

New Century Inns Limited
Annual report and accounts
for the period ended 15 November 2007

Registered Number 3726909

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New Century Inns Limited
Annual report and accounts
for the period ended 15 November 2007
Contents

Directors' report for the period ended 15 November 2007	1
Independent auditors' report to the members of New Century Inns Limited	3
Profit and loss account for the period ended 15 November 2007	4
Balance sheet as at 15 November 2007	5
Statement of accounting policies	6
Notes to the financial statements for the period ended 15 November 2007	7

New Century Inns Limited

Directors' report for the period ended 15 November 2007

The directors present their report and the audited financial statements of the company for the period ended 15 November 2007

Business review and principal activity

The principal activity of the company to the date of cessation of trade was the ownership and operation of public houses

The results of the company show a pre-tax profit of £16,982,119 (2007 £616,917) for the period and turnover of £660,436 (2007 £5,098,460)

Both the level of business and the period end financial position were satisfactory given current market conditions

On 15 November 2007 the trade and assets of the business were hived up to Greene King Brewing and Retailing Limited, a subsidiary of Greene King plc. The company ceased to trade from that date

On 13 November 2007 the entire issued share capital of the company was acquired by Greene King Acquisitions No 5 Limited, a subsidiary of Greene King plc

Principal risks and uncertainties

The directors believe that a discussion of the company's risks is not necessary as the company is now dormant

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

No dividends have been paid during the period ended 15 November 2007 (52 week period ending 30 September 2007: two interim dividends of £80,735 and £84,029 (35.5p and 37.3p per share respectively) were paid)

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 Whitehead	(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

New Century Inns Limited

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, 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.

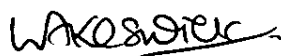
The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets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

5 September 2008

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 period ended 15 November 2007 which comprise the profit and loss account, the balance sheet, 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 15 November 2007 and of its profit 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

5 September 2008

New Century Inns Limited

Profit and loss account for the period ended 15 November 2007

	Note	Period ended 15 November 2007	52 week period ended 30 September 2007
		£	£
Discontinued operations			
Turnover		660,436	5,098,460
Cost of sales		(330,509)	(2,548,211)
Gross profit		329,927	2,550,249
Administrative expenses		(307,761)	(1,006,204)
Operating profit	1	22,166	1,544,045
Profit on sale of assets	2	17,097,573	10,000
Interest receivable and similar income	5	-	65
Interest payable and similar charges	6	(137,620)	(937,193)
Profit on ordinary activities before taxation		16,982,119	616,917
Tax on profit on ordinary activities	7	31,686	(107,579)
Profit on ordinary activities after taxation		17,013,805	509,338
Dividends	8	-	(164,764)
Retained profit for the period	17	17,013,805	344,574

All operations refer entirely to discontinued 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

New Century Inns Limited

Balance sheet as at 15 November 2007

	Note	Period ended 15 November 2007	52 week period ended 30 September 2007
		£	£
Fixed assets			
Tangible assets	9	-	18,089,712
Current assets			
Assets held for resale	10	-	378,877
Debtors	11	19,730,967	496,124
Cash at bank and in hand		-	541
		19,730,967	875,542
Creditors: amounts falling due within one year	12	-	(14,304,913)
Net current assets/(liabilities)		19,730,967	(13,429,371)
Total assets less current liabilities		19,730,967	4,660,341
Creditors: amounts falling due after more than one year	13	-	(779,887)
Provisions for liabilities and charges	15	-	(1,163,292)
Net assets		19,730,967	2,717,162
Capital and reserves			
Called up share capital	16	227,421	227,421
Share premium account	17	1,113,146	1,113,146
Capital redemption reserve fund	17	1,629	1,629
Profit and loss account	17	18,388,771	1,374,966
Equity shareholders' funds	18	19,730,967	2,717,162

The financial statements on pages 4 to 15 have been approved by the Board of Directors on 5 September 2008 and signed on their behalf by



I A Bull
Director

New Century Inns Limited

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.

Cash flow statement

The company meets the criteria of a small company per the Companies Act 1985 and is therefore exempt from producing a cashflow statement in accordance with Financial Reporting Standard 1 'Cash flow statements'.

