

Registered number: 13420745

Punch Pubs Group Limited
Annual Report and Financial Statements
15 August 2021

Punch Pubs Group Limited

Directors of the Company

Ed Bashforth
Stephen Dando

Appointed: 26th May 2021
Appointed: 26th May 2021

Company Secretary

Francesca Appleby

Appointed: 26th May 2021

Registered office

Jubilee House
Second Avenue
Burton upon Trent
Staffordshire
DE14 2WF

Company number

13420745

Auditors

Cooper Parry Group Limited
Sky View
Argosy Road
East Midlands Airport
Derby
DE74 2SA

Principal bankers

Barclays Bank plc
One Snowhill
Snow Hill Queensway
Birmingham
B3 2WN

STRATEGIC REPORT

PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS

The principal activity of the company is that of an intermediate holding company. The principal activity of the Group is the leasing of public houses to independent publicans, pub retailing, the brewing of beer and the wholesale supply of beer products to lessees.

The company was incorporated on 26 May 2021.

On the 23 June 2021 the Group acquired its subsidiaries from Punch Taverns Limited its immediate parent undertaking, as part of a larger restructure in connection with a refinancing.

These financial statements show the consolidated result of the Group.

Operations are managed at a Vine Acquisitions Limited Group level, the ultimate UK parental entity.

RESULTS AND DIVIDENDS

The loss after taxation for the 12 week period amounted to £63.2m. The directors do not propose the payment of a final dividend.

As the group acquired its trading subsidiaries on 23 June 2021 the results include 8 weeks of trade.

KEY PERFORMANCE INDICATORS

EBITDA

The underlying earnings before interest, taxation, depreciation and amortisation for the 12 week period ended 15 August 2021 were £14.2m.

Profit before tax

The underlying profit before taxation for the 12 week period ended 15 August 2021 was £4.5m.

Nominal net debt

The nominal net debt excluding deferred issue costs at 15 August 2021 was £607.5m.

	15 August 2021
	£m
Borrowings (note 21)	(630.0)
Cash and cash equivalents	22.5
	<u>(607.5)</u>

SECTION 172 STATEMENT

Under section 172 of the Companies Act the directors of the company have a duty to promote the success of the company for the benefit of shareholders as a whole. This section of the report is designed to set out how the directors have complied with their obligations in this regard.

The directors of the company have acted in a way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- the likely consequences of any decision in the long term,
- the interests of the company's employees
- the need to foster the company's business relationships with suppliers, customers and others,
- the impact of the company's operations on the community and the environment,
- the desirability of the company maintaining a reputation for high standards of business conduct, and
- the need to act fairly as between members of the company.

Stakeholders

The directors believe it is important to work together with stakeholders, building positive relationships in order to deliver long-term sustainable success. As the company is a wholly owned subsidiary of the Vine Acquisitions Limited group, the company's key stakeholders are largely the same as those of Vine Acquisitions Limited. Decisions affecting the company are based on group strategy, filtered down from the group. The Vine Acquisitions Limited group's ("the Group") key stakeholders are as follows:

Shareholders: The Group board meets every period to discuss the financial reporting and strategy of the Group. The board includes directors of the Group, who are employed by Patron Capital (majority shareholders in the Group) and May Capital. The board meetings give investors the opportunity to provide feedback to the directors on a range of matters.

Employees: The Group is committed to regular, two way communications between the Board and employees, with strong structures and channels in place for consultation and feedback. The leadership team deliver regular business briefs to employees on the Group's performance and also hold regular, two-way consultation sessions with employees.

The Group is an equal opportunities employer, welcoming pub lovers of all backgrounds. We know that a huge part of what makes our business such a great place to work is our inclusive culture and environment, where all of our people can truly be themselves, whilst realising their full potential. This means that all employees and applicants are treated equally, regardless of their age, disability, race, religion or belief, gender, sexual orientation, marital or civil partnership status.

Publicans: The Group operates as a population of over 1,200 individual pub businesses, creating exciting possibilities through the pub-by-pub approach, with publicans at the heart of everything we do, using our scale for the benefit of each of our pubs, publicans and their guests.

The Group is not restricted to any one operating model, but operates across the full spectrum of operating formats, from free-of-tie commercial leases, tied leases and tenancies, turnover leases and Management Partnership agreements to fully Managed pubs.

Debt holders: The Group is largely financed through a secured loan and revolving credit facility. Debt providers receive regular reporting updates on the relevant security Group.

Suppliers: The Group seeks to maintain strong, long term, relationships with key suppliers to ensure high quality and service levels are sustained. Senior members of the management team regularly meet with key suppliers to ensure relationships are upheld.

Equality and Diversity

The Group is committed to promoting diversity across the Group. To this end, the Group is committed to providing equal opportunities in recruitment, promotion, career development, training and reward to all employees without discrimination. The Group gives full consideration to applications for employment from disabled persons, where the requirements of the job can be adequately fulfilled by such persons. The Group continues to be supportive of the employment of disabled persons in accordance with their abilities and aptitudes, provided that they can be employed in a safe working environment. Where existing employees become disabled, it is the Group's policy wherever practicable to provide continuing employment under normal terms and conditions.

Payment of suppliers

It is the Group's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the group and its suppliers, provided that all trading terms and conditions have been complied with.

PRINCIPAL RISKS AND UNCERTAINTIES

Liquidity risk

The Group is primarily financed by loan notes, with the capital balance of the loan being repayable in June 2026. The board continues to review alternative sources of finance. Further information on how the securitised group manages its liquidity risk is provided in note 22 to the financial statements.

Interest rate risk

The Group is exposed to interest rate risk from its loan notes and borrows at fixed and floating rates of interest. Further information on how the Group manages its interest rate risk is provided in note 22 to the financial statements.

Capital risk

The Group's capital structure is made up of loan notes, issued share capital and reserves. The Group is able to generate sufficient returns to service the debt. Debt is monitored by a variety of measures which are reported to debt providers on a quarterly basis.

GOING CONCERN

The directors have made enquiries into the adequacy of the company's financial resources, through a review of the company's budget and medium-term financial plan, including capital expenditure plans and cash flow forecasts.

The Company has modelled a range of scenarios, with the base forecast being one in which, over the next 12 months, sales broadly recover to pre-Covid levels. More cautious scenarios have been analysed, including ones with significant reductions to revenue, these have been prepared with reference to the actual cash outflows in the previous lockdown periods.

The directors are satisfied that they have a reasonable expectation that the company and the Group have sufficient resources together with the ability to access additional liquidity when the Group needs to withstand adjustments to the base forecast, as well as the downside scenarios and to continue in operational existence for a period of at least 12 months from the date of approval of these financial statements, and therefore continue to adopt the going concern in their preparation.

On behalf of the Board



S Dando

Director

Date: 15 December 2021

DIRECTORS' REPORT

The directors present their report and financial statements for the 12 weeks ended 15 August 2021.

Directors

The current directors of the company and Group are listed on page 1.

A third party indemnity provision (as defined in section 234 of the Companies Act 2006) is in force for the benefit of the directors.

Streamlined energy and carbon reporting

The company has taken the exemption available to not disclose its own reporting on the grounds that it is included within the group accounts of its parent company, Vine Acquisitions Limited.

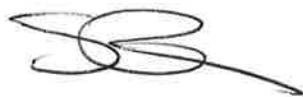
Audit information

The directors confirm that, so far as they are aware, there is no relevant audit information of which the auditor is unaware and that each director has taken all reasonable steps to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

The company has elected to dispense with the obligation to appoint an auditor annually under s487 of the Companies Act 2006.

On behalf of the Board



S Dando

Director

Date 15 December 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, the Directors' Report and the group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare the group financial statements in accordance with International Financial Reporting Standards as adopted by the United Kingdom (IFRSs as adopted by the UK) and applicable law and have elected to prepare the parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the parent company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's transactions and disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PUNCH PUBS GROUP LIMITED

Opinion

We have audited the financial statements of Punch Pubs Group Limited (the 'parent company') for the 12 week period ended 15 August 2021 which comprise the consolidated income statement, the consolidated statement of total comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated statement of cash flows, the company balance sheet, the company statement of changes in equity and the related notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practise).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 15 August 2021 and of the company's loss for the 12 weeks then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the United Kingdom;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practise;
- the financial statements 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. We are independent of the group and parent 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 as applied to listed entities, 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

In auditing the financial statements, we have concluded that the Director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group's ability to continue to adopt the going concern basis of accounting included:

- reviewing management's cash flow forecasts for a period of 12 months from the date of approval of these financial statements;
- applying reasonable "worst case" sensitivities to management's forecasts and assessing remaining cash and covenant headroom within those scenarios; and
- review of results post year end to the date of approval of these financial statements and assessment against original budgets.

From our work we noted that forecasts support the Directors' view that the Group will continue to be able to meet its liabilities as they fall due.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

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

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 this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the group's and the parent 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 group or 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.

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

Our assessment focused on key laws and regulations the group has to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and Regulations included but were not limited to compliance with the Companies Act 2006, International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom, United Kingdom Generally Accepted Accounting Practice (UK GAAP) and relevant tax legislation.

We are not responsible for preventing irregularities. Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the pub sector;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence where applicable; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the group financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 1 were indicative of potential bias, in particular the director's assessment of the valuation of properties and right of use assets and the director's assessment of recognition of debt issue costs;
- investigated the rationale behind significant or unusual transactions
- reviewed director's assessment of its property revaluation policy; and
- reviewed certain nominal codes based on risk assessments for indication of any management override.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC and associated parties

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

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.

Cooper Parry Group Limited

Katharine Warrington (Senior Statutory Auditor)

for and on behalf of

Cooper Parry Group Limited

Chartered Accountants
Statutory Auditor

Sky View
Argosy Road
East Midlands Airport
Castle Donnington
Derby
DE74 2SA

Date: 15.12.21

CONSOLIDATED INCOME STATEMENT
for the 12 weeks ended 15 August 2021

12 weeks to 15 August 2021				
	Notes	Underlying items £m	Non- underlying items (note 5) £m	Total £m
Revenue	2	42.8	-	42.8
Operating costs before depreciation and amortisation		(28.6)	(0.1)	(28.7)
EBITDA¹		14.2	(0.1)	14.1
Depreciation and amortisation	3	(2.3)	-	(2.3)
Profit on sale of property, plant and equipment and non-current assets classified as held for sale		-	0.1	0.1
Profit on disposal of right of use assets		-	0.1	0.1
Impairment	11	-	(2.3)	(2.3)
Movement in valuation of properties	9	-	(11.8)	(11.8)
Loss on sale of subsidiaries	18	-	(21.0)	(21.0)
Operating profit / (loss)	3	11.9	(35.0)	(23.1)
Finance costs	4	(7.4)	(34.4)	(41.8)
Profit / (loss) before taxation		4.5	(69.4)	(64.9)
UK income tax (charge) / credit	7	(0.1)	1.7	1.6
Profit / (loss) for the financial period		4.4	(67.7)	(63.3)
Loss attributable to non-controlling interest		0.1	-	0.1
Profit / (loss) for the financial period attributable to owners of the parent company		4.5	(67.7)	(63.2)

¹ EBITDA represents earnings before depreciation and amortisation, profit on sale of property, plant and equipment and non-current assets classified as held for sale, impairment, profit on disposal of right of use assets, loss on sale of subsidiaries, movement in valuation of properties, finance costs, tax of the Group and loss attributable to non-controlling interest.

