

Registered number: 04524261

## **SAPPHIRE FOOD SOUTH WEST NO.2 LIMITED**

### **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**For the 36 weeks ended 3 January 2021**



## **SAPPHIRE FOOD SOUTH WEST NO.2 LIMITED**

### **COMPANY INFORMATION**

<b>Director</b>	R Smothers
<b>Company secretary</b>	Mrs L A Keswick
<b>Registered number</b>	04524261
<b>Registered office</b>	Westgate Brewery Bury St Edmunds Suffolk IP33 1QT United Kingdom
<b>Auditor</b>	Deloitte LLP Statutory Auditor 1 New Street Square London EC4A 3HQ

## **SAPPHIRE FOOD SOUTH WEST NO.2 LIMITED**

### **CONTENTS**

	Page
<b>Director's report</b>	<b>1 - 2</b>
<b>Director's responsibilities statement</b>	<b>3</b>
<b>Independent auditor's report</b>	<b>4 - 6</b>
<b>Statement of comprehensive income</b>	<b>7</b>
<b>Balance sheet</b>	<b>8</b>
<b>Statement of changes in equity</b>	<b>9</b>
<b>Notes to the financial statements</b>	<b>10 - 16</b>

## **SAPPHIRE FOOD SOUTH WEST NO.2 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 company's principal activity is the provision of financing, via intercompany loans, to fellow group companies.

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.

On 12 November 2020, the company paid a final dividend of £22,137 to its sole member Greene King Retailing Limited.

#### **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

## **SAPPHIRE FOOD SOUTH WEST NO.2 LIMITED**

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

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**

The director who served during the 36 weeks and 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.

#### **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**

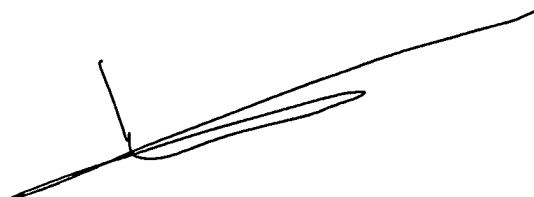
There are no post balance sheet events requiring disclosure in the financial statements.

#### **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: 8 September 2021

## **SAPPHIRE FOOD SOUTH WEST NO.2 LIMITED**

### **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 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 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 including FRS 101 'Reduced Disclosure Framework' 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 SAPPHIRE FOOD SOUTH WEST NO.2 LIMITED**

## **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

### **Opinion**

In our opinion, the financial statements of Sapphire Food South West No.2 Limited (the 'company'):

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

### **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 SAPPHIRE FOOD SOUTH WEST NO.2 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](http://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.



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SAPPHIRE FOOD SOUTH WEST NO.2 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 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 in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

#### **Use of our report**

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



Paul Cooper (Senior statutory auditor)

for and on behalf of  
Deloitte LLP, Statutory Auditor  
Cambridge

8 September 2021

**SAPPHIRE FOOD SOUTH WEST NO.2 LIMITED**

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

		<b>36 weeks ended 3 January 2021</b>	<b>52 weeks ended 26 April 2020</b>
	<b>Note</b>	<b>£</b>	<b>£</b>
Net impairment credit on financial assets		-	8,813
<b>Operating profit</b>	<b>6</b>	-	8,813
Interest receivable and similar income	<b>7</b>	-	116,510
<b>Profit before tax</b>		-	125,323
Taxation	<b>8</b>	-	-
<b>Profit for the period</b>		-	125,323

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

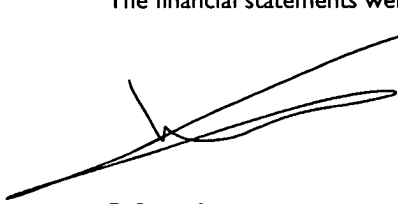
The notes on pages 10 to 16 form part of these financial statements.

**SAPPHIRE FOOD SOUTH WEST NO.2 LIMITED**  
Registered number:04524261

**BALANCE SHEET**  
As at 3 January 2021

	Note	3 January 2021 £	26 April 2020 £
<b>Current assets</b>			
Debtors: amounts falling due within one year	10	1	22,138
<b>Net current assets</b>		<u>1</u>	<u>22,138</u>
<b>Total assets less current liabilities</b>		<u>1</u>	<u>22,138</u>
<b>Net assets</b>		<u>1</u>	<u>22,138</u>
<b>Capital and reserves</b>			
Called up share capital	11	1	1
Profit and loss account	12	-	22,137
<b>Equity</b>		<u>1</u>	<u>22,138</u>

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

  
**R Smothers**  
Director  
Date: 8 September 2021

The notes on pages 10 to 16 form part of these financial statements.

**SAPPHIRE FOOD SOUTH WEST NO.2 LIMITED**

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

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
<b>At 29 April 2019</b>	<b>200</b>	<b>13,409</b>	<b>9,523,498</b>	<b>9,537,107</b>
Profit for the period	-	-	125,323	125,323
Dividends: Equity capital	-	-	(9,640,292)	(9,640,292)
Shares redeemed	(199)	-	-	(199)
Transfer to/from profit and loss account	-	(13,409)	13,608	199
<b>At 27 April 2020</b>	<b>1</b>	<b>-</b>	<b>22,137</b>	<b>22,138</b>
Dividends: Equity capital	-	-	(22,137)	(22,137)
<b>At 3 January 2021</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>1</b>

The notes on pages 10 to 16 form part of these financial statements.

## **SAPPHIRE FOOD SOUTH WEST NO.2 LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**For the 36 weeks ended 3 January 2021**

#### **1. GENERAL INFORMATION**

Sapphire Food South West No.2 Limited is a private company limited by shares incorporated and domiciled in England & Wales.

The company's financial statements are presented in Sterling.

#### **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).

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 I 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS I;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS I 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

## **SAPPHIRE FOOD SOUTH WEST NO.2 LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS** **For the 36 weeks ended 3 January 2021**

#### **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.

## **SAPPHIRE FOOD SOUTH WEST NO.2 LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS** **For the 36 weeks ended 3 January 2021**

#### **2. ACCOUNTING POLICIES (CONTINUED)**

##### **2.4 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).

##### **2.5 Interest**

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

##### **2.6 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

#### **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 the 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 during the period was nil (2020: 1).

# SAPPHIRE FOOD SOUTH WEST NO.2 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the 36 weeks ended 3 January 2021

### 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 PROFIT

The operating profit is stated after charging:

	36 weeks ended 3 January 2021 £	52 weeks ended 26 April 2020 £
Net impairment credit on financial assets	-	(8,813)

### 7. INTEREST RECEIVABLE AND SIMILAR INCOME

	36 weeks ended 3 January 2021 £	52 weeks ended 26 April 2020 £
Interest receivable from group undertakings	-	116,510

### 8. TAXATION

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



# SAPPHIRE FOOD SOUTH WEST NO.2 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the 36 weeks ended 3 January 2021

### 8. TAXATION (CONTINUED)

#### FACTORS AFFECTING TAXATION FOR THE PERIOD

The tax assessed for the period is the same as (2020:the same as) the standard rate of corporation tax in the UK of 19.0% (2020:19.0%) as set out below:

	36 weeks ended 3 January 2021 £	52 weeks ended 26 April 2020 £
Profit on ordinary activities before tax	-	125,323
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.0% (2020:19.0%)	-	23,811
Expenses not deductible for tax purposes	-	(1,674)
Group relief for nil consideration	-	(22,137)
<b>TOTAL TAXATION FOR THE PERIOD</b>	<b>-</b>	<b>-</b>

#### 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 enacted on 10 June 2021, the main rate of Corporation Tax will increase to 25% from 1 April 2023.

### 9. DIVIDENDS

	3 January 2021 £	26 April 2020 £
Ordinary dividend paid	22,137	9,640,292

Dividends of £22,137 per share (2020: £9,640,292) were paid in the year.

## SAPPHIRE FOOD SOUTH WEST NO.2 LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the 36 weeks ended 3 January 2021

#### 10. DEBTORS

	3 January 2021 £	26 April 2020 £
Amounts owed by group undertakings	1	1
Corporation tax recoverable	-	22,137
	<u>1</u>	<u>22,138</u>

Amounts owed by group undertaking are unsecured, interest bearing at LIBOR +1%, have no fixed date of repayment and are repayable on demand.

#### 11. CALLED UP SHARE CAPITAL

	3 January 2021 £	26 April 2020 £
<b>Authorised, allotted, called up and fully paid</b>		
1 (2020:1) Ordinary share of £1.00	<u>1</u>	<u>1</u>

On 9 December 2019 the company completed a capital reduction exercise for 199 ordinary shares held by Greene King Retailing Limited at par.

#### 12. RESERVES

##### Profit & 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.

## **SAPPHIRE FOOD SOUTH WEST NO.2 LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**For the 36 weeks ended 3 January 2021**

#### **14. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

At the balance sheet date, the director considers the immediate parent undertaking and immediate controlling party of results to be Greene King Retailing 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 Retailing Parent 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.