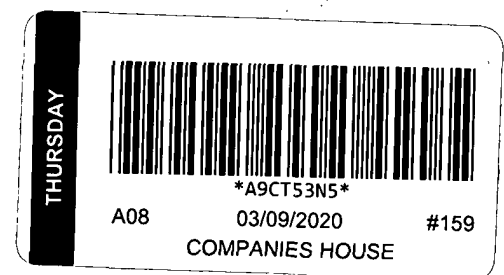


Registered number: 03724077

SPIRIT (FAITH) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the 52 weeks ended 26 April 2020



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 - 3
Directors' responsibilities statement	4
Independent auditor's report	5 - 7
Statement of comprehensive income	8
Balance sheet	9
Statement of changes in equity	10
Notes to the financial statements	11 - 20

SPIRIT (FAITH) LIMITED

DIRECTORS' REPORT **For the 52 weeks ended 26 April 2020**

The directors present their report and the financial statements for the 52 weeks ended 26 April 2020.

Principal activity

The principal activity of the company is the provision of financing, via intercompany loans, to fellow group companies. In the prior period, the company disposed of the last of its properties.

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.

Going concern

Greene King Limited has agreed to provide continuing financial support to enable the company to meet its obligations as and when they fall due for a minimum period of at least 12 months from the date of these financial statements.

The directors of Greene King Limited have assessed the potential impact of the COVID-19 pandemic as part of their going concern assessment of the Greene King Limited group. In doing so, the Greene King Limited directors have modelled a worst-case scenario that assumes the group's pubs remain closed for the entire 12 month going concern period. Under this worst-case basis, the Greene King Limited group is forecast to continue to have access to sufficient cash funds to be in operational existence for a period of at least 12 months from the date of the financial statements. Given the length of time the pubs have been closed the Greene King Limited group is forecast to breach certain financial covenants on both its long-term assetbacked financing vehicles during the period of assessment.

The directors of Greene King Limited have a reasonable expectation that the group has adequate resources to continue in operational existence for at least the next 12 months from the date of the approval of the financial statements. In forming this conclusion, the directors have made a significant judgement in respect of the continued availability of its long-term asset-backed financing vehicles in the knowledge that it could be reliant upon continued waiver of debt covenants which are forecast to be breached. The directors of Greene King Limited concluded that this significant judgement represents a material uncertainty that may cast significant doubt on the group's ability to continue as a going concern.

The directors of the company have made appropriate enquiries of the directors of Greene King Limited to confirm that they are satisfied that the financial support will be available and accordingly continue to prepare the financial statements on a going concern basis. However, given the material uncertainty disclosed in Greene King Limited financial statements as noted above, the directors of the company have also concluded there is a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern.

The directors continue to prepare the financial statements on a going concern basis and as a result do not include any adjustments to the carrying amount or classification of assets and liabilities that would result if the company were unable to continue as a going concern.

Page

Directors

The directors who served during the 52 weeks were:

R Lewis (resigned 31 August 2019)

R Smothers

N Elliot (appointed 1 May 2019)

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

SPIRIT (FAITH) LIMITED

DIRECTORS' REPORT (CONTINUED) **For the 52 weeks ended 26 April 2020**

The shares held by the directors in the capital of Greene King Limited were sold to CK Noble (UK) Limited as part of the acquisition of the company.

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 directors are aware, there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all the steps that ought to have been taken as the directors 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

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

SPIRIT (FAITH) LIMITED

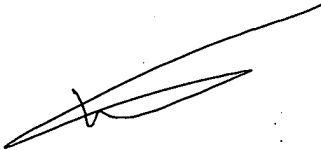
DIRECTORS' REPORT (CONTINUED)
For the 52 weeks ended 26 April 2020

Auditor

Ernst & Young LLP will be resigning as auditor of the company following the completion of these financial statements. The company proposes to appoint Deloitte LLP to audit the next financial statements of the company, which will be for the period to 3 January 2021, as the company will be aligning its financial year end to that used by the remainder of the CKA group.

