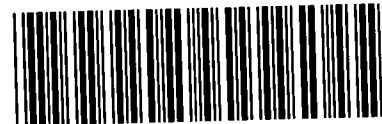


**COMPANY REGISTRATION NUMBER 08278614**

**PHH 1 LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 29**  
**NOVEMBER 2020**

WEDNESDAY



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COMPANIES HOUSE

# **PHH 1 LIMITED**

**FOR THE FINANCIAL PERIOD ENDED 29 NOVEMBER 2020**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

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# **PHH 1 LIMITED**

## **FOR THE FINANCIAL PERIOD ENDED 29 NOVEMBER 2020**

### **THE STRATEGIC REPORT**

The directors present their strategic report, the directors' report and the audited financial statements of the company for the financial period from 2 December 2019 to 29 November 2020.

#### **Principal Activities**

The company did not trade during the financial period. The directors have not recommended a dividend.

Pizza Hut (U.K.) Limited (a subsidiary of PHH 1 Limited) undertook a Company Voluntary Arrangement on 28<sup>th</sup> September 2020 due to the impact of COVID-19 on the hospitality sector. The main elements of the arrangements included closure of 29 restaurants, forgiven rents for the period of temporary closures (25<sup>th</sup> March 2020 to 28<sup>th</sup> September 2020) and the renegotiation of lease terms. Lease modifications included variations to the amount of rent payable which included a move to turnover rent basis in some cases and a reduction to zero rent in others, new break clauses in termination rights and the release of some dilapidation obligations. The company was provided with a £15m working capital facility from its existing lenders.

#### **Principal risks and uncertainties**

The management of the business and the execution of the business strategy are subject to a number of risks. These risks are managed at a group level and the key business risks affecting the Company and Group are set out in the Strategic Report of HWS 4 Limited.

#### **Financial Key Performance Indicators**

Given the straightforward nature of the business the Company's directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance, or position of the business.

#### **Section 172 of the UK's Companies Act**

##### **Directors' duties**

The directors of the Company work in conjunction with the Board of directors of the parent company of the Group, HWS 4 Limited and other subsidiary companies to ensure that all colleagues work together in good faith to promote the success of the Company and the Group for the benefit of the shareholders as a whole. In discharging of Section 172 duty we have done so through our agreed strategy for the benefit of the member of the Parent company, having regard to the stakeholders and matters set out in Section 172 of the Act in the decisions taken during the period.

In summary, as required by section 172 of the Companies Act 2006, a Director of a company must act in the way he/she considers, in good faith, would most likely promote the success of the company for the benefit of its shareholders. In doing this, the Director must have regard, amongst other matters, to the:

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

# **PHH 1 LIMITED**

## **FOR THE FINANCIAL PERIOD ENDED 29 NOVEMBER 2020**

### **THE STRATEGIC REPORT** *(continued)*

The following is an overview of how the group's board have performed its duties during the financial period.

#### **Shareholders**

The Chairman, Chief Executive Officer, Chief Financial Officer and Senior leadership Team have regular contact with major shareholders. The board receives regular updates on the views of shareholders which are taken into account when the board makes decisions. In particular, the board is focused on the long term strategy and growth of the business and ensuring that the business creates strong and enduring value for its stakeholders, including the shareholders. As an example, the business has invested to reposition the business more effectively away from a 'full service' dine-in model to a 'fast casual' model that will better match the emerging consumer needs for speed, control and access to products through multiple channels, including collection and delivery.

#### **Employee Engagement**

To deliver great food and service to our guests, our teams need to be skilled, confident and happy. People make the Pizza Hut Restaurants brand what it is and that's why the company vision is to be 'The Most Loved Place to Eat and Work'.

All of our team members, whether or not they join us with a long term career plan, have the opportunity to develop a range of transferable skills from the moment they start. In addition to technical skills, Restaurant Management receive behavioural training and, as skilled coaches, they are passionate about unlocking the inner potential of their team. Our long term people mission is to professionalise careers in hospitality. In January 2020 the company became a registered Employer Provider authorised to deliver Apprenticeship programmes in-house and as a result the company have a network of highly skilled Managers who have been internally licensed to manage entry level Apprenticeship placements supported by a central team of professional teachers. The company offer qualifications including Level 2/3 & 4 (equivalent of 5 GCSEs, 2 A levels and foundation degree respectively), and partner with a number of Universities to offer L6 (bachelor's degree equivalent) up to the highest L7 MBA qualification.

In terms of communicating and listening to our teams the board host a fortnightly 'All Company' live interactive webcast. The companies CEO plus guests, presents general news, hot topics and an open Q&A where anyone can ask anything (no matter how sensitive) and receive a straight and honest answer. Recent subjects have included sensitive topics regarding remuneration, furlough treatment and hut closures.

Hundreds of people participate in the webcast and from it ideas are shared, issues discussed and everyone is kept up to date with what is happening across the company. In addition to this the company uses internal social media (Yammer) to enable further daily two-way communication and a weekly 'Mycomms' information based news-letter to ensure that everyone has access to key information. The culture is open and based on a democratic sharing of information and enabling everyone to have the ability to make their opinion heard.

The company goes beyond the basics to enable the teams to work in a safe and fair environment and one in which everyone can flourish. Our gender-pay report is published annually and initiatives are launched each year to support the diversity agenda including things like cross-company mentoring programmes.

# **PHH 1 LIMITED**

## **FOR THE FINANCIAL PERIOD ENDED 29 NOVEMBER 2020**

### **THE STRATEGIC REPORT** *(continued)*

#### **Employee Engagement** *(continued)*

In terms of governance, the company maintain an internal remuneration committee, a board level REMCO and specifically for the treatment of tips, a Troncs committee which is made up of team member representatives. The teams are provided with access to a confidential help-line to retrieve a variety of personal support services and there is a whistle-blowing process in place to ensure that risk information can be escalated in confidence. The board recognise that during these challenging times it is fundamental to provide a safe and meaningful workplace to support the teams to enable them to develop 'skills for life' and to provide a solid foundation for the future.

#### **Customers**

The main source of customer feedback is taken from survey data of both on and off-premise experiences. This data is reviewed weekly and monthly by both field and central teams to affect change as needed, such as where service has not been as expected or to recognise team members for a job well done. Longer term trends or test cell feedback from the survey data are read at set points throughout the year for key strategic activity, for example how the company have navigated the self-serve model with COVID-19 and the re-introduction of free refills in November.

The company have utilised this data to form the remainder of the plan out of COVID operations. When the Dine-In is able to re-open post lockdown, the social channels will be reviewed alongside the survey feedback to provide a wider breadth of understanding from our guests.

#### **Suppliers**

Suppliers are an important part of the companies' ecosystem and are treated as such. The suppliers are treated fairly and with respect, and relationships with the suppliers are governed by multiple policies on code of conduct, modern slavery and ethical trading. Many of the company's key supplier relationships are long term strategic partnerships that have existed for up to 30 years and are based upon regular and honest two way feedback.

The company build strong relationships with suppliers through regular one to one reviews, factory visits and an annual supplier conference. Virtual webcasts are also published with a two way Q&A session to keep suppliers informed on the company's strategy.

#### **Community and Environment**

The board recognise that Pizza Hut Restaurants has an important role in contributing to wider society and as such take the responsibilities seriously. For the last couple of years the company have invested in an in-house Corporate Social Responsibility expert to help identify the ways in which we can make progress in areas where we have identified we can make a difference. We have defined pillars of corporate social responsibility from 'people' to the 'planet'.

In terms of the 'people' pillar, and in-addition to our investment in education that enables social mobility, the company was the first restaurant business to sign up to support the Mental Health UK 'Rethink' Pledge with the goal of raising awareness of mental health in the work place and tackling stigmas. Particularly in the context of the pandemic, mental health is a serious and growing issue which is why the board are committed to balancing the skills based training with emotional development, and creating a safe and open working culture where frank and honest conversations can be had about mental health.

# PHH 1 LIMITED

FOR THE FINANCIAL PERIOD ENDED 29 NOVEMBER 2020

## THE STRATEGIC REPORT *(continued)*

### Community and Environment *(continued)*

Mental Health UK is also our company-wide nominated charity and we fund raise and support events local to our Huts.

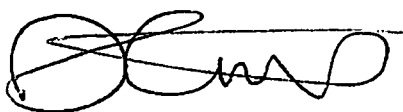
The company's 'planet' environmental pillar is also moving in the right direction with reduction of electricity, gas and water usage, introducing more efficient equipment and LED lighting, and driving better usage via regular reports from smart meters and educating teams on energy conservation. The company has made good progress on packaging and works closely with industry experts to assess the impact packaging really has on the environment. All of our takeaway boxes come from FSC certified sustainable sources. In 2018, the company introduced paper straws and eradicated the plastic ones from the restaurants forever and in 2021 are making a switch to an even more sustainable straw made from bamboo from certified forests.

The board are proud to play a broader leadership role in the sector, and are active members of a number of organisations committed to positive change as detailed below;

- Commitment to Courtauld 2025 - an ambitious voluntary agreement that brings together organisations across the food system to make food and drink production and consumption more sustainable. We are also part of the policy steering group on reducing food waste. Our shared ambition is to cut the resource needed to provide food and drink by one-fifth in ten years. That's good news for everyone.
- We are also co-chairing one of the three working groups of the ZCF tackling scope 3 emissions across the value chain, co-ordinating efforts with other hospitality operators and their suppliers. As a business and brand we are committed to making a positive difference.
- Achieved 2 star status of the Sustainable Restaurant Association who independently assess our sustainable practices and who facilitate cross sector collaboration on environmental issues.
- In 2019 we completed a full carbon foot-printing assessment, and in 2020 we joined the Zero Carbon Forum as a founding signatory. This sector wide initiative is the most ambitious environmental programme in hospitality, and is aimed at moving the sector to net zero emissions in a timescale that meets or beats globally accepted deadlines for tackling the climate emergency. We are also co-chairing one of the three working groups of the ZCF, tackling scope 3 emissions across the value chain, co-ordinating efforts with other hospitality operators and their suppliers.

As a business and brand the board are committed to making a positive difference.

This report was approved by the board and signed on its behalf on 24 November 2021.



Mr A Platt  
Director

# **PHH 1 LIMITED**

## **FOR THE FINANCIAL PERIOD ENDED 29 NOVEMBER 2020**

### **THE DIRECTORS' REPORT**

The directors present their report and the audited financial statements of the company for the financial period from 2 December 2019 to 29 November 2020. This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

#### **Principal Activities**

The Company is an investment holding company. The principal activity of its subsidiary during the financial period was trading as a restaurant operator.

#### **RESULTS AND DIVIDENDS**

The company did not trade during the financial period. The directors have not recommended a dividend.

#### **DIRECTORS**

The directors of the group who were in office during the financial period and up to the date of signing the financial statements were:

Mr J Hofma  
Mr A Platt

None of the directors who held office at the end of the financial period had any disclosable interest in the shares of the company.

#### **GOING CONCERN**

The Directors' have adopted a going concern basis referring to a material uncertainty, as detailed in note 3 to these financial statements.

#### **DISABLED EMPLOYEES**

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

#### **DIRECTORS' INDEMNITIES**

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial period and is currently in force. The company also purchased and maintained throughout the financial period Directors' and Officers' liability insurance in respect of itself and its Directors.

# **PHH 1 LIMITED**

**FOR THE FINANCIAL PERIOD ENDED 29 NOVEMBER 2020**

## **THE DIRECTORS' REPORT** *(Continued)*

### **STATEMENT OF DIRECTORS' 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 period. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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.

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 enable them to ensure that the financial statements comply with the Companies Act 2006.

### **Directors' confirmations**

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.



# **PHH 1 LIMITED**

**FOR THE FINANCIAL PERIOD ENDED 29 NOVEMBER 2020**

## **THE DIRECTORS' REPORT** *(Continued)*

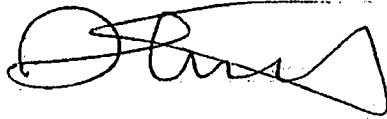
### **INDEPENDENT AUDITORS**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Registered office:  
Building 1 Imperial Place  
Elstree Way  
Borehamwood  
Hertfordshire  
WD6 1JN

By order of the board

Mr A Platt  
Director

A handwritten signature in black ink, appearing to be 'A Platt', written over a horizontal line.

# ***Independent auditors' report to the members of PHH 1 Limited***

## **Report on the audit of the financial statements**

---

### **Opinion**

In our opinion, PHH 1 Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 29 November 2020;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the *Annual Report* and Financial Statements (the "Annual Report"), which comprise: Balance Sheet as at 29 November 2020; and statement of changes in equity for the period then ended and the notes to the financial statements which include a description of the significant accounting policies

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### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### **Material uncertainty related to going concern**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 3 to the financial statements concerning the company's ability to continue as a going concern. The Company is a cross guarantor for the borrowings of its intermediate parent undertaking HWS 3 Limited and its subsidiary undertakings (together "the HWS 3 group"). Based on the Directors' forecasts for the HWS 3 group it is forecast to remain within its covenants and facilities. These forecasts, however, are based on certain revenue and other assumptions. The continuing presence and impact of COVID-19 in the UK on the casual dining market is such that there is inherent uncertainty over these assumptions and the HWS 3 group could breach covenants which would make the loans repayable on demand. These conditions, along with the other matters explained in note 3 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern..

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### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

# ***Independent auditors' report to the members of PHH 1 Limited (continued)***

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## **Reporting on other information (continued)**

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

### ***Strategic Report and Directors' Report***

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the period ended 29 November 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

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## **Responsibilities for the financial statements and the audit**

### ***Responsibilities of the directors for the financial statements***

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

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.

### ***Auditors' 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 auditors' 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### ***Use of this report***

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

# ***Independent auditors' report to the members of PHH 1 Limited (continued)***

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## **Other required reporting**

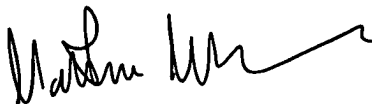
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### **Companies Act 2006 exception reporting**

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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Matthew Mullins (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Watford

29 November 2021

# PHH 1 LIMITED

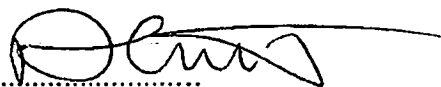
## BALANCE SHEET

AS AT 29 NOVEMBER 2020

	Note	As at 29 November 2020 £000	As at 1 December 2019 £000
<b>FIXED ASSETS</b>			
Investments	7	745	745
<b>CURRENT ASSETS</b>			
Debtors	8	11	21
Creditors: amount falling due within one year	9	(6)	(16)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>750</u>	<u>750</u>
<b>NET ASSETS</b>		<u>750</u>	<u>750</u>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	11	8	8
Share Premium account	11	<u>742</u>	<u>742</u>
<b>TOTAL SHAREHOLDERS' FUNDS</b>		<u>750</u>	<u>750</u>

The notes on pages 13 to 18 form part of these financial statements

The financial statements on pages 11 to 18 were approved by the directors and authorised for issue on 24 November 2021 and are signed on their behalf by:



Mr A Platt

Company Registration Number: 08278614

# PHH 1 LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD ENDED 29 NOVEMBER 2020

	Called up share capital	Share Premium Account	Total Shareholders' Funds
	£000	£000	£000
Balance as at 3 December 2018	8	742	750
Result for the financial year	-	-	-
Balance as at 1 December 2019	8	742	750
Balance as at 2 December 2019	8	742	750
Result for the financial year	-	-	-
Balance as at 29 November 2020	8	742	750

# **PHH 1 LIMITED**

## **FOR THE FINANCIAL PERIOD ENDED 29 NOVEMBER 2020**

### **NOTES TO THE FINANCIAL STATEMENTS** *(Continued)*

#### **1. GENERAL INFORMATION**

The company is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is Building 1, Imperial Place, Elstree Way, Borehamwood, WD6 1JN.

#### **2. STATEMENT OF COMPLIANCE**

The individual financial statements of PHH 1 Limited have been prepared in compliance with United Kingdom accounting standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

#### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principle policies applied in the preparation of these company financial statements are set out below. These policies have been consistently applied to all the financial periods presented, unless otherwise stated.

##### **Basis of Preparation**

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable UK accounting standards and the policies have been applied consistently between financial periods.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

##### **Going concern**

The Company is a cross guarantor for the borrowings of HWS 3 Limited and its subsidiary undertakings (together "the HWS 3 group").

Pizza Hut (U.K.) Limited (a subsidiary of PHH 1 Limited) undertook a Company Voluntary Arrangement on 28<sup>th</sup> September 2020 due to the impact of COVID-19 on the hospitality sector. The main elements of the arrangements included closure of 29 restaurants, forgiven rents for the period of temporary closures (20 March 2020 to 28 September 2020) and the renegotiation of lease terms. A £15m working capital facility is also being provided. Due to the Company Voluntary Arrangement and additional funding the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future being a period of 12 months from signing these financial statements.

As part of the CVA completed on September 28<sup>th</sup> 2020, two new borrowing covenants have been agreed to replace the previous covenants. These new covenants focus on liquidity and a rolling 13 period EBITDA. Based on the Directors' forecasts the HWS 3 group is forecast to remain within its revised covenants and facilities and accordingly the Directors' continue to adopt the going concern basis. These forecasts are based on certain revenue and other assumptions, and the current and potential future impact of COVID-19.

# PHH 1 LIMITED

FOR THE FINANCIAL PERIOD ENDED 29 NOVEMBER 2020

## NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### **Going concern *(continued)***

Since the CVA date, the HWS 3 group has outperformed these forecasts, however the ongoing uncertainty of the impact of COVID-19 on the casual dining market environment is such that there is inherent uncertainty over these assumptions (which include projections relating to the slow recovery of trading in central London, consumer propensity to use restaurants, the absence of government restrictions that would materially impact trading, energy inflation estimates and estimates of the cost of food inflation and other direct input costs) such that the HWS 3 group could breach covenants, within the period of 12 month from the date of approval of the financial statements, which would make the loans repayable on demand.

In these circumstances, the HWS 3 group would expect to remedy the forecast breach in advance through management action, such as reductions in discretionary expenditure or to negotiate revised covenants in advance to avoid a breach. The avoidance of such a breach, however, may not be possible and as such these conditions indicate the existence of a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern. These financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

#### **Exemption for entities under FRS 102**

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 33 Key management personnel completion paragraph 33.7

This information is included in the consolidated financial statements of HWS 4 Limited as at 29 November 2020 and these financial statements may be obtained from Building 1, Imperial Place, Elstree Way, Borehamwood, WD6 1JN.

#### **Consolidated Financial statements**

Up until 19th April 2018, the companies' group financial statements were presented within these Financial Statements, from 20<sup>th</sup> April 2018 the consolidated financial statements are presented in the Financial Statements of HWS 4 Limited.

The Company is a wholly-owned subsidiary of HWS 4 Limited. It is included in the consolidated financial statements of HWS 4 Limited which are available to the public through companies House. Therefore the company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

#### **Foreign currency**

The Company's functional and presentation currency is pound sterling.



# PHH 1 LIMITED

## FOR THE FINANCIAL PERIOD ENDED 29 NOVEMBER 2020

### NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

##### **Investment**

Investments in subsidiary undertakings, associates and joint ventures are stated at cost less amounts written off for impairment.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

##### **Financial instruments**

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

##### **Financial assets**

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

##### **Financial liabilities**

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow Group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

# PHH 1 LIMITED

FOR THE FINANCIAL PERIOD ENDED 29 NOVEMBER 2020

## NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Financial Instruments *(continued)*

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

### 4. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

#### Critical accounting estimates and assumptions

The company makes estimations and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are addressed below

#### Carrying value for investment

The company reviews the carrying value of investment based on the net asset position along with future profits of its trading entity.

### 5. OPERATING PROFIT

The following costs have been borne by the company's subsidiary Pizza Hut (U.K.) Limited:

	2020 £000	2019 £000
Auditors' remuneration – audit of the financial statements	7	7
Auditors' remuneration – other fees: - Taxation services	-	2

The company had no employees during 2020 or 2019 .

### 6. DIRECTORS

The parent company pays the director directly in respect of their services as a directors of the subsidiary.

### 7. INVESTMENTS

	£000
Cost and Net book Value	
Equity	-
Loan	745
At 01 December 2019 & 29 November 2020	745

# PHH 1 LIMITED

FOR THE FINANCIAL PERIOD ENDED 29 NOVEMBER 2020

## NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

### 7. INVESTMENTS *(continued)*

The directors believe that the carrying value of the investments is supported by their underlying net assets.

The company owns 100% of the issued share capital of the companies listed below

Name of Company	Holding	Nature of Business	Registered address
Pizza Hut (U.K.) Limited	Ordinary Shares	Restaurant	One Imperial Place, Elstree Way, Borehamwood, WD6
PHH2 Limited *	Ordinary Shares	Holding Company	One Imperial Place, Elstree Way, Borehamwood, WD6 1JN
PHR (Northern Europe) Limited	Ordinary Shares	Dormant Company	One Imperial Place, Elstree Way, Borehamwood, WD6 1JN

\*Direct holding of PHH 1 Limited

### 8. DEBTORS

	2020 £000	2019 £000
Amounts owed by group companies	5	-
Other debtors	6	21
	<u>11</u>	<u>21</u>

### 9. CREDITORS: Amounts falling due within one year

	2020 £000	2019 £000
Amounts owed to group undertakings	(6)	(16)
	<u>(6)</u>	<u>(16)</u>

### 10. RELATED PARTY DISCLOSURES

The ultimate controlling party is deemed to be the management through their majority shareholding in HWS 4 Limited.

The company has taken advantage of the exemption provided by section 33 of FRS 102 from disclosing related party transactions with other companies within the HWS 4 Limited Group on the basis that it is a wholly owned subsidiary and its ultimate parent prepares consolidated financial statements.

# PHH 1 LIMITED

FOR THE FINANCIAL PERIOD ENDED 29 NOVEMBER 2020

## NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

### 11. CALLED UP SHARE CAPITAL AND SHARE PREMIUM

Allotted, called up and fully paid:

	2020		2019	
	No	£000	No	£000
Ordinary shares of 1p each	<u>761,845</u>	<u>8</u>	<u>761,845</u>	<u>8</u>
		2020		2019
		£000		£000
Share premium account		<u>742</u>		<u>742</u>

### 12. ULTIMATE CONTROLLING PARTY

The Company is wholly-owned subsidiary of HWS 4 Limited, a company incorporated in England and Wales.

The immediate parent undertaking is HWS 3 Limited.

The ultimate parent undertaking and the largest group to consolidate these financial statements is HWS 4 Limited. The smallest group to consolidate these financial statements is HWS 2 Limited. Copies of the HWS 4 Limited and HWS 2 Limited consolidated financial statements can be obtained at Building 1 Imperial Place, Elstree Way, Borehamwood, Hertfordshire, WD6 1JN.

The ultimate controlling party is the PCP V CAYMAN AIV L.P and the management. The management do not individually own more than 20% of the issued share capital of the company.

The Company is a wholly-owned subsidiary of HWS 4 Limited. It is included in the consolidated financial statements of HWS 4 Limited which are available to the public through companies House. Therefore the company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.