

Registered number: 07020781

SPIRIT PUB COMPANY (INVESTMENTS) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the 52 weeks ended 30 April 2017



SPIRIT PUB COMPANY (INVESTMENTS) LIMITED

COMPANY INFORMATION

Director	K Davis
Company secretary	Mrs L A Keswick
Registered number	07020781
Registered office	Westgate Brewery Bury St Edmunds Suffolk IP33 1QT
Auditor	Ernst & Young LLP Statutory Auditor One Cambridge Business Park Cambridge CB4 0WZ

SPIRIT PUB COMPANY (INVESTMENTS) LIMITED

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SPIRIT PUB COMPANY (INVESTMENTS) LIMITED

DIRECTOR'S REPORT For the 52 weeks ended 30 April 2017

The director presents his report and the financial statements for the 52 weeks ended ended 30 April 2017.

Principal activity

The principal activity of the company is that of an internal financing company within the Greene King plc group.

On 23 June 2015, 100% of the ordinary share capital of Spirit Pub Company plc, the ultimate parent of the Spirit Pub Company group, was acquired by Greene King plc. As a result of this transaction, the accounting reference date of this company was changed from 24 August to 30 April in line with other group companies, creating a 36 week accounting period for the period ended 1 May 2016. Consequently, amounts presented in these financial statements are not entirely comparable.

Going concern

At the balance sheet date the company had net current liabilities of £7,009,000 and net liabilities of £2,189,000. This includes amounts due to Greene King plc and other group undertakings amounting to £7,794,000. It is therefore clear that the company requires financial support from its ultimate parent undertaking, Greene King plc, to enable it to meet its liabilities as they fall due. Greene King plc has confirmed that it will provide the necessary financial support for at least 12 months from the date of approval of these financial statements to enable the company to meet its liabilities as they fall due. The directors of the company have made appropriate enquiries of the directors of Greene King plc 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.

Director

The director who served during the 52 weeks ended was:

K Davis

The director did not hold any interest in the share capital of the company during the period.

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

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

The director at the time when this director's report is approved has confirmed that:

- so far as is aware, there is no relevant audit information of which the company's auditor is unaware, and
- 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

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

Auditor

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

SPIRIT PUB COMPANY (INVESTMENTS) LIMITED

DIRECTOR'S REPORT (CONTINUED)
For the 52 weeks ended 30 April 2017

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 'Mrs L A Keswick', with a long horizontal line extending from the end of the signature.

Mrs L A Keswick

Secretary

Date: 15/12/2017

SPIRIT PUB COMPANY (INVESTMENTS) LIMITED

DIRECTOR'S RESPONSIBILITIES STATEMENT

For the 52 weeks ended 30 April 2017

The director is responsible for preparing the director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is 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 director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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 PUB COMPANY (INVESTMENTS) LIMITED

We have audited the financial statements of Spirit Pub Company (Investments) Limited for the 52 weeks ended 30 April 2017 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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.

Respective responsibilities of director and auditor

As explained more fully in the director's responsibilities statement, set out on page 3, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practice Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2017 and of its loss for the 52 weeks ended 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.

Opinion on other matter 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 director's report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the director's report has been prepared in accordance with applicable legal requirements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPIRIT PUB COMPANY
(INVESTMENTS) LIMITED**

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have identified no material misstatements in the director's report.

We have nothing to report in respect of the following matters where 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the director was not entitled to take advantage of the small companies' exemption from the requirement to prepare a strategic report or in preparing the director's report.

Ernst & Young LLP

Lloyd Brown (Senior statutory auditor)

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

Date: 15 December 2017

SPIRIT PUB COMPANY (INVESTMENTS) LIMITED

STATEMENT OF COMPREHENSIVE INCOME
For the 52 weeks ended 30 April 2017

	Note	52 weeks ended 30 April 2017 £000	36 weeks ended 1 May 2016 £000
Turnover	4	523	364
Gross profit		<u>523</u>	<u>364</u>
Interest receivable and similar income	6	-	1
Interest payable and similar charges	7	(2,873)	(1,997)
Loss before tax		<u>(2,350)</u>	<u>(1,632)</u>
Taxation	8	13	800
Loss for the period		<u>(2,337)</u>	<u>(832)</u>

There were no recognised gains and losses for 2017 or 2016 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2017 (2016:£nil).

The notes on pages 9 to 17 form part of these financial statements.

SPIRIT PUB COMPANY (INVESTMENTS) LIMITED
Registered number: 07020781

BALANCE SHEET
As at 30 April 2017

	Note	30 April 2017 £000	1 May 2016 £000
Fixed assets			
Investment property	9	5,298	5,269
Current assets			
Debtors: amounts falling due within one year	10	49,982	49,071
Cash at bank	11	207	838
		<u>50,189</u>	<u>49,909</u>
Creditors: amounts falling due within one year	12	(57,198)	(54,539)
Net current liabilities		<u>(7,009)</u>	<u>(4,630)</u>
Total assets less current liabilities		<u>(1,711)</u>	<u>639</u>
Provisions for liabilities			
Deferred taxation	13	(478)	(491)
Net (liabilities)/assets		<u>(2,189)</u>	<u>148</u>
Capital and reserves			
Called up share capital	14	-	-
Profit and loss account	15	(2,189)	148
Equity		<u>(2,189)</u>	<u>148</u>

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



K Davis

Director

Date: 15/12/2017

The notes on pages 9 to 17 form part of these financial statements.

SPIRIT PUB COMPANY (INVESTMENTS) LIMITED

STATEMENT OF CHANGES IN EQUITY
For the 52 weeks ended 30 April 2017

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 22 August 2015	-	980	980
Comprehensive income for the period			
Loss for the period	-	(832)	(832)
	<hr/>	<hr/>	<hr/>
At 1 May 2016	-	148	148
Comprehensive income for the period			
Loss for the period	-	(2,337)	(2,337)
	<hr/>	<hr/>	<hr/>
At 30 April 2017	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

SPIRIT PUB COMPANY (INVESTMENTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 30 April 2017

1. GENERAL INFORMATION

Spirit Pub Company (Investments) 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 unless otherwise specified within these accounting policies 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 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;
 - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
- 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 Going concern

At the balance sheet date the company had net current liabilities of £7,009,000 and net liabilities of £2,189,000. This includes amounts due to Greene King plc and other group undertakings amounting to £7,794,000. It is therefore clear that the company requires financial support from its ultimate parent undertaking, Greene King plc, to enable it to meet its liabilities as they fall due. Greene King plc has confirmed that it will provide the necessary financial support for at least 12 months from the date of approval of these financial statements to enable the company to meet its liabilities as they fall due. The directors of the company have made appropriate enquiries of the directors of Greene King plc 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.

SPIRIT PUB COMPANY (INVESTMENTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 30 April 2017

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Investment property

Investment property is carried at fair value based on internal appraisals. No depreciation is provided. Changes in fair value are recognised in the profit and loss account.

2.5 Intercompany balances

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.

2.6 Cash at bank

Cash at bank in the balance sheet comprise cash at bank and short-term deposits with an original maturity of three months or less.

2.7 Revenue

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and is measured at the fair value of consideration receivable, excluding discounts, rebates and other sales taxes. Turnover consists of rental income which is recognised on a straight line basis over the lease term

2.8 Operating leases: the company as lessor

Rentals income from operating leases is credited to the statement of comprehensive income on a straight line basis over the term of the relevant lease.

2.9 Interest income

Interest receivable or payable under the company's various investments and financial instruments is accrued so as to impute a constant periodic rate of return in the profit and loss account.

SPIRIT PUB COMPANY (INVESTMENTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 30 April 2017

2. ACCOUNTING POLICIES (CONTINUED)

2.10 Current and deferred taxation

The tax expense for the 52 weeks ended comprises current and deferred tax. 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.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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

The preparation of financial statements requires management to make judgments, estimates and assumptions in the application of accounting policies that affect reported amounts of assets and liabilities, income and expense. The company bases its estimates and judgments on historical experience and other factors deemed reasonable under the circumstances, including any expectations of future events. Actual results may differ from these estimates.

There are no estimates and judgments made in the company that are considered to be significant.

4. TURNOVER

An analysis of turnover by class of business is as follows:

	52 weeks ended 30 April 2017 £000	36 weeks ended 1 May 2016 £000
Rent receivable	523	364

All turnover arose within the United Kingdom.

SPIRIT PUB COMPANY (INVESTMENTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the 52 weeks ended 30 April 2017

5. STAFF COSTS

The company has no employees and did not incur any staff costs during the period (2016: £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 £545,000 (2016: £689,000) 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 1 (2016: 1).

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	52 weeks ended 30 April 2017 £000	36 weeks ended 1 May 2016 £000
Other interest receivable	-	1

7. INTEREST PAYABLE AND SIMILAR CHARGES

	52 weeks ended 30 April 2017 £000	36 weeks ended 1 May 2016 £000
Interest payable to group undertakings	2,873	1,997

SPIRIT PUB COMPANY (INVESTMENTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the 52 weeks ended 30 April 2017

8. TAXATION

	52 weeks ended 30 April 2017 £000	36 weeks ended 1 May 2016 £000
CORPORATION TAX		
Adjustments in respect of previous periods	-	(763)
TOTAL CURRENT TAX	<u>-</u>	<u>(763)</u>
DEFERRED TAX		
Origination and reversal of timing differences	19	15
Effects of changes in tax rates and laws	(27)	(52)
Adjustments in respect of previous periods	(5)	-
TOTAL DEFERRED TAX	<u>(13)</u>	<u>(37)</u>
TAXATION ON (LOSS) ON ORDINARY ACTIVITIES	<u>(13)</u>	<u>(800)</u>

FACTORS AFFECTING TAXATION FOR THE PERIOD

The tax assessed for the period is higher than (2016 -higher than) the standard rate of corporation tax in the UK of 19.9% (2016 -20.0%). The differences are explained below:

	52 weeks ended 30 April 2017 £000	36 weeks ended 1 May 2016 £000
Loss on ordinary activities before tax	<u>(2,350)</u>	<u>(1,632)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.9% (2016 -20.0%)	(468)	(326)
EFFECTS OF:		
Expenses not deductible for tax purposes	(10)	(7)
Adjustments to tax charge in respect of prior periods	(5)	(763)
Group relief for nil consideration	4	(24)
Transfer pricing adjustments	494	372
Effect of tax rates and laws	(27)	(52)
Deferred tax in respect of licenced estate	(1)	-
TOTAL TAXATION FOR THE PERIOD	<u>(13)</u>	<u>(800)</u>

SPIRIT PUB COMPANY (INVESTMENTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the 52 weeks ended 30 April 2017

8. TAXATION (CONTINUED)

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The Finance Act (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.

9. INVESTMENT PROPERTY

	Freehold investment property £000
VALUATION	
At 2 May 2016	5,269
Additions at cost	29
AT 30 APRIL 2017	5,298

Investment property is carried at fair value based on a valuation performed in August 2015 in accordance with market practice by Colliers International, independent chartered surveyors, acting as external valuers.

10. DEBTORS: Amounts falling due within one year

	30 April 2017 £000	1 May 2016 £000
Amounts owed by group undertakings	49,326	49,070
Accrued income	656	1
	49,982	49,071

Amounts owed by group undertakings are unsecured, bear no interest, have no fixed date of repayment and are repayable on demand.

11. CASH AT BANK

	30 April 2017 £000	1 May 2016 £000
Cash at bank	207	838

SPIRIT PUB COMPANY (INVESTMENTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the 52 weeks ended 30 April 2017

12. CREDITORS: Amounts falling due within one year

	30 April 2017 £000	1 May 2016 £000
Amounts owed to group undertakings	57,120	54,410
Other taxation and social security	-	53
Deferred income	78	76
	<u>57,198</u>	<u>54,539</u>

Included within amounts owed to group undertakings are four loans from fellow group undertaking, Spirit Pub Company (SGE) Limited, of £3,452,000, £2,037,000, £4,353,000 and £31,312,000 (2016: £3,452,000, £2,037,000, £4,353,000 and £31,312,000 respectively). The loans accrue interest at 7% per annum, and at the balance sheet date total interest of £12,720,000 had accrued (2016: £9,847,000). All four loans are repayable on demand.

Other amounts owed to group undertakings are unsecured, bear no interest, have no fixed date of repayment and are repayable on demand.

13. DEFERRED TAXATION

	30 April 2017 £000	1 May 2016 £000
At beginning of year	(491)	(528)
Charged to profit or loss	13	37
At end of year	<u>(478)</u>	<u>(491)</u>

The provision for deferred taxation is made up as follows:

	30 April 2017 £000	1 May 2016 £000
Accelerated capital allowances	(419)	(427)
Rolled over gains and property revaluation	(59)	(64)
	<u>(478)</u>	<u>(491)</u>

SPIRIT PUB COMPANY (INVESTMENTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the 52 weeks ended 30 April 2017

14. SHARE CAPITAL

	30 April 2017 £	1 May 2016 £
Shares classified as equity		
Allotted, called up and fully paid		
1 Ordinary share of £1	<u>1</u>	<u>1</u>

15. RESERVES

Profit and loss account

Profit and loss account reserve represents accumulated retained earnings.

16. COMMITMENTS UNDER OPERATING LEASES

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

	30 April 2017 £000	1 May 2016 £000
Not later than 1 year	525	525
Later than 1 year and not later than 5 years	2,100	2,100
Later than 5 years	6,457	6,980
	<u>9,082</u>	<u>9,605</u>

17. 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.

SPIRIT PUB COMPANY (INVESTMENTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS **For the 52 weeks ended 30 April 2017**

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 Pub Company (Investments) Limited to be Spirit Parent 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.

Greene King Plc is the smallest and 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.