

**Registered number: SC194006**

**RED STAR PUB COMPANY (WR) LIMITED**

**UNAUDITED ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2022**



## **RED STAR PUB COMPANY (WR) LIMITED**

### **CONTENTS**

	<b>Page(s)</b>
<b>Company Information</b>	<b>1</b>
<b>Directors' Report</b>	<b>2 - 4</b>
<b>Directors' Responsibilities Statement</b>	<b>5</b>
<b>Statement of Comprehensive Income</b>	<b>6</b>
<b>Statement of Financial Position</b>	<b>7</b>
<b>Statement of Changes in Equity</b>	<b>8</b>
<b>Notes to the Financial Statements</b>	<b>9 - 22</b>

**RED STAR PUB COMPANY (WR) LIMITED**

**COMPANY INFORMATION**

<b>Directors</b>	C J Moore L J W Mountstevens S M Paterson
<b>Registered number</b>	SC194006
<b>Registered office</b>	3-4 Broadway Park South Gyle Broadway Edinburgh EH12 9JZ United Kingdom

**RED STAR PUB COMPANY (WR) LIMITED****DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

The Directors present their annual report and the financial statements of Red Star Pub Company (WR) Limited ('the Company') for the year ended 31 December 2022. The Company is a wholly owned subsidiary of Star Pubs & Bars Limited. The results of the Company are consolidated into the results of Heineken UK Limited and its subsidiary undertakings (together 'the Group').

**PRINCIPAL ACTIVITY**

The principal activity of the Company is the rental and management of pubs in the United Kingdom (UK), which are utilised in the supply of goods by fellow Group undertakings.

**DIRECTORS**

The Directors who served during the year and up to the date of approval of the report were:

C J Moore  
L J W Mountstevens  
S M Paterson

**POLITICAL AND CHARITABLE CONTRIBUTIONS**

The Company made no political contributions or donations to UK charities during the year (2021: £nil)

**RESULTS AND DIVIDENDS**

The Company reported turnover of £5,829k (2021: £4,275k), gross profit of £3,738k (2021: £2,882k) and loss for the year, after tax, of £693k (2021: profit of £533k). In 2021, performance was impacted by COVID-19 restrictions and supply chain challenges. Performance in 2022 has improved despite a number of challenges impacting the UK economy, with a rise in inflation driven by increased energy and commodity prices, the uncertainty caused by the War in Ukraine and significant pressure on disposable incomes, all resulting in cost of living pressures and reduction in consumer demand. Despite these challenges, customers in our pub estate are enjoying more beer, cider and food and we continue to invest for the long term, based on our strategy and footprint, and foresee value growth in our estate. The loss is primarily attributable to an increase in interest rate that led to higher interest payable to the parent undertaking.

Key performance indicators (KPIs) are managed for the Group and each business segment. No KPIs are used in the management of the Company itself other than the figures in the Statement of Comprehensive Income.

During the year and after year end, no dividends were paid or proposed (2021: £nil).

**FUTURE DEVELOPMENTS**

The Company expects to continue its principal activity of the rental and management of pubs for the foreseeable future.

**PRINCIPAL RISKS AND UNCERTAINTIES**

Effective management of risk forms an integral part of how the Company operates as a business and is embedded in day-to-day operations. Responsibility for identifying potential strategic, operational, reporting and compliance risks, and for implementing fit-for-purpose responses, lies primarily with the UK Management Team of Heineken UK Limited, in consultation with the Directors of the Company. The Directors bear ultimate responsibility for managing the main risks faced by the Company and for reviewing the adequacy of the Company's internal control system.

An increasingly negative perception in society towards alcohol could prompt legislators to implement further restrictive measures such as limitations on availability, advertising, sponsorships, distribution and points of sale and increased tax. This may cause changes in consumption trends, which could lead to a decrease in the Company's sales. Consumers' preferences and behaviours are evolving, shaping an increasingly complex and fragmented beer category. This requires the Group to constantly adapt its product offering, innovate and invest to maintain the relevance and strength of its brands.

**RED STAR PUB COMPANY (WR) LIMITED****DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****FINANCIAL RISK MANAGEMENT POLICY**

The main risks associated with the Company's financial assets and liabilities are set out below.

**Interest rate risk**

Interest rate risk refers to the risk that changes in market interest rates will adversely affect the fair value or cash flows of a financial instrument and cause volatility in the results of the Company. The most significant risk relates to the variable rate of interest paid on intercompany loans owed to the parent undertaking. The variable rate of interest on loans between Group companies is determined by management in line with the Global Credit Policy, ensuring an equitable spread of the cost of funding throughout the Group.

**Liquidity risk**

Liquidity risk refers to the risk that the Company will not be able to meet payment obligations associated with its liabilities when they are due. The Company's financial liabilities primarily include intercompany loans from parent undertaking. The Group liquidity position is managed by the Management Team in conjunction with the Directors, together ensuring that the maturity of any debt is aligned with the forecasted cash flow generation of the business. There are strong cost and cash management procedures in place, including controls over investment proposals, and as a result liquidity risk is deemed limited.

**GOING CONCERN**

The financial position of the Company is set out in the Statement of Financial Position on page 7 of the financial statements. The Company has net current liabilities of £22,881k at 31 December 2022 (2021: £22,193k). Funding amounts owed to other Group companies of £53,951k (2021: £51,259k) are reported as current liabilities in absence of unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. These amounts are owing to companies under common control and will not be recalled within 12 months without prior consideration of the Company's liquidity position.

Having reviewed the UK operating Company's forecasts, projections and other relevant evidence including external industry judgement, the Directors have a reasonable expectation that the Group and therefore the Company, will continue in operational existence for the foreseeable future.

As disclosed in the consolidated financial statements of Heineken UK Limited, the outstanding liabilities at 31 December 2022 of the Company have been guaranteed by Heineken UK Limited.

Accordingly, the financial statements of the Company have been prepared on a going concern basis and we note that there are no material uncertainties in arriving at this conclusion.

**QUALIFYING THIRD PARTY INDEMNITY PROVISIONS**

Qualifying third-party indemnity provisions are in place for the benefit of Directors or Officers of the Heineken Group (which extend to the performance of any duties as Director or Officer of any associated company) and these remain in force at the date of this report.

**SMALL COMPANIES EXEMPTION**

The Directors have taken advantage of the small companies exemption provided by section 414B of the Companies Act 2006 and not provided a Strategic Report.


**EXEMPTION FROM AUDIT**

For the year ended 31 December 2022 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476. The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and preparation of accounts.

**RED STAR PUB COMPANY (WR) LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

This report was approved by the Board on 14 September 2023 and signed on its behalf by:

DocuSigned by:  
  
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**S M Paterson**

Director

## **RED STAR PUB COMPANY (WR) LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022**

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 UK Generally Accepted Accounting Practice (UK Accounting Standards and applicable law), 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 judgements and accounting estimates that are reasonable and prudent; and
- 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.

**RED STAR PUB COMPANY (WR) LIMITED****STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	<b>Note</b>	<b>2022 £000</b>	<b>2021 £000</b>
Turnover	4	5,829	4,275
Cost of sales		<u>(2,091)</u>	<u>(1,393)</u>
<b>Gross profit</b>		<b>3,738</b>	<b>2,882</b>
Administrative expenses		<u>(2,762)</u>	<u>(2,334)</u>
<b>Operating profit</b>	5	<b>976</b>	<b>548</b>
Interest payable and similar expenses	8	<u>(1,462)</u>	<u>(75)</u>
<b>(Loss)/profit before tax</b>		<b>(486)</b>	<b>473</b>
Tax on (loss)/profit	9	<u>(207)</u>	<u>60</u>
<b>(Loss)/profit for the financial year and total comprehensive (expense)/income</b>		<b><u>(693)</u></b>	<b><u>533</u></b>

The results are derived from continuing operations.

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



**RED STAR PUB COMPANY (WR) LIMITED**  
**REGISTERED NUMBER: SC194006**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2022**

	Note	2022 £000	2021 £000
<b>Fixed assets</b>			
Tangible assets	10	25,600	25,615
<b>Current assets</b>			
Debtors: amounts falling due after more than one year	11	835	1,245
Debtors: amounts falling due within one year	11	<u>77,913</u>	<u>67,070</u>
		78,748	68,315
<b>Creditors: amounts falling due within one year</b>	12	<u>(101,629)</u>	<u>(90,508)</u>
Net current liabilities		(22,881)	(22,193)
Total assets less current liabilities		2,719	3,422
Other provisions	14	-	(10)
<b>Net assets</b>		<u>2,719</u>	<u>3,412</u>
<b>Capital and reserves</b>			
Called-up share capital	15	-	-
Profit and loss account	16	<u>2,719</u>	<u>3,412</u>
<b>Total equity</b>		<u>2,719</u>	<u>3,412</u>

For the year ended 31 December 2022 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476. The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and preparation of accounts.

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 14 September 2023 by:

DocuSigned by:  
  
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**S M Paterson**  
 Director

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

**RED STAR PUB COMPANY (WR) LIMITED****STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2021**

	<b>Called-up share capital £000</b>	<b>Profit and loss account £000</b>	<b>Total equity £000</b>
At 1 January 2021	-	2,879	2,879
Profit for the financial year and total comprehensive income	-	533	533
<b>At 31 December 2021</b>	<b>-</b>	<b>3,412</b>	<b>3,412</b>

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	<b>Called-up share capital £000</b>	<b>Profit and loss account £000</b>	<b>Total equity £000</b>
At 1 January 2022	-	3,412	3,412
Loss for the financial year and total comprehensive expense	-	(693)	(693)
<b>At 31 December 2022</b>	<b>-</b>	<b>2,719</b>	<b>2,719</b>

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

**RED STAR PUB COMPANY (WR) LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****1. GENERAL INFORMATION**

Red Star Pub Company (WR) Limited ('the Company') is engaged in the rental and management of pubs, which are utilised in the supply of goods by fellow Group undertakings. The Company is a private company limited by shares and is incorporated in the UK under Companies Act 2006 and registered in Scotland. The address of its registered office is 3-4 Broadway Park, South Gyle Broadway, Edinburgh, EH12 9JZ, United Kingdom.

These financial statements are presented in pound sterling, which is the Company's functional and presentational currency, and all values are rounded to the nearest thousand except where otherwise indicated.

These financial statements are separate financial statements.

**Adoption of new and revised standards*****New and amended standards that are effective for the current year***

The Company has adopted the following new International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), interpretations and amendments to existing standards, which are effective by UK endorsement for annual periods beginning on or after 1 January 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- Amendments to IFRS 3 'Reference to the Conceptual Framework';
- Amendments to IAS 16 'Property, Plant and Equipment: Proceeds before Intended Use';
- Amendments to IAS 37 'Onerous Contracts—Cost of Fulfilling a Contract'; and
- 'Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle'.

**2. ACCOUNTING POLICIES****2.1. Basis of preparation of financial statements**

The Company meets the definition of a qualifying entity under Financial Reporting Standard (FRS) 100 'Application of Financial Reporting Requirements' issued by the Financial Reporting Council. Accordingly, these financial statements have been prepared in accordance with FRS 101 'Reduced Disclosure Framework'. The Company's results are included in the Group financial statements of Heineken UK Limited as disclosed in note 18.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial instruments: Disclosures'.
- Paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127, 129 and second sentence of paragraph 110 of IFRS 15 'Revenue from Contracts with Customers' (disaggregation of revenue recognised from contracts with customers, qualitative and quantitative information related to changes in contract assets and contract liabilities, information about an entity's performance obligations, transaction prices and any significant judgements).
- Paragraph 38 of IAS 1, 'Presentation of financial statements' – comparative information requirements in respect of:
  - paragraph 73(e) of IAS 16, 'Property, plant and equipment'.

**RED STAR PUB COMPANY (WR) LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****2. ACCOUNTING POLICIES (CONTINUED)****2.1. Basis of preparation of financial statements (continued)**

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101 (continued):

- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d) (statement of cash flows);
  - 16 (statement of compliance with all IFRS);
  - 38A (requirement for minimum of two primary statements, including cash flow statements);
  - 38B-D (additional comparative information);
  - 111 (statement of cash flows information); and
  - 134-136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'.
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 74(b) of IAS 16 (amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost).
- Paragraphs 17 (key management compensation) and 18A of IAS 24, 'Related party disclosures', related to key management services provided by a separate management entity.
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group.
- Paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36, 'Impairment of assets' (disclosures when the recoverable amount is fair value less costs of disposal, assumptions involved in estimating recoverable amounts of cash-generating units containing goodwill or intangible assets with indefinite useful lives, and management's approach to determining these amounts).