New Century Inns Limited

Notes to the financial statements for the period ended 15 November 2007

1 Operating profit

	Period ended 15 November 2007	52 week period ended 30 September 2007
	£	£
Operating profit is stated after charging/(crediting) the following		
Auditors' remuneration - audit services	-	5,900
Auditors' remuneration - non audit services	20,350	13,625
Depreciation of owned fixed assets	7,114	67,436
Depreciation of leased fixed assets	1,309	3,820
Operating lease rental - land and buildings	5,149	29,904
Operating lease rental - other	9,576	47,220
Rent receivable	(160,943)	(1,106,363)

Auditors remuneration of £3,000 is to be borne by the parent company

2 Disposal of trade and assets

On 15 November 2007 the trade and assets of the company were acquired by Greene King Brewing and Retailing Limited for a consideration of £19,715,635 (purchase value of £34,120,458 less loans repaid of £14,403,823) resulting in a profit on sale of assets of £17,097,573. The net book value of the assets and liabilities disposed of at that date, were as follows

	Book value £
Tangible fixed assets	18,208,672
Assets held for resale	385,759
Debtors	220,195
Cash at bank and in hand	(852,372)
Creditors	(15,343,191)
Net assets disposed	2,619,063

New Century Inns Limited

3 Staff costs

	Period ended 15 November 2007	52 week period ended 30 September 2007
	£	£
Wages and salaries	182,859	498,953
Social security costs	24,722	68,507
Pension costs	15,213	91,255
	85,821	658,715

The average number of persons employed during the period was 13 (2007 13)

4 Directors' emoluments

	Period ended 15 November 2007	52 week period ended 30 September 2007
	£	£
Emoluments (excluding pension contributions)	34,009	340,085

Contributions to money purchase pension schemes in respect of 3 directors were £10,313 (2007 £53,322 in respect of three directors)

The emoluments of the highest paid director were £16,015 (2007 £161,227) and the contributions to a money purchase pension scheme on his behalf were £5,331 (2007 £24,937)

5 Interest receivable and similar income

	Period ended 15 November 2007	52 week period ended 30 September 2007
	£	£
Bank interest	-	65

New Century Inns Limited

6 Interest payable and similar charges

	Period ended 15 November 2007	52 week period ended 30 September 2007
	£	£
Finance lease interest	-	776
Interest payable on bank loans and overdrafts	137,620	932,779
Other interest	-	3,638
	137,620	937,193

7 Tax on profit on ordinary activities

(a) Analysis of credit/(charge) in period

	Period ended 15 November 2007	52 week period ended 30 September 2007
	£	£
Current tax		
UK corporation tax on profits of the period	-	8,202
Adjustments in respect of previous periods	(8,155)	(24,579)
Total current tax (note 7b)	(8,155)	(16,377)
Deferred tax		
Current period (note 15)	(23,531)	123,956
Tax on profit on ordinary activities	(31,686)	107,579

New Century Inns Limited

(b) Factors affecting tax credit/(charge) for the period

The tax assessed for the period is lower (2007 lower) than the standard rate of corporation tax in the UK (30%) The differences are explained below

	Period ended 15 November 2007	52 week period ended 30 September 2007
	£	£
Profit on ordinary activities before tax	16,982,119	616,917
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2007 30%)	5,094,636	185,075
Income not subject to corporation tax	(5,122,533)	-
Expenses not deductible for tax purposes	-	16,444
Capital allowances accelerated/(in excess of depreciation)	2,876	(193,317)
Other timing differences	25,021	-
Adjustments in respect of previous periods	(8,155)	(24,579)
Current tax (credit)/charge for the period (note 7a)	(8,155)	(16,377)

(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

8 Dividends

	Period ended 15 November 2007	52 week period ended 30 September 2007
	£	£
Equity – ordinary		
First interim paid £Nil (2007 37 3p) per £1 ordinary share	-	84,029
Second interim paid £Nil (2007 35 5p) per £1 ordinary share	-	80,735
	-	164,764

