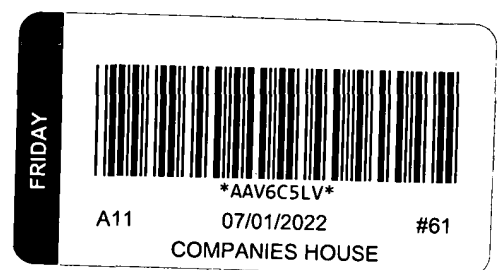


**Registered No.**  
**03321199**

**Punch Partnerships (PML) Limited**

**Report and Financial Statements**

**15 August 2021**



**Punch Partnerships (PML) Limited**  
**Period ended 15 August 2021**

**COMPANY INFORMATION**

**DIRECTORS**

E Bashforth  
S Dando  
S Allen

**SECRETARY**

F Appleby

**AUDITOR**

Cooper Parry Group Limited  
Sky View  
Argosy Road  
East Midlands Airport  
Derby  
DE74 2SA

**BANKERS**

Barclays Bank plc  
One Snowhill  
Snow Hill Queensway  
Birmingham  
B3 2WN

**REGISTERED OFFICE**

Jubilee House  
Second Avenue  
Burton upon Trent  
Staffordshire  
DE14 2WF

**Punch Partnerships (PML) Limited**  
**Period ended 15 August 2021**

**STRATEGIC REPORT**

Registered No. 03321199

**PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS**

The principal activity of the company is the leasing of public houses to independent publicans and the wholesale supply of beer products.

During the period we acquired 56 pubs from Young's Ram Pub Co., with the transaction completing on 9 August 2021 for a total consideration of £53,000,000 in cash plus transaction costs. The acquisition was funded from a mixture of cash reserves and £30,000,000 drawn under the revolving credit facility.

During the period a subsidiary, Punch Partnership (Seagull) Limited, undertook a distribution in specie to transfer all the assets to the company. This has resulted in an total net asset increase of £1,809,000 that has been recognised in the Profit and Loss Account as an income receivable from a subsidiary undertaking.

The Vine Acquisitions Limited group successfully raised £600.0m of five-year senior secured notes in the period, maturing June 2026. The company used these proceeds to fully redeem and repay historic loan notes and acquired new debt with Punch Pubs Holdings Limited of £559,339,000, see note 17 for further details.

Operations are managed at a group level, at Vine Acquisitions Limited.

Following the guidance and advice issued by the UK government, all of our pubs closed with effect from 20 March 2020 and remained closed until 3 July 2020. Following this initial closure period, our pubs closed again from 5 November to 4 December 2020 and from 31 December 2020 to 11 April 2021 in response to subsequent government measures and restrictions. Some of our properties have also been subject to localised closures as a result of tier restrictions or other local measures throughout the period from July to November / December 2020. Following the initial easing of restrictions in England on 12 April 2021 permitting outside only trading, the further easing of restrictions allowed indoor trading on 17 May 2021 with the removal of table seating restrictions from 24 July 2021.

Despite being heavily impacted by the COVID-19 pandemic, with prolonged pub closures and significant operating limitations due to social distancing requirements and other government guidelines, we benefit from a resilient business model and a suburban and rural pub estate that has proven well-positioned to weather the pandemic and related operating restrictions. Notwithstanding our resilient operating performance, the COVID-19 pandemic has significantly impacted our results of operations.

**KEY PERFORMANCE INDICATORS**

**EBITDA**

The underlying earnings before interest, tax, depreciation and amortisation for the 52 week period ended 15 August 2021 is £38,127,000 (52 week period ended 16 August 2020: £49,405,000) calculated as follows:

	2021	2020
Underling operating profit	£30,766,000	£41,312,000
Depreciation	£7,361,000	£8,093,000
<b>EBITDA</b>	<b>£38,127,000</b>	<b>£49,405,000</b>

**Profit before tax**

The underlying loss before tax for the 52 week period ended 15 August 2021 is £1,936,000 (profit before tax for the 52 week period ended 16 August 2020: £7,512,000).

**Net debt**

The net debt excluding any deferred issue costs at 15 August 2021 was £581,572,000 (16 August 2020: £446,842,000) calculated as follows:

	2021	2020
Secured loans	£569,338,000	£508,553,000
Cash	£(12,767,000)	£(61,691,000)
<b>Net debt</b>	<b>£581,572,000</b>	<b>£446,842,000</b>

**RESULTS AND DIVIDENDS**

The loss after taxation for the 52 week period amounted to £33,139,000 (52 week period ended 16 August 2020: loss after taxation of £49,772,000). During the period, the company made a distribution in specie of £62,255,000 (2020: £nil). The directors do not propose the payment of a final dividend (2020: £nil).

## **Punch Partnerships (PML) Limited**

### **Period ended 15 August 2021**

#### **STRATEGIC REPORT**

##### **SECTION 172 STATEMENT**

Under section 172 of the Companies Act the directors of the company have a duty to promote the success of the company for the benefit of shareholders as a whole. This section of the report is designed to set out how the directors have complied with their obligations in this regard.

The directors of the company have acted in a way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- the likely consequences of any decision in the long term,
- the interests of the company's employees
- the need to foster the company's business relationships with suppliers, customers and others,
- the impact of the company's operations on the community and the environment,
- the desirability of the company maintaining a reputation for high standards of business conduct, and
- the need to act fairly as between members of the company.

##### **Stakeholders**

The directors believe it is important to work together with stakeholders, building positive relationships in order to deliver long-term sustainable success. As the company is a wholly owned subsidiary of the Vine Acquisitions Limited Group's ("the Group") the company's key stakeholders are largely the same as those of Vine Acquisitions Limited. Decisions affecting the company are based on group, strategy, filtered down from the group. The Group's key stakeholders are as follows:

**Shareholders:** The Group board meets every period to discuss the financial reporting and strategy of the Group. The board includes directors of the Group, who are employed by Patron Capital (majority shareholders in the Group) and May Capital. The board meetings give investors the opportunity to provide feedback to the directors on a range of matters.

**Employees:** The Group is committed to regular, two way communications between the Board and employees, with strong structures and channels in place for consultation and feedback. The leadership team deliver regular business briefs to employees on the Group's performance and also hold regular, two-way consultation sessions with employees.

The Group is an equal opportunities employer, welcoming pub lovers of all backgrounds. We know that a huge part of what makes our business such a great place to work is our inclusive culture and environment, where all of our people can truly be themselves, whilst realising their full potential. This means that all employees and applicants are treated equally, regardless of their age, disability, race, religion or belief, gender, sexual orientation, marital or civil partnership status.

**Publicans:** The Group operates as a population of over 1,200 individual pub businesses, creating exciting possibilities through the pub-by-pub approach, with publicans at the heart of everything we do, using our scale for the benefit of each of our pubs, publicans and their guests.

The Group is not restricted to any one operating model, but operates across the full spectrum of operating formats, from free-of-tie commercial leases, tied leases and tenancies, turnover leases and Management Partnership agreements to fully Managed pubs.

**Debt holders:** The Group is largely financed through a secured loan notes and a revolving credit facility. Debt providers receive regular reporting updates on the relevant security Group.

**Suppliers:** The Group seeks to maintain strong, long term, relationships with key suppliers to ensure high quality and service levels are sustained. Senior members of the management team regularly meet with key suppliers to ensure relationships are upheld.

##### **Equality, diversity and disabled employees**

The Group is committed to promoting diversity across the Group. To this end, the Group is committed to providing equal opportunities in recruitment, promotion, career development, training and reward to all employees without discrimination. The Group gives full consideration to applications for employment from disabled persons, where the requirements of the job can be adequately fulfilled by such persons. The Group continues to be supportive of the employment of disabled persons in accordance with their abilities and aptitudes, provided that they can be employed in a safe working environment. Where existing employees become disabled, it is the Group's policy wherever practicable to provide continuing employment under normal terms and conditions.

## **Punch Partnerships (PML) Limited**

### **Period ended 15 August 2021**

#### **STRATEGIC REPORT**

##### **Corporate social responsibility**

Our Corporate Social Responsibility ("CSR") strategy seeks to involve our employees and publicans in making our business and, in turn, their businesses, more ethical and environmentally friendly. Through our recently launched Pub Promise, we focus on three key areas: Social impact, Work place and Environmental impacts.

##### **Social impact:**

Doing Well by Doing Good underpins all we do, and we are committed to ensuring that the social impact of our business is a positive one. The key principles we adhere to are promoting responsible retailing of alcohol, supporting good causes and supporting local communities.

We are active supporters of Drinkaware and promote the messages of the Drinkaware campaign throughout our business and are signatories to the Portman Group Alcohol Sponsorship Code. We have a dedicated Risk Management team in place to ensure that our pubs operate responsibly and to the highest standards.

Responsible retailing forms a key part of our publican training and we provide our publicans via the Punch Buying Club (an industry-leading online ordering and information portal), with a wide range of downloadable educational tools, advice and pub friendly materials.

We are proud of our involvement in encouraging young people into the hospitality sector through the MEDaL (Meet, Eat, Drink and Learn) programme and Career Ready initiative. We have partnered with a local school in Burton on Trent to deliver MEDaL during the academic year as the programme supports the Gatsby benchmark schools now have to evidence. We continue to support students as part of the Career Ready programme providing mentor support and the delivery of key workshops.

For the eleventh year running we have made a donation to Pub is the Hub, initiated by HRH the Prince of Wales, which encourages rural pub owners, licensees and local communities to work together to support, retain and locate services within the pub. We also support Pub Aid, a working party dedicated to promoting pubs as a force for good in their local communities.

