

Company Registration No 3406623 (England and Wales)

WELLINGTON PUB COMPANY PLC

**DIRECTORS' REPORT AND
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2010

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WELLINGTON PUB COMPANY PLC

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WELLINGTON PUB COMPANY PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2010

The directors present their report and financial statements for the year ended 31 March 2010

Principal activities and review of the business

The principal activity of the company continued to be that of managing leased properties

The company continues to maintain its market position by maintaining its level of turnover in line with previous year in current economic climate

The company acquired thirteen properties during the period under review and thirty three disposals of property that generated a loss of £16m. This fits in with the directors strategy of disposing of underperforming properties within the portfolio and to acquire better performing and income generating pubs. The directors feel that the acquired properties were bought at a substantial discount to net realisable value, but have not made any adjustments in the accounts to increase the value of these properties.

The requirements of relevant accounting standards require us to conduct a revaluation of all investment properties under our portfolio. This exercise was conducted by Motcomb Estates Limited (professional valuers). The company maintains its policy of when an appropriate offer is received on its existing properties, the company may look to make disposals if the outlet is not meeting the internal benchmarks. The directors view is that asset values have increased since the year end, but have chosen for prudence measures, not to make any adjustments to the asset valuations in the accounts.

The company has no foreign exchange risks or any such financial instruments apart from Bond A and B issued and secured against the company's properties. A comprehensive note is stated under note number 11 in the accounts.

Financial Risk

The company supplies goods to customers on normal credit terms. Trade debtor balances are monitored on an ongoing basis and credit terms for all customers are regularly reviewed. During the year under review the company experienced difficulties in collecting payment from its debtors and as a consequence provision of over £4 million has been made in the account for doubtful debts. The company's other financial risks arise on loans and cash balances. Surplus funds are held in short-term, interest-bearing deposits with major banks. The company has not entered into any derivative transactions such as interest rate swaps in relation to any borrowing or investments.

Commercial Risk

The company operates in a competitive market and there is a continuing risk that the company could lose its customers due to economic downturn. The company is not dependant on any single customer. In order to manage credit risk the covenant strength of potential tenants is assessed on a case by case basis and, as a standard policy, security is obtained in the form of a rental deposit or a guarantee. Existing tenants are reviewed on a regular basis to monitor payment and trading patterns.

Banking Risk

The group has long term financing in place with its bonds (see note 11) and as such, the banking risks are minimal for the group.

Results and dividends

The results for the year are set out on page 5.

An interim ordinary dividend was paid amounting to £5 456 million (2009 £7 194 million). The directors do not recommend payment of a final dividend.

WELLINGTON PUB COMPANY PLC

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2010

Directors

The following directors have held office since 1 April 2009

P O'Driscoll
S Nahum
M R Turner

Auditors

The auditors, Gerald Edelman, are deemed to be reappointed under section 487(2) of the Companies Act 2006

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 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 have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 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.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



P O'Driscoll
Director

28 September 2010

WELLINGTON PUB COMPANY PLC

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF WELLINGTON PUB COMPANY PLC

We have audited the financial statements of Wellington Pub Company PLC for the year ended 31 March 2010 set out on pages 5 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with sections 495 and 496 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 auditors' 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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 - 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

WELLINGTON PUB COMPANY PLC

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF WELLINGTON PUB COMPANY PLC

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- 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, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



S P Coleman (Senior Statutory Auditor)
for and on behalf of Gerald Edelman

28 September 2010

Chartered Accountants
Statutory Auditor

25 Harley Street
London
W1G 9BR

WELLINGTON PUB COMPANY PLC

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2010

	Notes	2010 £'000	2009 £'000
Turnover	2	30,254	31,178
Administrative expenses		(23,479)	(5,169)
Other operating income		(82)	4
Operating profit	3	6,693	26,013
Other interest receivable and similar income	4	158	830
Interest payable and similar charges	5	(12,543)	(12,924)
(Loss)/profit on ordinary activities before taxation		(5,692)	13,919
Tax on (loss)/profit on ordinary activities	6	(2,141)	(2,413)
(Loss)/profit for the year	14	(7,833)	11,506

The profit and loss account has been prepared on the basis that all operations are continuing operations

WELLINGTON PUB COMPANY PLC

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MARCH 2010

	Notes	2010 £'000	2009 £'000
(Loss)/profit for the financial year		(7,833)	11,506
Unrealised (deficit)/surplus on revaluation of properties		-	(72,761)
Total recognised gains and losses relating to the year		<u>(7,833)</u>	<u>(61,255)</u>

