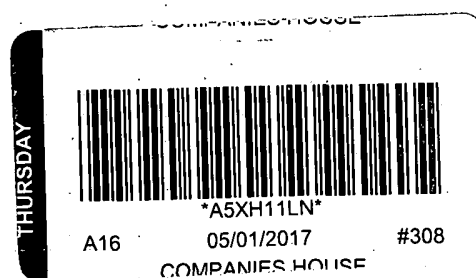


Registered number: 03794854

SPIRIT GROUP RETAIL LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the 36 weeks ended 1 May 2016



SPIRIT GROUP RETAIL LIMITED

COMPANY INFORMATION

Director	K Davis (appointed 21 December 2015)
Company secretary	Mrs L A Keswick
Registered number	03794854
Registered office	Westgate Brewery Bury St Edmunds Suffolk IP33 1QT
Auditor	Ernst & Young LLP Statutory Auditor One Cambridge Business Park Cambridge CB4 0WZ

SPIRIT GROUP RETAIL LIMITED

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SPIRIT GROUP RETAIL LIMITED

DIRECTORS' REPORT **For the 36 weeks ended 1 May 2016**

The directors present their report and the financial statements for the 36 weeks ended 1 May 2016.

Principal activity

The principal activity of the company is that of an investment holding company.

On 23 June 2015, 100% of the ordinary share capital of Spirit Pub Company plc, the ultimate parent of the Spirit Pub Company group, was acquired by Greene King plc. As a result of this transaction, the period end date was changed from 24 August to 30 April in line with other group companies, creating a 36 week account period for the period ended 1 May 2016. Consequently, amounts presented in these financial statements are not entirely comparable.

On 29 April 2016, the company received total final dividends of £39,546,000 from its wholly owned, non trading, subsidiaries Stickpad Limited and Spirit Group Retail (Pubs) No.1 Limited. As a result the value of the fixed asset investments was impaired to £301,000 and £100 respectively and a charge of £40,550,000 was recorded in the profit and loss account.

On 29 April 2016, the company sold its 10% investment in Readystripe Limited to Partstripe Limited for consideration of £95,000.

Going concern

At the balance sheet date the company had net current assets (excluding debtors: amounts falling due after more than one year) of £964,705,000 and net assets of £964,118,000. After making enquiries the directors have a reasonable expectation that the net assets of £964,118,000 are recoverable in full and that the company has adequate resources to continue in operational existence for the foreseeable future. The directors are satisfied that the company is able to meet its liabilities as they fall due being a period of no less than 12 months from the date of approval of these financial statements and therefore continue to prepare the financial statements on a going concern basis.

Directors

The directors who served during the 36 weeks were:

L Bell (resigned 26 January 2016)
D A Kelly (resigned 26 January 2016)
J Langford (resigned 26 January 2016)
K Davis (appointed 21 December 2015)

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

The interests of the directors in the shares of the ultimate parent company, Greene King Plc, are shown in the financial statements of that company, where they are directors of Greene King Plc.

Qualifying third party indemnity provisions

The company has indemnified the directors of the company in respect of proceedings brought by third parties. Such qualifying third party indemnity provision remains 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 that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that 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.

SPIRIT GROUP RETAIL LIMITED

DIRECTORS' REPORT
For the 36 weeks ended 1 May 2016

Post balance sheet events

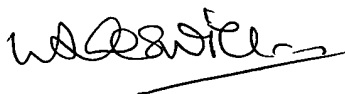
There are no post balance sheet events requiring disclosure in the financial statements.

Auditor

Ernst & Young LLP were appointed as the company's auditors to fill a casual vacancy during the year. In accordance with s.485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of Ernst & Young LLP as the company's auditors.

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.



Mrs L A Keswick
Secretary

Date: 22/12/16

SPIRIT GROUP RETAIL LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

For the 36 weeks ended 1 May 2016

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 including FRS101 'Reduced Disclosure Framework' have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPIRIT GROUP RETAIL LIMITED

We have audited the financial statements of Spirit Group Retail Limited for the 36 weeks ended 1 May 2016 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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.

Respective responsibilities of directors and auditor

As explained more fully in the directors' responsibilities statement, set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practice Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 1 May 2016 and of its profit for the 36 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 properly prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPIRIT GROUP RETAIL LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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 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' exemption from the requirement to prepare a strategic report or in preparing the director's report.


Bob Forsyth (senior statutory auditor)

for and on behalf of
Ernst & Young LLP, Statutory Auditor
Cambridge, UK

Date: 22/12/16

SPIRIT GROUP RETAIL LIMITED

STATEMENT OF COMPREHENSIVE INCOME
For the 36 weeks ended 1 May 2016

		36 weeks ended 1 May 2016 £000	52 weeks ended 22 August 2015 £000
	Note		
Income from fixed assets investments		39,546	-
Impairment of investments		(40,550)	-
Profit on disposal of investments		95	-
Interest receivable and similar income	7	9	11
		<hr/>	<hr/>
(Loss)/profit before tax		(900)	11
Taxation	8	42,398	(11,605)
		<hr/>	<hr/>
Profit/(loss) for the period		41,498	(11,594)
		<hr/> <hr/>	<hr/> <hr/>

There were no recognised gains and losses for 2016 or 2015 other than those included in the profit and loss account.

There was no other comprehensive income for 2016 (2015:£nil).

The notes on pages 9 to 21 form part of these financial statements.

SPIRIT GROUP RETAIL LIMITED
Registered number: 03794854

BALANCE SHEET
As at 1 May 2016

	Note	1 May 2016 £000	22 August 2015 £000
Fixed assets			
Investments	9	302	40,852
Current assets			
Debtors: amounts falling due after more than one year	10	111	102
Debtors: amounts falling due within one year	10	1,182,927	1,161,771
		<u>1,183,038</u>	<u>1,161,873</u>
Creditors: amounts falling due within one year	11	(218,222)	(279,105)
Net current assets		<u>964,816</u>	<u>882,768</u>
Total assets less current liabilities		<u>965,118</u>	<u>923,620</u>
Creditors: amounts falling due after more than one year	12	(1,000)	(1,000)
Net assets		<u><u>964,118</u></u>	<u><u>922,620</u></u>
Capital and reserves			
Called up share capital	13	1,052,050	1,052,050
Capital redemption reserve	14	8,350	8,350
Profit and loss account	14	(96,282)	(137,780)
Equity		<u><u>964,118</u></u>	<u><u>922,620</u></u>

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

K Davis
Director



Date: 22/12/16

The notes on pages 9 to 21 form part of these financial statements.

SPIRIT GROUP RETAIL LIMITED

STATEMENT OF CHANGES IN EQUITY
For the 36 weeks ended 1 May 2016

	Share capital £000	Capital redemption reserve £000	Retained earnings £000	Total equity £000
At 23 August 2015	1,052,050	8,350	(137,780)	922,620
Comprehensive income for the period				
Profit for the period	-	-	41,498	41,498
At 1 May 2016	1,052,050	8,350	(96,282)	964,118

STATEMENT OF CHANGES IN EQUITY
For the 52 weeks ended 22 August 2015

	Share capital £000	Capital redemption reserve £000	Retained earnings £000	Total equity £000
At 24 August 2014	1,052,050	8,350	(126,186)	934,214
Comprehensive income for the period				
Loss for the period	-	-	(11,594)	(11,594)
At 22 August 2015	1,052,050	8,350	(137,780)	922,620

The notes on pages 9 to 21 form part of these financial statements.

SPIRIT GROUP RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS **For the 36 weeks ended 1 May 2016**

1. GENERAL INFORMATION

Spirit Group Retail Limited is a company 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.

Information on the impact of first-time adoption of FRS 101 is given in note 17.

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 company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

First time application of FRS 100 and FRS 101

In the current 36 weeks ended 1 May 2016, the company has adopted FRS 100 and FRS 101. In previous periods the financial statements were prepared in accordance with applicable United Kingdom Generally Accepted Accounting Practice ('UK GAAP').

This change in the basis of preparation has materially altered the recognition and measurement requirements previously applied in accordance with UK GAAP. An explanation of the impact of the adoption of FRS 100 and FRS 101 for the first time is included in the note 17.

There have been no other material amendments to the disclosure requirements previously applied in accordance with UK GAAP.

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 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 of paragraph 17 of IAS 24 Related Party Disclosures
- 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

SPIRIT GROUP RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the 36 weeks ended 1 May 2016

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Going concern

At the balance sheet date the company had net current assets (excluding debtors: amounts falling due after more than one year) of £964,705,000 and net assets of £964,118,000. After making enquiries the directors have a reasonable expectation that the net assets of £964,118,000 are recoverable in full and that the company has adequate resources to continue in operational existence for the foreseeable future. The directors are satisfied that the company is able to meet its liabilities as they fall due being a period of no less than 12 months from the date of approval of these financial statements and therefore continue to prepare the financial statements on a going concern basis.

2.4 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

2.5 Intercompany balances

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.

2.6 Financial instruments

An equity instrument is a contract that evidences a residual interest in the assets of the entity after deducting all its liabilities. Accordingly, financial instruments issued by the company are presented as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

Finance payments associated with financial instruments that are classified as equity are dealt with as appropriations in the reconciliation of movements in shareholder's funds. Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges.

2.7 Interest income

Interest income is recognised in the Profit and loss account using the effective interest method.

2.8 Taxation

Tax is recognised in the Profit and loss account, except that a change 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.

SPIRIT GROUP RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS **For the 36 weeks ended 1 May 2016**

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

The preparation of financial statements requires management to make judgments, estimates and assumptions in the application of accounting policies that affect reported amounts of assets and liabilities, income and expense. The company bases its estimates and judgments on historical experience and other factors deemed reasonable under the circumstances, including any expectations of future events. Actual results may differ from these estimates.

The estimates and judgments considered to be significant are detailed below:

Taxation

Judgment is required when determining the provision for taxes as the tax treatment of some transactions cannot be finally determined until a formal resolution has been reached with the tax authorities. Assumptions are also made around the assets which qualify for capital allowances and the level of disallowable expenses and this affects the income tax calculation. Provisions are also made for uncertain exposures which can have an impact on both deferred and current tax. Tax benefits are not recognised unless it is probable that the benefit will be obtained and tax provisions are made if it is possible that a liability will arise. The final resolution of these transactions may give rise to material adjustments to the income statement and/or cashflow in future periods. The company reviews each significant tax liability or benefit each period to assess the appropriate accounting treatment.

Impairment of investments

The company determines whether fixed asset investments are impaired where there are indicators of impairment. This requires an estimation of the future cash flows likely to be received from the investment. An impairment of £40,550,000 was recognised on the investment in Stickpad Limited and Spirit Group Retail (Pubs) No.1 Limited following the decision to liquidate these investments. The impairment recognised was based on the excess of the recoverable amount against the investments' carrying value.

4. STAFF COSTS

The company has no employees and did not incur any staff costs during the period (2015: £nil).

The directors who held office during the period were also directors of fellow group undertakings. Total emoluments, including any company pension contributions, received by these directors totals £689,000 (2015: £nil) paid by the ultimate parent company or other group companies. The directors do not believe that it is practicable to apportion this amount between qualifying services as directors to the company and to fellow group undertakings. The number of directors who received or exercised share options during the period was 1 (2015: nil).

During the prior period the directors did not receive emoluments in respect of their qualifying services to the company.

5. AUDITOR'S REMUNERATION

The auditor's remuneration for the period of £1,000 (2015: £1,000) 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.

SPIRIT GROUP RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the 36 weeks ended 1 May 2016

6. INCOME FROM INVESTMENTS

	36 weeks ended 1 May 2016 £000	52 weeks ended 22 August 2015 £000
Income from fixed asset investments	(39,546)	-

On 29 April 2016, total final dividends of £39,546,000 were received from Stickpad Limited and Spirit Group Retail (Pubs) No.1 Limited.

7. INTEREST RECEIVABLE

	36 weeks ended 1 May 2016 £000	52 weeks ended 22 August 2015 £000
Interest receivable from group undertakings	9	11

8. TAXATION

	36 weeks ended 1 May 2016 £000	52 weeks ended 22 August 2015 £000
CORPORATION TAX		
Adjustments in respect of previous periods	(42,398)	-
Group taxation relief	-	11,605
TOTAL CURRENT TAX	(42,398)	11,605

SPIRIT GROUP RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the 36 weeks ended 1 May 2016

8. TAXATION (CONTINUED)

FACTORS AFFECTING TAXATION FOR THE PERIOD

The tax assessed for the period is lower than (2015 -higher than) the standard rate of corporation tax in the UK of 20.0% (2015 -20.6%). The differences are explained below:

	36 weeks ended 1 May 2016 £000	52 weeks ended 22 August 2015 £000
(Loss)/profit on ordinary activities before tax	(900)	11
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.0% (2015 -20.6%)	(180)	2
EFFECTS OF:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	180	-
Adjustments to tax charge in respect of prior periods	(42,398)	-
Other tax adjustments	2,645	11,603
Group relief for nil consideration	(2,645)	-
TOTAL TAXATION FOR THE PERIOD	(42,398)	11,605

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The Finance (No.2) Act 2015 reduced the rate of corporation tax from 20% to 19% from 1 April 2017 and to 18% from 1 April 2020. These rate reductions were substantively enacted at the balance sheet date and are therefore included in these accounts.

In addition the Finance Act 2016 further reduces the rate of corporation tax to 17% from 1 April 2020. This further reduction had not been substantively enacted at the balance sheet date so it not included in these financial statements. However, it will further reduce the income tax charge in future periods.

SPIRIT GROUP RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the 36 weeks ended 1 May 2016

9. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £000
COST OR VALUATION	
At 23 August 2015	157,158
At 1 May 2016	<u>157,158</u>
IMPAIRMENT	
At 23 August 2015	116,306
Charge for the period	40,550
At 1 May 2016	<u>156,856</u>
NET BOOK VALUE	
At 1 May 2016	<u>302</u>
At 22 August 2015	<u>40,852</u>

SPIRIT GROUP RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS **For the 36 weeks ended 1 May 2016**

9. FIXED ASSET INVESTMENTS (CONTINUED)

DIRECT SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Stickpad Limited	England & Wales	Ordinary	100 %	Non trading
Spirit Group Retail (Northampton) Limited	England & Wales	Ordinary & Preference	100 %	Non trading
Spirit Group Retail (Pubs) No.1 Limited	England & Wales	Ordinary	100 %	Holding company

The directors believe that the carrying value of the investments is supported by their underlying net assets.

Following the receipt of final dividends from Stickpad Limited and Spirit Group Retail (Pubs) No.1 Limited on 29 April 2016, the value of the fixed asset investments was impaired to £301,000 and £100 respectively and a charge of £40,550,200 was recorded in the profit and loss account.

On 29 April 2016, the company sold its 10% investment in Readystripe Limited to Partstripe Limited for the consideration of £94,937. The investment was held at nil book value.

INDIRECT SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Spirit Group Retail (Pubs) No.2 Limited	England & Wales	Ordinary	100 %	Non trading

SPIRIT GROUP RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the 36 weeks ended 1 May 2016

10. DEBTORS

	1 May 2016 £000	22 August 2015 £000
--	--------------------------------	------------------------------------

DUE AFTER MORE THAN ONE YEAR

Amounts owed by group undertakings	<u>111</u>	<u>102</u>
------------------------------------	------------	------------

	1 May 2016 £000	22 August 2015 £000
--	--------------------------------	------------------------------------

DUE WITHIN ONE YEAR

Amounts owed by group undertakings	<u>1,182,927</u>	<u>1,161,771</u>
------------------------------------	------------------	------------------

Included within amounts owed by group undertakings due after more than one year is a loan to fellow group company, Spirit Pub Company (Leased) Limited. The carrying value of this loan, after applying the effective interest rate method is £111,000 (2015: £102,000). Repayment of this loan is only permissible following repayment of the secured loan notes that Spirit Pub Company (Leased) Limited holds with Spirit Issuer plc, a fellow group undertaking. At that time the amount repayable will be £1,000,000 (2015: £1,000,000).

Other amounts owed by group undertakings are unsecured, bear no interest, have no fixed date of repayment and are repayable on demand.

11. CREDITORS: Amounts falling due within one year

	1 May 2016 £000	22 August 2015 £000
Amounts owed to group undertakings	<u>218,222</u>	<u>279,105</u>

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

12. CREDITORS: Amounts falling due after more than one year

	1 May 2016 £000	22 August 2015 £000
Share capital treated as debt	<u>1,000</u>	<u>1,000</u>

Disclosure of the terms and conditions attached to the non-equity shares is made in note 13.

SPIRIT GROUP RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the 36 weeks ended 1 May 2016

13. SHARE CAPITAL

	1 May 2016 £000	22 August 2015 £000
Shares classified as equity		
Allotted, called up and fully paid		
26 Ordinary B shares of £1 each	-	-
400 Ordinary C shares of £1 each	-	-
1,052,049,832 Ordinary D shares of £1 each	1,052,050	1,052,050
	1,052,050	1,052,050

Ordinary B Shares

The holders of these shares are not entitled to attend and vote at general meetings of the company unless a resolution is to be proposed which affects the rights of the ordinary B shares. The balance of the profits of the company available for distribution may be distributed by dividend among the holders of ordinary B, C and D shares pro rata to the amounts paid up or credited as paid up thereon. The holders of these shares have an option of requiring the company to allot all or any of the ordinary C shares to them at a subscription price equal to their nominal value. The allotment option is exercisable by a notice in writing to the company given at any time after the first issue of the preference shares.

Ordinary C Shares

The holders of these shares are entitled to attend and vote at general meetings of the company. The balance of the profits of the company available for distribution may be distributed by dividend among the holders of ordinary B, C, and D shares pro rata to the amounts paid up or credited as paid up thereon.

Ordinary D shares

The holders of these shares are entitled to attend and vote at general meetings of the company. The balance of the profits of the company available for distribution may be distributed by dividend among the holders of ordinary B, C and D shares pro rata to the amounts paid up or credited as paid up thereon.

	1 May 2016 £000	22 August 2015 £000
Shares classified as debt		
Allotted, called up and fully paid		
1,000,000 Redeemable Preference shares of £1 each	1,000	1,000

Additional Redeemable Preference Shares

The company has authorised 1,000,000,000 additional redeemable preference shares of £1 each and issued 1,000,000 additional redeemable preference shares of £1 each, which are classified as liability rather than equity.

These shares confer on the holders priority, after holders of preference shares, in the payment of dividends and repayment of capital. The holders of these shares are entitled to be paid in respect of each financial year or other accounting period of the company a fixed cumulative preferential dividend at the rate of 4.375% per annum on the nominal capital for the time being paid up or credited as paid up thereon. On a return of capital on winding up or (other than on redemption of A or D ordinary shares) otherwise, the holders are entitled to a repayment of the amount paid up on their shares. The holders of additional preference shares are not normally entitled to vote at general meetings of the company unless the preference dividends are in arrears or if a resolution is to be proposed which affects the rights of preference shares. The company shall have the right to redeem at any time from the day following the issue of any preference shares. Spirit Retail Bidco Limited has waived its right to receive the cumulative preference dividend.

SPIRIT GROUP RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the 36 weeks ended 1 May 2016

14. RESERVES

Capital redemption reserve

Capital redemption reserve arose from the purchase and cancellation of own share capital, and represents the nominal amount of the share capital cancelled.

Profit and loss account

Profit and loss account reserve represents accumulated retained earnings.

15. 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 Greene King plc group. Amounts shown as owed to and by group subsidiaries are all held with fellow 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.

16. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

At the balance sheet date, the directors consider the immediate parent undertaking and immediate controlling party of Spirit Group Retail Limited to be Spirit Retail Bidco Limited, a company incorporated in England and Wales.

The ultimate parent undertaking and ultimate controlling party is Greene King plc, a company registered in England and Wales.

Spirit Pubs Debenture Holdings 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.

Greene King Plc 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 Westgate Brewery, Bury St Edmunds, Suffolk, IP33 1QT.

SPIRIT GROUP RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the 36 weeks ended 1 May 2016

17. FIRST TIME ADOPTION OF FRS 101

For all periods up to and including the year ended 22 August 2015, the company prepared its financial statements in accordance with previously extant United Kingdom Generally Accepted Accounting Practice ('UK GAAP'). These financial statements, for the period ended 1 May 2016, are the first the company has prepared in accordance with FRS 101.

Accordingly, the company has prepared individual financial statements which comply with FRS 101 applicable for periods beginning on or after 1 January 2015 and the significant accounting policies meeting those requirements are described in the relevant notes.

In preparing these financial statements, the company has started from an opening balance sheet as at 24 August 2014, the company's date of transition to FRS 101, and made those changes in accounting policies and other restatements required for the first-time adoption of FRS 101. As such, this note explains the principal adjustments made by the company in restating its balance sheet as at 23 August 2014 prepared under previously extant UK GAAP and its previously published UK GAAP financial statements for the 52 weeks ended 22 August 2015.

SPIRIT GROUP RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the 36 weeks ended 1 May 2016

17. FIRST TIME ADOPTION OF FRS 101 (CONTINUED)

		As previously stated 23 August 2014 £000	Effect of transition 23 August 2014 £000	FRS 101 (as restated) 23 August 2014 £000	As previously stated 22 August 2015 £000	Effect of transition 22 August 2015 £000	FRS 101 (as restated) 22 August 2015 £000
	Explanation						
Fixed assets		40,852	-	40,852	40,852	-	40,852
Current assets	1,2	1,175,330	(909)	1,174,421	1,171,797	(9,924)	1,161,873
Creditors: amounts falling due within one year	1	(46,786)	(233,273)	(280,059)	(54,858)	(224,247)	(279,105)
NET CURRENT ASSETS		1,128,544	(234,182)	894,362	1,116,939	(234,171)	882,768
TOTAL ASSETS LESS CURRENT LIABILITIES		1,169,396	(234,182)	935,214	1,157,791	(234,171)	923,620
Creditors: amounts falling due after more than one year	1	(234,273)	233,273	(1,000)	(234,273)	233,273	(1,000)
NET ASSETS		935,123	(909)	934,214	923,518	(898)	922,620
Capital and reserves	2	935,123	(909)	934,214	923,518	(898)	922,620

SPIRIT GROUP RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the 36 weeks ended 1 May 2016

17. FIRST TIME ADOPTION OF FRS 101 (CONTINUED)

Explanation	As previously stated 22 August 2015 £000	Effect of transition 22 August 2015 £000	FRS 101 (as restated) 22 August 2015 £000
OPERATING PROFIT	-	-	-
Interest receivable and similar income 2	-	11	11
Taxation	(11,605)	-	(11,605)
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION AND FOR THE FINANCIAL PERIOD	(11,605)	11	(11,594)

Explanation of changes to previously reported profit and equity:

- 1 On transition to FRS 101, the company has reviewed its presentation of intercompany balances in accordance with IAS 39 Financial Instruments: Recognition and Measurement. Consequently, the presentation of balances payable to and receivable from group undertakings has been amended to be due within a year unless an agreement states otherwise.
- 2 The company has adopted IAS 39 Financial Instruments: Recognition and Measurement and has consequently applied the effective interest rate method to its subordinated loan owed by group undertakings. This resulted in an adjustment to amounts owed by group undertakings of £909,000 on 24 August 2014 (22 August 2015: £898,000). There was no tax impact as a result of this adjustment.