The financial statements have been prepared on a going concern basis, based on the historical cost convention. Historical cost is generally based on fair value of the consideration given in exchange for the goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of IFRS 16 and measurements that have some similarities to fair value but are not fair value, such as value in use in IAS 36.

**RED STAR PUB COMPANY (WR) LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****2. ACCOUNTING POLICIES (CONTINUED)****2.1. Basis of preparation of financial statements (continued)**

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted are set out below:

**2.2. Going concern**

The financial position of the Company is set out in the Statement of Financial Position on page 7 of the financial statements. The Company has net current liabilities of £22,881k at 31 December 2022 (2021: £22,193k). Funding amounts owed to other Group companies of £53,951k (2021: £51,259k) are reported as current liabilities in absence of unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. These amounts are owing to companies under common control and will not be recalled within 12 months without prior consideration of the Company's liquidity position.

Having reviewed the UK operating Company's forecasts, projections and other relevant evidence including external industry judgement, the Directors have a reasonable expectation that the Group and therefore the Company, will continue in operational existence for the foreseeable future.

As disclosed in the consolidated financial statements of Heineken UK Limited, the outstanding liabilities at 31 December 2022 of the Company has been guaranteed by Heineken UK Limited.

Accordingly, the financial statements of the Company have been prepared on a going concern basis and we note that there are no material uncertainties in arriving at this conclusion.

**2.3. Turnover**

Turnover is recognised to the extent that the Company obtains the right to consideration in exchange for its performance. Turnover is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before turnover is recognised.

*Sale of goods*

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership have passed to the buyer, usually on delivery of the goods.

*Rendering of services*

Turnover from the management of pubs is recognised following the performance of the service.

**RED STAR PUB COMPANY (WR) LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****2. ACCOUNTING POLICIES (CONTINUED)****2.4. Tangible fixed assets**

Tangible fixed assets are carried at cost, less accumulated depreciation and any provision for impairment.

Cost comprises the initial purchase price and expenditures that are directly attributable to the acquisition of the asset.

Depreciation is calculated on a straight-line basis over the estimated useful economic life of the asset as follows:

- Freehold property is not depreciated
- Buildings are depreciated to their estimated residual values over 40 years\*
- Fixtures and fittings are depreciated to their estimated residual values over 5 years\*

\*Buildings and related assets held on lease are depreciated over the shorter of their useful economic life or the unexpired term of the lease.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The carrying values of tangible fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying values may not be recoverable. Any such impairment is charged to the Statement of Comprehensive Income.

Gains and losses on disposal of fixed assets reflect the difference between net selling price and the carrying amount at the date of disposal and are recognised in the Statement of Comprehensive Income.

The Company determined that the tangible fixed assets did not meet the definition of an Investment Property and therefore are treated and discussed as tangible fixed assets in the financial statements. The principal reason for holding the tangible fixed assets is to generate Beer and Cider sales and not for long term investment gains.

**2.5. Impairment of tangible fixed assets**

At each reporting date, the carrying amounts of tangible fixed assets are reviewed to determine whether indicators for impairment exist. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit (CGU) to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less cost of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**RED STAR PUB COMPANY (WR) LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****2. ACCOUNTING POLICIES (CONTINUED)****2.6. Financial instruments**

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

**Financial assets**

The Company classifies all of its financial assets as assets at amortised cost.

**Financial assets at amortised cost**

Financial assets at amortised cost include financial assets held with the objective of collecting contractual cash flows from payments of principle and interest on the principle amount outstanding, such as trade and other debtors. These assets are subsequently measured at amortised cost using the effective interest rate method, which ensures that the interest income over the period of repayment is at a constant rate on the balance of the asset carried into the Statement of Financial Position.