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.



R Smothers
Director
Date: 20 August 2020

SPIRIT (FAITH) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

For the 52 weeks ended 26 April 2020

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 26 April 2020 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and the related notes 1 to 18, 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 26 April 2020 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.

MATERIAL UNCERTAINTIES RELATED TO GOING CONCERN

We draw attention to Note 2.4 in the financial statements, which describes the reliance of the company on a letter of support from the parent company, Greene King Limited, which discloses that a material uncertainty exists relating to the continued availability of both long-term asset-backed financing vehicles in the knowledge that this could be reliant upon continued waiver of debt covenants which are forecast to be breached.

As stated in Note 2.4, these events or conditions, 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.

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' exemption 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 4, 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

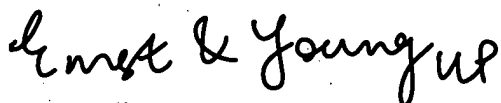
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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

21 August 2020

SPIRIT (FAITH) LIMITED

STATEMENT OF COMPREHENSIVE INCOME For the 52 weeks ended 26 April 2020

		Continuing operations 52 weeks ended 26 April 2020 £000	Discontin'd operations 52 weeks ended 26 April 2020 £000	Total 52 weeks ended 26 April 2020 £000	Continuing operations 52 weeks ended 29 April 2019 £000	Discontinued operations 52 weeks ended 28 April 2019 £000	Total 52 weeks ended 28 April 2019 £000
	Note						
Administrative expenses		(12)	-	(12)	-	(145)	(145)
Exceptional administrative expenses		-	-	-	-	2,620	2,620
Operating (loss)/profit	4	(12)	-	(12)	-	2,475	2,475
Interest receivable and similar income	7	415	-	415	415	-	415
Interest payable and expenses	8	-	-	-	-	(58)	(58)
Profit before tax		403	-	403	415	2,417	2,832
Taxation	9	(75)	-	(75)	(79)	(1,133)	(1,212)
Profit for the period		328	-	328	336	1,284	1,620

There was no other comprehensive income for 2020 (2019: £nil).

The notes on pages 11 to 20 form part of these financial statements.

SPIRIT (FAITH) LIMITED
Registered number:03724077

BALANCE SHEET
As at 26 April 2020

	Note	26 April 2020 £000	28 April 2019 £000
Current assets			
Debtors: amounts falling due within one year	11	29,659	29,256
Creditors: amounts falling due within one year	12	(8,454)	(8,379)
Net current assets		<u>21,205</u>	<u>20,877</u>
Total assets less current liabilities		<u>21,205</u>	<u>20,877</u>
Net assets		<u>21,205</u>	<u>20,877</u>
Capital and reserves			
Called up share capital	14	1,100	1,100
Share premium account	15	900	900
Profit and loss account	15	19,205	18,877
Equity		<u>21,205</u>	<u>20,877</u>

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


R Smothers
Director
Date: 20 August 2020

The notes on pages 11 to 20 form part of these financial statements.

SPIRIT (FAITH) LIMITED

STATEMENT OF CHANGES IN EQUITY **For the 52 weeks ended 26 April 2020**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 30 April 2018	1,100	900	17,281	19,281
Impact of change in accounting policy	-	-	(24)	(24)
	<u>1,100</u>	<u>900</u>	<u>17,257</u>	<u>19,257</u>
At 30 April 2018 (adjusted balance)				
Profit for the period	-	-	1,620	1,620
	<u>-</u>	<u>-</u>	<u>1,620</u>	<u>1,620</u>
At 29 April 2019	1,100	900	18,877	20,877
Profit for the period	-	-	328	328
	<u>-</u>	<u>-</u>	<u>328</u>	<u>328</u>
At 26 April 2020	<u>1,100</u>	<u>900</u>	<u>19,205</u>	<u>21,205</u>

The notes on pages 11 to 20 form part of these financial statements.

