

SPIRIT (FAITH) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the 52 weeks ended 1 January 2023



SPIRIT (FAITH) LIMITED

COMPANY INFORMATION

Director	S D'Cruz (appointed 31 March 2023)
Company secretary	Mrs L A Keswick
Registered number	03724077
Registered office	Westgate Brewery Bury St Edmunds Suffolk IP33 1QT
Auditor	Deloitte LLP Statutory Auditors 1 New Street Square London EC4A 3HQ

SPIRIT (FAITH) LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Directors' responsibilities statement	3
Independent auditor's report	4 - 6
Statement of comprehensive income	7
Balance sheet	8
Statement of changes in equity	9
Notes to the financial statements	10 - 19

SPIRIT (FAITH) LIMITED

DIRECTORS' REPORT For the 52 weeks ended 1 January 2023

The directors present their report and the financial statements for the 52 weeks ended 1 January 2023.

Principal activity

The principal activity of the company is the provision of financing, via intercompany loans, to fellow group companies.

Going concern

Greene King Limited has agreed to provide continuing financial support to enable the company to meet its obligations as and when they fall due for a period of at least 12 months from the date of approval of the financial statements.

The directors of Greene King Limited have performed a going concern assessment of the Greene King Limited group. In doing so, they have modelled a remote scenario whereby the group generates just over half of its budgeted EBITDA but continues with budgeted capex for a 12 month period. Under this scenario the group has access to adequate funding to support the business through a period of at least 12 months from the date of the approval of the financial statements. However, in the absence of any support this reduction in trade would likely result in breaches of both the two-quarter and four-quarter lookback FCF DSCR covenants within its securitised borrowings without mitigation actions. In this scenario the directors could elect to prevent the breach by providing financial support to the Greene King securitisation through lower operating cost re-charges from other group companies. The directors of Greene King Limited have a reasonable expectation that the group has sufficient resources to continue in operational existence for the period of at least 12 months from the date of approval of these financial statements.

The directors of the company have made enquiries of the directors of Greene King Limited to confirm that they are satisfied the financial support will be available and accordingly continue to prepare the financial statements on a going concern basis.

Directors

The directors who served during the 52 weeks and to the date of this report were:

M Lee (resigned 31 March 2023)
S D'Cruz (appointed 31 March 2023)

None of the directors held any interest in the share capital of the company during the period.

Directors' and officers' indemnity insurance

Greene King Limited group ("the group") has taken out insurance to indemnify the directors of the company against third party proceedings whilst serving on the board of the company and of any subsidiary. This cover indemnifies all employees of the group who serve on the boards of all subsidiaries. These indemnity policies subsisted throughout the year and remain in place at the date of this report.

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Post balance sheet events

There are no post balance sheet events requiring disclosure in the financial statements.

SPIRIT (FAITH) LIMITED

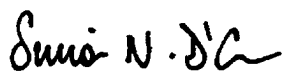
DIRECTORS' REPORT (CONTINUED)
For the 52 weeks ended 1 January 2023

Auditor

The auditor, Deloitte LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



S D'Cruz
Director
Date: 17 July 2023

SPIRIT (FAITH) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

For the 52 weeks ended 1 January 2023

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 judgments and accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPIRIT (FAITH) LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion, the financial statements of Spirit (Faith) Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 1 January 2023 and of its profit for the 52 weeks then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 15.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPIRIT (FAITH) LIMITED

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.

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

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

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

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, internal audit and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, UK tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as tax and IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPIRIT (FAITH) LIMITED

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, and reviewing internal audit reports, and reviewing correspondence with HMRC.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

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

Matters on which we are required to report by exception

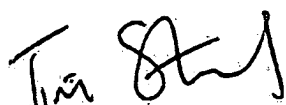
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

Use of our report

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



Timothy Steel (Senior statutory auditor)
for and on behalf of
Deloitte LLP, Statutory Auditors
London, UK

17 July 2023

SPIRIT (FAITH) LIMITED

STATEMENT OF COMPREHENSIVE INCOME
For the 52 weeks ended 1 January 2023

	Note	52 weeks ended 1 January 2023 £000	52 weeks ended 2 January 2022 £000
Other (expenses)/income	8	(8)	10
Net impairment (losses)/reversal on financial assets		(12)	10
Interest receivable and similar income	6	415	415
Profit before tax		395	435
Taxation	7	81	(81)
Profit for the period		476	354

There was no other comprehensive income for the current period (prior period: £nil).

