

Cousin of Pubmaster Limited
Annual report
for the year ended 30 September 2001

Registered Number 2585754



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for the year ended 30 September 2001
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Cousin of Pubmaster Limited

Directors' report for the year ended 30 September 2001

The directors present their annual report and the audited financial statements of the company for the year ended 30 September 2001.

Principal activity and business review

The company's principal activities are to act as the vehicle through which property disposals to third parties are effected as part of the group's 'churn and invest' policy and to lease a portfolio of public houses to its parent undertaking, Pubmaster Limited, at a market rent.

Results and dividends

During the year under review the company made a profit before tax of £8,728,000 (2000: £10,205,000). The directors do not recommend the payment of a dividend (2000: £Nil).

Directors and their interests

The directors who held office during the year were as follows:

Mr M J Armstrong

Mr N A Sammons

Mr J R Sands

Mr R Turnbull

The directors hold no beneficial interest in the shares of the company. The beneficial interests of the directors at the end of the year in the shares of the ultimate parent undertaking, Pubmistress Limited, are disclosed in the annual report of that company.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 30 September 2001 and that applicable accounting standards have been followed.


The directors are responsible for keeping proper accounting records that 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 1985. 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.

Cousin of Pubmaster Limited

Auditors

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board



A. Cross
Secretary

25 January 2002

Cousin of Pubmaster Limited

Independent auditors' report to the members of Cousin of Pubmaster Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes which have been prepared under the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.


Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 30 September 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Newcastle upon Tyne

25 January 2002

Cousin of Pubmaster Limited

Profit and loss account for the year ended 30 September 2001

	Note	2001 £'000	2000 £'000
Turnover – continuing operations	1	9,080	9,042
Operating costs	2	(251)	(261)
Operating profit – continuing operations	3	8,829	8,781
Loss on sale of fixed assets		(101)	(323)
Profit on ordinary activities before interest and taxation		8,728	8,458
Other interest receivable and similar income	5	-	1,747
Profit on ordinary activities before taxation		8,728	10,205
Tax on profit on ordinary activities	6	(2,694)	2,930
Retained profit for the financial year	12	6,034	13,135

The company has no recognised gains and losses other than the profit above and therefore no separate statement of total recognised gains and losses has been presented.


There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

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Balance sheet as at 30 September 2001

	Note	2001 £'000	2000 £'000
Fixed assets			
Tangible assets	7	104,040	104,717
Investments	8	2	2
		104,042	104,719
Current assets			
Debtors	9	25,769	16,364
		25,769	16,364
Creditors – Amounts falling due within one year	10	(22,110)	(19,416)
Net current assets/(liabilities)		3,659	(3,052)
Net assets		107,701	101,667
Capital and reserves			
Called up share capital	11	58,740	58,740
Share premium account	12	13,102	13,102
Profit and loss account	12	35,859	29,825
Total shareholders' funds		107,701	101,667
Analysis of shareholders' funds			
Equity		49,317	43,283
Non-equity	11	58,384	58,384
		107,701	101,667

The financial statements on pages 4 to 12 were approved by the board of directors on 25 January 2002 and were signed on its behalf by:


J.R. Sands
Director

Cousin of Pubmaster Limited

Reconciliation of movements in shareholders' funds for the year ended 30 September 2001

	2001	2000
	£'000	£'000
Retained profit for the financial year	6,034	13,135
Shareholders' funds at 2 October 2000	101,667	88,532
Shareholders' funds at 30 September 2001	107,701	101,667

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Accounting policies

These financial statements are prepared under the historical cost convention, the accounting policies set out below and in accordance with applicable accounting standards.

Consolidation

The company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements.

Turnover

Turnover represents the sales value (excluding VAT) of goods and services to customers during the year.

Tangible fixed assets and depreciation

All licensed properties are carried at cost less accumulated depreciation.

Freehold buildings and properties held on a lease with an unexpired life exceeding 50 years are depreciated in accordance with Financial Reporting Standard Number 15.

Depreciation is calculated so as to write off the cost of a fixed asset on a straight line basis over its estimated useful economic life, taking into account expected residual values, using the following rates:

Freehold buildings	- 50 years
Leasehold properties	- lower of life of lease or 50 years
Fixtures, fittings and equipment	- 5 to 10 years

Freehold land is not depreciated.

Taxation

Taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability or asset will crystallise in the foreseeable future.

Cash flow statement

The company is exempt from the requirement of Financial Reporting Standard 1 (Revised 1996) to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of Pubmaster Limited and its cash flows are included within the consolidated cash flow statement of Pubmistress Limited, the ultimate parent undertaking at 30 September 2001.

Investments

Investments held as fixed assets are carried at cost less any provision for permanent diminution in value.

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Notes to the financial statements for the year ended 30 September 2001

1 Analysis of turnover and profit on ordinary activities before taxation

The company's turnover and profit on ordinary activities before taxation is derived wholly within the United Kingdom from its principal activity.

2 Operating costs

	2001	2000
	£'000	£'000
Depreciation on tangible fixed assets	251	261
Total operating costs	251	261

3 Operating profit

	2001	2000
	£'000	£'000
Operating profit is stated after crediting:		
Rents receivable from property	9,080	9,042

4 Directors' emoluments

None of the directors received any remuneration from the company during the year (2000: £Nil).

5 Other interest receivable and similar income

	2001	2000
	£'000	£'000
Group interest receivable on loans to parent and fellow subsidiary undertakings	-	1,747

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6 Tax on profit on ordinary activities

	2001 £'000	2000 £'000
Group relief payable/(receivable) to/(from) group companies at 30% (2000: 30%):		
Current year	2,694	3,236
Prior year adjustment for over provision	-	(6,166)
	2,694	(2,930)

7 Tangible fixed assets

	Freehold land and buildings £'000
Cost	
At 2 October 2000	104,978
Additions	2,581
Disposals	(3,009)
At 30 September 2001	104,550
Accumulated depreciation	
At 2 October 2000	261
Charge for the year	251
Disposals	(2)
At 30 September 2001	510
Net book amount	
At 30 September 2001	104,040
At 2 October 2000	104,717

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8 Fixed asset investments

	Shares in subsidiary undertakings £'000
Cost and net book amount	
At 2 October 2000 and 30 September 2001	2

The company owns the following subsidiary undertakings:

Subsidiary undertaking	Country of registration or incorporation	Principal activity	Class and percentage of shares held
Son of Pubmaster Limited	England	Non-trading	Ordinary 100%
Daughter of Pubmaster Limited	England	Non-trading	Ordinary 100%

9 Debtors

	2001 £'000	2000 £'000
Amounts owed by immediate parent undertaking	25,769	16,364

10 Creditors – Amounts falling due within one year

	2001 £'000	2000 £'000
Amounts owed to ultimate parent undertaking	514	-
Amounts owed to immediate parent undertaking	17,588	15,505
Amounts owed to group undertaking	2,725	2,628
Amounts owed to fellow subsidiary	1,283	1,283
	22,110	19,416

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11 Share capital

	2001 £'000	2000 £'000
Authorised		
66,134,000 (2000: 66,134,000) deferred shares of £1 each	66,134	66,134
58,383,685 (2000: 58,383,685) ordinary shares of US\$0.01 each	356	356
	66,490	66,490
Allotted, called up and fully paid		
58,383,685 (2000: 58,383,685) deferred shares of £1 each	58,384	58,384
58,383,685 (2000: 58,383,685) share warrants of US\$0.01 each	356	356
	58,740	58,740

Deferred shares do not carry voting rights. Holders of deferred shares are not entitled to participate in the profits or the assets of the company unless:

- in any financial year holders of every other class of shares have received a dividend of £10,000 per share, at which time holders of deferred shares will be entitled to a fixed non-cumulative dividend of 5% per annum,
- in the event of a return of assets, holders of every other class of shares have received £1,000,000 per share.

The company is entitled to repurchase the deferred shares at any time at par value.

12 Share premium account and reserves

	Share premium account £'000	Profit and loss account £'000
At 2 October 2000	13,102	29,825
Retained profit for the financial year	-	6,034
At 30 September 2001	13,102	35,859

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13 Contingent liabilities

In accordance with the terms of a Deed of Charge dated 5 July 1999 (as amended 17 February 2000) the company has guaranteed the payments of principal of, and interest on, the loan notes issued by Pubmaster Finance Limited. The total outstanding indebtedness of the loan notes at 30 September 2001 was £379,000,000 (2000: £414,000,000).

14 Related party transactions

Transactions with other companies within the Pubmistress Limited group are not disclosed as the company has taken advantage of the exemption available under Financial Reporting Standard 8 "Related Party Disclosures".

15 Ultimate parent undertaking

The immediate parent undertaking is Pubmaster Limited.

The ultimate parent undertaking and controlling party as at 30 September 2001 is Pubmistress Limited, a company registered in England and Wales. Copies of Pubmistress Limited consolidated financial statements can be obtained from The Registrar of Companies, Companies House, Crown Way, Cardiff, CF4 3HZ.