

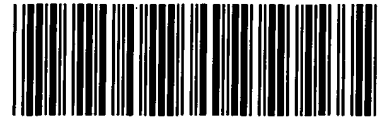
Greene King Finance plc

Annual Report and Financial Statements

29 December 2024

Registered number: 05333192

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Company information

Directors L.D.C. Securitisation Director No.3 Limited
L.D.C. Securitisation Director No.4 Limited
M H Filer

Company secretary Law Debenture Corporate Services Limited

Registered number 05333192

Registered office 8th Floor
100 Bishopsgate
London
EC2N 4AG

Auditor Deloitte LLP
1 New Street Square
London
EC4A 3HQ

Strategic report

The directors present their Strategic report for the 52 weeks ended 29 December 2024.

Business review and future outlook

The principal activity of the company during the period continued to be to issue bonds and lend the proceeds to other entities within the Greene King Limited group for the purpose of enabling the securitisation of a proportion of the Greene King Limited group's estate. The borrower pays the company interest on the notes plus a fixed margin of 0.01%.

The company has not engaged in any other activity since incorporation and no future changes to its principal activity are envisaged.

The profit for the 52 weeks, after taxation, amounted to £907,000 (prior period: profit of £133,000).

The company's performance in the period has met the directors' expectations with net liabilities decreasing by 37.6% to £1,507,000 (prior period: £2,414,000) and no significant change to the operations of the business is expected in future periods.

Financial key performance indicators

The borrower pays the interest on the notes plus a fixed margin of 0.01% and therefore the company's key performance indicator is considered to be profit of £9,000 (prior period: profit of £9,000) calculated as the profit before taxation of £908,000 (prior period: profit of £134,000) before net impairment reversals on financial assets of £899,000 (prior period: net impairment reversals of £125,000).

The operations of Greene King Finance Plc are managed at a Greene King Limited group level and the directors therefore believe that disclosure of other key performance indicators for the company are not appropriate to understand the performance or position of the business. The performance of Greene King Limited is discussed in the Greene King Limited annual report and financial statements which are publicly available.

Principal risks and uncertainties

The principal risks and uncertainties facing the business were largely similar in nature to those reported last year.

Formal risk management processes are in place across the Greene King Limited group to identify and evaluate risks, taking into account the likelihood of their occurrence and the scale of potential impact on the business.

The principal risks and uncertainties facing the company are broadly grouped as strategic risks, economic and market risks, financial risks, regulatory risks and operational and people risks. These risks are managed at a group level and details can be found in the Greene King Limited group accounts which are publicly available.

Interest rate risk

Exposure to changes in interest rates on the company's borrowings is reviewed with regard to the maturity profile and cash flows of the underlying debt. The company uses a mixture of fixed and floating interest rate debt with exposure to market interest rate fluctuations primarily arising from the floating rate instruments. The company's policy is to keep 100% of its variable rate bond finance at fixed rates of interest to mitigate the interest rate risk, this is done through the use of interest rate swaps. At the period end 100% of variable rate bond finance was fixed after taking account of interest rate swaps.

The company has entered into back-to-back interest rate swap arrangements internally with Greene King Retailing Limited and externally with financial institutions covering 100% of the variable interest rate exposure. Therefore, the impact of any changes in interest rates on the fair values of its financial instruments would directly offset and have no impact on the company's profit before tax or shareholder's funds.

Liquidity risk

The Directors' report and notes 14 and 15 describe the financial position of the company, its liquidity position and borrowing facilities, and includes the company's financial risk management policies; details of its financial instruments; and its exposures to credit and liquidity risk.

The company mitigates liquidity risk by ensuring that the maturity profile of amounts receivable on term loans with group companies is matched exactly against the maturity profile of amounts payable on bond finance.

Additionally, the company has access to a £224.0m (prior period: £224.0m) liquidity facility described in note 14.

Strategic report (continued)

Credit risk

Financial assets include terms loans, derivative financial instruments, interest receivable and cash and cash equivalents. Credit risk is the risk of default by the counterparty to discharge their obligation and the maximum exposure of the company is the carrying amount of these instruments. Other cash deposits and cash and cash equivalents are also subject to the impairment requirements of IFRS 9 however the impairment loss is immaterial.

The term loans consist of amounts receivable from Greene King Retailing Limited, a significant subsidiary of Greene King Limited group, and are secured against pubs in the Greene King Limited group estate.

The company recognises a loss allowance for expected credit losses ("ECL") based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. The company has determined that there has been no significant increase in risk since the last period, and has therefore continued to apply a 12-month ECL on its term loans. See further details in the Significant accounting judgements and estimates section in note 3.

Capital risk

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

Directors' statement of compliance with duty to promote the success of the company

Under section 172 of the Companies Act 2006 the directors of the company are required to act in a way which promotes the long-term success of the company and in doing so to consider the interests of the company's stakeholders. This section of the report is designed to set out how the directors have complied with their obligations in this regard.

The directors of the company have at all times during the year under review (and at all other times) acted in the way that they considered, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so had regard (amongst other matters) to:

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

Engaging with stakeholders

The company was incorporated as a special purpose financing vehicle to issue finance on behalf of the Greene King Limited group's Whole Business Securitisation structure, therefore, the company's key stakeholder is the debt holders. Greene King Limited group has control of the entity and all decisions affecting the company are filtered down from group, based on the group-wide strategy. As the directors of the company are different from those of Greene King Limited group, they are kept informed of all decisions made at group-level, that will affect the company and its trading. For a more detailed discussion of the steps taken to engage with stakeholders of the wider Greene King Limited group, which will impact the company indirectly via its ability to repay intra-group lending, refer to the group financial statements of Greene King Limited.

Debt holders.

The company has bonds listed on the Irish Stock Exchange. Biannual reports on the financial performance of the company are made available to bondholder's on the group's website and regulatory information is published via the Regulatory Information Service provided by the stock exchange and disseminated to bondholders via the clearing systems. An annual investor presentation takes place following the publication of the group's annual report to update bondholders on the group's performance and strategy, as well as giving bondholders the opportunity to submit questions for response by senior management. The group also receives funding from certain banks, principally in the form of term facilities and revolving credit facilities, and senior management engages proactively with the group's bank lenders on an ongoing basis.

This report was approved by the board and signed on its behalf.



M Filer

Director

Date 24 April 2025

Directors' report

The directors present their annual report and financial statements for the 52 weeks ended 29 December 2024.

Results and dividends

The profit for the 52 weeks, after taxation, amounted to £907,000 (prior period: profit of £133,000).

No dividends were paid or proposed during the period (prior period: £nil).

Going concern

Greene King Finance plc has net current liabilities of £1,507,000. Greene King Limited has agreed to provide continuing financial support to enable the company to meet its obligations as and when they fall due for a period of at least 12 months from the date of approval of the financial statements.

The directors of Greene King Limited have performed a going concern assessment of the Greene King Limited group. In doing so, they have modelled a remote scenario whereby the Greene King Limited group generates just over 60% of its budgeted revenue and variable costs with no reduction in fixed costs and budgeted capex continues for a 12 month period. Under this scenario the Greene King Limited group has access to adequate funding to support the business through a period of at least 12 months from the date of the approval of the financial statements. However, in the absence of any support this reduction in trade would likely result in a breach of the two-quarter lookback FCF DSCR covenant in Q1 FY26 within its securitised borrowings without mitigation actions. In this scenario the directors could elect to prevent the breach by providing financial support to the Greene King securitisation through lower operating cost re-charges from other group companies. The directors of Greene King Limited have a reasonable expectation that the Greene King Limited group has sufficient resources to continue in operational existence for the period of at least 12 months from the date of approval of these financial statements.

The directors of the company have made enquiries of the directors of Greene King Limited to confirm that they are satisfied the financial support will be available and accordingly continue to prepare the financial statements on a going concern basis.

Directors

The directors during the 52 weeks and to the date of this report were as follows:

L.D.C. Securitisation Director No.3 Limited
L.D.C. Securitisation Director No.4 Limited
M H Filer

None of the directors held any interest in the share capital of the company during the period.

Future developments

The company intends to continue to raise and lend money to other entities within the Greene King Limited group for the foreseeable future.

Qualifying third party indemnity provisions

The company has indemnified the directors of the company in respect of proceedings brought by third parties. Such qualifying third party indemnity provision remains in place at the date of this report.

Financial instruments

The primary treasury objectives of the company are to identify and manage the financial risks that arise in relation to underlying business needs, and provide secure and competitively priced funding for the activities of the company. If appropriate, the company uses financial instruments and derivatives to manage these risks.

The principal financial instruments held for the purpose of raising finance for operations are securitised bonds, cash and short-term deposits. Other financial instruments arise directly from the operations of the company, such as accrued interest receivables, other creditors and term loans.

Derivative financial instruments, principally interest rate swaps, are used to manage the interest rate risks related to the company's operations and financing sources. No speculative trading in derivative financial instruments is undertaken.

Further details on risks and uncertainties on the use of financial instruments are set out in the Strategic report and note 15 to the financial statements.

Director's report (continued)**Corporate governance statement**

Included below is a description of the key features of the company's internal control and risk management systems in relation to the financial reporting process:

- Board review and approval of financial statements; and
- Transactions and balances are recognised and measured in accordance with the prescribed accounting policies and transactions are reviewed and reconciled as part of the reporting process.

As noted in the Strategic Report, Greene King Limited group has control of the entity and all decisions affecting the company are filtered down from group. Greene King Limited has a Board Committee which oversees the group and therefore the activities of this company.

Matters covered in the Strategic Report

The company has chosen in accordance with section 414C(11) of the Companies Act 2006 to include matters of strategic importance in the strategic report which otherwise would be required to be disclosed in the directors' report: principal risks and financial risk management.

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Post balance sheet events

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

Auditor

The auditor, Deloitte LLP, will be proposed for reappointment in accordance with section 489 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



M Filer
Director
Date 24 April 2025

Statement of director's responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 101 'Reduced Disclosure Framework', have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of Greene King Finance plc

Report on the audit of the financial statements

1 Opinion

In our opinion the financial statements of Greene King Finance plc (the 'company'):

- give a true and fair view of the state of the company's affairs as at 29 December 2024 and of its profit for the 52 week period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 20.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

2 Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3 Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current period was: <ul style="list-style-type: none">• Recoverability of intercompany receivables held at amortised cost.
Materiality	The materiality that we used in the current period was £10.2m which was determined on the basis of 1% of total assets.
Scoping	Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.
Significant changes in our approach	There were no significant changes in our audit approach in the current year.

4 Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Evaluated management's assessment of the ability of the parent, Greene King Limited, to provide the financial support that it has committed to. This includes an assessment of management's base case cash flow forecasts for the Greene King Limited Group to evaluate whether there is sufficient liquidity and compliance with debt covenants throughout the assessment period;
- Evaluation of the ongoing availability of relevant facilities to the Greene King Limited Group, including a £1.5bn facility from an intermediate parent company, outside of the immediate Greene King Limited Group;
- An assessment of management's modelling of downside scenarios, taking into account the difficult trading conditions created by the challenging macro-economic environment; and
- Assessing the appropriateness of going concern disclosures within the financial statements.

Independent auditor's report to the members of Greene King Finance plc (continued)

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

5 Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1 Recoverability of intercompany receivables held at amortised cost

Key audit matter description	<p>The balance sheet contains significant intercompany loan receivables held at amortised cost, in relation to the lending of proceeds from issued bonds within the Greene King Limited Group. Due to the significance of the balance to the financial statements, and the difficult trading conditions created by the challenging macro-economic environment, judgement is required when determining the expected credit loss to be recognised against the gross carrying amounts of these receivables in accordance with IFRS 9 Financial Instruments. In the current period, an expected credit loss of £1.6m (prior period: £2.5m) has been recorded against receivables with a carrying amount of £1,004.5m (prior period: £1,065.1m).</p> <p>In determining this provision, the directors have exercised judgement in determining whether the receivables were performing as expected, underperforming or non-performing, by assessing the financial performance and position of the counterparty compared to the start of the loan and whether there had been a significant increase in credit risk since initial recognition. The directors also estimated the probability of default and loss given default for each receivable. For further information, refer to notes 2 and 15 to the financial statements.</p>
How the scope of our audit responded to the key audit matter	<p>Our response to this key audit matter included the following procedures:</p> <ul style="list-style-type: none"> • Obtaining an understanding of relevant controls over the process; • Assessing and challenging the criteria used to classify loans as performing as expected, underperforming or non-performing, by assessing the financial performance and position of the counterparty for any indicators of deterioration compared to the start of the loan which might influence the recoverability of the loan receivable; • Corroboration of probability of default and loss given default to externally sourced data, considering any contradictory evidence; and • Assessing the appropriateness of disclosures within the financial statements
Key observations	<p>On the basis of these procedures, we are satisfied that the judgements and estimates over the recoverability of intercompany receivables made by the directors are appropriate and expected credit losses have been determined in accordance with IFRS 9 Financial Instruments.</p>

6 Our application of materiality

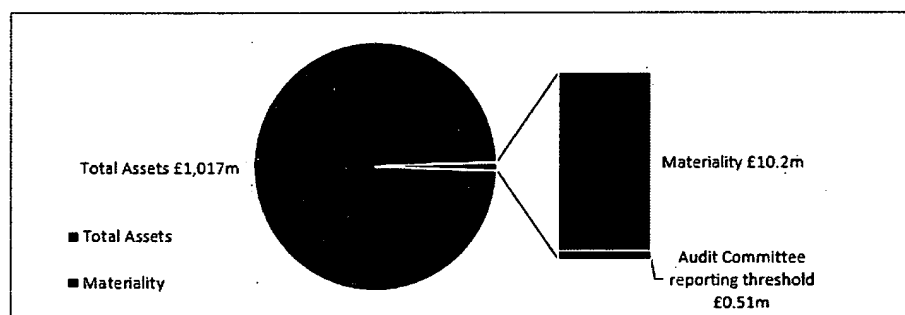
6.1 Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Independent auditor's report to the members of Greene King Finance plc (continued)

Materiality	£10.2m (prior period: £11.0m)
Basis of determining materiality	1% of total assets (prior period: 1% of total assets)
Rationale for the benchmark applied	We determined materiality based on total assets as this is the key metric used by the directors and lenders, since these assets represent the means through which the company will repay its external debt.



6.2 Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 70% of materiality for the 29 December 2024 audit (prior period: 70%). In determining performance materiality, we considered the following factors:

- The quality of the control environment and whether we were able to rely on controls; and
- Our past experience of the audit, which has indicated a low number of corrected and uncorrected misstatements identified in prior periods.

6.3 Error reporting threshold

We agreed with the Board of Directors that we would report to the Board all audit differences in excess of £0.51m (prior period: £0.60m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Board on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7 An overview of the scope of our audit

7.1 Scoping

Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

8 Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report:

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9 Responsibilities of directors

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

Independent auditor's report to the members of Greene King Finance plc (continued)

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

10 Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

11 Extent to which the audit was considered capable of detecting irregularities, including fraud

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

11.1 Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the company's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, internal audit, and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's sector;
- any matters we identified having obtained and reviewed the company's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations
- the matters discussed among the audit engagement team and relevant internal specialists, including financial instrument specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the recoverability of intercompany loan receivables held at amortised cost. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included UK Companies Act and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

11.2 Audit response to risks identified

As a result of performing the above, we identified recoverability of intercompany loan receivables held at amortised costs as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the board and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing

Independent auditor's report to the members of Greene King Finance plc (continued)

whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12 Opinions on other matters prescribed by the Companies Act 2006

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

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

13 Matters on which we are required to report by exception

13.1 Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.


13.2 Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of this matter.

14 Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Timothy Steel (Senior Statutory Auditor)
for and on behalf of Deloitte LLP, Statutory Auditor
London, UK
Date: 24 April 2025

Statement of comprehensive income

For the 52 weeks ended 29 December 2024

	Note	52 weeks ended 29 December 2024 £000	52 weeks ended 31 December 2023 £000
Interest receivable and similar income	6	54,792	56,605
Total interest receivable and similar income		54,792	56,605
Interest payable and similar expenses	7	(54,783)	(56,596)
Total interest payable and similar expenses		(54,783)	(56,596)
Other income	9	115	57
Net impairment reversals on financial assets	15	899	125
Administrative and other expenses		(115)	(57)
Profit before taxation		908	134
Taxation	8	(1)	(1)
Profit for the period		907	133

As detailed in the Statement of changes in equity, the gains and losses arising as a result of cash flow hedges are equal and opposite and therefore have no overall impact on the statement of comprehensive income. Accordingly, a statement of other comprehensive income has not been separately prepared.

The notes on pages 14 to 27 form part of these financial statements.

Balance sheet

As at 29 December 2024

	Note	29 December 2024 £000	31 December 2023 £000
Current assets			
Debtors: amounts falling due after more than one year	10	944,893	1,030,359
Debtors: amounts falling due within one year	10	71,952	65,413
Cash and cash equivalents	11	89	35
		<u>1,016,934</u>	<u>1,095,807</u>
Current liabilities			
Creditors: amounts falling due within one year			
Interest bearing liabilities	12	(68,939)	(62,405)
Other creditors	12	(3,042)	(2,981)
Total current liabilities		<u>(71,981)</u>	<u>(65,386)</u>
Net current assets		<u>944,953</u>	<u>1,030,421</u>
Total assets less current liabilities		<u>944,953</u>	<u>1,030,421</u>
Creditors: amounts falling due after more than one year	13	(946,460)	(1,032,835)
Net liabilities		<u>(1,507)</u>	<u>(2,414)</u>
Capital and reserves			
Share capital	16	13	13
Retained earnings	17	(1,520)	(2,427)
Total equity		<u>(1,507)</u>	<u>(2,414)</u>

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


M Filer

Director

Date 24 April 2025

The notes on pages 14 to 27 form part of these financial statements.

Statement of changes in equity

	Share capital £000	Retained earnings £000	Total equity £000
As at 1 January 2023	13	(2,560)	(2,547)
Profit for the period	-	133	133
Total comprehensive profit for the period	-	133	133
At 31 December 2023	13	(2,427)	(2,414)
Profit for the period	-	907	907
Total comprehensive profit for the period	-	907	907
At 29 December 2024	13	(1,520)	(1,507)

As the fair values of the swap liabilities relating to the bond finance and the swap asset relating to the term loans are identical any transactions arising as a result of cash flow hedges on the asset and liabilities recorded through other comprehensive income will be equal and opposite and hence have no overall impact on the hedging reserve or statement of comprehensive income. As a result, a hedging reserve and statement of other comprehensive income have not been separately presented.

Gains taken to other comprehensive income in relation to the bond finance swaps amounted to £17.3m (prior period: losses of £6.9m). Cash flow hedges recycled to the income statement from the statement of comprehensive income amounted to a net gain of £0.5m (prior period: loss of £0.6m).

Losses taken to other comprehensive income in relation to the swaps assets on the term loans amounted to £17.3m (prior period: gains of £6.9m). Cash flow hedges recycled to the income statement from the statement of comprehensive income amounted to a net loss of £0.5m (prior period: gain of £0.6m).

The notes on pages 14 to 27 form part of these financial statements.

I Basis of preparation

Corporate information

The financial statements of Greene King Finance plc for the 52 weeks ended 29 December 2024 were authorised for issue by the board on 24 April 2025. Greene King Finance plc is a public company limited by shares and incorporated and domiciled in England and Wales.

Statement of compliance

The company's financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006. The company's financial statements are presented in pounds sterling with values rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management exercise judgement in applying the company's accounting policies (see note 3).

The financial statements have been prepared on the historical cost basis, except for financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

2 Accounting policies

The following principal accounting policies have been applied:

2.1 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

2.2 Impact of new International Reporting Standards, amendments and interpretations

The following new standards, interpretations and amendments to standards are mandatory for the company for the first time for their annual reporting period commencing 1 January 2024.

Those standards and interpretations include:

- IFRS 16 – Lease liability in sale-and-leaseback
- Amendments to IAS 1 Classification of Liabilities as Current or Non-Current
- Amendments to IFRS 7 and IAS7 – Supplier Finance Arrangements

The company has considered the above new standards and has concluded that they do not have a material impact on the company's financial statements.

2.3 Going concern

Greene King Finance plc has net current liabilities of £1,507,000. Greene King Limited has agreed to provide continuing financial support to enable the company to meet its obligations as and when they fall due for a period of at least 12 months from the date of approval of the financial statements.

The directors of Greene King Limited have performed a going concern assessment of the Greene King Limited group. In doing so, they have modelled a remote scenario whereby the Greene King Limited group generates just over 60% of its budgeted revenue and variable costs with no reduction in fixed costs and budgeted capex continues for a 12 month period. Under this scenario the Greene King Limited group has access to adequate funding to support the business through a period of at least 12 months from the date of the approval of the financial statements. However, in the absence of any support this reduction in trade would likely result in a breach of the two-quarter lookback FCF DSCR covenant in Q1 FY26 within its securitised borrowings without mitigation actions. In this scenario the directors could elect to prevent the breach by providing financial support to the Greene King securitisation through lower operating cost re-charges from other group companies. The directors of Greene King Limited have a reasonable expectation that the Greene King Limited group has sufficient resources to continue in operational existence for the period of at least 12 months from the date of approval of these financial statements.

The directors of the company have made enquiries of the directors of Greene King Limited to confirm that they are satisfied the financial support will be available and accordingly continue to prepare the financial statements on a going concern basis.

2 Accounting policies (continued)

2.4 Financial instruments

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument and de-recognised when the company no longer controls the contractual rights that comprise the financial instrument, normally through sale or when all cash flows attributable to the instrument are passed to an independent third party.

2.5 Financial assets

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the company's business model for managing them. The company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Subsequently, the company classifies its financial assets as measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

The classification depends on the financial asset's contractual cash flow characteristics and the company's business model for managing them.

The company recognises a loss allowance for expected credit losses ("ECL") on term loans. The methodology used to determine the amount of the expected credit loss is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset.

For those financial assets where the credit risk has not increased significantly since initial recognition of the financial asset, 12 month expected credit losses are recognised. Interest income is recognised by applying the effective interest rates to the gross carrying amount of the financial asset.

For those financial assets where the credit risk has increased significantly or determined to be credit impaired, lifetime expected credit losses are recognised. 12-month expected credit losses represent the portion of lifetime expected credit losses that is expected to result from default events on a financial asset that are possible within 12-months after the reporting date. Lifetime expected credit losses represents the expected credit loss that will result from all possible default events over the expected life of a financial asset. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset (or for the credit impaired assets, to the net carrying amount of the financial asset).

2.6 Cash and cash equivalents

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.

2.7 Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at fair value of the consideration received, net of issue costs. After initial recognition, interest-bearing loans and borrowings are measured at amortised cost using the effective interest method.

2.8 Interest costs and income

Interest costs are expensed to the income statement using the effective interest method. Interest income is recognised in the income statement using the effective interest method.

2.9 Derivative financial instruments

The company uses interest rate swaps to hedge its exposure to interest rate fluctuations on its variable rate term loans and notes.

Interest rate swaps are initially measured at fair value, if any, and carried on the balance sheet as an asset or liability. The carrying amount of a derivative is split between current and non-current portions. The present value of the net interest cash flows of a swap for the forthcoming twelve months after the reporting date is presented as current asset or current liability. The remainder portion of a carrying amount is presented as non-current asset or liability if the remaining maturity of the instrument is more than twelve months and it is not expected to be realised or settled within twelve months. Subsequent measurement is at fair value and the movement is recognised in the income statement unless hedge accounting is adopted. Subsequent measurement is at fair value determined by reference to market values for similar instruments. If a derivative does not qualify for hedge accounting the gain or loss arising on the movement in fair value is recognised in the income statement.

Cash payments or receipts made are recognised in interest payable/receivable on secured loan notes so as to show the cash fixed rate on the secured loan notes, with the remaining fair value movement (which is generally the change in the carrying amount of the swaps) presented separately.

2.10 Hedge accounting

To qualify for hedge accounting the hedge relationship must be designated and documented at inception. Documentation must include the company's risk management objective and strategy for undertaking the hedge and formal allocation to the item or transaction being hedged. The company also documents how it will assess the effectiveness of the hedge and carries out assessments through periodic prospective effectiveness testing to ensure that:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from the economic relationship; and
- the hedge ratio is the same as that resulting from actual quantities of hedged items and hedging instruments used for risk management.

2 Accounting policies (continued)

Hedges can be classified as either fair value (hedging exposure to changes in fair value of an asset or liability) or cash flow (hedging the variability in cash flows attributable to an asset, liability, or forecast transaction). The company uses its interest rate swaps as cash flow hedges.

2.11 Cash flow hedge accounting

The effective portion of the gain or loss on an interest rate swap is recognised directly in other comprehensive income, whilst any ineffective portion is recognised immediately in the income statement.

Amounts recognised in other comprehensive income and accumulated in equity are transferred to the income statement in the same period that the financial income or expense is recognised, unless the hedged transaction results in the recognition of a non-financial asset or liability whereby the amounts are transferred to the initial carrying amount of the asset or liability.

When a hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting, amounts previously recognised in other comprehensive income are held there until the previously hedged transaction affects profit or loss. If the hedged transaction is no longer expected to occur, the cumulative gain or loss recognised in other comprehensive income and accumulated in equity is immediately transferred to the income statement.

2.12 Income tax

The income tax comprises income tax payable based on profits for the period. It is calculated using taxation rates enacted or substantively enacted by the balance sheet date and is measured at the amount expected to be recovered from or paid to the taxation authorities.

Income tax relating to items recognised directly in other comprehensive income or directly in equity are recognised in other comprehensive income and equity respectively.

3 Critical accounting judgments and key sources of estimation uncertainty

Critical accounting judgments

There are no judgements made in the company that are considered to be significant.

Key sources of estimation uncertainty

In the course of preparing the financial statements, the key estimate made in the process of applying the company's accounting policies is detailed below:

Financial assets - expected credit loss

The company recognised a loss allowance for expected credit losses on amounts due on term loans. The methodology used to determine the amount of expected credit loss is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset.

A review was carried out on amounts owed by group undertakings for an indication of a significant increase in credit risk. The main criteria used was to compare the risk of default occurring over the expected life of the instrument at the reporting date with the risk of default at the date of initial recognition. For those financial assets where the credit risk has not increased significantly since initial recognition of the financial asset, 12 month expected credit losses are recognised. Interest income is recognised by applying the effective interest rates to the gross carrying amount of the financial asset. For those financial assets where the credit risk has increased significantly or determined to be credit impaired, lifetime expected credit losses are recognised. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset (or for the credit impaired assets, to the net carrying amount of the financial asset). A review concluded that a 12 month ECL is applicable for the term loans with Greene King Retailing Limited. Any change in these assumptions will impact on the carrying amount of the financial assets, further details on assumptions adopted and related sensitivity disclosure are in note 15.

4 Staff costs

The company has no employees (prior period: none) and did not incur any staff costs during the period (prior period: £nil).

The directors did not receive any emoluments in respect of their qualifying services to the company (prior period: £nil).

5 Auditor's remuneration

The auditor's remuneration in respect of the audit of the financial statements for the period of £36,800 (prior period: £35,000) has been borne by another group company.

The company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group financial statements of the ultimate parent company.

6 Interest receivable and similar income

	52 weeks ended 29 December 2024 £000	52 weeks ended 31 December 2023 £000
Interest receivable from Greene King Retailing Limited on term loans	54,334	55,962
Amounts receivable from Greene King Retailing Limited on interest rate swap agreements relating to term loans	-	643
Amounts receivable on interest rate swap agreements related to bond finance	458	-
	<u>54,792</u>	<u>56,605</u>

The company has one operating segment as the only activity is to issue bonds and lend the proceeds to other entities within the Greene King Limited group.

7 Interest payable and similar expenses

	52 weeks ended 29 December 2024 £000	52 weeks ended 31 December 2023 £000
Interest payable on bond finance	51,916	53,538
Interest payable to Greene King Limited on bond finance	2,409	2,415
Amounts payable on interest rate swap agreements related to bond finance	-	643
Amounts payable to Greene King Retailing Limited on interest rate swap agreements relating to term loans	458	-
	<u>54,783</u>	<u>56,596</u>

8 Taxation

	52 weeks ended 29 December 2024 £000	52 weeks ended 31 December 2023 £000
Current income tax		
UK Corporation tax	1	1
Tax expense in the income statement	<u>1</u>	<u>1</u>

8 Taxation (continued)

Reconciliation of tax expense for period

The tax expense in the income statement is lower (prior period: lower) than the standard rate of corporation tax of 25% (prior period: 23.5%).

The differences are explained below:

	52 weeks ended 29 December 2024 £000	52 weeks ended 31 December 2023 £000
Profit before taxation	908	134
Profit multiplied by standard rate corporation tax in the UK of 25% (prior period: 23.5%)	227	31
Effects of:		
Income not taxable	(226)	(30)
Total taxation for the period	1	1

Factors that may affect future tax charges

Under Finance Act 2021 enacted on 10 June 2021, the main rate of corporation tax increased to 25% from 1 April 2023. In the prior period the company was subject to a blended rate of corporation tax of 23.5%.

9 Profit before taxation

The company was incorporated for the purpose of raising funds through the issuance of bonds, the proceeds of which are on-lent to Greene King Retailing Limited. Interest payable and similar expenses therefore represents interest payable on bond finance and amounts payable on interest rate swap agreements related to bond finance as described in note 7. Interest receivable and similar income represents the interest receivable on term loans made to Greene King Retailing Limited and amounts receivable on interest rate swap agreements related to term loans as described in note 6.

Other income relates to the recharge, at nil margin, of trustee and legal fees payable. Net impairment reversals on financial assets of £899,000 (prior period: reversals of £125,000) relates to the impairment of bought forward debtor balances under the expected credit loss model of IFRS 9. Administrative and other expenses relate to trustee fees payable and other operating expenses.

10 Debtors

	29 December 2024 £000	31 December 2023 £000
Due after more than one year		
Term loans (note 14)	931,943	999,975
Derivative financial instruments (note 15)	12,950	30,384
	944,893	1,030,359
Due within one year		
Term loans (note 14)	68,939	62,405
Derivative financial instruments (note 15)	981	336
Accrued interest receivable	2,032	2,672
	71,952	65,413

Expected credit losses of £1,591,000 (prior period: £2,490,000) have been recognised against the carrying value of the term loans.

11 Cash and cash equivalents

	29 December	31 December
	2024	2023
	£000	£000
Cash at bank	89	35

12 Creditors: Amounts falling due within one year

	29 December	31 December
	2024	2023
	£000	£000
Interest bearing liabilities		
Bond finance (note 14)	68,939	62,405
Other creditors		
Derivative financial instruments (note 15)	981	336
Corporation tax payable	1	2
Interest payable	2,055	2,638
Amounts owed to group undertakings	5	5
	3,042	2,981

Interest payable is mainly settled quarterly throughout the year, in accordance with the terms of the related financial instrument.

13 Creditors: Amounts falling due after more than one year

	29 December	31 December
	2024	2023
	£000	£000
Bond finance (note 14)	893,510	962,451
Bond finance owed to Greene King Limited (note 14)	40,000	40,000
Derivative financial instruments (note 15)	12,950	30,384
	946,460	1,032,835

The company has issued various tranches of bonds in connection with the securitisation of pubs operated by Greene King Retailing Limited. The bonds are secured over these properties and their future income streams. The securitisation is governed by various covenants, warranties and events of default many of which apply to Greene King Retailing Limited. These include covenants regarding the maintenance and disposal of properties and restrictions on its ability to move cash outside of that company.

14 Bond finance and term loans

The company's bond finance and term loans at the balance sheet date consist of the following tranches:

	Carrying value ¹			Interest	Interest rate ³ %	Last repayment period	Weighted average life ⁵
	Nominal value 29 December 2024	31 December 2023					
	£000	£000	£000				
Bond finance							
A2 bonds	155,398	154,947	169,532	Fixed	5.32	2031	3.8 years
A4 bonds	204,394	204,050	221,331	Fixed	5.11	2034	5.0 years
A6 bonds	180,951	180,400	195,109	Fixed	4.06	2035	5.8 years
A7 bonds	203,250	202,604	218,483	Fixed	3.59	2035	5.2 years
AB2 bonds	40,000	40,000	40,000	Fixed	6.06	2036	10.2 years
B1 bonds	120,853	120,670	120,642	Floating	6.96	2034	8.4 years
B2 bonds	99,927	99,778	99,759	Floating	6.92	2036	10.5 years
	1,004,773	1,002,449	1,064,856				

	Carrying value ²			Interest	Interest rate ⁴ %	Last repayment period	Weighted average life ⁵
	Nominal value 29 December 2024	31 December 2023					
	£000	£000	£000				
Term loans receivable							
A2 bonds	155,398	154,705	169,137	Fixed	5.32	2031	3.8 years
A4 bonds	204,394	203,731	220,818	Fixed	5.11	2034	5.0 years
A6 bonds	180,951	180,118	194,655	Fixed	4.06	2035	5.8 years
A7 bonds	203,250	202,287	217,974	Fixed	3.59	2035	5.2 years
AB2 bonds	40,000	39,938	39,907	Fixed	6.06	2036	10.2 years
B1 bonds	120,853	120,481	120,362	Floating	6.96	2034	8.4 years
B2 bonds	99,927	99,622	99,527	Floating	6.92	2036	10.5 years
	1,004,773	1,000,882	1,062,380				

¹Carrying value of bond finance is net of related deferred finance fees.

²Carrying value of term loans receivable is net of related deferred finance fees and expected credit losses calculated under IFRS 9.

³Includes the effect of interest rate swap rates on the floating rate notes.

⁴Includes the effect of interest rate swap rates on the floating rate notes. Excludes fixed margin of 0.01%.

⁵This assumes notes are held until final maturity.

The interest payable on each of the floating tranches is as follows:

	Interest rate payable ¹	Interest rate swap	Total interest rate
Term Advances B1	S+1.80%	5.16%-S	6.96%
Term Advances B2	S+2.08%	4.84%-S	6.92%

¹For the floating rate bonds the interest rate payable is the compounded SONIA plus 0.1193% (this sum being denoted by "S" above) plus the margin as shown.

The Class B1 and B2 bonds have floating interest rates, Class A2, A4, A6, A7 and AB2 bonds have fixed interest rates.

The Class A2, A4, A6 and A7 bonds rank pari passu in point of security and as to payment of interest and principal, and have preferential interest payment and repayment rights over the Class AB2 and Class B bonds. The Class B1 and B2 bonds rank pari passu in point of security, principal repayment and interest payment.

The Class AB2 bonds, which are payable to Greene King Limited, rank pari passu in point of security and as to payment of interest and principal, and have preferential interest payment and repayment rights over the Class B bonds.

14 Bond finance and term loans (continued)

The company has issued these various tranches of bonds in connection with the securitisation of pubs operated by Greene King Retailing Limited. The bonds are secured over these properties and their future income streams. The securitisation is governed by various covenants, warranties and events of default many of which apply to Greene King Retailing Limited. These include covenants regarding the maintenance and disposal of properties and restrictions on its ability to move cash outside of that company.

The proceeds of the issues of bonds are lent to Greene King Retailing Limited as part of a securitisation of a portion of Greene King Limited group's pubs business. The maturity dates and loan payment dates of the term loans correspond to the terms of the relevant class of bonds.

The payment of interest and repayment of principal by Greene King Retailing Limited will provide the primary source of funds for interest and principal payments on the bonds.

Liquidity facility

The company has available liquidity facilities totalling £224.0m (prior period: £224.0m) which can only be used for the purpose of meeting the securitisation's debt service obligations should there ever be insufficient funds available from operations to meet such payments. There were no drawdowns under these facilities during the year and the drawn down amount at the year end was £nil (prior period: £nil).

15 Financial instruments and loan capital

The company holds the following financial instruments:

At 29 December 2024	Note	Due within one year £000	Due more than one year £000	Total £000
Financial assets				
Assets at amortised cost:				
Term loan	10	68,939	931,943	1,000,882
Cash and cash equivalents	11	89	-	89
Accrued interest receivable	10	2,032	-	2,032
Assets at fair value:				
Derivative financial instruments	10	981	12,950	13,931
		72,041	944,893	1,016,934
Financial liabilities				
Liabilities at amortised cost:				
Bond finance	12, 13	68,939	933,510	1,002,449
Interest payable	12	2,055	-	2,055
Amounts owed to group undertakings	12	5	-	5
Liabilities at fair value:				
Derivative financial instruments	12, 13	981	12,950	13,931
		71,980	946,460	1,018,440

15 Financial instruments and loan capital (continued)

At 31 December 2023	Note	Due within one year £000	Due more than one year £000	Total £000
Financial assets				
Assets at amortised cost:				
Term loan	10	62,405	999,975	1,062,380
Cash and cash equivalents	11	35	-	35
Accrued interest receivable	10	2,672	-	2,672
Assets at fair value:				
Derivative financial instruments	10	336	30,384	30,720
		<u>65,448</u>	<u>1,030,359</u>	<u>1,095,807</u>
Financial liabilities				
Liabilities at amortised cost:				
Bond finance	12, 13	62,405	1,002,451	1,064,856
Interest payable	12	2,638	-	2,638
Amounts owed to group undertakings	12	5	-	5
Liabilities at fair value:				
Derivative financial instruments	12, 13	336	30,384	30,720
		<u>65,384</u>	<u>1,032,835</u>	<u>1,098,219</u>

The primary treasury objectives of the company are to manage the financial risks that arise in relation to the underlying business needs of the Greene King Limited group and to provide secure and competitively priced funding for the activities of that group. This is performed via the issue of internal and external loan notes and the onward lending of the proceeds to other members of the Greene King Limited group for the purpose of securitising a proportion of the Greene King Limited group's licensed estate. Where appropriate, the company uses financial instruments and derivatives to manage these risks.

The principal financial instruments held for the purpose of raising finance for operations are securitised bonds.

Derivative financial instruments, interest rate swaps, are used to manage the interest rate risks related to the company's operations and financing sources. No speculative trading in derivative financial instruments is undertaken.

The main risks from the company's financial instruments are interest rate risk, liquidity risk and credit risk. The policy for managing each of these risks is set out below.

Hedging

The company's policy is to hedge exposure to interest rate risk. Gains and losses on instruments used for hedging are not recognised until the exposure that is being hedged is recognised. The company uses interest rate swaps to fix the interest rate payable on the floating rate tranches of its securitised debt.

At 29 December 2024, the company held two (prior period: two) interest rate swap contracts for a nominal value of £220,780,000 (prior period: £220,780,000), which are designated cash flow hedges against £220,780,000 (prior period: £220,780,000) of variable rate bonds entered into as part of the securitisation and subsequent securitisation taps. These swaps are hedges of the B1 and B2 tranches, receiving a variable rate of interest based on SONIA and paying a fixed rate of 5.155% on the B1 tranche and 4.837% on the B2 tranche. The weighted average fixed rate of the swaps was 5.0% (prior period: 5.0%).

The interest rate swaps hedging the B1 and B2 tranches are held on the balance sheet as a fair value liability of £13,931,000 (prior period: £30,720,000). The contract maturity dates range from December 2034 to March 2036. Prospective hedge effectiveness testing is performed. The interest rate swaps have been assessed as highly effective during the period and are expected to remain highly effective over their remaining contract lives. The bonds and related interest rate swaps have the same critical terms including payment dates, maturities and notional amounts but excluding credit risk.

The company has also entered into equal and opposite interest rate swap arrangements with Greene King Retailing Limited in respect of the term loans issued to that company. The terms, values and maturity analysis of these swaps directly mirror the swaps designed to hedge interest rate risk on the bond finance. The company therefore receives a weighted average fixed rate of 5.0% (prior period: 5.0%) and pays a variable rate based on SONIA plus 0.1193%. The fair value of the swaps on the B1 and B2 tranches at the period end was an asset of £13,931,000 (prior period: £30,720,000).

15 Financial instruments and loan capital (continued)**Interest rate swaps designated as part of a hedging relationship**

	29 December 2024	31 December 2023
	£000	£000
Carrying amount of hedging instruments (included within derivative financial instruments)	13,931	30,720
Carrying amount of hedging instruments receivable (included within derivative financial instruments)	(13,931)	(30,720)
Notional principal value of hedging instruments	220,780	220,780
Nominal amount of hedged items	220,780	220,780
Hedging gains/(losses) recognised in other comprehensive income in relation to bond finance swaps	17,251	(6,929)
Hedging (losses)/gains recognised in other comprehensive income in relation to swap assets on term loans	(17,251)	6,929
Net gain/(loss) on amounts reclassified from the hedging reserve to profit or loss in relation to bond finance swaps	458	(643)
Net (loss)/gain on amounts reclassified from the hedging reserve to profit or loss in relation to swap assets on term loans	(458)	643

Interest rate risk

Exposure to changes in interest rates on the company's borrowings is reviewed with regard to the maturity profile and cash flows of the underlying debt.

The company uses a mixture of fixed and floating interest rate debt with exposure to market interest rate fluctuations primarily arising from the floating rate instruments. The company's policy is to keep 100% of its variable rate bond finance at fixed rates of interest to mitigate the interest rate risk, this is done through the use of interest rate swaps. At the period end 100% of variable rate bond finance was fixed after taking account of interest rate swaps.

The company has entered into "back to back" interest rate swap arrangements internally with Greene King Retailing Limited and externally with bond holders covering 100% of the variable interest rate exposure. Therefore, the impact of any changes in interest rates on the fair values of its financial instruments directly offset and have no impact on the company's profit before tax or shareholders' funds. Due to the existence of equal and opposite interest rate swap arrangements with Greene King Retailing Limited, noted above, there will be no overall impact on equity from transactions arising as a result of the cashflow hedges as these will offset each other.

Liquidity risk

The company mitigates liquidity risk by ensuring that the maturity profile of amounts receivable on term loans is matched exactly against the maturity profile of amounts payable on bond finance.

The table below summarises the maturity profile of the company's financial instruments at 29 December 2024 and 31 December 2023 based on contractual undiscounted payments including interest.

At 29 December 2024	More than five				Total
	Within one year	One to two years	Two to five years	years	
	£000	£000	£000	£000	£000
Bond finance:					
Capital	69,300	72,500	238,800	624,173	1,004,773
Interest	46,400	42,600	105,900	97,900	292,800
	<u>115,700</u>	<u>115,100</u>	<u>344,700</u>	<u>722,073</u>	<u>1,297,573</u>
Interest rate swaps settled net	1,000	1,800	6,600	7,600	17,000
	<u>116,700</u>	<u>116,900</u>	<u>351,300</u>	<u>729,673</u>	<u>1,314,573</u>
Term loans receivable:					
Capital	69,300	72,500	238,800	624,173	1,004,773
Interest	46,400	42,600	105,900	97,900	292,800
	<u>115,700</u>	<u>115,100</u>	<u>344,700</u>	<u>722,073</u>	<u>1,297,573</u>
Interest rate swaps settled net	1,000	1,800	6,600	7,600	17,000
	<u>116,700</u>	<u>116,900</u>	<u>351,300</u>	<u>729,673</u>	<u>1,314,573</u>

15 Financial instruments and loan capital (continued)**Liquidity risk (continued)**

At 31 December 2023	Within one year £000	One to two years £000	Two to five years £000	More than five	Total £000
				years £000	
Bond finance:					
Capital	62,800	69,300	227,700	667,800	1,027,600
Interest	50,400	44,200	109,300	119,500	323,400
	113,200	113,500	337,000	787,300	1,351,000
Interest rate swaps settled net	300	3,100	13,600	19,800	36,800
	113,500	116,600	350,600	807,100	1,387,800
Term loans receivable:					
Capital	62,800	69,300	227,700	667,800	1,027,600
Interest	50,400	44,200	109,300	119,500	323,400
	113,200	113,500	337,000	787,300	1,351,000
Interest rate swaps settled net	300	3,100	13,600	19,800	36,800
	113,500	116,600	350,600	807,100	1,387,800

Credit risk

Financial assets include term loans, cash and cash equivalents and interest receivable. Credit risk is the risk of default by the counterparty to discharge their obligation and the maximum exposure of the company is the carrying amount of these instruments. Other cash deposits and cash and cash equivalents are also subject to the impairment requirements of IFRS 9 however the impairment loss is immaterial.

The credit risk on term loans receivable from Greene King Retailing Limited, a significant subsidiary of Greene King Limited group, is covered by the expected credit loss. The term loans are secured against pubs in the Greene King Limited group estate.

Impairment of financial assets

The company has term loans that are subject to the expected credit loss model.

Impairment on term loans recognised in the income statement was as follows:

	52 weeks	
	ended 29 December 2024	ended 31 December 2023
	£000	£000
Net impairment reversals on term loans	899	125

The key assumptions for the calculation of the ECL on those financial assets were:

- Probability of default (PD) being the likelihood of a default happening over the next 12 months. This was determined by a probability of default expected for companies with a BB+ credit rating taking into consideration the length of the loan. The PD was then updated for forward-looking information based on the external study on the impact of the current conditions and forecast of future economic conditions on credit risk.
- Loss given default (LGD) being the percentage that could be lost in the event of a default. The LGD was based on the average industry rate and adjusted for security headroom. The security over the amounts due on secured loan notes did not impact the LGD.
- Exposure at default being the balance outstanding as at the reporting date.

15 Financial instruments and loan capital (continued)*Sensitivity to changes in assumptions*

The most significant assumption included within the expected credit loss for amounts due on term loans is the conclusion that there has been no significant increase in credit risk resulting in a 12 month ECL. In order to test the sensitivity of that assumption, the company has considered the impact of a lifetime ECL compared to a 12-month ECL and determined that had a lifetime ECL been applied the impact on the ECL would have been higher by £23,133,000.

Fair values

Set out below is a comparison of carrying amounts and fair values of all of the company's financial instruments:

	Hierarchical classification	29 December 2024		31 December 2023	
		Fair value	Carrying value	Fair value	Carrying value
		£000	£000	£000	£000
Financial liabilities:					
Bond finance	1	(884,908)	(962,449)	(926,613)	(1,024,856)
Bond finance due to Greene King Limited	2	(29,748)	(40,000)	(25,971)	(40,000)
Derivative financial instruments	2	(13,931)	(13,931)	(30,720)	(30,720)
Accrued interest payable	2	(2,055)	(2,055)	(2,638)	(2,638)
Financial assets:					
Term loans	2	884,908	960,944	926,613	1,022,473
Term loans	2	29,748	39,938	25,971	39,907
Derivative financial instruments	2	13,931	13,931	30,720	30,720
Accrued interest receivable	2	2,032	2,032	2,672	2,672

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced liquidation or sale. The following methods were used to estimate the fair values:

- Bond finance and term loans - based on quoted market prices where available (level 1); calculated by discounting all future cash flows by an implied yield determined with reference to observable market data (level 2).
- Derivative financial instruments - calculated by discounting all future cash flows by the market yield curve at the balance sheet date and adjusting for, where appropriate, the company's and counterparty credit risk (level 2). The changes in credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships.

The fair value of other financial assets and liabilities are not materially different from their carrying value.

Hierarchical classification of financial assets and liabilities measured at fair value

IFRS 13 requires that the classification of financial instruments at fair value be determined by reference to the source of inputs used to derive fair value.

The classification uses the following three-level hierarchy:

Level 1 – unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2 – other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3 – techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

During the periods ending 29 December 2024 and 31 December 2023 there were no transfers between levels 1, 2 or 3 fair value measurements.

15 Financial instruments and loan capital (continued)

Capital risk management

The company aims to manage the risk associated with its capital by ensuring that the terms and conditions relevant to the debt issued by the company are directly reflected in the terms and conditions associated with the term loan lending that it has issued to Greene King Retailing Limited. By ensuring that the terms are identical, with a small margin charged to Greene King Retailing Limited, the company offsets the risks related to its capital structure and use of debt. No changes were made in the objectives, policies or processes during the period.

Capital management also takes place on a Greene King Limited group wide basis. Debt and equity are considered to be the Greene King Limited group's capital. The Greene King Limited group monitors several capital measures including fixed charge cover, the ratio of net debt to EBITDA and free cash flow debt service coverage. All covenants in relation to the securitisation vehicles and bank loans have been fully complied with during the financial year.

16 Share capital

	29 December 2024	31 December 2023
	£	£
Allotted, called up and fully paid		
50,000 (prior period: 50,000) Ordinary shares of £1.00 each	12,502	12,502

On incorporation of the company Greene King Finance Parent Limited subscribed for one ordinary share of £1 and Law Debenture Corporate Services Limited subscribed for one further ordinary share of £1, each fully called up for consideration of £1 per share.

On 21 January 2005, 49,998 ordinary shares of £1 each were allotted to Greene King Finance Parent Limited with £0.25 per share called up and paid.

The directors of the company have no rights to subscribe for additional shares in the company.

17 Reserves

Retained earnings

Retained earnings reserve represents accumulated retained earnings.

18 Related party transactions

The company has issued term loans and has entered into "back to back" interest rate swap agreements with Greene King Retailing Limited, a fellow Greene King Limited group undertaking. Details of the amounts outstanding on the term loans and associated derivative financial instruments are included in note 10. Details of the interest received on the secured loans are included in note 6.

The company has lent £40m in the form of an AB2 term loan to Greene King Retailing Limited and has issued a £40m AB2 bond to Greene King Limited. Details of bonds issued by the company are included in note 14. During the year interest payable to Greene King Limited in respect of the AB2 bond totalled £2,409,000 (prior period: £2,415,000)

At the year end, accrued interest due to Greene King Limited in respect of the AB2 bond totalled £93,000 (prior period: £106,000).

19 Post balance sheet events

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

20 Ultimate parent undertaking and controlling party

The company is a wholly-owned subsidiary of Greene King Finance Parent Limited. The Law Debenture Intermediary Corporation plc holds the shares of Greene King Finance Parent Limited under a declaration of trust for charitable purposes.

The company was set up with the sole purpose of issuing loan notes on the assets of Greene King Retail Limited, a subsidiary of Greene King Limited. The directors of the company consider Greene King Limited to be the ultimate controlling party, as it has operating and financial control of the company.

The directors of Greene King Limited consider that Greene King Limited has control of the company (as defined in IFRS 10 Consolidated Financial Statements) as a result of the rights provided to it under the securitisation. Hence, the results of the company are included in the consolidated financial statements of Greene King Limited.

Greene King Limited is the smallest group which includes the results of the company and for which group financial statements are prepared. Copies of its group financial statements are available from Westgate Brewery, Bury St Edmunds, Suffolk, IP33 1QT.

The ultimate parent undertaking and ultimate controlling party is CK Asset Holdings Limited, a company registered in the Cayman Islands and registered in Hong Kong with its shares listed on the Main Board of the Hong Kong Stock Exchange.

CK Asset Holdings Limited is the largest group which includes the results of the company and for which group financial statements are prepared. Copies of its group financial statements are available from 7th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong.