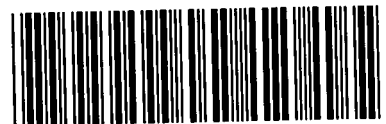


Company Registration No. 08278614 (England and Wales)

PHH 1 LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 5 DECEMBER 2021

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PHH 1 LIMITED

COMPANY INFORMATION

Directors	Mr J Hofma Mr A Platt
Company number	08278614
Registered office	Building One Imperial Place Elstree Way Borehamwood Hertfordshire WD6 1JN
Independent auditor	PricewaterhouseCoopers LLP 40 Clarendon Road Watford Hertfordshire WD17 1JJ

PHH 1 LIMITED

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PHH 1 LIMITED

STRATEGIC REPORT

FOR THE PERIOD ENDED 5 DECEMBER 2021

The directors present the strategic report, the directors report and the audited financial statements of the company for the period from 30 November 2020 to 5 December 2021.

Principal Activities

The company did not trade during the financial period. The directors have not recommended a dividend.

Pizza Hut (U.K.) Limited (a subsidiary of PHH 1 Limited) undertook a Company Voluntary Arrangement on 28th September 2020 due to the impact of COVID-19 on the hospitality sector. The main elements of the arrangements included closure of 29 restaurants, forgiven rents for the period of temporary closures (25th March 2020 to 28th September 2020) and the renegotiation of lease terms. Lease modifications included variations to the amount of rent payable which included a move to turnover rent basis in some cases and a reduction to zero rent in others, new break clauses in termination rights and the release of some dilapidation obligations. The company was provided with a £15m working capital facility from its existing lenders.

Principal risks and uncertainties

The management of the business and the execution of the business strategy are subject to a number of risks. These risks are managed at a group level and the key business risks affecting the Company and Group are set out in the Strategic Report of HWS 4 Limited.

Financial Key Performance Indicators

Given the straightforward nature of the business the Company's directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance, or position of the business.

Section 172 of the UK's Companies Act

Directors' duties

The directors of the Company work in conjunction with the Board of directors of the parent company of the Group, HWS 4 Limited and other subsidiary companies to ensure that all colleagues work together in good faith to promote the success of the Company and the Group for the benefit of the shareholders as a whole. In discharging of Section 172 duty we have done so through our agreed strategy for the benefit of the member of the Parent company, having regard to the stakeholders and matters set out in Section 172 of the Act in the decisions taken during the period.

In summary, as required by section 172 of the Companies Act 2006, a Director of a company must act in the way he/she considers, in good faith, would most likely promote the success of the company for the benefit of its shareholders. In doing this, the Director must have regard, amongst other matters, to the:

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

The following is an overview of how the group's board have performed its duties during the financial period.

PHH 1 LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 5 DECEMBER 2021

Shareholders

The Chairman, Chief Executive Officer, Chief Financial Officer and Senior leadership Team have regular contact with major shareholders. The board receives regular updates on the views of shareholders which are taken into account when the board makes decisions. In particular, the board is focused on the long term strategy and growth of the business and ensuring that the business creates strong and enduring value for its stakeholders, including the shareholders. As an example, the business has continued to pursue its goal of meeting emerging consumer needs for speed, control and access to products through multiple channels, by investing in a mobile ordering device solution which enable guests place orders and pay for meals, in-restaurant, via their mobile phone.

The business has also identified and secured new opportunities for growth, entering into a franchise partnership with the Asian-inspired brand itsu to develop new itsu shops and to convert a number of former Pizza Hut restaurants to an itsu dine-in focused concept. The business opened its first itsu under franchise, in August 2021, by converting its former Pizza Hut site in Reading Gate. At the time of writing, the business has opened two itsu shops, with a further 3 openings planned during Spring & Summer of 2022.

Employee Engagement

To deliver great food and service to our guests, our teams need to be skilled, confident and happy. People make the Pizza Hut Restaurants brand what it is and that's why the company vision is to be 'The Most Loved Place to Eat and Work'.

All of our team members, whether or not they join us with a long term career plan, have the opportunity to develop a range of transferable skills from the moment they start. In addition to technical skills, Restaurant Management receive behavioural training and, as skilled coaches, they are passionate about unlocking the inner potential of their team. Our long term people mission is to professionalise careers in hospitality. In January 2020 the company became a registered Employer Provider authorised to deliver Apprenticeship programmes in-house and as a result the company have a network of highly skilled Managers who have been internally licensed to manage entry level Apprenticeship placements supported by a central team of professional teachers. The company offer qualifications including Level 2/3 & 4 (equivalent of 5 GCSEs, 2 A levels and foundation degree respectively), and partner with a number of Universities to offer L6 (bachelor's degree equivalent) up to the highest L7 MBA qualification.

In terms of communicating and listening to our teams the board host a monthlyfortnightly 'All Company' live interactive webcast. The company's CEO plus guests, presents general news, hot topics and an open Q&A where anyone can ask anything (no matter how sensitive) and receive a straight and honest answer. Recent subjects have included sensitive topics regarding remuneration, furlough treatment and hut closures.

Hundreds of people are able to participate in the webcast which is also shared as a recording on our internal social media platform. From and from it ideas are shared, issues discussed and everyone is kept up to date with what is happening across the company. In addition to this the company uses internal social media (Yammer) to enable further daily two-way communication and a weekly 'Mycomms' information based news-letter to ensure that everyone has access to key information. The culture is open and based on a democratic sharing of information and enabling everyone to have the ability to make their opinion heard.

The company goes beyond the basics to enable the teams to work in a safe and fair environment and one in which everyone can flourish. Our gender-pay report is published annually and initiatives are launched each year to support the diversity agenda including things like cross-company mentoring programmes.

In terms of governance, the company maintain an internal remuneration committee, a board level REMCO and specifically for the treatment of tips, a Troncs committee which is made up of team member representatives. The teams are provided with access to a confidential help-line to retrieve a variety of personal support services and there is a whistle-blowing process in place to ensure that risk information can be escalated in confidence. The board recognise that during these challenging times it is fundamental to provide a safe and meaningful workplace to support the teams to enable them to develop 'skills for life' and to provide a solid foundation for the future.

PHH 1 LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 5 DECEMBER 2021

Customers

The main source of customer feedback is generated through a short survey completed on a web portal. The survey is sent to customers via email or is accessed via a receipt code. All data is reviewed weekly and monthly by both field and central teams to affect change as needed, such as where service has not been as expected or to recognise team members for a job well done. Longer-term trends or test cell feedback from the survey data are read at set points throughout the year for key strategic activity, such as product changes and quality improvements.

Through the data collected, the company are improving food quality and the overall food offering to customers which will be specifically measured through insights provided by the survey. Additionally, the company will be linking customer and employee experience programmes to provide more rounded insights.

Suppliers

Suppliers are an important part of the companies' ecosystem and are treated as such. The suppliers are treated fairly and with respect, and relationships with the suppliers are governed by multiple policies on code of conduct, modern slavery and ethical trading. Many of the company's key supplier relationships are long term strategic partnerships that have existed for up to 30 years and are based upon regular and honest two way feedback.

The company builds strong relationships with suppliers through regular one to one reviews, factory visits, webcasts and conferences.

Pizza, people, planet 2021

We've been an advocate for sustainability within the hospitality sector for a long time, and during 2021 we continued our active participation in expert forums including WRAP, the Sustainable Restaurant Association and the Zero Carbon Forum. We are committed to setting a Science-Based Target to enable us to achieve our sustainability goal of become a net zero business by 2030 or sooner.

Investment in education underpins our learning culture and drive to enable greater social mobility. In 2021 we increased our range of qualifications from Level 2 to MBA delivered with our internal resources and external partners. In 2020 we officially became a 'school', (or registered as an education provider as it's technically known), and throughout 2021, (including during lock-downs), we continued to deliver training and proudly graduated over 50 students.

During 2020 and 2021 we also continued our community projects including our long term support of Mental Health UK and in partnership with the UK Delivery business donated 113,595 meals right across the country to; the National Health Service, people in our local communities and food banks. You can find out more about our corporate social responsibility agenda from our annual report.

As a business and brand the board are committed to making a positive difference.

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



Mr A Platt
Director

Date: 29/6/22

PHH 1 LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 5 DECEMBER 2021

The directors present their report and audited financial statements of the company for the period from 30 November 2020 to 5 December 2021. This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Principal activities

The Company is an investment holding company. The principal activity of its subsidiary during the financial period was trading as a restaurant operator.

Results and dividends

The company did not trade during the financial period. The directors have not recommended a dividend.

Directors

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

Mr J Hofma
Mr A Platt

None of the directors who held office at the end of the financial period had any disclosable interest in the shares of the company.

Going concern

The Directors' have adopted a going concern basis referring to a material uncertainty, as detailed in the accounting policies to these financial statements.

