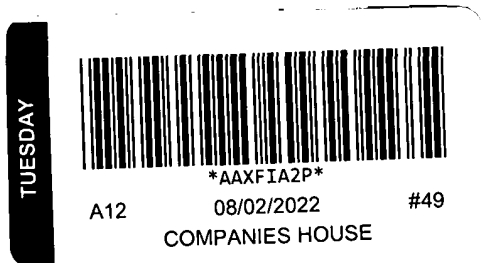


Registration number: 00465905

Old Kentucky Restaurants Limited

Annual Report and Financial Statements

for the 52 weeks ended 25 September 2021



Old Kentucky Restaurants Limited

Strategic Report for the 52 weeks ended 25 September 2021

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 25 September 2021. The comparative period is for the 52 weeks ended 26 September 2020.

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 £10,995 (2020 loss of £1,281). The profit after taxation was £85,426 (2020 loss of £1,281), as a result of a current period tax credit of £96,421 (2020 £nil) for group tax relief no longer payable from prior periods. The Company was in a net asset position of £2,694,447 (2020 £2,609,021) 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 2021 of Mitchells & Butlers plc.

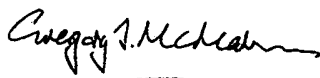
Principal risks and uncertainties

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 14 December 2021 and signed on its behalf by:



G J McMahon
Director

Old Kentucky Restaurants Limited

Directors' Report for the 52 weeks ended 25 September 2021

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 25 September 2021. The comparative period is for the 52 weeks ended 26 September 2020.

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

Dividends

No dividends were declared or paid during the period (2020 £nil). The Directors are proposing a final dividend of £nil (2020 £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 2021.

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 possible further impact of Covid-19. A full assessment of the going concern statement has been provided in note 1. As described in the 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. Accordingly, the financial statements continue to be prepared on the going concern basis.

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.

Given the prevailing high level of unpredictability and uncertainty concerning the future incidence of the pandemic, the Directors are unable to conclude that the prospect of either a further lockdown or of material trading restrictions being imposed on the Group and the Company is remote. Accordingly, the financial statements continue to be prepared on the going concern basis, but with material uncertainty arising from the possible further impact of Covid-19 on the economy and the hospitality sector.

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
J A Berrow
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.

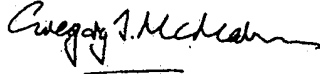
This confirmation is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006.

Old Kentucky Restaurants Limited
Directors' Report for the 52 weeks ended 25 September 2021 (continued)

Appointment of auditor

A formal audit tender process was completed during the period, with KPMG LLP appointed as auditor to replace Deloitte LLP who will resign following completion of the FY 2021 audit.

Approved by the Board on 14 December 2021 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Gregory J. McMahon', written over a horizontal line.

G J McMahon
Director

Old Kentucky Restaurants Limited

Directors' Responsibilities Statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; 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.

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

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Old Kentucky Restaurants Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 25 September 2021 and of its profit for the 52 weeks then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Income statement;
- the Balance sheet;
- the Statement of Changes in Equity; and
- the related notes 1 to 11.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1 in the financial statements, which indicates that a material uncertainty exists on the Company's future trading, due to the possible further impact of Covid-19. As stated in note 1, these events or conditions, along with the other matters as set forth in note 1, indicate that a material uncertainty exists 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.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Company's industry and its control environment, and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the Company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as tax and IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the Directors' report.

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

Matters on which we are required to report by exception

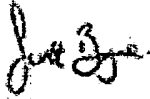
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

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.



Scott Bayne FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Leeds, United Kingdom
14 December 2021

Old Kentucky Restaurants Limited
Income statement for the 52 weeks ended 25 September 2021

		52 weeks ended 25 September 2021	52 weeks ended 26 September 2020
	Note	£	£
Revenue	2	100,764	147,478
Operating costs	3	(112,430)	(157,685)
OPERATING LOSS		(11,666)	(10,207)
Finance income	5	671	8,926
LOSS BEFORE TAXATION		(10,995)	(1,281)
Tax †	6	96,421	-
PROFIT/(LOSS) FOR THE PERIOD		85,426	(1,281)

The above results are derived from continuing operations.

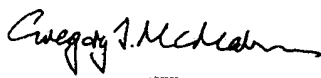
The Company has no comprehensive income or expense other than the profit/(loss) above.

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 25 September 2021

		25 September 2021 £	26 September 2020 £
	Note		
NON-CURRENT ASSETS			
Intangible assets	7	<u>88,106</u>	<u>127,058</u>
TOTAL NON-CURRENT ASSETS		<u>88,106</u>	<u>127,058</u>
CURRENT ASSETS			
Trade and other receivables	8	<u>298,579</u>	<u>177,663</u>
Cash and cash equivalents		<u>2,552,590</u>	<u>2,558,298</u>
TOTAL CURRENT ASSETS		<u>2,851,169</u>	<u>2,735,961</u>
TOTAL ASSETS		<u>2,939,275</u>	<u>2,863,019</u>
CURRENT LIABILITIES			
Trade and other payables	9	<u>(244,828)</u>	<u>(157,577)</u>
Corporation tax liability		<u>-</u>	<u>(96,421)</u>
TOTAL CURRENT LIABILITIES		<u>(244,828)</u>	<u>(253,998)</u>
NET CURRENT ASSETS		<u>2,606,341</u>	<u>2,481,963</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,694,447</u>	<u>2,609,021</u>
NET ASSETS		<u>2,694,447</u>	<u>2,609,021</u>
EQUITY			
Share capital	10	<u>1,100,000</u>	<u>1,100,000</u>
Retained earnings		<u>1,594,447</u>	<u>1,509,021</u>
TOTAL EQUITY		<u>2,694,447</u>	<u>2,609,021</u>

Approved by the Board and authorised for issue on 14 December 2021. They were signed on its behalf by:



G J McMahon
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 25 September 2021

	Share capital £	Retained earnings £	Total £
At 28 September 2019	1,100,000	1,510,302	2,610,302
Loss for the period	-	(1,281)	(1,281)
Total comprehensive expense	-	(1,281)	(1,281)
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

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

Old Kentucky Restaurants Limited

Notes to the Financial Statements for the 52 weeks ended 25 September 2021 (continued)

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 2021 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 25 September 2021 and the comparative period ended 26 September 2020 both include 52 trading weeks.

Going concern

The financial statements have been prepared on a going concern basis, but with material uncertainty arising from the possible further impact of Covid-19. 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.

The Company forms part of the Mitchells & Butlers Group, which is funded by both secured and unsecured financing, with the securitised estate governed by a number of covenants, warranties and events of default. This Company is part of the securitised estate. As described in the Mitchells & Butlers plc Annual Report and Accounts 2021, the Covid-19 pandemic, has resulted in a material uncertainty which may cast significant doubt over Mitchells & Butlers plc Group's ability, and therefore 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. This uncertainty stems directly from the lack of forward visibility of potential restrictions that might be imposed in response to the pandemic such as enforced closure, minimum social distancing measures, limitations on party sizes, and reduced opening times, all of which have an impact on consumers' ability and willingness to visit pubs and restaurants and therefore the Group's operational performance translating to sales and EBITDA that determine the Group's covenant compliance. Copies of the Mitchells & Butlers plc Annual Report and Accounts 2021 are available from the registered office at 27 Fleet Street, Birmingham, B3 1JP or via the website www.mbpplc.com.

Key judgements made by management in arriving at the level of future sales concern the depth, duration and continued recovery profile of the pandemic and therefore the level of sales that the business is able to achieve. To this end we assume that no further periods of mandated national or regional closure, or of material trading restrictions, will be enforced.

In reaching this assessment, the Directors have reviewed what they consider to be a plausible base case forecast scenario for the Group. Sales are assumed to largely recover to FY 2019 levels, supported in H1 by the 12.5% VAT rates on food and non-alcoholic drink for the 6 months from 1 October 2021. Stripping out the VAT benefit, this assumes sales are slightly below pre-Covid levels through H1 before moving back in line with pre-Covid sales in H2. In future years sales through FY 2023 are assumed to show a small growth on pre-Covid levels, with further growth forecast in FY 2024.

Operating margins in FY 2022 are assumed to be lower than those pre-Covid, with notable cost inflation across food and utilities, labour costs (additional pay increases for certain roles suffering from supply shortage and a 6.6% NLW increase impacting hourly pay) and increased non-pub costs. Whilst some reversion in utility costs is assumed after FY 2022, these still remain well ahead of pre pandemic levels.

Old Kentucky Restaurants Limited

Notes to the Financial Statements for the 52 weeks ended 25 September 2021 (continued)

1. Accounting policies (continued)

Going concern (continued)

Under the base case forecast, the Group continues to remain profitable with no forecast breach of covenants. However, under the reverse stress test scenario, being a downside forecast at which the business becomes unsustainable, covenants may be breached. Any breach in covenants would result in a need for further covenant waivers or for the Group to renegotiate its borrowing facilities, neither of which are fully within the Group's control. The Directors have, however, assessed that given the strength of the underlying business; existing relationships with main creditors; the Group's historical success in obtaining covenant waivers and in raising finance, they believe that a waiver of the covenants or renegotiation of the facilities should be achievable.

Notwithstanding the material uncertainty highlighted above, 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. Accordingly, the financial statements continue to be prepared on the going concern basis and do not include any adjustments that would result if the going concern basis were not appropriate.

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.

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 costs

Finance costs are allocated over the term of the debt using the effective interest method. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating finance charges over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) over the expected life of the debt instrument, or where appropriate, a shorter period, to the net carrying amount on initial recognition.