Note of historical cost profits and losses

	2010 £'000	2009 £'000
Reported (loss)/profit on ordinary activities before taxation	(5,692)	13,919
Realisation of property revaluation gains of previous years	<u>17,191</u>	<u>320</u>
Historical cost profit on ordinary activities before taxation	<u>11,499</u>	<u>14,239</u>
Historical cost profit for the year retained after taxation, extraordinary items and dividends	<u>3,902</u>	<u>4,632</u>

WELLINGTON PUB COMPANY PLC

BALANCE SHEET

AS AT 31 MARCH 2010

	Notes	2010 £'000	2009 £'000
Fixed assets			
Tangible assets	8	470,608	489,609
Current assets			
Debtors	9	5,335	3,762
Cash at bank and in hand		20,365	20,472
		25,700	24,234
Creditors amounts falling due within one year	10	(19,257)	(20,104)
Net current assets		6,443	4,130
Total assets less current liabilities		477,051	493,739
Creditors: amounts falling due after more than one year	11	(167,166)	(172,706)
Provisions for liabilities	12	(12,849)	(10,708)
		297,036	310,325
Capital and reserves			
Called up share capital	13	13	13
Revaluation reserve	14	234,523	251,714
Profit and loss account	14	62,500	58,598
Shareholders' funds	15	297,036	310,325

Approved by the Board and authorised for issue on 28 September 2010



P O'Driscoll
Director

Company Registration No. 3406623

WELLINGTON PUB COMPANY PLC

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2010

	2010 £'000	2009 £'000
Net cash inflow from operating activities	21,156	26,663
Returns on investments and servicing of finance		
Interest received	158	830
Interest paid	(12,543)	(12,924)
Net cash outflow for returns on investments and servicing of finance	(12,385)	(12,094)
Taxation	-	(478)
Capital expenditure		
Payments to acquire tangible assets	(10,268)	(6,459)
Receipts from sales of tangible assets	12,377	1,927
Net cash inflow for capital expenditure	2,109	(4,532)
Equity dividends paid	(5,456)	(7,194)
Net cash inflow before management of liquid resources and financing	5,424	2,365
Financing		
Repayment of long term bank loan	(5,531)	(5,305)
Net cash outflow from financing	(5,531)	(5,305)
Increase in cash in the year	(107)	(2,940)

WELLINGTON PUB COMPANY PLC

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2010

1	Reconciliation of operating profit to net cash inflow from operating activities			2010	2009
				£'000	£'000
	Operating profit			6,693	26,013
	Depreciation of tangible assets			37	30
	Amortisation of loan finance			231	228
	Loss on disposal of tangible assets			16,856	347
	Increase in debtors			(1,573)	(663)
	(Decrease)/Increase in creditors within one year			(1,088)	708
	Net cash inflow from operating activities			21,156	26,663

2	Analysis of net debt	1 April 2009	Cash flow	Other non-cash changes	31 March 2010
		£'000	£'000	£'000	£'000
	Net cash				
	Cash at bank and in hand	20,472	(107)	-	20,365
	Debt				
	Debts falling due within one year	(5,420)	(241)	-	(5,661)
	Debts falling due after one year	(172,706)	5,540	-	(167,166)
		(178,126)	5,299	-	(172,827)
	Net debt	(157,654)	5,192	-	(152,462)

3	Reconciliation of net cash flow to movement in net debt	2010	2009
		£'000	£'000
	Decrease in cash in the year	(107)	(2,940)
	Cash outflow from decrease in debt	5,299	5,078
	Movement in net debt in the year	5,192	2,138
	Opening net debt	(157,654)	(159,792)
	Closing net debt	(152,462)	(157,654)

WELLINGTON PUB COMPANY PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

1.3 Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties. Turnover relates to one continuing activity, leasing of public houses to independent publicans. All of the company's business is performed in the United Kingdom

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows

The part of the annual depreciation charge on revalued assets which relates to the revaluation surplus is transferred from the revaluation reserve to the profit and loss account

Investment properties are included in the balance sheet at their open market value. Depreciation is provided only on those investment properties which are leasehold and where the unexpired lease term is less than 20 years

Although this accounting policy is in accordance with the applicable accounting standard, SSAP 19, Accounting for investment properties, it is a departure from the general requirement of the Companies Act 2006 for all tangible assets to be depreciated. In the opinion of the directors compliance with the standard is necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount of this which might otherwise have been charged cannot be separately identified or quantified

1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

1.6 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted

No provision has been made for deferred tax on gains recognised on revaluing property to its market value as the company does not intend to sell the revalued assets

1.7 Repairs and maintenance

Expenditure on repairs and maintenance is charged to profit on the basis of costs incurred

WELLINGTON PUB COMPANY PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2010

1 Accounting policies (continued)

1.8 Capital instruments

Shares are included in shareholders' funds. Other instruments are classified as liabilities if they contain an obligation to transfer economic benefits and if not they are included in shareholders' funds. The finance cost recognised in the profit and loss account in respect of capital instruments, other than equity shares, is allocated to periods over the term of the instruments, other than equity shares, is allocated to periods over the term of the instrument at a constant rate on the carrying amount.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating profit	2010	2009
	£'000	£'000
Operating profit is stated after charging		
Depreciation of tangible assets	36	31
Loss on disposal of tangible assets	16,856	347
Operating lease rentals	125	132
Auditors' remuneration		
- Audit work	23	27
- Tax work	3	3
- Accounts work	3	3
	<u> </u>	<u> </u>

4 Investment income	2010	2009
	£'000	£'000
Bank interest	158	830
	<u> </u>	<u> </u>
	158	830
	<u> </u>	<u> </u>

5 Interest payable	2010	2009
	£'000	£'000
On bank loans and overdrafts	2	7
On loans repayable after five years	12,310	12,689
Other interest	231	228
	<u> </u>	<u> </u>
	12,543	12,924
	<u> </u>	<u> </u>

WELLINGTON PUB COMPANY PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2010

6	Taxation	2010 £'000	2009 £'000
	Domestic current year tax		
	U K corporation tax	-	2,413
	Current tax charge	-	2,413
	Deferred tax		
	Deferred tax charge/credit current year	2,141	-
		<u>2,141</u>	<u>2,413</u>
	Factors affecting the tax charge for the year		
	(Loss)/profit on ordinary activities before taxation	<u>(5,692)</u>	<u>13,919</u>
	(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.00% (2009 - 28.00%)	<u>(1,594)</u>	<u>3,897</u>
	Effects of		
	Depreciation add back	9	9
	Capital allowances	(450)	(500)
	Profit on sale of tangible assets	4,720	97
	Group relief	(2,685)	(1,090)
		<u>1,594</u>	<u>(1,484)</u>
	Current tax charge	<u>-</u>	<u>2,413</u>
7	Dividends	2010 £'000	2009 £'000
	Ordinary interim paid	<u>5,456</u>	<u>7,194</u>

WELLINGTON PUB COMPANY PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2010

8 Tangible fixed assets

	Investment properties £'000
Cost or valuation	
At 1 April 2009	489,768
Additions	10,268
Disposals	(29,233)
At 31 March 2010	470,803
Depreciation	
At 1 April 2009	159
Charge for the year	36
At 31 March 2010	195
Net book value	
At 31 March 2010	470,608
At 31 March 2009	489,609

The split of freehold/leasehold buildings is as follows

	Freehold £'000	Short Leasehold £'000	Long Leasehold £'000	Total £'000
Cost or valuation				
At 1 April 2009	481,118	765	7,885	489,768
Additions	10,268	-	-	10,268
Revaluation	-	-	-	-
Disposals	(29,233)	-	-	(29,233)
At 31 March 2010	462,153	765	7,885	470,803
Depreciation				
At April 2009	-	159	-	159
On disposals	-	-	-	-
Charge for the year	-	36	-	36
At 31 March 2010	-	195	-	195
Net book value				
At 31 March 2010	462,153	570	7,885	470,608
At 31 March 2009	481,118	606	7,885	489,609

WELLINGTON PUB COMPANY PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2010

8 Investment properties

(continued)

The property portfolio was valued at year end by professionally qualified valuers Motcomb Estates Limited. The valuation was carried out in accordance with the RICS Appraisal and Valuation Manual. The director considers the valuation to be valid at the balance sheet date.

Deferred taxation has not been provided on the revaluation surplus as there is no intention to dispose of the properties. The amount of deferred tax that has not been provided on the revalued portfolio is estimated to be £43 million (2009: £45 million).

9 Debtors

2010	2009
£'000	£'000

Trade debtors	3,623	2,920
Amounts owed by parent and fellow subsidiary undertakings	1,179	480
Other debtors	274	131
Prepayments and accrued income	259	231
	<u>5,335</u>	<u>3,762</u>

Amounts falling due after more than one year and included in the debtors above are:

2010	2009
£'000	£'000

Amounts owed by group undertakings	<u>1,179</u>	<u>480</u>
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10 Creditors: amounts falling due within one year

2010	2009
£'000	£'000

Bank loans and overdrafts	5,661	5,420
Trade creditors	1,221	2,084
Amounts owed to parent and fellow subsidiary undertakings	-	433
Corporation tax	3,583	3,583
Other taxes and social security costs	880	840
Other creditors	1,446	1,101
Accruals and deferred income	6,466	6,643
	<u>19,257</u>	<u>20,104</u>

WELLINGTON PUB COMPANY PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2010

11 Creditors: amounts falling due after more than one year	2010 £'000	2009 £'000
Analysis of loans		
Not wholly repayable within five years other than by instalments		
Class A secured fixed rate bonds at 6.735% repayable January 2029	114,025	117,289
Class B secured fixed rate bonds at 7.335% repayable January 2029	28,560	30,600
Wholly repayable within five years	30,242	30,237
	<hr/>	<hr/>
	172,827	178,126
Included in current liabilities	(5,661)	(5,420)
	<hr/>	<hr/>
	167,166	172,706
	<hr/>	<hr/>
Loan maturity analysis		
In more than one year but not more than two years	6,029	5,655
In more than two years but not more than five years	19,820	18,934
In more than five years	145,308	152,223
	<hr/>	<hr/>
	171,157	176,812
Less Unamortised issue costs	(3,991)	(4,106)
	<hr/>	<hr/>
	167,166	172,706
	<hr/>	<hr/>

As security for the payment of all monies due and payable in respect of the Bonds under the trust deed, Wellington Pub Company Plc (the issuer) has entered into a Deed of Charge creating inter alia the following security

A first fixed charge by way of a mortgage of all estates and other interests of the issuer,
 An assignment by way of fixed security of the issuer's right, title, interest and benefit in and to the rental income,
 An assignment by way of fixed security of the issuer's right, title, interest and benefit in and to the Assigned Documents,
 An assignment by way of first fixed security of the issuer's right title, interest and benefit in and to all amounts from time to time standing to the credit of the Bank Accounts,
 A first floating charge over all the property, assets and undertakings of the issuer

On 2 March 1998 the company performed a bond issue for £231 million. The issue costs are being amortised over the life of the bonds at a constant rate on the carrying amount.

Interest and principal payments on the Class B bonds will be subordinated to such payments on the Class A bonds so that Class B Bondholders will not be entitled to receive any payment of interest or principal unless and until all amounts of interest due or overdue and principal then due to Class A Bondholders have been paid in full.

During the year, the company repaid £3,490,880 (2009 - £3,264,960) of the Class A secured fixed rate bonds and £2,040,000 (2009 - £2,040,000) of the Class B secured fixed rate bonds.

WELLINGTON PUB COMPANY PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2010

12 Provisions for liabilities

	Deferred tax liability £'000
Balance at 1 April 2009	10,708
Profit and loss account	2,141
Balance at 31 March 2010	12,849

The deferred tax liability is made up as follows.

	2010 £'000	2009 £'000
Accelerated capital allowances	12,849	10,708

13 Share capital

	2010 £'000	2009 £'000
Authorised		
100,000 Ordinary shares of 50p each	50	50
Allotted, called up and fully paid		
Ordinary shares partly paid of £0 50 each	13	13

The allotted share capital equalled 100,000 shares at £0 50 each of which 400 shares were fully paid and 99,600 shares were partly paid at £0 125 each

14 Statement of movements on reserves

	Revaluation reserve £'000	Profit and loss account £'000
Balance at 1 April 2009	251,714	58,598
Loss for the year	-	(7,833)
Transfer from revaluation reserve to profit and loss account	(17,191)	17,191
Dividends paid	-	(5,456)
Balance at 31 March 2010	234,523	62,500

WELLINGTON PUB COMPANY PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2010

15 Reconciliation of movements in shareholders' funds	2010 £'000	2009 £'000
(Loss)/Profit for the financial year	(7,833)	11,506
Dividends	(5,456)	(7,194)
	(13,289)	4,312
Other recognised gains and losses	-	(72,761)
	(13,289)	(68,449)
Net depletion in shareholders' funds	310,325	378,774
Opening shareholders' funds		
Closing shareholders' funds	297,036	310,325

16 Employees

Number of employees

There were no employees during the year apart from the directors

17 Control

The company's parent undertaking is Wellington Investments Limited, a company incorporated in the UK. The ultimate UK holding company is Investors in Private Capital Limited. Group accounts are prepared by the ultimate UK holding company and copies can be obtained from Companies House.

The ultimate controlling party is Landal Worldwide Corp, a company registered in the British Virgin Islands.

18 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.