

SPIRIT (FAITH) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the 52 weeks ended 28 April 2019



SPIRIT (FAITH) LIMITED

COMPANY INFORMATION

Directors	R Smothers N Elliot (appointed 1 May 2019)
Company secretary	Mrs L A Keswick
Registered number	03724077
Registered office	Westgate Brewery Bury St Edmunds Suffolk IP33 1QT
Auditor	Ernst & Young LLP Statutory Auditors 1 More London Place London SE1 2AF

SPIRIT (FAITH) LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Directors' responsibilities statement	3
Independent auditor's report	4 - 6
Statement of comprehensive income	7
Balance sheet	8
Statement of changes in equity	9
Notes to the financial statements	10 - 23

SPIRIT (FAITH) LIMITED

DIRECTORS' REPORT For the 52 weeks ended 28 April 2019

The directors present their report and the financial statements for the 52 weeks ended 28 April 2019.

Principal activity

The principal activity of the company in previous periods was that of ownership of a small number of unlicensed properties on which rents are charged to tenants. The company disposed of the last of its properties during the period and consequently its principal activity became that of the provision of financing, via intercompany loans, to fellow group companies.

Going concern

At the balance sheet date the company had net current assets and net assets of £20,877,000. After making enquiries the directors have a reasonable expectation that the net assets of £20,877,000 are recoverable in full and that the company has adequate resources to continue in operational existence for the foreseeable future. The directors are satisfied that the company is able to meet its liabilities as they fall due being a period of no less than 12 months from the date of approval of these financial statements and therefore continue to prepare the financial statements on a going concern basis.

Directors

The directors who served during the 52 weeks were:

R Lewis (resigned 31 August 2019)
R Smothers

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

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

Future developments

No significant changes are anticipated to the activities of the company in the foreseeable future.

Qualifying third party indemnity provisions

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

Disclosure of information to auditor

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

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

Post balance sheet events

On 19th August 2019, the boards of CK Noble (UK) Limited ("CK Bidco"), a wholly owned subsidiary of CK Asset Holdings Limited ("CKA"), a Cayman Islands company listed on the Hong Kong Stock Exchange and Greene King plc ("Greene King") reached agreement on the terms of a recommended cash offer by CK Bidco for the entire issued and to be issued share capital of Greene King, not already owned by or on behalf of the CKA group.

The Acquisition was implemented by way of a scheme of arrangement which took place on 30 October 2019, and on 31 October 2019 Greene King plc was re-registered as a private limited company with the name Greene King Limited.

SPIRIT (FAITH) LIMITED

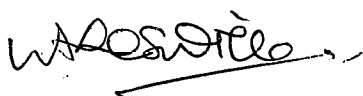
DIRECTORS' REPORT (CONTINUED)
For the 52 weeks ended 28 April 2019

Auditor

The auditor, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

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

A handwritten signature in black ink, appearing to read 'W. A. Keswick', with a horizontal line drawn underneath it.

Mrs L A Keswick

Secretary

Date: 06/11/19

SPIRIT (FAITH) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

For the 52 weeks ended 28 April 2019

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

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

In preparing these financial statements, the directors are required to:

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

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

OPINION

We have audited the financial statements of Spirit (Faith) Limited for the 52 weeks ended 28 April 2019 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and the related notes 1 to 22, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 28 April 2019 and of its profit for the 52 weeks then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. 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 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.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPIRIT (FAITH) LIMITED

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 directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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 material misstatements in the directors' report.

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

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

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement, set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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.

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 Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPIRIT (FAITH) LIMITED

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.



