

Registered number: 08822132

SPIRIT PUB COMPANY (DERWENT) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the 36 weeks ended 1 May 2016

TUESDAY



A5Z9B40B

A17

31/01/2017

#438

COMPANIES HOUSE

SPIRIT PUB COMPANY (DERWENT) LIMITED

COMPANY INFORMATION

Directors	K Davis (appointed 7 October 2015) J Forrest (appointed 26 January 2016) K Millbanks (appointed 26 January 2016) M Todd (appointed 26 January 2016)
Company secretary	Mrs L A Keswick
Registered number	08822132
Registered office	Westgate Brewery Bury St Edmunds Suffolk IP33 1QT
Auditor	Ernst & Young LLP Statutory Auditor One Cambridge Business Park Cambridge CB4 0WZ

SPIRIT PUB COMPANY (DERWENT) LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Directors' responsibilities statement	3
Independent auditor's report	4 - 5
Statement of comprehensive income	6
Balance sheet	7
Statement of changes in equity	8
Notes to the financial statements	9 - 22

SPIRIT PUB COMPANY (DERWENT) LIMITED

DIRECTORS' REPORT **For the 36 weeks ended 1 May 2016**

The directors present their report and the financial statements for the 36 weeks ended 1 May 2016.

Principal activity

The principal activity of the company is that of pub retailing.

On 23 June 2015, 100% of the ordinary share capital of Spirit Pub Company plc, the ultimate parent of the Spirit Pub Company group, was acquired by Greene King plc. As a result of this transaction, the accounting reference date of this company was changed from 24 August to 30 April in line with other group companies, creating a 36 week accounting period for the period ended 1 May 2016. Consequently, amounts presented in these financial statements are not entirely comparable.

During the period the management of working capital balances has been transferred to another group company such that all revenues and costs are recharged via intercompany.

Going concern

At the balance sheet date the company had net current liabilities of £17,253,000 and net assets of £905,000. This includes amounts due to Greene King plc and other group undertakings amounting to £17,641,000. The directors have prepared cash flow forecasts for the foreseeable future, being at least 12 months from the date of approval of these financial statements, which indicate that the company requires financial support from its ultimate parent undertaking, Greene King plc, to enable it to meet its liabilities as they fall due. Greene King plc has confirmed that it will provide the necessary financial support for the foreseeable future to enable the company to meet its liabilities as they fall due. The directors of the company have made appropriate enquiries of the directors of Greene King plc 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.

Directors

The directors who served during the 36 weeks were:

R Broadbridge (resigned 21 December 2015)
A Morgan (resigned 9 February 2016)
K Davis (appointed 7 October 2015)
J Forrest (appointed 26 January 2016)
K Millbanks (appointed 26 January 2016)
M Todd (appointed 26 January 2016)

None of the directors held any interest in the share capital of the company during the period.

The interests of the directors in the shares of the ultimate parent company, Greene King Plc, are shown in the financial statements of that company, where they are directors of Greene King Plc.

Qualifying third party indemnity provisions

The company has indemnified the directors of the company in respect of proceedings brought by third parties. Such qualifying third party indemnity provision remains in place at the date of this report.

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

SPIRIT PUB COMPANY (DERWENT) LIMITED

DIRECTORS' REPORT (CONTINUED)
For the 36 weeks ended 1 May 2016

Post balance sheet events

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

Auditor

Ernst & Young LLP were appointed as the company's auditors to fill a casual vacancy during the year. In accordance with s.485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of Ernst & Young LLP as the company's auditors.

In preparing this report, the directors have 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.



Mrs L A Keswick

Secretary

Date: *20th January 2017*

SPIRIT PUB COMPANY (DERWENT) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

For the 36 weeks ended 1 May 2016

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

SPIRIT PUB COMPANY (DERWENT) LIMITED

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

We have audited the financial statements of Spirit Pub Company (Derwent) Limited for the 36 weeks ended 1 May 2016 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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.

Respective responsibilities of directors and auditor

As explained more fully in the directors' responsibilities statement, set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practice Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 1 May 2016 and of its profit 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 properly prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

SPIRIT PUB COMPANY (DERWENT) LIMITED

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a strategic report or in preparing the director's report.


Bob Forsyth (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor
Cambridge, UK

Date: 20 January 2017

SPIRIT PUB COMPANY (DERWENT) LIMITED

STATEMENT OF COMPREHENSIVE INCOME
For the 36 weeks ended 1 May 2016

	Note	36 weeks ended 1 May 2016 £000	52 weeks ended 22 August 2015 £000
Turnover	4	3,922	2,803
Cost of sales		(2,875)	(2,260)
Gross profit		1,047	543
Administrative expenses		(312)	(162)
Operating profit	5	735	381
Interest receivable and similar income	8	-	2
Profit before tax		735	383
Taxation	9	98	(269)
Profit for the period		833	114

There were no recognised gains and losses for 2016 or 2015 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2016 (2015:£nil).

The notes on pages 9 to 22 form part of these financial statements.

SPIRIT PUB COMPANY (DERWENT) LIMITED
Registered number: 08822132

BALANCE SHEET
As at 1 May 2016

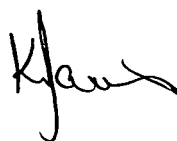
	Note	1 May 2016 £000	22 August 2015 £000
Fixed assets			
Tangible assets	10	18,332	4,714
Current assets			
Stocks	11	-	40
Debtors: amounts falling due within one year	12	1,386	2,263
Cash at bank and in hand	13	388	291
		<u>1,774</u>	<u>2,594</u>
Creditors: amounts falling due within one year	14	(19,027)	(6,981)
Net current liabilities		<u>(17,253)</u>	<u>(4,387)</u>
Total assets less current liabilities		<u>1,079</u>	<u>327</u>
Provisions for liabilities			
Deferred taxation	15	(174)	(255)
Net assets		<u>905</u>	<u>72</u>
Capital and reserves			
Called up share capital	16	-	-
Profit and loss account	17	905	72
Equity		<u>905</u>	<u>72</u>

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

K Davis

Director

Date: 20th January 2017



The notes on pages 9 to 22 form part of these financial statements.

SPIRIT PUB COMPANY (DERWENT) LIMITED

STATEMENT OF CHANGES IN EQUITY
For the 36 weeks ended 1 May 2016

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 23 August 2015	-	72	72
Comprehensive income for the period			
Profit for the period	-	833	833
At 1 May 2016	<u>-</u>	<u>905</u>	<u>905</u>

STATEMENT OF CHANGES IN EQUITY
For the 52 weeks ended 22 August 2015

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 24 August 2014	-	(42)	(42)
Comprehensive income for the period			
Profit for the period	-	114	114
At 22 August 2015	<u>-</u>	<u>72</u>	<u>72</u>

The notes on pages 9 to 22 form part of these financial statements.

SPIRIT PUB COMPANY (DERWENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS **For the 36 weeks ended 1 May 2016**

I. GENERAL INFORMATION

Spirit Pub Company (Derwent) Limited is a company 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 applicable accounting standards.

Information on the impact of first-time adoption of FRS 101 is given in note 21.

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).

First time application of FRS 100 and FRS 101

In the current 36 weeks ended 1 May 2016, the company has adopted FRS 100 and FRS 101. In previous years the financial statements were prepared in accordance with applicable United Kingdom Generally Accepted Accounting Practice ('UK GAAP').

This change in the basis of preparation has materially altered the recognition and measurement requirements previously applied in accordance with UK GAAP. An explanation of the impact of the adoption of FRS 100 and FRS 101 for the first time is included in the note 21.

There have been no other material amendments to the disclosure requirements previously applied in accordance with UK GAAP.

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;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- 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 of paragraph 17 of IAS 24 Related Party Disclosures
- 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
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

SPIRIT PUB COMPANY (DERWENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS **For the 36 weeks ended 1 May 2016**

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Going concern

At the balance sheet date the company had net current liabilities of £17,253,000 and net assets of £905,000. This includes amounts due to Greene King plc and other group undertakings amounting to £17,641,000. The directors have prepared cash flow forecasts for the foreseeable future, being at least 12 months from the date of approval of these financial statements, which indicate that the company requires financial support from its ultimate parent undertaking, Greene King plc, to enable it to meet its liabilities as they fall due. Greene King plc has confirmed that it will provide the necessary financial support for the foreseeable future to enable the company to meet its liabilities as they fall due. The directors of the company have made appropriate enquiries of the directors of Greene King plc 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.

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Freehold property	- depreciated to their estimated residual values over periods up to fifty years
Fixtures and fittings	- depreciated over their estimated useful lives which range from three to twenty years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the profit and loss account.

Where the carrying value of properties may not be recoverable an impairment in the value of tangible fixed assets is charged to the profit and loss account.

Residual value is reviewed at least at each financial year end and there is no depreciable amount if the residual value is the same as, or exceeds, book value.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use. Profit or loss on de-recognition is calculated as the difference between the net disposal proceeds and the carrying amount of the asset, and is included in the income statement in the year of de-recognition.

SPIRIT PUB COMPANY (DERWENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS **For the 36 weeks ended 1 May 2016**

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Impairment

Property, plant and equipment

Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash inflows independent of the cash inflows of other groups of assets.

An assessment is made at each reporting date as to whether there is an indication of impairment. If an indication exists, the company makes an estimate of the recoverable amount of each asset group. An asset's or cash generating unit's recoverable amount is the higher of its fair value less costs of disposal and value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

An impairment loss is recognised where the recoverable amount is lower than the carrying value of assets. If there is an indication that any previously recognised impairment losses may no longer exist or may have decreased, a reversal of the loss may be made only if there has been a change in the estimates used to determine the recoverable amounts since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount only up to the carrying amount that would have resulted, net of depreciation, had no impairment loss been recognised for the asset in prior years.

Impairment losses and any subsequent reversals are recognised in the income statement.

2.6 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

2.7 Intercompany balances

Amounts owed by or to group undertakings are classified as short term assets or liabilities unless there is a formal loan arrangement in place that specifies repayment over a period longer than one year at the balance sheet date.

2.8 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

2.9 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the profit and loss account in the year that the company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

Provisions are discounted to present value, where the effect of the time value of money is material, using a pre-tax discount rate that reflects current market estimates of the time value of money and the risks specific to the liability. The amortisation of the discount is recognised as interest payable and similar charges.

SPIRIT PUB COMPANY (DERWENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS **For the 36 weeks ended 1 May 2016**

2. ACCOUNTING POLICIES (CONTINUED)

2.10 Turnover

Turnover represents external sales (excluding taxes) of goods and services, net of discounts. Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and is measured at the fair value of consideration receivable, excluding discounts, rebates and other sales taxes. Turnover principally consists of drink, food and accommodation sales, which are recognised at the point at which goods or services are provided; rental income, which is recognised on a straight line basis over the lease term; and machine income, where net takings are recognised as earned. The accrued value for rebates payable is included within other payables.

2.11 Current and deferred taxation

The tax expense for the 36 weeks comprises current and deferred tax. Tax is recognised in the profit and loss account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

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

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

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

SPIRIT PUB COMPANY (DERWENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the 36 weeks ended 1 May 2016

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.

The estimates and judgments considered to be significant are detailed below:

Taxation

Judgment is required when determining the provision for taxes as the tax treatment of some transactions cannot be finally determined until a formal resolution has been reached with the tax authorities. Assumptions are also made around the assets which qualify for capital allowances and the level of disallowable expenses and this affects the income tax calculation. Provisions are also made for uncertain exposures which can have an impact on both deferred and current tax. Tax benefits are not recognised unless it is probable that the benefit will be obtained and tax provisions are made if it is possible that a liability will arise. The final resolution of these transactions may give rise to material adjustments to the income statement and/or cashflow in future periods. The company reviews each significant tax liability or benefit each period to assess the appropriate accounting treatment.

Impairment of tangible fixed assets

The company determines whether tangible fixed assets are impaired where there are indicators of impairment. This requires an estimation of the value-in-use and fair value less costs of disposal at a site level. Value-in-use calculations require assumptions to be made regarding the expected future cash flows from the cash generating unit and choice of a suitable discount rate in order to calculate the present value of those cash flows.

Residual values

Residual values of property are determined with reference to current market property trends. If residual values were lower than estimated, an impairment of asset value and reassessment of future depreciation charge may be required. Useful lives are reassessed annually which may lead to an increase or reduction in depreciation accordingly.

4. TURNOVER

	36 weeks ended 1 May 2016 £000	52 weeks ended 22 August 2015 £000
Drink revenue	1,742	1,278
Food revenue	2,104	1,443
Other income	76	82
	<u>3,922</u>	<u>2,803</u>

All turnover arose within the United Kingdom.

SPIRIT PUB COMPANY (DERWENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the 36 weeks ended 1 May 2016

5. OPERATING PROFIT

The operating profit is stated after charging:

	36 weeks ended 1 May 2016 £000	52 weeks ended 22 August 2015 £000
Depreciation of tangible fixed assets	182	16

6. STAFF COSTS

The company has no employees and did not incur any staff costs during the period (2015: £nil).

The directors who held office during the period were also directors of fellow group undertakings. Total emoluments, including any company pension contributions, received by these directors totals £1,511,000 (2015: £nil) paid by the ultimate parent company or other group companies. The directors do not believe that it is practicable to apportion this amount between qualifying services as directors to the company and to fellow group undertakings. The number of directors who received or exercised share options during the period was 2 (2015: nil). During the prior period the directors did not receive emoluments in respect of their qualifying services to the company.

7. AUDITOR'S REMUNERATION

The auditor's remuneration for the period of £1,000 (2015: £1,000) 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.

8. INTEREST RECEIVABLE AND SIMILAR INCOME

	36 weeks ended 1 May 2016 £000	52 weeks ended 22 August 2015 £000
Other interest receivable	-	2

SPIRIT PUB COMPANY (DERWENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the 36 weeks ended 1 May 2016

9. TAXATION

	36 weeks ended 1 May 2016 £000	52 weeks ended 22 August 2015 £000
CORPORATION TAX		
Adjustments in respect of previous periods	(17)	(12)
Group taxation relief	-	64
TOTAL CURRENT TAX	<u>(17)</u>	<u>52</u>
DEFERRED TAX		
Origination and reversal of timing differences	(79)	232
Effects of tax rates and laws	(28)	-
Deferred tax adjustments arising in previous periods	26	(15)
TOTAL DEFERRED TAX	<u>(81)</u>	<u>217</u>
TAXATION ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES	<u>(98)</u>	<u>269</u>

FACTORS AFFECTING TAXATION FOR THE PERIOD

The tax assessed for the period is higher than (2015 -lower than) the standard rate of corporation tax in the UK of 20.0% (2015 -20.6%). The differences are explained below:

	36 weeks ended 1 May 2016 £000	52 weeks ended 22 August 2015 £000
Profit on ordinary activities before tax	<u>735</u>	<u>383</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.0% (2015 -20.6%)	147	79
EFFECTS OF:		
Expenses not deductible for tax purposes	(12)	-
Adjustments to tax charge in respect of prior periods	9	(27)
Group relief for nil consideration	(32)	-
Effects of tax rates and laws	(5)	-
Deferred tax in respect of licenced estate	(205)	217
TOTAL TAXATION FOR THE PERIOD	<u>(98)</u>	<u>269</u>

SPIRIT PUB COMPANY (DERWENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the 36 weeks ended 1 May 2016

9. TAXATION (CONTINUED)

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The Finance (No.2) Act 2015 reduced the rate of corporation tax from 20% to 19% from 1 April 2017 and to 18% from 1 April 2020. These rate reductions were substantively enacted at the balance sheet date and are therefore included in these accounts.

