PUNCH

Punch Pubs Group Limited

Condensed Consolidated Quarterly Management Accounts

05 December 2021

CONDENSED CONSOLIDATED INCOME STATEMENT
for the 16 weeks ended 5 December 2021

		16 weeks ended 5 December 2021		
	Notes	**Underlying items £m**	**Non-underlying items (note 3) £m**	**Total £m**
Revenue	2	86.2	-	86.2
Operating costs before depreciation and amortisation		(61.0)	(0.6)	(61.6)
EBITDA[1]		**25.2**	**(0.6)**	**24.6**
Depreciation and amortisation		(4.7)	-	(4.7)
Profit on sale of property, plant and equipment and non-current assets classified as held for sale		-	1.8	1.8
Operating profit		**20.5**	**1.2**	**21.7**
Finance costs	4	(14.3)	-	(14.3)
Profit before taxation		**6.2**	**1.2**	**7.4**
UK income tax charge		(1.8)	-	(1.8)
Profit for the financial period		**4.4**	**1.2**	**5.6**
Loss attributable to non-controlling interest		0.1	**-**	0.1
Profit for the financial period attributable to owners of the parent company		**4.5**	**1.2**	**5.7**

[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, finance costs, tax of the Group and loss attributable to non-controlling interest.

CONDENSED CONSOLIDATED BALANCE SHEET
at 5 December 2021

	Notes	5 December 2021 £m
Non-current assets		
Property, plant and equipment	5	880.8
Right of use assets	7	62.9
Other intangible assets	6	0.7
		944.4
Current assets		
Inventories		3.5
Trade and other receivables	8	11.5
Assets classified as held for sale	5	4.0
Cash and cash equivalents		26.7
		45.7
Total assets		**990.1**
Current liabilities		
Trade and other payables	9	(56.5)
Short-term borrowings	10	(30.0)
Lease liabilities	7	(9.9)
		(96.4)
Non-current liabilities		
Borrowings	10	(589.2)
Lease liabilities	7	(67.9)
Retirement benefit obligations	12	(5.5)
Deferred tax liability		(14.4)
		(677.0)
Total liabilities		**(773.4)**
Net assets		**216.7**
Equity		
Called up share capital		-
Revaluation reserve		22.2
Retained earnings		235.1
Reorganisation reserve		(40.4)
Equity attributable to owners of the parent company		**216.9**
Non-controlling interests		(0.2)
Total equity		**216.7**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the 16 weeks ended 5 December 2021

	Share capital £m	**Revaluation reserve £m**	**Retained earnings £m**	**Reorganisation reserve £m**	**Non-controlling interests £m**	**Total equity £m**
Total equity at 15 August 2021	-	22.2	229.2	(40.4)	(0.1)	210.9
Profit / (loss) for the period	-	-	5.7	-	(0.1)	5.6
Total comprehensive profit / (loss) for the period	-	-	234.9	-	(0.2)	216.5
Share based payment			0.2			0.2
Total equity at 5 December 2021	**-**	**22.2**	**235.1**	**(40.4)**	**(0.2)**	**216.7**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
for the 16 weeks ended 5 December 2021

	16 weeks ended 5 December 2021 £m
Cash flows from operating activities	
Operating profit	21.7
Depreciation and amortisation	4.7
Profit on sale of property, plant and equipment and non-current assets classified as held for	(1.8)
Increase in inventories	(0.8)
Decrease in trade and other receivables	(1.1)
Decrease in trade and other payables	(9.6)
Difference between pension contributions paid and amounts recognised in the income	(0.2)
Cash generated from operations	**12.9**
Income tax paid	-
Net cash generated from operating activities	**12.9**
Cash flows from investing activities	
Purchase of property, plant and equipment	
- acquisitions	(2.8)
- investments	(8.0)
Proceeds from sale of property, plant and equipment and non-current assets classified as held for sale	5.6
Net cash used in investing activities	**(5.2)**
Cash flows from financing activities	
Payment of lease liability	(3.0)
Interest paid	(0.3)
Intercompany settlement	(0.2)
Net cash generated from financing activities	**(3.5)**
Net increase in cash and cash equivalents	**4.2**
Cash and cash equivalents at beginning of period	22.5
Cash and cash equivalents at end of period	**26.7**

NOTE TO THE CONDENSED FINANCIAL STATEMENTS
for the 16 weeks ended 5 December 2021

1. ACCOUNTING POLICIES

Basis of preparation

The condensed consolidated financial statements presented in this document have been prepared using accounting policies that are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the 12 weeks ended 15 August 2021 and which are expected to apply at 14 August 2022, which are prepared in accordance with IFRS as adopted by the United Kingdom.

These financial statements do not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. The condensed financial information for the 16 weeks ended 5 December 2021 are unaudited.

The Group financial statements are present 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 is financed through a £600.0m 5-year secured loan and a £70.0m revolving credit facility agreement. As at the 5 December 2021, the quarter end date the Group had £26.7m of cash balances and £40.0m remaining undrawn against the revolving credit facility.

After due consideration the Directors' believe that they have 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 Goup 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.

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.

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.

NOTE TO THE CONDENSED FINANCIAL STATEMENTS
for the 16 weeks ended 5 December 2021

1. ACCOUNTING POLICIES

Property, plant and equipment

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

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

Impairment

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.

NOTE TO THE CONDENSED FINANCIAL STATEMENTS
for the 16 weeks ended 5 December 2021

1. ACCOUNTING POLICIES
Borrowings

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

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.

Pensions

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.

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.

NOTE TO THE CONDENSED FINANCIAL STATEMENTS
for the 16 weeks ended 5 December 2021

1. ACCOUNTING POLICIES

Inventories

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
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

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.

Non-current assets classified as held for sale

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.

Lesee Accounting

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 at 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

NOTE TO THE CONDENSED FINANCIAL STATEMENTS
for the 16 weeks ended 5 December 2021

1. ACCOUNTING POLICIES

Lease liability- subsequent measurment
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 measurment
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.

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.

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.

NOTE TO THE CONDENSED FINANCIAL STATEMENTS
for the 16 weeks ended 5 December 2021

1. ACCOUNTING POLICIES

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.

Significant accounting judgements
In the course of preparing the financial statements, they key judgements made in the process of applying the Group's accounting policies are detailed below:

Exceptional and non-underlying items

Management uses a range of measures to monitor assess the group's performance. Management judgement has been used to determine those items that should be classified as non-underlying so to give a better understanding of the underlying trading performance of the group.

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. Non-underlying items include:

- Financial and operational restructuring costs;
- Profit / (loss) on sale of properties;
- Grant income.

Significant accounting estimates

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.

Impairment of property, plant and equipment and non-current assets classified as held for sale
Property, plant and equipment and non-current assets classified as held for sale 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 extend 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.

NOTE TO THE CONDENSED FINANCIAL STATEMENTS
for the 16 weeks ended 5 December 2021

1. ACCOUNTING POLICIES

Valuation of property, plant and equipment
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
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.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
for the 16 weeks ended 5 December 2021

2. TURNOVER

Turnover represents the amounts derived from provisions of goods and services to third parties which fall within the group's ordinary activities, stated net of value added tax. Rents receivable are recognised on a straight-line basis over the lease term. Other revenue represents machine income and accommodation sales which are recognised in the period to which it relates. Revenue in respect of drinks sales is recognised at the point at which the goods are provided. Turnover is derived soley within the United Kingdom.

Turnover includes:

	16 weeks to 5 December 2021 £m
Drink and food revenue	76.3
Rental income	9.9
Total turnover	86.2

3. 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:

	16 weeks to 5 December 2021 £m
Operating non-underlying items	
Professional fees, restructuring and other one-off costs	(0.4)
Share based payment charge	(0.2)
Profit on sale of property, plant and equipment and non-current assets classified as held for sale	1.8
Total non-underlying items before tax	**1.2**
Tax	
Tax impact of non-underlying items	-
Total non-underlying items after tax	**1.2**

4. FINANCE COSTS

	16 weeks to 5 December 2021 £m
Interest payable on loan notes	11.8
Interest payable on lease liabilities	1.6
Net pension interest costs	0.1
Amortisation of deferred issue costs	0.8
Total finance costs	**14.3**

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
for the 16 weeks ended 5 December 2021

5. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings £m	Public house fixtures and fittings £m	Assets held for resale £m	Total £m
Cost or valuation				
At 15 August 2021	855.3	25.0	5.8	886.1
Additions	5.6	2.6	-	8.2
Disposals	(2.9)	(0.2)	(1.3)	(4.4)
At 5 December 2021	**858.0**	**27.4**	**4.5**	**889.9**
Accumulated depreciation and impairment				
At 15 August 2021	0.2	1.1	0.6	1.9
Charge for the period	1.1	2.2	-	3.3
Disposals	-	-	(0.1)	(0.1)
At 5 December 2021	**1.3**	**3.3**	**0.5**	**5.1**
Net book value at 5 December 2021	**856.7**	**24.1**	**4.0**	**884.8**
Net book value at 15 August 2021	855.1	23.9	5.2	884.2

6. INTANGIBLE ASSETS

	Other intangible assets £m
Cost	
At 15 August 2021	0.9
Additions	-
At 5 December 2021	**0.9**
Amortisation and impairment	
At 15 August 2021	0.1
Charge for the period	0.1
At 5 December 2021	**0.2**
Net book value at 5 December 2021	**0.7**
Net book value at 15 August 2021	0.8

Other intangible assets relate to computer software.

7. LEASES

Group as a Lessee

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

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 15 August 2021	61.6	0.4	62.0
Additions	1.1	0.1	1.2
Remeasurement	3.0	-	3.0
At 5 December 2021	**65.7**	**0.5**	**66.2**
Accumulated depreciation and impairment			
At 15 August 2021	2.0	-	2.0
Charge for the period	1.3	-	1.3
At 5 December 2021	**3.3**	**-**	**3.3**
Net book value at 5 December 2021	**62.4**	**0.5**	**62.9**
Net book value at 15 August 2021	**59.6**	**0.4**	**60.0**

Lease liabilities

	£m
At 15 August 2021	75.0
Additions	1.2
Remeasurement	3.0
Finance charge on lease liability	1.6
Repayments	(3.0)
At 5 December 2021	**77.8**

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

	5 December 2021 £m
Current	(9.9)
Non-current	(67.9)
At 15 August 2021	**(77.8)**

8. TRADE AND OTHER RECEIVABLES

Amounts falling due within one year	5 December 2021 £m
Trade receivables	7.0
Prepayments	3.0
Amounts due from group undertakings	0.1
Other receivables	1.4
	11.5

9. TRADE AND OTHER PAYABLES

Amounts falling due within one year	5 December 2021 £m
Trade payables	12.3
Accruals and deferred income	29.0
Social sercurity and other tax	5.3
Other payables	9.9
	56.5

10. BORROWINGS

The Group is funded by two external sources of financing, a £600.0m secured loan due June 2026 and a Revolving Credit Facility "RCF" for £70.0m, of which £30.0m is drawn at the year end.

	£m
Current Liabilities	
Revolving credit facility	30.0
Non Current Liabilities	
Secured loan notes- Repayable June 2026 at 6.125%	589.2

The secured loan notes that are repayable in June 2026 are shown net of debt issue costs of £10.8m which have been capitalised as deferred issue costs and are amortised over the life of the loan.

Interest is biannually in arrears, interest of £16.9m is accrued for at the period end for the amounts due on the RCF and the secured loans for the period since the loan notes were issued. This is expected to be paid within 12 months and accrued for within accruals and deferred income.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
for the 16 weeks ended 5 December 2021

11. NET DEBT

Analysis of net debt

	5 December 2021 £m
Secured loan notes	(600.0)
Revolving credit facility	(30.0)
Cash and cash equivalents	26.7
Nominal value of net debt	**(603.3)**
Capitalised debt issue costs	10.8
Net debt	**(592.5)**
Balance sheet:	
Borrowings	(619.2)
Cash and cash equivalents	26.7
Net debt	**(592.5)**

Analysis of changes in net debt

	At 15 August 2021 £m	Cash flow £m	Non-cash movements £m	At 5 December 2021 £m
Current assets				
Cash and cash equivalents	22.5	4.2	-	**26.7**
Debt				
Secured borrowings	(618.4)	-	(0.8)	**(619.2)**
	(618.4)	-	(0.8)	**(619.2)**
Net debt per balance sheet	**(595.9)**	**4.2**	**(0.8)**	**(592.5)**

12. PENSIONS

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 expected contributions to defined benefit schemes for this financial year, are £0.7m.