New Century Inns Limited

9 Tangible fixed assets

	Freehold land and buildings £	Office equipment £	Total £
Cost			
At 1 October 2007	18,426,972	93,635	18,520,607
Additions	126,959	424	127,383
Disposals			
Transfers	(18,553,931)	(94,059)	(18,647,990)
At 15 November 2007	-	-	-
Depreciation			
At 1 October 2007	349,435	81,460	430,895
Charge for period	6,788	1,635	8,423
Disposals			
Transfers	(356,223)	(83,095)	(439,318)
At 15 November 2007	-	-	-
Net book value			
At 15 November 2007	-	-	-
At 30 September 2007	18,077,537	12,175	18,089,712

Included in the aforementioned fixed assets are office equipment purchased under finance lease contract with a net book value of £nil (2007 £620) on which depreciation of £1,309 (2007 £3,820) was charged in the period

10 Assets held for resale

	Period ended 15 November 2007 £	52 week period ended 30 September 2007 £
Assets held for resale	-	378,877

New Century Inns Limited

11 Debtors

	Period ended 15 November 2007	52 week period ended 30 September 2007
	£	£
Trade debtors	-	374,260
Amounts receivable from parent undertaking	19,722,471	-
Other debtors	-	5,835
Prepayments	8,496	116,029
	19,730,967	496,124

Amounts receivable from parent undertakings are unsecured, interest free and repayable on demand

12 Creditors: amounts falling due within one year

	Period ended 15 November 2007	52 week period ended 30 September 2007
	£	£
Bank loan (note 14)	-	12,600,000
Bank overdraft (note 14)	-	170,987
Trade creditors	-	877,446
Other tax and social security	-	37,525
Corporation tax	-	8,155
Other creditors	-	323,395
Finance leases (note 14)	-	919
Accruals and deferred income	-	286,486
	-	14,304,913

New Century Inns Limited

13 Creditors: amounts falling due after more than one year

	Period ended 15 November 2007	52 week period ended 30 September 2007
	£	£
Bank loan (note 14)	-	779,887
	-	779,887

14 Loan capital and other borrowings repayment statement

	Period ended 15 November 2007	52 week period ended 30 September 2007
	£	£
Bank loans and overdraft	-	13,550,874
Finance leases	-	919
	-	13,551,793
Maturity of debt		
Within one year or on demand	-	12,771,906
Between one and two years	-	400,000
Between two and five years	-	379,887
	-	13,551,793

The bank loans were secured on the property of the company. The bank loans were 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 attracted interest at LIBOR plus 1.75% and was repayable in twenty equal quarterly instalments.

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

On 13 November 2007 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.

New Century Inns Limited

15 Provisions for liabilities and charges

Deferred tax provided in the accounts is as follows

	Period ended 15 November 2007	52 week period ended 30 September 2007
	£	£
Excess of capital allowances over depreciation	-	1,163,292
Total	-	1,163,292

Reconciliation of movement in deferred tax

	£
Balance at 1 October 2007	1,163,292
Credit to profit and loss account (note 7)	(23,531)
Disposal of trade and assets (note 2)	(1,139,761)
Balance at 15 November 2007	-

16 Called up share capital

	Period ended 15 November 2007	52 week period ended 30 September 2007
	£	£
Authorised		
260,658 Ordinary shares at £1	260,658	260,658
Issued and fully paid up		
227,421 Ordinary shares at £1	227,421	227,421

New Century Inns Limited

17 Reserves

	Share premium account	Capital redemption reserve fund	Profit and loss account	Total
	£	£	£	£
At 1 October 2007	1,113,146	1,629	1,374,966	2,489,741
Retained profit for the period	-	-	17,013,805	17,013,805
At 15 November 2007	1,113,146	1,629	18,388,771	19,503,546

18 Reconciliation of movement in shareholders' funds

	Period ended 15 November 2007	52 week period ended 30 September 2007
	£	£
At 1 October 2007	2,717,162	2,298,654
Net proceeds of ordinary shares issued	-	73,934
Retained profit for the period	17,013,805	344,574
At 15 November 2007	19,730,967	2,717,162

19 Operating leases

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

	Period ended 15 November 2007	52 week period ended 30 September 2007
	£	£
Within one year	-	47,950
Between one and five years	-	68,680

20 Ultimate controlling party

On 13 November 2007, 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.