In addition the Finance Act 2016 further reduces the rate of corporation tax to 17% from 1 April 2020. This further reduction had not been substantively enacted at the balance sheet date so it not included in these financial statements. However, it will further reduce the income tax charge in future periods.

10. TANGIBLE FIXED ASSETS

	Freehold land and buildings £000	Fixtures, fittings and equipment £000	Total £000
COST OR VALUATION			
At 23 August 2015	2,324	2,406	4,730
Additions	10,854	2,947	13,801
At 1 May 2016	13,178	5,353	18,531
DEPRECIATION			
At 23 August 2015	-	16	16
Charge for period on owned assets	35	148	183
At 1 May 2016	35	164	199
NET BOOK VALUE			
At 1 May 2016	13,143	5,189	18,332
At 22 August 2015	2,324	2,390	4,714

SPIRIT PUB COMPANY (DERWENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the 36 weeks ended 1 May 2016

11. STOCKS

	1 May 2016 £000	22 August 2015 £000
Finished goods and goods for resale	-	40

During the period the management of working capital balances has been transferred to another group company such that all revenues and costs are recharged via intercompany.

12. DEBTORS: Amounts falling due within one year

	1 May 2016 £000	22 August 2015 £000
Amounts owed by group undertakings	1,386	2,258
Other debtors	-	1
Prepayments and accrued income	-	4
	1,386	2,263

Amounts owed by group undertakings are unsecured, bear no interest, have no fixed date of repayment and are repayable on demand.

During the period the management of working capital balances has been transferred to another group company such that all revenues and costs are recharged via intercompany.

13. CASH AND CASH EQUIVALENTS

	1 May 2016 £000	22 August 2015 £000
Cash at bank and in hand	388	291

SPIRIT PUB COMPANY (DERWENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the 36 weeks ended 1 May 2016

14. CREDITORS: Amounts falling due within one year

	1 May 2016 £000	22 August 2015 £000
Amounts owed to group undertakings	19,027	6,732
Taxation and social security	-	11
Other creditors	-	33
Accruals	-	205
	19,027	6,981

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

During the period the management of working capital balances has been transferred to another group company such that all revenues and costs are recharged via intercompany.

15. DEFERRED TAXATION

	1 May 2016 £000	22 August 2015 £000
At beginning of year	(255)	(38)
Charged to the profit or loss	81	(217)
At end of year	(174)	(255)

The provision for deferred taxation is made up as follows:

	1 May 2016 £000	22 August 2015 £000
Accelerated capital allowances	(149)	(24)
Rolled over gains and property revaluation	(25)	(231)
	(174)	(255)

COMPRISING:

Liability	(174)	(255)
-----------	--------------	--------------

SPIRIT PUB COMPANY (DERWENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the 36 weeks ended 1 May 2016

16. SHARE CAPITAL

	1 May 2016 £	22 August 2015 £
Shares classified as equity		
Allotted, called up and fully paid		
1 Ordinary share of £1	1	1

17. RESERVES

Profit and loss account

Profit and loss account reserve represents accumulated retained earnings.

18. CAPITAL COMMITMENTS

At the balance sheet date the company had capital commitments as follows:

	1 May 2016 £000	22 August 2015 £000
Contracted for but not provided in these financial statements	-	45

19. 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 Greene King plc group. Amounts shown as owed to and by group subsidiaries are all held with fellow group undertakings. There were no transactions entered into during the financial year or trading balances outstanding at the balance sheet date with other related parties.

20. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

At the balance sheet date, the directors consider the immediate parent undertaking and immediate controlling party of Spirit Pub Company (Derwent) Limited to be Spirit Pub Company (SGE) Limited, a company incorporated in England and Wales.

The ultimate parent undertaking and ultimate controlling party is Greene King plc, a company registered in England and Wales.

Greene King Plc is the smallest and 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 Westgate Brewery, Bury St Edmunds, Suffolk, IP33 1QT.

SPIRIT PUB COMPANY (DERWENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the 36 weeks ended 1 May 2016

21. FIRST TIME ADOPTION OF FRS 101

For all periods up to and including the year ended 22 August 2015, the company prepared its financial statements in accordance with previously extant United Kingdom Generally Accepted Accounting Practice ('UK GAAP'). These financial statements, for the period ended 1 May 2016, are the first the company has prepared in accordance with FRS 101.

Accordingly, the company has prepared individual financial statements which comply with FRS 101 applicable for periods beginning on or after 1 January 2015 and the significant accounting policies meeting those requirements are described in the relevant notes.

In preparing these financial statements, the company has started from an opening balance sheet as at 24 August 2014, the company's date of transition to FRS 101, and made those changes in accounting policies and other restatements required for the first-time adoption of FRS 101. As such, this note explains the principal adjustments made by the company in restating its balance sheet as at 23 August 2014 prepared under previously extant UK GAAP and its previously published UK GAAP financial statements for the 52 weeks ended 22 August 2015.

SPIRIT PUB COMPANY (DERWENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the 36 weeks ended 1 May 2016

21. FIRST TIME ADOPTION OF FRS 101 (CONTINUED)

		As previously stated 23 August 2014 £000	Effect of transition 23 August 2014 £000	FRS 101 (as restated) 23 August 2014 £000	As previously stated 22 August 2015 £000	Effect of transition 22 August 2015 £000	FRS 101 (as restated) 22 August 2015 £000
	Explanation						
Fixed assets		2,726	-	2,726	4,714	-	4,714
Current assets		453	-	453	2,594	-	2,594
Creditors: amounts falling due within one year	1	(1,501)	(1,681)	(3,182)	(5,299)	(1,682)	(6,981)
NET CURRENT LIABILITIES		(1,048)	(1,681)	(2,729)	(2,705)	(1,682)	(4,387)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,678	(1,681)	(3)	2,009	(1,682)	327
Creditors: amounts falling due after more than one year	1	(1,681)	1,681	-	(1,681)	1,681	-
Provisions for liabilities	2	(24)	(14)	(38)	(24)	(231)	(255)
NET (LIABILITIES)/ASSETS		(27)	(14)	(41)	304	(232)	72
Capital and reserves	2	(27)	(14)	(41)	304	(232)	72

SPIRIT PUB COMPANY (DERWENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the 36 weeks ended 1 May 2016

21. FIRST TIME ADOPTION OF FRS 101 (CONTINUED)

		As previously stated 22 August 2015 £000	Effect of transition 22 August 2015 £000	FRS 101 (as restated) 22 August 2015 £000
	Explanation			
Turnover		2,803	-	2,803
Cost of sales		(2,260)	-	(2,260)
		<hr/>	<hr/>	<hr/>
		543	-	543
Administrative expenses		(162)	-	(162)
		<hr/>	<hr/>	<hr/>
OPERATING PROFIT		381	-	381
Interest receivable and similar income		2	-	2
Taxation	2	(52)	(217)	(269)
		<hr/>	<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND FOR THE FINANCIAL PERIOD		331	(217)	114
		<hr/>	<hr/>	<hr/>

Explanation of changes to previously reported profit and equity:

- 1 On transition to FRS 101, the company has reviewed its presentation of intercompany balances in accordance with IAS 39 Financial Instruments: Recognition and Measurement. Consequently, the presentation of balances payable to and receivable from group undertakings has been amended to be due within a year unless an agreement states otherwise.
- 2 As IFRS defines deferred tax in relation to temporary differences between carrying values and their related tax bases, rather than timing differences in the income statement, adjustments are required to recognise items for which no deferred tax was recognised under UK GAAP. As such, a deferred tax liability of £231,000 (2014: £14,000) in relation to rolled over gains and property revaluation has been recognised.