

New Century Inns Limited
Annual report and accounts
for the 52 weeks ended 30 September 2007

Registered Number 3726909

TUESDAY



AZ6ELW6G

A50

08/01/2008

425

COMPANIES HOUSE

New Century Inns Limited
Annual report and accounts
for the 52 weeks ended 30 September 2007
Contents

Directors' report for the 52 weeks ended 30 September 2007	1
Independent auditors' report to the members of New Century Inns Limited	3
Profit and loss account for the 52 weeks ended 30 September 2007	4
Balance sheet as at 30 September 2007	5
Cash flow statement for the 52 weeks ended 30 September 2007	6
Statement of accounting policies	7
Notes to the financial statements for the 52 weeks ended 30 September 2007	8

New Century Inns Limited

Directors' report for the 52 weeks ended 30 September 2007

The directors present their report and the audited financial statements of the company for the 52 weeks ended 30 September 2007

Business review and principal activity

The principal activity of the company is the ownership and operation of public houses

The directors are satisfied with the performance of the company during the period which shows a profit before tax of £616,917 (2006 £933,059) on turnover of £5,098,460 (2006 £5,548,233)

Future outlook

The directors continue to research opportunities for investment in freeholds of public houses with an aim to grow the company's portfolio. Careful consideration of local market conditions is made on a case by case basis before a decision is made

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks

The key business risks affecting the company are considered to relate to fluctuating interest rates and poorly performing tenants

Key performance indicators

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

Dividends

During the period two interim dividends of £80,735 and £84,029 (35 5p and 37 3p per share respectively) were paid (2006 £79,974 and £84,138 (35 5p and 37 3p per share respectively))

Directors

The directors of the company during the period and up to the date of signing the financial statements were

R Anand (appointed 13 November 2007)

I A Bull (appointed 13 November 2007)

D J Elliott (appointed 13 November 2007)

A G Arkley (resigned 13 November 2007)

B E Lowe (resigned 13 November 2007)

B Whithead (resigned 13 November 2007)

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing 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). The financial

New Century Inns Limited

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, in which case there should be supporting assumptions or qualifications as necessary

The directors confirm that they have complied with the above requirements in preparing the financial statements

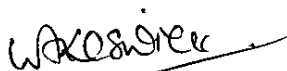
The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Auditors and disclosure of information to auditors

Each director, as at the date of this report, has confirmed that insofar as they are aware there is no relevant audit information (that is, information needed by the Company's auditors in connection with preparing their report) 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. This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the Annual General Meeting

By order of the Board



Lindsay Keswick
Company Secretary

21 December 2007

New Century Inns Limited

Independent auditors' report to the members of New Century Inns Limited

We have audited the financial statements of New Century Inns Limited for the 52 weeks ended 30 September 2007 which comprise the profit and loss account, the balance sheet, the cash flow statement, the statement of accounting policies and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

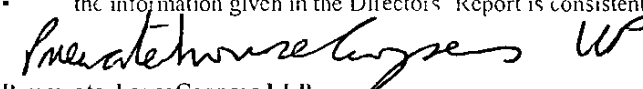
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 September 2007 and of its profit and cash flows for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.


PricewaterhouseCoopers LLP
Newcastle upon Tyne

21 December 2007

Profit and loss account for the 52 weeks ended 30 September 2007

	Note	2007 £	2006 £
Turnover		5,098,460	5,548,233
Cost of sales		(2,548,211)	(2,841,300)
Gross profit		2,550,249	2,706,933
Administrative expenses		(1,006,204)	(955,795)
Operating profit	1	1,544,045	1,751,138
Other income		10,000	-
Interest receivable and similar income	4	65	1,232
Interest payable and similar charges	5	(937,193)	(819,311)
Profit on ordinary activities before taxation		616,917	933,059
Tax on profit on ordinary activities	6	(107,579)	(298,601)
Profit on ordinary activities after taxation		509,338	634,458
Dividends	7	(164,764)	(164,112)
Retained profit for the period	16	344,574	470,346

All operations refer entirely to continuing operations

There is no difference between the reported profits and the historical cost profits

The company has no recognised gains or losses, as defined in Financial Reporting Standard 3 ("FRS 3") Reporting Financial Performance which are not included in the above profit and loss account

Balance sheet as at 30 September 2007

	Note	£	2007 £	£	2006 £
Fixed assets					
Tangible assets	8		18,089,712		17,003,298
Current assets					
Assets held for resale	9	378,877		354,885	
Debtors	10	496,124		461,709	
Cash at bank and in hand		541		30,533	
		875,542		847,127	
Creditors amounts falling due within one year	11	(14,304,913)		(2,049,255)	
Net current liabilities			(13,429,371)		(1,202,128)
Total assets less current liabilities			4,660,341		15,801,170
Creditors amounts falling due after more than one year	12		(779,887)		(12,463,180)
Provisions for liabilities and charges	14		(1,163,292)		(1,039,336)
Net assets			2,717,162		2,298,654
Capital and reserves					
Called up share capital	15		227,421		225,279
Share premium account	16		1,113,146		1,041,354
Capital redemption reserve fund	16		1,629		1,629
Profit and loss account	16		1,374,966		1,030,392
Equity shareholders' funds	17		2,717,162		2,298,654

The financial statements on pages 4 to 17 have been approved by the Board of Directors on 21 December 2007 and signed on their behalf by



I A Bull
Director

Cash flow statement for the 52 weeks ended 30 September 2007

	Note	£	2007 £	2006 £
Net cash inflow from operating activities	18		1,570,111	2,049,625
Returns on investments and servicing of finance				
Interest received		65	1,232	
Interest paid		(937,193)	(819,311)	
Net cash outflow from returns on investments and servicing of finance			(937,128)	(818,079)
Taxation			(109,416)	(159)
Capital expenditure and financial investment				
Proceeds from sale of tangible fixed assets		10,000	-	
Purchase of tangible fixed assets		(1,157,670)	(600,249)	
Net cash outflow from capital expenditure and financial investment			(1,147,670)	(600,249)
Equity dividends paid			(164,764)	(164,112)
Net cash (outflow)/inflow before financing			(788,867)	467,026
Financing				
Net proceeds from issue of ordinary share capital		73,934	-	
Acquisition of own shares		-	(9,198)	
Increase/(decrease) in borrowings	20	513,954	(384,233)	
Net cash inflow/(outflow) from financing			587,888	(393,431)
(Decrease)/increase in cash	20		(200,979)	73,595

Statement of accounting policies

Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less provision for accumulated depreciation. Depreciation is provided at rates calculated to write off the cost of assets, less estimated residual value, on the straight line basis over the estimated useful lives as follows

Office equipment	5 years
Freehold buildings	50 years

Land is not depreciated

Deferred taxation

Deferred taxation has been recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in future, or a right to pay less taxation in future. An asset is not recognised to the extent that the transfer of economic benefits in future is uncertain. Deferred tax assets and liabilities recognised have not been discounted.

Pension costs

The company operates a defined contribution pension scheme. The actual cost borne by the company during the period is charged directly to the profit and loss account.

Finance leases

Tangible fixed assets purchased under finance lease agreements are capitalised at their cash price and the liability for future finance lease payment is taken into account. Finance charges are charged to the profit and loss account over the period of the finance lease agreement.

Operating leases

Operating lease rentals are charged to the profit and loss account in the period for which the rentals are payable.

Assets held for resale

Assets held for resale, which represent assets normally owned by tenants but held pending sale to new tenants, are stated at the lower of cost and net realisable value.

Turnover

Turnover represents the value of sales and services to third parties, excluding value added tax, in the United Kingdom.

**Notes to the financial statements
for the 52 weeks ended 30 September 2007**

1 Operating profit

	2007	2006
	£	£
Operating profit is stated after charging/(crediting) the following		
Auditors' remuneration - audit services	5,900	5,700
Auditors' remuneration - non audit services	13,625	7,375
Depreciation of owned fixed assets	67,436	77,944
Depreciation of leased fixed assets	3,820	3,840
Operating lease rental - land and buildings	29,904	26,666
Operating lease rental - other	47,220	43,689
Rent receivable	(1,106,363)	(1,206,474)

2 Staff costs

	2007	2006
	£	£
Wages and salaries	498,953	504,044
Social security costs	68,507	69,177
Pension costs	91,255	88,968
	658,715	662,189

The average number of persons employed during the period was 13 (2006 13)

3 Directors' emoluments

	2007	2006
	£	£
Emoluments (excluding pension contributions)	340,085	346,920

Contributions to money purchase pension schemes in respect of 3 directors were £53,322 (2006 £53,322 in respect of three directors)

The emoluments of the highest paid director were £161,227 (2006 £160,352) and the contributions to a money purchase pension scheme on his behalf were £24,937 (2006 £26,290)

4 Interest receivable and similar income

	2007	2006
	£	£
Bank interest	65	1,232

5 Interest payable and similar charges

	2007	2006
	£	£
Finance lease interest	776	776
Interest payable on bank loans and overdrafts	932,779	812,535
Other interest	3,638	6,000
	937,193	819,311

6 Tax on profit on ordinary activities

(a) Analysis of charge in period

	2007	2006
	£	£
Current tax		
UK corporation tax on profits of the period	8,202	133,948
Adjustments in respect of previous periods	(24,579)	(4,472)
Total current tax (note 6b)	(16,377)	129,476
Deferred tax		
Current period (note 14)	123,956	169,125
Tax on profit on ordinary activities	107,579	298,601

(b) Factors affecting tax charge for the period

The tax assessed for the period is lower (2006 lower) than the standard rate of corporation tax in the UK (30%). The differences are explained below

	2007	2006
	£	£
Profit on ordinary activities before tax	616,917	933,059
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006 30%)	185,075	279,918
Expenses not deductible for tax purposes	16,444	21,775
Capital allowances in excess of depreciation	(193,317)	(167,745)
Adjustments in respect of previous periods	(24,579)	(4,472)
Current tax (credit)/charge for the period (note 6a)	(16,377)	129,476

(c) Factors that may affect future tax charges

A number of changes to the UK corporation tax system were announced in the March 2007 budget statement and are expected to be enacted in the 2007 and 2008 Finance Acts. The changes had not been substantively enacted at the balance sheet date and, therefore are not included in these financial statements. The effect of the changes would not be material to the financial statements.

7 Dividends

	2007	2006
	£	£
Equity – ordinary		
First interim paid 37 3p (2006 37 3p) per £1 ordinary share	84,029	84,138
Second interim paid 35 5p (2006 35 5p) per £1 ordinary share	80,735	79,974
	164,764	164,112

8 Tangible fixed assets

	Freehold land and buildings	Office equipment	Total
	£	£	£
Cost			
At 2 October 2006	17,270,526	92,411	17,362,937
Additions	1,156,446	1,224	1,157,670
At 30 September 2007	18,426,972	93,635	18,520,607
Depreciation			
At 2 October 2006	295,099	64,540	359,639
Charge for period	54,336	16,920	71,256
At 30 September 2007	349,435	81,460	430,895
Net book value			
At 30 September 2007	18,077,537	12,175	18,089,712
At 2 October 2006	16,975,427	27,871	17,003,298

Included in the aforementioned fixed assets are office equipment purchased under finance lease contract with a net book value of £620 (2006 £4,440) on which depreciation of £3,820 (2006 £3,840) was charged in the period

9 Assets held for resale

	2007	2006
	£	£
Assets held for resale	378,877	354,885

10 Debtors

	2007	2006
	£	£
Trade debtors	374,260	388,649
Other debtors	5,835	27,877
Prepayments	116,029	45,183
	496,124	461,709

11 Creditors: amounts falling due within one year

	2007	2006
	£	£
Bank loan (note 13)	12,600,000	400,000
Bank overdraft (note 13)	170,987	-
Trade creditors	877,446	884,402
Other tax and social security	37,525	50,258
Corporation tax	8,155	133,948
Other creditors	323,395	345,720
Finance leases (note 13)	919	3,672
Accruals and deferred income	286,486	231,255
	14,304,913	2,049,255

12 Creditors: amounts falling due after more than one year

	2007	2006
	£	£
Bank loan (note 13)	779,887	12,462,257
Finance leases (note 13)	-	923
	779,887	12,463,180

13 Loan capital and other borrowings repayment statement

	2007	2006
	£	£
Bank loans and overdraft	13,550,874	12,862,257
Finance leases	919	4,595
	13,551,793	12,866,852
Maturity of debt		
Within one year or on demand	12,771,906	403,672
Between one and two years	400,000	400,923
Between two and five years	379,887	12,062,257
	13,551,793	12,866,852

The bank loans are secured on the property of the company. The bank loans are subject to interest charged at LIBOR plus 1.25% for amounts borrowed up to £13,000,000 and are repayable, subject to certain terms, by July 2008. An additional bank loan of £2,000,000 attracts interest at LIBOR plus 1.75% and is repayable in twenty equal quarterly instalments. In the current period the company has taken advantage of a repayment holiday on this facility.

Finance lease obligations are secured on the assets to which the leases relate.

14 Provisions for liabilities and charges

Deferred tax provided in the accounts is as follows

	2007	2006
	£	£
Excess of capital allowances over depreciation	1,163,292	1,039,336
Total	1,163,292	1,039,336

Reconciliation of movement in deferred tax

	£
Balance at 2 October 2006	1,039,336
Charge to profit and loss account (note 6)	123,956
Balance at 30 September 2007	1,163,292

15 Called up share capital

	2007	2006
	£	£
Authorised		
260,658 Ordinary shares at £1	260,658	260,658
Issued and fully paid up		
227,421 (2006 225,279) Ordinary shares at £1	227,421	225,279

During the period the following changes to the company's capital were made

In October 2006, 2,142 ordinary shares were issued for cash. The nominal value of these shares was £2,142 and the consideration received was £73,934 after deducting expenses of £1,036

16 Reserves

	Share premium account	Capital redemption reserve fund	Profit and loss account	Total
	£	£	£	£
At 2 October 2006	1,041,354	1,629	1,030,392	2,073,375
Premium on ordinary shares issued (net of £1,036 expenses)	71,792	-	-	71,792
Retained profit for the period	-	-	344,574	344,574
At 30 September 2007	1,113,146	1,629	1,374,966	2,489,741

17 Reconciliation of movement in shareholders' funds

	2007	2006
	£	£
At 2 October 2006	2,298,654	1,837,506
Net proceeds of ordinary shares issued	73,934	-
Acquisition of own shares	-	(9,198)
Retained profit for the period	344,574	470,346
At 30 September 2007	2,717,162	2,298,654

18 Net cash inflow from operating activities

	2007	2006
	£	£
Operating profit	1,544,045	1,751,138
Depreciation charge	71,256	81,784
Increase in assets held for resale	(23,992)	(57,631)
Increase in debtors	(34,415)	(157,507)
Increase in creditors	13,217	431,841
Net cash inflow from continuing operations	1,570,111	2 049 625

19 Reconciliation of net cash flow to movement in net debt

	2007	2006
	£	£
(Decrease)/increase in cash in the period	(200,979)	73,595
Net movement in borrowings	(513,954)	384,233
Movement in net debt in the period	(714,933)	457,828

20 Analysis of changes in net debt

	At 2 October 2006	Cash flow	Non-cash changes	At 30 September 2007
	£	£	£	£
Cash at bank and in hand	30,533	(29,992)	-	541
Bank overdraft	-	(170,987)	-	(170,987)
	30,533	(200,979)	-	(170,446)
Finance leases	(4,595)	3,676	-	919
Debt due within one year	(400,000)	(517,630)	(11,682,370)	(12,600,000)
Debt due after one year	(12,462,257)	-	11,682,370	(779,887)
	(12,866,852)	(513,954)	-	(13,380,806)
Total	(12,836,319)	(714,933)	-	(13,551,252)

21 Operating leases

The company has operating lease commitments for the next 12 months on operating leases expiring

	Others	
	2007	2006
	£	£
Within one year	47,950	19,055
Between one and five years	68,680	23,878

22 Related party transactions

The Chameleon Pub Company is considered to be an associated entity as it has common directors with New Century Inns Limited. This company manages one of the public houses owned by New Century Inns Limited.

There have been sales in the period to The Chameleon Pub Company of £379,089 (2006 £476,006). The outstanding debtor balance at the period end date with The Chameleon Pub Company is £20,773 (2006 £17,523).

A management fee of £13,835 (2006 £17,738) was charged to The Chameleon Pub Company in the period.

23 Post balance sheet events

On 13 November 2007 the entire issued share capital of the company was purchased by Greene King Acquisitions No 5 Limited for a consideration of £18,449,575.

On the same day the company's bank loans were repaid in full, together with all accrued interest owing, by the company's new parent undertaking, Greene King Acquisitions No 5 Limited.

24 Ultimate controlling party

At the year end there was not considered to be a single ultimate controlling party of the company.

Subsequent to the period end, as discussed in note 23, the entire issued share capital of the company was acquired by Greene King Acquisitions No 5 Limited, a subsidiary of Greene King plc. As such Greene King plc is considered to be the ultimate controlling party of the company at the date of approval of these financial statements.