SPIRIT (FAITH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS **For the 52 weeks ended 26 April 2020**

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 16

The company has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 29 April 2019.

There has been no material impact on the company's financial statements as a result of adopting IFRS 16 from 29 April 2019.

SPIRIT (FAITH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS **For the 52 weeks ended 26 April 2020**

2. ACCOUNTING POLICIES (CONTINUED)

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

IFRS 9

The company adopted IFRS 9 on 30 April 2018 prospectively. IFRS 9 replaced 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. The ECL model resulted in the recognition of a loss allowance of £24,000 on 30 April 2018.

2.4 Going concern

Greene King Limited has agreed to provide continuing financial support to enable the company to meet its obligations as and when they fall due for a minimum period of at least 12 months from the date of these financial statements.

The directors of Greene King Limited have assessed the potential impact of the COVID-19 pandemic as part of their going concern assessment of the Greene King Limited group. In doing so, the Greene King Limited directors have modelled a worst-case scenario that assumes the group's pubs remain closed for the entire 12 month going concern period. Under this worst-case basis, the Greene King Limited group is forecast to continue to have access to sufficient cash funds to be in operational existence for a period of at least 12 months from the date of the financial statements. Given the length of time the pubs have been closed the Greene King Limited group is forecast to breach certain financial covenants on both its long-term assetbacked financing vehicles during the period of assessment.

The directors of Greene King Limited have a reasonable expectation that the group has adequate resources to continue in operational existence for at least the next 12 months from the date of the approval of the financial statements. In forming this conclusion, the directors have made a significant judgement in respect of the continued availability of its long-term asset-backed financing vehicles in the knowledge that it could be reliant upon continued waiver of debt covenants which are forecast to be breached. The directors of Greene King Limited concluded that this significant judgement represents a material uncertainty that may cast significant doubt on the group's ability to continue as a going concern.

The directors of the company have made appropriate enquiries of the directors of Greene King Limited to confirm that they are satisfied that the financial support will be available and accordingly continue to prepare the financial statements on a going concern basis. However, given the material uncertainty disclosed in Greene King Limited financial statements as noted above, the directors of the company have also concluded there is a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern.

The directors continue to prepare the financial statements on a going concern basis and as a result do not include any adjustments to the carrying amount or classification of assets and liabilities that would result if the company were unable to continue as a going concern.

Page

SPIRIT (FAITH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 26 April 2020

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Intercompany balances held at amortised cost

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).

2.6 Intercompany loans held at fair value through profit or loss

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.

2.7 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.

2.8 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.

2.9 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.

SPIRIT (FAITH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS **For the 52 weeks ended 26 April 2020**

2. ACCOUNTING POLICIES (CONTINUED)

2.10 Taxation

Tax is recognised in profit or loss 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.

2.11 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.

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

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

COVID-19

As a result of the COVID-19 impact, management have applied estimates within the discount rate used for the fair value measurement of the amounts owed by group undertakings. See note 13.

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.

SPIRIT (FAITH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the 52 weeks ended 26 April 2020

4. OPERATING PROFIT

The operating profit is stated after charging:

	52 weeks ended 26 April 2020 £000	52 weeks ended 28 April 2019 £000
Operating lease rentals	-	71

5. STAFF COSTS

The company has no employees (2019: none) and did not incur any staff costs during the period (2019: £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 £1,915,000 (2019: £1,674,000) 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 in a fellow group company during the period was 3 (2019: 2).