As well as our own commitment to charities, we also encourage all our publicans to consider the role their pub business can play in the local community. Many pubs have diversified to provide a wider community service, through services such as hosting the post office or local shop as well as providing meeting spaces to local clubs and societies. Local pubs are also perfectly positioned to coordinate fundraising events for local sports teams, charities and community groups.

##### **Work place:**

Great Pubs and epic hospitality experiences would not be possible without awesome people. With responsibility for over 1,200 pubs, we rely on a highly skilled and varied team of experts who are passionate about our industry. We want to be the employer of choice in the pub business and as part of that, our culture is one of our most valuable assets. We like to think we are a friendly bunch as part of a helpful working environment, where everyone's included, feels motivated, engaged and valued.

Our Burton head office is Covid-secure with all of the appropriate safety measures in place to ensure our employees can continue to work effectively from the office but in a safe environment.

We're an equal opportunities employer, welcoming pub lovers of all backgrounds. We know that a huge part of what makes our business such a great place to work is our inclusive culture and environment, where all of our people can truly be themselves, whilst realising their full potential. This means that all employees and applicants are treated equally, regardless of their age, disability, race, religion or belief, gender, sexual orientation, marital or civil partnership status.

When it comes to training and support, we look after our publicans, staff and suppliers as our guests. As valued members of the Vine family, they're always given a warm welcome, lots of good cheer and nurtured throughout their journey with us. Our people can come together at our state of the art facilities, including The Welcome Inn, The Academy and our best-in-class Product Development Kitchen. We're proud to have these amazing spaces up and running, supporting all our people in the best possible environment.

We continue to refresh our development initiatives to keep our teams one step ahead. Grow Your Talent, our personal development programme, continues to help drive focus and development for our teams and this year we have provided unprecedented access to e-learning modules for all of our Publicans and their teams with over 22,500 e-learning modules being completed.

##### **Environmental impacts:**

With a portfolio of over 1,200 pubs as well as our unique Pub Support Centre, based in the traditional home of brewing - Burton-upon-Trent, we recognise that the carbon footprint of our business represents a major environmental impact. We are tackling our environmental impacts through carbon management, waste reduction and sustainable procurement.

During the year we continued the roll-out of smart energy meters in our pubs, allowing us to better manage our energy usage, in order to be as efficient as possible to help reduce consumption.

Waste disposal and recycling is an important issue in the pub industry. We work in partnership with Biffa Waste Services limited – a recycling and resource management company, for waste collection and recycling services. Biffa delivers solutions to help their clients reduce the impact of their waste on the environment through a network of recycling, composting, energy-from-waste and landfill facilities.

## **Punch Partnerships (PML) Limited**

### **Period ended 15 August 2021**

#### **STRATEGIC REPORT**

##### **Payment of suppliers**

It is the Group's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the group and its suppliers, provided that all trading terms and conditions have been complied with.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

##### **Covid-19**

We continually monitor and assess the principal risks and uncertainties of the business and operating environment. Given the way in which Covid-19 has rapidly altered the environment in which we trade we note the new risks and uncertainties we face.

##### **Consumer behaviour**

Consumers may have a different mindset to eating out, with health and safety at the forefront of priorities. Customers may want greater insight into practices to feel confident in their drinking and eating out experience. Equally some customers may not heed the measures put in place to restrict the spread of the virus, potentially putting our publicans, their staff and other customers at risk.

##### **Mitigating actions and controls**

- Our priority is to protect our colleagues, publicans and our customers, providing a drinking and eating out experience which can be enjoyed.
- We have very strong health and safety practices already in place in our businesses, which we will enhance and evolve to tackle the challenges we now face.
- We will be transparent with customers as to these measures such that they can trust in us.

##### **Economic climate and market risk**

The company operates in the leisure industry which is sensitive to economic conditions and pressures on disposable income. As well as consumer spending considerations, the company could be impacted by restrictions on labour availability.

The market is also enduring inflationary cost pressures relating to food prices, utility costs, pension contributions and the national living wage. These can impact the company's business directly but also impact publican profitability.

In addition, changes in interest rates and other economic factors could lead to an increase in the company's weighted average cost of capital (WACC), reduced revenues or increased costs, all of which could impact our profitability and could lead to impairment in the value of property and right of use asset goodwill carried on the balance sheet.

##### **Mitigating actions and controls**

- We carry out regular reviews of the impact of economic conditions on our budget and strategic plans.
- We continue to monitor our publicans via a Support Tool, together with analysis to highlight potential failures, and our Operations Manager continue to grow and diversify our publicans' business.
- We are committed to developing an estate of well invested, high quality pubs.

##### **IT systems**

IT systems are used extensively in our business. If our IT systems, or those of our key suppliers, were to be disabled or were to malfunction or cease operating as designed, we could suffer disruption to our business and supply chains.

##### **Mitigating actions and controls**

- The Group maintains hardware, software and IT processes in place to seek to identify, divert, prevent or mitigate against a system outage, and has an evolving set of disaster recovery plans which are tested regularly.

##### **Property valuation**

Fluctuations in the UK property market as well as the current uncertain market conditions and planning restrictions which affect the ability to convert pubs for alternative use could impact the value of the company's portfolio and our ability to dispose of pubs at an appropriate value. Property valuations also have an implication for the overall value of the group.

##### **Mitigating actions and controls**

- The company commissions an open market valuation of our properties on a five-year rolling basis by qualified external valuers in accordance with RICS Valuation Standards. These valuations comply with the requirements of International Financial Reporting Standards.
- We perform regular estate reviews to allow us to assess the future strategy for pubs within the estate. This has allowed us to invest where appropriate; consider possible alternative use; or dispose of those pubs which no longer fit our future strategy.

## **Punch Partnerships (PML) Limited**

### **Period ended 15 August 2021**

#### **STRATEGIC REPORT**

##### **Liquidity and covenant risk**

The company's capital structure is made up of debt, issued share capital and reserves. At the balance sheet date, the company's borrowings included £559,339,000 of a secured loan at nominal value, £30,000,000 of revolving credit facilities drawings.

##### **Mitigating actions and controls**

- Cash flow forecasts are regularly produced to assist management in identifying liquidity requirements and are stress-tested for possible scenarios.
- Cash balances are invested in short-term deposits such that they are readily available to settle short-term liabilities or fund capital additions.

##### **People risks**

Failure to recruit, train and retain successful publicans and high calibre employees for our support teams may impact on our ability to deliver our strategic plan.

##### **Mitigating actions and controls**

- We provide industry leading induction training and coaching programmes for our new publicans.
- We undertake succession planning at all levels to ensure we attract and retain high calibre people.
- We have a remuneration strategy to ensure our teams are paid fairly and competitively.

##### **Regulation**

The Pubs Code legislation includes a tenant's right, under certain circumstances, to change the freely-negotiated commercial terms of their agreement to a new MRO (market rent only) compliant agreement, and is overseen by an independent Adjudicator. The Code is currently undergoing a consultation and statutory review, being four years since it was introduced.

The operation of the Pubs Code could have an impact upon our profitability, our operational strategy and the relationships with our publicans.

Other regulatory risks that could impact the company's business include changes in the legislation governing the sale of alcohol, licensing, duty and areas of social responsibility.

Following introduction of legislation in 2018, the requirements of the General Data Protection Regulation (GDPR), regarding the collection, storage and destruction of personal data, are embedded into our business-as-usual activities.

##### **Mitigating actions and controls**

- The company has taken a number of operational actions to address the implications on the company of the implementation of the Pub Code legislation, including the Management Partnerships operating format, modernisation of pub tenancy agreements and development of new commercial free-of-tie lease agreements.
- The company works closely with our publicans and the rest of the industry to address the key issues facing the pub sector.
- We ensure that our training covers all aspects of licensing requirements and have due diligence in place to confirm that our pubs meet relevant licensing legislation.
- The company works closely with local Licensing Authorities, to ensure individual pub licensing requirements are met and any issues are highlighted as soon as possible.

##### **Political Donations**

The company does not make any donations to any political party or organisation.

##### **Culture and values**

The public house has always been a Great British institution. The heart and soul of our nation, it's a place where everyone is welcome and so is our business. At our core, we're about treating people with the warmth and hospitality they'd expect in any of our pubs, and as part of that, our culture is one of our most valuable assets.

Our identity is a reflection of the way we work as a business, working together in an inclusive environment where everyone feels motivated, engaged and valued. Our values are what sets us apart, underpins how we behave, how we interact and how we work. Our Hashtags:

- #WeAreBold – We lead the charge on change
- #WeMakeThingsHappen – Bringing pace, quality and a positive impact to all that we do
- #WeWinTogether – We all can work, but together we succeed
- #OurBestSelf – We strive to fulfil our potential with support from Vine
- #WeLovePubs – Amazing people creating epic pubs

**Punch Partnerships (PML) Limited**  
**Period ended 15 August 2021**

**STRATEGIC REPORT**

**GOING CONCERN**

The directors are satisfied that they have a reasonable expectation that the company has sufficient resources together with the ability to access additional liquidity when the company needs to withstand adjustments to the base forecast, as well as the downside scenarios and to continue in operational existence for a period of at least 12 months from the date of approval of these financial statements, and therefore continue to adopt the going concern in their preparation.

On behalf of the board



S Dando

Director

15 December 2021



**Punch Partnerships (PML) Limited**  
**Period ended 15 August 2021**

**DIRECTORS' REPORT**

**Registered No. 03321199**

The directors present their report and financial statements for the financial period ended 15 August 2021.

**DIRECTORS**

The directors of the company who served during the period are listed on the Company Information page.

A third party indemnity provision (as defined in section 234 of the Companies Act 2006) is in force for the benefit of the directors.

