

Mitchells & Butlers Holdings Limited

Annual Report and Financial Statements

for the 52 weeks ended 28 September 2019

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Mitchells & Butlers Holdings Limited

Strategic Report for the 52 weeks ended 28 September 2019

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

The Directors present their Strategic Report for the 52 weeks ended 28 September 2019. The comparative period is for the 52 weeks ended 29 September 2018.

Fair review of the business

The principal activity of Mitchells & Butlers Holdings Limited is as an intermediate holding company within the Mitchells & Butlers plc Group.

The profit for the period before taxation, comprising intercompany dividend income amounted to £25,000,001 (2018 £61,351,962). Taxation charged against the profit for the period was £nil (2018 £nil) leaving a profit after tax of £25,000,001 (2018 £61,351,962). The Company was in a net asset position of £1,565,237,536 (2018 £1,565,237,535) at the period end.

Key Performance Indicators

As the Company is non-trading the Directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. Key performance indicators for Mitchells & Butlers plc Group as a whole, which includes the Company, are discussed in the Annual Report and Accounts 2019 of Mitchells & Butlers plc.

Principal risks and uncertainties

The Company has various investments in other group companies and therefore the most significant risk facing the Company is that the recoverable value of these investments falls below the carrying value, resulting in the Company recognising impairment losses. The risk of this occurring is assessed as low, given the trading history and future prospects for the Group. This risk is monitored by Directors on a regular basis.

Future Developments

The Company is expected to continue to be an intermediate holding company within the Mitchells & Butlers plc Group. Future transactions are expected to be limited to the receipt of intercompany dividend income and the payment of dividends.

Approved by the Board on 10 December 2019 and signed on its behalf by:



J A Berrow
Director

Mitchells & Butlers Holdings Limited
Income statement for the 52 weeks ended 28 September 2019

Mitchells & Butlers Holdings Limited
Directors' Report for the 52 weeks ended 28 September 2019

	5
	Note
Operating costs	4
	-
OPERATING PROFIT	
Income from investments	2
Finance revenue	3
	-
PROFIT BEFORE TAXATION	
Tax charge	6
	-
PROFIT FOR THE PERIOD	-

The above results are derived from continuing operations.

The Company has no comprehensive income or expense other than the profit

The Directors present their report on the affairs of the Company, together with the financial statements and independent auditor's report, for the 52 weeks ended 28 September 2019. The comparative period is for the 52 weeks ended 29 September 2018.

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

Dividends

Dividends paid during the period are disclosed in note 10. The Directors are proposing a final dividend of £nil (2018 £nil).

Financial risk management

The financial risk management objectives and policies of the Company are monitored as part of the wider Group. Details of the risks and exposure of the Group to financial risks including; credit risk, liquidity risk and market risk are provided in the Mitchells & Butlers plc Annual Report and Accounts 2019.

Going Concern

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

Directors of the Company


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

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

Directors' indemnity

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

Approved by the Board on 10 December 2019 and signed on its behalf by:


J A Berrow
Director

The notes on pages 7 to 12 form an integral part of these

Mitchells & Butlers Holdings Limited
Directors' Responsibilities Statement

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

Company law requires the Directors to prepare financial statements for each financial year. In preparing these financial statements, the Directors have elected to prepare the financial statements in accordance with UK Accounting Practice (United Kingdom Accounting Standards and applicable law Disclosure Framework). Under company law the Directors must not approve them unless they are satisfied that they give a true and fair view of the state of affairs of the Company for that period.

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed;
- prepare the financial statements on the going concern basis unless it is apparent that the Company will not continue in business.

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

Mitchells & Butlers Holdings Limited
(Registration number: 03420338)
Balance sheet as at 28 September 2019

		28 September 2019	29 September 2018
	Note	£	£
NON-CURRENT ASSETS			
Investments in subsidiaries	7	<u>1,565,236,536</u>	<u>1,565,236,536</u>
TOTAL NON-CURRENT ASSETS		<u>1,565,236,536</u>	<u>1,565,236,536</u>
CURRENT ASSETS			
Cash and cash equivalents		<u>1,002</u>	<u>1,001</u>
TOTAL CURRENT ASSETS		<u>1,002</u>	<u>1,001</u>
TOTAL ASSETS		<u>1,565,237,538</u>	<u>1,565,237,537</u>
CURRENT LIABILITIES			
Trade and other payables	8	<u>(2)</u>	<u>(2)</u>
TOTAL CURRENT LIABILITIES		<u>(2)</u>	<u>(2)</u>
NET CURRENT ASSETS		<u>1,000</u>	<u>999</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,565,237,536</u>	<u>1,565,237,535</u>
NET ASSETS		<u>1,565,237,536</u>	<u>1,565,237,535</u>
EQUITY			
Share capital	9	<u>116,666,670</u>	<u>116,666,670</u>
Retained earnings		<u>1,448,570,866</u>	<u>1,448,570,865</u>
TOTAL EQUITY		<u>1,565,237,536</u>	<u>1,565,237,535</u>


For the 52 weeks ended 28 September 2019 the Company was entitled to exemption from appointing auditors under section 479a of the Companies Act 2006.

Members have not required the Company to obtain an audit of its accounts in accordance with section 476 of the Companies Act 2006.

The Directors acknowledge their responsibility for:

- ensuring the Company keeps accounting records which comply with section 386, and
- preparing accounts which give a true and fair view of the state of affairs of the Company as at the end of its financial period, and of its profit and loss for the financial period in accordance with section 396, and which otherwise comply with the requirements of the Companies Act 2006 relating to accounts, so far as applicable to the Company.

Approved by the Board and authorised for issue on 10 December 2019. They were signed on its behalf by:


J A Berrow
Director

The notes on pages 7 to 12 form an integral part of these financial statements.

Mitchells & Butlers Holdings Limited

Income statement for the 52 weeks ended 28 September 2019

		52 weeks ended 28 September 2019 £	52 weeks ended 29 September 2018 £
	Note		
Operating costs	4	-	1,531
OPERATING PROFIT		<u>-</u>	<u>1,531</u>
Income from investments	2	25,000,000	61,350,431
Finance revenue	3	1	-
PROFIT BEFORE TAXATION		<u>25,000,001</u>	<u>61,351,962</u>
Tax charge	6	-	-
PROFIT FOR THE PERIOD		<u><u>25,000,001</u></u>	<u><u>61,351,962</u></u>

The above results are derived from continuing operations.

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

The notes on pages 7 to 12 form an integral part of these financial statements.

Mitchells & Butlers Holdings Limited
(Registration number: 03420338)
Balance sheet as at 28 September 2019

		28 September 2019 £	29 September 2018 £
NON-CURRENT ASSETS			
Investments in subsidiaries	7	<u>1,565,236,536</u>	<u>1,565,236,536</u>
TOTAL NON-CURRENT ASSETS		<u>1,565,236,536</u>	<u>1,565,236,536</u>
CURRENT ASSETS			
Cash and cash equivalents		<u>1,002</u>	<u>1,001</u>
TOTAL CURRENT ASSETS		<u>1,002</u>	<u>1,001</u>
TOTAL ASSETS		<u>1,565,237,538</u>	<u>1,565,237,537</u>
CURRENT LIABILITIES			
Trade and other payables	8	<u>(2)</u>	<u>(2)</u>
TOTAL CURRENT LIABILITIES		<u>(2)</u>	<u>(2)</u>
NET CURRENT ASSETS		<u>1,000</u>	<u>999</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,565,237,536</u>	<u>1,565,237,535</u>
NET ASSETS		<u>1,565,237,536</u>	<u>1,565,237,535</u>
EQUITY			
Share capital	9	<u>116,666,670</u>	<u>116,666,670</u>
Retained earnings		<u>1,448,570,866</u>	<u>1,448,570,865</u>
TOTAL EQUITY		<u>1,565,237,536</u>	<u>1,565,237,535</u>

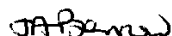
For the 52 weeks ended 28 September 2019 the Company was entitled to exemption from appointing auditors under section 479a of the Companies Act 2006.

Members have not required the Company to obtain an audit of its accounts in accordance with section 476 of the Companies Act 2006.

The Directors acknowledge their responsibility for:

- (i) ensuring the Company keeps accounting records which comply with section 386, and
- (ii) preparing accounts which give a true and fair view of the state of affairs of the Company as at the end of its financial period, and of its profit and loss for the financial period in accordance with section 396, and which otherwise comply with the requirements of the Companies Act 2006 relating to accounts, so far as applicable to the Company.

Approved by the Board and authorised for issue on 10 December 2019. They were signed on its behalf by:



J A Berrow
Director

The notes on pages 7 to 12 form an integral part of these financial statements.

Mitchells & Butlers Holdings Limited
Statement of Changes in Equity for the 52 weeks ended 28 September 2019

	Share capital £	Retained earnings £	Total £
At 30 September 2017	116,666,670	1,448,569,334	1,565,236,004
Profit for the period	-	61,351,962	61,351,962
Total comprehensive income	-	61,351,962	61,351,962
Dividends	-	(61,350,431)	(61,350,431)
At 29 September 2018	116,666,670	1,448,570,865	1,565,237,535
Profit for the period	-	25,000,001	25,000,001
Total comprehensive income	-	25,000,001	25,000,001
Dividends	-	(25,000,000)	(25,000,000)
At 28 September 2019	116,666,670	1,448,570,866	1,565,237,536

The notes on pages 7 to 12 form an integral part of these financial statements.

Mitchells & Butlers Holdings Limited

Notes to the Financial Statements for the 52 weeks ended 28 September 2019

1. Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Basis of preparation

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

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions. Where relevant, equivalent disclosures have been given in the Annual Report and Accounts 2019 of Mitchells & Butlers plc.

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

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

Accounting reference date

The Company's accounting reference date is 30 September. The Company draws up its financial statements to the Saturday directly before or following the accounting reference date, as permitted by section 390(3) of the Companies Act 2006. The period ended 28 September 2019 and the comparative period ended 29 September 2018 both include 52 trading weeks.

Consolidation

The financial statements contain information about the individual Company and do not contain consolidated financial information as the parent of a group. The Company is exempt from preparing group accounts under S400 of Companies Act 2006 since the Company is a wholly owned subsidiary undertaking of another UK company. Group accounts are prepared by the ultimate parent company.

Going concern

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

Critical accounting judgements and key sources of estimation uncertainty

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

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

There are no critical judgements or key sources of estimation uncertainty related to this Company in the current or prior period.

Adoption of new and revised Standards

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

Mitchells & Butlers Holdings Limited

Notes to the Financial Statements for the 52 weeks ended 28 September 2019 (continued)

1. Accounting policies (continued)

Investments in subsidiaries

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

Cash and cash equivalents

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

Trade payables

Trade and other payables are initially recognised at fair value and subsequently recognised at amortised cost.

Income from investments

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

Finance revenue

Finance revenue is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Finance revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Taxation

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

Group tax relief

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

2. Income from investments

During the period the Company received dividend income of £25,000,000 (2018 £61,350,431) from Mitchells & Butlers Leisure Holdings Limited.

3. Finance revenue

	52 weeks ended 28 September 2019 £	52 weeks ended 29 September 2018 £
Finance revenue intercompany	1	-

4. Operating costs

	52 weeks ended 28 September 2019 £	52 weeks ended 29 September 2018 £
Operating costs are analysed as follows:		
Intercompany costs ^a	-	(1,531)
Total operating costs	-	(1,531)

a. Intercompany costs represent the waiver of an intercompany payable balance to East London Pubs & Restaurants Ltd

Fees paid to Deloitte LLP for the audit of the Company's accounts were £nil (2018 £500). The fee is borne on behalf of the Company by another Group company. There were no non-audit services provided in either year.

Mitchells & Butlers Holdings Limited

Notes to the Financial Statements for the 52 weeks ended 28 September 2019 (continued)

5. Employees and Directors

The Company does not have any direct employees in the current or prior period. Directors received no emoluments for their services to this Company in the current or prior period.

Directors' remuneration

The five Directors (2018 five) who served during the period were all employed by another Group company (Mitchells & Butlers Leisure Retail Limited) and are also Directors of other subsidiary companies of the Mitchells & Butlers plc Group. The Directors received total remuneration of £1.8m (2018 £1.4m) in respect of their services to the Group, but it is not practical to allocate this between each of the subsidiary companies for which they act as a Director. At the period end five (2018 five) of the Directors were members of the Group's defined contribution scheme, with one (2018 one) Director also holding accrued service within the Group's defined benefit scheme. During the period four (2018 four) of the Directors were granted share options in the 'PRSP' (Performance Restricted Share Plan) scheme. Details of this scheme are disclosed in the Mitchells & Butlers plc Annual Report Accounts 2019.

The highest paid Director received emoluments of £0.6m (2018 £0.4m), with Company contributions to defined contribution pension schemes of £nil (2018 £nil). This Director also received share options in the PRSP scheme in the period.

6. Taxation

	52 weeks ended 28 September 2019 £	52 weeks ended 29 September 2018 £
Taxation – income statement		
Current taxation		
UK corporation tax	-	-
Total tax expense recognised in the income statement	-	-

The standard rate of corporation tax applied to the reported profit is 19.0% (2018 19.0%).

The tax in the income statement for the period is a lower charge (2018 lower charge) than the standard rate of corporation tax in the UK.

The differences are reconciled below:

	52 weeks ended 28 September 2019 £	52 weeks ended 29 September 2018 £
Profit before tax	25,000,001	61,351,962
Taxation charged at UK standard rate of corporation tax of 19.0% (2018 19.0%)	4,750,000	11,656,872
Income not taxable	(4,750,000)	(11,656,872)
Total tax charge	-	-

Factors which may affect future tax charges

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

7. Investments in subsidiaries

	£
Cost	
At 29 September 2018 and 28 September 2019	1,565,236,536
Carrying amount	
At 29 September 2018 and 28 September 2019	1,565,236,536

Mitchells & Butlers Holdings Limited

Notes to the Financial Statements for the 52 weeks ended 28 September 2019 (continued)

7. Investments in subsidiaries (continued)

Investments in trading companies have been tested for impairment using forecast cash flows, discounted by applying a pre-tax discount rate of 7.3% (2018 7.7%). For the purposes of the calculation of the recoverable amount, the cash flow projections include 0.0% (2018 0.0%) of growth per annum.

Investments in non-trading companies are tested against the net assets of that company.

Details of the subsidiaries as at 28 September 2019 are as follows:

Name of subsidiary	Country of incorporation and place of business	Holding	Proportion of voting rights and shares held	Principal activity
Mitchells & Butlers Retail Limited	England and Wales	Ordinary shares	100%	Leisure retailing
Mitchells & Butlers Retail (No.2) Limited ^a	England and Wales	Ordinary shares	100%	Leisure retailing
Ha Ha Bar & Grill Limited	England and Wales	Ordinary shares	100%	Leisure retailing
Orchid Pubs & Dining Limited	England and Wales	Ordinary shares	100%	Leisure retailing
Midco 1 Limited	England and Wales	Ordinary shares	100%	Property leasing
Mitchells & Butlers (Property) Limited ^a	England and Wales	Ordinary shares	100%	Property Management
Mitchells & Butlers Leisure Retail Limited	England and Wales	Ordinary shares	100%	Service Company
Mitchells & Butlers Finance plc	England and Wales	Ordinary shares	100%	Finance company
Mitchells & Butlers Leisure Holdings Limited ^a	England and Wales	Ordinary shares	100%	Holding company
Mitchells & Butlers Retail Holdings Limited	England and Wales	Ordinary shares	100%	Holding Company
Old Kentucky Restaurants Limited	England and Wales	Ordinary shares	100%	Trademark ownership
Lastbrew Limited	England and Wales	Ordinary shares	100%	Dormant
Mitchells & Butlers (IP) Limited ^a	England and Wales	Ordinary shares	100%	Non-trading
Mitchells & Butlers Acquisition Company	England and Wales	Ordinary shares	100%	Dormant
Mitchells and Butlers Healthcare Trustee Limited	England and Wales	Ordinary shares	100%	Healthcare trustee
Browns Restaurant (Brighton) Limited	England and Wales	Ordinary shares	100%	Dormant
Browns Restaurant (Bristol) Limited	England and Wales	Ordinary shares	100%	Dormant
Browns Restaurant (Cambridge) Limited	England and Wales	Ordinary shares	100%	Dormant
Browns Restaurant (London) Limited	England and Wales	Ordinary shares	100%	Dormant
Browns Restaurant (Oxford) Limited	England and Wales	Ordinary shares	100%	Dormant
Browns Restaurants Limited	England and Wales	Ordinary shares	100%	Dormant
Intertain (Dining) Limited	England and Wales	Ordinary shares	100%	Dormant
Lander & Cook Limited	England and Wales	Ordinary shares	100%	Dormant

a. indicates direct investment of the Company.

All of the above companies are registered at 27 Fleet Street, Birmingham, B3 1JP.

Mitchells & Butlers Holdings Limited

Notes to the Financial Statements for the 52 weeks ended 28 September 2019 (continued)

7. Investments in subsidiaries (continued)

Associates

Details of the Company's associates, held indirectly, are as follows. Shares in these associates have been acquired in the period.

Name of associate	Registered office	Country of incorporation and place of business	Holding	Proportion of voting rights and shares held	Principal activity
3Sixty Restaurants Limited	1st Floor St Georges House, St Georges Road, Bolton, BL1 2DD	England and Wales	Ordinary shares	40%	Leisure Retailing
Fatboy Pub Company Limited	Ampney House, Falcon Close, Quedgeley, Gloucester, GL2 4LS	England and Wales	Ordinary shares	25%	Leisure Retailing

8. Trade and other payables

	28 September 2019 £	29 September 2018 £
Amounts owed to group undertakings ^a	2	2
Total trade and other payables	2	2

a. Amounts owed to group undertakings are non-interest bearing and repayable on demand.

9. Share capital

Allotted, called up and fully paid	28 September 2019		29 September 2018	
	No.	£	No.	£
Ordinary shares of £1 each	116,666,670	116,666,670	116,666,670	116,666,670
	<u>116,666,670</u>	<u>116,666,670</u>	<u>116,666,670</u>	<u>116,666,670</u>

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

10. Dividends

During the period, the Company paid dividends of £25,000,000 (2018 £61,350,431) to its immediate parent company, Mitchells & Butlers Holdings (No.2) Limited.

The Directors are proposing a final dividend of £nil (2018 £nil).

11. Contingent liabilities

The Company is party to a composite guarantee with other Group companies which also participate in its day-to-day cash pooling arrangements. Any potential liability is the aggregate gross overdraft of every participant, capped at the amount of cash held within the pooling arrangement by the Company. At 28 September 2019, the Company held cash of £1,002 (2018 £1,001) which is less than the aggregate gross overdraft of all the participant companies. Therefore, at 28 September 2019, the Company had a contingent liability of £1,002 (2018 £1,001) under the composite guarantee.

Mitchells & Butlers Holdings Limited

Notes to the Financial Statements for the 52 weeks ended 28 September 2019 (continued)

12. Ultimate parent undertaking

The Company's immediate parent is Mitchells & Butlers Holdings (No.2) Limited.

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

Relationship between entity and parents

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

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

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