COMPANY INCOME STATEMENT
for the 12 weeks ended 15 August 2021

As permitted by section 408 of the Companies Act 2006, the company's Income Statement has not been included in these financial statements. The company's profits for the 12 weeks ended 15 August 2021 was £nil.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the 12 weeks ended 15 August 2021

	Notes	12 weeks to 15 August 2021 £m
Loss for the period attributable to owners of the parent company		(63.2)
Items that cannot be recycled subsequently to the income statement		
Remeasurements of defined benefit pension scheme	25	1.6
Unrealised surplus on revaluation of properties	9	22.2
Tax relating to components of other comprehensive income that cannot be reclassified into profit or loss	7	(0.1)
Other comprehensive profit for the period		23.7
Total comprehensive loss for the period attributable to owners of the parent company		(39.5)

BALANCE SHEET
at 15 August 2021

		GROUP	COMPANY
		15 August	15 August
	Notes	2021	2021
		£m	£m
Non-current assets			
Property, plant and equipment	9	879.0	-
Right of use assets	20	60.0	-
Other intangible assets	10	0.8	-
Investments in subsidiary undertakings	12	-	290.8
Investments in associate company	28	-	-
		939.8	290.8
Current assets			
Inventories	13	2.7	-
Trade and other receivables	14	11.8	0.2
Assets classified as held for sale	17	5.2	-
Cash and cash equivalents	16	22.5	-
		42.2	0.2
Total assets		982.0	291.0
Current liabilities			
Trade and other payables	19	(59.4)	(0.2)
Short-term borrowings	21	(30.0)	-
Lease liabilities	20	(11.0)	-
		(100.4)	(0.2)
Non-current liabilities			
Borrowings	21	(588.4)	-
Lease liabilities	20	(64.0)	-
Retirement benefit obligations	25	(5.7)	-
Deferred tax liability	15	(12.6)	-
		(670.7)	-
Total liabilities		(771.1)	(0.2)
Net assets		210.9	290.8
Equity			
Called up share capital	23	-	-
Reorganisation reserve	18	(40.4)	-
Revaluation reserve		22.2	-
Capital reserve		-	0.4
Retained earnings		229.2	290.4
Total equity attributable to owners of the parent company		211.0	290.8
Non-controlling interest		(0.1)	-
Total equity		210.9	290.8

The financial statements were approved and authorised by the board and signed on its behalf on 15 December 2021.



S Dando

Company number: 13420745

STATEMENT OF CHANGES IN EQUITY
for the 12 weeks ended 15 August 2021

Group	Share capital £m	Share premium £m	Reorganisation reserve £m	Revaluation reserve £m	Capital reserve £m	Retained earnings £m	Non-controlling interest £m	Total equity £m
Total equity at 26 May 2021	-	-	-	-	-	-	-	-
Loss for the period	-	-	-	-	-	(63.1)	(0.1)	(63.2)
Other comprehensive gains for the period	-	-	-	22.2	-	1.5	-	23.7
Total comprehensive profit / (loss) for the period	-	-	-	22.2	-	(61.6)	(0.1)	(39.5)
Acquisition of subsidiary undertakings	-	-	(40.4)	-	-	-	-	(40.4)
Share issue	-	290.4	-	-	-	-	-	290.4
Share premium reduction	-	(290.4)	-	-	-	290.4	-	-
Share based payments	-	-	-	-	-	0.4	-	0.4
Total equity at 15 August 2021	-	-	(40.4)	22.2	-	229.2	(0.1)	210.9
Company								
Total equity at 26 May 2021	-	-	-	-	-	-	-	-
Loss for the period	-	-	-	-	-	-	-	-
Total comprehensive losses for the period	-	-	-	-	-	-	-	-
Share issue	-	290.4	-	-	-	-	-	290.4
Share premium reduction	-	(290.4)	-	-	-	290.4	-	-
Share based payments	-	-	-	-	0.4	-	-	0.4
Total equity at 15 August 2021	-	-	-	-	0.4	290.4	-	290.8

On 24 June 2021 the total amount standing to the credit of the share premium account was extinguished by special resolution.

Share capital represents the nominal value of shares that have been issued.

Share premium represents the excess paid on the nominal value of shares issued by the company.

Reorganisation reserve represents the difference between net assets of the subsidiaries acquired and the price paid on the acquisition of the group's subsidiaries.

Revaluation reserve represents amounts revalued in relation to properties.

Capital reserve represents capital contributions received from the company's immediate parent undertaking.

Retained earnings represents all current and prior periods retained profit and losses after the payment of dividends.

Non-controlling interest represents the value attributable to minority shareholders.

CONSOLIDATED CASH FLOW STATEMENT
for the 12 weeks ended 15 August 2021

	GROUP 12 weeks to 15 August 2021 £m
Cash flows from operating activities	
Operating loss	(23.1)
Depreciation and amortisation	2.3
Profit on sale of property, plant and equipment and non-current assets classified as held for sale	(0.1)
Profit on disposal of right of use assets	(0.1)
Impairment	2.3
Movement in valuation of properties	11.8
Loss on sale of subsidiaries	21.0
Increase in inventories	(0.1)
Increase in trade and other receivables	(6.5)
Decrease in trade and other payables	(1.5)
Difference between pension contributions paid and amounts recognised in the income statement	(0.2)
Cash generated from operations	5.8
Income tax paid	-
Net cash from operating activities	5.8
Cash flows from investing activities	
Acquisition of subsidiary net of cash acquired (note 18)	93.3
Purchase of property, plant and equipment	
- acquisitions	(53.0)
- investments	(5.4)
Proceeds from sale of property, plant and equipment	1.4
Purchase of other intangible assets	(0.3)
Net cash generated from investing activities	36.0
Cash flows from financing activities	
Repayment of borrowings	(598.0)
Net proceeds from facility drawdown	30.0
Proceeds from debt issue	600.0
Payment of lease liability	(2.4)
Intercompany settlement	0.1
Debt issue costs	(11.9)
Debt extinguishment costs	(29.2)
Interest paid	(8.0)
Issue of equity	0.1
Net cash used in financing activities	(19.3)
Net increase in cash and cash equivalents	22.5
Cash and cash equivalents at beginning of period	-
Cash and cash equivalents at end of period	22.5

NOTES TO THE FINANCIAL STATEMENTS

for the 12 weeks ended 15 August 2021

1. ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements presented in this document have been prepared in accordance with IFRS as adopted by the United Kingdom. The company's financial statements have been prepared in accordance with IFRS as adopted by the United Kingdom and as applied in accordance with the provisions of the Companies Act 2006. The company has taken advantage of the exemption provided under s408 of the Companies Act 2006 not to publish its individual income statement and related notes.

The Group and company financial statements are presented in sterling and all values are rounded to the nearest hundred thousand pounds, except where indicated.

Going Concern

The directors have made enquiries into the adequacy of the Group's financial resources, through a review of the Group's budget and medium-term financial plan, including capital expenditure plans and cash flow forecasts.

Liquidity and financing:

The Group's financing arrangements have been materially strengthened in the year through £600.0m raised from the issue of a 5-year secured loan and a £70.0m revolving credit facility agreement. This new funding has enabled the repayment in full of the Group's historical financing arrangements, resulting in the removal of historical debt amortisation and financial covenant constraints. As at the 15 August 2021 year end date the Group had £22.5m of cash balances and £40.0m remaining undrawn against the revolving credit facility.

The Group has modelled a range of scenarios, with the base forecast being one in which, over the next 12 months, sales broadly recover to pre-Covid levels. More cautious scenarios have been analysed, including ones with significant reductions to revenue, these have been prepared with reference to the actual cash outflows in the previous lockdown periods.

After due consideration the Directors believe there is a reasonable expectation that the Group has sufficient resources together with the ability to access additional liquidity when the Group needs to withstand adjustments to the base forecast, as well as the downside scenarios and to continue in operational existence for a period of at least 12 months from the date of approval of these financial statements, and therefore continue to adopt the going concern in their preparation.

Basis of consolidation

Consolidated financial statements comprise the financial statements of the parent company (Punch Pubs Group Limited) and all of its subsidiaries. The book-value method of accounting has been applied for those subsidiaries acquired under common control.

Subsidiaries are entities controlled by the Group. Control exists when the Group is exposed to or has rights to variable returns from its investment with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Using the book-value method, a subsidiary acquired under common control would be consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Assets and liabilities of the transferred subsidiary company are recognised in the consolidated financial statements at the transferred company's book value, adjusted to align to the Group's accounting policies where applicable. Any difference between the book value of the assets and liabilities received and the consideration paid is recognised directly to equity under reorganisation reserve. No comparatives are shown.

The Group's interests in its associate company are incorporated in the financial statements using the equity method of accounting. Investments in associate company are carried at cost plus post-acquisition changes in the Group's share of accumulated comprehensive income, less distributions received and less any impairment in value.

NOTES TO THE FINANCIAL STATEMENTS

for the 12 weeks ended 15 August 2021

1. ACCOUNTING POLICIES (continued)

Other investments in which the Group has an interest are reviewed dependent on how much control the Group has. If the Group maintains day-to-day control over the investment, taking into account any potential voting rights, the investment is treated as a subsidiary and the results and position are consolidated into the Group financial statements.

Non-controlling interest in the net assets of the consolidated subsidiaries are identified separately from the Group's equity in those subsidiaries. The income for the year is allocated to the share attributable to the group and the non-controlling interest.

All intra-group balances and transactions, including unrealised profits arising from intra-group transactions, are eliminated in full. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Property, plant and equipment (note 9)

Revaluation

Properties are revalued professionally by independent valuers on a five-year rolling basis with directors performing a separate assessment of fair value for the remaining properties if any indicators of impairment have been identified.

Surpluses arising from a revaluation increase are recognised directly in other comprehensive income in the revaluation reserve or are recognised as a credit in the income statement to the extent that they reverse a revaluation decrease of the same asset previously recognised as a charge to the income statement. Any deficit arising from a revaluation decrease is recognised as a charge to other comprehensive income in the revaluation reserve to the extent that there is a credit balance in the revaluation reserve in respect of that asset. Any further decrease in value is recognised as a charge to the income statement.

Landlord's fixtures and fittings include removable items, which are generally regarded as within landlord ownership. These are depreciated in accordance with the policy detailed below.

Depreciation is provided to write off the cost of property, plant and equipment, less estimated residual values, by equal annual instalments as follows:

Licensed properties, unlicensed properties and owner-occupied properties
50 years or the life of the lease if shorter with certain integral parts of buildings over 10-30 years

Landlord's fixtures and fittings, office furniture and fittings and motor vehicles
5 years

Information technology equipment
3 to 5 years

Freehold land is not depreciated.

An annual assessment of residual values is performed and there is no depreciable amount if residual values are the same as, or more than, book value. Residual values are based on the estimated amount that would be currently obtainable from disposal of the asset net of disposal costs if the asset were already of the age and condition expected at the end of its useful life.

Intangible Assets (note 10)

Other intangible assets relates to computer software and licences that are depreciated over the shorter of the life of the asset or the contract term of the licence. If there is no contract term or end date of the licence the estimate useful lives of the assets are as follows:

Software- 3 to 10 years

NOTES TO THE FINANCIAL STATEMENTS

for the 12 weeks ended 15 August 2021

1. ACCOUNTING POLICIES (continued)

Impairment (note 11)

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment and when events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. A review for indicators of impairment is performed annually. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Any impairment charge is recognised in the income statement in the year in which it occurs. When an impairment loss, other than an impairment loss on goodwill, subsequently reverses due to a change in the original estimate, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, up to the carrying amount that would have resulted, net of depreciation, had no impairment loss been recognised for the asset in prior years.

Borrowings (note 21)

All loans and borrowings are initially recognised at the fair value of the consideration received net of issue costs associated with the borrowings.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated taking account of any issue costs, and any discounts or premiums on settlement.

If any debt or borrowings are terminated costs and fees are recognised as a gain or loss on the extinguishment of the debt. Any debt arrangement costs associated with previous loans that were extinguished in the year will be recognised as non-underlying finance costs.

Gains and losses are recognised in the income statement when the liabilities are derecognised, as well as through the amortisation process.

When debt is purchased from the market, a profit or loss is recognised at the point of purchase. The debt is then held at amortised issue value until it is cancelled.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of the proceeds, net of direct issue costs.

Taxation (note 7)

Income tax expense comprises both the income tax payable, based on taxable profits for the year, and deferred tax.

Deferred tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts except where the deferred tax liability arises from the initial recognition of goodwill or where the deferred tax asset or liability arises on an asset or liability in a transaction which is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilised.

Deferred tax is calculated using tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Movements in deferred tax are charged or credited in the income statement, except where they relate to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax balances are not discounted.

NOTES TO THE FINANCIAL STATEMENTS

for the 12 weeks ended 15 August 2021

1. ACCOUNTING POLICIES (continued)

Pensions (note 25)

The Group operates one defined benefit scheme which requires contributions to be made to separately administered funds. The asset or liability recognised in the balance sheet in respect of the Group's defined benefit arrangements is the difference between the fair value of scheme assets and the present value of scheme liabilities. Any defined benefit assets are limited to the present value of economic benefits in the form of any future refunds from the scheme or reductions in future contributions to the scheme. The cost of providing benefits under the scheme is determined using the projected unit credit actuarial method. The current service cost is charged to operating profit. A single net interest cost or income, which is calculated on the net defined benefit liability by applying the discount rate to the net defined benefit liability, is shown in finance costs and finance income as appropriate. The cumulative net deficits on this defined benefit pension scheme have been recognised in full in equity at the date of transition to IFRS and the difference between the actual return on plan assets and interest income, together with actuarial gains and losses, are included within remeasurements of defined benefit scheme which are recognised in the consolidated statement of comprehensive income.

The Group also contributes to money purchase pension plans for employees. Contributions are charged to the income statement as they become payable.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation to transfer economic resources as a result of past events.

Provisions are measured at management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. Provisions are discounted if the effect of the time value of money is material. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and VAT. All operations take place solely in the United Kingdom.

Drink and food sales

Revenue in respect of drink and food sales is recognised at the point at which the goods are provided, net of any discounts or volume rebates allowed.

Rents receivable

Rents receivable are recognised on a straight line basis over the lease term.

Machine income

The Group's share of net machine income is recognised in the period to which it relates.

Inventories (note 13)

Inventories are stated at the lower of cost and net realisable value. Stock is measured on a first in first out basis.

Trade and other receivables (note 14)

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amount. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Receivables are written off against the doubtful debt provision when management deems the debt to be no longer recoverable.

Cash (note 16)

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

NOTES TO THE FINANCIAL STATEMENTS

for the 12 weeks ended 15 August 2021

1. ACCOUNTING POLICIES (continued)

Non-current assets classified as held for sale (note 17)

Properties identified for disposal which are classified in the balance sheet as non-current assets held for sale are held at the lower of carrying value on transfer to non-current assets held for sale, as assessed at the time of transfer, and fair value less costs to sell. The fair value less costs to sell is based on estimated net disposal proceeds which are provided by third party property agents who have been engaged to sell the properties.

Non-current assets, liabilities and disposal Groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale and completion is expected within one year from the date of classification.

Other investments

Other investments, such as holdings in shares in other companies, are held at fair value, and any movements in the fair value are taken to the income statement in the period they occur.

Dividend distribution

Final dividends are recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders. Interim dividends are recognised when they are paid.

Lessee accounting (note 20)

The Group leases various licensed properties, offices and other commercial properties as well as vehicles under lease agreements. At inception of a contract the Group assesses whether the contract contains a lease. A lease is present where the contract grants the right to control the asset for a period of time in exchange for consideration. Where a lease is identified a right of use asset and a corresponding lease liability is recognised other than leases classed as "Short term," less than 12 months, or "Low value," under the available exemptions. Where the exemption has been taken advantage of the lease cost are recognised on a straight line basis over the life of the lease within the Consolidated Income Statement.

The lease payments are discounted using the Group's incremental borrowing rate as 6.125% and 7% depending upon the date of lease liability being created. Prior to 24 June 2021 the incremental borrowing rate is set at 7% with the rate applied as 6.125% after this date.

Lease liability- initial recognition

The lease liability is initially measured at the present value of the lease payments not paid at the commencement date. If the discount rate isn't explicitly included in the lease the payments are discounted at the Group's incremental borrowing rate.

Lease payments included within the initial recognition include:

- Fixed payments (including in-substance fixed payments)
- Variable lease payments that depend on an index or rate at the commencement date
- Amounts expected to be payable by the lessee under residual value guarantees
- Exercise price of a purchase option if the Group is reasonably certain to exercise that option
- Payments for penalties for terminating the lease if the lease term reflects the Group exercising the option

NOTES TO THE FINANCIAL STATEMENTS

for the 12 weeks ended 15 August 2021

1. ACCOUNTING POLICIES (continued)

Lease liability- subsequent measurement

The lease liability is subsequently measured by increasing the carrying value to reflect interest on the lease liability and by reducing the carrying value to reflect the lease payments.

Lease liability- remeasurement

The lease liability is remeasured where:

- Change in the assessment of the original lease information; being a change in the lease term or exercise of a purchase option.
- Lease payments change due to a change in an index or a rate or a change in expected payment under the residual value guarantee
- The lease contract is modified and the lease modification isn't treated as a separate lease

Where the lease liability is remeasured an equivalent adjustment is made to the right of use asset unless its carrying value is reduced to zero, in which case the adjustment is recognised in the profit and loss.

When the lease liability is remeasured a revised discount rate is used based on the contract, or if none is available the Groups incremental borrowing rate.

Right of use asset- initial recognition

The right of use asset comprises of the following:

- Initial measurement of the lease liability
- Any lease payments made at the commencement date, less any lease incentives received
- Any initial direct costs incurred by the group in taking out the lease
- Estimate of costs to be incurred by the group to restore the underlying asset to the condition required by the lease

Right of use- subsequent measurement

The right of use asset is depreciated over the shorter of the lease term and useful life of the asset on a straight line basis.

If a change in contract has been identified, see the "Lease liability- remeasurement" section for further information, the right of use asset will also be adjusted.

An impairment review will be undertaken in-line with the group impairment policy, as further described in note 1, any identified impairment will be recognised against the right of use asset.

Sale and leaseback

A sale and leaseback transaction is where the Group sells an asset and immediately reacquires the use of the asset by entering into a lease with the counterparty. If a sale and leaseback meets the criteria for a sale under IFRS 15 the transaction will be accounted for under IFRS 16. The group measures the right-of-use asset arising for the leaseback in proportion to the carrying balance of the asset directly before the sale and this will be recognised as an addition to the right of use asset and lease liability. The previous balance held for the asset will be derecognised in its entirety. For any sales that don't meet the recognition criteria under IFRS 15 a finance liability will be recognised for the consideration received.

For any sale and leaseback assets that are sold at above the market value of the asset these are accounted for as additional financing provided by the counterparty and be recognised as an increased lease liability for the amount. The premium received will be recognised as Sale and leaseback finance premium within the Cashflow statement. For any assets sold at below market value will be accounted for as a prepayment of the lease liability.

NOTES TO THE FINANCIAL STATEMENTS

for the 12 weeks ended 15 August 2021

1.ACCOUNTING POLICIES (continued)

Lessor accounting

The Group is a lessor of licensed properties to publicans. IFRS 16 does not require a lessor to make any adjustments on transition for leases. Leases are classified as either operating leases or finance leases. If a lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset it is classified as a finance lease. All other leases are classified as operating leases.

Share-based payment transactions

A number of employees of the group (including directors) receive an element of remuneration in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares in Vine Acquisitions Limited ('equity-settled transactions').

Equity settled transactions are measured at fair value at the date of grant. The fair value of transactions involving the granting of shares is calculated by an external valuer using the most appropriate valuation mode at the date of issue. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Vine Acquisitions Limited.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, on a straight-line basis over the vesting period based on the company's estimate of how many of the awards will eventually vest. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of the modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification to the original award, as described in the previous paragraph.

Government Grants

Grants are recognised only when there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received. Grants that are receivable as compensation for expenses already incurred are recognised in profit or loss in the period that they become receivable. Grant income has been recognised within underlying items in the previous year and non-underlying items in the current financial year.

Significant accounting estimates and judgements

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

On an ongoing basis, management evaluates its estimates and judgements including those relating to income taxes, deferred tax, financial instruments, property, plant and equipment, goodwill, intangible assets, valuations, provisions and post-employment benefits.

Management bases its estimates and judgements on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about the carrying value of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and judgements that have a significant effect on the amounts recognised in the financial statements are detailed below.

NOTES TO THE FINANCIAL STATEMENTS

for the 12 weeks ended 15 August 2021

1. ACCOUNTING POLICIES (continued)

Impairment of property, plant and equipment, non-current assets classified as held for sale and operating leases (note 11)

Property, plant and equipment, non-current assets classified as held for sale and operating leases are reviewed for impairment if circumstances suggest that the carrying amount may not be recoverable. Recoverable amounts are determined based on value-in-use calculations and estimated sale proceeds. These calculations require assumptions to be made regarding future cash flows and the choice of a suitable discount rate in order to calculate the present value of those cash flows. Actual outcomes may vary from these estimates.

Deferred tax asset recoverability

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be utilised.

Valuation of property, plant and equipment (note 9)

Properties will be revalued professionally by independent valuers on a five-year rolling basis to fair value in accordance with the Royal Institute of Chartered Surveyors (RICS) Valuation – Global Standards effective from 31 January 2020. The valuation is based on current and future projected trading levels of each property, taking into account the location, physical attributes and sustainability of rent of each property. Changes in assumptions underlying valuations, such as the assessment of fair maintainable trade for each property, could impact the carrying value of land and buildings.

Post-employment benefits (note 25)

The present value of defined benefit pension scheme liabilities is determined on an actuarial basis and depends on a number of actuarial assumptions. Any change in these assumptions could impact the carrying amounts of pension liabilities.

Corporate information

Punch Pubs Group Limited is a private limited company incorporated and domiciled in England.

Changes in accounting policies and Standards

The group has applied certain standards and amendments, which are effective for annual periods beginning after 1 January 2020. The group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective as set out below.

Amendment to IFRS3: Definition of a Business

The amendment to IFRS 3 Business Combinations issued on 22 October 2018 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs.

These amendments had no impact on the consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

NOTES TO THE FINANCIAL STATEMENTS

for the 12 weeks ended 15 August 2021

1. ACCOUNTING POLICIES (continued)

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

Amendments to IAS 1 and IAS 8 Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

Amendments to IFRS 16 Covid-19 Related Rent Concessions

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The Group hasn't received any rent concessions in the period.

NOTES TO THE FINANCIAL STATEMENTS

for the 12 weeks ended 15 August 2021

2. SEGMENTAL ANALYSIS

The business consists of a leased and tenanted division (L&T), a Management Partnership division (MP) and the Laine division, each having its own clear strategy. Each of these strategic business units consists of a number of cash generating units (CGUs), which are individual pubs. These CGUs generate their own revenues, which are consolidated to give the Group revenue and as a result, Group revenue is not reliant on one significant customer.

The Chief Operating Decision Maker, represented by the Board, reviews the performance of the L&T, MP and Laine divisions separately, at an underlying EBITDA level, as included in the internal management reports.

The Group operates and originates solely in the United Kingdom.

12 weeks to 15 August 2021

	L&T £m	MP £m	Laine £m	Unallocated £m	Total £m
Drink and food revenue	14.3	15.4	7.7	-	37.4
Rental income	3.9	0.2	0.1	-	4.2
Other revenue	0.2	0.7	0.3	-	1.2
Underlying revenue	18.4	16.3	8.1	-	42.8
Underlying operating costs ¹	(6.2)	(12.2)	(6.8)	(3.4)	(28.6)
EBITDA before non-underlying items	12.2	4.1	1.3	(3.4)	14.2
Underlying depreciation and amortisation					(2.3)
Operating non-underlying items					(35.0)
Net finance costs					(41.8)
UK income tax credit					1.6
Loss for the financial period					(63.3)
Loss attributable to non-controlling interest					0.1
Loss for the financial period attributable to owners of the parent company					(63.2)

¹ Unallocated underlying operating costs represent corporate overheads that are not allocated down to the divisional performance.

NOTES TO THE FINANCIAL STATEMENTS

for the 12 weeks ended 15 August 2021

2. SEGMENTAL ANALYSIS (continued)

Assets and liabilities	15 August 2021				
	L&T £m	MP £m	Laine £m	Unallocated £m	Total £m
Segment assets	653.2	217.9	70.2	2.9	944.2
Unallocated assets	-	-	-	37.8	37.8
Total assets	653.2	217.9	70.2	40.7	982.0
Segment liabilities	(15.9)	(8.2)	(50.5)	(0.4)	(75.0)
Unallocated liabilities	-	-	-	(696.1)	(696.1)
Total liabilities	(15.9)	(8.2)	(50.5)	(696.5)	(771.1)
Net assets / (liabilities)	637.3	209.7	19.7	(655.8)	210.9

¹ Unallocated segment assets and liabilities represent assets and liabilities that are not allocated to the divisional performance.

There are no sales between the segments. Segment assets include property, plant and equipment, non-current assets held for sale, right of use assets and goodwill and exclude other intangible assets, inventories, receivables, cash and taxation, whilst all liabilities other than lease liabilities are unallocated.

Capital expenditure	15 August 2021				
	L&T £m	MP £m	Laine £m	Unallocated £m	Total £m
Acquisition spend	55.5	-	-	-	55.5
Investment spend	1.7	3.3	0.4	0.1	5.5
Total capital expenditure	57.2	3.3	0.4	0.1	61.0

3. ANALYSIS OF EXPENSES

The following items have been included in arriving at operating profit / (loss):

	12 weeks to 15 August 2021 £m
Drink costs	17.5
Depreciation and amortisation	2.3
Impairment losses (note 11)	2.3
Movements in valuation of properties (note 9)	11.8
Profit on sale of property, plant and equipment and non-current assets classified as held for sale	(0.1)
Profit on disposal of right of use assets	(0.1)
Loss on disposal of subsidiaries (note 18)	21.0
Other costs ¹	11.2
Total costs deducted from revenue to determine operating profit¹	65.9

¹ Non-underlying expense of £0.1m is included within other costs above, see note 5 for further details.

NOTES TO THE FINANCIAL STATEMENTS
for the 12 weeks ended 15 August 2021

3. ANALYSIS OF EXPENSES (continued)

Auditors' remuneration is as follows:

	12 weeks to 15 August 2021 £m
Audit services	
Statutory audit of Group financial statements	0.1
Statutory audit of subsidiary companies pursuant to legislation	-
Non-audit services	
Other services	-

The accounts of the parent company do not include details of remuneration receivable by the auditor and its associates for non-audit services, as the Group accounts are required to include this information as required by Regulation 5(1)(b) of The Companies (Disclosure of Auditor Remuneration and Liability Limitation Agreements) Regulations 2008 on a consolidated basis.

4. FINANCE COSTS

	12 weeks to 15 August 2021 £m
Interest payable on loan notes	6.4
Interest payable on lease liabilities	0.7
Amortisation of deferred issue costs	0.3
Fair value premium costs on settlement of intragroup loan (note 5)	2.5
Costs of terminating finance arrangements (note 5)	31.9
Total finance costs	41.8

NOTES TO THE FINANCIAL STATEMENTS

for the 12 weeks ended 15 August 2021

5. NON-UNDERLYING ITEMS

In order to provide a trend measure of underlying performance, profit is presented excluding items which management consider will distort comparability, either due to their significant non-recurring nature or as a result of specific accounting treatments. Included in the income statement are the following non-underlying items:

	12 weeks to 15 August 2021 £m
Operating non-underlying items	
Professional fees, restructuring and other one-off costs	(0.5)
Grant income ¹	0.8
Share based payment charge	(0.4)
Profit on sale of property, plant and equipment	0.1
Profit on disposal of right of use asset	0.1
Impairment losses (note 11)	(2.3)
Movement in valuation of properties ²	(11.8)
Loss on sale of subsidiaries (note 18)	(21.0)
Total non-underlying operating costs	(35.0)
Finance non-underlying costs	
Fair value premium costs on settlement of intragroup loan	(2.5)
Costs of terminating finance arrangements ³	(31.9)
Total non-underlying finance costs	(34.4)
Total non-underlying items before tax	(69.4)
Tax	
Tax impact of non-underlying items	1.7
	1.7
Total non-underlying items after tax	(67.7)

¹ Grant income relates to grants received in the year from various counterparties. These include Retail & Hospitality Grants, Tiered Grants, Lockdown Payments, Restart Grants and Wet Led Grants.

² The movement in the valuation of properties of £11.8m comprises a downward valuation of £11.8m, where the fair value of an asset is less than the net book value.

³ Costs recognised on extinguishment of debt comprises £29.2m of make-whole costs and £2.7m of deferred issue costs derecognised.

Non-underlying cash impact

All costs associated with professional fees, restructuring and other one-off costs, had a cash flow impact within the year. Grant income was recognised as the cash was received.

Share based payment charge incurred no cash impact in the year.

Profit on sale of property, plant and non-current assets held for sale resulted in a cash inflow of £1.4m in the year.

Profit on disposal of right of use asset, impairment losses, movement in valuation of properties and loss on sale of subsidiaries incurred no cash inflow or outflow.

Fair value premium costs on settlement of intragroup loan incurred no cash inflow or outflow.

Costs of terminating finance arrangements resulted in a cash outflow of £29.2m, with the deferred issues costs non-cash items.

The non-underlying tax adjustments are expected to be offset against brought forward losses and no cash settlement is expected.

NOTES TO THE FINANCIAL STATEMENTS

for the 12 weeks ended 15 August 2021

6. EMPLOYEES AND DIRECTORS

The staff costs are set out below:

	12 weeks to 15 August 2021 £m
Wages and salaries	3.1
Social security costs	0.2
Share based payment	0.4
Other pension costs	0.2
	3.9

The average number of employees employed by the Group during the period was as follows:

	12 weeks to 15 August 2021
Management and administration ¹	309
Retail staff ¹	235
	544

¹ Employee numbers relate to actual employees rather than full time employee equivalents.

The remuneration of the Directors during the period was as follows:

	12 weeks to 15 August 2021 £000
Directors' remuneration	155
Company contributions to money purchase pension schemes	13

The amounts paid in respect of the highest paid director are as follows:

	12 weeks to 15 August 2021 £000
Directors' remuneration	92
Company contributions to money purchase pension schemes	8

The emoluments relate to services provided to the Group in the current period and paid by a subsidiary company.

NOTES TO THE FINANCIAL STATEMENTS
for the 12 weeks ended 15 August 2021

7. TAXATION

(a) Tax on profit on ordinary activities

Tax (charged) / credited in the income statement

12 weeks to 15 August 2021

	Underlying £m	Non- underlying £m	Total £m
Current tax			
UK corporation tax – current period	(2.0)	2.0	-
	(2.0)	2.0	-
Deferred tax (note 15)			
Origination and reversal of temporary differences – current period	1.9	(2.9)	(1.0)
Origination and reversal of temporary differences – adjustments in respect of prior years	-	2.6	2.6
	1.9	(0.3)	1.6
Total tax (charge) / credit	(0.1)	1.7	1.6

Tax on items charged to equity

In addition to the amount credited to the income statement, tax movements recognised directly in equity through the consolidated statement of comprehensive income were as follows:

	12 weeks to 15 August 2021 £m
Deferred tax	
Deferred tax charge on loss on actuarial valuation of pension schemes	(0.1)
Deferred tax charge recognised directly in equity	(0.1)

NOTES TO THE FINANCIAL STATEMENTS

for the 12 weeks ended 15 August 2021

7. TAXATION (continued)

(b) Reconciliation of the total tax charge

The effective rate of tax is different to the full rate of corporation tax. The differences are explained below:

	12 weeks to 15 August 2021		
	Underlying items £m	Non- underlying items (note 5) £m	Total £m
Profit / (loss) on ordinary activities before tax	4.5	(69.4)	(64.9)
Tax at current UK tax rate of 19.00%	0.9	(13.2)	(12.3)
Effects of:			
Net effect of expenses not deductible for tax purposes and non-taxable income (underlying items)	(0.8)	11.1	10.3
Adjustments to tax in respect of prior periods	-	(2.6)	(2.6)
Current period non-underlying charges	-	3.0	3.0
Total tax charge / (credit) reported in the income statement	0.1	(1.7)	(1.6)

Details of the non-underlying tax credits and charges are included in note 5.

(c) Deferred liability tax recognised in the consolidated income statement

	12 weeks to 15 August 2021		
	Underlying items £m	Non- underlying items (note 5) £m	Total £m
Temporary differences	4.0	(4.2)	(0.2)
Accelerated capital allowances	(2.1)	1.3	(0.8)
Adjustments in respect of prior periods	-	2.6	2.6
	1.9	(0.3)	1.6

See note 15 for the movement in net deferred tax (liability) / asset and for factors affecting the tax charge in future periods.

8. DIVIDENDS

No dividends have been declared and paid during the current or prior year. The Directors will not be proposing the payment of a final dividend.

NOTES TO THE FINANCIAL STATEMENTS
for the 12 weeks ended 15 August 2021

9. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings £m	Public house fixtures and fittings £m	Total £m
At 26 May 2021	-	-	-
Additions on acquisition of subsidiaries (note 18)	793.2	23.4	816.6
Additions	59.1	1.9	61.0
Revaluation	9.8	-	9.8
Net transfers to non-current assets classified as held for sale	(5.6)	(0.2)	(5.8)
Disposals	(1.2)	(0.1)	(1.3)
At 15 August 2021	855.3	25.0	880.3
Accumulated depreciation			
At 26 May 2021	-	-	-
Charge for the year	0.5	1.1	1.6
Impairment losses (note 11)	0.9	-	0.9
Revaluation	(0.6)	-	(0.6)
Net transfers to non-current assets classified as held for sale	(0.6)	-	(0.6)
At 15 August 2021	0.2	1.1	1.3
Net book value at 15 August 2021	855.1	23.9	879.0
Net book value at 26 May 2021	-	-	-

The Group's policy is to revalue its properties on a five year rolling basis. The valuation of 20% of the estate was performed by Savills (UK) Limited, independent chartered surveyors.

NOTES TO THE FINANCIAL STATEMENTS

for the 12 weeks ended 15 August 2021

9. PROPERTY, PLANT AND EQUIPMENT (continued)

The impact on the financial statements of the revaluation in the current year is as follows:

- increase the net book value of property, plant and equipment as at 15 August 2021 by £10.4m;
- recognise a net non-underlying charge against operating profit of £11.8m. This reflects the impact of downward revaluations of £11.8m where the fair value of the asset is below the net book value;
- recognise a £22.2m credit to the revaluation reserve. This reflects the impact of upward revaluations where the net book value of the asset is below the fair value.

Surpluses arising from a revaluation increase are recognised directly in other comprehensive income in the revaluation reserve or are recognised as a credit in the income statement to the extent that they reverse a revaluation decrease of the same asset previously recognised as a charge to the income statement. Any deficit arising from a revaluation decrease is recognised as a charge to other comprehensive income in the revaluation reserve to the extent that there is a credit balance in the revaluation reserve in respect of that asset. Any further decrease in value is recognised as a charge to the income statement.

The cost of work in progress within property, plant and equipment at 15 August 2021 was £5.5m. Work in progress is not depreciated.

Fair value measurement of property, plant and equipment

Properties are revalued annually to fair value in accordance with the Royal Institute of Chartered Surveyors (RICS) Valuation – Global Standards (incorporating IVSC International Valuation Standards) effective from 31 January 2020 together, where applicable, with the UK National Supplement effective 14 January 2019, together the “Red Book”.

The valuations of assets have been assessed as being level 3 valuations, as there are no directly comparable market observable inputs. The appropriate classes of assets for fair value disclosures are deemed to be public houses and unlicensed properties, considering the nature, characteristics and risks of the assets.

The valuation is based on current and future projected trading levels of each property, taking in to account the location, physical attributes and sustainability of rent and other income streams of each asset. Once a fair maintainable trade (FMT) income stream has been determined for each pub, including an assessment of wholesale and machine income and rent that could be achieved with a reasonably efficient operator, taking into account future trading potential, it is capitalised using an appropriate multiple.

The unlicensed properties are valued considering the rents achieved and lease terms and then by using an appropriate multiple.

The assets are valued at their highest and best use which is deemed to be their current use by the Group, unless when reviewed on an asset by asset basis circumstances indicate that there may be a higher or better use.

The tables below show, for the properties that have been revalued in the year, by class of asset, the number of properties in each FMT and multiple banding.

Public houses – number of properties	under 8 times	8-10 times	10 – 12 times	over 12 times	Total
FMT income					
more than £90,000 p.a.	16	53	4	2	75
£60,000 to £90,000 p.a.	9	64	5	1	79
£30,000 to £60,000 p.a.	9	58	5	4	76
less than £30,000 p.a.	7	3	2	4	16
	41	178	16	11	246

Of the properties valued 19 properties were leasehold, of these 15 of the properties are valued at less than 8 times FMT.

NOTES TO THE FINANCIAL STATEMENTS
for the 12 weeks ended 15 August 2021

9. PROPERTY, PLANT AND EQUIPMENT (continued)

The table below shows the reconciliation of level 3 fair value measurements.

	Public houses £m	Unlicensed £m	Total £m
Opening balance	-	-	-
Additions and acquisition of subsidiaries	871.2	6.4	877.6
Net transfers to non-current assets classified as held for sale	(5.2)	-	(5.2)
Revaluation:			
Recognised in the Income Statement	(11.8)	-	(11.8)
Recognised in the Statement of Comprehensive Income	22.2	-	22.2
Impairment losses	(0.9)	-	(0.9)
Depreciation	(1.6)	-	(1.6)
Disposals	(0.9)	(0.4)	(1.3)
Closing balance	873.0	6.0	879.0
Net book value of other assets			-
Net book value of property, plant and equipment			879.0

Sensitivities

The significant unobservable inputs used in the level 3 fair value measurements of the Group's estate are FMT and a multiple. Changes in these assumptions could have a significant impact on the valuation of the Group's properties. The sensitivities below are considered to be reasonably likely.

Sensitivity	FMT +2%	FMT - 2%	Multiple +0.25	Multiple -0.25
	£m	£m	£m	£m
Public houses and unlicensed	3.4	(3.4)	4.9	(4.9)

If land and buildings had been measured using the cost model, the carrying amounts would be as follows:

	Land and buildings £m
At 15 August 2021	
Cost	850.9
Accumulated depreciation	(0.5)
Net book value	850.4

NOTES TO THE FINANCIAL STATEMENTS

for the 12 weeks ended 15 August 2021

10. INTANGIBLE ASSETS

	Other intangible assets £m
Cost	
At 26 May 2021	-
Additions on acquisition of subsidiaries (note 18)	0.6
Additions	0.3
At 15 August 2021	0.9
Amortisation and Impairment	
At 26 May 2021	-
Charge for the year	0.1
At 15 August 2021	0.1
Net book value at 15 August 2021	0.8
Net book value at 26 May 2021	-

Other intangible assets relate to computer software.

11. IMPAIRMENT LOSSES

The impairments recognised in the current and prior periods are as follows:

	12 weeks to 15 August 2021 £m
Property, plant and equipment through income statement	0.9
Right of use assets	1.4
Recognised in the income statement	2.3

Property, plant and equipment

When any indicators of impairment are identified, property, plant and equipment are reviewed for impairment based on each cash generating unit (CGU). The cash generating units are individual pubs. The carrying values of these individual pubs are compared to the recoverable amount of the CGUs, which is the higher of value-in-use (VIU) and fair value less costs to sell (FVLCS).

During the period, the FVLCS of the assets transferring into the non-current assets classified as held for sale category have been reviewed, and an impairment of £0.9m has been identified. The FVLCS was assessed on both external and internal valuations.

Right of use assets

Right of use assets are allocated to CGUs and reviewed annually for indicators of impairment. When indicators of impairment are identified the carrying value of the CGU are compared to the recoverable amount of the CGUs, which is the higher of VIU and FVLCS. VIU is calculated using a discounted cash flow model. Cash flows used in the VIU calculation were based on earnings before interest and taxation and used the forecasted cash flows included within the Group business plan for the first three years and then the cash flows were extrapolated for a further 47 years. The pre-tax risk adjusted discount rate applied to cash flow projections was 7%. Based on this review an impairment of £1.4m was identified.

NOTES TO THE FINANCIAL STATEMENTS

for the 12 weeks ended 15 August 2021

12. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS AND ASSOCIATES

Company	Total £m
At 26 May 2021	-
Additions	290.8
At 15 August 2021	290.8

Additions relate to the purchase of subsidiaries from Punch Taverns Limited (note 18) and a capital contribution to its immediate subsidiary undertaking, Punch Pubs Holdings Limited of £0.4m.

Details of the subsidiary undertakings at 15 August 2021 are as follows:

Subsidiary undertakings owned directly:

Name of company	Nature of business	Registered Office
Punch Finance PLC	Financing company	Jubilee House, Second Avenue, Burton upon Trent, DE14 2WF
Punch Pubs Holdings Limited	Intermediate holding company	Jubilee House, Second Avenue, Burton upon Trent, DE14 2WF

All of which are directly or indirectly wholly owned subsidiaries of Punch Taverns Limited unless otherwise noted:

Key trading companies:

Name of company	Nature of business	Registered Office
Punch Partnerships (PGRP) Limited	Pub operating company	Jubilee House, Second Avenue, Burton upon Trent, DE14 2WF
Punch Partnerships (PML) Limited	Pub operating company	Jubilee House, Second Avenue, Burton upon Trent, DE14 2WF
Punch Partnerships (Seagull) Limited	Pub operating company	Jubilee House, Second Avenue, Burton upon Trent, DE14 2WF
Punch Taverns (Acquisitions) Limited	Property leasing company	Jubilee House, Second Avenue, Burton upon Trent, DE14 2WF
Punch Taverns (Branston) Limited	Pub operating company	Jubilee House, Second Avenue, Burton upon Trent, DE14 2WF
Punch Partnerships (Jubilee) Limited	Property operating company	Jubilee House, Second Avenue, Burton upon Trent, DE14 2WF
Punch Taverns (Services) Limited	Intermediate supply company	Jubilee House, Second Avenue, Burton upon Trent, DE14 2WF
The Laine Pub Company Limited	Pub operating company	146 Springfield Road, Brighton, BN1 6BZ
The Laine Brewing Company Limited	Brewery	146 Springfield Road, Brighton, BN1 6BZ
Zelgrain Limited	Property leasing company	146 Springfield Road, Brighton, BN1 6BZ
Smithy Inns Limited	Pub operating company	146 Springfield Road, Brighton, BN1 6BZ
C-Side Limited	Pub operating company	146 Springfield Road, Brighton, BN1 6BZ
Big Smoke Ventures Limited (formerly Punch Taverns (BSV) Limited) ¹	Pub operating company	Jubilee House, Second Avenue, Burton upon Trent, DE14 2WF

Dormant companies:

Punch Partnership Limited	Jubilee House, Second Avenue, Burton upon Trent, DE14 2WF
C-Side (Holdings) Limited	Jubilee House, Second Avenue, Burton upon Trent, DE14 2WF

Associate company:

Name of company	Nature of Business	Percentage of Ownership
Mash Inns Limited	Pub Operating Company	49%

The registered office for Mash Inns Limited is 3 Monkspath Hall Road, Solihull, B90 4SJ. All the companies listed above are incorporated in the United Kingdom.

¹The Group owns 75% of the entity with the remaining amount owned by Big Smoke Pub Co Limited.

NOTES TO THE FINANCIAL STATEMENTS
for the 12 weeks ended 15 August 2021

13. INVENTORIES

	Group	Company
	15 August	15 August
	2021	2021
	£m	£m
Drink and food	2.7	-

The Group recognised £6.6m of inventories as an expense during the period.

14. TRADE AND OTHER RECEIVABLES

	Group	Company
	15 August	15 August
	2021	2021
	£m	£m
Amounts falling due within one year		
Trade receivables	6.2	-
Prepayments	3.0	-
Other receivables	0.7	-
Amounts due from group undertakings	1.9	0.2
	11.8	0.2

NOTES TO THE FINANCIAL STATEMENTS

for the 12 weeks ended 15 August 2021

15. DEFERRED TAX

The movement on the deferred tax account is as follows:

Deferred tax

	Group 15 August 2021 £m	Company 15 August 2021 £m
Acquired on acquisition of subsidiaries (note 18)	(14.1)	
Credited to income statement (note 7)	1.6	-
Charged to other comprehensive income (note 7)	(0.1)	-
Deferred tax liabilities at end of period	(12.6)	-

The movements in deferred tax assets and liabilities during the period are shown below:

Deferred tax assets

Group	Tax losses £m	Retirement benefit liabilities £m	Other £m	Total £m
At 26 May 2021	-	-	-	-
Acquired on acquisitions of subsidiaries	2.4	1.1	0.3	3.8
Credited to income statement	0.7	0.3	-	1.0
Charged to equity	-	(0.1)	-	(0.1)
At 15 August 2021	3.1	1.3	0.3	4.7

Deferred tax liabilities

Group	Accelerated capital allowances £m	Other £m	Total £m
At 26 May 2021	-	-	-
Acquired on acquisitions of subsidiaries	17.4	0.5	17.9
(Credited) / (charged) to income statement	(0.8)	0.2	(0.6)
Charged to equity	-	-	-
At 15 August 2021	16.6	0.7	17.3

At the balance sheet date, the Group has unused tax losses of £12.3m and unused capital losses of £13.3m available for offset against future profits. A deferred tax asset has been recognised in respect of £12.2m of such losses, which are expected to be utilised against future profit streams within the Group. No deferred tax asset has been recognised in respect of the remaining £13.4m of losses due to the unpredictability of future profit streams. Current legislation deems that these losses may be carried forward for an unlimited number of years. The availability of sizeable capital allowance pools amounting to c.£200.0m at the period end is expected to result in limited corporation tax payments being due for the next financial year.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

for the 12 weeks ended 15 August 2021

16. CASH

	Group	Company
	15 August	15 August
	2021	2021
	£m	£m
Cash and cash equivalents	22.5	-

17. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	15 August
	2021
	£m
Non-current assets classified as held for sale	5.2

Non-current assets classified as held for sale represents pubs that are individually being actively marketed for sale with varying expected completion dates within one year. The value of non-current assets classified as held for sale represents the lower of the carrying value of the asset and expected net disposal proceeds.

18. ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

Punch Finance PLC was incorporated on 27 May 2021 with Punch Pubs Group Limited as its immediate parent undertaking.

On 23 June 2021, as part of a larger group structuring, Punch Pubs Group Limited acquired the following companies from Punch Taverns Limited, a fellow group undertaking in the Vine Acquisitions Limited Group; Punch Taverns (Acquisitions) Limited, Punch Partnerships Limited, Punch Taverns (Services) Limited, Punch Partnerships (PGRP) Limited, Big Smoke Ventures Limited, Punch Taverns (Branston) Limited, Punch Partnerships (PML) Limited, Punch Partnerships (Jubilee) Limited, the VAL Seagull Bidco Limited group and the Punch Taverns (PMG) Limited group. As these companies form part of the wider Vine Acquisitions Limited Group and are therefore acquired under common control, the Group has recognised the acquisition for these companies at their book values, adjusted to align to the Group's accounting policies where applicable. The total consideration for this acquisition was £290.4m, made payable by the issue of seven shares in the company at a premium of £290.4m. A summary of the book values acquired is detailed below.

Balance Sheet	Book value
	£m
Property, plant and equipment	816.6
Intangible assets	0.6
Right of use assets	60.6
Inventories	2.6
Trade and other receivables	10.8
Cash and cash equivalents	93.3
Borrowing	(595.3)
Trade and other payables	(56.4)
Pension liability	(7.3)
Lease liability	(75.4)
Net intercompany balances	14.0
Deferred tax liability	(14.1)
Total	250.0
Reorganisation reserve	
Total cost of acquisition	290.4
Net assets acquired	(250.0)
Reorganisation reserve	40.4

NOTES TO THE FINANCIAL STATEMENTS

for the 12 weeks ended 15 August 2021

18. ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES (continued)

The VAL Seagull Bidco Limited group which comprised of The Laine Midco Limited, The Laine Bidco Limited, The Laine Acquisitions Limited and the Punch Taverns (PMG) Limited group were then disposed on the 1 July 2021 to Punch Pubs and Co Limited for £1 generating a loss on disposal of £21.0m.

Balance Sheet	£m
Trade and other payables	(7.1)
Net intercompany loans	28.1
Total net assets of group	21.0
Loss on disposal	
Proceeds	-
Net assets disposed	(21.0)
Total loss on disposal	(21.0)

19. TRADE AND OTHER PAYABLES

	Group	Company
	15 August	15 August
	2021	2021
	£m	£m
Trade payables	22.0	-
Other tax and social security payable	4.9	-
Other payables	9.4	-
Accruals	22.6	0.1
Amounts owed to group undertakings	-	0.1
Loans owed to group undertakings	0.5	-
	59.4	0.2

Loans owed to group undertakings relates to a loan with Punch Pubs & Co Limited of £0.5m.

NOTES TO THE FINANCIAL STATEMENTS

for the 12 weeks ended 15 August 2021

20. LEASES

Group as a Lessee

The Group leases various licensed properties, offices and other commercial properties under lease agreements. The leases have various terms, escalation clauses and renewal rights. The Group also leases vehicles for use within the business. The terms of these contracts vary and the assets generally have a lease term of 20 to 99 years with a median term of 40 years. All the leases met the operating lease criteria where the group was a lessee.

The group applies the "short term lease" and "lease of low value assets" recognition exemption for these disclosures.

Right of use assets and lease liabilities are recognised for each lease agreement for which the Group is a lessee.

Right of use assets	Property £m	Vehicles £m	Total £m
Cost			
At 26 May 2021	-	-	-
Additions on acquisition of subsidiaries	60.2	0.4	60.6
Additions	1.4	-	1.4
At 15 August 2021	61.6	0.4	62.0
Accumulated depreciation			
At 26 May 2021	-	-	-
Charge for the year	0.6	-	0.6
Impairment (note 11)	1.4	-	1.4
At 15 August 2021	2.0	-	2.0
Net book value at 15 August 2021	59.6	0.4	60.0
Net book value at 26 May 2021	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

for the 12 weeks ended 15 August 2021

20. LEASES (continued)

Lease Liabilities

	15 August 2021 £m
At 26 May 2021	-
Additions on acquisition of subsidiaries	75.4
Additions	1.4
Disposals	(0.1)
Finance charge on lease liability	0.7
Repayments	(2.4)
At 15 August 2021	75.0

Lease liabilities have been analysed between current and non-current as follows:

	15 August 2021 £m
Current	11.0
Non-current	64.0
	75.0

Amounts recognised in consolidated income statement

	15 August 2021 £m
Interest on lease liabilities	(0.7)
Profit on disposal of right of use asset	0.1
Depreciation on right of use asset	(0.6)
Impairment on right of use asset	(1.4)

There are no variable lease payments, expenses relating to short term leases, expenses relating to low value assets or income from subletting properties recognised in the income statement.

The company has no right of use assets or lease liabilities.

Group as a Lessor

The group leases out its property assets to tenants in the form of operating leases. The remuneration received on these contracts is in the form of fixed rental payments. With no variable lease payments due on the lessor contracts.

Amounts recognised in profit or loss

	15 August 2021 £m
Rental income	4.2

The company has no assets leased to other entities.

NOTES TO THE FINANCIAL STATEMENTS

for the 12 weeks ended 15 August 2021

21. FINANCIAL LIABILITIES

Group	15 August 2021		Total £m
	within one year £m	after more than one year £m	
Secured loan notes:			
Issued by Punch Finance Plc	-	588.4	588.4
Revolving credit facility	30.0	-	30.0
Total financial liabilities	30.0	588.4	618.4

Secured loan notes

The secured loan notes have been secured by way of fixed charge over various assets of the Group.

Interest is paid biannually in arrears on the secured debt. The details for the secured loan, including the date of the final scheduled instalment for each class of note, as indicated in its description, are as follows:

Issued by Punch Finance Plc:

	15 August 2021		Total £m
	within one year £m	after more than one year £m	
Secured loan repayable by June 2026 at 6.125% per annum	-	600.0	600.0
	-	600.0	600.0
Less: deferred issue costs	-	(11.6)	(11.6)
	-	588.4	588.4

Revolving credit facility:

	15 August 2021		Total £m
	within one year £m	after more than one year £m	
Loan facility at SONIA plus 3.25%	30.0	-	30.0

Changes in debt obligations during the year

During the year the group repaid its previous loans through the issuance of £600m of senior secured loan notes. One-off costs relating to repayment premia on the extinguishment of the historical debt was recognised in non-underlying finance costs. See note 5 for further details.

The associated obligations and requirements under the new debt issue have been covered in note 22.

Interest rate analysis

The weighted average effective interest rates of interest-bearing loans and borrowings, including the effect of interest rate swaps, at the balance sheet date are as follows:

	15 August 2021 %
Secured loan	6.125
Revolving credit facility	3.250

The average interest rate for Group loans and borrowings is 5.99%.

NOTES TO THE FINANCIAL STATEMENTS

for the 12 weeks ended 15 August 2021

21. FINANCIAL LIABILITIES (continued)

Maturity of Group debt

The table below summarises the maturity profile of the Group's debt at 15 August 2021 based on contractual, undiscounted cash flows including interest.

	Period ended 15 August 2021				Total £m
	Within one year £m	One to two years £m	Two to five years £m	More than five years £m	
Interest bearing loans and borrowings					
- capital	30.0	-	600.0	-	630.0
- interest	37.0	36.6	103.1	-	176.7
	67.0	36.6	703.1	-	806.7

The contractual maturity of trade and other payables is within one year.

22. FINANCIAL INSTRUMENTS

Categories of financial instruments

	15 August 2021 £m
Financial assets	
Receivables (amortised cost)	8.1
Cash and short-term deposits	22.5
	30.6
Financial liabilities	
Amortised cost	649.8
	649.8

The company holds financial assets and financial liabilities at amortised cost, principally receivables and payables with subsidiary undertakings.

All financial instruments are held on the balance sheet at fair value; the gain or loss relating to the movement in fair value of financial instruments are recognised immediately in the income statement.

The Group's principal financial instruments, other than financial instruments, comprise borrowings, cash and liquid resources. The main purpose of these financial instruments is to provide finance for the Group's operations. The Group has various other financial instruments such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, capital risk, credit risk and market risk. There is no material currency exposure as all material transactions and financial instruments are in sterling. The Group has no material exposure to equity securities or commodity price risk and it is the Group's policy that no speculative trading in financial instruments shall be undertaken. The Board reviews and agrees policies for each of these risks.

NOTES TO THE FINANCIAL STATEMENTS

for the 12 weeks ended 15 August 2021

22. FINANCIAL INSTRUMENTS (continued)

Interest rate risk

As the Group has no significant interest bearing assets, other than cash and cash equivalents, the Group's income and operating cash flows are substantially independent of changes in market interest rates. Income and cash flows from cash and cash equivalents fluctuate with interest rates.

Cash flows associated with cash deposits, debt and the fair value of these instruments fluctuate with changes in interest rates. If the interest rates had been 1% higher or lower during the period, the effect on the income statement would be as follows:

	Interest receivable £m	Interest payable £m
Period ended 15 August 2021		
Impact on income statement if interest rates increased by 1%: gain / (loss)	0.1	-
Impact on income statement if interest rates decreased by 1%: (loss) / gain	-	-

The cash flow interest rate risk is largely eliminated across the debt due to the only instrument subject to interest rate risk being the revolving credit facility, which is linked to SONIA plus a margin.

The use of fixed rate borrowings and derivative financial instruments exposes the Group to fair value interest rate risk such that the Group would not benefit from falls in interest rates and would be exposed to unplanned costs, such as breakage costs, should debt or derivative financial instruments be restructured or repaid early.

Liquidity risk

The Group's funding strategy is to ensure a mix of financing methods offering flexibility and cost-effectiveness to match the requirements of the Group. The Group is largely financed by secured loan notes and facilities. As at 15 August 2021 the capital balance of the loan is repayable in June 2026. Cash flow forecasts are frequently produced to assist management in identifying liquidity requirements and are stress-tested for possible scenarios. Cash balances are invested in short term deposits such that they are readily available to settle short term liabilities or to fund capital additions.

As at 15 August 2021, the Group held an undrawn liquidity facility of £40.0m available via the revolving credit facility ("RCF"). The RCF can be used for several purposes including financing acquisitions of provide working capital for the group.

Security

The Group has granted security over the High Yield Bond Group ("HYBG") for the benefit of the £600m secured loan and separate security on the RCF. The HYBG is the group controlled by Punch Pubs Group Limited. The HYBG acts as a guarantor of the secured loan and comprises of the entities that own the pub estate and the trading entities of the group. The companies that act as guarantors to the HYBG guarantors are:

- Punch Partnership (PML) Limited
- Punch Taverns (Branston) Limited
- Punch Partnership (Seagull) Limited
- The Laine Pub Company Limited
- Punch Pubs Group Limited

The loan note holders' hold security over the HYBG's assets, specifically:

- All shares in the HYBG Guarantors and structural intercompany loans
- Material bank accounts of the HYBG Guarantors
- Fixed first equitable charge over all freehold property and leasehold property with more than 25 years to run
- Floating charge over all the present and future assets of the HYBG

The RCF has the following security, specifically:

- Fixed charge over the shares of Punch Pubs Group Limited and Punch Pubs Holdings Limited
- Fixed first equitable charge over the pub estate
- Floating charge over other assets

NOTES TO THE FINANCIAL STATEMENTS
for the 12 weeks ended 15 August 2021

22. FINANCIAL INSTRUMENTS (continued)

Covenants

There are no covenants in place on the group.

Capital risk

The Group's capital structure is made up of net debt, issued share capital and reserves. These are managed effectively to minimise the Group's cost of capital, to add value to shareholders and to service debt obligations. The business performance is monitored by a variety of measures, which are reported to the debt providers on a quarterly basis. The Group assesses the performance of the business, the level of available funds and the short to medium term strategic plans concerning capital spend and such assessment influences the level of dividends payable. The Group monitors capital on the basis of a net debt ratio, being net debt divided by net debt plus equity.

	15 August 2021
	£m
Total debt	618.4
Cash	(22.5)
Net debt	595.9
Equity	210.9
Net debt ratio	74%

Credit risk

With the exception of cash and short term deposits invested with banks and financial institutions, there are no significant concentrations of credit risk within the Group. The maximum credit risk exposure relating to financial assets is represented by the carrying value as at the balance sheet date. The Group's objective is to minimise credit risk by ensuring that surplus funds are invested with banks and financial institutions with appropriate credit ratings and that the Group deals with third parties that have been subject to credit checks, or that have good credit scores, where appropriate. Trade and other receivables, as shown on the consolidated balance sheet, comprise a large number of individually small amounts from unrelated customers and are shown net of a provision for doubtful debts. Management estimates the provision for doubtful debts based on a review of all individual receivable accounts, experience and known factors at the balance sheet date, taking into account any collateral held in the form of cash deposits, which is quantified. These cash deposits are applied against unpaid debt when publicans leave the pubs, and vary in size. The amount of cash deposits held at 15 August 2021 is £5.8m. These are held on the balance sheet within trade and other payables. Receivables are written off against the doubtful debt provision when management deems the debt no longer recoverable.

An analysis of the provision held against trade receivables for doubtful debts is shown below:

	15 August 2021
	£m
Provision for doubtful debts at beginning of period	-
Acquisition of provision for doubtful debts	6.4
Utilised during the period	0.7
Released during the period	(2.0)
Provision for doubtful debts at end of period	5.1

The ageing of trade receivables at the balance sheet date, net of the doubtful debt provision, is as follows:

	15 August 2021
	£m
Current	4.3
Overdue	1.9
	6.2

NOTES TO THE FINANCIAL STATEMENTS

for the 12 weeks ended 15 August 2021

22. FINANCIAL INSTRUMENTS (continued)

There are no indicators at 15 August 2021 that debtors will not meet their payment obligations in respect of the net amount of trade receivables recognised in the balance sheet.

Fair value of non-derivative financial assets and liabilities

With the exception of the Group's secured loan notes, there are no material differences between the carrying value of non-derivative financial assets and financial liabilities and their fair values as at the balance sheet date.

The carrying value of the Group's secured loans at 15 August 2021 is £588.4m and the fair value, measured at market value, of this debt at that date is £612.0m.

The fair value of the Group's secured loan notes have been measured by a level 1 valuation method as defined below.

Fair value hierarchy

Financial instruments carried at fair value are required to be measured by reference to the following levels:

Level 1 – quoted prices in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

23. SHARE CAPITAL

	15 August 2021 No.	15 August 2021 £m
Allotted, called-up and fully paid:		
Ordinary shares of £1.00	9	-

The movements in the called-up share capital are set out below:

	Ordinary shares No.	Ordinary shares £m
At 26 May 2021	-	-
Allotted during the year	9	-
At 15 August 2021	9	-

During the period, on the 27 May 2021 the company issued two Ordinary shares of £1.00 for a consideration of £50,000. On the 23 June 2021 the company issued seven Ordinary shares of £1.00 for a consideration of £290,331,005. This was followed by a capital reduction of £290,318,005 as passed by special resolution on 24 June 2021.

NOTES TO THE FINANCIAL STATEMENTS

for the 12 weeks ended 15 August 2021

24. NET DEBT

(a) Analysis of net debt, including cash and debt classified within assets and liabilities held for sale

	15 August 2021 £m
Secured loan notes	(600.0)
Revolving credit facility	(30.0)
Cash and cash equivalents	22.5
Nominal value of net debt	(607.5)
Capitalised debt issue costs	11.6
Net debt	(595.9)
Balance sheet:	
Borrowings	(618.4)
Cash and cash equivalents	22.5
Net debt	(595.9)

(b) Analysis of changes in net debt

	At 26 May 2021 £m	Acquired on purchase of subsidiaries £m	Cash flow £m	Non-cash movements £m	At 15 August 2021 £m
Current assets					
Cash at bank and in hand	-	93.3	(70.8)	-	22.5
Debt					
Secured borrowings	-	(595.3)	(20.1)	(3.0)	(618.4)
	-	(595.3)	(20.1)	(3.0)	(618.4)
Net debt per balance sheet	-	(502.0)	(90.9)	(3.0)	(595.9)

The net £20.1m is the net cash movement from the repayment of previous loans following the issuance of £600m senior secured notes and the drawdown on the new revolving credit facility.

	£m
Repayment of borrowings	598.0
Proceeds from facility drawdown	(30.0)
Issue of loans	(600.0)
Debt Issue Costs	11.9
	20.1

NOTES TO THE FINANCIAL STATEMENTS

for the 12 weeks ended 15 August 2021

24. NET DEBT (continued)

Net debt incorporates the Group's borrowings and obligations under finance leases, less cash and cash equivalents.

Non-cash movements relate to amortisation of deferred issue costs.

(c) Reconciliation of net cash flow to movement in net debt

	15 August 2021 £m
Decrease in cash and cash equivalents in the period	(70.8)
Cash inflow from change in debt financing	(20.1)
Change in net debt resulting from cash flows	(90.9)
Non-cash movements in net debt	(3.0)
Change in net debt resulting from non-cash flows	(3.0)
Acquired on purchase of subsidiaries	(502.0)
Movement in net debt	(595.9)
Net debt at beginning of period	-
Net debt at end of period	(595.9)

25. PENSIONS AND OTHER POST-RETIREMENT BENEFITS

During the current and prior period, the Group operated one funded defined benefit pension scheme, the Pubmaster Pension Scheme, which is closed to new members. The pension plan has not invested in any of the Group's own financial instruments, nor in properties or other assets used by the Group.

The tables below illustrate the impact of the defined benefit scheme on the income statement and the balance sheet.

Number of members in the defined benefit pension scheme at 15 August 2021:

	Active	Preserved	Pensioner
Number of members	2	171	352

The amounts recognised in the income statement are as follows:

Analysis of amounts charged to operating costs:

	12 weeks to 15 August 2021 £m
Current service cost	(0.1)
Past service cost	(0.1)
Total service costs	(0.2)

Analysis of amounts included within finance income and finance costs:

	12 weeks to 15 August 2021 £m
Net interest cost	-

NOTES TO THE FINANCIAL STATEMENTS

for the 12 weeks ended 15 August 2021

25. PENSIONS AND OTHER POST-RETIREMENT BENEFITS (continued)

Remeasurement gains and losses shown in the SOCI in the period:

	12 weeks to 15 August 2021 £m
Actuarial (loss) / gain on assets excluding interest income	5.2
Losses from changes to financial assumptions	(3.6)
Remeasurement losses recognised in the SOCI	1.6

The amounts recognised in the balance sheet are as follows:

	15 August 2021 £m
Present value of scheme liabilities	(78.8)
Fair value of scheme assets	73.1
Net retirement benefit liability recognised in the balance sheet	(5.7)

Movements in the present value of scheme liabilities are as follows:

	12 weeks to 15 August 2021 £m
Present value of scheme liabilities at acquisition of subsidiaries	75.7
Current service cost	0.1
Past service cost	0.1
Interest cost	0.5
Remeasurement loss	3.6
Benefits paid	(1.2)
Present value of scheme liabilities at end of the period	78.8

Movements in the fair value of scheme assets are as follows:

	12 weeks to 15 August 2021 £m
Fair value of scheme assets at acquisition of subsidiaries	68.4
Interest on scheme assets	0.4
Remeasurement gains	5.3
Contributions paid by employer	0.2
Benefits paid	(1.2)
Fair value of scheme assets at end of the period	73.1

Scheme assets are stated at their market values at the balance sheet date and the expected return on scheme assets is derived as a weighted average of the expected return on each asset class, recognising the proportions of the assets invested in each. The expected return on each asset class is determined after taking external expert advice and by reference to relevant equity and bond indices.

NOTES TO THE FINANCIAL STATEMENTS

for the 12 weeks ended 15 August 2021

25. PENSIONS AND OTHER POST-RETIREMENT BENEFITS (continued)

The major categories of plan assets as a percentage of total plan assets are as follows:

	15 August 2021
Equities	6.7%
Bonds	51.3%
Diversified growth funds	32.7%
Other	9.3%

The history of experience adjustments on the schemes for the current financial period is as follows:

	15 August 2021 £m
Present value of retirement benefit liabilities	(78.8)
Fair value of plan assets	73.1
Net liability in the scheme	(5.7)
Experience adjustments on scheme liabilities	(3.6)
Percentage of scheme liabilities	4.6%
Experience adjustments on scheme assets	(5.2)
Percentage of scheme assets	7.1%

The expected contributions to defined benefit schemes for the next financial year, beginning 16 August 2021, are £0.7m.

Scheme Funding

The Pubmaster Pension Scheme is a defined benefit scheme operated in the UK. The values of the scheme's liabilities have been determined by a qualified actuary based on the results of an actuarial valuation as at 6 April 2019, updated to 15 August 2021, the balance sheet date.

The Scheme is subject to the Statutory Funding Objective under the Pensions Act 2004. A valuation of the Scheme is carried out at least once every three years to determine whether the Statutory Funding Objective is met. As part of the process the Group must agree with the Trustees of the Scheme the contributions to be paid to address any shortfall against the Statutory Funding Objective and contributions to pay for the future accrual of benefits. The Statutory Funding Objective does not currently impact on the recognition of the Scheme in these accounts.

NOTES TO THE FINANCIAL STATEMENTS

for the 12 weeks ended 15 August 2021

25. PENSIONS AND OTHER POST-RETIREMENT BENEFITS (continued)

The Scheme is managed by a board of Trustees appointed in part by the Group (which includes a professional independent trustee) and part from elections by members of the Scheme. The Trustees have responsibility for obtaining valuations of the fund, administering benefit payments and investing the Scheme's assets. The Trustees delegate some of these functions to their professional advisers where appropriate.

The Scheme exposes the Group to a number of risks:

- **Investment risk:** The Scheme holds investments in asset classes, such as equities, which have volatile market values. While these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges.
- **Interest rate risk:** The Scheme's liabilities are assessed using market yields on high quality corporate bonds to discount the liabilities. As the Scheme holds assets such as equities, the value of the assets and liabilities may not move in the same way.
- **Inflation risk:** A significant proportion of the benefits under the Scheme are linked to inflation. Although the Scheme's assets are expected to provide a good hedge against inflation over the long term, movements over the short-term could lead to deficits emerging.
- **Mortality risk:** In the event that members live longer than assumed a deficit will emerge in the Scheme.
- **Member options:** Certain benefit options may be exercised by members without requiring the consent of the Trustees or the company, for example exchanging pension for cash at retirement. In this example, if fewer members than expected exchange pension for cash at retirement then a funding strain will emerge.
- **Insurer covenant risk:** The Trustees hold annuity policies for a group of pensioners in the Scheme. If the insurance company goes insolvent then these pensions will have to be provided directly by the Scheme and a deficit will emerge.

The mortality assumptions at the year end are based on standard mortality tables that allow for future mortality improvements. The assumptions are that the life expectancy of a member who retires at the age of 65 is as follows:

	15 August 2021
Male currently aged 50	23.1 years
Male currently aged 65	21.9 years
Female currently aged 50	25.6 years
Female currently aged 65	24.3 years

The assumptions used in determining the valuations are as follows:

	15 August 2021
Rate of increase of salaries	4.25%
Rate of increase in pensions	2.65%
Discount rate	1.50%
Inflation assumption (RPI)	3.55%
Inflation assumption (CPI)	3.05%

The results are very sensitive to the assumptions used. The table below shows the approximate effect on the Scheme's liabilities of changing some of the key financial assumptions, whilst all other assumptions remain the same. The impact of adjustments to assumptions are as follows:

Adjustments to assumptions	Approximate effect on liabilities and deficit £m
Reduce discount rate by 0.1% per annum	1.2
Increase inflation by 0.1% per annum (and all associated assumptions)	(0.7)

NOTES TO THE FINANCIAL STATEMENTS

for the 12 weeks ended 15 August 2021

25. PENSIONS AND OTHER POST-RETIREMENT BENEFITS (continued)

The assets in the scheme are:

	Value at 15 August 2021 £m
Equities	4.9
Bonds	37.5
Target return funds	23.9
Insured pensions	0.5
Direct lending	5.8
Cash	0.5
Total market value of assets	73.1
Present value of scheme liabilities	(78.8)
Net pension liability before deferred tax	(5.7)
Deferred tax asset	1.3
Net pension liability	(4.4)

The pension costs for the defined contribution schemes are as follows:

	12 weeks to 15 August 2021 £m
Defined contribution schemes	0.2

Pension risk

The Group operates one defined benefit pension scheme which is closed to new members. The scheme is subject to risk regarding the relative amount of the scheme's assets, which are affected by the value of investments and the returns generated by such investments, compared to the scheme's liabilities, which are affected by changes in the life expectancy, actual and expected price inflation, changes in bond yields and future salary increases. The difference in value between scheme assets and scheme liabilities may vary significantly in the short term, potentially resulting in an increased deficit being recognised on the Group's balance sheet.

In the current period, the Group has made payments to the scheme totalling £0.2m. The Group has agreed to deficit payments of £0.7m to August 2022.

26. OPERATING LEASE COMMITMENTS – MINIMUM LEASE PAYMENTS

Group	15 August 2021 £m
Future minimum rentals payable under non-cancellable operating leases:	
Within one year	8.3
Between one and five years	31.7
After five years	107.9
	147.9

The Group leases various licensed properties, offices and other commercial properties under non-cancellable operating lease agreements. The leases have various terms, escalation clauses and renewal rights. The Group also leases vehicles under non-cancellable operating lease agreements.

NOTES TO THE FINANCIAL STATEMENTS

for the 12 weeks ended 15 August 2021

26. OPERATING LEASE COMMITMENTS – MINIMUM LEASE PAYMENTS (continued)

The Group is a lessor of licensed properties to publicans. The leases have various terms, escalation clauses and renewal rights. The total non-cancellable future minimum lease payments expected to be received are:

	Land and buildings 15 August 2021 £m
Within one year	25.0
One to two years	18.5
Two to three years	15.1
Three to four years	13.2
Four to five years	5.9
After five years	20.6
	98.3

The company has no operating lease commitments at 15 August 2021.

27. CAPITAL AND OTHER FINANCIAL COMMITMENTS

Group

Capital commitments for property, plant and equipment	15 August 2021 £m
Contracted but not provided ¹	2.6

¹ Excluding those relating to assets classified as held for sale.

The company has no capital commitments at 15 August 2021.

NOTES TO THE FINANCIAL STATEMENTS

for the 12 weeks ended 15 August 2021

28. RELATED PARTY TRANSACTIONS

Group

Transactions with key management personnel

Total compensation of key management personnel (including the directors) in the period amounted to £0.4m.

Year end balances arising from transactions with group undertakings	15 August 2021 £m
Receivables	1.9
Payables	(0.5)

The year end balances above have arisen from trading transactions with other companies in the Vine Acquisitions Limited group.

Transactions with associate company

At 15 August 2021, The Laine Pub Company Limited, a wholly owned subsidiary of the company, held 49% of the entire issued share capital of Mash Inns Limited, a pub operating company. The Group's investment in this associate company at 15 August 2021 is £nil. On acquisition of the Group there were transactions of £0.1m with Mash Inns Limited.

Year end balances arising from transactions with associate company

	15 August 2021 £m
Amounts due from associate company	0.1
Amounts owed to associate company	-

Summarised financial information for associate company

The consolidated accounts for Mash Inns Limited are made up to 30 September 2020. The accounts are prepared under FRS101. A summary of the financial information contained in these accounts can be found below:

	30 September 2020 £m
Current assets	0.4
Non-current assets	2.6
Current liabilities	(1.8)
Non-current liabilities	(1.2)
Net assets	-
Revenue	1.4
Loss after taxation from continuing operations	(0.2)

Company

Year end balances arising from transactions with subsidiary undertakings	15 August 2021 £m
Receivables	0.2
Payables	(0.1)

The year end balances above have arisen from trading transactions with other companies in the Vine Acquisitions Limited group.

NOTES TO THE FINANCIAL STATEMENTS

for the 12 weeks ended 15 August 2021

29. POST BALANCE SHEET EVENTS

On the 15 December 2021, funds managed by affiliates of Fortress Investment Group LLC acquired the entire issued share capital of Vine Acquisitions Limited. Following completion of the acquisition, the company's ultimate parent undertaking and controlling party becomes Fortress Investment Group LLC, an independently operated subsidiary of SoftBank Group Corp.

30. ULTIMATE PARENT UNDERTAKING

Punch Pubs Group Limited is incorporated and domiciled in England.

The company's immediate parent undertaking is Punch Taverns Limited a company registered in England and Wales.

The company's ultimate parent undertaking and controlling party is Patron Capital, V.L.P., a Jersey L.P. managed and controlled in Jersey. No one person has ultimate control of Patron Capital, V.L.P..

Following completion of the acquisition referenced in note 29, the company's ultimate parent undertaking and controlling party becomes Fortress Investment Group LLC, an independently operated subsidiary of SoftBank Group Corp.

The company and group are included in the Vine Acquisitions Limited consolidated accounts. This is the largest set of accounts the results the Group are consolidated into.

Copies of the financial statements of Vine Acquisitions Limited are available from Companies House.