**AUDIT INFORMATION**

The directors confirm that, so far as they are aware, there is no relevant audit information of which the auditor is unaware and that each director has taken all reasonable steps to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

**STREAMLINED ENERGY AND CARBON REPORTING**

The company has been included in the Vine Acquisitions Limited consolidated accounts.

**AUDITOR**

The company has elected to dispense with the obligation to appoint an auditor annually under s487 of the Companies Act 2006.

On behalf of the board



S Dando  
Director

15 December 2021

**Punch Partnerships (PML) Limited**  
**Period ended 15 August 2021**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT, THE STRATEGIC REPORT AND THE FINANCIAL STATEMENTS**

The directors are responsible for preparing the Directors' Report, the Strategic 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), 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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PUNCH PARTNERSHIPS (PML) LIMITED

### Opinion

We have audited the financial statements of Punch Partnerships (PML) Limited (the 'company') for the period ended 15 August 2021, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 15 August 2021 and its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### 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 United Kingdom, including the Financial Reporting Council'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

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.

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 company'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.

### Other information

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

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

We have nothing to report in this regard.

### Opinion 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 period 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.

**Matters on which we are required to report by exception**

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 material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you 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 company's 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.

**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.

**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.

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:

Our assessment focused on key laws and regulations the company has to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included but were not limited to compliance with the Companies Act 2006, International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom, and relevant tax legislation.

We are not responsible for preventing irregularities. Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the pub sector;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence where applicable; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations;

To address the risk of fraud through management bias and override of controls, we:

- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 1 were indicative of potential bias, in particular the director's assessment of its revaluation policy;
- investigated the rationale behind significant or unusual transactions
- reviewed client's basis for provisions; and
- reviewed nominals of certain nominal codes for indication of any management override.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC and associated parties

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

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

#### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with 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.

*Cooper Parry Group Limited*

Katharine Warrington (senior statutory auditor)

for and on behalf of  
**Cooper Parry Group Limited**

Chartered Accountants  
Statutory Auditor

Sky View, Argosy Road  
East Midlands Airport  
Castle Donington  
Derby  
DE74 2SA

15.12.21

# Punch Partnerships (PML) Limited

Period ended 15 August 2021

## PROFIT & LOSS ACCOUNT

for the 52 week period ended 15 August 2021

		52 week period ended 15 August 2021			52 week period ended 16 August 2020		
	Notes	Underlying items £000	Non-underlying items (note 4) £000	Total £000	Underlying items £000	Non-underlying items (note 4) £000	Total £000
<b>TURNOVER</b>	2	83,909	-	83,909	108,435	-	108,435
Cost of sales		(35,334)	-	(35,334)	(45,646)	-	(45,646)
<b>GROSS PROFIT</b>		<u>48,575</u>	<u>-</u>	<u>48,575</u>	<u>62,789</u>	<u>-</u>	<u>62,789</u>
Administrative expenses		(17,809)	(793)	(18,602)	(21,477)	(2,041)	(23,518)
Profit on disposal of fixed assets and lease liabilities		-	5,146	5,146	-	1,113	1,113
Movement in valuation of properties	9	-	(1,542)	(1,542)	-	(49,031)	(49,031)
Impairment of tangible fixed assets	9	-	(2,774)	(2,774)	-	(4,281)	(4,281)
Impairment of right of use assets		-	(1,859)	(1,859)	-	-	-
<b>OPERATING PROFIT / (LOSS)</b>	3	<u>30,766</u>	<u>(1,822)</u>	<u>28,944</u>	<u>41,312</u>	<u>(54,240)</u>	<u>(12,928)</u>
Income from shares in group undertakings		1,809	-	1,809	-	-	-
Interest receivable and similar income	6	107	-	107	438	-	438
Interest payable and similar charges	7	(34,618)	(29,302)	(63,920)	(34,238)	(283)	(34,521)
<b>(LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>(1,936)</u>	<u>(31,124)</u>	<u>(33,060)</u>	<u>7,512</u>	<u>(54,523)</u>	<u>(47,011)</u>
Tax (charge) / credit on ordinary activities	8	(4,196)	4,117	(79)	(1,552)	(1,209)	(2,761)
<b>(LOSS) / PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<u>(6,132)</u>	<u>(27,007)</u>	<u>(33,139)</u>	<u>5,960</u>	<u>(55,732)</u>	<u>(49,772)</u>

The profit and loss account relates to continuing activities.

**Punch Partnerships (PML) Limited**  
**Period ended 15 August 2021**

**STATEMENT OF COMPREHENSIVE INCOME**  
for the 52 week period ended 15 August 2021

	52 week period ended 15 August 2021 £000	52 week period ended 16 August 2020 £000
Loss for the period	(33,139)	(49,772)
<b>Other comprehensive income:</b>		
<i>Items that will not be reclassified subsequently to profit and loss:</i>		
Remeasurements of defined benefit pension liabilities (note 18)	110	(2,000)
Revaluation of tangible fixed assets (note 9)	7,035	21,354
Tax relating to components of other comprehensive income that will not be reclassified into profit or loss (note 15)	(21)	380
	<u>7,124</u>	<u>19,734</u>
Total comprehensive losses for the period	<u><u>(26,015)</u></u>	<u><u>(30,038)</u></u>

**Punch Partnerships (PML) Limited**  
**Period ended 15 August 2021**

**BALANCE SHEET**  
as at 15 August 2021

	Notes	15 August 2021 £000	16 August 2020 £000
<b>FIXED ASSETS</b>			
Tangible fixed assets (including £5,145,000 (2020: £11,506,000) held for sale)	9	851,220	758,984
Right of use asset	16	6,937	6,918
Investments	10	-	62,255
		<u>858,157</u>	<u>828,157</u>
<b>CURRENT ASSETS</b>			
Debtors	11	30,988	17,369
Cash at bank and in hand	12	12,834	61,691
		<u>43,822</u>	<u>79,060</u>
<b>CURRENT LIABILITIES</b>			
Creditors: amounts falling due in less than one year	13	(80,072)	(47,090)
		<u>(80,072)</u>	<u>(47,090)</u>
<b>NET CURRENT (LIABILITIES) / ASSETS</b>		<u>(36,250)</u>	<u>31,970</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>821,907</u>	<u>860,127</u>
<b>NON-CURRENT LIABILITIES</b>			
Creditors: amounts falling due after more than one year	14	(556,915)	(506,553)
Deferred tax liability	15	(16,588)	(16,600)
Pension - defined benefit scheme liability	18	(5,700)	(6,000)
<b>NET ASSETS</b>		<u>242,704</u>	<u>330,974</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	19	2,000	2,000
Share premium		-	277,022
Revaluation reserve		158,403	68,340
Profit and loss account		82,301	(16,388)
<b>SHAREHOLDER'S FUNDS</b>		<u>242,704</u>	<u>330,974</u>

The financial statements were approved and authorised for issue by the board and signed on its behalf on

15 December 2021



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Registered No. 03321199



## Punch Partnerships (PML) Limited

**Period ended 15 August 2021**

### STATEMENT OF CHANGES IN EQUITY

for the 52 week period ended 15 August 2021

	Share Capital £000	Share Premium £000	Revaluation Reserve £000	Profit & Loss Account £000	Total Equity £000
At 18 August 2019	2,000	277,022	44,778	37,130	360,930
Effect of adoption of IFRS 16 Leases	-	-	-	82	82
At 19 August 2019	2,000	277,022	44,778	37,212	361,012
Total loss for the period	-	-	-	(49,772)	(49,772)
Other comprehensive income / (loss)	-	-	21,354	(1,620)	19,734
Transfers on disposal of fixed assets	-	-	2,208	(2,208)	-
At 16 August 2020	2,000	277,022	68,340	(16,388)	330,974
Total loss for the period	-	-	-	(33,139)	(33,139)
Other comprehensive income	-	-	7,035	89	7,124
Transfers on disposal of fixed assets	-	-	83,028	(83,028)	-
Share Premium reduction	-	(277,022)	-	277,022	-
Dividends in specie (note 20)	-	-	-	(62,255)	(62,255)
At 15 August 2021	<u>2,000</u>	<u>-</u>	<u>158,403</u>	<u>82,301</u>	<u>242,704</u>

Share Capital represents the nominal value of shares that have been issued.

Share Premium account represents the excess paid on the nominal value of shares issued by the company.

The Revaluation Reserve represents amounts revalued in relation to properties.

The Profit and Loss Account represents all current and prior periods retained profit and losses after the payment of dividends.

During the year, the total amount standing to the credit of the share premium account was extinguished by special resolution.

**Punch Partnerships (PML) Limited**  
**Period ended 15 August 2021**

**NOTES TO THE FINANCIAL STATEMENTS**  
for the 52 week period ended 15 August 2021

**1 ACCOUNTING POLICIES**

***Statutory Information***

Punch Partnerships (PML) Limited is a private company limited by shares, registered in England and Wales. The Company's registered office is Jubilee House, Second Avenue, Burton Upon Trent, Staffordshire, DE14 2WF.

***Basis of preparation***

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101"). The amendments to FRS 101 (2017/18 Cycle) issued in March 2018 and effective immediately have been applied.

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

Cash Flow Statements and related notes

Comparative period reconciliations for share capital and tangible fixed assets

Disclosures in respect of transactions with wholly owned members of the group

Disclosures in respect of capital management

The effects of new but not yet effective IFRSs

Disclosures in respect of the compensation of key management personnel

Disclosures of transactions with a management entity that provides key management personnel services to the company.