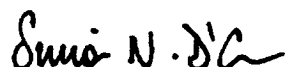
The notes on pages 10 to 19 form part of these financial statements.

SPIRIT (FAITH) LIMITED
Registered number:03724077

BALANCE SHEET
As at 1 January 2023

	Note	1 January 2023 £000	2 January 2022 £000
Current assets			
Debtors	9	30,752	30,357
Current liabilities			
Creditors: amounts falling due within one year	10	(8,454)	(8,535)
Net current assets		<u>22,298</u>	<u>21,822</u>
Total assets less current liabilities		<u>22,298</u>	<u>21,822</u>
Net assets		<u>22,298</u>	<u>21,822</u>
Capital and reserves			
Called up share capital	12	1,100	1,100
Share premium account	13	900	900
Profit and loss account	13	20,298	19,822
Equity		<u>22,298</u>	<u>21,822</u>

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



S D'Cruz

Director

Date: 17 July 2023

The notes on pages 10 to 19 form part of these financial statements.

SPIRIT (FAITH) LIMITED

STATEMENT OF CHANGES IN EQUITY
For the 52 weeks ended 1 January 2023

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 4 January 2021	1,100	900	19,468	21,468
Profit for the period	-	-	354	354
At 3 January 2022	1,100	900	19,822	21,822
Profit for the period	-	-	476	476
At 1 January 2023	1,100	900	20,298	22,298

The notes on pages 10 to 19 form part of these financial statements.

SPIRIT (FAITH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS **For the 52 weeks ended 1 January 2023**

1. GENERAL INFORMATION

Spirit (Faith) Limited is a private company limited by shares incorporated and domiciled in England & Wales.

The company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except where indicated.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

This information is included in the consolidated financial statements of Greene King Limited as at 1 January 2023 and these financial statements may be obtained from Westgate Brewery, Bury St Edmunds, Suffolk, IP33 1QT.

SPIRIT (FAITH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS **For the 52 weeks ended 1 January 2023**

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Impact of new International Reporting Standards, amendments and interpretations

The following new standards, interpretations and amendments to standards are mandatory for the company for the first time for their annual reporting period commencing 3 January 2022:

Those standards and interpretations include:

- Amendments to IAS 16 - Property, Plant and Equipment: Proceeds before intended use;
- Amendments to IFRS 3 - Reference to the conceptual framework;
- Amendments to IAS 37 - Onerous contracts - cost of fulfilling a contract
- Annual improvements to IFRS Standards 2018-2020

The company has considered the above new standards and has concluded that they do not have a material impact on the company's financial statements.

2.4 Going concern

Greene King Limited has agreed to provide continuing financial support to enable the company to meet its obligations as and when they fall due for a period of at least 12 months from the date of approval of the financial statements.

The directors of Greene King Limited have performed a going concern assessment of the Greene King Limited group. In doing so, they have modelled a remote scenario whereby the group generates just over half of its budgeted EBITDA but continues with budgeted capex for a 12 month period. Under this scenario the group has access to adequate funding to support the business through a period of at least 12 months from the date of the approval of the financial statements. However, in the absence of any support this reduction in trade would likely result in breaches of both the two-quarter and four-quarter lookback FCF DSCR covenants within its securitised borrowings without mitigation actions. In this scenario the directors could elect to prevent the breach by providing financial support to the Greene King securitisation through lower operating cost re-charges from other group companies. The directors of Greene King Limited have a reasonable expectation that the group has sufficient resources to continue in operational existence for the period of at least 12 months from the date of approval of these financial statements.

The directors of the company have made enquiries of the directors of Greene King Limited to confirm that they are satisfied the financial support will be available and accordingly continue to prepare the financial statements on a going concern basis.

2.5 Intercompany balances held at amortised cost

Amounts owed by or to group undertakings are classified as short term assets or liabilities unless there is a formal loan arrangement in place that specifies repayment over a period longer than one year at the balance sheet date or they are intended for long-term funding purposes in which case they are held as fixed asset investments.

The company recognises a loss allowance for expected credit losses on amounts due from group undertakings. The methodology used to determine the amount of the expected credit loss is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset.

For those financial assets where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses are recognised. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. For those financial assets where the credit risk has increased significantly (or determined to be credit impaired), lifetime expected credit losses are recognised. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset (or for credit impaired assets, to the net carrying amount of the financial asset).

SPIRIT (FAITH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS **For the 52 weeks ended 1 January 2023**

2. ACCOUNTING POLICIES (CONTINUED)

2.6 Intercompany loans held at fair value through profit or loss

Loans owed by group undertakings are classified as fair value through profit or loss where they do not meet the solely payments of principal and interest test in IFRS 9. The company fair values the instrument, recognising a gain or loss through interest in the statement of comprehensive income.

2.7 Interest

Interest costs are expensed to the income statement using the effective interest method. Interest income is recognised in the income statement using the effective interest method.

2.8 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

2.9 Other income

Other income is recognised when it is probable that the economic benefits will flow to the company and the amount can be measured reliably.

3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

SIGNIFICANT ACCOUNTING ESTIMATES

There are no estimates made in the process of applying the company's accounting policies that are considered to be significant.

SIGNIFICANT ACCOUNTING JUDGMENTS

In the course of preparing the financial statements, the key judgment made in the process of applying the company's accounting policies is detailed below:

Financial assets – held at fair value through profit or loss

The company has applied judgment in determining that certain loans do not meet the solely payments of principal and interest test in IFRS 9 and has classified the loans as fair value through profit or loss.

For those loans that do meet the solely payments of principal and interest test in IFRS 9 the company has classified the loans at amortised cost.

SPIRIT (FAITH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the 52 weeks ended 1 January 2023

4. STAFF COSTS

The company has no employees (prior period: none) and did not incur any staff costs during the period (prior period: £nil).

The directors did not receive any remuneration during the current or previous period in respect of his services provided to the company.

5. AUDITOR'S REMUNERATION

The auditor's remuneration in respect of the audit of the financial statements for the period of £2,500 (prior period: £1,500) has been borne by another group company.

The company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group financial statements of the ultimate parent company.

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	52 weeks ended 1 January 2023 £000	52 weeks ended 2 January 2022 £000
Movement in fair value of intercompany loans	415	415

7. TAXATION

	52 weeks ended 1 January 2023 £000	52 weeks ended 2 January 2022 £000
Current tax on profits for the year	-	81
Adjustments in respect of previous periods	(81)	-
Total current tax	(81)	81

SPIRIT (FAITH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the 52 weeks ended 1 January 2023

7. TAXATION (CONTINUED)

FACTORS AFFECTING TAXATION FOR THE PERIOD

The tax assessed for the period is lower than (2022:lower than) the standard rate of corporation tax in the UK of 19.0% (2022:19.0%). The differences are explained below:

	52 weeks ended 1 January 2023 £000	52 weeks ended 2 January 2022 £000
Profit on ordinary activities before tax	395	435
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.0% (2022:19.0%)	75	83
Effects of:		
Income/(expenses) not deductible for tax purposes	2	(2)
Adjustments to tax charge in respect of prior periods	(81)	-
Group relief for nil consideration	(77)	-
Total taxation from the period	(81)	81

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NOTES TO THE FINANCIAL STATEMENTS For the 52 weeks ended 1 January 2023

7. TAXATION (CONTINUED)

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

Under Finance Act 2021 enacted on 10 June 2021, the Corporation Tax rate for the 12 months from 3 January 2021 remains at 19%, but will increase to 25% as the main rate of corporation tax from 1 April 2023.

8. OTHER EXPENSES/(INCOME)

	52 weeks ended 1 January 2023 £000	52 weeks ended 2 January 2022 £000
Expenses/(income) from indirect tax claim	8	(10)

During the period the company has recognised an expense of £8,000 (prior period: income of £10,000) in respect of an updated position on the claim due from HMRC in relation to VAT on gaming machine income post 2005 claims.

9. DEBTORS: Amounts falling due within one year

	1 January 2023 £000	2 January 2022 £000
Amounts owed by group undertakings held at amortised cost	17,737	17,749
Amounts owed by group undertakings held at fair value through profit or loss	13,013	12,598
Other debtors	2	10
	<u>30,752</u>	<u>30,357</u>

Amounts owed by group undertakings held at fair value through profit or loss is a loan to fellow group undertaking, Spirit Managed Inns Limited of £13,013,000 (prior period: £12,598,000). Interest accrues at 7% per annum on the original principal, interest does not accrue on the unpaid interest and the balance is repayable on demand.

Amounts owed by group undertakings held at amortised cost are unsecured, bear no interest, have no fixed date of repayment and are repayable on demand. Expected credit losses of £62,000 (prior period: £50,000) have been recognised against the carrying value.

Other debtors relates to a refund of VAT due from HMRC.

SPIRIT (FAITH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the 52 weeks ended 1 January 2023

10. CREDITORS: Amounts falling due within one year

	1 January 2023 £000	2 January 2022 £000
Amounts owed to group undertakings	8,454	8,454
Corporation tax payable	-	81
	<u>8,454</u>	<u>8,535</u>

Amounts owed to group undertakings are unsecured, bear no interest, have no fixed date of repayment, are repayable on demand and held at amortised cost.

SPIRIT (FAITH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the 52 weeks ended 1 January 2023

II. FINANCIAL INSTRUMENTS

Fair values

Set out below is a comparison of carrying amounts and fair values of certain of the company's financial instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced liquidation or sale. The following methods and assumptions were used to estimate the fair values:

Amounts owed by group undertakings held at fair value through profit or loss: classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs. The valuation technique used to value the financial instruments was discounted cash flow analysis. Fair values of amounts owed by group undertakings are calculated by discounting estimated future cash flows by an implied yield determined with reference to observable market data adjusted to take account of economic differences between the amounts owed by group undertakings and the reference revolving credit facility. These adjustments reflect the credit risk of the loan. The cash flows have been assumed to take place one day after the balance sheet date.

	Hierarchical classification	Fair value 1 January 2023 £000	Carrying value 1 January 2023 £000	Fair value 2 January 2022 £000	Carrying value 2 January 2022 £000
Financial assets					
Amounts owed by group undertakings held at fair value through profit or loss	Level 3	13,013	13,013	12,598	12,598

The discount rate used to calculate the fair value of the loans was 6.68% (prior period: 3.96%) although this has no material impact on the valuation of the loans due to the fact that they are repayable on demand.

Hierarchical classification of financial assets and liabilities measured at fair value.

IFRS 13 requires that the classification of financial instruments at fair value be determined by reference to the source of inputs used to derive fair value.

The classification uses the following three-level hierarchy:

Level 1 - unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2 - other techniques for which all inputs have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3 - techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

During the periods ending 1 January 2023 and 2 January 2022 there were no transfers between fair value levels 1, 2 or 3.

SPIRIT (FAITH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the 52 weeks ended 1 January 2023

11. FINANCIAL INSTRUMENTS (continued)

The following table is a reconciliation of fair value measurements categorised within level 3 of the fair value hierarchy.

	1 January 2023 £000	2 January 2022 £000
Opening balance	12,598	12,183
Fair value gains	415	415
Closing balance	13,013	12,598

12. CALLED UP SHARE CAPITAL

	1 January 2023 £	2 January 2022 £
Allotted, called up and fully paid		
2,199,988 (prior period: 2,199,988) Ordinary shares of £0.50 each	1,099,994	1,099,994

13. RESERVES

Share premium account

Share premium represents the excess of proceeds received over the nominal value of new shares issued.

Profit and loss account

Profit and loss account reserve represents accumulated retained earnings.

14. RELATED PARTY TRANSACTIONS

During the period the company entered into transactions, in the ordinary course of business, with other related parties. The company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with related parties that are wholly owned subsidiaries of the CK Asset Holdings Limited group. Amounts shown as owed to and by group subsidiaries are all held with other group undertakings. There were no transactions entered into during the financial year or trading balances outstanding at the balance sheet date with other related parties.

SPIRIT (FAITH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 1 January 2023

15. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

At the balance sheet date, the directors consider the immediate parent undertaking and immediate controlling party of Spirit (Faith) Limited to be Spirit (SGL) Limited, a company incorporated in England and Wales.

The ultimate parent undertaking and ultimate controlling party is CK Asset Holdings Limited, a company registered in the Cayman Island and registered in Hong Kong, with its shares listed on the Main Board of the Hong Kong Stock Exchange.

Greene King Limited is the smallest group which includes the results of the company and for which group financial statements are prepared. Copies of its group financial statements are available from Westgate Brewery, Bury St Edmunds, Suffolk, IP33 1QT.

CK Asset Holdings Limited is the largest group which includes the results of the company and for which group financial statements are prepared. Copies of its group financial statements are available from 7th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong.