

PUNCH

Punch Pubs Group Limited

Unaudited Condensed Consolidated Financial Information

For the 28 weeks ended 26 February 2023

Registered number: 13420745



UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the 28 weeks ended 26 February 2023

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Punch Pubs Group Limited

OPERATING AND FINANCIAL REVIEW

For the 28 weeks ended 26 February 2023

Punch Pubs Group Limited announces its trading update for the 28 week period to 26 February 2023 (prior year 28 week period to 27 February 2022).

Current Trading

For the 28 weeks to 26 February 2023 total revenue was £158.1 million compared to £142.6 million in the prior year period of 28 weeks to 27 February 2022, with the conversion of pubs from Leased & Tenanted over to our Management Partnerships estate contributing to the increased revenue.

EBITDA for the period was £37.5 million (prior year 28 weeks: £38.6 million) of which £38.9 million was classed as Underlying EBITDA (prior year 28 weeks: £39.7 million). The prior year period results include the benefit of the temporary reduced rate for VAT on food and non-alcoholic drinks, and lower energy costs, with a combined impact of c.£3m over the 28 week period.

All three divisions (Leased and Tenanted, Management Partnership and Laine) delivered like-for-like sales growth for the 28 week period when compared to the prior year, with the Leased and Tenanted division also delivering growth in like-for-like rental income.

Underlying EBITDA for the 52 weeks to 26 February 2023 was £82.5m, which compares positively to the £76.0m of Adjusted Underlying EBITDA from the wider Punch Group in the year to August 2019, being the most recent financial year prior to the Covid pandemic.

Investing Activities

In the 28 week period the Group has spent £16.7 million (prior year 28 weeks: £15.5m) on expansionary and maintenance capital, which included 5 transformational investments in converting pubs from Leased & Tenanted over to our Management Partnerships estate and acquiring a brewery to expand our beer production capacity at Laine.

Having converted 71 pubs from Leased and Tenanted across to the Management Partnership division since August 2021, the rate of pub conversions has slowed down as we take time to select and build the next pipeline of pubs for transformational investment and conversion, taking learnings from the successful conversions we have completed to date. The benefit of the EBITDA uplift from these recent conversions is still to be fully realised, and despite the significant increase in energy costs, we still expect to achieve a stabilised return on investment in excess of 20% on these investments.

Net proceeds from the sale of properties in the period was £2.0 million (prior year 28 weeks: £5.5 million), at £0.3 million above book value. There were no acquisitions in the period (prior year 28 weeks: £4.3 million).

Property Valuation

Property assets increased by £7.9 million in the period to £903.4 million (14 August 2022: £895.5 million). The Group benefits from operating a predominantly freehold estate, with 93% of the pub portfolio owned on a freehold or long leasehold (greater than 50 years remaining lease term) basis.

The Group's policy is to revalue its properties on a five-year rolling basis, 20% of the estate was valued by Savills (UK) Limited, independent chartered surveyors for the year ended 14 August 2022, a further 20% of the estate will be revalued for the year ending 13 August 2023.

Financial Position

The Group generated a net cash inflow from operating activities for the period of £35.2 million (prior year 28 weeks: £23.7 million).

As at the 26 February 2023 period end date the Group had £47.7 million of available liquidity (14 August 2022: £52.6 million), represented by £12.7m of cash balances and £35.0m undrawn against the revolving credit facility.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the 28 weeks ended 26 February 2023

	Notes	28 weeks ended 26 February 2023 (Unaudited)			28 weeks ended 27 February 2022 (Unaudited)			52 weeks ended 14 August 2022 (Audited)		
		Underlying items £m	Non- underlying items ¹ £m	Total £m	Underlying items £m	Non- underlying items ¹ £m	Total £m	Underlying items £m	Non- underlying items ¹ £m	Total £m
Revenue	2	158.1	-	158.1	142.6	-	142.6	284.4	-	284.4
Operating costs before depreciation and amortisation		(119.2)	(1.4)	(120.6)	(102.9)	(1.1)	(104.0)	(201.1)	(2.0)	(203.1)
EBITDA²		38.9	(1.4)	37.5	39.7	(1.1)	38.6	83.3	(2.0)	81.3
Depreciation and amortisation		(9.3)	-	(9.3)	(8.2)	-	(8.2)	(15.6)	-	(15.6)
Profit on sale of non-current assets		-	0.3	0.3	-	1.0	1.0	-	2.4	2.4
Impairment	6	-	(0.3)	(0.3)	-	-	-	-	(3.2)	(3.2)
Re-valuation of properties		-	-	-	-	-	-	-	(18.5)	(18.5)
Operating profit / (loss)		29.6	(1.4)	28.2	31.5	(0.1)	31.4	67.7	(21.3)	46.4
Net finance costs	4	(25.3)	-	(25.3)	(24.9)	-	(24.9)	(46.9)	-	(46.9)
Profit / (loss) before taxation		4.3	(1.4)	2.9	6.6	(0.1)	6.5	20.8	(21.3)	(0.5)
Taxation charge	5	(1.0)	(0.1)	(1.1)	(1.2)	(0.3)	(1.5)	(2.3)	(0.5)	(2.8)
Profit / (loss) for the financial period		3.3	(1.5)	1.8	5.4	(0.4)	5.0	18.5	(21.8)	(3.3)
Loss attributable to non- controlling interest		0.1	-	0.1	0.2	-	0.2	0.2	-	0.2
Profit / (loss) for the financial period attributable to owners of the parent company		3.4	(1.5)	1.9	5.6	(0.4)	5.2	18.7	(21.8)	(3.1)

¹ Non-underlying items are explained further in note 3

² EBITDA represents earnings before depreciation and amortisation, profit on the sale of non-current assets, impairment, re-valuation of properties, net finance costs, tax of the Group and loss attributable to non-controlling interest.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the 28 weeks ended 26 February 2023

		28 weeks ended 26 February 2023	28 weeks ended 27 February 2022	52 weeks ended 14 August 2022
	Notes	(Unaudited) £m	(Unaudited) £m	(Audited) £m
Profit / (loss) for the financial period attributable to owners of the parent company		1.9	5.2	(3.1)
Other items that will not be reclassified to profit or loss in subsequent periods (net of tax):				
Remeasurement of defined benefit pension scheme	17	(0.5)	-	5.1
Unrealised surplus on revaluation of properties		-	-	15.3
Tax relating to components of other comprehensive income that cannot be reclassified into profit or loss	5	0.1	-	(1.2)
Other comprehensive (loss) / profit for the period		(0.4)	-	19.2
Total comprehensive profit for the period attributable to owners of the parent company		1.5	5.2	16.1

CONDENSED CONSOLIDATED BALANCE SHEET

as at 26 February 2023

	Notes	26 February 2023 (Unaudited) £m	14 August 2022 (Audited) £m
Non-current assets			
Property, plant and equipment	6	898.4	889.8
Right of use assets	8	62.7	63.7
Other intangible assets	7	0.6	0.5
		961.7	954.0
Current assets			
Inventories		3.9	4.0
Trade and other receivables	9	15.0	13.9
Assets classified as held for sale		5.0	5.7
Cash and cash equivalents	11	12.7	12.6
		36.6	36.2
Total assets		998.3	990.2
Current liabilities			
Trade and other payables	10	(49.4)	(49.2)
Short-term borrowings	12	(35.0)	(30.0)
Lease liabilities	8	(9.1)	(9.2)
		(93.5)	(88.4)
Non-current liabilities			
Borrowings	12	(592.1)	(590.8)
Lease liabilities	8	(66.1)	(67.0)
Retirement benefit obligations	17	-	-
Deferred tax liability		(17.6)	(16.6)
		(675.8)	(674.4)
Total liabilities		(769.3)	(762.8)
Net assets		229.0	227.4
Equity			
Called up share capital		-	-
Reorganisation reserve		(40.4)	(40.4)
Revaluation reserve		37.2	37.4
Capital reserve		0.8	0.6
Retained earnings		231.8	230.1
Equity attributable to owners of the parent company		229.4	227.7
Non-controlling interest		(0.4)	(0.3)
Total equity		229.0	227.4

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the 28 weeks ended 26 February 2023

	Called up share capital	Reorganisation reserve	Revaluation reserve	Capital reserve	Retained earnings	Non-controlling interest	Total equity
	£m	£m	£m	£m	£m	£m	£m
Total equity at 15 August 2021 (Audited)	-	(40.4)	22.2	-	229.2	(0.1)	210.9
Profit / (loss) for the period	-	-	-	-	4.3	(0.2)	4.1
Other comprehensive gains / (losses) for the period	-	-	-	-	-	-	-
Total comprehensive profit / (loss) for the period	-	-	-	-	4.3	(0.2)	4.1
Share based payment	-	-	-	0.2	-	-	0.2
Total equity at 27 February 2022 (Unaudited)	-	(40.4)	22.2	0.2	233.5	(0.3)	215.2
Total equity at 27 February 2022 (Unaudited)	-	(40.4)	22.2	0.2	233.5	(0.3)	215.2
Profit / (loss) for the period	-	-	-	-	(7.4)	-	(7.4)
Other comprehensive gains / (losses) for the period	-	-	15.3	-	3.9	-	19.2
Total comprehensive profit / (loss) for the period	-	-	15.3	-	(3.5)	-	11.8
Share based payment	-	-	-	0.4	-	-	0.4
Transfer on disposal of non-current assets	-	-	(0.1)	-	0.1	-	-
Total equity at 14 August 2022 (Audited)	-	(40.4)	37.4	0.6	230.1	(0.3)	227.4
Total equity at 14 August 2022 (Audited)	-	(40.4)	37.4	0.6	230.1	(0.3)	227.4
Profit / (loss) for the period	-	-	-	-	1.9	(0.1)	1.8
Other comprehensive gains / (losses) for the period	-	-	-	-	(0.4)	-	(0.4)
Total comprehensive profit / (loss) for the period	-	-	-	-	1.5	(0.1)	1.4
Transfer on disposal of non-current assets	-	-	(0.2)	-	0.2	-	-
Share based payment	-	-	-	0.2	-	-	0.2
Total equity at 26 February 2023 (Unaudited)	-	(40.4)	37.2	0.8	231.8	(0.4)	229.0

Called up share capital represents the nominal value of shares that have been issued.

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.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
For the 28 weeks ended 26 February 2023

	28 weeks ended 26 February 2023 (Unaudited) £m	28 weeks ended 27 February 2022 (Unaudited) £m	52 weeks ended 14 August 2022 (Audited) £m
Cash flows from operating activities			
Operating profit	28.2	31.4	46.4
Depreciation and amortisation	9.3	8.2	15.6
Profit on sale of non-current assets	(0.3)	(1.0)	(2.4)
Impairment	0.3	-	3.2
Revaluation of properties	-	-	18.5
(Increase) / decrease in inventories	0.1	(0.2)	(1.3)
(Increase) / decrease in trade and other receivables	(1.1)	0.9	(2.3)
Decrease in trade and other payables	(0.9)	(15.2)	(6.7)
Difference between pension contributions paid and amounts recognised in the income statement	(0.5)	(0.4)	(0.7)
Cash generated from operations	35.1	23.7	70.3
Income tax received	0.1	-	-
Net cash generated from operating activities	35.2	23.7	70.3
Cash flows from investing activities			
Purchase of property, plant and equipment			
- acquisitions	-	(4.3)	(4.9)
- investments	(16.7)	(15.5)	(34.3)
Proceeds from sale of property, plant and equipment	2.0	5.5	8.9
Purchase of other intangible assets	(0.3)	-	-
Interest received	-	-	-
Net cash used in investing activities	(15.0)	(14.3)	(30.3)
Cash flows from financing activities			
Proceeds from facility drawdown	15.0	10.0	10.0
Repayment of facility principle	(10.0)	-	(10.0)
Payment of lease liability	(5.1)	(6.8)	(11.9)
Intercompany settlement	(0.3)	-	1.4
Interest paid	(19.7)	(19.9)	(39.4)
Net cash used in financing activities	(20.1)	(16.7)	(49.9)
Net increase / (decrease) in cash and cash equivalents	0.1	(7.3)	(9.9)
Cash and cash equivalents at beginning of period	12.6	22.5	22.5
Cash and cash equivalents at end of period	12.7	15.2	12.6

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the 28 weeks ended 26 February 2023

1. ACCOUNTING POLICIES

Basis of preparation

The Condensed Consolidated Financial Information has been prepared using accounting policies that are consistent with those followed in the preparation of the Group's annual Consolidated Financial Statements for the 52 weeks ended 14 August 2022 and which are expected to apply at 13 August 2023, which will be prepared in accordance with IFRS as adopted by the United Kingdom. The Condensed Consolidated Financial Information do not constitute Interim Financial Statements under IAS 34.

These financial statements do not constitute statutory accounts within the meaning of section 435 of the Companies Act 2006 and the condensed consolidated financial information for the 28 weeks ended 26 February 2023 is unaudited.

The financial information for the 52 weeks ended 14 August 2022 is extracted from the audited accounts for the period ended 14 August 2022, which have been delivered to the Registrar of Companies. The auditors' report was unqualified and did not contain a statement under section 498 of the Companies Act 2006.

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 26 February 2023, the quarter end date, the Group had £12.7m of cash balances and £35m 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 distribution of the condensed consolidated financial information, and therefore continue to adopt the going concern basis in their preparation.

Key Accounting judgements

The following are the key accounting judgements that management have made in the period.

Impairment of property, plant, equipment and the right of use asset

The Directors have reviewed the portfolio to identify if there have been any indicators of impairment since the year end. The Directors have identified an indicator of impairment and are satisfied that this is limited to specific sites which changed business model moving from the Management Partnership model to the Leased and Tenanted model. The limited number of sites that fall into this category have therefore undergone an impairment review.

Defined benefit pension valuation

The Group restricted the Defined Benefit Pension scheme asset to nil based on the fact the Group doesn't have an unconditional right to a refund or reduction in future contributions. The directors have deemed that the valuation of the Defined Benefit scheme hasn't materially changed since the year end, as a result any pension contributions made to the scheme are recognised in the Condensed Consolidated Statement of Comprehensive Income as a loss in the period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the 28 weeks ended 26 February 2023

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.

	28 weeks ended 26 February 2023 (Unaudited)					Total £m
	L&T £m	MP £m	Laine £m	Unallocated £m		
Drink revenue	45.6	53.4	22.6	-		121.6
Food revenue	-	14.9	2.0	-		16.9
Rental income	14.4	0.5	0.3	-		15.2
Other revenue ¹	1.6	2.2	0.6	-		4.4
Underlying revenue	61.6	71.0	25.5	-		158.1
Underlying operating costs ²	(27.7)	(57.3)	(21.6)	(12.6)		(119.2)
EBITDA before non-underlying items	33.9	13.7	3.9	(12.6)		38.9
Underlying depreciation and amortisation						(9.3)
Operating non-underlying items						(1.4)
Net finance costs						(25.3)
UK income tax charge						(1.1)
Profit for the financial period						1.8
Loss attributable to non-controlling interest						0.1
Profit for the financial period attributable to owners of the parent company						1.9

¹ Other income includes grants of a revenue nature which are recognised in the income statement in the same period as the related expenditure. Grants relating to the job retention scheme are recognised when the requirements are met and recognised in the income statement in the period to which it relates to.

² Unallocated underlying operating costs represent corporate overheads that are not allocated down to the divisional performance.

	28 weeks ended 27 February 2022 (Unaudited)					Total £m
	L&T £m	MP £m	Laine £m	Unallocated £m		
Drink revenue	45.8	41.7	21.4	-		108.9
Food revenue	-	11.6	2.2	-		13.8
Rental income	15.2	0.4	0.3	-		15.9
Other revenue ¹	1.6	1.9	0.5	-		4.0
Underlying revenue	62.6	55.6	24.4	-		142.6
Underlying operating costs ²	(26.7)	(44.2)	(18.6)	(13.4)		(102.9)
EBITDA before non-underlying items	35.9	11.4	5.8	(13.4)		39.7
Underlying depreciation and amortisation						(8.2)
Operating non-underlying items						(0.1)
Net finance costs						(24.9)
UK income tax charge						(1.5)
Profit for the financial period						5.0
Loss attributable to non-controlling interest						0.2
Profit for the financial period attributable to owners of the parent company						5.2

	52 weeks ended 14 August 2022 (Audited)					Total £m
	L&T £m	MP £m	Laine £m	Unallocated £m		
Drink revenue	89.4	84.4	44.7	-		218.5
Food revenue	-	23.7	4.3	-		28.0
Rental income	28.3	0.8	0.5	-		29.6
Other revenue ¹	2.8	3.9	1.6	-		8.3
Underlying revenue	120.5	112.8	51.1	-		284.4
Underlying operating costs ²	(51.6)	(88.8)	(39.0)	(21.7)		(201.1)
EBITDA before non-underlying items	68.9	24.0	12.1	(21.7)		83.3
Underlying depreciation and amortisation						(15.6)
Operating non-underlying items						(21.3)
Net finance costs						(46.9)
UK income tax charge						(2.8)
Loss for the financial period						(3.3)
Loss attributable to non-controlling interest						0.2
Loss for the financial period attributable to owners of the parent company						(3.1)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION
For the 28 weeks ended 26 February 2023

2. SEGMENTAL ANALYSIS (CONTINUED)

Assets and liabilities	28 weeks ended 26 February 2023 (Unaudited)				
	L&T	MP	Laine	Unallocated	Total
	£m	£m	£m	£m	£m
Segment assets	601.4	285.1	76.1	4.1	966.7
Unallocated assets	-	-	-	31.6	31.6
Total assets	601.4	285.1	76.1	35.7	998.3
Segment liabilities	(11.6)	(11.7)	(50.7)	(1.2)	(75.2)
Unallocated liabilities	-	-	-	(694.1)	(694.1)
Total liabilities	(11.6)	(11.7)	(50.7)	(695.3)	(769.3)
Net assets / (liabilities)	589.8	273.4	25.4	(659.6)	229.0

	52 weeks ended 14 August 2022 (Audited)				
	L&T	MP	Laine	Unallocated	Total
	£m	£m	£m	£m	£m
Segment assets	601.4	277.7	76.4	4.2	959.7
Unallocated assets	-	-	-	30.5	30.5
Total assets	601.4	277.7	76.4	34.7	990.2
Segment liabilities	(12.6)	(11.7)	(50.8)	(1.1)	(76.2)
Unallocated liabilities	-	-	-	(686.6)	(686.6)
Total liabilities	(12.6)	(11.7)	(50.8)	(687.7)	(762.8)
Net assets / (liabilities)	588.8	266.0	25.6	(653.0)	227.4

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.

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:

	28 weeks ended 26 February 2023 (Unaudited) £m	28 weeks ended 27 February 2022 (Unaudited) £m	52 weeks ended 14 August 2022 (Audited) £m
Operating non-underlying items			
Professional fees, restructuring and one-off costs on conversion of pubs to the MP division	(1.2)	(1.2)	(3.2)
Profit on sale of non-current assets	0.3	1.0	2.4
Impairment	(0.3)	-	(3.2)
Re-valuation of properties	-	-	(18.5)
Share based payment charge	(0.2)	(0.2)	(0.6)
Grant Income	-	0.3	0.7
Insurance Claim	-	-	1.1
Total non-underlying items before tax	(1.4)	(0.1)	(21.3)
Tax			
Tax impact of non-underlying items	0.1	0.1	(0.5)
Change in standard rate of tax	(0.2)	(0.4)	-
Total non-underlying items after tax	(1.5)	(0.4)	(21.8)

4. FINANCE COSTS

	28 weeks ended 26 February 2023 (Unaudited) £m	28 weeks ended 27 February 2022 (Unaudited) £m	52 weeks ended 14 August 2022 (Audited) £m
Interest payable on loan notes	20.9	20.5	38.6
Interest payable on lease liabilities	2.8	2.9	5.4
Net pension interest costs	0.3	0.2	0.5
Amortisation of deferred issue costs	1.3	1.3	2.4
Total finance costs	25.3	24.9	46.9

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION
For the 28 weeks ended 26 February 2023

5. TAXATION

Tax (charged) / credited in the income statement

	28 weeks ended 26 February 2023 (Unaudited)		
	Underlying £m	Non- underlying £m	Total £m
Current tax			
UK corporation tax - current period	(0.1)	0.1	-
	(0.1)	0.1	-
Deferred tax			
Origination and reversal of temporary differences - current period	(0.9)	(0.2)	(1.1)
	(0.9)	(0.2)	(1.1)
Taxation charge	(1.0)	(0.1)	(1.1)

Following on from the budget on 3 March 2021 an announcement was made to increase the corporation tax rate to 25% with effect from 1 April 2023. Based on the change in tax rate the deferred tax balance has been calculated and recognised based on the 25% enacted rate.

	28 weeks ended 27 February 2022 (Unaudited)		
	Underlying £m	Non- underlying £m	Total £m
Current tax			
UK corporation tax - current period	(0.1)	0.1	-
UK corporation tax - adjustments in respect of prior periods	-	0.1	0.1
	(0.1)	0.2	0.1
Deferred tax			
Origination and reversal of temporary differences - current period	(1.1)	(0.4)	(1.5)
Origination and reversal of temporary differences - adjustments in respect of prior periods	-	(0.1)	(0.1)
	(1.1)	(0.5)	(1.6)
Taxation charge	(1.2)	(0.3)	(1.5)

	52 weeks ended 14 August 2022 (Audited)		
	Underlying £m	Non- underlying £m	Total £m
Current tax			
UK corporation tax - current period	(0.3)	0.3	-
UK corporation tax - adjustments in respect of prior periods	-	0.1	0.1
	(0.3)	0.4	0.1
Deferred tax			
Origination and reversal of temporary differences - current period	(2.0)	(1.0)	(3.0)
Origination and reversal of temporary differences - adjustments in respect of prior periods	-	0.1	0.1
	(2.0)	(0.9)	(2.9)
Taxation charge	(2.3)	(0.5)	(2.8)

Tax on items (charged) / credited 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:

	28 weeks ended 26 February 2023 (Unaudited) £m	28 weeks ended 27 February 2022 (Unaudited) £m	52 weeks ended 14 August 2022 (Audited) £m
Deferred tax			
Deferred tax credit / (charge) on change in actuarial valuation of pension schemes	0.1	-	(1.2)
Deferred tax credit / (charge) recognised directly in equity	0.1	-	(1.2)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the 28 weeks ended 26 February 2023

6. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings £m	Public house fixtures and fittings £m	Total £m
Cost			
At 14 August 2022 (Audited)	864.8	35.0	899.8
Additions	9.7	7.0	16.7
Disposals	(1.2)	(0.6)	(1.8)
At 26 February 2023 (Unaudited)	873.3	41.4	914.7
Accumulated depreciation and impairment			
At 14 August 2022 (Audited)	1.7	8.3	10.0
Charge for the period	2.4	4.3	6.7
Impairment losses	0.2	0.1	0.3
Disposals	(0.3)	(0.4)	(0.7)
At 26 February 2023 (Unaudited)	4.0	12.3	16.3
Net book value at 26 February 2023 (Unaudited)	869.3	29.1	898.4
Net book value at 14 August 2022 (Audited)	863.1	26.7	889.8

The Group's policy is to revalue its properties on a five year rolling basis. There has been no valuation of the properties in the 28 weeks ended 26 February 2023 in-line with the Group's policy.

Impairment losses relate to where sites have had a change in business model moving from the Management Partnership model to the Leased and Tenanted model. This has resulted in an impairment of £0.3m in the period (28 weeks ended 27 February 2022: £nil).

7. OTHER INTANGIBLE ASSETS

	Other intangible assets £m
Cost	
At 14 August 2022 (Audited)	0.9
Additions	0.3
At 26 February 2023 (Unaudited)	1.2
Amortisation and impairment	
At 14 August 2022 (Audited)	0.4
Charge for the period	0.2
At 26 February 2023 (Unaudited)	0.6
Net book value at 26 February 2023 (Unaudited)	0.6
Net book value at 14 August 2022 (Audited)	0.5

Other intangible assets relate to computer software.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the 28 weeks ended 26 February 2023

8. LEASES**Group as a Lessee**

Right of use assets	Property £m	Vehicles £m	Total £m
Cost			
At 14 August 2022 (Audited)	68.8	1.3	70.1
Additions	1.1	0.3	1.4
At 26 February 2023 (Unaudited)	69.9	1.6	71.5
Accumulated depreciation and impairment			
At 14 August 2022 (Audited)	6.1	0.3	6.4
Charge for the period	2.2	0.2	2.4
At 26 February 2023 (Unaudited)	8.3	0.5	8.8
Net book value at 26 February 2023 (Unaudited)	61.6	1.1	62.7
Net book value at 14 August 2022 (Audited)	62.7	1.0	63.7

Lease liabilities

	£m
At 14 August 2022 (Audited)	76.2
Additions	1.3
Finance charge on lease liability	2.8
Repayments	(5.1)
At 26 February 2023 (Unaudited)	75.2

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

	26 February 2023 (Unaudited) £m
Current	9.1
Non-current	66.1
At 26 February 2023 (Unaudited)	75.2

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:

