

GREENE KING ACQUISITIONS NO.2 LIMITED

UNAUDITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the 52 weeks ended 1 January 2023



GREENE KING ACQUISITIONS NO.2 LIMITED

COMPANY INFORMATION

Director	R Smothers
Company secretary	Mrs L A Keswick
Registered number	05462825
Registered office	Westgate Brewery Bury St Edmunds Suffolk IP33 1QT

GREENE KING ACQUISITIONS NO.2 LIMITED

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GREENE KING ACQUISITIONS NO.2 LIMITED

DIRECTOR'S REPORT **For the 52 weeks ended 1 January 2023**

The director presents his report and the financial statements for the 52 weeks ended 1 January 2023.

Principal activity

The company's principal activities are that of an intermediary holding company and the provision of financing, via intercompany loans, to fellow group companies.

Going concern

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

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

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

Director

The director who served during the 52 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.

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.

GREENE KING ACQUISITIONS NO.2 LIMITED


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

Post balance sheet events

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

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: 3 August 2023

GREENE KING ACQUISITIONS NO.2 LIMITED

DIRECTOR'S RESPONSIBILITIES STATEMENT

For the 52 weeks ended 1 January 2023

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.

GREENE KING ACQUISITIONS NO.2 LIMITED

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

		52 weeks ended 1 January 2023 £000	52 weeks ended 2 January 2022 £000
Interest payable and similar expenses	5	(4,044)	(1,665)
Loss before tax		(4,044)	(1,665)
Taxation	6	-	-
Loss for the period		(4,044)	(1,665)

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

The notes on pages 7 to 13 form part of these financial statements.

GREENE KING ACQUISITIONS NO.2 LIMITED
Registered number: 05462825

BALANCE SHEET
As at 1 January 2023

	Note	1 January 2023 £000	2 January 2022 £000
Fixed assets			
Investments	7	192,723	192,723
Current liabilities			
Creditors: amounts falling due within one year	8	(133,856)	(129,812)
Net current liabilities		(133,856)	(129,812)
Total assets less current liabilities		58,867	62,911
Creditors: amounts falling due after more than one year	9	(26,972)	(26,972)
Net assets		31,895	35,939
Capital and reserves			
Called up share capital	10	-	-
Profit and loss account	11	31,895	35,939
Equity		31,895	35,939

The members have not required the company to obtain an audit for the 52 weeks in question in accordance with section 476 of the Companies Act 2006.

The company was entitled to exemption from audit under section 479A of the Companies Act 2006.

The director acknowledges his responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

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



R Smothers
Director
Date: 3 August 2023

The notes on pages 7 to 13 form part of these financial statements.

GREENE KING ACQUISITIONS NO.2 LIMITED

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

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 4 January 2021	-	37,604	37,604
Loss for the period	-	(1,665)	(1,665)
At 3 January 2022	-	35,939	35,939
Loss for the period	-	(4,044)	(4,044)
At 1 January 2023	-	31,895	31,895

The notes on pages 7 to 13 form part of these financial statements.

GREENE KING ACQUISITIONS NO.2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 1 January 2023

1. GENERAL INFORMATION

Greene King Acquisitions 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 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.

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 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.

GREENE KING ACQUISITIONS NO.2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 1 January 2023

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Impact of new International Reporting Standards, amendments and interpretations

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

Those standards and interpretations include:

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

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

2.4 Going concern

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

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

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

2.5 Investments

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

GREENE KING ACQUISITIONS NO.2 LIMITED

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

2. ACCOUNTING POLICIES (CONTINUED)

2.6 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).

2.7 Interest

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

2.8 Taxation

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

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

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 (prior period: none) and did not incur any staff costs during the period (prior period: £nil).

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

GREENE KING ACQUISITIONS NO.2 LIMITED

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

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	52 weeks ended 1 January 2023 £000	52 weeks ended 2 January 2022 £000
Interest payable to group undertakings	4,044	1,665

6. TAXATION

	52 weeks ended 1 January 2023 £000	52 weeks ended 2 January 2022 £000
Total current tax	-	-

FACTORS AFFECTING TAXATION FOR THE PERIOD

The tax assessed for the period is higher 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
Loss on ordinary activities before tax	(4,044)	(1,665)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.0% (2022:19.0%)	(768)	(316)
Effects of:		
Group relief for nil consideration	768	-
Movement in deferred tax not recognised	-	316
Total taxation for the period	-	-

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

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

There are no unrecognised deferred tax assets as at the balance sheet date (prior period: £1,665,000 gross).

GREENE KING ACQUISITIONS NO.2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 1 January 2023

7. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £000
Cost or valuation	
At 3 January 2022	192,723
At 1 January 2023	<u>192,723</u>
Net book value	
At 1 January 2023	<u>192,723</u>
At 2 January 2022	<u>192,723</u>

SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the company:

Name	Principal activity	Class of shares	Holding
Belhaven Pubs Limited	Holding company	Ordinary	100%
Belhaven Brewery Company Limited	Financing	Ordinary	100%

All the subsidiaries are incorporated in Scotland and their registered office is Belhaven Brewery, Brewery Lane, Dunbar, East Lothian, EH42 1PE.

The director believes that the carrying value of the investments is supported by their underlying assets.

8. CREDITORS: Amounts falling due within one year

	1 January 2023 £000	2 January 2022 £000
Amounts owed to group undertakings	<u>133,856</u>	<u>129,812</u>

Amounts owed to group undertakings are unsecured, interest bearing at a rate of SONIA + a Credit Adjustment Spread (CAS) in the period, have no fixed date of repayment and are repayable on demand. In the prior period interest accrued at LIBOR +1% which was replaced by SONIA + CAS with effect from the first interest period commencing on or after 1 January 2022.

GREENE KING ACQUISITIONS NO.2 LIMITED

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

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

	1 January 2023 £000	2 January 2022 £000
Amounts owed to group undertakings	<u>26,972</u>	<u>26,972</u>

Amounts owed to group undertakings falling due after more than one year consist entirely of an unsecured loan note. The loan note attracts interest at a rate of SONIA + Credit Adjusted Spread (CAS) in the period. In the prior period interest accrued at LIBOR +1% which was replaced by SONIA + CAS with effect from the first interest period commencing on or after 1 January 2022. The loan note is repayable in full on 29 November 2035.

10. CALLED UP SHARE CAPITAL

	1 January 2023 £	2 January 2022 £
Allotted, called up and fully paid		
1 (prior period: 1) Ordinary share of £1.00	<u>1</u>	<u>1</u>

11. RESERVES

Profit & loss account

Profit and loss account reserve represents accumulated retained earnings.

12. 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.

GREENE KING ACQUISITIONS NO.2 LIMITED

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

13. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

At the balance sheet date, the directors consider the immediate parent undertaking and immediate controlling party of Greene King Acquisitions No.2 Limited to be Greene King Brewing and 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 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.