

# **Mitchells & Butlers Holdings Limited**

## **Report and Financial Statements**

For the 52 weeks ended 24 September 2011

*Registered Number* 3420338

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# **Mitchells & Butlers Holdings Limited**

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## **DIRECTORS' REPORT**

For the 52 weeks ended 24 September 2011

The Directors present their report on the affairs of the Company, together with the financial statements and independent auditor's report, for the 52 weeks ended 24 September 2011. The comparative period was the 52 weeks ended 25 September 2010.

## **PRINCIPAL ACTIVITIES, BUSINESS REVIEW, RESULTS AND DIVIDENDS**

Mitchells & Butlers Holdings Limited is an intermediate holding company within the Mitchells & Butlers group of companies.

The profit for the period before taxation, comprising inter company dividend income net of administrative expenses, amounted to £59,399,966 (2010 £108,099,997). Taxation charged against the profit for the period was £nil (2010 £nil) leaving a profit after tax of £59,399,966 (2010 £108,099,997). Dividends of £59,399,967 (2010 £108,099,996) were paid during the period to the Company's immediate parent company, Mitchells & Butlers Holdings (No. 2) Limited. No dividends were proposed at the year end (2010 £nil).

On 8 April 2010, the Company bought Mitchells & Butlers Retail Property Limited from Mitchells & Butlers Holdings (No. 2) Limited by issuing £1 of share capital. The Company subsequently sold its investment in Mitchells & Butlers Retail Property Limited to Mitchells & Butlers Leisure Holdings Limited in exchange for 1 ordinary share of £1 in Mitchells & Butlers Leisure Holdings Limited (see note 10).

As the Company is non-trading the Directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. Key performance indicators for the Mitchells & Butlers plc group as a whole, which includes the Company, are discussed in the Annual Report and Accounts 2011 of Mitchells & Butlers plc.

## **PRINCIPAL RISKS AND UNCERTAINTIES**

The Company has various investments in other group companies and therefore the most significant risk facing the Company is that the recoverable value of these investments falls below the carrying value, resulting in the Company recognising impairment losses. The risk of this occurring is assessed as low, given the trading history and future prospects for the group. This risk is monitored by the Directors on a regular basis.

## **FUTURE PROSPECTS**

The Company is expected to continue to be an intermediate holding company within the Mitchells & Butlers group of companies. Future transactions are expected to be limited to the receipt of inter company dividend income and the payment of dividends.

## **GOING CONCERN**

The Company's activities, together with the factors likely to affect its future, its financial position and financial risks are described in the business review and principal risks and uncertainties sections of the Directors' report.

The Company has adequate financial resources as outlined further in the Going Concern paragraph within Accounting Policies, see page 7. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

# Mitchells & Butlers Holdings Limited

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## DIRECTORS' REPORT (CONTINUED)

For the 52 weeks ended 24 September 2011

### DIRECTORS

The following served as Directors of the Company during the period, and subsequently

J A Berrow	
A Coldrick	(resigned 15 November 2011)
A P Fowle	(resigned 15 March 2011)
A M Martin	(resigned 15 November 2011)
S K Martindale	
L J Miles	
R Moxham	(resigned 15 November 2011)
S Singh	
K Todd	
A W Vaughan	
R M Young	


### AUDITOR

Deloitte LLP were appointed as the Company's auditor during the year. The Company has passed an Elective Resolution pursuant to Sections 485-488 of the Companies Act 2006 dispensing with the requirement to appoint auditors annually.

The Directors who held office as at the date of approval of this Directors' report have confirmed that so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and that each Director has taken all the steps that ought to have been taken as a director to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

On behalf of the Board

J A Berrow   
Director  
Dated 20 December 2011

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## Mitchells & Butlers Holdings Limited

### DIRECTORS' RESPONSIBILITIES STATEMENT IN RESPECT OF THE FINANCIAL STATEMENTS

The following statement, which should be read in conjunction with the Report of the Auditor set out on page 4, is made with a view to distinguishing for shareholders the respective responsibilities of the Directors and of the Auditor in relation to the financial statements

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). The financial statements are required by law to 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 those financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and 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 and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MITCHELLS & BUTLERS HOLDINGS LIMITED**

We have audited the financial statements of Mitchells & Butlers Holdings Limited for the 52 weeks ended 24 September 2011 which comprise the profit and loss account, the balance sheet and the related notes 1 to 13. 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 Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of Directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 and express an opinion on 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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **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 24 September 2011 and of its profit for the 52 weeks 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.

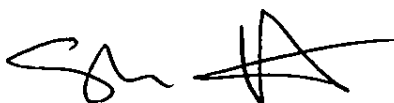
### **Opinion on other matter prescribed by the Companies Act 2006**

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.

### **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.



Stephen Griggs (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London, UK  
21 December 2011

# Mitchells & Butlers Holdings Limited

## PROFIT AND LOSS ACCOUNT

For the 52 weeks ended 24 September 2011

		<i>52 weeks ended 24 September 2011</i>	<i>52 weeks ended 25 September 2010</i>
	<i>Notes</i>	<i>£</i>	<i>£</i>
Administrative Expenses		(1)	-
<b>OPERATING LOSS</b>		<b>(1)</b>	<b>-</b>
Income from investments	3	59,399,967	108,099,997
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	2	<b>59,399,966</b>	<b>108,099,997</b>
Taxation on profit on ordinary activities	4	-	-
<b>PROFIT FOR THE PERIOD</b>	10	<b>59,399,966</b>	<b>108,099,997</b>

All activities are derived from continuing operations

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

The notes on pages 7 to 11 form an integral part of these financial statements

BALANCE SHEET

At 24 September 2011

	Notes	2011 £	2010 £
<b>FIXED ASSETS</b>			
Investments	6	1,565,236,537	1,565,236,537
<b>CURRENT ASSETS</b>			
Debtors amounts falling due within one year	7	1	2
Cash		<u>1</u>	<u>1</u>
		2	3
<b>CREDITORS: amounts falling due within one year</b>	8	(1,534)	(1,534)
<b>NET CURRENT LIABILITIES</b>		<u>(1,532)</u>	<u>(1,531)</u>
<b>NET ASSETS</b>		<u>1,565,235,005</u>	<u>1,565,235,006</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	9,10	116,666,670	116,666,670
Profit and loss account	10	1,448,568,335	1,448,568,336
<b>SHAREHOLDERS' FUNDS</b>	10	<u>1,565,235,005</u>	<u>1,565,235,006</u>

The notes on pages 7 to 11 form an integral part of these financial statements

Approved by the Board 20 December 2011

J A Berrow  
Director



# Mitchells & Butlers Holdings Limited

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## NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 24 September 2011

### 1. ACCOUNTING POLICIES

A summary of the principal accounting policies, all of which have been applied consistently throughout the period, is set out below

#### *Basis of accounting*

The financial statements are prepared under the historical cost convention. They have been drawn up to comply with applicable UK accounting standards.

#### *Accounting reference date*

The Company's accounting reference date is 30 September. The Company has drawn up its financial statements for the 52 weeks to 24 September 2011, the Saturday directly preceding the accounting reference date, as permitted by section 390(3) of the Companies Act 2006. The comparative period is for the 52 weeks ended 25 September 2010.

#### *Consolidation*

The financial statements contain information about the individual Company and do not contain consolidated financial information as the parent of a group. The Company is exempt from preparing group accounts under section 400 of Companies Act 2006 since the Company is a wholly owned subsidiary undertaking of another UK company.

#### *Going concern*

The financial statements have been prepared on a going concern basis. The directors of Mitchells & Butlers plc, the ultimate parent undertaking, have stated that they will continue to make funds available to the Company to enable it to meet its debts as they fall due for a period of at least twelve months from the date of the approval of the balance sheet, subject to the company remaining a member of the Mitchells & Butlers plc group.

#### *Cash flow*

As permitted under FRS1 (Revised 1996) 'Cash flow statements', the Company has taken advantage of the exemption to prepare a cash flow statement as the Company is a wholly owned subsidiary undertaking of Mitchells & Butlers plc whose financial statements for the 52 weeks ended 24 September 2011 include a consolidated cash flow statement incorporating the cash flows of the Company.

#### *Fixed asset investments*

Fixed asset investments are stated individually at cost less provision for impairment. The carrying value of fixed asset investments is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

#### *Taxation*

Current tax is provided at amounts expected to be paid (or received) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

#### *Use of estimates*

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results can differ from those estimates. Estimates are used when accounting for items such as asset impairments and tax.

### 2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The Company has no employees. Directors receive no emoluments for their services to this Company.

Auditor remuneration payable to Deloitte LLP for audit services was £500. 2010 fees of £1,000 were payable to Ernst & Young LLP. The fee is borne on behalf of the Company by another group company. There were no non-audit services provided in either year.



# Mitchells & Butlers Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 24 September 2011

### 3. INCOME FROM INVESTMENTS

During the period the Company received dividend income of £59,399,967 (2010 £108,099,997) from Mitchells & Butlers Leisure Holdings Limited, a subsidiary of the Company

### 4. TAXATION

	<i>52 weeks ended 24 September 2011 £</i>	<i>52 weeks ended 25 September 2010 £</i>
<i>Tax on profit on ordinary activities</i>		
UK Corporation Tax at 27% (2010 28%)	-	-
	<i>52 weeks ended 24 September 2011 %</i>	<i>52 weeks ended 25 September 2010 %</i>
<i>Tax rate reconciliation</i>		
UK Corporation Tax standard rate	27.0	28.0
Permanent differences – dividend income	(27.0)	(28.0)
Effective current tax rate	-	-

There is no provided or unprovided deferred tax at the balance sheet dates

#### *Factors which may affect future tax charges*

A number of changes to the UK Corporation Tax system were announced in the March 2011 Budget Statement. The Finance Act 2011 was enacted on 19 July 2011 and reduced the main rate of corporation tax from 26% to 25% from 1 April 2012.

The effect on the Company of this change to the UK tax system in these financial statements is nil.

Further reductions to the main rate of corporation tax are proposed to be enacted separately each year with the aim of reducing the rate by 1% per annum to 23% by 1 April 2014. This further change is not included in these financial statements.

### 5. DIVIDENDS

During the period, the Company paid dividends of £59,399,967 (2010 £108,099,996) to its immediate parent company, Mitchells & Butlers Holdings (No 2) Limited.

### 6. FIXED ASSET INVESTMENTS

	<i>Subsidiary undertakings £</i>
<i>Cost and net book value at 24 September 2011 and 25 September 2010</i>	<u>1,565,236,537</u>

In the opinion of the Directors the value of the subsidiary undertakings is at least equal to the amounts included above.

# Mitchells & Butlers Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 24 September 2011

### 6 FIXED ASSET INVESTMENTS (CONTINUED)

Details of the significant investments held, either directly or indirectly, by the Company at 24 September 2011 are set out below

<i>Name of subsidiary undertaking</i>	<i>Country of incorporation</i>	<i>Holding</i>	<i>Proportion of voting rights and shares held</i>	<i>Nature of business</i>
Mitchells & Butlers Leisure Holdings Limited	United Kingdom	Ordinary shares	100%	Holding company
Mitchells & Butlers Retail (No 2) Limited	United Kingdom	Ordinary shares	100%	Leisure retailing
Mitchells & Butlers (Property) Limited	United Kingdom	Ordinary shares	100%	Ownership & management of property
Mitchells & Butlers Leisure Retail Limited *	United Kingdom	Ordinary shares	100%	Service company
Mitchells & Butlers Retail Holdings Limited *	United Kingdom	Ordinary shares	100%	Holding company
Mitchells & Butlers Finance plc **	United Kingdom	Ordinary shares	100%	Finance Company
Mitchells & Butlers Retail Limited **	United Kingdom	Ordinary shares	100%	Leisure Retailing
Old Kentucky Restaurants Limited ***	United Kingdom	Ordinary shares	100%	Trade mark owner

\* held by Mitchells & Butlers Leisure Holdings Limited

\*\* held by Mitchells & Butlers Retail Holdings Limited

\*\*\* held by Mitchells & Butlers Retail Limited

A full list of subsidiary undertakings will be annexed to the next annual return of Mitchells & Butlers Holdings Limited to be filed with the Registrar of Companies

### 7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<i>2011</i>	<i>2010</i>
	<i>£</i>	<i>£</i>
Amounts owed by group undertakings	<u>1</u>	<u>2</u>

### 8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<i>2011</i>	<i>2010</i>
	<i>£</i>	<i>£</i>
Amounts owed to group undertakings	<u>1,534</u>	<u>1,534</u>

# Mitchells & Butlers Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 24 September 2011

### 9. CALLED UP SHARE CAPITAL

	2011	2010
		£
Authorised		
150,000 000 (2010 150,000,000) ordinary shares of £1	<u>150,000,000</u>	<u>150,000,000</u>
Allotted, called up and fully paid		
116,666,670 (2010 116,666,670) ordinary shares of £1	<u>116,666,670</u>	<u>116,666,670</u>

### 10. RECONCILIATION OF MOVEMENT IN RESERVES AND SHAREHOLDERS' FUNDS

	<i>Share Capital</i>	<i>Profit &amp; loss account</i>	<i>Shareholders' funds</i>
	£	£	£
At 26 September 2009	116,666,669	1,448,568,335	1,565,235,004
Share capital issued*	1	-	1
Retained profit for the period	-	108,099,997	108,099,997
Dividends	-	(108,099,996)	(108,099,996)
At 25 September 2010	<u>116,666,670</u>	<u>1,448,568,336</u>	<u>1,565,235,006</u>
Retained profit for the period	-	59,399,966	59,399,966
Dividends	-	(59,399,967)	(59,399,967)
At 24 September 2011	<u>116,666,670</u>	<u>1,448,568,335</u>	<u>1,565,235,005</u>

\* On 8 April 2010, 1 ordinary share with nominal value of £1 was issued in exchange for the investment in Mitchells & Butlers Retail Property Limited from Mitchells & Butlers Holdings (No 2) Limited

### 11. RELATED PARTY TRANSACTIONS

As a wholly owned subsidiary within the Mitchells & Butlers plc group, the Company has taken advantage of the exemption under FRS 8 'Related party disclosures' not to disclose details of related party transactions or balances with entities which form part of the group

### 12. CONTINGENT LIABILITIES

The Company is party to a composite guarantee with other Group companies which also participate in its day-to-day cash pooling arrangements. Any potential liability is the aggregate gross overdraft of every participant, capped at the level of in hand cash held by the Company. At 24 September 2011, the Company had in hand cash of £1 (2010 £1) which is less than the aggregate gross overdraft of all the participant companies. Therefore, at 24 September 2011, the Company had a contingent liability under the composite guarantee of £1 (2010 £1)

## **Mitchells & Butlers Holdings Limited**

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### **NOTES TO THE FINANCIAL STATEMENTS**

For the 52 weeks ended 24 September 2011

#### **13. ULTIMATE PARENT UNDERTAKING**

Mitchells & Butlers plc is the ultimate parent undertaking and controlling party of the Company. The immediate parent undertaking of the Company is Mitchells & Butlers Holdings (No 2) Limited. The only group in which the Company is consolidated is that headed by Mitchells & Butlers plc. Copies of the Group consolidated financial statements of Mitchells & Butlers plc are available from the Company Secretary, Mitchells & Butlers plc, 27 Fleet Street, Birmingham B3 1JP.

All undertakings above, including the Company, are companies incorporated in the United Kingdom and registered in England and Wales.