future minimum lease payments and receipts are presented gross.

Total future minimum lease rental receipts under non-cancellable operating leases are as follows:

	29 September 2018 £000	30 September 2017 £000
Within one year	**192**	197
Between one and five years	**647**	774
After five years	**745**	913
	1,584	1,884

13. Provisions

Critical accounting estimates

In relation to onerous property provisions, estimates are required in determining the period for which sites will remain onerous. A sensitivity analysis of changes in this estimate is provided on page 17.

	Property leases £000
At 30 September 2017	**260**
Additional provisions	**64**
Release of provisions	**(11)**
Provisions used	**(65)**
Unwinding discount	**3**
At 29 September 2018	**251**

Onerous property provisions represent the expected unavoidable losses on onerous and vacant property leases and comprise the lower of the net rent payable or the operating loss after rental costs. The provision is calculated on a site by site basis, with an estimated period of future losses of up to five years. Other contractual dilapidations costs are also recorded as provisions as appropriate.

13. Provisions (continued)

Sensitivity analysis

As the onerous lease provision is calculated on losses for a maximum of five years, if the properties remain onerous for longer than a five year period, there could be a material impact on the provision. It is estimated that should all of the properties remain onerous for their full committed lease term, the provision would increase by £1,278,000.

14. Share capital

Allotted, called up and fully paid

	29 September 2018		30 September 2017	
	No.	£	No.	£
Ordinary shares of £1 each	100	100	100	100

All of the ordinary shares rank equally with respect to voting rights and rights to receive dividends.

15. Contingent liabilities

The Company is party to a composite guarantee with other Group companies which also participate in its day-to-day cash pooling arrangements. Any potential liability is the aggregate gross overdraft of every participant, capped at the amount of cash held within the pooling arrangement by the Company. At 29 September 2018, the Company held cash within the pooling arrangement of £29,634,000 (2017 £29,793,000) which is less than the aggregate gross overdraft of all the participant companies. Therefore, at 29 September 2018, the Company had a contingent liability of £29,634,000 (2017 £29,793,000) under the composite guarantee.

16. Ultimate parent undertaking

The Company's immediate parent is Mitchells & Butlers Holdings Limited.

The Company's ultimate parent and controlling party is Mitchells & Butlers plc.

Relationship between entity and parents

The parent of the largest and smallest group in which these financial statements are consolidated is Mitchells & Butlers plc, incorporated in the United Kingdom.

The consolidated financial statements of Mitchells & Butlers plc are available from the Company Secretary, 27 Fleet Street, Birmingham, B3 1JP, which is the registered address of the Company.

All undertakings, including the Company, are companies incorporated in the United Kingdom and registered in England.