Registered number: 03794854

SPIRIT GROUP RETAIL LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the 36 weeks ended 3 January 2021

SPIRIT GROUP RETAIL LIMITED

COMPANY INFORMATION

Director	R Smothers
Company secretary	Mrs L A Keswick
Registered number	03794854
Registered office	Westgate Brewery Bury St Edmunds Suffolk IP33 1QT
Auditor	Deloitte LLP Statutory Auditor 1 New Street Square London EC4A 3HQ

SPIRIT GROUP RETAIL LIMITED

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SPIRIT GROUP RETAIL LIMITED

DIRECTOR'S REPORT
For the 36 weeks ended 3 January 2021

The director presents his report and the financial statements for the 36 weeks ended 3 January 2021.

Principal activity

The principal activity of the company is that of a financing company.

Following the acquisition of the Greene King Limited group by CK Noble (UK) Limited on 30 October 2019, the financial year end of the company was changed to 31 December so as to be coterminous with the year end of the ultimate parent undertaking, CK Asset Holdings Limited. Accordingly, the current financial statements are prepared for 36 weeks from 27 April 2020 to 3 January 2021 and as a result, the comparative figures stated in the statement of comprehensive income, statement of changes in equity and the related notes are not comparable.

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 minimum period of at least 12 months from the date of approval of these financial statements.

The directors of Greene King Limited have assessed the impact of the COVID-19 pandemic as part of their going concern assessment of the Greene King Limited group. In doing so, the Greene King Limited directors have modelled both a prudent view of the next 12 months based on the latest set of government announcements relating to both re-opening and continued assistance but with no further enforced closures and a worst-case scenario that assumes the Greene King Limited group's pubs remain closed for the entire 12 month going concern period, the repayment of the Spirit debenture debt of c. £100m given the position of technical default as a result of the breach of covenants, and the business does not receive any incremental funding. Under both scenarios the Greene King Limited group is forecast to continue to have access to sufficient cash funds to be in operational existence for a period of at least 12 months from the date of approval of the financial statements.

In forming their conclusion in relation to going concern, the directors of Greene King Limited made a significant judgement in respect of the continued availability of the Greene King securitisation long-term asset-backed financing vehicle in the knowledge that the Greene King Limited group expected to be reliant upon waiver of debt covenants. On 9 April 2021 a waiver request was launched in relation to the four quarter lookback FCF DSCR covenant for the five quarters ending April 2021 through to April 2022 and the two quarter lookback FCF DSCR covenant for the three quarters ending April 2021 through to October 2021 in respect of the Greene King securitisation but given the result was not known at the time of the approval and signing of the Greene King Limited accounts on 29 April 2021 this judgement represented a material uncertainty on the Greene King Limited group's ability to continue as a going concern. On 3 May 2021 the waiver request was approved at a bond-holder meeting and this was announced via the Irish Stock Exchange on 4 May 2021. The waiver request received votes from 97.8% of the bond-holders and all votes were in favour which indicates the continued strength of bond-holder support.

As part of the consent solicitation the directors only requested waivers for covenant test periods which included a known closed or severely impacted trading period i.e. from January to June 2021. There are four future covenant test periods which are not covered as part of the waiver and fall within the 12-month going concern period. These are the two-quarter lookback FCF DSCR covenants for the test dates falling in January 2022, April 2022 and July 2022 and the four-quarter lookback FCF DSCR covenant for the test date falling in July 2022. The directors have prepared forecasts for these four test periods which assume that pubs are fully open with trade improving through the second half of 2021 before reaching close to 2019 levels during the first half of 2022. These forecasts indicate that all of the Greene King securitisation covenants will be passed although the two-quarter lookback FCF DSCR covenants will have a low level of headroom for certain periods. However, if required, the Directors can support both their securitised vehicles through lower re-charges for operating costs incurred by other group companies which would provide additional headroom. Based on this assessment and the waivers received, the Directors have concluded the risk of covenant breaches no longer creates material uncertainty about the ability of Greene King Limited to continue as a going concern.

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

As a result the director of the company continues to prepare the financial statements on a going concern basis and as a result does not include any adjustments to the carrying amount or classification of assets and liabilities that would result if the company were unable to continue as a going concern.

DIRECTOR'S REPORT (CONTINUED)
For the 36 weeks ended 3 January 2021

Director

The director who served during the 36 weeks and up to the date of this report was:

R Smothers

The director did not hold any interest in the share capital of the company during the period.

Future developments

No significant changes are anticipated to the activities of the company in the foreseeable future.

Directors' and officers' indemnity insurance

Greene King Limited group ("the group") has taken out insurance to indemnify the director 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

The director at the time when this Director's report is approved has confirmed that:

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

Auditor

Deloitte LLP were appointed as the company's auditors during the year. They will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

In preparing this report, the director has 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.

R Smothers
Director
Date: 12 August 2021

DIRECTOR'S RESPONSIBILITIES STATEMENT
For the 36 weeks ended 3 January 2021

The director is responsible for preparing the Director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is 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 director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

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

- give a true and fair view of the company's affairs as at 3 January 2021 and of its loss 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 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 16.

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

Basis for opinion

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

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

Conclusions relating to going concern

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 GROUP RETAIL 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 and internal audit about their own identification and assessment of the risks of irregularities.

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, pensions legislation, 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.

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 and external 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 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' exemption 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.

Paul Cooper

Paul Cooper (Senior statutory auditor)

for and on behalf of
Deloitte LLP, Statutory Auditor
Cambridge

13 August 2021

STATEMENT OF COMPREHENSIVE INCOME
For the 36 weeks ended 3 January 2021

	Note	36 weeks ended 3 January 2021 £000	52 weeks ended 26 April 2020 £000
Net impairment losses on financial assets	6	**(1,630)**	(908)
Operating loss		**(1,630)**	(908)
Interest receivable and similar income	7	**15**	20
Loss before tax		**(1,615)**	(888)
Taxation	8	**-**	-
Loss for the period		**(1,615)**	(888)

There was no other comprehensive income for the 36 weeks ended 3 January 2021 (2020: £nil).

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

SPIRIT GROUP RETAIL LIMITED
Registered number:03794854

BALANCE SHEET
As at 3 January 2021

	Note	3 January 2021 £000	26 April 2020 £000
Fixed assets			
Investments	9	**-**	-
Current assets			
Debtors: amounts falling due after more than one year	10	**67**	52
Debtors: amounts falling due within one year	10	**1,178,850**	1,180,480
		1,178,917	1,180,532
Current liabilities			
Creditors: amounts falling due within one year	11	**(217,887)**	(217,887)
Net current assets		**961,030**	962,645
Total assets less current liabilities		**961,030**	962,645
Creditors: amounts falling due after more than one year	12	**(1,000)**	(1,000)
Net assets		**960,030**	961,645
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	**(100,370)**	(98,755)
Equity		**960,030**	961,645

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

R Smothers
Director
Date: 12 August 2021

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

STATEMENT OF CHANGES IN EQUITY
For the 36 weeks ended 3 January 2021

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 29 April 2019	**1,052,050**	**8,350**	**(97,867)**	**962,533**
Loss for the period	-	-	**(888)**	**(888)**
At 27 April 2020	**1,052,050**	**8,350**	**(98,755)**	**961,645**
Loss for the period	-	-	**(1,615)**	**(1,615)**
At 3 January 2021	**1,052,050**	**8,350**	**(100,370)**	**960,030**

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

1. GENERAL INFORMATION

Spirit Group Retail 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 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.

Following the acquisition of the Greene King Limited group by CK Noble (UK) Limited on 30 October 2019, the financial year end of the company was changed to 31 December so as to be coterminous with the year end of the ultimate parent undertaking, CK Asset Holdings Limited. Accordingly, the current financial statements are prepared for 36 weeks from 27 April 2020 to 3 January 2021 and as a result, the comparative figures stated in the statement of comprehensive income, statement of changes in equity and the related notes are not comparable.

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 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 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

2. ACCOUNTING POLICIES (CONTINUED)

2.3 *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 minimum period of at least 12 months from the date of approval of these financial statements.

The directors of Greene King Limited have assessed the impact of the COVID-19 pandemic as part of their going concern assessment of the Greene King Limited group. In doing so, the Greene King Limited directors have modelled both a prudent view of the next 12 months based on the latest set of government announcements relating to both re-opening and continued assistance but with no further enforced closures and a worst-case scenario that assumes the Greene King Limited group's pubs remain closed for the entire 12 month going concern period, the repayment of the Spirit debenture debt of c. £100m given the position of technical default as a result of the breach of covenants, and the business does not receive any incremental funding. Under both scenarios the Greene King Limited group is forecast to continue to have access to sufficient cash funds to be in operational existence for a period of at least 12 months from the date of approval of the financial statements.

In forming their conclusion in relation to going concern, the directors of Greene King Limited made a significant judgement in respect of the continued availability of the Greene King securitisation long-term asset-backed financing vehicle in the knowledge that the Greene King Limited group expected to be reliant upon waiver of debt covenants. On 9 April 2021 a waiver request was launched in relation to the four quarter lookback FCF DSCR covenant for the five quarters ending April 2021 through to April 2022 and the two quarter lookback FCF DSCR covenant for the three quarters ending April 2021 through to October 2021 in respect of the Greene King securitisation but given the result was not known at the time of the approval and signing of the Greene King Limited accounts on 29 April 2021 this judgement represented a material uncertainty on the Greene King Limited group's ability to continue as a going concern. On 3 May 2021 the waiver request was approved at a bond-holder meeting and this was announced via the Irish Stock Exchange on 4 May 2021. The waiver request received votes from 97.8% of the bond-holders and all votes were in favour which indicates the continued strength of bond-holder support.

As part of the consent solicitation the directors only requested waivers for covenant test periods which included a known closed or severely impacted trading period i.e. from January to June 2021. There are four future covenant test periods which are not covered as part of the waiver and fall within the 12-month going concern period. These are the two-quarter lookback FCF DSCR covenants for the test dates falling in January 2022, April 2022 and July 2022 and the four-quarter lookback FCF DSCR covenant for the test date falling in July 2022. The directors have prepared forecasts for these four test periods which assume that pubs are fully open with trade improving through the second half of 2021 before reaching close to 2019 levels during the first half of 2022. These forecasts indicate that all of the Greene King securitisation covenants will be passed although the two-quarter lookback FCF DSCR covenants will have a low level of headroom for certain periods. However, if required, the Directors can support both their securitised vehicles through lower re-charges for operating costs incurred by other group companies which would provide additional headroom. Based on this assessment and the waivers received, the Directors have concluded the risk of covenant breaches no longer creates material uncertainty about the ability of Greene King Limited to continue as a going concern.

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

As a result the director of the company continues to prepare the financial statements on a going concern basis and as a result does not include any adjustments to the carrying amount or classification of assets and liabilities that would result if the company were unable to continue as a going concern.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Interest

Interest income is recognised in profit or loss using the effective interest method.

2.5 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.

2.6 Investments

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

2.7 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.

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).

2.8 Intercompany subordinated loans

Subordinated loans owed to group undertakings are initially recognised at fair value, net of issue costs. After initial recognition, the loans are measured at amortised cost using the effective interest method.

2. ACCOUNTING POLICIES (CONTINUED)

2.9 Share capital treated as debt

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.

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.

There are no estimates and judgments made in the company that are considered to be significant.

4. STAFF COSTS

The company has no employees (2020: none) and did not incur any staff costs during the period (2020: £nil).

The director who held office during the period was also a director of fellow group undertakings. Total emoluments, including any company pension contributions, received by this director totals £337,000 (2020: £517,000) paid by other companies in the Greene King Limited group. The director does not believe that it is practicable to apportion this amount between qualifying services as director to the company and to fellow group undertakings. The number of directors who received or exercised share options in a fellow group company during the period was nil (2020: 1).

5. AUDITOR'S REMUNERATION

The auditor's remuneration in respect of the audit of the financial statements for the period of £1,500 (2020: £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. OPERATING LOSS

The operating loss is stated after charging:

	36 weeks ended 3 January 2021 £000	52 weeks ended 26 April 2020 £000
Net impairment losses on financial assets	**1,630**	908

7. INTEREST RECEIVABLE

	36 weeks ended 3 January 2021 £000	52 weeks ended 26 April 2020 £000
Interest receivable from group undertakings	**15**	20

8. TAXATION

	36 weeks ended 3 January 2021 £000	52 weeks ended 26 April 2020 £000
TOTAL CURRENT TAX	**-**	-

FACTORS AFFECTING TAXATION FOR THE PERIOD

The tax assessed for the period is higher than (2020:higher than) the standard rate of corporation tax in the UK of 19.0% (2020:19.0%). The differences are explained below:

	36 weeks ended 3 January 2021 £000	52 weeks ended 26 April 2020 £000
Loss on ordinary activities before tax	**(1,615)**	(888)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.0% (2020:19.0%)	**(307)**	(169)
EFFECTS OF:		
Expenses not deductible	**307**	169
TOTAL TAXATION FOR THE PERIOD	**-**	-

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

Under Finance Act 2020 enacted on 22 July 2020, the Corporation Tax rate for the 12 months from 1 April 2021 remains at 19%, therefore the enacted rate at the balance sheet date is unchanged at 19%.

Under Finance Act 2021 which was enacted on 10 June 2021, the main rate of Corporation Tax will increase to 25% from 1 April 2023.

9. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £000
COST OR VALUATION	
At 27 April 2020	**109,948**
At 3 January 2021	**109,948**
IMPAIRMENT	
At 27 April 2020	**109,948**
At 3 January 2021	**109,948**
NET BOOK VALUE	
At 3 January 2021	**-**
At 26 April 2020	-

SUBSIDIARY UNDERTAKING

The following was a subsidiary undertaking of the company:

Name	Principal activity	Class of shares	Holding
Spirit Group Retail (Northampton) Limited	Non trading	Ordinary & Preference	100%

Spirit Group Retail (Northampton) Limited is incorporated in England and Wales and its registered office is Westgate Brewery, Bury St Edmunds, Suffolk, IP33 1QT.

10. DEBTORS

	3 January 2021 £000	26 April 2020 £000
DUE AFTER MORE THAN ONE YEAR		
Subordinated loans owed by group undertakings	**67**	52

	3 January 2021 £000	26 April 2020 £000
DUE WITHIN ONE YEAR		
Amounts owed by group undertakings	**1,178,850**	1,180,480

Subordinated loans owed by group undertakings due after more than one year is owed by Spirit Pub Company (Leased) Limited and is held at amortised cost. The carrying value of this non-interest bearing loan is £67,000 (2020: £52,000) after applying the effective interest rate method and recognising expected credit losses of £126,000 (2020: £126,000). 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 in 2032. At that time the amount repayable will be £1,000,000 (2020: £1,000,000).

Amounts owed by group undertakings are unsecured, bear no interest, have no fixed date of repayment, are repayable on demand and held at amortised cost. Expected credit losses of £4,045,000 (2020: £2,415,000) have been recognised against the carrying value.

11. CREDITORS: Amounts falling due within one year

	3 January 2021 £000	26 April 2020 £000
Amounts owed to group undertakings	**217,887**	217,887

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.

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

	3 January 2021 £000	26 April 2020 £000
Share capital treated as debt	**1,000**	1,000

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

13. CALLED UP SHARE CAPITAL

	3 January 2021 £000	26 April 2020 £000
Shares classified as equity		
Allotted, called up and fully paid		
26 (2020:26) Ordinary B shares of £1.00 each	-	-
400 (2020:400) Ordinary C shares of £1.00 each	-	-
1,052,049,832 (2020:1,052,049,832) Ordinary D shares of £1.00 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.

	3 January 2021 £000	26 April 2020 £000
Shares classified as debt		
Allotted, called up and fully paid		
1,000,000 (2020:1,000,000) Redeemable Preference shares of £1.00 each	**1,000**	1,000

13. CALLED UP SHARE CAPITAL (continued)

Redeemable Preference Shares

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

These shares confer on the holders priority 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 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. The holder of the redeemable preference shares, Spirit Retail Bidco Limited, has waived its right to receive the cumulative preference dividend.

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 CK Asset Holdings Limited 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 CK Asset Holdings Limited, a company registered in the Cayman Islands and registered in Hong Kong with its shares listed on the Main Board of the Hong Kong Stock Exchange.

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.

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.