Disabled employees

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Qualifying third party indemnity provisions

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial period and is currently in force. The company also purchased and maintained throughout the financial period Directors' and Officers' liability insurance in respect of itself and its Directors.

Independent auditor

The independent auditor, PricewaterhouseCoopers LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

PHH 1 LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 5 DECEMBER 2021

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). 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;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

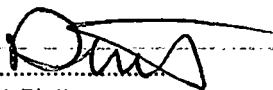
Statement of disclosure to independent auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's independent auditor are unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's independent auditor are aware of that information.

Small companies exemption

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board



Mr A Platt
Director

Date: 29/6/22

PHH 1 LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PHH 1 LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, PHH 1 Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 5 December 2021;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Section 1A, and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 5 December 2021; the statement of changes in equity for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The Company is a cross guarantor for the borrowings of its intermediate parent undertaking HWS 3 Limited and its subsidiary undertakings (together 'the HWS 3 Group'). Based on the Directors' forecasts for the HWS 3 Group it is forecast to breach covenants within 12 months from the date of approval of the financial statements due to the impact of the continuing presence of COVID-19 on the casual dining market as well as significant energy and cost of food inflation, which would make the loans repayable on demand. The company has begun discussions with its lenders with the objective of returning to a temporary revised covenant structure, to avoid any breach of its lending agreements. As the revised covenant structure has not yet been agreed, the avoidance of such a breach may not be possible and, as such, these conditions, along with the other matters explained in note 1.2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a 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.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

PHH 1 LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PHH 1 LIMITED (CONTINUED)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and the Directors' Report

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 period ended 5 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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.

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.

PHH 1 LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PHH 1 LIMITED (CONTINUED)

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to manipulation of results through manual journals or management bias in judgemental areas. Audit procedures performed by the engagement team included:

- Discussions with management which have included consideration of known or suspected instances of non-compliance with laws and regulation and fraud
- Identifying and testing of manual journal entries based on risk criteria such as unusual account combinations
- Incorporating elements of unpredictability into our audit approach

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime. We have no exceptions to report arising from this responsibility.



Matthew Mullins (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Watford

30 June 2021

PHH 1 LIMITED

BALANCE SHEET

AS AT 5 DECEMBER 2021

	Notes	As at 5 December 2021		As at 29 November 2020	
		£000	£000	£000	£000
Fixed assets					
Investments	5		745		745
Current assets					
Debtors	7	39		11	
Creditors: amounts falling due within one year	8	(34)		(6)	
Net current assets			5		5
Net assets			750		750
Capital and reserves					
Called up share capital	9		8		8
Share premium account	10		742		742
Total equity			750		750

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 29/6/22 and are signed on its behalf by:



Mr A Platt
Director

Company Registration No. 08278614

PHH 1 LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 5 DECEMBER 2021

	Called-up share capital £000	Share premium account £000	Total £000
Balance at 2 December 2019	8	742	750
Period ended 29 November 2020: Result for the financial period	-	-	-
Balance at 29 November 2020	8	742	750
Period ended 5 December 2021: Result for the financial period	-	-	-
Balance at 5 December 2021	8	742	750

PHH 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 5 DECEMBER 2021

1 Accounting policies

Company information

PHH 1 Limited is a private company limited by shares incorporated in England and Wales. The registered office is Building One, Imperial Place, Elstree Way, Borehamwood, Hertfordshire, WD6 1JN.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of HWS 4 Limited. These consolidated financial statements are available from its registered office, Building One, Imperial Place, Elstree Way, Borehamwood, Hertfordshire, WD6 1JN.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

PHH 1 Limited is a wholly owned subsidiary of HWS 4 Limited and the results of PHH 1 Limited are included in the consolidated financial statements of HWS 4 Limited which are available from Building one, Imperial Place, Elstree Way, Borehamwood, Hertfordshire, WD6 1JN.

PHH 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 5 DECEMBER 2021

1 Accounting policies

(Continued)

1.2 Going concern

The Company is a cross guarantor for the borrowings of HWS 3 Limited and its subsidiary undertakings (together "the HWS 3 group"). As such, the Company operates within a framework of covenants related to these borrowings as described in the Directors' Report.

The company monitors its projected covenant position weekly, looking forward at least 24 months and regularly discusses the headroom position on these covenants with its lenders. After the outbreak of the pandemic, the directors anticipated a potential breach of these covenants and, through consultation with its lenders, agreed a temporary revised covenant structure well in advance of the anticipated breach date. The company now once again operates within its original covenant framework and is forecasting a breach to these covenants by the end of 2022 due to the impact of the continuing presence of COVID-19 on the casual dining market as well as significant energy and cost of food inflation, within the period of 12 months from the date of approval of the financial statements, which would make the loans repayable on demand.

The company has begun discussions with its lenders with the objective of returning to a temporary revised covenant structure, to avoid any breach of its lending agreements and are confident that these will be successfully concluded prior to incurring a breach. As the revised covenant structure has not yet been agreed, the avoidance of such a breach, may not be possible and as such these conditions indicate the existence of a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern. These financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

1.3 Reporting period

Where the financial statements have been presented for a period longer than one year, HWS 4 Limited operates a 13 period calendar cycle, in order to maintain a consistent year end date, the company adds an additional week every fifth year.

1.4 Profit and loss account

The company has not traded during the period or the preceding financial period. During this time, the company received no income and incurred no expenditure and therefore no Profit and loss account is presented in these financial statements.

1.5 Investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

PHH 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 5 DECEMBER 2021

1 Accounting policies

(Continued)

1.6 Financial Instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

PHH 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 5 DECEMBER 2021

1 Accounting policies

(Continued)

1.7 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Carrying value for investment

The company reviews the carrying value of investment based on the net asset position along with future profits of its trading entity

3 Operating profit

The Auditors' remuneration costs for the audit of the financial statements were £8,000 (2020: £7,475). These have been borne by the company's subsidiary Pizza Hut (U.K.) Limited.

4 Employees

The company had no employees during 2021 or 2020.

5 Investments

	2021 £000	2020 £000
Shares in group undertakings and participating interests	-	-
Loans to group undertakings and participating interests	745	745
	<u>745</u>	<u>745</u>

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

6 Subsidiaries

Details of the company's subsidiaries at 5 December 2021 are as follows:

PHH 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 5 DECEMBER 2021

6 Subsidiaries

(Continued)

Name of undertaking	Address	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Pizza Hut (U.K.) Limited	1	Restaurant	Ordinary Shares	-	100.00
Heart With Smart Limited	1	Holding Company	Ordinary Shares	100.00	-
PHR (Norther Europe) Limited	1	Dormant Company	Ordinary Shares	-	100.00
HWSI Limited	1	Dormant Company	Ordinary Shares	-	100.00

Registered office addresses (all UK unless otherwise indicated):

1 Building One, Imperial Place, Elstree Way, Borehamwood, Hertfordshire, WD6 1JN.

PHH2 Limited is a direct holding of PHH 1 Limited.

7 Debtors

	2021 £000	2020 £000
Amounts falling due within one year:		
Amounts owed by group undertakings	39	5
Other debtors	-	6
	<u>39</u>	<u>11</u>

8 Creditors: amounts falling due within one year

	2021 £000	2020 £000
Amounts owed to group undertakings	-	6
Other creditors	34	-
	<u>34</u>	<u>6</u>

9 Called-up share capital

	2021 Number	2020 Number	2021 £000	2020 £000
Ordinary share capital Issued and fully paid				
Ordinary shares of 1p each	<u>761,845</u>	<u>761,845</u>	<u>8</u>	<u>8</u>

10 Share premium account

	2021 £000	2020 £000
At the beginning and end of the period	<u>742</u>	<u>742</u>

PHH 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 5 DECEMBER 2021

11 Related party Disclosure

The company has taken advantage of the exemption provided by section 33 of FRS 102 from disclosing related party transactions with other companies within the HWS 4 Limited Group on the basis that it is a wholly owned subsidiary and its ultimate parent prepares consolidated financial statements.

12 Ultimate controlling party

The Company is wholly-owned subsidiary of HWS 4 Limited, a company incorporated in England and Wales.

The immediate parent undertaking is HWS 3 Limited.

The ultimate parent undertaking and the largest group to consolidate these financial statements is HWS 4 Limited. The smallest group to consolidate these financial statements is HWS 2 Limited. Copies of the HWS 4 Limited and HWS 2 Limited consolidated financial statements can be obtained at Building 1 Imperial Place, Elstree Way, Borehamwood, Hertfordshire, WD6 1JN.

The ultimate controlling party is the PCP V CAYMAN AIV L.P and the management. The management do not individually own more than 20% of the issued share capital of the company.

The Company is a wholly-owned subsidiary of HWS 4 Limited. It is included in the consolidated financial statements of HWS 4 Limited which are available to the public through companies House. Therefore the company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.