Lloyd Brown (Senior statutory auditor)

for and on behalf of
Ernst & Young LLP, Statutory Auditors
London, UK

Date: 13/11/2019

SPIRIT (FAITH) LIMITED

STATEMENT OF COMPREHENSIVE INCOME
For the 52 weeks ended 28 April 2019

		Continuing operations 52 weeks ended 28 April 2019 £000	Discontin'd operations 52 weeks ended 28 April 2019 £000	Total 52 weeks ended 28 April 2019 £000	Continuing operations 52 weeks ended 29 April 2018 £000	Discontinued operations 52 weeks ended 29 April 2018 £000	Total 52 weeks ended 29 April 2018 £000
	Note						
Administrative expenses		-	(145)	(145)	(338)	-	(338)
Exceptional administrative expenses		-	2,620	2,620	(982)	-	(982)
Operating profit/(loss)	4	-	2,475	2,475	(1,320)	-	(1,320)
Interest receivable and similar income	7	415	-	415	415	-	415
Interest payable and expenses	8	-	(58)	(58)	(79)	-	(79)
Profit/(loss) before tax		415	2,417	2,832	(984)	-	(984)
Taxation	9	(79)	(1,133)	(1,212)	-	-	-
Profit/(loss) for the period		336	1,284	1,620	(984)	-	(984)

There was no other comprehensive income for 2019 (2018: £nil).

The notes on pages 10 to 23 form part of these financial statements.

SPIRIT (FAITH) LIMITED
Registered number:03724077

BALANCE SHEET
As at 28 April 2019

	Note	28 April 2019 £000	29 April 2018 £000
Fixed assets			
Tangible assets	11	-	-
Current assets			
Debtors: amounts falling due within one year	12	29,256	28,865
Creditors: amounts falling due within one year	13	(8,379)	(3,393)
Net current assets		<u>20,877</u>	<u>25,472</u>
Total assets less current liabilities		<u>20,877</u>	<u>25,472</u>
Provisions for liabilities			
Other provisions	15	-	(6,191)
Net assets		<u><u>20,877</u></u>	<u><u>19,281</u></u>
Capital and reserves			
Called up share capital	16	1,100	1,100
Share premium account	17	900	900
Profit and loss account	17	18,877	17,281
Equity		<u><u>20,877</u></u>	<u><u>19,281</u></u>

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


R. Smothers

Director

Date: 06/11/19

The notes on pages 10 to 23 form part of these financial statements.

SPIRIT (FAITH) LIMITED

STATEMENT OF CHANGES IN EQUITY

For the 52 weeks ended 28 April 2019

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 29 April 2017	1,100	900	18,265	20,265
Loss for the period	-	-	(984)	(984)
At 30 April 2018	1,100	900	17,281	19,281
Impact of change in accounting policy	-	-	(24)	(24)
At 30 April 2018 (adjusted balance)	1,100	900	17,257	19,257
Profit for the period	-	-	1,620	1,620
At 28 April 2019	1,100	900	18,877	20,877

The notes on pages 10 to 23 form part of these financial statements.

SPIRIT (FAITH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 28 April 2019

1. GENERAL INFORMATION

Spirit (Faith) Limited is a private company limited by shares incorporated and domiciled in England & Wales.

The company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except where indicated.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and applicable accounting standards.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

2.3 Impact of new International Reporting Standards, amendments and interpretations

IFRS 9

The company adopted IFRS 9 on 30 April 2018 prospectively, hence, the information presented for comparative periods has not been restated and is presented, as previously reported, under IAS 39.

Classification and measurement

Amounts owed to the company from group undertakings were classified under loans and receivables under IAS 39. One loan is now held at fair value through profit or loss under IFRS 9 with the remainder of the balances being held at amortised cost under IFRS 9.

There is no impact from the change in classification in the company's financial statements and no tax impact from the adoption of IFRS 9.

SPIRIT (FAITH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 28 April 2019

2. ACCOUNTING POLICIES (CONTINUED)

2.3 IMPACT OF NEW INTERNATIONAL REPORTING STANDARDS, AMENDMENTS AND INTERPRETATIONS (CONTINUED)

Impairment of financial assets

IFRS 9 replaces the incurred loss model in IAS 39 with an expected credit loss (ECL) model. The new impairment model applies to the company's financial assets that are held at amortised cost.

