

# **Stonegate Pub Company Limited - Tax Strategy**

## **Scope**

Stonegate Pub Company Limited (Stonegate), is a limited company incorporated in the Cayman Islands and tax resident in the UK.

This strategy applies to Stonegate and the group of companies headed by Stonegate in accordance with paragraphs 19 and 25 of Schedule 19 to the Finance Act 2016. A full list of the entities to which it applies is set out below. In this strategy, references to 'Stonegate', 'the Company' or 'the Group' are to all these entities. The strategy has been published in accordance with paragraph 16(4) of the Schedule.

This strategy applies from the date of publication until it is superseded. References to 'UK Taxation' are to the taxes and duties set out in paragraph 15(1) of the Schedule which include Income Tax, Corporation Tax, PAYE, NIC, VAT, MGD, Insurance Premium Tax, and Stamp Duty Land Tax. References to 'tax', 'taxes' or 'taxation' are to UK taxation and to all corresponding worldwide taxes and similar duties in respect of which Stonegate has legal responsibilities.

## **Aim**

Stonegate is committed to full compliance with all statutory obligations and full disclosure to tax authorities. Tax affairs are managed in a way which takes into account the Stonegate's wider corporate reputation in line with our overall high standards of operation.

## **Governance in relation to UK Taxation**

The ultimate responsibility for Stonegate's tax strategy and compliance rests with the Company's statutory directors.

The key areas of responsibility and processes are set out below.

The Operating Board is responsible for Governance, however have delegated this responsibility to the CFO who will report up as required. The Operating Board is responsible for ensuring there is an appropriate framework for the implementation of the strategy and oversight of the identification and management of tax risk. The Operating Board maintains responsibility for implementing new controls where material tax risks are identified.

The CFO has ownership of Stonegate's tax operations and oversight of tax risk, with the detailed analysis and preparation of the tax records covered by other key members of the Finance Team.

A number of tax sensitive processes are performed within the Finance and Human Resources teams of the business and each relevant stakeholder is responsible and accountable for meeting its tax obligations, controls and policies as issued by the Operating Board.

All papers put forward to the Operating Board that contain comments on tax must be supported by an appropriate level of tax analysis. The CFO is responsible for ensuring sufficient tax analysis has been undertaken in advance of papers being submitted to the Operating Board. All transactions falling within the above principles and/or specifically mentioned must have Operating Board level approval before they can proceed.

The CFO's responsibilities also include:

- Regular communication with the Operating Board regarding management of material tax risks and opportunities;
- Reviewing any significant transactions; (e.g. acquisitions, disposals, financing arrangements);
- Monitoring adherence to the Tax Strategy;

- Approval of tax disclosures for Stonegate's financial statements;
- Approval of tax returns; and,
- Ensuring accounting systems and controls report accurate and timely information for tax reporting purposes, thereby enabling him as the Senior Accounting Officer to provide the certification required by Schedule 46 Finance Act 2009.

Internal communication and escalation procedures are established within the business and understood by staff. All staff report tax sensitive queries to the CFO.

### **Commercial Rationale**

The commercial needs of the Group are paramount and tax planning will be undertaken in this context. All transactions must therefore have a business purpose or commercial rationale. Due consideration is given to the Group's reputation, brand, corporate and social responsibilities when considering tax initiatives, as well as the applicable legal and fiduciary duties of directors and employees of the Group and will form part of the overall decision-making and risk assessment process.

The Group will manage risk by application of components of the tax risk strategy including:

- observing all applicable laws, rules, regulations, disclosure requirements and comply with all anti-bribery legislation;
- applying diligent professional care and judgment to arrive at well-reasoned conclusions;
- ensuring all decisions are taken at an appropriate level and supported with documentation that evidences the facts, conclusions and risks involved;
- aiming for certainty on adopted tax positions but where tax law is unclear or subject to interpretation, written advice or confirmation will be sought as appropriate to ensure that a position would be settled in Group favour;
- where the tax treatment of an item is so uncertain and/or unquantifiable, file positions subject to robust risk assessment and supported by full disclosure; and
- good working relationships with HMRC, undertaking all dealings in a professional, courteous and timely manner.

### **Risk Management**

Stonegate's overall appetite for risk is part of the business model aligned to the strategic and corporate objectives. Stonegate's on-going tax risk approach is based on principles of reasonable care and materiality.

Each tax risk is measured based on a balance of impact of that risk which may consider financial and non-financial factors.

The aim is not to avoid or eliminate risk entirely, but to manage closely Stonegate's exposure to risk. Stonegate manages risks to ensure compliance with legal requirements in a manner which ensures payment of the right amount of tax.

Processes relating to different taxes are allocated to appropriate process owners, who carry out a review of activities and processes to identify key risks and mitigating controls in place. These key risks are monitored for business and legislative changes which may impact them and changes to processes or controls are made when required.

The CFO will determine whether to escalate any queries to the Operating Board, HMRC or any specialist advisor.

## **Tax Risk Management and Business Interaction**

Within the context of the commercial needs of the Group being paramount, the tax function will work with the business as an equal partner providing clear, timely and relevant business focused advice across all aspects of taxes. Where alternative routes exist to achieve the same commercial results, the most tax efficient approach, complying with all relevant laws, should be recommended.

The prominence of the commercial needs will never override compliance with all applicable laws. The tax function will provide any appropriate input to business proposals, to ensure a clear understanding of the tax consequences and include assessment, quantification and presentation of provisions in respect of taxes.

## **Attitude towards Tax Planning and Level of Risk**

Stonegate seeks to take advantage of available tax incentives, reliefs and exemptions in line with, and in the spirit of, tax legislation, to manage, but not eliminate tax owed.

The company seeks to reduce the level of tax risk arising from its operations as far as is reasonably practicable by ensuring that reasonable care is applied in relation to all processes which could materially affect its compliance with its tax obligation.

Stonegate will take a prudent approach to uncertainty, but if relevant and appropriate to the historic position of any tax sensitive areas, provision will be made within the accounts to accommodate these.

## **Compliance**

As stated, the Group must comply with all tax regulations and disclosure requirements. If compliance is outsourced, both the Group and the retained advisers must ensure this principle is adhered to by ensuring that:

- all tax returns are submitted by due dates under U.K. tax law;
- material positions in tax returns are supported in terms of documentation and legal interpretation;
- positions taken in the Group tax returns can and will be defended robustly;
- any tax timing benefits within the context of the tax risk strategy, are pursued;
- changes in tax law are monitored and training undertaken in order to assess consequences with the aim of mitigating adverse impact; and
- compliance affairs are managed to minimise risk of adverse public comment.

## **Relationship with HMRC**

Stonegate maintains an open and honest relationship in its dealing with HMRC and will seek to work in 'partnership' with HMRC in relation to its tax dealings. This will include regular meetings and communication in respect of significant developments in business and relevant tax discussions.

Stonegate will disclose any relevant planning it undertakes to HMRC in line with the legal disclosure requirements and criteria set out by HMRC. The Company will liaise with HMRC to determine and agree where possible the correct treatment of key items, and its compliance requirements, wherever it is uncertain of the prevailing rules to apply. In the event of any material inadvertent errors arising, full disclosure, where required by law will be made to HMRC.

When submitting tax computations and returns to HMRC, Stonegate discloses all relevant facts and identifies any transactions or issues where it considers that there is potential for the tax treatment to be uncertain.

Stonegate continues to meet and cooperate with HMRC to facilitate a mutually beneficial relationship.

### **Strategic changes to the Business**

As and when the Group makes strategic changes to the business, the Finance and Tax function is involved on a timely basis to ensure that due consideration is given to the tax impact and consequences of the changes. Specialist tax advice is sought from Accountancy firms if management consider this is required.

The Group also ensures that HMRC, the Group's tax advisors, and the Group's auditors (KPMG) are made aware of any changes in the business on an ongoing basis.

Where new operations involve certain tax functions such as VAT and MGD to be outsourced, only reputable and experienced outsource providers are used who are appropriately trained in tax and VAT, and the Group's internal tax function audits any work completed by an outsource provider.

### **Risk Register**

The Group has a tax specific risk register designed to identify and monitor tax risk within the Group. The tax risk register is designed to:

- Identify and assess tax risks in a consistent and formal manner;
- Formalise the tax risk management framework;
- Facilitate testing of mitigating controls i.e. monitoring; and
- Provide an escalation framework to the Board.
- The areas of tax risk managed by the Group are subject to on-going review with documentation developed if required. The tax risk register is reviewed annually by all parties involved with tax, prior to signing SAO certification.
- Key stakeholders for each tax will meet in accordance with an internal tax control framework timeline to monitor the risks identified and recorded in the tax risk register with a plan of action agreed with the CFO to act upon recommendations.

### **Corporate Criminal Offence**

The Group is considered to operate in a lower risk sector in terms of the CCO regime. The Group constantly reviews and where areas are identified for improvement, action is taken to improve processes and ensure that reasonable procedures are in place as required by the legislation.

### **Senior Accounting Officer**

The CFO has been appointed the SAO for the Group and holds the responsibility for signing the certification with HMRC.

By meeting the objectives of the Tax Strategy, the SAO is able to provide the annual certification required under Schedule 46 Finance Act 2009 and also act in a proactive fashion in relation to the Group's tax affairs, maintaining the Group's reputation as a fair contributor to the UK economy which applies tax rules in good faith and in the spirit they are intended.

The CFO will review the Tax Strategy on an annual basis and recommend any changes to The Board as deemed necessary on each anniversary of its approval.

## **List of entities covered by this Tax Strategy**

Stonegate Pub Company Limited  
Stonegate Pub Company Holdings Limited  
Stonegate Pub Company Kitchens Limited  
Stonegate Management Nominees Limited  
Stonegate Pub Company Financing 2019 plc  
Stonegate Pub Company Financing plc  
Leased and Tenanted Pubs 2 Limited (formerly Stonegate Pub Company Bidco Holdings Limited)  
Leased and Tenanted Pubs 1 Limited (formerly Stonegate Pub Company Bidco Limited)  
Stonegate Pub Company PIKCO Holdings Limited  
Stonegate Pub Company PIKCO Limited  
Stonegate Pub Company Midco Limited  
Town & City Pub Group Limited  
Barley Pub Company Limited  
Hops Pub Company Limited  
Bay Restaurant Holdings Limited  
Bay Restaurant Group Limited  
Slug and Lettuce Company Limited  
Intertain Limited  
Intertain (Bars) Limited  
Intertain (Bars) II Limited  
Intertain (Bars) III Limited  
Intertain (Bars) IV Limited  
Be At One Holdings Limited  
Be At One Limited  
Sports Bar And Grill (Canary Wharf) Limited  
Sports Bar And Grill Farringdon Limited  
Sports Bar And Grill Victoria Limited  
Sports Bar And Grill Waterloo Limited  
Large Bars Limited  
Bar Holdings Limited  
Bar Fever Limited  
Bar Fever (Aylesbury) Ltd  
Bar Fever (Barnstaple) Ltd  
Bar Fever (Basingstoke) Ltd  
Bar Fever (Cannock) Ltd  
Bar Fever (Cheltenham) Limited  
Bar Fever (Exeter) Ltd  
Bar Fever (Fleet) Ltd  
Bar Fever (Gloucester) Ltd  
Bar Fever (Isle of Wight) Ltd  
Bar Fever (Lincoln) Ltd  
Barclub (Lincoln) Limited  
Bar Fever (Nuneaton) Ltd  
Bar Fever (Southend) Ltd  
Bar Fever (Taunton) Ltd  
Bar Fever (Weston-Super-Mare) Ltd  
Kukui Bars (Newbury) Ltd  
Retro Leisure (Rugby) Ltd  
Zinc Taunton Ltd

Hull Propco Limited  
Falcon Propco 1 Limited  
Yates Group Pension Trustees Limited  
Laurel Pension Trustee Company Limited  
Ei Group Limited ("EIG")  
Enterprise Inns Limited  
Unique Pub Properties Limited  
Bede Holding Company Limited  
Bermondsey Pub Company Limited  
Bestplace Limited  
Bestplace (Beta) Limited  
Enterprise Managed Investments Limited  
Century Inns Limited  
Dirty Liquor Limited  
Ei Publican Services Limited  
Enterprise Inns Holding Company Limited  
Frontier Pubs Limited  
Gibbs Mew Limited  
Hippo Inns Limited  
Imagegold Limited  
Hush Heath Inns Limited  
Mash Inns Limited  
Urban Pubs & Bars 2 Limited  
Old Spot Pub Company Limited  
Six Cheers Limited  
Social Cellar Limited  
Social Cellar (Gamma) Limited  
The Craft Union Pub Company Limited  
The Unique Pub Finance Company plc  
Unique Pub Investments Limited  
Unique Pubs Limited  
Unique Pub Properties Alpha Limited  
Unique Pub Properties Beta Limited  
Unique Pub Properties Gamma Limited  
Unique Pub Properties Theta Limited  
Vixen Pub Company Limited  
Voyager Pub Group Holdings Limited  
Voyager Pub Group Limited  
West Midlands Taverns (Holdings) Limited  
Stonegate Property Topco Limited  
Stonegate Property Midco Limited  
Stonegate Property (Craft) Limited  
Stonegate Property (L&T) Limited