As the consolidated financial statements of Vine Acquisitions Limited include the equivalent disclosures, the company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

Certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life

Disclosures required by IFRS 5 Non-current Assets Held for Sale and Discontinued Operations in respect of the cash flows

Certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the company

Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 9 Financial Instrument Disclosures

The company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

# **Punch Partnerships (PML) Limited**

## **Period ended 15 August 2021**

### **NOTES TO THE FINANCIAL STATEMENTS**

for the 52 week period ended 15 August 2021

#### **1 ACCOUNTING POLICIES**

##### ***Measurement convention***

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: land and buildings, financial instruments classified as fair value through the profit or loss account or as available for sale. Non-current assets and disposal groups held for sale are stated at the lower or previous carrying amount and fair value less costs to sell.

##### ***Group financial statements***

The company is exempt, under s400 of the Companies Act 2006, from the obligation to prepare consolidated financial statements as the company is a wholly owned subsidiary undertaking of a parent company incorporated in the EU, which prepares consolidated financial statements. As such, these financial statements present information about the company as an individual undertaking and not about its group.

##### ***Going concern***

After due consideration the Directors' believe that they have a reasonable expectation that the company has sufficient resources together with the ability to access additional liquidity when the company needs to withstand adjustments to the base forecast, as well as the downside scenarios and to continue in operational existence for a period of at least 12 months from the date of approval of these financial statements, and therefore continue to adopt the going concern in their preparation.

##### ***Tangible fixed assets and depreciation***

##### ***Valuation***

Properties are revalued annually, on a five-year rolling bases, to fair value in accordance with the Royal Institute of Chartered Surveyors (RICS) Valuation - Professional Standards January 2020, incorporating the International Valuation Standards 2013, and IFRS 13. The valuation is based on current and future projected trading levels of each property, taking into account the location, physical attributes and sustainability of rent of each property. Changes in assumptions underlying valuations, such as the assessment of fair maintainable trade for each property, could impact the carrying value of land and buildings.

The company's policy is to carry properties within the estate at valuation. Therefore, the estate is revalued professionally by independent valuers on a five-year rolling basis. Due to the impact of COVID-19 the company decided to revalue 100% of its property portfolio in the prior year ended 16 August 2020. The valuation of 20% of the estate was performed by Avison Young (UK) Limited, independent chartered surveyors. The remaining 80% of the estate was valued using the directors' assessment of fair value. The company reverted back to the normal policy in the 15 August 2021 year where properties are revalued on a five-year rolling basis, this was performed by Savills (UK) Limited.

Surpluses arising from a revaluation increase are recognised directly in other comprehensive income in the revaluation reserve or are recognised as a credit in the profit and loss account to the extent that they reverse a revaluation decrease of the same asset previously recognised as a charge to the income statement. Any deficit arising from a revaluation decrease is recognised as a charge to other comprehensive income in the revaluation reserve to the extent that there is a credit balance in the revaluation reserve in respect of that asset. Any further decrease in value is recognised as a charge to the profit and loss account.

During previous years the company, under FRS 5 processed any impairments in properties as a temporary diminution in value. During the year, the company has transferred the impairments previously sat in the revaluation reserve to the profit and loss account reserve. The company recognises any future revaluation in line with the revaluation accounting policy.

**Punch Partnerships (PML) Limited**  
**Period ended 15 August 2021**

**NOTES TO THE FINANCIAL STATEMENTS**

for the 52 week period ended 15 August 2021

**1 ACCOUNTING POLICIES**

***Depreciation***

Depreciation is charged on a straight-line basis on freehold and long leasehold buildings over the estimated useful life of the asset. It is the company's policy to maintain the properties comprising the licensed estate in such a condition that the residual values of the properties, based on prices prevailing at the time of acquisition or subsequent revaluation, are at least equal to their book values. As a result, the depreciation charged on freehold and long leasehold buildings is nil.

It is the opinion of the directors that it is not practical or appropriate to separate from the value of the buildings the value of long life fixtures and fittings, which are an integral part of the buildings. This approach is supported by the opinion of an independent external adviser.

Landlord's fixtures and fittings include removable items, which are generally regarded as within landlord ownership. These are depreciated in accordance with the policy detailed below.

Depreciation is provided on other tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset evenly over its expected useful life, as follows:

Short leasehold properties - 50 years or the life of the lease if shorter with certain integral parts of buildings over 10-30 years  
Landlord's fixtures and fittings - 5 years

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment and when events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. A review for indicators of impairment is performed annually. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Any impairment charge is recognised in the income statement in the year in which it occurs. When an impairment loss, other than an impairment loss on goodwill, subsequently reverses due to a change in the original estimate, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, up to the carrying amount that would have resulted, net of depreciation, had no impairment loss been recognised for the asset in prior years.

***Taxation***

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted at the balance sheet date. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future, or a right to pay less tax in the future have occurred at the balance sheet date.

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

**Punch Partnerships (PML) Limited**  
**Period ended 15 August 2021**

**NOTES TO THE FINANCIAL STATEMENTS**

for the 52 week period ended 15 August 2021

**1 ACCOUNTING POLICIES**

***Pensions***

The company operates the Pubmaster defined benefit pension scheme.

***Defined benefit pension scheme***

The values of the scheme's liabilities have been determined by a qualified actuary based on the results of an actuarial valuation as at 6 April 2019, updated to 15 August 2021, the balance sheet date.

The Scheme is subject to the Statutory Funding Objective under the Pensions Act 2004. A valuation of the Scheme is carried out at least once every three years to determine whether the Statutory Funding Objective is met. As part of the process the company must agree with the Trustees of the Scheme the contributions to be paid to address any shortfall against the Statutory Funding Objective and contributions to pay for the future accrual of benefits. The Statutory Funding Objective does not currently impact on the recognition of the Scheme in these accounts.

Surpluses are only included to the extent that they are recoverable through reduced contributions in the future or through refunds from the schemes. The current service cost and any past service costs are included in the the profit and loss account within administrative expenses and the expected return on the schemes' assets is included within finance income or costs. Actuarial gains and losses, including differences between the expected and actual return on scheme assets, are recognised, net of deferred tax, in the statement of total recognised gains and losses.

***Leases - lessee accounting***

The company leases various licensed properties, offices and other commercial properties under lease agreements. At inception of a contract the company assesses whether the contract contains a lease. A lease is present where the contract grants the right to control the asset for a period of time in exchange for consideration. Where a lease is identified a right of use asset and a corresponding lease liability is recognised other than leases classed as "Short term," less than 12 months, or "Low value," under the available exemptions. Where the exemption has been taken advantage of the lease cost are recognised on a straight line basis over the life of the lease within the profit and loss account.

The lease payments are discounted using the companies incremental borrowing rate as 6.125% and 7% depending upon the date of lease liability being created. Prior to 24 June 2021 the incremental borrowing rate is set at 7% with the rate applied at 6.125% after this date.

When the lease liability is remeasured a revised discount rate is used based on the contract, or if non is available the companies incremental borrowing rate.

Where the lease liability is remeasured an equivalent adjustment is made to the right of use asset unless its carrying value is reduced to zero, in which case the adjustment is recognised in the profit and loss.

***Right of use asset- initial recognition***

The right of use asset comprises of the following:

- Initial measurement of the lease liability
- Any lease payments made at the commencement date, less any lease incentives received
- Any initial direct costs incurred by the company in taking out the lease
- Estimate of costs to be incurred by the company to restore the underlying asset to the condition required by the lease

**Punch Partnerships (PML) Limited**  
**Period ended 15 August 2021**

**NOTES TO THE FINANCIAL STATEMENTS**

for the 52 week period ended 15 August 2021

**1 ACCOUNTING POLICIES**

***Right of use asset- subsequent measurement***

The right of use asset is depreciated over the shorter of the lease term and useful life of the asset on a straight line basis.

If a change in contract has been identified, see the "Lease liability- remeasurement" section for further information, the right of use asset will also be adjusted.

An impairment review will be undertaken in-line with note 1, any identified impairment will be recognised against the right of use asset.

***Lease liability- initial recognition***

The lease liability is initially measured at the present value of the lease payments not paid at the commencement date. If the discount rate isn't explicitly included in the lease the payments are discounted at the company's incremental borrowing rate.

***Lease payments included within the initial recognition include:***

- Fixed payments (including in-substance fixed payments)
- Variable lease payments that depend on an index or rate at the commencement date
- Amounts expected to be payable by the lessee under residual value guarantees
- Exercise price of a purchase option if the company is reasonably certain to exercise that option
- Payments for penalties for terminating the lease if the lease term reflects the company exercising the option

***Lease liability- subsequent measurement***

The lease liability is subsequently measured by increasing the carrying value to reflect interest on the lease liability and by reducing the carrying value to reflect the lease payments.

***Lease liability- remeasurement***

The lease liability is remeasured where:

- Change in the assessment of the original lease information; being a change in the lease term or exercise of a purchase option.
- Lease payments change due to a change in an index or a rate or a change in expected payment under the residual value guarantee
- The lease contract is modified and the lease modification isn't treated as a separate lease

***Dividend income***

Dividend income is recognised when a dividend has been received from another group company.

***Turnover***

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and VAT. Revenue in respect of drink sales is recognised at the point at which the goods are provided. Rental income is recognised on an accruals basis. All operations take place solely in the United Kingdom.

***Dividend paid***

Dividend distributions are recognised when the dividend has been declared and approved by the board.

**Punch Partnerships (PML) Limited**  
**Period ended 15 August 2021**

**NOTES TO THE FINANCIAL STATEMENTS**  
for the 52 week period ended 15 August 2021

**1 ACCOUNTING POLICIES**

***Non-current assets held for sale***

Properties identified for disposal which are classified in the balance sheet as non-current assets held for sale are held at the lower of carrying value on transfer to non-current assets held for sale, as assessed at the time of transfer, and fair value less costs to sell. The fair value less costs to sell is based on estimated net disposal proceeds which are provided by third party property agents who have been engaged to sell the properties. Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale and completion is expected within one year from the date of classification.

***Non-underlying items***

In order to provide a trend measure of underlying performance, profit is presented excluding items that management believe will distort comparability, either due to their significant nature, or as a result of specific accounting treatments. Further detail on the nature of non-underlying items is included in note 4.

***Significant accounting estimates and judgements***

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Management bases its estimates and judgements on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about the carrying value of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and judgements that have significant effect on the amounts recognised in the financial statements are detailed below:

***Impairment of property, plant and equipment***

Property, plant and equipment are reviewed for impairment if circumstances suggest that the carrying amount may not be recoverable. Recoverable amounts are determined based on value-in-use calculations and estimated sale proceeds. These calculations require assumptions to be made regarding future cash flows and the choice of a suitable discount rate in order to calculate the present value of those cash flows. Actual outcomes may vary from these estimates.

***Valuation of property***

Properties are revalued annually, on a five-year rolling basis, to fair value in accordance with the Royal Institute of Chartered Surveyors (RICS) Valuation - Professional Standards January 2020, incorporating the International Valuation Standards 2013, and IFRS 13. The valuation is based on current and future projected trading levels of each property, taking into account the location, physical attributes and sustainability of rent of each property. Changes in assumptions underlying valuations, such as the assessment of fair maintainable trade for each property, could impact the carrying value of land and buildings.

Due to the impact of COVID-19 the company decided to revalue 100% of its property portfolio in the year ended 16 August 2020. The valuation of 20% of the estate was performed by Avison Young (UK) Limited, independent chartered surveyors. The remaining 80% of the estate was valued using Directors' assessment of fair value. See note 9 for further details. The company reverted back to the normal policy in the 15 August 2021 year where properties are revalued on a five-year rolling basis, this was performed by Savills (UK) Limited.

**Punch Partnerships (PML) Limited**  
**Period ended 15 August 2021**

**NOTES TO THE FINANCIAL STATEMENTS**

for the 52 week period ended 15 August 2021

**1 ACCOUNTING POLICIES**

***Post-employment benefits***

The present value of defined benefit pension scheme liabilities is determined on an actuarial basis and depend on a number of actuarial assumptions which are disclosed in note 18. Any change in these assumptions could impact the carrying amounts of pension liabilities.

***Accounting Policy Changes***

The company has applied certain standards and amendments, which are effective for annual periods beginning after 1 January 2020. The company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The following amendments will be applied in the next financial year:

- IAS 1 and IAS 8 "Definition of material"
- IFRS 3 "Definition of a business"
- IFRS 9, IAS 39 and IFRS 7 "Interest rate benchmark reform phase 1"

None of these amendments are expected to have a material impact

The following amendments were applied in the current financial year:

- IFRS 16 "Covid Rent concessions"

The amendment specifies a practical expedient for rent concessions that have occurred as a direct consequence of Covid-19 and the associated pandemic. The concession must follow the three criteria:

- 1) Change in the lease payments results in a revised consideration for the lease that is the same as or less than the original consideration.
- 2) Any amendment to the lease impact payments that are originally due prior to 30 June 2022.
- 3) No other change to the lease term.

When the criteria for recognition have been met a reduction in the lease liability is recognised in the lease liability with a credit charged to the profit and loss account for the reduction in the liability. For any variation that doesn't meet the criteria stated above this will be classed as a remeasurment and be treated in-line with the policy.



**Punch Partnerships (PML) Limited**  
**Period ended 15 August 2021**

**NOTES TO THE FINANCIAL STATEMENTS**  
for the 52 week period ended 15 August 2021

**2 TURNOVER**

Turnover represents the amounts derived from the provision of goods and services to third parties which fall within the company's ordinary activities, stated net of value added tax. Rents receivable are recognised on a straight-line basis over the lease term. Other revenue represents machine income which is recognised in the period to which it relates. Revenue in respect of drink sales is recognised at the point at which the goods are provided. Turnover is derived solely within the United Kingdom.

Turnover includes:

	52 week period ended 15 August 2021 £000	52 week period ended 16 August 2020 £000
Drink revenue	57,100	76,072
Rental income	25,775	29,814
Other revenue	1,034	2,549
	<u>83,909</u>	<u>108,435</u>

**3 OPERATING PROFIT / (LOSS)**

This is stated after charging:

		52 week period ended 15 August 2021 £000	52 week period ended 16 August 2020 £000
Depreciation	- owned fixed assets	6,315	5,794
	- leased fixed assets	656	1,888
	- right of use assets	390	411
		<u>7,361</u>	<u>8,093</u>

Auditor remuneration is paid by another company in the Vine Acquisitions Limited group in the current and preceding periods. The amount of auditor remuneration relating directly to the company is £60,000 (2020: £56,000).

**Punch Partnerships (PML) Limited**  
**Period ended 15 August 2021**

**NOTES TO THE FINANCIAL STATEMENTS**  
for the 52 week period ended 15 August 2021

**4 NON-UNDERLYING ITEMS**

	52 week period ended 15 August 2021 £000	52 week period ended 16 August 2020 £000
<b>Included within administrative expenses:</b>		
Restructuring, redundancy and other related one off costs	799	2,041
Rent concession	(6)	-
	<u>793</u>	<u>2,041</u>
 Movement in valuation of properties (note 9) <sup>1</sup>	 1,542	 49,031
Impairment of tangible fixed assets (note 9)	2,774	4,281
Impairment of right of use assets (note 16)	1,859	-
<b>Included within fixed asset disposals:</b>		
Profit on disposal of fixed assets	(5,147)	(1,113)
Profit on disposal of lease liabilities	1	-
 <b>Included within interest payable and similar income:</b>		
Cost of terminating financing arrangements (note 7)	26,622	-
Fair value premium costs on settlement of intragroup loan	2,426	-
Subordinated loan interest payable <sup>2</sup>	254	283
	<u>29,302</u>	<u>283</u>
 Tax (credit) / charge on non-underlying items	 (1,470)	 1,518
Adjustment to tax in respect of prior periods	(2,647)	(309)
	<u><u>27,007</u></u>	<u><u>55,732</u></u>

<sup>1</sup> The movement in the valuation of properties of £1,542,000 (2020: £49,031,000) comprises a downward valuation of £6,878,000 (2020: £62,972,000) where the fair value of an asset is less than the net book value, offset by a credit of £5,336,000 (2020: £13,941,000) where the fair value of an asset is greater than the net book value and the credit reverses a previous charge to the profit and loss account for impairment.

<sup>2</sup> Costs recognised on extinguishment of debt comprises £25,991,000 of make-whole costs and £631,000 of deferred issue costs derecognised.

**Punch Partnerships (PML) Limited**  
**Period ended 15 August 2021**

**NOTES TO THE FINANCIAL STATEMENTS**  
for the 52 week period ended 15 August 2021

**5 DIRECTORS' EMOLUMENTS AND STAFF COSTS**

	52 week period ended 15 August 2021 £000	52 week period ended 16 August 2020 £000
Directors' emoluments	1,116	564
Company contributions to money purchase pension schemes	101	96
	<u>1,217</u>	<u>660</u>

The amounts in respect of the highest paid director are as follows:

	52 week period ended 15 August 2021 £000	52 week period ended 16 August 2020 £000
Director emoluments	586	256
Company contributions to money purchase pension schemes	51	46
	<u>637</u>	<u>302</u>

The emoluments relate to services provided to the company in the current and preceding period. This is borne by another company in the Vine Acquisitions Limited group and recharged.

The company had no employees during the current or preceding periods.

**Punch Partnerships (PML) Limited**  
**Period ended 15 August 2021**

**NOTES TO THE FINANCIAL STATEMENTS**  
for the 52 week period ended 15 August 2021

**6 INTEREST RECEIVABLE AND SIMILAR INCOME**

	52 week period ended 15 August 2021 £000	52 week period ended 16 August 2020 £000
Bank interest receivable	85	405
Other interest receivable	22	33
	<u>107</u>	<u>438</u>

**7 INTEREST PAYABLE AND SIMILAR CHARGES**

	52 week period ended 15 August 2021 £000	52 week period ended 16 August 2020 £000
Bank and other loans	193	182
Net pension finance cost	495	502
Interest payable to group undertakings	33,410	33,018
Fair value premium costs on settlement of intragroup loan	2,426	-
Cost of terminating financing arrangements (note 4)	26,622	-
Interest payable on lease liability (note 16)	520	536
Subordinated loan interest payable to group undertakings	254	283
	<u>63,920</u>	<u>34,521</u>

**Punch Partnerships (PML) Limited**  
**Period ended 15 August 2021**

**NOTES TO THE FINANCIAL STATEMENTS**  
for the 52 week period ended 15 August 2021

**8 TAXATION**

***Tax recognised in the profit and loss account***

	52 week period ended 15 August 2021 £000	52 week period ended 16 August 2020 £000
UK corporation tax:		
Deferred tax:		
- originating and reversal of timing differences	2,726	3,070
- adjustments in respect of prior periods	(2,647)	(309)
	<u>79</u>	<u>2,761</u>
Total tax charge for the period	<u><u>79</u></u>	<u><u>2,761</u></u>

***Tax recognised in other comprehensive income***

	52 week period ended 15 August 2021 £000	52 week period ended 16 August 2020 £000
Remeasurements of defined benefit liability	21	(380)
	<u>21</u>	<u>(380)</u>

There is no provided or unprovided deferred tax.

***Reconciliation of tax charge***

	52 week period ended 15 August 2021 £000	52 week period ended 16 August 2020 £000
Loss on ordinary activities before taxation	<u>(33,060)</u>	<u>(47,011)</u>
Loss on ordinary activities at standard rate of corporation tax in the UK of 19% (2020: 19%)	(6,281)	(8,932)
Effects of:		
Expenses not deductible for tax purposes	4,957	10,042
Current period non-underlying charges	4,050	1,960
Adjustments in respect of prior periods	(2,647)	(309)
Total tax charge	<u><u>79</u></u>	<u><u>2,761</u></u>

On 11 March 2020 the Chancellor of the exchequer announced that the tax rate reduction from 19% to 17% was no longer going to be implemented and the deferred tax balance was recognised based on the 19% at the 16 August 2020. Following on from the budget on 3 March 2021 an announcement was made to increase the corporation tax rate to 25% with effect from 1 April 2023. Based on the change in tax rate the deferred tax balance has been calculated and recognised based on the 25% enacted rate

# Punch Partnerships (PML) Limited

Period ended 15 August 2021

## NOTES TO THE FINANCIAL STATEMENTS

for the 52 week period ended 15 August 2021

### 9 TANGIBLE FIXED ASSETS

	Land & buildings £000	Fixtures and fittings £000	Non-current assets classified as held for sale £000	Total £000
<b>Cost or valuation:</b>				
As at 16 August 2020	731,120	59,266	17,371	807,757
Additions	129,832	6,590	-	136,422
Revaluation	4,916	(10)	-	4,906
Disposals	(30,220)	(2,768)	(12,635)	(45,623)
Net transfers to non-current assets classified as held for sale	(2,681)	(326)	3,007	-
As at 15 August 2021	<u>832,967</u>	<u>62,752</u>	<u>7,743</u>	<u>903,462</u>
<b>Depreciation:</b>				
As at 16 August 2020	-	42,908	5,865	48,773
Charge for the year	1,664	5,307	-	6,971
Impairment losses	2,484	-	320	2,804
Revaluation	(586)	(1)	-	(587)
Disposals	(75)	(1,891)	(3,753)	(5,719)
Net transfers to non-current assets classified as held for sale	38	(204)	166	-
As at 15 August 2021	<u>3,525</u>	<u>46,119</u>	<u>2,598</u>	<u>52,242</u>
<b>Net book value:</b>				
As at 15 August 2021	<u>829,442</u>	<u>16,633</u>	<u>5,145</u>	<u>851,220</u>
As at 16 August 2020	<u>731,120</u>	<u>16,358</u>	<u>11,506</u>	<u>758,984</u>

If land and buildings had been measured using the cost model, the carrying amounts would be as follows:

	Total £000
Cost	953,651
Accumulated depreciation	(12,194)
Net book value at 15 August 2021	<u>941,457</u>
Net book value at 16 August 2020	<u>854,872</u>

## Punch Partnerships (PML) Limited

Period ended 15 August 2021

### NOTES TO THE FINANCIAL STATEMENTS

for the 52 week period ended 15 August 2021

#### 9 TANGIBLE FIXED ASSETS

##### *Impairment loss*

When any indicators of impairment are identified, property, plant and equipment are reviewed for impairment based on each cash generating unit (CGU). The cash generating units are individual pubs. The carrying values of these individual pubs are compared to the recoverable amount of the CGUs, which is the higher of value-in-use (VIU) and fair value less costs to sell (FVLCS).

During the year, the FVLCS of the assets transferring into the non-current assets classified as held for sale category have been reviewed, and an impairment of £2,804,000 (16 August 2020: £4,281,000) has been identified. The FVLCS was assessed on both external and internal valuations.

##### *Revaluation*

Properties are revalued annually, on a five-year rolling basis, to fair value in accordance with the Royal Institute of Chartered Surveyors (RICS) Valuation - Professional Standards January 2020, incorporating the International Valuation Standards 2013, and IFRS 13. The valuation is based on current and future projected trading levels of each property, taking into account the location, physical attributes and sustainability of rent of each property. Changes in assumptions underlying valuations, such as the assessment of fair maintainable trade for each property, could impact the carrying value of land and buildings.

The company's policy is to carry properties within the estate at valuation. Therefore, the estate is revalued professionally by independent valuers on a five-year rolling basis. Due to the impact of COVID-19 the company decided to revalue 100% of its property portfolio in the prior year ended 16 August 2020. The valuation of 20% of the estate was performed by Avison Young (UK) Limited, independent chartered surveyors. The remaining 80% of the estate was valued using the directors' assessment of fair value. The company reverted back to the normal policy in the 15 August 2021 year where properties are revalued on a five-year rolling basis, this was performed by Savills (UK) Limited.

Surpluses arising from a revaluation increase are recognised directly in other comprehensive income in the revaluation reserve or are recognised as a credit in the income statement to the extent that they reverse a revaluation decrease of the same asset previously recognised as a charge to the income statement. Any deficit arising from a revaluation decrease is recognised as a charge to other comprehensive income in the revaluation reserve to the extent that there is a credit balance in the revaluation reserve in respect of that asset. Any further decrease in value is recognised as a charge to the income statement.

At 15 August 2021, 231 properties were valued at their fair value less costs to sell resulting in an increase in net assets of £5,493,000. Of the £5,493,000, £7,035,000 was credited to the revaluation reserve and £1,542,000 was charged to the profit and loss account in the period.

At 16 August 2020, 1,151 properties were valued at their fair value less costs to sell resulting in a reduction in net assets of £27,677,000. Of the £27,677,000, £21,354,000 was credited to the revaluation reserve and £49,031,000 was charged to the profit and loss account in the period.

##### **Non-current assets classified as held for sale**

	2021	2020
	£000	£000
Non-current assets classified as held for sale	5,145	11,506

Non-current assets classified as held for sale represents pubs that are individually being actively marketed for sale with varying expected completion dates within one year. The value of non-current assets classified as held for sale represents the lower of the carrying value of the asset and expected net disposal proceeds.

## Punch Partnerships (PML) Limited

Period ended 15 August 2021

### NOTES TO THE FINANCIAL STATEMENTS

for the 52 week period ended 15 August 2021

#### 10 FIXED ASSET INVESTMENTS

	Shares in subsidiary undertakings £000
<b>Cost:</b>	
As at 16 August 2020	99,035
Disposals	(99,035)
As at 15 August 2021	-
<b>Impairment:</b>	
As at 16 August 2020	36,780
Disposals	(36,780)
As at 15 August 2021	-
<b>Net book value:</b>	
As at 15 August 2021	-
As at 16 August 2020	62,255

During the year Mercury Taverns (Holdings) Limited and Punch Taverns (CPM) Limited were distributed up to Punch Taverns (PMH) Limited, being the company's immediate parent undertaking at the time of distribution. Also during the year the company acquired Punch Partnerships (Seagull) Ltd for £1.

**Held directly:**

Punch Partnerships (Seagull) Limited

Trading Company

The above companies are incorporated in England and Wales.

The registered office of the above companies is Jubilee House, Second Avenue, Burton Upon Trent, Staffordshire, DE14 2WF.



**Punch Partnerships (PML) Limited**  
**Period ended 15 August 2021**

**NOTES TO THE FINANCIAL STATEMENTS**  
for the 52 week period ended 15 August 2021

**11 DEBTORS**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
<b>Amounts falling due in less than one year:</b>		
Trade debtors	4,849	7,049
Amounts due from group undertakings	24,034	8,863
Other debtors	-	38
Loans due from group undertakings	847	-
Prepayments and accrued income	1,258	1,419
	<u>30,988</u>	<u>17,369</u>

Included within loans due from group undertakings are non interest bearing loan owed from Punch Taverns (Acquisitions) Limited and The Laine Pub Co Limited for £373,000 and £474,000 respectively.

**12 CASH AND CASH EQUIVALENTS**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Cash at bank and in hand	12,834	61,691
	<u>12,834</u>	<u>61,691</u>

**Punch Partnerships (PML) Limited**  
**Period ended 15 August 2021**

**NOTES TO THE FINANCIAL STATEMENTS**

for the 52 week period ended 15 August 2021

**13 CREDITORS: amounts falling due in less than one year**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Loans owed to group undertakings	30,120	11,875
Lease liability (note 16)	1,024	799
Trade creditors	1,721	2,001
Amounts owed to group undertakings	28,443	18,320
Other creditors	8,239	7,677
Accruals and deferred income	5,817	2,980
Social security and other taxes	4,708	3,438
	<u>80,072</u>	<u>47,090</u>

**14 CREDITORS: amounts falling due after more than one year**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Loans owed to group undertakings	548,531	500,011
Lease liability (note 16)	8,384	6,542
	<u>556,915</u>	<u>506,553</u>

In the current year included within loans owed to group undertakings is a loan with fellow group undertaking, Punch Pubs Holdings Limited, of £578,651,000. The terms of the loans owed to group undertakings are such that the interest rate is identical to that of a fellow group company's secured loans. The interest terms and repayment profile of this loan is shown in note 17. This loan was repaid during the year.

In the previous year included within loans owed to group undertakings is a loan with fellow group undertaking, Punch Taverns Finance B Limited, of £507,566,000. The terms of the loans owed to group undertakings are such that the interest rate is identical to that of a fellow group company's secured loans. The interest terms and repayment profile of this loan is shown in note 17. This loan was repaid during the year.

Also included within the previous years loans owed to group undertakings is a non-interest bearing subordinated loan of £4,320,000 from a fellow group undertaking, Punch Taverns Loanco (B) Limited held at fair value, the actual loan amount is £7,000,000. This was repayed during the year resulting in a £2,426,000 charge to the profit and loss account.

**Punch Partnerships (PML) Limited**  
**Period ended 15 August 2021**

**NOTES TO THE FINANCIAL STATEMENTS**  
for the 52 week period ended 15 August 2021

**15 DEFERRED TAX**

	2021 £000	2020 £000
Liabilities at the beginning of the period	(16,600)	(14,220)
Charged to profit and loss account	(79)	(2,760)
Transfer from group undertaking	112	-
(Charged) / credit to other comprehensive income	(21)	380
	<u>(16,588)</u>	<u>(16,600)</u>

The movements in deferred tax assets and liabilities during the period are shown below:

**Deferred tax assets**

	Tax losses £000	Retirement benefit liabilities £000	Other £000	Total £000
At 18 August 2019	863	733	358	1,954
Credited / (charged) to profit and loss account	102	26	(27)	101
Credited to equity	-	380	-	380
At 16 August 2020	<u>965</u>	<u>1,139</u>	<u>331</u>	<u>2,435</u>
Credited to profit and loss account	241	307	14	562
Charged to equity	-	(21)	-	(21)
At 15 August 2021	<u>1,206</u>	<u>1,425</u>	<u>345</u>	<u>2,976</u>

**Deferred tax liabilities**

	Accelerated capital allowances £000
At 18 August 2019	16,174
Charged to profit and loss account	2,861
At 16 August 2020	<u>19,035</u>
Charged to profit and loss account	641
Transfer from group undertaking	(112)
At 15 August 2021	<u>19,564</u>

At the balance sheet date, the company has unused tax losses of £4,820,000 (August 2020: £5,080,000) and unused capital losses of £1,712,000 (August 2020: £220,000) available for offset against future profits. A deferred tax asset has been recognised in respect of £4,820,000 (August 2020: £5,080,000) of such losses, which are expected to be utilised against the future profit streams of the company. Current legislation deems that these losses may be carried forward for an unlimited number of years.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

**Punch Partnerships (PML) Limited**  
**Period ended 15 August 2021**

**NOTES TO THE FINANCIAL STATEMENTS**  
for the 52 week period ended 15 August 2021

**16 LEASES**

The company leases various licensed properties, offices and other commercial properties under lease agreements. The leases have various terms, escalation clauses and renewal rights. The terms of these contracts vary and the assets generally have a lease term of 25 years to 99 years with a median term of 60 years. All the leases met the operating lease criteria where the company was a lessee.

The company also has certain leases with lease terms of less than 12 months and leases that are classed as low value. The company applies the "short term lease" and "lease of low value assets" recognition exemption for these disclosures.

Right of use assets and lease liabilities are recognised for each lease agreement for which the company is a lessee.

**Right of use assets**

**Property leases**

	<b>£000</b>
<b>Cost</b>	
As at 16 August 2020	7,660
Additions	2,268
Disposals	(1)
Remasurement	-
As at 15 August 2021	<u>9,927</u>
<b>Accumulated depreciation</b>	
As at 16 August 2020	742
Charge for the year	390
Disposal	(1)
Impairment	1,859
As at 15 August 2021	<u>2,990</u>
<b>Net book value at 15 August 2021</b>	<u>6,937</u>
<b>Net book value at 16 August 2020</b>	<u>6,918</u>

During the year, an impairment of £1,859,000 (16 August 2020: £nil) has been identified.

**Punch Partnerships (PML) Limited**  
**Period ended 15 August 2021**

**NOTES TO THE FINANCIAL STATEMENTS**  
for the 52 week period ended 15 August 2021

**16 LEASES**

**Lease Liabilities**

	<b>£000</b>
As at 16 August 2020	7,341
Addition	2,409
Finance cost on lease liabilities	520
Repayment of lease liabilities	(857)
Disposals	1
Rent concession	(6)
As at 15 August 2021	<u>9,408</u>

Lease liabilities have been analysed between current and non-current as follows:

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Current	1,024	799
Non-Current	<u>8,384</u>	<u>6,542</u>
	<u>9,408</u>	<u>7,341</u>

During the year, additions were acquired from the company's immediate subsidiary undertaking, Punch Partnerships (Seagull) Limited, right of use assets totalling £660,000 and lease liabilities totalling £803,000 were acquired.

**Amounts recognised in profit and loss account**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Finance cost on lease liabilities	(520)	(536)
Rent concession	6	18
Right of Use Depreciation	(390)	(411)
Right of Use Impairment	<u>(1,859)</u>	<u>-</u>
	<u>(2,763)</u>	<u>(929)</u>

**Punch Partnerships (PML) Limited**  
**Period ended 15 August 2021**

**NOTES TO THE FINANCIAL STATEMENTS**  
for the 52 week period ended 15 August 2021

**17 INTEREST-BEARING LOANS AND BORROWINGS**

Punch Partnerships (PML) Limited has loans owed to group company, Punch Pubs Holdings Limited and previously Punch Taverns Finance B Limited (note 14). The terms of the loans are such that the interest rate is identical to that of a fellow group company's secured loans as set out below.

	2021 £000	2020 £000
<b>Creditors falling due within one year</b>		
Secured loan notes	-	12,271
Revolving credit facility	30,000	-
Deferred issue costs	(2,186)	(396)
	<u>27,814</u>	<u>11,875</u>
<b>Creditors falling due after more than one year</b>		
Secured loan notes	559,338	496,262
Deferred issue costs	(8,621)	(571)
	<u>550,717</u>	<u>495,691</u>

2021 £000	2020 £000
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Details of the secured loans are as follows:

Class A3 secured fixed rate notes repayable by September 2021 at 7.369% per annum (prior to restructuring repayable by June 2022)	-	96,619
Class A6 secured fixed rate notes repayable by September 2022 at 5.943% per annum (prior to restructuring repayable by December 2024)	-	204,864
Class A7 secured fixed rate notes repayable by March 2024 at 5.267% per annum (prior to restructuring repayable by June 2033 at 4.767% per annum)	-	134,139
Class B3 secured fixed rate notes repayable by December 2025 at 7.750% per annum	-	72,911
Punch Finance PLC loan notes repayable by June 2026 at 6.125% per annum	559,338	-
Punch Pubs Holdings Limited loan facility repayable by December 2021 at SONIA + 3.25% per annum	30,000	-
	<u>589,338</u>	<u>508,533</u>
Less: deferred issue costs	(10,807)	(967)
	<u>578,531</u>	<u>507,566</u>

The loans are secured over the assets of the company and certain other companies in the Vine Acquisitions Limited group.

# Punch Partnerships (PML) Limited

Period ended 15 August 2021

## NOTES TO THE FINANCIAL STATEMENTS

for the 52 week period ended 15 August 2021

### 18 Pension - defined benefit scheme liability

During the current and prior period, the company operated one funded defined benefit pension scheme; the Pubmaster Pension Scheme. The pension plan has not invested in any of the company's own financial instruments, nor in properties or other assets used by the company.

Number of members in the defined benefit pension scheme at 15 August 2021:

	Active	Preserved	Pensioner
Number of members	2	171	351
<b>Pension liability</b>		<b>2021</b>	<b>2020</b>
		<b>£000</b>	<b>£000</b>
Liability brought forward		6,000	4,300
Charged to the profit and loss account		246	200
Cash payments during the period		(436)	(500)
Actuarial (gain) / loss		(110)	2,000
Liability		5,700	6,000

During the period, the company operated one funded defined benefit pension scheme; the Pubmaster Pension Scheme. The pension plan has not invested in any of the company's own financial instruments, nor in properties or other assets used by the company.

The tables below illustrate the impact of the defined benefit scheme on the profit and loss account and the balance sheet and relate to the Pubmaster Pension Scheme. The information presented is that which was calculated in accordance with IAS 19.

The amounts recognised in the profit and loss account are as follows:

Analysis of the amounts charged to operating costs:	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Current service cost	(83)	(100)
Past service cost	(72)	-
Total service cost	(155)	(100)
	<b>£000</b>	<b>£000</b>
Net interest cost	(91)	(100)

Remeasurement gains and losses shown in the SOCI in the period:

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Actual return / (loss) on assets excluding interest income	4,484	(200)
Experience loss on scheme obligations	-	(100)
Changes in assumptions underlying the present value of scheme obligations:		
Financial	(3,574)	(1,500)
Demographic	(800)	(200)
Remeasurement gains / (losses) recognised in the SOCI	110	(2,000)

# Punch Partnerships (PML) Limited

Period ended 15 August 2021

## NOTES TO THE FINANCIAL STATEMENTS

for the 52 week period ended 15 August 2021

### 18 Pension - defined benefit scheme liability (continued)

The amounts recognised in the balance sheet are as follows:

	2021 £000	2020 £000
Present value of scheme liabilities	(78,720)	(76,000)
Fair value of scheme assets	73,020	70,000
Net retirement benefit liability recognised in the balance sheet	<u>(5,700)</u>	<u>(6,000)</u>

Movements in the present value of scheme liabilities are as follows:

	2021 £000	2020 £000
Present value of scheme liabilities at beginning of period	76,000	75,600
Current service cost	83	100
Past service cost	72	-
Interest cost	1,156	1,300
Actuarial losses	4,374	1,800
Contributions paid by scheme participants	9	-
Benefits paid	(2,914)	(2,800)
Present value of scheme liabilities at end of period	<u>78,780</u>	<u>76,000</u>

Movements in the fair value of scheme assets are as follows:

	2021 £000	2020 £000
Fair value of scheme assets at beginning of period	70,000	71,300
Interest on scheme assets	1,065	1,200
Remeasurement gains / (losses)	4,484	(200)
Contributions paid by employer	436	500
Contributions paid by scheme participants	9	-
Benefits paid	(2,914)	(2,800)
Fair value of scheme assets at end of period	<u>73,080</u>	<u>70,000</u>

Scheme assets are stated at their market values at the balance sheet date and the expected return on scheme assets is derived as a weighted average of the expected return on each asset class, recognising the proportions of the assets invested in each. The expected return on each asset class is determined after taking external expert advice and by reference to relevant equity and bond indices.

The major categories of plan assets as a percentage of total plan assets are as follows:

	2021	2020
Equities	6.7%	15.4%
Bonds	51.3%	34.0%
Diversified growth funds	32.7%	42.1%
Other	<u>9.3%</u>	<u>8.5%</u>



## Punch Partnerships (PML) Limited

Period ended 15 August 2021

### NOTES TO THE FINANCIAL STATEMENTS

for the 52 week period ended 15 August 2021

The history of experience adjustments on the schemes for the current and previous financial years is as follows:

	2021	2020	2019	2018	2017
Present value of retirement benefit liabilities	(78,780)	(76,000)	(75,600)	(69,400)	(73,800)
Fair value of plan assets	73,080	70,000	71,300	67,300	67,200
Net liability in the scheme	(5,700)	(6,000)	(4,300)	(2,100)	(6,600)
Experience adjustments on scheme liabilities	(4,374)	(1,800)	(6,200)	3,800	3,400
Percentage of scheme liabilities	5.6%	2.4%	8.2%	5.5%	4.6%
Experience adjustments on scheme assets	4,484	(200)	4,500	200	1,000
Percentage of scheme assets	6.1%	(0.3)%	6.3%	0.3%	1.5%

#### Pubmaster Pension Scheme funding

The Pubmaster Pension Scheme is a defined benefit scheme operated in the UK. The values of the scheme's liabilities have been determined by a qualified actuary based on the results of an actuarial valuation as at 6 April 2019, updated to 15 August 2021, the balance sheet date.

The Scheme is subject to the Statutory Funding Objective under the Pensions Act 2004. A valuation of the Scheme is carried out at least once every three years to determine whether the Statutory Funding Objective is met. As part of the process the Group must agree with the Trustees of the Scheme the contributions to be paid to address any shortfall against the Statutory Funding Objective and contributions to pay for the future accrual of benefits. The Statutory Funding Objective does not currently impact on the recognition of the Scheme in these accounts.

The Scheme is managed by a board of Trustees appointed in part by the Group (which includes a professional independent trustee) and part from elections by members of the Scheme. The Trustees have responsibility for obtaining valuations of the fund, administering benefit payments and investing the Scheme's assets. The Trustees delegate some of these functions to their professional advisers where appropriate.

The Scheme exposes the Group to a number of risks:

- **Investment risk:** The Scheme holds investments in asset classes, such as equities, which have volatile market values. While these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges.
- **Interest rate risk:** The Scheme's liabilities are assessed using market yields on high quality corporate bonds to discount the liabilities. As the Scheme holds assets such as equities, the value of the assets and liabilities may not move in the same direction.
- **Inflation risk:** A significant proportion of the benefits under the Scheme are linked to inflation. Although the Scheme's assets are expected to provide a good hedge against inflation over the long term, movements over the short-term could lead to deficits emerging.
- **Mortality risk:** In the event that members live longer than assumed a deficit will emerge in the Scheme.
- **Member options:** Certain benefit options may be exercised by members without requiring the consent of the Trustees or the Company, for example exchanging pension for cash at retirement. In this example, if fewer members than expected exchange pension for cash at retirement then a funding strain will emerge.
- **Insurer covenant risk:** The Trustees hold annuity policies for a group of pensioners in the Scheme. If the insurance company goes insolvent then these pensions will have to be provided directly by the Scheme and a deficit will emerge.

## Punch Partnerships (PML) Limited

Period ended 15 August 2021

### NOTES TO THE FINANCIAL STATEMENTS

for the 52 week period ended 15 August 2021

The mortality assumptions at the year end are based on standard mortality tables that allow for future mortality improvements. The assumptions are that the life expectancy of a member who retires at the age of 65 is as follows:

	2021	2020
Male currently aged 50	23.1 years	23.1 years
Male currently aged 65	21.9 years	21.9 years
Female currently aged 50	25.6 years	25.6 years
Female currently aged 65	24.3 years	24.3 years

The assumptions used in determining the valuations are as follows:

	2021	2020
Rate of increase of salaries	4.25%	4.00%
Rate of increase in pensions	2.65%	2.55%
Discount rate	1.50%	1.55%
Inflation assumption (RPI)	3.55%	3.30%
Inflation assumption (CPI)	3.05%	2.50%

The results are very sensitive to the assumptions used. The table below shows the approximate effect on the Scheme's liabilities of changing some of the key financial assumptions, whilst all other assumptions remain the same. The impact of adjustments to assumptions are as follows:

	Approximate effect on liabilities and deficit £000
<b>Adjustments to assumptions</b>	
Reduce discount rate by 0.1% per annum	1,200
Increase inflation by 0.1% per annum (and all associated assumptions)	(700)

The assets in the scheme and expected rates of return were:

	Value at 15 August 2021 £000	Value at 16 August 2020 £000
Equities	4,907	10,800
Bonds	37,407	23,800
Diversified growth funds	23,854	29,500
Insured pensions	487	600
Direct lending	5,822	4,600
Cash	543	700
Total market value of assets	73,020	70,000
Present value of scheme liabilities	(78,780)	(76,000)
Deficit in the scheme before deferred tax	(5,760)	(6,000)
Deferred tax asset	1,425	1,139
Net pension liability	(4,335)	(4,861)

#### Defined Contribution Scheme Funding

The defined contribution scheme is paid from Punch Taverns (Services) Limited, this is due to the company having no employees.

# **Punch Partnerships (PML) Limited**

**Period ended 15 August 2021**

## **NOTES TO THE FINANCIAL STATEMENTS**

for the 52 week period ended 15 August 2021

### **19 SHARE CAPITAL**

	2021	2021	2020	2020
	No. 000	£000	No. 000	£000
<i>Allotted, called up and fully paid:</i>				
Ordinary shares of £1 each	2,000	2,000	2,000	2,000

During the year, one ordinary share was issued for a consideration of £1.

### **20 DIVIDENDS**

	52 week period ended 15 August 2021 £000	52 week period ended 16 August 2020 £000
Interim distribution in specie (£31.13 per ordinary share (2020: £nil))	62,255	-

During the year Mercury Taverns (Holdings) Limited and Punch Taverns (CPM) Limited were distributed up to the Punch Taverns (PMH), being the company's immediate parent undertaking at time of distribution.

**Punch Partnerships (PML) Limited**  
**Period ended 15 August 2021**

**NOTES TO THE FINANCIAL STATEMENTS**  
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**21 FINANCIAL COMMITMENTS**

	2021 £000	2020 £000
Contracted not provided	<u>2,623</u>	<u>1,963</u>

At 15 August 2021 the company had annual commitments under non-cancellable operating leases as set out below:

**Land and buildings**

	2021 £000	2020 £000
Less than one year	1,014	799
Between one and five years	3,406	2,838
More than five years	<u>17,261</u>	<u>16,221</u>
	<u>21,681</u>	<u>19,858</u>

There are no variable lease payments, expenses relating to short term leases, expenses relating to low value assets.

The Company leases various licensed properties, offices and other commercial properties under non-cancellable operating lease agreements. The leases have various terms, escalation clauses and renewal rights.

The total future minimum sublease payments expected to be received are £3,022,000 (August 2020: £2,698,000).

The company leases out its property assets to tenants in the form of operating leases. Previously all remuneration received on these contracts was in the form of fixed rental payments. A variation was sign on 15 August 2021 to convert intragroup operating leases to a variable rent dependent on turnover. All external operating leases remain as fixed rental payments.

**Land and buildings**

	2021 £000	2020 £000
Less than one year	24,159	36,920
One to two years	17,985	30,663
Two to three years	14,646	26,949
Three to four years	12,692	25,311
Four to five years	5,386	18,943
More than five years	<u>18,353</u>	<u>72,131</u>
	<u>93,221</u>	<u>210,917</u>

**Punch Partnerships (PML) Limited**  
**Period ended 15 August 2021**

**NOTES TO THE FINANCIAL STATEMENTS**  
for the 52 week period ended 15 August 2021

**22 POST BALANCE SHEET EVENTS**

On the 15 December 2021, funds managed by affiliates of Fortress Investment Group LLC acquired the entire issued share capital of Vine Acquisitions Limited. Following completion of the acquisition, the company's ultimate parent undertaking and controlling party becomes Fortress Investment Group LLC, an independently operated subsidiary of SoftBank Group Corp.

**23 ULTIMATE PARENT UNDERTAKING**

The company's immediate parent undertaking was Punch Taverns (PMH) Limited. During the year a group restructure was undertaken resulting in the company's immediate parent company being Punch Pubs Holding Limited a company registered in England and Wales.

The company's ultimate parent undertaking and controlling party is Patron Capital, V L.P., a Jersey L.P. managed and controlled in Jersey.

Following completion of the acquisition referenced in note 22, the company's ultimate parent undertaking and controlling party becomes Fortress Investment Group LLC, an independently operated subsidiary of SoftBank Group Corp.

The largest group in which the results of the company are consolidated is that headed by Vine Acquisitions Limited, a company registered in England & Wales. The smallest group in which they are consolidated is that headed by Punch Pubs Group Limited, a company registered in England & Wales.

Copies of the financial statements of Vine Acquisitions Limited are available from Companies House.

The consolidated financial statements of Punch Pubs Group Limited are available from Companies House.