Amounts due to the company from group undertakings are subject to IFRS 9's new ECL model. The amounts owed are not considered to have had a significant increase in risk and therefore a twelve month expected credit loss has been determined. Applying the ECL model resulted in the recognition of a loss allowance of £24,000 on 30 April 2018 (previous allowance was £nil) with no further increase in the allowance in the current reporting period.

IFRS 15

There have been no material impacts on the company's financial statements as a result of adopting IFRS 15 from 30 April 2018.

The following table summarises the impact of adopting new reporting standards on the company's financial statements.

Balance sheet (extract)

	29 April 2018 As originally presented £000	IFRS 9 £000	29 April 2018 As adjusted £000
CURRENT ASSETS			
Debtors	28,865	(24)	28,841
CAPITAL AND RESERVES			
Profit and loss account	17,281	(24)	17,257

SPRIT (FAITH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS **For the 52 weeks ended 28 April 2019**

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Going concern

At the balance sheet date the company had net current assets and net assets of £20,877,000. After making enquires the directors have a reasonable expectation that the net assets of £20,877,000 are recoverable in full and that the company has adequate resources to continue in operational existence for the foreseeable future. The directors are satisfied that the company is able to meet its liabilities as they fall due being a period of no less than 12 months from the date of approval of these financial statements and therefore continue to prepare the financial statements on a going concern basis.

2.5 Tangible fixed assets

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

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

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

Depreciation is provided on the following bases:

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

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

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

Residual values, useful lives and methods of depreciation are reviewed for all categories of property, plant and equipment and adjusted, if appropriate, at each financial year end.

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

SPIRIT (FAITH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the 52 weeks ended 28 April 2019

2. ACCOUNTING POLICIES (CONTINUED)

2.6 Impairment

Property, plant and equipment

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

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

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

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

2.7 Intercompany balances held at amortised cost

Policy applicable from 30 April 2018

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

The company recognises a loss allowance for expected credit losses on amounts due from group undertakings. The methodology used to determine the amount of the expected credit loss is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset.

For those financial assets where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses are recognised. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. For those financial assets where the credit risk has increased significantly (or determined to be credit impaired), lifetime expected credit losses are recognised. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset (or for credit impaired assets, to the net carrying amount of the financial asset).

Policy applicable prior to 30 April 2018

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

2.8 Intercompany loans held at fair value through profit or loss

Policy applicable from 30 April 2018

Loans owed by group undertakings are classified as fair value through profit or loss where they do not meet the solely payments of principal and interest test in IFRS 9. The company fair values the instrument, recognising a gain or loss through interest in the statement of comprehensive income.

SPIRIT (FAITH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 28 April 2019

2. ACCOUNTING POLICIES (CONTINUED)

2.9 Provisions for liabilities

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

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

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

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

2.10 Interest

Interest costs are expensed to the income statement using the effective interest method. Interest income is recognised in the income statement using the effective interest method.

2.11 Operating leases: lessee

Leases where the lessor retains substantially all the risks and benefits of ownership are classified as operating leases. Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

2.12 Taxation

Tax is recognised in the statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

2.13 Exceptional items

Exceptional items are defined as items of income or expense which, because of their nature, size or expected frequency, merit separate presentation to allow a better understanding of the financial performance in the period.

SPIRIT (FAITH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 28 April 2019

3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

SIGNIFICANT ACCOUNTING JUDGMENTS

In the course of preparing the financial statements, the key judgment made in the process of applying the company's accounting policies is detailed below:

Exceptional items

Management uses a range of measures to monitor and assess the company's financial performance. These measures include statutory measures calculated in accordance with IFRS but are adjusted to exclude items that management considers would prevent comparison of the company's performance from one reporting period to another.

The classification of items excluded from profit before exceptional items requires judgment including consideration of the nature, circumstances, scale and impact of the transaction.

Financial assets – held at fair value through profit or loss

The company has applied judgment in determining that certain loans do not meet the solely payments of principal and interest test in IFRS 9 and has classified the loans as fair value through profit or loss.

For those loans that do meet the solely payments of principal and interest test in IFRS 9 the company has classified the loans at amortised cost.

SIGNIFICANT ACCOUNTING ESTIMATES

The areas of estimation that have a significant risk of resulting in material adjustment to carrying amounts of assets and liabilities are detailed below:

Financial assets - held fair value through profit or loss

In determining the fair value of the loans the company has estimated the future cash flows anticipated and applied an estimated discount rate factoring in the key characteristics of the loans.

4. OPERATING PROFIT/(LOSS)

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

	52 weeks ended 28 April 2019 £000	52 weeks ended 29 April 2018 £000
Operating lease rentals	71	157

5. STAFF COSTS

The company has no employees (2018: none) and did not incur any staff costs during the period (2018: £nil).

The directors who held office during the period were also directors of fellow group undertakings. Total emoluments, including any company pension contributions, received by these directors totals £1,647,000 (2018: £1,579,000) paid by the ultimate parent company or other group companies. The directors do not believe that it is practicable to apportion this amount between qualifying services as directors to the company and to fellow group undertakings. The number of directors who received or exercised share options during the period was 2 (2018: nil).

SPIRIT (FAITH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the 52 weeks ended 28 April 2019

6. AUDITOR'S REMUNERATION

The auditor's remuneration for the period of £1,000 (2018: £1,000) has been borne by another group company.

The company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group financial statements of the ultimate parent company.

7. INTEREST RECEIVABLE AND SIMILAR CHARGES

	52 weeks ended 28 April 2019 £000	52 weeks ended 29 April 2018 £000
Interest receivable from group undertakings	-	415
Movement in fair value of intercompany loans	415	-
	<u>415</u>	<u>-</u>

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	52 weeks ended 28 April 2019 £000	52 weeks ended 29 April 2018 £000
Unwinding of discounting effect of provision	58	79
	<u>58</u>	<u>79</u>

9. TAXATION

	52 weeks ended 28 April 2019 £000	52 weeks ended 29 April 2018 £000
CORPORATION TAX		
Current tax on profits for the year	1,212	-
TOTAL CURRENT TAX	<u>1,212</u>	<u>-</u>

SPIRIT (FAITH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the 52 weeks ended 28 April 2019

9. TAXATION (CONTINUED)

FACTORS AFFECTING TAXATION FOR THE PERIOD

The tax assessed for the period is higher than (2018 -higher than) the standard rate of corporation tax in the UK of 19.0% (2018 -19.0%). The differences are explained below:

	52 weeks ended 28 April 2019 £000	52 weeks ended 29 April 2018 £000
Profit/(loss) on ordinary activities before tax	2,832	(984)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.0% (2018 -19.0%)	538	(187)
EFFECTS OF:		
Group relief for nil consideration	-	188
Movement in deferred tax asset not recognised	674	(1)
TOTAL TAX CHARGE FOR THE PERIOD	1,212	-

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The Finance (No.2) Act 2015 reduced the rate of corporation tax from 20% to 19% from 1 April 2017 and the Finance Act 2016 further reduced the rate to 17% from 1 April 2020. Both these rate reductions were substantively enacted at the balance sheet date and are therefore included in these accounts.

10. EXCEPTIONAL ITEMS

	52 weeks ended 28 April 2019 £000	52 weeks ended 29 April 2018 £000
Property provisions (note 15)	(6,171)	982
Loss on disposal of fixed assets (note 11)	3,551	-
	(2,620)	982

A credit of £6,171,000 (2018: charge of £982,000) has been realised on release the property provisions relating to onerous lease contracts following the disposal of the company's leasehold property.

The loss on disposal of fixed assets of £3,551,000 (2018: £nil) relates to a payment made to surrender the company's only leasehold property.

SPIRIT (FAITH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the 52 weeks ended 28 April 2019

11. TANGIBLE FIXED ASSETS

	Land and buildings £000	Fixtures and fittings £000	Total £000
At 30 April 2018	433	150	583
Disposals	(433)	(150)	(583)
At 28 April 2019	-	-	-
At 30 April 2018	433	150	583
Disposals	(433)	(150)	(583)
At 28 April 2019	-	-	-
NET BOOK VALUE			
At 28 April 2019	-	-	-
At 29 April 2018	-	-	-

12. DEBTORS: Amounts falling due within one year

	28 April 2019 £000	29 April 2018 £000
Amounts owed by group undertakings held at amortised cost	17,775	28,865
Amounts owed by group undertakings held at fair value through profit or loss	11,481	-
	<u>29,256</u>	<u>28,865</u>

Amounts owed by group undertakings held at fair value through profit or loss is a loan to fellow group undertaking, Spirit Managed Inns Limited of £11,481,000 (2018: £11,066,000). Interest accrues at 7% per annum on the original principal and the balance is repayable on demand.

Amounts owed by group undertakings held at amortised cost are unsecured, bear no interest, have no fixed date of repayment and are repayable on demand. Expected credit losses of £24,000 (2018: £nil) have been recognised against the carrying value.

The effect of the initial adoption of IFRS 9 is described in note 2.3.

SPIRIT (FAITH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 28 April 2019

13. CREDITORS: Amounts falling due within one year

	28 April 2019 £000	29 April 2018 £000
Amounts owed to group undertakings	7,167	3,393
Corporation tax payable	1,212	-
	8,379	3,393

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

SPIRIT (FAITH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the 52 weeks ended 28 April 2019

14. FINANCIAL INSTRUMENTS

Fair values

Set out below is a comparison of carrying amounts and fair values of all of the company's financial instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced liquidation or sale. The following methods and assumptions were used to estimate the fair values:

Loans due from group undertakings held at fair value through profit or loss: classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs. The valuation technique used to value the financial instruments was discounted cash flow analysis. Fair values of loans owed by group undertakings are calculated by discounting estimated future cash flows by an implied yield determined with reference to observable market data adjusted to take account of economic differences between the loans owed by group undertakings and the reference revolving credit facility. These adjustments reflect the credit risk of the loan. The cash flows have been assumed to take place one day after the balance sheet date.

	Hierarchical classification	Fair value 28 April 2019 £000	Carrying value 28 April 2019 £000	Carrying value 29 April 2018 £000
Financial assets				
Amounts owed by group undertakings held at fair value through profit or loss	Level 3	11,481,000	11,481,000	11,066,000

The loans owed by group undertakings have been reclassified to be held at fair value through profit and loss upon adoption of IFRS 9 on 30 April 2018. IFRS 9 was adopted prospectively, hence, fair value comparatives have not been presented. For further details on the adoption of IFRS 9 please see note 2.3.

There is no material impact from the valuation of the loans due to the fact that they are repayable on demand.

Hierarchical classification of financial assets and liabilities measured at fair value.

IFRS 13 requires that the classification of financial instruments at fair value be determined by reference to the source of inputs used to derive fair value.

The classification uses the following three-level hierarchy:

Level 1 - unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2 - other techniques for which all inputs have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3 - techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

During the periods ending 28 April 2019 and 29 April 2018 there were no transfers between fair value levels 1, 2 or 3.

SPIRIT (FAITH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the 52 weeks ended 28 April 2019

14. FINANCIAL INSTRUMENTS (continued)

The following table is a reconciliation of fair value measurements categorised within level 3 of the fair value hierarchy.

	28 April 2019 £000	29 April 2018 £000
Opening balance	11,066,000	-
Fair value gains	415,000	-
Closing balance	11,481,000	-

15. OTHER PROVISIONS

	Property leases £000
At beginning of period	6,191
Credited to profit or loss	(6,171)
Unwinding of discount effect of provision	58
Utilised in period	(78)
	-
At end of period	-

Property leases

The provision for property leases has been set up to cover operating costs of vacant or loss making premises. The provision covers the expected shortfall between operating income and rents payable for a period of five years for trading properties and ten years for non-trading properties, being the estimated period to mitigate the losses. These properties are not expected to become profitable in the future.

The key assumptions used to assess the level of property provisions required are the expected risk adjusted, cashflows associated with each property taking into account activities undertaken to mitigate losses and the risk free discount rate applied to these cashflows. A discount rate of 2.9% (2018: 2.9%) has been applied.

Additionally, provisions have been recognised in relation to property leases that have dilapidation clauses.

The provisions were released in full in the period due to the surrender of the lease.

SPIRIT (FAITH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the 52 weeks ended 28 April 2019

16. CALLED UP SHARE CAPITAL

	28 April 2019 £	29 April 2018 £
Allotted, called up and fully paid		
2,199,988 (2018 -2,199,988) Ordinary shares of £0.50 each	1,099,994	1,099,994

17. RESERVES

Share premium account

Share premium represents the excess of proceeds received over the nominal value of new shares issued.

Profit and loss account

Profit and loss account reserve represents accumulated retained earnings.

18. CONTINGENT LIABILITIES

During a previous period Spirit Pub Company group received refunds of £17.9m from HMRC in respect of gaming machines following a ruling involving The Rank Group plc ("Rank") that the application of VAT contravened the EU's principal of fiscal neutrality. HMRC successfully appealed the decision in October 2013. However, HMRC did not seek to recover the VAT of £17.9m and associated interest of £7.5m because it had accepted a guarantee that it would only repay this VAT if Rank's litigation is finally determined in HMRC's favour. Rank's latest appeal was rejected by the Supreme Court in July 2015 and the group is currently awaiting the outcome of related litigation involving Rank and others.

The provision has been recognised within the companies in the group that are expected to make the payment to HMRC. Accordingly, there is no contingent liability in the company at the balance sheet date as a provision is held for the liability within other companies in the group.

19. COMMITMENTS UNDER OPERATING LEASES

At the balance sheet date the company had future minimum lease payments under non-cancellable operating leases as follows:

	28 April 2019 £000	29 April 2018 £000
Not later than 1 year	-	141
Later than 1 year and not later than 5 years	-	564
Later than 5 years	-	5,948
	-	6,653

SPIRIT (FAITH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 28 April 2019

20. RELATED PARTY TRANSACTIONS

During the period the company entered into transactions, in the ordinary course of business, with other related parties. The company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with related parties that are wholly owned subsidiaries of the Greene King plc group. Amounts shown as owed to and by group subsidiaries are all held with fellow group undertakings. There were no transactions entered into during the financial year or trading balances outstanding at the balance sheet date with other related parties.

21. POST BALANCE SHEET EVENTS

On 19th August 2019, the boards of CK Noble (UK) Limited ("CK Bidco"), a wholly owned subsidiary of CK Asset Holdings Limited ("CKA") , a Cayman Islands company listed on the Hong Kong Stock Exchange and Greene King plc ("Greene King") reached agreement on the terms of a recommended cash offer by CK Bidco for the entire issued and to be issued share capital of Greene King, not already owned by or on behalf of the CKA group.

The Acquisition was implemented by way of a scheme of arrangement which took place on 30 October 2019, and on 31 October 2019 Greene King plc was re-registered as a private limited company with the name Greene King Limited.

22. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

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

The ultimate parent undertaking and ultimate controlling party is Greene King plc, a company registered in England and Wales. On 31 October 2019 Greene King plc was re-registered as a private limited company with the name Greene King Limited.

Spirit Pubs Debenture Holdings Limited is the smallest group which includes the results of the company and for which group financial statements are prepared. Copies of its group financial statements are available from Westgate Brewery, Bury St Edmunds, Suffolk, IP33 1QT.

Greene King Limited is the largest group which includes the results of the company and for which group financial statements are prepared. Copies of its group financial statements are available from Westgate Brewery, Bury St Edmunds, Suffolk, IP33 1QT.