Registration number: 00465905

Old Kentucky Restaurants Limited

Annual Report and Financial Statements

for the 52 weeks ended 24 September 2022

Old Kentucky Restaurants Limited
Strategic Report for the 52 weeks ended 24 September 2022

Old Kentucky Restaurants Limited ("the Company") is a private company limited by shares and is a subsidiary company of Mitchells & Butlers plc. Mitchells & Butlers plc, along with its subsidiaries, form the Mitchells and Butlers group of companies ("the Group"). The address of the Company's registered office is shown in note 11.

The Directors present their Strategic Report for the 52 weeks ended 24 September 2022. The comparative period is for the 52 weeks ended 25 September 2021.

Fair review of the business
The Company's principal activity was the holding of beneficial interests in certain registered and unregistered trademarks owned by the Group and receiving licence income in respect of those trademarks from fellow group subsidiary undertakings.

The loss for the period before taxation amounted to £28,183 (2021 loss of £10,995). The loss after taxation was £28,183 (2021 profit of £85,426), as a result of a current period tax credit of £nil (2021 £96,421). The Company was in a net asset position of £2,666,264 (2021 £2,694,447) at the period end.

Since November 2003 the Company has been within the Mitchells & Butlers securitisation structure. The securitisation is governed by various covenants, warranties and events of default which apply to the companies in the securitisation group, including the Company.

Key Performance Indicators
Due to the nature of the Company's business the Directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance, or position of the business. Key performance indicators for the Group as a whole, which includes the Company, are discussed in the Annual Report and Accounts 2022 of Mitchells & Butlers plc.

Principal risks and uncertainties
The Company is owed amounts from other group undertakings therefore credit risk is the most significant risk facing the Company. The risk of a default occurring is assessed as low, given that the Directors of Mitchells & Butlers plc, the ultimate parent undertaking of all the companies in the Group, have stated that they will continue to make funds available to enable each company to meet its debts as they fall due. This risk is monitored by the Directors on a regular basis.

Future Developments
The Company's principal activity is expected to continue to be the holding of beneficial interests in certain registered and unregistered trademarks owned by the Group and receiving licence income in respect of those trademarks from other companies in the Mitchells & Butlers group.

Approved by the Board on 16 December 2022 and signed on its behalf by:

Andrew Freeman

A D Freeman
Director

Old Kentucky Restaurants Limited
Directors' Report for the 52 weeks ended 24 September 2022

The Directors present their report on the affairs of the Company, together with the financial statements and independent auditor's report, for the 52 weeks ended 24 September 2022. The comparative period is for the 52 weeks ended 25 September 2021.

Details of future developments can be found in the Strategic Report on page 1.

Dividends
No dividends were declared or paid during the period (2021 £nil). The Directors are proposing a final dividend of £nil (2021 £nil).

Financial risk management
The financial risk management objectives and policies of the Company are monitored as part of the wider Group. Details of the risks and exposure of the Group to financial risks including; credit risk, liquidity risk and market risk are provided in the Mitchells & Butlers plc Annual Report and Accounts 2022.

The specific credit risk relating to the Company is described in note 8. The liquidity risk relating to the Company is managed as part of the overall Securitisation Group. As the Company holds a significant cash balance in excess of its current liabilities, the liquidity risk is considered to be minimal.

Going Concern
The financial statements have been prepared on a going concern basis, but with material uncertainty arising from the prevailing high level of unpredictability and uncertainty concerning both sales and, particularly, cost inflation. A full assessment of the going concern statement has been provided in note 1. In addition, the Directors of Mitchells & Butlers plc, the ultimate parent undertaking, have stated that they will continue to make funds available to the Company to enable it to meet its debts as they fall due for the foreseeable future, being a period of at least twelve months from the date of approval of the balance sheet.

As described in note 1, a material uncertainty exists, which may cast significant doubt over the Company's ability to trade as a going concern, in which case it may be unable to realise its assets and discharge its liabilities in the normal course of business. However, after due consideration the Directors have a reasonable expectation that the Company and the Group have sufficient resources to continue in operational existence for a period of at least twelve months from the date of approval of these financial statements.

Directors of the Company
The Directors who held office during the period and up to the date of this report were as follows:

L J Miles
A W Vaughan
G J McMahon (resigned on 31 August 2022)
A D Freeman (appointed on 1 September 2022)
A J M Hughes (appointed on 1 September 2022)
J A Berrow (resigned on 30 April 2022)
M Mottram (appointed on 30 April 2022)
S K Martindale

Directors' indemnity
Throughout the period to which these financial statements refer, the Directors had the benefit of a Directors' and officers' liability insurance policy, the premium for which was paid by the Company's ultimate parent company, Mitchells & Butlers plc.

Disclosure of information to the auditor
The Directors who held office as at the date of approval of this Directors' report confirm that so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and that each Director has taken all the steps that they ought to have taken as a Director to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006.

Old Kentucky Restaurants Limited
Directors' Report for the 52 weeks ended 24 September 2022 (continued)

Appointment of auditor
KPMG LLP were appointed as auditor during the period following Deloitte LLP's resignation after completion of the FY 2021 audit.

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board on 16 December 2022 and signed on its behalf by:

Andrew Freeman

A D Freeman
Director

Old Kentucky Restaurants Limited
Directors' Responsibilities Statement

The Directors are responsible for preparing the Strategic Report, 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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 estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the members of Old Kentucky Restaurants Limited (continued)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Old Kentucky Restaurants Limited ("the Company") for the 52 week period ended 24 September 2022 which comprise the income statement, the balance sheet, the statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 24 September 2022 and of its loss for the 52 week period then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework and;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1 to the financial statements which indicates that the Company's ability to continue as a going concern is dependent on the continued financial support from its ultimate parent company, Mitchells & Butlers plc. The financial statements of Mitchells & Butlers plc include a material uncertainty related to going concern and therefore the availability of support may be in doubt if required. These events and conditions, along with the other matters explained in note 1, constitute a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Going concern basis of preparation

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company, or to cease its operations, and as they have concluded that the company's financial position means that this is realistic for at least a year from the date of approval of the financial statements ("the going concern period"). As stated above, they have also concluded that there is a material uncertainty related to going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we found the going concern disclosure in note 1 to be acceptable.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of Directors, internal audit, and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected, or alleged fraud.
- Reading Board minutes.
- Considering remuneration incentive schemes and performance targets for management, Directors and other staff.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

Fraud and breaches of laws and regulations – ability to detect (continued)

As required by auditing standards, and taking into account possible pressures to meet profit targets, and our overall knowledge of the control environment we perform procedures to address the risk of management override of controls, in particular the risk that Group and component management may be in a position to make inappropriate accounting entries.

On this audit we do not believe there is a fraud risk related to revenue recognition because revenue is generated predominantly through the receipt of royalty income. This revenue contains no significant judgements and is comprised of small, simple transactions that are received from other Group companies.

We did not identify any additional fraud risks.

We performed procedures including:

Identifying journal entries and other adjustments to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management/ those posted to unusual accounts related to revenue, cash, operating costs/other expenses, seldom used accounts and those that move costs out of EBITDA.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the Directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the Directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Company's license to operate. We identified the following areas as those most likely to have such an effect: data protection laws, anti-bribery, and certain aspects of company legislation recognising the nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation
Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all law and regulations

Independent Auditor's Report to the members of Old Kentucky Restaurants Limited (continued)

Strategic report and Directors' report

The Directors are responsible for the strategic report and the Directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the Directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.
A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

***Simon Haydn-Jones* (Senior Statutory Auditor)**
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Snowhill, Birmingham, B4 6GH
16 December 2022

Old Kentucky Restaurants Limited
Income statement for the 52 weeks ended 24 September 2022

	Note	52 weeks ended 24 September 2022 £	52 weeks ended 25 September 2021 £
Revenue	2	**115,993**	100,764
Operating costs	3	**(144,431)**	(112,430)
OPERATING LOSS		**(28,438)**	(11,666)
Finance income	5	**255**	671
LOSS BEFORE TAXATION		**(28,183)**	(10,995)
Tax	6	**-**	96,421
(LOSS)/PROFIT FOR THE PERIOD		**(28,183)**	85,426

The above results are derived from continuing operations.

The Company has no comprehensive income or expense other than the profit/(loss) above.

The notes on pages 11 to 16 form an integral part of these financial statements

Old Kentucky Restaurants Limited
(Registration number: 00465905)

Balance sheet as at 24 September 2022

	Note	24 September 2022 £	25 September 2021 £
NON-CURRENT ASSETS			
Intangible assets	7	**49,153**	88,106
TOTAL NON-CURRENT ASSETS		**49,153**	88,106
CURRENT ASSETS			
Trade and other receivables	8	**437,770**	298,579
Cash and cash equivalents		**2,552,815**	2,552,590
TOTAL CURRENT ASSETS		**2,990,585**	2,851,169
TOTAL ASSETS		**3,039,738**	2,939,275
CURRENT LIABILITIES			
Trade and other payables	9	**(373,474)**	(244,828)
TOTAL CURRENT LIABILITIES		**(373,474)**	(244,828)
NET CURRENT ASSETS		**2,617,111**	2,606,341
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,666,264**	2,694,447
NET ASSETS		**2,666,264**	2,694,447
EQUITY			
Share capital	10	**1,100,000**	1,100,000
Retained earnings		**1,566,264**	1,594,447
TOTAL EQUITY		**2,666,264**	2,694,447

Approved by the Board and authorised for issue on 16 December 2022. They were signed on its behalf by:

Andrew Freeman

A D Freeman
Director

The notes on pages 11 to 16 form an integral part of these financial statements.

Old Kentucky Restaurants Limited
Statement of Changes in Equity for the 52 weeks ended 24 September 2022

	Share capital £	Retained earnings £	Total £
At 26 September 2020	**1,100,000**	**1,509,021**	**2,609,021**
Profit for the period	-	85,426	85,426
Total comprehensive income	-	85,426	85,426
At 25 September 2021	**1,100,000**	**1,594,447**	**2,694,447**
Loss for the period	-	(28,183)	(28,183)
Total comprehensive expense	-	(28,183)	(28,183)
At 24 September 2022	**1,100,000**	**1,566,264**	**2,666,264**

The notes on pages 11 to 16 form an integral part of these financial statements.

1. Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. The nature of the Company's operations and its principal activities are set out in the Strategic Report.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions. Where relevant, equivalent disclosures have been given in the Annual Report and Accounts 2022 of Mitchells & Butlers plc.

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

The Company's ultimate parent undertaking, Mitchells & Butlers plc includes the Company in its consolidated financial statements. The consolidated financial statements of Mitchells & Butlers plc are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from the Company Secretary, Mitchells & Butlers plc, 27 Fleet Street, Birmingham B3 1JP.

Accounting reference date

The Company's accounting reference date is 30 September. The Company draws up its financial statements to the Saturday directly before or following the accounting reference date, as permitted by section 390 (3) of the Companies Act 2006. The period ended 24 September 2022 and the comparative period 25 September 2021 both include 52 trading weeks.

Going concern

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have performed a going concern assessment which indicates that, taking account of reasonably possible downsides, the Company will have sufficient funds, through its funding from its ultimate parent company, Mitchells and Butlers plc, to meet its liabilities as they fall due for that period.

That assessment is dependent on Mitchells and Butlers plc not seeking repayment of the amounts currently due to the Group, which at 24 September 2022 amounted to £371,365, and providing additional financial support during that period, if required.

Mitchells and Butlers plc has indicated its intention to continue to make available such funds as are needed by the Company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the assessment. As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

However, continued support is dependent on the ability of the Mitchells and Butlers plc Group being able to settle its liabilities as they fall due. The Directors of Mitchells and Butlers plc have concluded that a material uncertainty exists over the Mitchells and Butlers plc Group's ability to continue as a going concern, as a result of the following considerations.

The combined impact on the hospitality sector of Covid-19, Brexit and more recently high and persistent cost inflation, initially in energy, wages and food costs, but now evident throughout most of the Group's cost base, has resulted in reduced levels of sales, profits and operating cash flow since March 2020. These factors cast a high degree of uncertainty as to the future financial performance and cash flows of the Group and have been considered by the Group Directors in assessing the ability of the Group to continue as a going concern.

The Group's primary source of borrowings is through ten tranches of fully amortising loan notes with a gross debt value of £1.4bn as at the end of the period. These are secured against the majority of the Group's property and its future income streams. The principal repayment period varies by class of note with maturity dates ranging from 2023 to 2036, with £116m amortisation payments falling due within the going concern period.

The Group also has available a committed unsecured credit facility of £150m which has a maturity date in February 2024. At the balance sheet date there were no drawings under these facilities.

1. Accounting policies (continued)

Going concern (continued)
Within the secured debt financing structure there are two main covenants: the level of net worth (being the net asset value of the securitisation group) and, FCF to DSCR. As at 24 September 2022 there was substantial headroom on the net worth covenant. FCF to DSCR represents the multiple of Free cash Flow (being EBITDA less tax and required capital maintenance expenditure) generated by sites within the structure to the cost of debt service (being the repayment of principal, net interest charges and associated fees). This is tested quarterly on both a trailing two-quarter and a four-quarter basis. These tests were waived until January 2022 (two-quarter) and April 2022 (four-quarter) and then set as transitioning to their full level of a minimum of 1.1 times by January 2023.

Unsecured facilities were initially measured only against a liquidity covenant, against which there was substantial headroom, until the end of Q3 FY22. Following this date further covenants were introduced relating to the ratio of EBITDAR to rent plus interest (at a minimum of 1.5 times) and net debt to EBITDA (to be no more than 3.0 times) based on the performance of the unsecured estate, both tested on a half-yearly basis.

In the year ahead the main uncertainties are considered to be the maintenance of growth in sales in the face of pressure on consumer spending power in an environment of falling real wages, and the future outlook for cost inflation across the whole of the cost base but most notably in energy prices, food costs and wages and salaries. The outlook for these is highly uncertain and volatile, particularly energy costs in the second half of FY 2023, and will depend on a number of factors including consumer confidence, global political developments and supply chain disruptions and government policy.

The Group Directors have reviewed the financing arrangements against a forward trading forecast in which they *have considered the Group's current financial position. This forecast assumes further growth in sales beyond pre-*pandemic levels and on the prior year slightly below the level generated in recent months. Costs are also assumed to continue to increase in line with recent experience blending at an expected increase of c10% across the cost base of the business of approximately £1.8bn. Under this base case the Group is able to stay within revised committed facility financial covenants, albeit with limited headroom, and maintains sufficient liquidity.

The Group Directors have also considered a severe but plausible downside scenario covering adverse movements against the base forward forecast in both sales and cost inflation in which some, but limited, mitigation activity is taken including lower capital expenditure on site remodel activity and a flex down of labour costs in line with reduced sales. In this scenario sales are assumed to remain in growth but at a level further below current run rates, and the impact of unmitigated cost inflation is higher particularly in the areas of food, labour and energy aggregating to 12% of the cost base. In this downside scenario, whilst the Group retains sufficient liquidity throughout the period based on existing facilities, covenants would be breached in the fourth quarter of the year in both secured and unsecured facilities. Under such a scenario the Group Directors believe that, on the basis of previous waivers secured, the strong asset base and longer term trading prospects, waivers should be forthcoming from main stakeholders. However this is not within the Group's control and as a result the Group Directors cannot conclude that the possibility of an un-waived breach of covenant is remote.

After due consideration of these factors, the Group Directors believe that it remains appropriate to prepare the Group financial statements on a going concern basis. However, the circumstances outlined above, in particular the uncertainty concerning sales and cost inflation with the resulting possibility of an un-waived covenant breach, and ultimately the need to renew unsecured facilities on or before February 2024, indicate the existence of a material uncertainty related to events or conditions that may cast significant doubt over the Group's ability to realise their assets and discharge their liabilities in the normal course of business.

Based on their enquiries the Company Directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, these circumstances represent a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Critical accounting judgements and key sources of estimation uncertainty
The preparation of the financial statements requires management to make judgements, estimates and assumptions in the application of accounting policies that affect reported amounts of assets, liabilities, income and expense.

Estimates and judgements are periodically evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

There are no critical accounting judgements or key sources of estimation uncertainty in the current or prior period.

1. Accounting policies (continued)

Adoption of new and revised Standards
None of the standards and interpretations issued by the International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee (IFRIC) and effective for the first time in the current period have had a material effect on the financial statements.

Revenue recognition
Revenue represents licence fee income in relation to the trademarks owned by the Company (excluding VAT). This income is recognised on a straight-line basis throughout the period, as the service is provided to other companies within the Group.

Finance income
Finance income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Finance income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Trademarks
Trademarks are initially measured at cost and amortised on a straight line basis over their estimated useful lives. The period of amortisation is 20 years. Trademarks are reviewed annually for impairment.

Trade receivables
Trade receivables and other receivables are recorded initially at transaction price and subsequently measured at amortised cost. This results in their recognition at nominal value less an allowance for any doubtful debts. The allowance for doubtful debts is recognised based on management's expectation of losses without regard to whether an impairment trigger happened or not (an "expected credit loss" model). The Company always measures the loss allowance for trade receivables at an amount equal to lifetime ECL.

Trade payables
Trade and other payables are initially recognised at fair value and recognised subsequently at amortised cost.

Taxation
The income tax credit/expense represents both the income tax receivable/payable, based on losses/profits for the period, and deferred tax and is calculated using tax rates enacted or substantively enacted at the balance sheet date. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense which are not taxable. Income tax is recognised in the income statement.

Group tax relief
It is the policy of the Mitchells & Butlers plc Group for no payment to be made for group tax relief received.

2. Revenue

Old Kentucky Restaurants Limited is a wholly owned subsidiary of Mitchells & Butlers Retail Limited with its operations falling under a single class of business and all residing within the UK. As such the Company is not required to complete separate disclosure notes under IFRS 8 Segmental Reporting and opts to disclose only a single business segment.

	52 weeks ended 24 September 2022 £	52 weeks ended 25 September 2021 £
Trademark royalty income	**115,993**	100,764

Finance income is detailed in note 5 of these financial statements.

3. Operating costs

Operating costs are analysed as follows:	Note	52 weeks ended 24 September 2022 £	52 weeks ended 25 September 2021 £
Intercompany costs[a]		**105,447**	73,447
Other costs		**31**	31
Amortisation expense	7	**38,953**	38,952
Total operating costs		**144,431**	112,430

a. Intercompany costs relate to legal costs associated with trademarks owned by the Company. The costs were incurred by another Group company and recharged to the Company.

Fees paid to KPMG LLP for the audit of the Company's financial statements were £1,500 (2021 £1,500, to Deloitte LLP). The fee is borne on behalf of the Company by another Group company. There were no non-audit services provided in either the current or prior period.

4. Employees and Directors

The Company does not have any direct employees in the current or prior period. Directors received no emoluments for their services to this Company in the current or prior period.

The eight Directors (2021 five) who served during the period were all employed by another Group company (Mitchells & Butlers Leisure Retail Limited) and are also Directors of other subsidiary companies of the Mitchells & Butlers plc Group. The Directors received total remuneration of £1.4m (2021 £1.1m) in respect of their services to the Group, but it is not practical to allocate this between each of the subsidiary companies for which they act as a Director. At the period end six (2021 five) of the Directors were members of the Group's defined contribution scheme, with one (2021 one) Director also holding accrued service within the Group's defined benefit scheme. During the period, five (2021 four) of the Directors were granted share options in the 'RSP' (Restricted Share Plan) scheme. Details of these schemes are disclosed in the Mitchells & Butlers plc Annual Report Accounts 2022.

The highest paid Director received emoluments of £0.4m (2021 £0.3m), with Company contributions to defined contribution pension schemes of £nil (2021 £nil). This Director also received share options in the RSP scheme in the period. In the prior period this Director also received share options in the RSP scheme.

5. Finance income

	52 weeks ended 24 September 2022 £	52 weeks ended 25 September 2021 £
Finance income intercompany	**255**	671

6. Taxation

	52 weeks ended 24 September 2022 £	52 weeks ended 25 September 2021 £
Taxation – income statement		
Current taxation		
UK corporation tax	**(2,046)**	(5,312)
Group relief received	**2,046**	5,312
Adjustments in respect of prior periods[a]	**-**	96,421
Total tax credit recognised in the income statement	**-**	96,421

a. Tax credit in the prior period related to group tax relief no longer payable from periods prior to FY 2010.

The standard rate of corporation tax applied to the reported profit is 19.0% (2021 19.0%).

The tax in the income statement for the period is a lower credit (2021 a higher credit) than the standard rate of corporation tax in the UK.

The differences are reconciled below:

	52 weeks ended 24 September 2022 £	52 weeks ended 25 September 2021 £
Loss before tax	**(28,183)**	(10,995)
Taxation credit at UK standard rate of corporation tax of 19.0% (2021 19.0%)	**5,355**	2,089
Expenses not deductible	**(7,401)**	(7,401)
Group relief received	**2,046**	5,312
Adjustments in respect of prior periods	**-**	96,421
Total tax credit	**-**	96,421

Factors which may affect future tax charges

The Finance Act 2021 increased the main rate of corporation tax from 19% to 25% with effect from 1 April 2023. This change has no impact on these financial statements.

7. Intangible costs

	Total £
Cost	
At 25 September 2021	**846,674**
At 24 September 2022	**846,674**
Amortisation	
At 25 September 2021	**758,568**
Amortisation charge	38,953
At 24 September 2022	**797,521**
Carrying amount	
At 24 September 2022	**49,153**
At 25 September 2021	**88,106**

8. Trade and other receivables

	24 September 2022 £	25 September 2021 £
Amounts owed by group undertakings[a]	**437,770**	298,579

a. Includes an amount of £345,904 (2021 £234,308) owed by the parent company, Mitchells and Butlers Retail Limited and £689 (2021 £689) owed by the ultimate parent company, Mitchells & Butlers plc. The remaining £91,177 (2021 £63,582) is owed by other group undertakings. Amounts owed by group undertakings are repayable on demand. Interest is not charged on all balances. Where interest is charged, it is charged at a market rate, based on what can be achieved on corporate deposits.

Credit risk and impairment
Credit risk on amounts owed from group undertakings is considered to be low risk. Mitchells & Butlers plc, the ultimate parent company provides a guarantee to subsidiary undertakings to enable them to meet debts as they fall due. The Directors also perform an assessment of the amounts owed from group undertakings and recognise any expected credit loss, where applicable.

The Directors consider that the carrying amount of trade receivables, amounts owed from group undertakings and other receivables approximately equates to their fair value. A lifetime ECL of £nil (2021 £nil) has been recognised against these balances.

9 Trade and other payables

	24 September 2022 £	25 September 2021 £
Social security and other taxes	**2,109**	2,993
Amounts owed to group undertakings[a]	**371,365**	241,835
	373,474	244,828

a. Amounts owed to group undertakings are non-interest bearing and repayable on demand.

10. Share capital

Allotted, called up and fully paid	**24 September 2022**		**25 September 2021**	
	No.	**£**	**No.**	**£**
Ordinary shares of £0.10 each	**11,000,000**	**1,100,000**	11,000,000	1,100,000

All shares rank equally and carry equal voting rights.

11. Ultimate parent undertaking

The Company's immediate parent is Mitchells & Butlers Retail Limited.

The Company's ultimate parent and controlling party is Mitchells & Butlers plc.

Relationship between entity and parents
The parent of the largest and smallest group in which these financial statements are consolidated is Mitchells & Butlers plc, incorporated in the United Kingdom.

The consolidated financial statements of Mitchells & Butlers plc are available from the Company Secretary, 27 Fleet Street, Birmingham, B3 1JP, which is the registered address of the Company.

All undertakings, including the Company, are companies incorporated in the United Kingdom and registered in England and Wales.