PUNCH

Punch Pubs Group Limited

Unaudited Condensed Consolidated Financial Information

For the 52 weeks ended 13 August 2023

Registered number: 13420745

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION
For the 52 weeks ended 13 August 2023

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Punch Pubs Group Limited

OPERATING AND FINANCIAL REVIEW

For the 52 weeks ended 13 August 2023

Punch Pubs Group Limited announces its trading update for the 52 week period to 13 August 2023 (prior year 52 week period to 14 August 2022).

Trading and Financial Performance

For the 52 weeks to 13 August 2023 total revenue was £313.5 million compared to £284.4 million in the prior year period of 52 weeks to 14 August 2022, with the conversion of pubs from Leased & Tenanted over to our Management Partnership estate being the predominant driving force leading to the increase. Over the 52 week period Management Partnership revenue has increased 24% from £112.8 million to £139.8 million.

All three divisions (Leased and Tenanted, Management Partnership and Laine) delivered like-for-like sales growth for the 52 week period when compared to the prior year. Underlying outlet EBITDA for the pub estates (Management Partnership, Leased & Tenanted and Laine) before central costs increased by £1.1 million to £106.1 million despite the negative year-on-year impact from VAT and energy costs.

EBITDA for the period was £79.1 million (prior year 52 weeks: £81.3 million) of which £81.3 million was classed as Underlying EBITDA (prior year 52 weeks: £83.3 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.£4 million over the 52 week period.

Underlying EBITDA for the 52 weeks to 13 August 2023 of £81.3 million compares positively to the £76.0 million 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 52 week period the Group has spent £30.8 million (prior year 52 weeks: £34.3 million) on expansionary and maintenance capital.

As noted in the previous quarter's report, 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.

We are in the process of finalising the next tranche of pubs to convert to the Management Partnership model, having identified a population of up to 70 pubs that would be suitable for conversion. Future conversions would be expeced to achieve a return on investment of between 20% and 30% and would be phased progressively over a three year period.

During the most recent quarter we have continued to review our estate and have identified a small number of pubs that we are anticipating to dispose within the next 12 months. These assets are segregated within Assets Held for Sale and total £12.6 million.

Net proceeds from the sale of properties in the period was £11.2 million (prior year 52 weeks: £8.9 million), at £0.6 million above book value (prior year 52 weeks: £2.4 million). There were no acquisitions in the period (prior year 52 weeks: £4.9 million).

Property Valuation

After having realised £11.2 million from property disposals in the period, property assets decreased in value by £2.5 million to £893.0 million (14 August 2022: £895.5 million).

The Group's policy is to revalue its properties on a five-year rolling basis. For the year ended 13 August 2023 20% of the estate was valued by Savills (UK) Limited, independent chartered surveyors. The impact on the financial statements of the revaluation in the current year is to decrease the net book value of property, plant and equipment by £2.8 million (£20.9 million being charged to operating profit and a £18.1 million credit recognised in the Statement of Other Comprehensive Income).

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 current net book value of properties at £893.0 million compares favourably to the full estate property valuation undertaken ahead of the High Yield Bond launch in May 2021 at £849.7 million. The increase in property values largely reflecting the purchase of the leased and tenanted pub estate from Youngs Pub Company in 2021, continued investment in the estate, and a small number of pub acquisitions and disposals.

Financial Position

The Group generated a net cash inflow from operating activities for the period of £81.4 million (prior year 52 weeks: £71.7 million).

As at the 13 August 2023 period end date the Group had £62.9 million of available liquidity (14 August 2022: £52.6 million), represented by £12.9 million of cash and cash equivalents and £50.0 million undrawn against the revolving credit facility.

Current Trading and Outlook

The 8 weeks trading post year end to 8 October 2023 has continued with strong like-for-like sales growth across all three divisions. Quarter 1 trading to date has been encouraging with profitability materially ahead of 2023.

The Group expects to benefit from inflation positively impacting Leased and Tenanted net income together with the improving margins and the benefit of maturing sales and profitability in the 71 pubs converted to the Management Partnership estate since August 2021.

CONDENSED CONSOLIDATED INCOME STATEMENT
For the 52 weeks ended 13 August 2023

	Notes	52 weeks ended 13 August 2023 (Unaudited) Underlying items £m	Non-underlying items[1] £m	Total £m	52 weeks ended 14 August 2022 (Audited) Underlying items £m	Non-underlying items[1] £m	Total £m
Revenue	2	313.5	-	313.5	284.4	-	284.4
Operating costs before depreciation and amortisation		(232.2)	(2.2)	(234.4)	(201.1)	(2.0)	(203.1)
EBITDA[2]		**81.3**	**(2.2)**	**79.1**	**83.3**	**(2.0)**	**81.3**
Depreciation and amortisation		(18.0)	-	(18.0)	(15.6)	-	(15.6)
Profit on sale of non-current assets		-	0.6	0.6	-	2.4	2.4
Impairment	3	-	(7.1)	(7.1)	-	(3.2)	(3.2)
Re-valuation of properties	7	-	(20.9)	(20.9)	-	(18.5)	(18.5)
Operating profit / (loss)		**63.3**	**(29.6)**	**33.7**	**67.7**	**(21.3)**	**46.4**
Finance income	4	0.1	-	0.1	-	-	-
Finance costs	5	(47.5)	-	(47.5)	(46.9)	-	(46.9)
Profit / (loss) before taxation		**15.9**	**(29.6)**	**(13.7)**	**20.8**	**(21.3)**	**(0.5)**
Taxation charge	6	(3.4)	-	(3.4)	(2.3)	(0.5)	(2.8)
Profit / (loss) for the financial period		**12.5**	**(29.6)**	**(17.1)**	**18.5**	**(21.8)**	**(3.3)**
Loss attributable to non-controlling interest		0.2	-	0.2	0.2	-	0.2
Profit / (loss) for the financial period attributable to owners of the parent company		**12.7**	**(29.6)**	**(16.9)**	**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 52 weeks ended 13 August 2023

	Notes	52 weeks ended 13 August 2023 (Unaudited) £m	52 weeks ended 14 August 2022 (Audited) £m
Profit / (loss) for the financial period attributable to owners of the parent company		**(16.9)**	**(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	19	(1.0)	5.1
Unrealised surplus on revaluation of properties		18.1	15.3
Tax relating to components of other comprehensive income that cannot be reclassified into profit or loss	6	0.2	(1.2)
Other comprehensive profit for the period		**17.3**	**19.2**
Total comprehensive profit for the period attributable to owners of the parent company		**0.4**	**16.1**

CONDENSED CONSOLIDATED BALANCE SHEET
as at 13 August 2023

	Notes	13 August 2023 (Unaudited) £m	14 August 2022 (Audited) £m
Non-current assets			
Property, plant and equipment	7	880.4	889.8
Right of use assets	9	59.6	63.7
Other intangible assets	8	0.9	0.5
		940.9	**954.0**
Current assets			
Inventories		4.1	4.0
Trade and other receivables	10	15.9	13.9
Assets classified as held for sale	13	12.6	5.7
Cash and cash equivalents	12	12.9	12.6
		45.5	**36.2**
Total assets		**986.4**	**990.2**
Current liabilities			
Trade and other payables	11	(51.4)	(49.2)
Short-term borrowings	14	(20.0)	(30.0)
Lease liabilities	9	(8.9)	(9.2)
		(80.3)	**(88.4)**
Non-current liabilities			
Borrowings	14	(593.2)	(590.8)
Lease liabilities	9	(64.8)	(67.0)
Retirement benefit obligations	19	-	-
Deferred tax liability		(19.9)	(16.6)
		(677.9)	**(674.4)**
Total liabilities		**(758.2)**	**(762.8)**
Net assets		**228.2**	**227.4**
Equity			
Called up share capital		-	-
Reorganisation reserve		(40.4)	(40.4)
Revaluation reserve		54.8	37.4
Capital reserve		1.0	0.6
Retained earnings		212.8	230.1
Equity attributable to owners of the parent company		**228.2**	**227.7**
Non-controlling interest		-	(0.3)
Total equity		**228.2**	**227.4**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the 52 weeks ended 13 August 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	-	-	-	-	(3.1)	(0.2)	(3.3)
Other comprehensive gains / (losses) for the period	-	-	15.3	-	3.9	-	19.2
Total comprehensive profit / (loss) for the period	-	-	15.3	-	0.8	(0.2)	15.9
Transfer on disposal of non-current assets	-	-	(0.1)	-	0.1	-	-
Share based payment	-	-	-	0.6	-	-	0.6
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	-	-	-	-	(17.1)	0.2	(16.9)
Other comprehensive gains / (losses) for the period	-	-	18.1	-	(0.8)	-	17.3
Total comprehensive profit / (loss) for the period	-	-	18.1	-	(17.9)	0.2	0.4
Transfer on disposal of non-current assets	-	-	(0.7)	-	0.7	-	-
Purchase of Non-Controlling interest	-	-	-	-	(0.1)	0.1	-
Share based payment	-	-	-	0.4	-	-	0.4
Total equity at 13 August 2023 (Unaudited)	**-**	**(40.4)**	**54.8**	**1.0**	**212.8**	**-**	**228.2**

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 52 weeks ended 13 August 2023

	52 weeks ended 13 August 2023 (Unaudited) £m	52 weeks ended 14 August 2022 (Audited) £m
Cash flows from operating activities		
Operating profit	33.7	46.4
Depreciation and amortisation	18.0	15.6
Profit on sale of non-current assets	(0.6)	(2.4)
Impairment	7.1	3.2
Revaluation of properties	20.9	18.5
Increase in inventories	(0.1)	(1.3)
Increase in trade and other receivables	(2.0)	(2.3)
(Decrease) / increase in trade and other payables	5.3	(5.3)
Difference between pension contributions paid and amounts recognised in the income statement	(1.0)	(0.7)
Cash generated from operations	**81.3**	**71.7**
Income tax received	0.1	-
Net cash generated from operating activities	**81.4**	**71.7**
Cash flows from investing activities		
Purchase of property, plant and equipment		
- acquisitions	-	(4.9)
- investments	(30.8)	(34.3)
Proceeds from sale of property, plant and equipment	11.2	8.9
Purchase of other intangible assets	(0.7)	-
Intercompany Financing	(1.8)	-
Interest received	0.1	-
Net cash used in investing activities	**(22.0)**	**(30.3)**
Cash flows from financing activities		
Proceeds from facility drawdown	35.0	10.0
Repayment of facility principle	(45.0)	(10.0)
Payment of lease liability	(9.9)	(11.9)
Interest paid	(39.2)	(39.4)
Net cash used in financing activities	**(59.1)**	**(51.3)**
Net increase / (decrease) in cash and cash equivalents	**0.3**	**(9.9)**
Cash and cash equivalents at beginning of period	12.6	22.5
Cash and cash equivalents at end of period	**12.9**	**12.6**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION
For the 52 weeks ended 13 August 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 also apply at 13 August 2023. These are 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 52 weeks ended 13 August 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 13 August 2023, the quarter end date, the Group had £12.9m of cash balances and £50m 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

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.

Valuation of properties

The Group has a policy to revalue the properties on a 5 year rolling basis based on the year end date. The directors deem that there are no indicators that would mean the property valuation would of changed materially since the year end and no revaluation was undertaken in the period, a revaluation of 20% of the pub estate will be carried out at the year end in-line with the Group's accounting policy.

Defined benefit pension valuation

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. 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.

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.

	52 weeks ended 13 August 2023 (Unaudited)				
	L&T	**MP**	**Laine**	**Unallocated**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**
Drink revenue	91.0	105.2	47.0	-	243.2
Food revenue	-	29.0	3.9	-	32.9
Rental income	27.0	0.9	0.5	-	28.4
Other revenue	3.0	4.7	1.3	-	9.0
Underlying revenue	121.0	139.8	52.7	-	313.5
Underlying operating costs[1]	(53.9)	(110.3)	(43.2)	(24.8)	(232.2)
EBITDA before non-underlying items	**67.1**	**29.5**	**9.5**	**(24.8)**	**81.3**
Underlying depreciation and amortisation					(18.0)
Operating non-underlying items					(29.6)
Net finance costs					(47.4)
UK income tax charge					(3.4)
Profit for the financial period					(17.1)
Loss attributable to non-controlling interest					0.2
Profit for the financial period attributable to owners of the parent company					**(16.9)**

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

	52 weeks ended 14 August 2022 (Audited)				
	L&T	**MP**	**Laine**	**Unallocated**	**Total**
	£m	**£m**	**£m**	**£m**	**£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)**

2. SEGMENTAL ANALYSIS (CONTINUED)

Assets and liabilities	52 weeks ended 13 August 2023 (Unaudited)				
	L&T	MP	Laine	Unallocated	Total
	£m	£m	£m	£m	£m
Segment assets	603.3	277.3	68.5	4.4	953.5
Unallocated assets	-	-	-	32.9	32.9
Total assets	**603.3**	**277.3**	**68.5**	**37.3**	**986.4**
Segment liabilities	(11.1)	(11.6)	(49.5)	(1.5)	(73.7)
Unallocated liabilities	-	-	-	(684.5)	(684.5)
Total liabilities	**(11.1)**	**(11.6)**	**(49.5)**	**(686.0)**	**(758.2)**
Net assets / (liabilities)	**592.2**	**265.7**	**19.0**	**(648.7)**	**228.2**

	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:

	52 weeks ended 13 August 2023 (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	(1.8)	(3.2)
Profit on sale of non-current assets	0.6	2.4
Impairment	(7.1)	(3.2)
Re-valuation of properties	(20.9)	(18.5)
Share based payment charge	(0.4)	(0.6)
Grant Income	-	0.7
Insurance Claim	-	1.1
Total non-underlying items before tax	**(29.6)**	**(21.3)**
Tax		
Tax impact of non-underlying items	0.5	(0.5)
Change in standard rate of tax	(0.5)	-
	-	**(0.5)**
Total non-underlying items after tax	**(29.6)**	**(21.8)**

4. FINANCE INCOME

	52 weeks ended 13 August 2023 (Unaudited) £m	52 weeks ended 14 August 2022 (Audited) £m
Bank interest receivable	**0.1**	**-**

5. FINANCE COSTS

	52 weeks ended 13 August 2023 (Unaudited) £m	52 weeks ended 14 August 2022 (Audited) £m
Interest payable on loan notes	39.4	38.6
Interest payable on lease liabilities	5.2	5.4
Net pension interest costs	0.5	0.5
Amortisation of deferred issue costs	2.4	2.4
Total finance costs	**47.5**	**46.9**

6. TAXATION

Tax (charged) / credited in the income statement

	52 weeks ended 13 August 2023 (Unaudited)		
	Underlying £m	Non-underlying £m	Total £m
Current tax			
UK corporation tax - current period	(0.5)	0.5	-
UK corporation tax - adjustments in respect of prior periods	-	-	-
	(0.5)	**0.5**	**-**
Deferred tax			
Origination and reversal of temporary differences - current period	(2.9)	(0.5)	(3.4)
Origination and reversal of temporary differences - adjustments in respect of prior periods	-	-	-
	(2.9)	**(0.5)**	**(3.4)**
Taxation charge	**(3.4)**	**-**	**(3.4)**

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.

	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)**
Deferred tax	**(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:

	52 weeks ended 13 August 2023 (Unaudited) £m	52 weeks ended 14 August 2022 (Audited) £m
Deferred tax		
Deferred tax credit / (charge) on change in actuarial valuation of pension schemes	0.2	(1.2)
Deferred tax credit / (charge) recognised directly in equity	**0.2**	**(1.2)**

7. 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	18.7	12.1	30.8
Revaluation	(4.6)	(0.1)	(4.7)
Net transfers to non-current assets classified as held for sale	(7.4)	(1.8)	(9.2)
Disposals	(10.3)	(2.9)	(13.2)
At 13 August 2023 (Unaudited)	**861.2**	**42.3**	**903.5**
Accumulated depreciation and impairment			
At 14 August 2022 (Audited)	1.7	8.3	10.0
Charge for the period	4.1	9.1	13.2
Impairment losses	4.7	0.5	5.2
Revaluation	(1.9)	-	(1.9)
Net transfers to non-current assets classified as held for sale	0.3	(1.0)	(0.7)
Disposals	(0.6)	(2.1)	(2.7)
At 13 August 2023 (Unaudited)	**8.3**	**14.8**	**23.1**
Net book value at 13 August 2023 (Unaudited)	**852.9**	**27.5**	**880.4**
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. The impact on the financial statements of the revaluation in the current year is as follows:

- decrease the net book value of property, plant and equipment as at 13 August 2023 by £2.8m;
- recognise a net non-underlying charge against operating profit of £20.9m. This reflects the impact of downward revaluations of £21.0m where the fair value of the asset is below the net book value offset by a credit of £0.1m where the fair value of an asset is greater than the net book value and the credit reverses a previous charge to the income statement for impairment;
- recognise a £18.1m credit to the revaluation reserve. This reflects the impact of upward revaluations of £19.5m where the net book value of the asset is below the fair value and offset by a credit of £1.4m where any previous upward revaluation has been reversed due to the book value being above the fair value.

8. OTHER INTANGIBLE ASSETS

	Other intangible assets £m
Cost	
At 14 August 2022 (Audited)	0.9
Additions	0.7
At 13 August 2023 (Unaudited)	**1.6**
Amortisation and impairment	
At 14 August 2022 (Audited)	0.4
Charge for the period	0.3
At 13 August 2023 (Unaudited)	**0.7**
Net book value at 13 August 2023 (Unaudited)	**0.9**
Net book value at 14 August 2022 (Audited)	0.5

Other intangible assets relate to computer software.

9. 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	1.1	2.2
At 13 August 2023 (Unaudited)	**69.9**	**2.4**	**72.3**
Accumulated depreciation and impairment			
At 14 August 2022 (Audited)	6.1	0.3	6.4
Charge for the period	4.0	0.5	4.5
Impairment	1.8	-	1.8
At 13 August 2023 (Unaudited)	**11.9**	**0.8**	**12.7**
Net book value at 13 August 2023 (Unaudited)	**58.0**	**1.6**	**59.6**
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	2.3
Disposals	(0.1)
Finance charge on lease liability	5.2
Repayments	(9.9)
At 13 August 2023 (Unaudited)	**73.7**

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

	13 August 2023 (Unaudited) £m
Current	8.9
Non-current	64.8
At 13 August 2023 (Unaudited)	**73.7**

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:

	13 August 2023 (Unaudited) £m
Within one year	25.0
One to two years	17.5
Two to three years	14.2
Three to four years	10.6
Four to five years	7.2
After five years	21.2
	95.7

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:

	13 August 2023 (Unaudited) £m
Within one year	9.0
Between one and five years	32.6
After five years	105.2
	146.8

10. TRADE AND OTHER RECEIVABLES

Amounts falling due within one year	13 August 2023 (Unaudited) £m	14 August 2022 (Audited) £m
Trade receivables	5.9	4.9
Prepayments	7.1	8.2
Intercompany loan	1.8	-
Other receivables	0.7	0.8
Amounts due from group undertakings	0.4	-
	15.9	**13.9**

Intercompany loans relates to a loan to Punch Pubs Limited of £1.8m (14 August 2022: £nil). Interest is charged at 6.125% per annum with unpaid accrued interest capitalised each year. The loan is repayable on demand.

11. TRADE AND OTHER PAYABLES

Amounts falling due within one year	13 August 2023 (Unaudited) £m	14 August 2022 (Audited) £m
Trade payables	19.3	18.7
Accruals and deferred income	17.4	17.0
Social security and other tax	4.2	3.7
Amounts owed to group undertakings	-	0.3
Other payables	10.5	9.5
	51.4	**49.2**

12. CASH AND CASH EQUIVALENTS

	13 August 2023 (Unaudited) £m	14 August 2022 (Audited) £m
Cash and cash equivalents	**12.9**	**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.

13. ASSETS CLASSIFIED AS HELD FOR SALE

	13 August 2023 (Unaudited) £m	14 August 2022 (Audited) £m
Assets classifed as held for sale	**12.6**	**5.7**

In addition to the transfers into assets classified as held for sale and the disposals during the period, there was an impairment to pubs of £0.1m (14 August 2022: £0.2m) when they were re-assessed against current market value.

14. NET DEBT

Analysis of net debt

	13 August 2023 (Unaudited) £m	14 August 2022 (Audited) £m
Secured loan notes	(600.0)	(600.0)
Revolving credit facility	(20.0)	(30.0)
Cash and cash equivalents	12.9	12.6
Nominal value of net debt	**(607.1)**	**(617.4)**
Capitalised debt issue costs	6.8	9.2
Net debt	**(600.3)**	**(608.2)**
Balance sheet:		
Borrowings	(613.2)	(620.8)
Cash and cash equivalents	12.9	12.6
Net debt	**(600.3)**	**(608.2)**

Analysis of changes in net debt

	At 14 August 2022 (Audited) £m	Cash flow £m	Non-cash movements £m	At 13 August 2023 (Unaudited) £m
Current assets				
Cash and cash equivalents	12.6	0.3	-	**12.9**
Debt				
Secured borrowings	(620.8)	10.0	(2.4)	**(613.2)**
	(620.8)	10.0	(2.4)	**(613.2)**
Net debt per Balance Sheet	**(608.2)**	**10.3**	**(2.4)**	**(600.3)**

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 £20.0m was drawn at the period end date.

15. 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 13 August 2023 is £593.2m (14 August 2022: £590.8m) and the fair value, measured at market value, of this debt at that date is £524.8m (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).

16. CAPITAL COMMITMENTS

Capital commitments for property, plant and equipment

	13 August 2023 (Unaudited) £m	14 August 2022 (Audited) £m
Contracted but not provided	**3.5**	**1.8**

17. 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 £2.2m (14 August 2022: (£0.3m)) due from these companies at the period end.

Included within the amount due from group companies is a loan with Punch Pubs Limited, the balance at the period end was £1.8m (2022: £nil). Interest is payable on the loan at 6.125% per annum.

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 13 August 2023 and has applied appropriate assessments as to the probability of these awards vesting at this period date.

18. 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.

19. 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 13 August 2023. The contributions to defined benefit schemes for this financial year, were £1m, which are expensed to the Condensed Consolidated Statement of Other Comprehensive Income.

The Pubmaster Pension Scheme at 13 August 2023 had a net asset position of £45,000 (14 August 2022: £1,618,000). This has not been recognised in line with our accounting policy and the book value is recorded as nil.