	26 February 2023 (Unaudited) £m
Within one year	24.6
One to two years	16.2
Two to three years	13.3
Three to four years	9.3
Four to five years	6.1
After five years	19.8
	89.3

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 lease agreements. The future minimum rentals payable under non-cancellable operating leases are:

	26 February 2023 (Unaudited) £m
Within one year	8.3
Between one and five years	31.8
After five years	108.5
	148.6

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the 28 weeks ended 26 February 2023

9. TRADE AND OTHER RECEIVABLES

Amounts falling due within one year	26 February	14 August
	2023	2022
	(Unaudited)	(Audited)
	£m	£m
Trade receivables	5.9	4.9
Prepayments	8.1	8.2
Other receivables	1.0	0.8
	15.0	13.9

10. TRADE AND OTHER PAYABLES

Amounts falling due within one year	26 February	14 August
	2023	2022
	(Unaudited)	(Audited)
	£m	£m
Trade payables	16.8	18.7
Accruals and deferred income	18.1	17.0
Social security and other tax	3.5	3.7
Amounts owed to group undertakings	-	0.3
Other payables	11.0	9.5
	49.4	49.2

11. CASH AND CASH EQUIVALENTS

Cash and cash equivalents	26 February	14 August
	2023	2022
	(Unaudited)	(Audited)
	£m	£m
Cash and cash equivalents	12.7	12.6

Cash and cash equivalents includes £4.6m (14 August 2022: £nil) which is held in deposit accounts and is not available for general use by the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the 28 weeks ended 26 February 2023

12. NET DEBT

Analysis of net debt

	26 February 2023 (Unaudited) £m	14 August 2022 (Audited) £m
Secured loan notes	(600.0)	(600.0)
Revolving credit facility	(35.0)	(30.0)
Cash and cash equivalents	12.7	12.6
Nominal value of net debt	(622.3)	(617.4)
Capitalised debt issue costs	7.9	9.2
Net debt	(614.4)	(608.2)
Balance sheet:		
Borrowings	(627.1)	(620.8)
Cash and cash equivalents	12.7	12.6
Net debt	(614.4)	(608.2)

Analysis of changes in net debt

	At 14 August 2022 (Audited) £m	Cash flow £m	Non-cash movements £m	At 26 February 2023 (Unaudited) £m
Current assets				
Cash and cash equivalents	12.6	0.1	-	12.7
Debt				
Secured borrowings	(620.8)	(5.0)	(1.3)	(627.1)
	(620.8)	(5.0)	(1.3)	(627.1)
Net debt per Balance Sheet	(608.2)	(4.9)	(1.3)	(614.4)

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 £35.0m was drawn at the period end date.

13. FAIR VALUE

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 Punch Finance PLC's listed debt at 26 February 2023 is £592.1m (14 August 2022: £590.8m) and the fair value, measured at market value, of this debt at that date is £533.0m (14 August 2022: £536.9m).

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).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the 28 weeks ended 26 February 2023

14. CAPITAL COMMITMENTS

Capital commitments for property, plant and equipment

	26 February 2023 (Unaudited) £m	14 August 2022 (Audited) £m
Contracted but not provided	2.3	1.8

15. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not contained in this note.

The key management personnel of the Company comprise members of the Punch Pubs & Co Group Limited (Formally Vine Acquisitions Limited) Board of Directors. There was a balance of £nil outstanding to these companies at the period end.

Transactions with key management personnel

Certain Directors and a company under common ownership are beneficiaries of a management incentive plan which (subject to performance conditions) provides for a bonus payment at an exit event. The Group has measured the fair value of the awards as at 14 August 2022 and has applied appropriate assessments as to the probability of these awards vesting at this period date.

16. SEASONALITY OF INTERIM OPERATIONS

The Group's financial results and cash flows have, historically, been subject to seasonal trends, affected by weather, holiday periods and the timing of major sporting events.

The seasonality of the pub industry results in variable demand and, consequently, our revenue and operating results tend to fluctuate from period to period.

17. 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 2022, updated to 14 August 2022. The contributions to defined benefit schemes for this financial year, were £0.5m, which are expensed to the Condensed Consolidated Statement of Other Comprehensive Income.

The Pubmaster Pension Scheme at 14 August 2022 had a net asset position of £1,618,000. This has not been recognised in line with our accounting policy and the book value is recorded as nil.