The Company determines on each reporting date the impairment of trade and other debtors using a model that estimates the lifetime expected credit losses that will be incurred on these debtors. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. Financial assets are written off when there is no reasonable expectation of recovery.

**Financial liabilities**

The Company classifies all of its financial liabilities as liabilities at amortised cost.

**Financial liabilities at amortised cost**

Financial liabilities at amortised cost are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Statement of Financial Position.

**2.7. Interest payable**

Interest payable is recognised in the Statement of Comprehensive Income using the effective interest method.

**2.8. Management charges**

Management charges are included within administrative expenses, which are recognised in the Statement of Comprehensive Income. Management charges are expenses incurred by the Company in respect of services received from other UK Group undertakings. These amounts are recognised as the related services are received.

**2.9. Other provisions**

Other provisions are recognised 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.

Other provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

**RED STAR PUB COMPANY (WR) LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****2. ACCOUNTING POLICIES (CONTINUED)****2.9. Other provisions (continued)**

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

**2.10. Current and deferred tax**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, 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 reporting 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 Statement of Financial Position 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 reporting date.

The carrying amount of deferred tax assets is reviewed at each Statement of Financial Position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

**3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of the financial statements requires the Company to make estimates, judgements and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities.

The Directors base their estimates on historical experience and various other assumptions that they believe are reasonable under the circumstances, the results of which form the basis for making judgements about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumption or conditions.



**RED STAR PUB COMPANY (WR) LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)****Key sources of estimation uncertainty**

The Directors believe there are no key sources of estimation uncertainty in preparing these financial statements.

- **Impairment and impairment reversal in the pub estate**

Further information on the impairment review is included in note 10. Impairment was assessed at the individual pub level and measured at fair value less cost of disposal (FVLCD), being the higher of FVLCD and value in use (VIU). A large driver of impairment was the reduction in the VIU calculation driven by the increase in the discount rate applied, partly a result of the instability in UK government and UK country risk. The majority of the reversals related to sites that received capital investment, which had improved profitability compared to previously impaired values. The estate is a portfolio of pubs within which there is constant flux and churn, both in the licensees running the pubs and in the invested/ pub lifecycle situation of the pubs. Part of the impairments and reversals also came from this churn.

The Directors determined that a significant fall in the discount rate to September 2021 levels would be required to result in a material adjustment, notably an increase in impairment reversal. The Directors do not anticipate that a fall in the discount rate of such magnitude will occur as the 30 year gilt yield included in the Group Weighted Average Cost of Capital (WACC) is expected to remain high, it will not return to rates consistent with the response to COVID-19. As a result, a change to the discount rate is not expected to result in a material adjustment to the carrying amounts of pub assets within the next financial year.

**Critical judgements in applying the Company's accounting policies**

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of turnover and expenses during the reporting period.

Estimates and judgements are continually made and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable in the circumstances. As the use of estimates is inherent in financial reporting, actual results could differ from these estimates.

The Directors believe there are no critical accounting judgements in preparing these financial statements.

**4. TURNOVER**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Sale of goods	<b>4,273</b>	2,894
Rendering of services	<b>1,556</b>	1,381
	<b><u>5,829</u></b>	<b><u>4,275</u></b>

All turnover is attributable to the principal activity of the Company and arose within the UK.

**RED STAR PUB COMPANY (WR) LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****5. OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	<b>2022</b>	2021
	<b>£000</b>	£000
Management charges	<b>1,236</b>	1,095
Depreciation of tangible fixed assets (note 10)	<b>720</b>	701
Loss on disposal of tangible fixed assets	<b>15</b>	3
Impairment of tangible fixed assets (note 10)	<b>1,135</b>	-
Reversal of impairment of tangible fixed assets (note 10)	<b>(1,381)</b>	-

Management charges consist of charges from Group undertakings relating to staff costs and other services.

**6. AUDITOR'S REMUNERATION**

The Company was entitled to exemption from audit under section 479A of the Companies Act 2006 and therefore incurred no audit fees in 2022 (2021: £nil). No non-audit services were provided to the Company in the current and prior year.

**7. EMPLOYEES**

The Company has no employees (2021: none). Directors' remuneration is borne by Heineken UK Limited, the principal employer of the Group, in both the current and prior year.

**8. INTEREST PAYABLE AND SIMILAR EXPENSES**

	<b>2022</b>	2021
	<b>£000</b>	£000
Interest payable to a parent undertaking	<b>1,456</b>	74
Other interest payable	<b>6</b>	1
	<b><u>1,462</u></b>	<b><u>75</u></b>

**9. TAX ON (LOSS)/PROFIT**

	<b>2022</b>	2021
	<b>£000</b>	£000
<b>Deferred tax</b>		
Origination and reversal of temporary differences	<b>209</b>	182
Adjustment in respect of previous periods	<b>(2)</b>	(6)
Effect of changes in tax rates	<b>-</b>	(236)
<b>Total deferred tax</b>	<b><u>207</u></b>	<b><u>(60)</u></b>
<b>Total tax charge/(credit) for the year</b>	<b><u>207</u></b>	<b><u>(60)</u></b>

**RED STAR PUB COMPANY (WR) LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****9. TAX ON (LOSS)/PROFIT (CONTINUED)****FACTORS AFFECTING TAX CHARGE/(CREDIT) FOR THE YEAR**

The effective tax rate of (42.59)% (2021: (23.89)%) for the year is lower (2021: lower) than the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%) as set out below:

	<b>2022</b>	2021
	<b>£000</b>	£000
(Loss)/profit before tax	<u>(486)</u>	<u>473</u>
(Loss)/profit before tax multiplied by standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	<b>(92)</b>	90
<b>EFFECTS OF:</b>		
Fixed asset differences	<b>102</b>	84
Additional deduction for land	-	(1)
Adjustments in respect of prior years	<b>(2)</b>	(6)
Group relief claimed	<b>149</b>	(23)
Remeasurement of deferred tax for changes in tax rates	<u>50</u>	<u>(204)</u>
<b>TOTAL TAX CHARGE/(CREDIT) FOR THE YEAR</b>	<u><b>207</b></u>	<u>(60)</u>

**FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2021 during the prior year and these changes were reflected within the tax figures. This included an increase to the main rate of corporation tax to 25.00% from 1 April 2023 and this is the rate that has been used to calculate deferred tax where applicable at the year-end and the prior year. The Finance Act 2022 and 2023, receiving Royal Assent on 24 February 2022 and 10 January 2023 respectively, will have no impact on the corporation tax figures.

**10. TANGIBLE ASSETS**

Freehold property, buildings and fixtures and fittings are tangible assets that are owned by the Company. Owned assets are held for use in the Company's operating activities.

	<b>2022</b>	2021
	<b>£000</b>	£000
Freehold property, buildings, fixtures and fittings	<u><b>25,600</b></u>	<u>25,615</u>
<b>Tangible assets</b>	<u><b>25,600</b></u>	<u>25,615</u>

**RED STAR PUB COMPANY (WR) LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****10. TANGIBLE ASSETS (CONTINUED)**

	<b>Freehold property, buildings, fixtures and fittings £000</b>
<b>Cost or valuation</b>	
At 1 January 2022	32,674
Additions	481
Disposals	(381)
<b>At 31 December 2022</b>	<b>32,774</b>
<b>Accumulated depreciation and impairment</b>	
At 1 January 2022	7,059
Charge for the year	720
Impairment losses	1,135
Reversal of impairment	(1,381)
Disposals	(359)
<b>At 31 December 2022</b>	<b>7,174</b>
<b>Net book value</b>	
At 31 December 2021	25,615
<b>At 31 December 2022</b>	<b>25,600</b>

All assets are leased out, with the exception of a small number of properties currently vacant.

Following an impairment review in 2020, impairment losses of £3,454k on owned tangible fixed assets were recognised.

In 2021, for pubs within owned tangible assets there were no triggers for impairment or impairment reversal.

Following recent economic challenges due to high inflation which has resulted in lower Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) and lower cashflows across the hospitality sector in the UK, in 2022, an impairment review was performed across the pub estate. Following the impairment test, the Directors recognised reversal of previous impairment of £1,381k on owned tangible assets. In addition, the Directors recognised impairment losses of £1,135k on owned tangible assets. The amounts have been included in administrative expenses in the Statement of Comprehensive Income.

The Group considers that each of its individual pubs is a cash-generating unit (CGU) and as a result, each asset was reviewed for impairment by comparing the recoverable amount to the carrying value. Recoverable amount was determined at FVLCD, being the higher of FVLCD or VIU.

**RED STAR PUB COMPANY (WR) LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****10. TANGIBLE ASSETS (CONTINUED)**

As stated in note 3, the Directors believe there are no key sources of estimation uncertainty that are expected to result in a significant risk of a material adjustment within the next financial year. Information on the measurement of impairment in the review is included below:

*Discount rate*

The discount rate used in the VIU model started with the Group Weighted Average Cost of Capital (WACC) calculated independently by Heineken Group Treasury and applied the beta and gearing of listed UK pub companies. As outlined in note 3, a significant fall in the discount rate to September 2021 levels would be required to result in a material adjustment to the impairment, notably an increase in impairment reversal. The Directors do not anticipate that a fall of this magnitude will occur based on market conditions.

*Valuation multiple*

In absence of up to date estate valuations and fair maintainable cash flows, and in order to calculate a FVLCD, an EBITDA multiple of 10 times was applied to each pub's projected future cash flows. This is a typical market valuation methodology to determine a 'fair selling price' in this sector. Prior market transactions between February 2022 and May 2022 generated multiples of 11.0, 12.2 and 8.1 times resulting in the multiple of 10 times as a reasonable mid-point. Transactions in the UK market vary depending on the structure of transactions, quality of the pubs and the buyer/seller market conditions. Based on analysis of recent transactions from 2020, including the multiples above, the Directors do not see current market conditions having a material impact on the multiples for which pubs transact in the market, whilst multiples could be lower in certain transactions these are not expected to impact the mid-point on our portfolio of pubs.

*Forecast cash flows*

The forecast cash flows are based on site level historic average 3 year EBITDA, with the exception of pubs that we have invested in where we used the latest 12 months to October 2022 as the best indicator of future cash flows. The Directors believe the 3 year average allows for any one off extremes in any year going forward. In the current high inflation environment how each pub handles their price increases on the bar, cost management and promotional offsets will determine how successful they are going forward. As a result, the Directors believe the approach adopted is the most appropriate basis to forecast the future cashflows and represents the best estimate of the range of economic conditions that will exist over the remaining useful life of the asset.

The Directors will continue to assess market conditions for triggers of impairment and impairment reversal in the pub estate and expect to perform an assessment twice per annum.

**11. DEBTORS**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
<b>Amounts falling due after more than one year</b>		
Prepayments and accrued income	<b>193</b>	396
Deferred tax asset (note 13)	<b>642</b>	849
	<b>835</b>	1,245

**RED STAR PUB COMPANY (WR) LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****11. DEBTORS (CONTINUED)**

	<b>2022</b>	2021
	<b>£000</b>	£000
<b>Amounts falling due within one year</b>		
Trade debtors	<b>535</b>	349
Trade amounts owed by direct and intermediate parent undertakings and their subsidiaries	<b>77,164</b>	66,512
Prepayments and accrued income	<b>214</b>	209
	<b><u>77,913</u></b>	<u>67,070</u>

Trade amounts owed by Group undertakings are unsecured. No interest is charged on balances considered to be of a trading nature.

**12. CREDITORS**

	<b>2022</b>	2021
	<b>£000</b>	£000
<b>Amounts falling due within one year</b>		
Trade creditors	<b>67</b>	16
Funding amounts owed to a parent undertaking	<b>53,951</b>	51,259
Trade amounts owed to direct and intermediate parent undertakings and their subsidiaries	<b>46,504</b>	37,940
Other creditors	<b>759</b>	809
Accruals and deferred income	<b>348</b>	484
	<b><u>101,629</u></b>	<u>90,508</u>

Funding amounts owed to parent undertaking are unsecured. An annual interest rate of 1.55% (2021: 0.10%) plus average Sterling Overnight Index Average (SONIA) was charged on outstanding balances per annum. All loans with Group companies were recorded at their fair value. No interest was charged on balances considered to be of a trading nature.

**13. DEFERRED TAX**

In respect of prior year:	<b>£000</b>
At 1 January 2021	789
Credited to the Statement of Comprehensive Income	54
Adjustment in respect of prior years	6
<b>At 31 December 2021</b>	<b><u>849</u></b>
In respect of current year:	<b>£000</b>
At 1 January 2022	<b>849</b>
Charged to the Statement of Comprehensive Income	<b>(209)</b>
Adjustment in respect of prior years	2
<b>At 31 December 2022</b>	<b><u>642</u></b>

**RED STAR PUB COMPANY (WR) LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****13. DEFERRED TAX (CONTINUED)**

The deferred tax asset is made up as follows:

	<b>2022</b>	2021
	<b>£000</b>	£000
Fixed assets	<u><b>642</b></u>	<u><b>849</b></u>

Deferred tax assets of £6,312k (2021: £6,312k) have not been recognised in respect of capital losses carried forward as it is uncertain that there will be capital profits in the future. Capital losses can be carried forward indefinitely.

**14. OTHER PROVISIONS**

	<b>Insurance claims</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>
At 1 January 2022	<b>10</b>	<b>10</b>
Created	<b>5</b>	<b>5</b>
Released	<u><b>(15)</b></u>	<u><b>(15)</b></u>
<b>At 31 December 2022</b>	<u><b>-</b></u>	<u><b>-</b></u>

**Insurance claims provision**

Insurance claims raised against the Company are generally managed by a claims specialist company. These claims comprise property, public liability and employer's liability claims arising from incidents occurring across the properties owned by the Company. Examples are fire, water, disease, injury, slip/trip/fall claims.

**15. CALLED-UP SHARE CAPITAL**

	<b>2022</b>	2021
	<b>£000</b>	£000
<b>Authorised, allotted, called-up and fully paid</b>		
2 (2021: 2) Ordinary shares of £1 (2021: £1) each	<u><b>-</b></u>	<u><b>-</b></u>

**16. RESERVES****Profit and loss account**

The profit and loss account represents the accumulated profits, losses and distributions of the Company.

**17. OPERATING LEASE RECEIVABLES**

As per the introduction of IFRS 16, the Company held no finance lessor agreements as at 31 December 2022.

Operating lease arrangements in which the Company is the lessor, relates to property owned and leased by the Company and income is received through the Statement of Comprehensive Income. Operating lease terms range from lease terms of 1 month to 15 years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

**RED STAR PUB COMPANY (WR) LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****17. OPERATING LEASE RECEIVABLES (CONTINUED)**

At 31 December 2022, the Company had future minimum lease income under non-cancellable operating leases as follows:

	<b>2022</b>	2021
	<b>£000</b>	£000
Not later than 1 year	<b>1,006</b>	921
Later than 1 year and not later than 5 years	<b>2,380</b>	1,477
Later than 5 years	<b>937</b>	1,189
<b>TOTAL</b>	<b><u>4,323</u></b>	<u>3,587</u>

**18. ULTIMATE PARENT COMPANY**

The immediate parent company as at the Statement of Financial Position date is Star Pubs & Bars Limited, a company registered in Scotland. Copies of its financial statements can be obtained from the Company Secretary, 3-4 Broadway Park, South Gyle Broadway, Edinburgh, EH12 9JZ, United Kingdom, which is also its registered office.

The parent undertaking at the Statement of Financial Position date, of the smallest group of undertakings for which Group financial statements were drawn up and of which the Company was a member, was Heineken UK Limited, a company registered in Scotland. Group financial statements for this company may be obtained from the Company Secretary, 3-4 Broadway Park, South Gyle Broadway, Edinburgh, EH12 9JZ, United Kingdom, which is also its registered office.

The ultimate parent undertaking at the Statement of Financial Position date is Heineken Holding N.V. and the ultimate controlling party is Mrs C.L. de Carvalho-Heineken. Heineken Holding N.V., a company incorporated and registered in The Netherlands is the parent for the largest group of undertakings for which group financial statements were drawn up and of which the Company was a member. Group financial statements for this company may be obtained from the Company Secretary, Heineken Holding N.V., Tweede Weteringplantsoen 21, 1017 ZD, Amsterdam, The Netherlands, which is also the registered office.