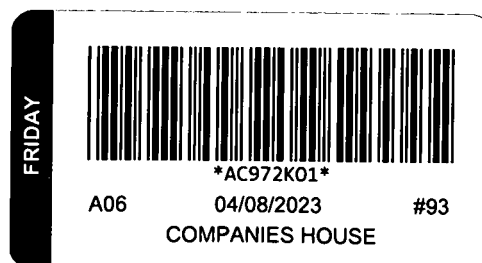


SPIRIT PUB COMPANY (SUPPLY) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the 52 weeks ended 1 January 2023



SPIRIT PUB COMPANY (SUPPLY) LIMITED

COMPANY INFORMATION

Director	S D'Cruz (appointed 31 March 2023)
Company secretary	Mrs L A Keswick
Registered number	04341771
Registered office	Westgate Brewery Bury St Edmunds Suffolk IP33 1QT United Kingdom
Auditor	Deloitte LLP Statutory Auditors 1 New Street Square London EC4A 3HQ

SPIRIT PUB COMPANY (SUPPLY) LIMITED

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SPIRIT PUB COMPANY (SUPPLY) LIMITED

STRATEGIC REPORT **For the 52 weeks ended 1 January 2023**

Introduction

The directors presents their strategic report for the 52 weeks ended 1 January 2023.

Business review

During the period the company's principal activity continued to be the procurement and supply of food and drink to fellow Greene King group companies under a service agreement.

The company has seen an increase in its turnover, cost of sales and consequently operating profit as the business continues to return to pre-COVID-19 trading levels. The company's performance in the period has met the directors' expectations with net liabilities decreasing by 28.3% to £723,000 (prior period: £1,008,000).

On 2 January 2023, as a result of the removal of the Spirit Debenture structure, a new service agreement was executed which the company is not party to. As a consequence, the company has no future trading prospects and therefore the directors have prepared the financial statements on a basis other than that of a going concern. The directors do not anticipate this to change in the foreseeable future.

Principal risks and uncertainties

As a 100% owned subsidiary of the Greene King Limited group, the principal risks and uncertainties faced by the company are consistent with those disclosed within the Greene King Limited financial statements for the 52 weeks ended 1 January 2023. The economic, financial, liquidity and interest rate risks are considered to be minimal on this entity due to the simple nature of its trade.

Financial key performance indicators

The operations of Spirit Pub Company (Supply) Limited are managed at a Greene King Limited group level and as such no key performance indicators are monitored for the company as the director believes they would not add any understanding to the performance or position of the business. The performance of Greene King Limited is discussed in the Greene King Limited annual report and financial statements which are publicly available.

Directors' statement of compliance with duty to promote the success of the company

Under section 172 of the Companies Act 2006 the directors of the company are required to act in a way which promotes the long-term success of the company and in doing so to consider the interests of the company's stakeholders. This section of the report is designed to set out how the directors have complied with their obligations in this regard.

The directors of the company have at all times during the year under review (and at all other times) acted in the way that they considered, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so had regard (amongst other matters) to:

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

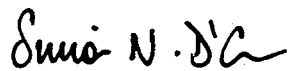
SPIRIT PUB COMPANY (SUPPLY) LIMITED

STRATEGIC REPORT (CONTINUED) **For the 52 weeks ended 1 January 2023**

Engaging with stakeholders

The company's principal activity is the procurement of food and drink for supply to other group companies. The company is a wholly owned subsidiary of the Greene King Limited group which has control of the entity and therefore all decisions affecting the company are filtered down from group, based on the group-wide strategy. The directors of the company work closely with the directors of the Greene King Limited group and therefore are aware of all decisions made at group-level that will affect the company.

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



S D'Cruz
Director
Date: 28 June 2023

SPIRIT PUB COMPANY (SUPPLY) 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.

Results and dividends

The profit for the 52 weeks, after taxation, amounted to £285,000 (prior period: loss £252,000).

No dividends were paid or proposed during the period (prior period: £nil).

Going concern

On 2 January 2023, as a result of the removal of the Spirit Debenture structure, a new service agreement was executed which the company is not party to. As a consequence the company currently has no future trading prospects and therefore the directors have prepared the financial statements on a basis other than that of a 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. No adjustments to the carrying amount or classification of assets and liabilities were required as a result of the basis of preparation of the accounts.

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 do not include any adjustments to the carrying amount or classification of assets and liabilities as a result of the change on basis of preparation.

Directors

The directors who served during the 52 weeks and to the date of the 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.

Future developments

On 2 January 2023, as a result of the removal of the Spirit Debenture structure, a new service agreement was executed which the company is not party to. As a consequence, the company has no future trading prospects and therefore the directors have prepared the financial statements on a basis other than that of a going concern. The directors do not anticipate this to change 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.

SPIRIT PUB COMPANY (SUPPLY) LIMITED

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

Greenhouse gas emissions, energy consumption and energy efficiency action

As a subsidiary company within the Greene King Limited Group, the company has taken the disclosure exemption in relation to Streamlined Energy and Carbon Reporting ("SECR") where disclosure is made within a parent company's group accounts. These SECR disclosures can be seen in the consolidated financial statements of Greene King Limited.

Matters covered in the Strategic report

The company has chosen in accordance with section 414C(11) of the Companies Act 2006 to include matters of strategic importance in the strategic report which otherwise would be required to be disclosed in the director's report: Section 172 statement, principal risks and financial risk management.

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 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

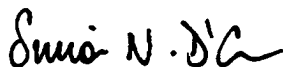
On 2 January 2023, as a result of the removal of the Spirit Debenture structure, a new service agreement was executed which the company is not party to. As a consequence, the company has no future trading prospects and therefore the directors have prepared the financial statements on a basis other than that of a going concern. The directors do not anticipate this to change in the foreseeable future.

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

Auditor

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

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



S D'Cruz
Director
Date: 28 June 2023

SPIRIT PUB COMPANY (SUPPLY) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

For the 52 weeks ended 1 January 2023

The directors are responsible for preparing the strategic report, 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 PUB COMPANY (SUPPLY) LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion, the financial statements of Spirit Pub Company (Supply) Limited (the 'company'):

- give a true and fair view 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 14.

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.

Emphasis of matter - Financial statements prepared other than on a going concern basis

We draw attention to note 2.4 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

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.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPIRIT PUB COMPANY (SUPPLY) LIMITED

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, 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. These included data protection regulations, licensing regulations, the pub code, occupational health and safety regulation, employment legislation, responsible drinking regulations and planning and building legislation.

We discussed among the audit engagement team including relevant internal specialists such as tax, pensions 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 PUB COMPANY (SUPPLY) 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and 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 strategic report or 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.

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

28 June 2023

SPIRIT PUB COMPANY (SUPPLY) LIMITED

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

		Continuing operations 52 weeks ended 1 January 2023 £000	Discontin'd operations 52 weeks ended 1 January 2023 £000	Total 52 weeks ended 1 January 2023 £000	Continuing operations 52 weeks ended 2 January 2022 £000	Discontinued operations 52 weeks ended 2 January 2022 £000	Total 52 weeks ended 2 January 2022 £000
	Note						
Turnover	4	-	97,830	97,830	-	61,697	61,697
Cost of sales		-	(97,710)	(97,710)	-	(61,577)	(61,577)
Gross profit		-	120	120	-	120	120
Net impairment (losses)/ reversals on financial assets		(17)	-	(17)	61	-	61
Profit before tax		(17)	120	103	61	120	181
Taxation	7	482	(300)	182	(482)	49	(433)
Profit/(loss) for the period		465	(180)	285	(421)	169	(252)

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

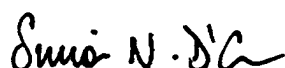
The notes on pages 12 to 19 form part of these financial statements.

SPIRIT PUB COMPANY (SUPPLY) LIMITED
Registered number:04341771

BALANCE SHEET
As at 1 January 2023

	Note	1 January 2023 £000	2 January 2022 £000
Current assets			
Debtors: amounts falling due after more than one year	8	-	300
Debtors: amounts falling due within one year	8	50,189	53,195
		<u>50,189</u>	<u>53,495</u>
Current liabilities			
Creditors: amounts falling due within one year	9	(50,912)	(54,503)
		<u>(723)</u>	<u>(1,008)</u>
Net current liabilities		<u>(723)</u>	<u>(1,008)</u>
Total assets less current liabilities		<u>(723)</u>	<u>(1,008)</u>
Net liabilities		<u>(723)</u>	<u>(1,008)</u>
Capital and reserves			
Called up share capital	11	-	-
Profit and loss account	12	(723)	(1,008)
Equity		<u>(723)</u>	<u>(1,008)</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: 28 June 2023

The notes on pages 12 to 19 form part of these financial statements.

SPIRIT PUB COMPANY (SUPPLY) LIMITED

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

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 4 January 2021	-	(756)	(756)
Loss for the period	-	(252)	(252)
	<hr/>	<hr/>	<hr/>
At 3 January 2022	-	(1,008)	(1,008)
Profit for the period	-	285	285
	<hr/>	<hr/>	<hr/>
At 1 January 2023	-	(723)	(723)

The notes on pages 12 to 19 form part of these financial statements.

SPIRIT PUB COMPANY (SUPPLY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 1 January 2023

1. GENERAL INFORMATION

Spirit Pub Company (Supply) 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 unless otherwise specified within these accounting policies 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 paragraph 33(c) of IFRS 5 Non Current Assets Held For Sale and Discontinued Operations
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- 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.

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:

SPIRIT PUB COMPANY (SUPPLY) 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 (CONTINUED)

- 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

On 2 January 2023, as a result of the removal of the Spirit Debenture structure, a new service agreement was executed which the company is not party to. As a consequence the company currently has no future trading prospects and therefore the directors have prepared the financial statements on a basis other than that of a 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. No adjustments to the carrying amount or classification of assets and liabilities were required as a result of the basis of preparation of the accounts.

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 do not include any adjustments to the carrying amount or classification of assets and liabilities as a result of the change on basis of preparation.

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 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 PUB COMPANY (SUPPLY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 1 January 2023

2. ACCOUNTING POLICIES (CONTINUED)

2.6 Turnover

Turnover represents sales to fellow Greene King group companies (excluding taxes) of goods and services, net of discounts. Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and is measured at the fair value of consideration receivable, excluding discounts, rebates and other sales taxes or duty.

2.7 Current and deferred taxation

The tax expense for the 52 weeks comprises current and deferred tax. 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.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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.

SPIRIT PUB COMPANY (SUPPLY) LIMITED

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

4. TURNOVER

An analysis of turnover by class of business is as follows:

	52 weeks ended 1 January 2023 £000	52 weeks ended 2 January 2022 £000
Food and drink supply	<u>97,830</u>	<u>61,697</u>

All turnover arose within the United Kingdom.

The company's principal activities during the period continued to be procurement of food and drink for supply to other group companies.

5. 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 their services provided to the company.

6. 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.

SPIRIT PUB COMPANY (SUPPLY) LIMITED

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

7. TAXATION

	52 weeks ended 1 January 2023 £000	52 weeks ended 2 January 2022 £000
Current tax on profits for the year	-	482
Adjustments in respect of previous periods	(482)	-
Total current tax	(482)	482
Deferred tax		
Origination and reversal of timing differences	293	23
Changes to tax rates	7	(72)
Total deferred tax	300	(49)
Taxation on (loss)/profit on ordinary activities	(182)	433

FACTORS AFFECTING TAXATION FOR THE PERIOD

The tax assessed for the period is lower than (2022: higher 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	103	181
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.0% (2022: 19.0%)	20	34
Effects of:		
Expenses not deductible for tax purposes/(income not taxable)	4	(12)
Adjustments to tax charge in respect of prior periods	(482)	-
Group relief for nil consideration	(482)	-
Movement in deferred tax not recognised	269	-
Transfer pricing adjustments	482	483
Deferred tax in respect of rate changes	7	(72)
Total taxation for the period	(182)	433

SPIRIT PUB COMPANY (SUPPLY) LIMITED

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 2 January 2022 remains at 19%, but will increase to 25% as the main rate of corporation tax from 1 April 2023.

At the balance sheet date, the company has unused trading losses of £1,076,244 which have not been recognised on the basis of uncertain future profitability.

8. DEBTORS

	1 January 2023 £000	2 January 2022 £000
Due after more than one year		
Deferred tax asset	-	300
	<u> </u>	<u> </u>
	1 January 2023 £000	2 January 2022 £000
Due within one year		
Amounts owed by group undertakings	50,189	53,195
	<u> </u>	<u> </u>

Amounts owed by group undertakings are unsecured, bear no interest, have no fixed date of repayment and are repayable on demand. Expected credit losses of £167,000 (prior period: £150,000) have been recognised against the carrying value.

9. CREDITORS: Amounts falling due within one year

	1 January 2023 £000	2 January 2022 £000
Amounts owed to group undertakings	50,912	54,021
Corporation tax payable	-	482
	<u> </u>	<u> </u>
	50,912	54,503
	<u> </u>	<u> </u>

Included within amounts owed to group undertakings is a non-interest bearing loan from fellow group undertaking, Spirit Group Parent Limited of £2,500,000 (prior period: £2,500,000).

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

SPIRIT PUB COMPANY (SUPPLY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 1 January 2023

10. DEFERRED TAXATION

	1 January 2023 £000	2 January 2022 £000
At beginning of period	300	251
(Charged)/credited to profit or loss	(300)	49
At end of period	-	300

The deferred tax asset is made up as follows:

	1 January 2023 £000	2 January 2022 £000
Tax losses carried forward	-	300

The deferred tax asset in prior period was recognised on the basis that it was supported by future expected taxable profits under IAS 12.29 across the Greene King group.

11. CALLED UP SHARE CAPITAL

	1 January 2023 £	2 January 2022 £
Allotted, called up and fully paid		
2 (prior period:2) Ordinary shares of £1.00 each	2	2

12. RESERVES

Profit and loss account

Profit and loss account reserve represents accumulated retained earnings.

13. 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 PUB COMPANY (SUPPLY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 1 January 2023

14. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

At the balance sheet date, the directors consider the immediate parent undertaking and immediate controlling party of Spirit Pub Company (Supply) Limited to be Spirit Group Parent 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.

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.