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.

Old Kentucky Restaurants Limited

Notes to the Financial Statements for the 52 weeks ended 25 September 2021 (continued)

1. Accounting policies (continued)

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 except when it relates to items charged or credited directly to equity, in which case the income tax is also charged or credited to equity.

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 25 September 2021 £	52 weeks ended 26 September 2020 £
Trademark royalty income	<u>100,764</u>	<u>147,478</u>

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

3. Operating costs

	Note	52 weeks ended 25 September 2021 £	52 weeks ended 26 September 2020 £
Operating costs are analysed as follows:			
Intercompany costs ^a		73,447	115,732
Other costs		31	3,600
Amortisation expense	7	<u>38,952</u>	<u>38,353</u>
Total operating costs		<u>112,430</u>	<u>157,685</u>

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 Deloitte LLP for the audit of the Company's financial statements were £1,500 (2020 £750). 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.

Old Kentucky Restaurants Limited

Notes to the Financial Statements for the 52 weeks ended 25 September 2021 (continued)

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 five Directors (2020 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 £1.1m (2020 £1.0m) 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 five (2020 five) of the Directors were members of the Group's defined contribution scheme, with one (2020 one) Director also holding accrued service within the Group's defined benefit scheme. During the period, four (2020 none) of the Directors were granted share options in the 'RSP' (Restricted Share Plan) scheme. In the prior period, four of the Directors were granted share options in the 'PRSP' (Performance Restricted Share Plan) scheme. Details of these schemes are disclosed in the Mitchells & Butlers plc Annual Report Accounts 2021.

The highest paid Director received emoluments of £0.3m (2020 £0.3m), with Company contributions to defined contribution pension schemes of £nil (2020 £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 PRSP scheme.

5. Finance income

	52 weeks ended 25 September 2021 £	52 weeks ended 26 September 2020 £
Finance income intercompany	<u>671</u>	<u>8,926</u>

6. Taxation

	52 weeks ended 25 September 2021 £	52 weeks ended 26 September 2020 £
Taxation – income statement		
Current taxation		
UK corporation tax	5,312	7,044
Group relief received	(5,312)	(7,044)
Adjustments in respect of prior periods ^a	<u>96,421</u>	<u>-</u>
Total tax credit recognised in the income statement	<u>96,421</u>	<u>-</u>

a. Tax credit refers 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% (2020 19.0%).

Old Kentucky Restaurants Limited

Notes to the Financial Statements for the 52 weeks ended 25 September 2021 (continued)

6. Taxation (continued)

The tax in the income statement for the period is a higher credit (2020 a lower credit) than the standard rate of corporation tax in the UK.

The differences are reconciled below:

	52 weeks ended 25 September 2021 £	52 weeks ended 26 September 2020 £
Loss before tax	(10,995)	(1,281)
Taxation credit at UK standard rate of corporation tax of 19.0% (2020 19.0%)	2,089	243
Expenses not deductible	(7,401)	(7,287)
Group relief received	5,312	7,044
Adjustments in respect of prior periods ^a	96,421	-
Total tax credit	96,421	-

b. Tax credit refers to group tax relief no longer payable from periods prior to FY 2010.

Factors which may affect future tax charges

The Finance Act 2020 maintained the main rate of corporation tax rate at 19% from 1 April 2020, overriding the Finance Act 2016.

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

7. Intangible costs

	Total £
Cost	
At 26 September 2020	846,674
At 25 September 2021	846,674
Amortisation	
At 26 September 2020	719,616
Amortisation charge	38,952
At 25 September 2021	758,568
Carrying amount	
At 25 September 2021	88,106
At 26 September 2020	127,058

Old Kentucky Restaurants Limited

Notes to the Financial Statements for the 52 weeks ended 25 September 2021 (continued)

8. Trade and other receivables

	25 September 2021 £	26 September 2020 £
Amounts owed by group undertakings ^a	<u>298,579</u>	<u>177,663</u>

a. Includes an amount of £234,308 (2020 £138,864) owed by the parent company, Mitchells and Butlers Retail Limited and £689 (2020 £689) owed by the ultimate parent company, Mitchells & Butlers plc. The remaining £63,582 (2020 £38,110) 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 (2020 £nil) has been recognised against these balances.

9 Trade and other payables

	25 September 2021 £	26 September 2020 £
Social security and other taxes	2,993	6,348
Amounts owed to group undertakings ^a	<u>241,835</u>	<u>151,229</u>
	<u>244,828</u>	<u>157,577</u>

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

10. Share capital

Allotted, called up and fully paid	25 September 2021		26 September 2020	
	No.	£	No.	£
Ordinary shares of £0.10 each	<u>11,000,000</u>	<u>1,100,000</u>	<u>11,000,000</u>	<u>1,100,000</u>

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.