6. AUDITOR'S REMUNERATION

The auditor's remuneration for the period of £1,500 (2019: £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 26 April 2020 £000	52 weeks ended 28 April 2019 £000
Movement in fair value of intercompany loans	415	415

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	52 weeks ended 26 April 2020 £000	52 weeks ended 28 April 2019 £000
Unwinding of discounting effect of provision	-	58

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

SPIRIT (FAITH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the 52 weeks ended 26 April 2020

9. TAXATION

	52 weeks ended 26 April 2020 £000	52 weeks ended 28 April 2019 £000
CORPORATION TAX		
Current tax on profits for the year	79	1,212
Adjustments in respect of previous periods	(4)	-
TOTAL CURRENT TAX	75	1,212

FACTORS AFFECTING TAXATION FOR THE PERIOD

The tax assessed for the period is lower than (2019:lower than) the standard rate of corporation tax in the UK of 19.0% (2019:19.0%). The differences are explained below:

	52 weeks ended 26 April 2020 £000	52 weeks ended 28 April 2019 £000
Profit on ordinary activities before tax	403	2,832
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.0% (2019:19.0%)	77	538
EFFECTS OF:		
Expenses not deductible for tax purposes	2	-
Adjustments to tax charge in respect of prior periods	(4)	-
Movement in deferred tax asset not recognised	-	674
TOTAL TAX CHARGE FOR THE PERIOD	75	1,212

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The planned reduction in the rate of corporation tax from 19% to 17% was reversed by order of a "Way of means" motion on 17 March 2020, such motions having statutory effect under the Provisional Collection of Taxes 1968. Therefore, the enacted rate at the balance sheet date remains at 19% and is therefore included in these accounting. The net deferred tax asset has been calculated using the rates at which each temporary difference is expected to reverse.

SPIRIT (FAITH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the 52 weeks ended 26 April 2020

10. EXCEPTIONAL ITEMS

	52 weeks ended 26 April 2020 £000	52 weeks ended 28 April 2019 £000
Property provisions	-	(6,171)
Loss on disposal of fixed assets	-	3,551
	<u>-</u>	<u>(2,620)</u>

A credit of £6,171,000 was realised on release the property provisions relating to onerous lease contracts following the disposal of the company's leasehold property in the prior year. A loss on disposal of fixed assets of £3,551,000 was also recognised in prior year relating to a payment made to surrender the company's only leasehold property.

11. DEBTORS: Amounts falling due within one year

	26 April 2020 £000	28 April 2019 £000
Amounts owed by group undertakings held at amortised cost	17,763	17,775
Amounts owed by group undertakings held at fair value through profit or loss	11,896	11,481
	<u>29,659</u>	<u>29,256</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 £11,896,000 (2019: £11,481,000). 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 £36,000 (2019: £24,000) have been recognised against the carrying value.

12. CREDITORS: Amounts falling due within one year

	26 April 2020 £000	28 April 2019 £000
Amounts owed to group undertakings	8,379	7,167
Corporation tax	75	1,212
	<u>8,454</u>	<u>8,379</u>

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 26 April 2020

13. 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 26 April 2020 £000	Carrying value 26 April 2020 £000	Carrying value 28 April 2019 £000
Financial assets				
Amounts owed by group undertakings held at fair value through profit or loss	Level 3	11,896	11,896	11,481

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.

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 26 April 2020 and 28 April 2019 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 26 April 2020

13. FINANCIAL INSTRUMENTS (continued)

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

	26 April 2020 £000	28 April 2019 £000
Opening balance	11,481	11,066
Fair value gains	415	415
Closing balance	11,896	11,481

14. CALLED UP SHARE CAPITAL

	26 April 2020 £	28 April 2019 £
Allotted, called up and fully paid		
2,199,988 (2019: 2,199,988) Ordinary shares of £0.50 each	1,099,994	1,099,994

15. 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.

16. 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 Limited 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.

17. POST BALANCE SHEET EVENTS

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

SPIRIT (FAITH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 26 April 2020

18. 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 CK Asset Holdings Limited, a company registered in the Cayman Islands with its headquarters and principal place of business in Hong Kong. The company's shares are listed on the Main Board of the Hong Kong Stock Exchange.

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.

CK Asset Holdings 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 7th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong.