

The Unique Pub Company PLC
(Registered Number: 3733077)

Annual Report

For the Year Ended 30 September 2001



The Unique Pub Company PLC

Directors' Report for the Year Ended 30 September 2001

The directors present their report together with the audited consolidated financial statements for the year ended 30 September 2001.

Principal activities

The Unique Pub Company PLC is the parent company of Unique Pub Investments Limited, Unique Pub Properties Limited, SupplyLine Services Limited, Thame Pub Management Limited, RetailLink Management Limited, The Unique Pub Finance Company PLC and Unique Acquisitions Limited.

The principal activity is that of an investment holding company.

Review of business activities

As mentioned in previous years it is the directors' intention to actively manage the group's estate of public houses through investing in the existing estate, the letting of properties for the long term to quality tenants under tied arrangements and extending the products available to tenants. On 2 March 2001 Unique Pub Properties Limited, a subsidiary company, acquired 467 public houses at a cost of £188.4 million, including associated working capital from The Grand Pub Company Limited. These acquisitions were financed by a further issue of securitised bonds of £335m by another subsidiary company, The Unique Pub Finance Company PLC, on similar terms as those noted below, part of which was used to repay existing loans. In addition, during the year Unique Pub Properties Limited and Unique Acquisitions Limited acquired a further 16 public houses for £7.7 million and disposed of 38 public houses for £14.2 million. The group has invested £18.8 million by way of capital expenditure on the group's estate in order to improve the quality of the estate and enhance returns. The group has also extended its range of suppliers' products available through SupplyLine Services Limited, a subsidiary company, and continues to expand the range of products that it makes available to customers.

In March 1999, the group acquired 2,614 public houses for a consideration of £850 million, the acquisition being financed by the issue of a loan note from Thame Finance PLC, a related party, for £40.5 million and a securitised bond issue by The Unique Pub Finance Company PLC, a subsidiary company, of £810 million of asset backed securities

The securitisation documents entered into as part of the arrangement to issue bonds by The Unique Pub Finance Company PLC are inter alia:-

- Estate Purchase Agreement
- Intercompany Loan Agreement
- Debenture
- Cash Management Agreement
- Asset Management Agreement
- Hedge Agreement
- Beer Supply Agreement
- Bank Account Agreement

issued in accordance with the terms of the securitisation and whose key terms are set out in the offering circular issued by The Unique Pub Finance Company PLC dated 26 March 1999.

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Directors' Report for the Year Ended 30 September 2001 (Continued)

Review of business activities (Continued)

Results for the year

For the year to 30 September 2001, the group is reporting a profit before tax of £53,851,000 (year ended 30 September 2000: £35,995,000).

Future developments

It remains the directors' intention to continue to actively manage the estate and if possible increase its size through the acquisition of additional public houses which satisfy the investment criteria required by the holders of the bonds issued by The Unique Pub Finance Company PLC, a subsidiary company. The group also intends to improve its operations through continuing to extend its range of suppliers and the range of products made available to its customers through its subsidiary SupplyLine Services Limited.

Dividend

Dividends payable for the period represent dividends due on the 11% Cumulative Redeemable Preference shares of £3.3 million, which includes an accrual of £832,000 for the dividend accrued for the period 1 July to 30 September, the next due date for the payment of the preference dividend being 31 December.

Directors

The directors who held office during the year and since the end of the year were:

G Turner	
F S Duncan *	
G Hands *	(Chairman)
J K Williamson *	
R Punja *	
G A Thorley	(resigned 29 November 2001)

* non executive directors

Alternate directors who held office during the year and since the end of the year were:

R Smelt	as alternate for F S Duncan	(resigned 26 June 2001)
M Simpson	as alternate for R Punja	(resigned 26 June 2001)

None of the directors or alternate directors who held office during the year had any disclosable interest in the shares of the company.

The Unique Pub Company PLC

Directors' Report for the Year Ended 30 September 2001 (Continued)

Staff and employees

The directors attach a high priority to maintaining communications with all employees and retailers and encouraging a common awareness of the financial, economic and social issues facing the group.

It is the group's policy to give full consideration to suitable applicants for employment by disabled persons and to adapt the work place as appropriate. Opportunities also exist for employees of the group who become disabled to continue in their employment or to be trained for other positions in the group.

Charitable donations

Contributions for charitable purposes amounted to £2,993 (year ended 30 September 2000: £9,700). No political donations were made during either the current or prior period.

Creditor payment policy

The company's current policy concerning the payment of the majority of its trade creditors is to follow the CBI's Prompt Payers Code (copies are available from the CBI, Centre Point, 103 New Oxford Street, London WC1A 1DU). For other suppliers, the company's policy is to:

- (a) settle the terms of payment with those suppliers when agreeing the terms of each transaction;
- (b) ensure that those suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- (c) pay in accordance with its contractual and other legal obligations.

The payment policy applies to all payments to creditors for revenue and capital supplies of goods and services without exception.

The company had no trade creditors at 30 September 2001.

Going concern

The directors continue to adopt the going concern basis in preparing the accounts. This is because the directors, after making enquiries and following a review of the group's budget for the next financial year, including cash flows and borrowing facilities, consider that the group has adequate resources to continue in operation for the foreseeable future.

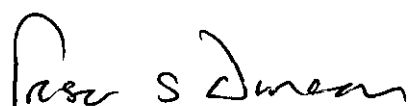
The Unique Pub Company PLC

Directors' Report for the Year Ended 30 September 2001 (Continued)

Auditors

Since the company has passed an elective resolution under section 386 of the Companies Act 1985, the auditors, PricewaterhouseCoopers, will continue in office.

By Order of the Board



Director 29/1/02

F. S. Duncan

The Unique Pub Company PLC

Corporate Governance

The Board is mindful of the principles of corporate governance outlined in the Combined Code on Corporate Governance, and has established formal management and Board structures to effect good governance.

The Board

The Board comprised two executive and four non-executive directors. All of the four non-executive directors are employees of The Nomura Group of companies, which has the ability to exercise a controlling influence over the company. The Board is committed to the maintenance of high ethical standards in all respects of the group's business and is responsible for establishing the broad goals and strategies of the group and for overseeing, either directly or through the Committees, their execution by management. There are monthly Board meetings, in advance of which the directors are circulated with information enabling them to discharge their duties. Ad hoc meetings are called as necessary. The day to day management of the group is delegated to a management team comprising the executive directors and certain senior group employees.

Audit Committee

The Audit Committee comprises the company Chairman and two other non-executive directors, elected by the Board, and monitors the relationship with the auditors and agrees the scope and reviews the results of the full year audit each year. The Committee assesses the cost-effectiveness, objectivity and independence of the auditors from time to time. The company uses both the auditors and other accounting firms for non-audit work, and considers maintenance of objectivity, value for money and experience when making such decisions.

Finance Committee

The Finance Committee comprises one executive and three non-executive directors, elected by the Board, and meets monthly. The Finance Committee is responsible for the establishment of Group financial strategy and the general guidelines and policies for implementing such strategy. This includes financial and investment policy, the management of interest rate, liquidity and other financial risk, the management of credit risk and implementation of credit policies, communication policy with the press, financial community and shareholders.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises the Chairman and three non-executive directors. The Committee is responsible for recommending to the Board the appointment of group company directors and members of the Audit and Finance Committees, ensuring that directors and management are fairly rewarded for their contributions to the Group's performance and administering the Group's Long Term Incentive Plan.

Management Team

The day to day management of the group is delegated to the Management Team comprising the executive directors and certain senior Managers. Each member of the Management Team has specific areas of responsibility within the Group's business reflecting their own experience and expertise as follows, Chief Executive, Finance and Systems, Operations, Property, Human Resources and Communications and SupplyLine. The Management Team meets formally each week to deal with the executive business of the company not specifically reserved for the main Board or Board Committees.

The Unique Pub Company PLC

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which 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 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 proper accounting records which 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 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' Report to the Members of The Unique Pub Company PLC

We have audited the financial statements on pages 8 to 33.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 6, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

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

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

Opinion

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



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London

21 JANUARY 2002

The Unique Pub Company PLC

Consolidated Profit and Loss Account for the Year Ended 30 September 2001

		Year ended 30 September 2001 £'000	Year ended 30 September 2000 £'000
	Note		
Turnover	1	280,227	249,958
Cost of sales		(118,703)	(112,156)
Gross profit		161,524	137,802
Distribution costs		(7,089)	(6,951)
Administrative expenses	2	(28,961)	(32,267)
Operating profit	3	125,474	98,584
Profit on disposal of properties		4,402	567
Profit before interest and taxation		129,876	99,151
Interest receivable	6	6,061	3,007
Interest payable and similar charges	6	(82,086)	(66,163)
Profit on ordinary activities before taxation		53,851	35,995
Taxation	7	(13,192)	(9,230)
Profit on ordinary activities after taxation		40,659	26,765
Preference dividend	8	(3,301)	(3,301)
Retained profit for the financial period		37,358	23,464

All of the operations of the group are continuing.

The notes on pages 13 to 33 form part of these financial statements.

The Unique Pub Company PLC

Consolidated Statement of Total Recognised Gains and Losses for the Year Ended 30 September 2001

		Year ended 30 September 2001 £'000	Year ended 30 September 2000 £'000
	Note		
Profit for the year		37,358	23,464
Revaluation of properties	10	84,050	86,301
Total recognised gains and losses		121,408	109,765

Consolidated Note of Historical Cost Profits for the Year Ended 30 September 2001

	Year ended 30 September 2001 £'000	Year ended 30 September 2000 £'000
Reported profit before tax	53,851	35,995
Realisation of property revaluation (deficit)/surplus	(832)	31
Historical cost profit before taxation	53,019	36,026
Historical cost profit after taxation and dividends	36,526	23,495

The notes on pages 13 to 33 form part of these financial statements.

The Unique Pub Company PLC

Consolidated Balance Sheet as at 30 September 2001

	Note	2001 £'000	2000 £'000
Fixed assets			
Properties	10	1,407,534	1,117,345
Other	11	3,215	3,495
		1,410,749	1,120,840
Current assets			
Debtors	13	22,718	21,950
Cash at bank		148,167	72,255
		170,885	94,205
Creditors: amounts falling due within one year	14	(56,820)	(54,081)
Net current assets		114,065	40,124
Total assets less current liabilities		1,524,814	1,160,964
Creditors: amounts falling due after more than one year	15	(1,164,422)	(921,980)
Net assets		360,392	238,984
Capital and reserves			
Called up share capital	18	30,012	30,012
Revaluation reserve	19	259,670	174,788
Profit and loss account	19	70,710	34,184
Shareholders' funds		360,392	238,984
Equity		330,380	208,972
Non-equity – A Cumulative Redeemable Preference shares	12	12	12
Non equity – B Cumulative Redeemable Preference shares		30,000	30,000
		360,392	238,984

Approved by the Board on 29/1/02



Director

G. TURNER

The notes on pages 13 to 33 form part of these financial statements.

The Unique Pub Company PLC

Company Balance Sheet as at 30 September 2001

	Note	2001 £'000	2000 £'000
Fixed assets			
Investment in shares in subsidiaries	12	347,958	226,525
Current assets			
Debtors (of which £78,125,000 (2000: £78,125,000) falls due after more than one year)	13	99,958	119,752
Cash at bank and in hand		25	51
		99,983	119,803
Creditors – amounts falling due within one year	14	(37,451)	(52,667)
Net current assets		62,532	67,136
Total assets less current liabilities		410,490	293,661
Creditors – amounts falling due after one year	15	(50,098)	(54,677)
Net assets		360,392	238,984
Capital and reserves			
Called up share capital	18	30,012	30,012
Revaluation reserve	19	339,107	217,674
Profit and loss account	19	(8,727)	(8,702)
Shareholders' funds		360,392	238,984
Equity		330,380	208,972
Non equity – A Cumulative Redeemable Preference shares		12	12
Non-equity – B Cumulative Redeemable Preference shares		30,000	30,000
		360,392	238,984

Approved by the Board on 29/1/02



Director

G. TURNER

The notes on pages 13 to 33 form part of these financial statements.

The Unique Pub Company PLC

Consolidated Cash Flow Statement for the Year Ended 30 September 2001

	Note	2001 £'000	2001 £'000	2000 £'000	2000 £'000
Net cash inflow from operating activities (see below)			128,008		96,209
Returns on investments and servicing of finance					
Interest received		6,061		3,007	
Interest paid		(75,366)		(67,457)	
Refinancing costs		(19,121)		(145)	
			(88,426)		(64,595)
Taxation			(13,573)		(8,944)
Capital expenditure and financial investment					
Capital expenditure and acquisitions					
– properties		(216,317)		(59,454)	
– fixtures and fittings		(2,474)		(3,207)	
Proceeds from sale of properties		15,923		9,546	
Purchase of other fixed assets		(875)		(1,128)	
			(203,743)		(54,243)
Financing					
New borrowings		337,733		128,615	
Repayment of borrowings		(84,087)		(70,500)	
			253,646		58,115
Increase in cash			75,912		26,542
Reconciliation of operating profit to net cash inflow from operating activities					
Operating profit			125,474		98,584
Depreciation			2,287		2,347
(Increase) in debtors			(768)		(2,318)
Increase/(Decrease) in creditors			1,015		(2,404)
			128,008		96,209
Reconciliation in movement in net cash to movement in net debt					
Increase in cash			75,912		26,542
Increase in borrowings			(253,646)		(58,115)
Movement			(177,734)		(31,573)
Net debt at beginning of period			(866,893)		(835,320)
Net debt at end of the period	17		(1,044,627)		(866,893)

The Unique Pub Company PLC

Notes to the Accounts – 30 September 2001

1 Accounting policies

(1) Basis of preparation

The financial statements are prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and in accordance with applicable Accounting Standards in the United Kingdom. The consolidated financial statements include the audited financial statements of the company and all of its subsidiaries for the year ended 30 September 2001.

The directors consider that the accounting policies set out below are suitable and have been both consistently applied except where noted and are supported by reasonable and prudent judgements and estimates.

(2) Related party disclosures

The company has taken advantage of the exemption under FRS 8 – Related Party Transactions not to disclose related party transactions between wholly-owned group companies on the grounds that the consolidated accounts of the ultimate parent company are publicly available. The disclosure requirements are dealt with in note 20 to the financial statements.

(3) Investments

Investments in subsidiaries are carried at not more than the underlying net asset values of the individual subsidiaries, as in the opinion of the directors this policy gives a true and fair view of the net assets of the company.

(4) Properties and related fixed assets

During the year the company changed its policy for accounting for properties to that considered by the directors, after a review of alternatives, to be the most appropriate policy. No financial impact resulted from the change.

The company has adopted a policy of revaluation of its properties, as permitted by Financial Reporting Standard 15 - Tangible Fixed Assets. The assets are valued by independent Chartered Surveyors each year at the balance sheet date, on a rolling basis designed to ensure that all properties are specifically valued at least every five years. The effects of the valuation are reflected in the revaluation reserve or profit and loss account as appropriate.

A review of all properties to identify possible impairment is undertaken at the end of each year, with charges made as necessary. Depreciation is not charged systematically as such a charge would not be material.

The company had previously accounted for these properties as Investment Properties under Statement of Standard Accounting Practice No.19 – Investment Properties.

Leasehold properties which have less than 20 years to run are amortised at rates and bases to reduce the book value to nil at the expiry of the leases.

Fixtures and fittings are depreciated on a straight line basis over 4 years.

The Unique Pub Company PLC

Notes to the Accounts – 30 September 2001

1 Accounting policies (Continued)

(5) Tangible fixed assets and depreciation

Tangible fixed assets are included in the balance sheet at their acquisition cost together with any incidental costs of acquisition. Depreciation is charged so as to write off the costs of fixed assets over their estimated useful lives as follows:

Computer hardware and software	4 years
Personal computers	2 years
Other office equipment and furniture	8 years

(6) Turnover

Turnover includes rental income, income from amusements with prize machines and income from the sale of beer and other products to public houses, net of discounts and VAT.

All turnover arises in the United Kingdom.

(7) Pensions

The company operates both defined benefit and defined contribution pension schemes. The cost of providing defined benefit pensions is charged to income on a systematic basis, with pension surpluses and deficits amortised over the average expected remaining service lives of current employees. The difference between the amounts charged to income and the contributions made to pension plans is included within other creditors or debtors as appropriate. The cost of providing defined contribution pensions is charged to income as the contributions are made.

(8) Operating lease costs

Operating lease costs are charged to the profit and loss account on a straight line basis over the life of the lease.

(9) Profits/(losses) on disposal of properties

Profits/(losses) on disposal of properties are the surplus/(deficit) of net proceeds (gross proceeds less fees) over the net book value at the date of sale.

(10) Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for taxation deferred if there is reasonable evidence that such deferred taxation will be payable or recoverable in the foreseeable future.

The Unique Pub Company PLC

Notes to the Accounts – 30 September 2001

2 Administrative expenses

Administrative expenses include an exceptional operating charge of £4.54 million (year ended 30 September 2000: £9 million) in relation to the Long Term Incentive Plan ("LTIP"), details of which are given in note 14.

3 Operating profit

	Year ended 30 September 2001 £'000	Year ended 30 September 2000 £'000
Operating profit is stated after (crediting)/charging:		
Rental income – land and buildings	(87,241)	(72,966)
Staff costs (see note 4)	8,942	8,245
Auditors' remuneration – audit services	90	80
Auditors' remuneration – other services	128	136
Operating lease rentals – plant and machinery	883	932
Operating lease rentals – other	902	832
Depreciation	2,287	2,347

Auditors' remuneration in respect of the company's audit was £12,000 (year ended 30 September 2000: £10,000).

4 Staff costs

The monthly average number of employees during the year was 208 (year ended 30 September 2000: 214) and their total remuneration was as follows:

	Year ended 30 September 2001 £'000	Year ended 30 September 2000 £'000
Wages and salaries	7,856	7,321
Social security costs	882	788
Pension costs	204	136
	8,942	8,245

Staff costs include directors salaries but exclude amounts payable under long-term incentive plans which are disclosed in note 5 below.

Pension scheme

All employees of the group can participate in a pension plan established by RetailLink Management Limited, a group company, with effect from 1 January 1999 on a defined contribution basis. Members of the defined contribution section of the plan benefit from company contributions and also have the opportunity to make their own contributions. The contributions are invested in separately administered individual accounts.

The Unique Pub Company PLC

Notes to the Accounts – 30 September 2001

4 Staff costs (Continued)

Pension scheme (Continued)

Employees previously in the GrandMet Group Pension Fund were given the opportunity to join the RetailLink Management Limited Pension Plan on 1 April 1999. This group of employees could choose between the defined contribution section and defined benefit section of the plan, which is designed to broadly mirror the benefits offered by the GrandMet Group Pension Fund.

Grand Metropolitan PLC allowed the existing employees of the company to continue participating in the GrandMet Group Pension Fund until 1 April 1999. Employees were allowed to transfer the full value of past benefits earned in the GrandMet Group Pension Fund into the company's new pension plan. More than £7.8 million was received by the defined benefit section as a result of these transfers in 1999.

A valuation of the Defined Benefit section of the pension plan was carried out during 1999 by WM Mercer, independent qualified actuaries, to determine pension costs. The actuarial value of the assets of the plan was sufficient to cover approximately 126% of the benefits that had accrued to members after allowing for expected future increases in salaries. As a result of this surplus, contributions by the company into the defined benefit scheme were suspended in January 2000. Contributions by employees continue at the normal rate. Both company and employee contributions to the defined contribution scheme continue at the normal rate.

For accounting purposes, the attained age method was used and the main assumptions were: rate of return on investments before retirement 7.15% per annum, rate of return on investments after retirement 5.9% per annum, wages and salaries increase 3.7% - 4.2% per annum, price inflation 3.2% per annum. Surpluses or deficits on the pension plan arising from the actuarial valuation are spread over the average future service lives of the members of the defined benefit section on a straight line basis.

The latest formal valuation of the Plan has been used to derive the valuation of liabilities below, by projecting forward the position from April 1999 to 30 September 2001. Scheme assets are stated at their market value at 30 September 2001.

In the Defined Benefit section of the scheme, contributions during the year ended 30 September 2001 were paid as follows:

	Member %Scheme Pay pa	Company % Scheme Pay pa
Core Tier	2.5	-
Premium Tier	4.0	-
Executive Tier	5.0	-
Senior Executive Tier	5.0	-

The company contribution holiday is due to end on 31 March 2002 and company contributions will resume based on an approximate funding update calculated in March 2002. The contribution requirement is derived using the projected unit method and since the Defined Benefit section is closed to new entrants, the current service cost will increase as a percentage of scheme pay as the members approach retirement.

The Unique Pub Company PLC

Notes to the Accounts – 30 September 2001

4 Staff numbers and costs (Continued)

Pension scheme (Continued)

The financial assumptions used to calculate liabilities of the Defined Benefit section of the scheme under FRS17 are:

Valuation method	Projected unit
Discount rate	6.1%
Inflation rate	2.4%
Salary increases	3.4% – 3.9%
Increases to pensions in payment	3.0%

Deferred pensions are revalued to retirement age in line with statutory requirements.

The market value of the assets in the Defined Benefit section of the scheme and the expected rate of return over the following year are:

	Expected rate of return at 30 September 2001	Value at 30 September 2001 £'000
Equities	7.0%	6,807
Bonds	5.0%	905
Other	5.0%	-
Total market value of assets		7,712
Present value of scheme liabilities		(8,000)
(Deficit) in the scheme		(288)
Related deferred tax asset		86
Net pension liability		(202)

Net assets

Net assets excluding pension liability	360,392
Pension liability	(202)
Net assets including pension liability	360,190

Reserves

Profit and loss reserve excluding pension liability	70,710
Pension liability	(202)
Profit and loss reserve including pension liability	70,508

The Defined Contribution section of the scheme had liabilities equal to the market value of assets at 30 September 2001 of £524,637.

The Unique Pub Company PLC

Notes to the Accounts – 30 September 2001

5 Directors' emoluments

Directors' remuneration during the year was as follows:

	Year ended 30 September 2001 £'000	Year ended 30 September 2000 £'000
Aggregate emoluments	432	398
Aggregate amounts receivable under long-term incentive schemes	7,260	-
Defined contribution pension scheme payments	13	13

Retirement benefits are accruing to two (year ended 30 September 2000: two) directors under a money purchase scheme.

Emoluments of the highest paid director:

	Year ended 30 September 2001 £'000	Year ended 30 September 2000 £'000
Total amount of emoluments and amounts receivable under long term incentive schemes	6,348	263
Contributions to money purchase scheme	7	7

6 Net interest payable

	Year ended 30 September 2001 £'000	Year ended 30 September 2000 £'000
On loans repayable in more than five years to third parties	68,156	54,898
On loans repayable in more than five years to parent company	8,196	-
On loans repayable in more than five years to related party	-	4,544
On loans repayable in less than five years to related party	-	1,204
On loans repayable in less than five years to parent company	-	2,612
On loans repayable in less than five years to third parties	1,330	1,657
Amortisation of issue costs (see note 15)	2,986	714
Other interest	1,418	534
	82,086	66,163
Less interest receivable from third parties	(6,061)	(3,007)
Net interest payable	76,025	63,156

The Unique Pub Company PLC

Notes to the Accounts – 30 September 2001

7 Tax on profit on ordinary activities

	Year ended 30 September 2001 £'000	Year ended 30 September 2000 £'000
UK Corporation tax at 30% on the profit on ordinary activities for the year	15,892	12,484
Adjustment in respect of prior years	(2,700)	(3,254)
Charge for the year	13,192	9,230

8 Dividend

	Year ended 30 September 2001 £'000	Year ended 30 September 2000 £'000
A Cumulative Redeemable Preference dividends		
Period 1 October to 31 December	-	-
Period 1 January to 30 June	1	1
Period 1 July to 30 September accrued	-	-
	1	1
B Cumulative Redeemable Preference dividends		
Period 1 October to 31 December	832	832
Period 1 January to 30 June	1,636	1,636
Period 1 July to 30 September accrued	832	832
	3,300	3,300
	3,301	3,301

The Cumulative Redeemable Preference dividends continue to be accrued until the company has sufficient cash resources to pay the dividends.

9 Parent company profit and loss account

The company has taken advantage of Section 230 of the Companies Act 1985 not to publish the holding company's profit and loss account. The profit dealt with in the holding company's accounts was £3,276,000 (year ended 30 September 2000 (loss): £5,625,000.)

The Unique Pub Company PLC

Notes to the Accounts – 30 September 2001

10 Fixed assets – properties

	Freehold £'000	Long leasehold £'000	Short leasehold £'000	Fixtures & fittings £'000	Total £'000
Cost or valuation					
At 30 September 2000	1,055,685	56,449	1,682	4,619	1,118,435
Additions in the year	206,523	8,706	1,088	2,474	218,791
Disposals in the year	(9,026)	(332)	-	(2,741)	(12,099)
Revaluation	81,067	2,536	447	-	84,050
At 30 September 2001	1,334,249	67,359	3,217	4,352	1,409,177
Depreciation					
At 30 September 2000	-	-	234	856	1,090
Disposals	-	-	-	(579)	(579)
Charge in the year	-	-	148	984	1,132
At 30 September 2001	-	-	382	1,261	1,643
Net book value					
At 30 September 2001	1,334,249	67,359	2,835	3,091	1,407,534
At 30 September 2000	1,055,685	56,449	1,448	3,763	1,117,345

Properties include fixtures and fittings which are depreciated over four years with effect from 30 September 1999. The net book value of fixtures and fittings at 30 September 1999 represented the directors' valuation at that date, subsequent additions are included at cost.

The company's freehold and leasehold properties were valued at 30 September 2001 and 30 September 2000 on the basis of open market value for existing use. The valuations were undertaken in accordance with the Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors in the United Kingdom by Christie & Co., a firm of independent Chartered Surveyors.

These valuations have been incorporated into the financial statements and the resulting revaluation adjustments have been taken to the revaluation reserve. The revaluation in the year resulted in a net revaluation surplus of £84,050,000 (year ended 30 September 2000: £86,301,000.)

If the revalued assets were stated on the historical cost basis the book value would have been £1,144,772,000 (2000: £938,794,000).

No provision has been made for any tax on capital gains which may arise on the disposal of the company's properties at their balance sheet amounts. At the balance sheet date the amount of the potential tax liability on capital gains, which would become payable under present legislation in the event of the sale of all properties at the amounts at which they are stated, is estimated at £77,500,000 (2000: £52,400,000). Such a liability is not expected to arise since it is not the present intention of the directors to dispose of all of the properties.

The Unique Pub Company PLC

Notes to the Accounts – 30 September 2001

11 Tangible fixed assets

	Computers, office equipment, fixtures and fittings £'000	Total £'000
Cost:		
At 30 September 2000	5,477	5,477
Additions in the year	875	875
At 30 September 2001	6,352	6,352
Depreciation:		
At 30 September 2000	1,982	1,982
Charge for the year	1,155	1,155
At 30 September 2001	3,137	3,137
Net book value:		
At 30 September 2001	3,215	3,215
At 30 September 2000	3,495	3,495

12 Fixed assets – investments in shares in subsidiaries

	2001 £'000	2000 £'000
At beginning of year	226,525	107,834
Subsidiary undertakings acquired in the period at cost	-	-
Revaluation of investment in subsidiaries	121,433	118,691
At 30 September 2001	347,958	226,525

The company's principal subsidiary undertakings are as follows:

Unique Pub Investments Limited *
The Unique Pub Finance Company PLC
Unique Pub Properties Limited
Unique Acquisitions Limited *
SupplyLine Services Limited *
Thame Pub Management Limited *
RetailLink Management Limited

* companies directly owned by The Unique Pub Company PLC

All of the above subsidiaries are engaged in operation of public houses in England, are wholly owned and are registered in England and Wales. All have been included in the consolidated financial statements.

The Unique Pub Company PLC

Notes to the Accounts – 30 September 2001

13 Debtors

Group

	2001 £'000	2000 £'000
Trade debtors	18,966	18,183
Pension contributions	1,036	636
Other debtors	2,716	3,131
	22,718	21,950

Company

	2001 £'000	2000 £'000
Amounts owed by subsidiaries	98,954	119,752
Corporation tax	1,004	-
	99,958	119,752

Included within amounts owed by subsidiary undertakings is an amount of £78,125,000 due from Unique Pub Properties Limited which is due for repayment on 30 March 2025 and carries interest at 12.5% per annum. The loan is subordinated to the A1, A2, A3 and M loans due from Unique Pub Properties Limited to The Unique Pub Finance Company PLC.

14 Creditors - amounts falling due within one year

Group

	2001 £'000	2000 £'000
Loan interest	1,201	583
Trade creditors	17,701	19,012
A Cumulative Redeemable Preference dividend	3	2
B Cumulative Redeemable Preference dividend	7,448	4,148
A Cumulative Redeemable Preference dividend accrued	-	-
B Cumulative Redeemable Preference dividend accrued	832	832
Corporation tax	8,018	8,400
Other taxes and social security	4,327	2,594
Other creditors	736	1,996
Accruals and deferred income	16,554	16,514
	56,820	54,081

None of the above items are secured.

The Unique Pub Company PLC

Notes to the Accounts – 30 September 2001

14 Creditors - amounts falling due within one year (Continued)

Company

	2001 £'000	2000 £'000
Interest – parent undertaking	775	214
A Cumulative Redeemable Preference dividend	3	2
B Cumulative Redeemable Preference dividend	7,448	4,148
A Cumulative Redeemable Preference dividend accrued	-	-
B Cumulative Redeemable Preference dividend accrued	832	832
Amounts owed to subsidiaries	23,438	36,515
Corporation tax	-	1,956
Accruals and deferred income	4,955	9,000
	37,451	52,667

None of the above items are secured.

Certain directors and employees are members of a Long Term Incentive Plan ("The LTIP"). The terms and membership of The LTIP were established at a board meeting of the company on 22 December 1999. The LTIP is designed to allow certain eligible participants to share in a pool of benefits upon the sale or flotation of the company or to receive a payment at 30 June 2001 (which may be extended under certain circumstances outlined in the plan to June 2003) if such sale or flotation has not taken place by then. The value of the LTIP pool is based on the agreed increase in value of the company during the period 1 July 1998 to 30 June 2001.

Following the agreement of the value of the LTIP pool, during the current financial year, the directors have accrued £4.54 million in addition to £9 million accrued in the previous financial year. Included within accruals and deferred income is the sum of £4.955 million representing outstanding deferred payments due under the terms of the LTIP falling due within one year. Included within creditors falling due after more than one year is the sum of £1.815 million (note 15).

15 Creditors - amounts falling due after more than one year

Group

	2001 £'000	2000 £'000
Bonds	1,145,000	810,000
Revolving bank loan	-	42,059
Discounted loans – principal	47,794	87,089
Accrued finance cost on discounted loans	3,426	310
Accruals and deferred income	1,815	-
	1,198,035	939,458
Unamortised refinancing costs	(33,613)	(17,478)
	1,164,422	921,980

The Unique Pub Company PLC

Notes to the Accounts – 30 September 2001

15 Creditors - amounts falling due after more than one year (Continued)

Bonds

The principal terms of the bonds, of which £810,000,000 were issued on 30 March 1999 and £335,000,000 were issued on 2 March 2001, are as follows:

	Interest rate	Final repayment date	2001 £'000	2000 £'000
A1 Loan	0.75% over 3 month LIBOR	September 2010	335,000	285,000
A2 Loan	1.125% over 3 month LIBOR	September 2013	150,000	150,000
A3 Loan	6.542%	March 2021	435,000	250,000
M Loan	7.395%	March 2024	225,000	125,000
			1,145,000	810,000

The bonds are secured by way of:-

- (a) an assignment by way of first security over all The Unique Pub Finance Company PLC's ("UPF") right, title, interest and benefit, present and future, in, to and under the Intercompany Loan Agreement between UPF and Unique Pub Properties Limited ("UPPL")
- (b) a first fixed charge by way of equitable sub-mortgage over all of UPF's right, title, interest and benefit, present and future, in and to the first charge by way of equitable mortgages created by the Debenture
- (c) an assignment by way of first fixed security over UPF's right, title, interest and benefit, present and future, in and to the Debenture and Bank Account agreement
- (d) an assignment by way of first fixed security over UPF's right, title, interest and benefit, present and future, in, to and under the Liquidity Facility Agreement, the Subscription Agreement, the Cash Management Agreement, the Agency Agreement and the Group Relief Deed
- (e) a first charge over the amounts standing to the credit of UPF's bank accounts
- (f) a first fixed charge over certain investments permitted to be made pursuant to the Cash Management Agreement and
- (g) a first floating charge over all of UPF's property, assets and undertaking not already the subject of fixed security interests.

The Unique Pub Company PLC

Notes to the Accounts – 30 September 2001

15 Creditors - amounts falling due after more than one year (Continued)

A subsidiary undertaking, Unique Pub Properties Limited, has entered into two interest rate swap agreements which are designed to fix the interest rate payable by that company on floating rate loans from The Unique Pub Finance Company PLC to Unique Pub Properties Limited. These inter company loans represent funds raised by The Unique Pub Finance Company PLC, as a result of the issue of bonds set out above, and lent on to Unique Pub Properties Limited. The impact of the swap on the group's liabilities is therefore to fix LIBOR at 5.88% in respect of the £285 million of A1 loans and all of the A2 Loans until September 2013 and to fix LIBOR at 5.66% in respect of £50 million of A1 loans. The agreements are fully amortising swaps and remain in effect provided that the total outstanding borrowings under the A1 and A2 Loans remain within the following limits:-

Year ended	Minimum loan outstanding	Maximum loan outstanding
	£'000	£'000
30 September 1999	435,000	435,000
30 September 2000	150,000	435,000
30 September 2001	150,000	435,000
30 September 2002	150,000	422,200
30 September 2003	150,000	395,200
30 September 2004	150,000	366,300
30 September 2005	150,000	335,500
30 September 2006	150,000	302,600
30 September 2007	150,000	267,400
30 September 2008	150,000	229,900
30 September 2009	150,000	189,800
30 September 2010	150,000	150,000
30 September 2011	104,200	104,200
30 September 2012	55,300	55,300
30 September 2013	-	-

Revolving bank loan

The revolving bank loan represents a £100 million facility entered into by Unique Acquisitions Limited ("UAL") of which £nil was drawn at 30 September 2001 (2000: £42,059,000). The loan is secured by a first fixed equitable charge over UAL's interest in freehold, leasehold and other immovable property and all rights under any agreement giving UAL a right to use or occupy any property belonging to UAL and a first floating charge over the whole of UAL's undertaking and all of its property, assets and revenues present and future. The loan carries interest at 1.00% over LIBOR.

The Unique Pub Company PLC

Notes to the Accounts – 30 September 2001

15 Creditors - amounts falling due after more than one year (Continued)

Discounted loans

	Redemption date	Redemption value £'000	2001 £'000	2000 £'000
Angel Street Holdings PLC – principal	September 2025	620,807	-	32,606
Angel Street Holdings PLC – principal	September 2025	1,037,333	-	54,483
Angel Street Holdings PLC – principal	September 2025	49,404	2,733	-
Angel Street Holdings PLC – principal	September 2025	812,634	45,061	-
			47,794	87,089

Accrued finance cost

	Loan redemption value £'000	2001 £'000	2000 £'000
Angel Street Holdings PLC – accrued finance cost	620,807	-	116
Angel Street Holdings PLC – accrued finance cost	1,037,033	-	194
Angel Street Holdings PLC – accrued finance cost	49,404	204	-
Angel Street Holdings PLC – accrued finance cost	812,634	3,222	-
		3,426	310

Accruals and deferred income

Accruals and deferred income represent the outstanding deferred payments due under the terms of the LTIP which fall due after more than one year.

Unamortised refinancing costs

Issue costs of £38,302,000 (September 2000: £19,181,000) were incurred in respect of the raising of the A1, A2, A3, M and revolving bank loans. These costs are being amortised over the period to which they relate in accordance with FRS4.

The Unique Pub Company PLC

Notes to the Accounts – 30 September 2001

15 Creditors - amounts falling due after more than one year (Continued)

Company	2001 £'000	2000 £'000
Discounted loans – principal	45,061	54,483
Accrued finance cost on discounted loans	3,222	194
Accruals and deferred income	1,815	-
	50,098	54,677

Discounted loans

	Redemption date	Redemption value £'000	2001 £'000	2000 £'000
Angel Street Holdings PLC – principal	September 2025	1,037,333	-	54,483
Angel Street Holdings PLC – principal	September 2025	812,634	45,061	-

The balance of £45,061,000 (September 2000: £54,483,000) due to Angel Street Holdings PLC carries no interest but has a final redemption value of £812,634,000, (September 2000: £1,037,333,000) in September 2025 and is secured by a fixed charge over the shares held in SupplyLine Services Limited and a floating charge over the whole of the undertaking of The Unique Pub Company PLC.

Accruals and deferred income

Accruals and deferred income represent the outstanding deferred payments due under the terms of the LTIP which fall due after more than one year.

16 Financial Instruments

The group purchases or issues financial instruments in order to finance its operations and to manage the interest rate and currency risks that arise from those operations and from its sources of finance. In addition, various financial balances arise directly from the group's operations.

The group finances its operations through a mixture of retained profits, bank borrowings and bonds. The group has also entered into an interest rate swap agreement in order to assist its management of its interest rate risk.

The group does not trade in financial instruments.

As the group has no foreign currency instruments and has no plans to obtain such instruments, the main risks arising from the group's financial instruments are interest rate risk and liquidity risk and the group's policies for managing these risks are summarised below.

The Unique Pub Company PLC

Notes to the Accounts – 30 September 2001

16 Financial Instruments (Continued)

Interest rate risk

The group finances its operations through a mixture of retained profits and long term borrowings. The group borrows at both fixed and floating rates of interest but only in sterling.

While the interest rate characteristics of new borrowings are positioned according to expected movements in interest rates, the group seeks to avoid exposure to unfavourable interest rate movements and the group makes use of interest rate swaps to generate the desired interest profile.

The group's policy is to keep the majority of its borrowings at fixed rates of interest; at 30 September 2001, after the effect of interest rate swaps, 100% (2000: 95%) of the group's interest bearing borrowings were at fixed rates.

Liquidity risk

The group is keen to take opportunities to develop, for which liquidity is required. The group has retained, for the majority of the year, substantial unutilised uncommitted banking facilities as well as significant liquid resources. The group's policy is to maintain sufficient resources to take opportunities as they arise, an assessment of which is made on an ongoing basis.

It is also the group's policy to borrow for the long term. At 30 September 2001 100% (2000: more than 95%) of the group's borrowings were repayable in more than five years with the option to redeem early subject to the maintenance of various covenants.

Short term debtors and creditors

Short term debtors and creditors have been excluded from the following disclosures except those arising from traditional lending and deposit taking activities.

The following table shows the expected maturity profile of financial liabilities:-

	2001 £'000	2000 £'000
Repayable in less than one year	-	-
Repayable in more than one year but less than two years	-	42,059
Repayable in more than two years but less than five years	-	-
Repayable in more than five years	1,196,220	897,399
	<hr/> 1,196,220	<hr/> 939,458

The Unique Pub Company PLC

Notes to the Accounts – 30 September 2001

16 Financial Instruments (Continued)

The following analysis sets out the interest rate risk of the financial liabilities, all of which are sterling liabilities:-

	2001 £'000	2000 £'000
Floating rate	-	42,059
Fixed rate	1,196,220	897,399
	1,196,220	939,458
Fixed rate financial instrument weighted averages		
Interest rate	7.04%	7.35%
Time for which rate is fixed (years)	16.4	16.0

The floating rate loans bear interest at rates linked to LIBOR, as set out in note 15.

The financial effect of the interest rate swaps, amounting to a charge of £774,000 (2000: credit of £645,000), has been included in the interest cost for the period.

The book values and fair values of the financial instruments at 30 September were:-

	Book value 2001 £'000	Fair value 2001 £'000	Book value 2000 £'000	Fair value 2000 £'000
Cash at bank and in hand	(148,167)	(148,167)	(72,255)	(72,255)
A1 Loan	335,000	331,650	285,000	281,580
A2 Loan	150,000	147,750	150,000	149,250
A3 Loan	435,000	438,567	250,000	248,750
M Loan	225,000	225,000	125,000	122,750
Revolving bank loan	-	-	42,059	42,059
Discounted loans	47,794	47,794	87,089	87,089
Discounted loans accrued finance cost	3,426	3,426	310	310
	1,048,053	1,046,020	867,203	859,533

The fair value information for the A1, A2, A3 and M Loans was obtained from Nomura International plc, one of the joint leaders of the issue of the bonds on the Luxembourg Stock Exchange, and is based on market values.

The Unique Pub Company PLC

Notes to the Accounts – 30 September 2001

17 Net debt

	2001 £	2000 £
Bonds	1,145,000	810,000
Discounted loans – principal	47,794	87,089
Revolving bank loan	-	42,059
	1,192,794	939,148
Cash at bank	(148,167)	(72,255)
Net debt	1,044,627	866,893

18 Called up share capital

	2001 £	2000 £
Authorised		
50,000 A Cumulative Redeemable Preference shares of £1	50,000.00	50,000.00
30,000,000 B Cumulative Redeemable Preference shares of £1	30,000,000.00	30,000,000.00
25 A ordinary shares of 1p	0.25	0.25
75 B ordinary shares of 1p	0.75	0.75
	30,050,001.00	30,050,001.00
Allotted and called up		
50,000 A Cumulative Redeemable Preference shares of £1 (part paid)	12,500.00	12,500.00
30,000,000 B Cumulative Redeemable Preference shares of £1 (fully paid)	30,000,000.00	30,000,000.00
1 A ordinary share of 1p	0.01	0.01
3 B ordinary shares of 1p	0.03	0.03
	30,012,500.04	30,012,500.04

The A and B Cumulative Redeemable Preference shares carry a fixed cumulative dividend of 11% per annum payable half yearly. The company may not distribute any profits in respect of any financial year unless and until the Preference dividends for the current year together with any arrears of Preference dividends have been paid. The holders of the Cumulative Redeemable Preference shares are not entitled to any other right of participation in the profits of the company.

The A and B Cumulative Redeemable Preference shares have no fixed redemption dates but the company may at any time redeem fully paid preference shares by giving 14 days notice of redemption. At the time of redemption or any return of assets, holders of preference shares are entitled to the nominal value of fully paid shares together with any arrears and accrued preference dividends relating to the redeemed shares. Neither class of Cumulative Redeemable Preference shares carry any rights to convert to ordinary shares nor have any voting rights.

There are no differences between the rights attaching to the A and B ordinary shares.

The Unique Pub Company PLC

Notes to the Accounts – 30 September 2001

19 Reserves

Group

	Revaluation reserve £'000	Profit and loss account £'000	Total £'000
At 30 September 2000	174,788	34,184	208,972
Revaluation of properties	84,050	-	84,050
Realised revaluation (deficit) on the disposal of properties	832	(832)	-
Profit for the year	-	37,358	37,358
At 30 September 2001	259,670	70,710	330,380

Reconciliation of movement in shareholders' funds

	Year ended 30 September 2001 £'000	Year ended 30 September 2000 £'000
Shareholders' funds at beginning of year	238,984	129,219
Total recognised profit for the year	37,358	23,464
Revaluation of properties	84,050	86,301
Shareholders' funds at end of year	360,392	238,984

Company

	Revaluation reserve £'000	Profit and loss account £'000	Total £'000
At 30 September 2000	217,674	(8,702)	208,972
Revaluation of investment in subsidiaries	121,433	-	121,433
(Loss) for the year	-	(25)	(25)
At 30 September 2001	339,107	(8,727)	330,380

The Unique Pub Company PLC

Notes to the Accounts – 30 September 2001

19 Reserves (Continued)

Reconciliation of movement in shareholders' funds

	Year ended 30 September 2001 £'000	Year ended 30 September 2000 £'000
Shareholders' funds at beginning of year	238,984	129,219
Revaluation of investment in subsidiaries	121,433	118,691
Total recognised (loss) for the year	(25)	(8,926)
Shareholders' funds at end of year	360,392	238,984

20 Related party transactions

Included within turnover and cost of sales are £8.028 million (2000: £20.043 million) and £2.926 million (2000: £5.745 million) respectively in respect of transactions with The Innpreneur Pub Company, a company over which The Nomura group of companies has the ability to exercise a controlling influence.

Included within turnover and cost of sales are £4.806 million (2000: £3.569 million) and £1.800 million (2000: £1.338 million) respectively in respect of transactions with Wizard Inns Limited, a company over which The Nomura group of companies has the ability to exercise a controlling influence.

Included within interest payable is £nil million (2000: £1.204 million) paid to The Grand Pub Company Limited group of companies, a group over which The Nomura Group of companies has the ability to exercise a controlling influence, in respect of interest on balances to that group of companies during the year.

On 2 March 2001 Unique Pub Properties Limited, a subsidiary company, acquired 467 public houses from The Grand Pub Company Group at market value for a total cost of £188.343 million including associated working capital.

The Unique Pub Company PLC

Notes to the Accounts – 30 September 2001

21 Commitments

Capital expenditure committed is as follows:

	2001 £'000	2000 £'000
At 30 September	4,324	4,587

At 30 September 2001, the group had minimum annual commitments under non-cancellable operating leases as follows:

	2001 £'000	2000 £'000
Plant and machinery		
Operating leases which expire in:-		
Less than one year	257	282
More than one year but less than two years	188	309
More than two years but less than five years	113	135
	558	726
Land and buildings		
Operating leases which expire after five years	884	784

22 Ultimate parent company

The company's immediate parent company is Angel Street Holdings PLC, a company registered in England and Wales whose principal place of business is at Carmelite, 50 Victoria Embankment, Blackfriars, London EC17 4DX. Angel Street Capital Limited, a company registered in England and Wales, heads the largest group for which consolidated accounts are drawn up. These consolidated accounts are available at Carmelite, 50 Victoria Embankment, Blackfriars, London EC1Y 4DX.

23 Controlling party

The company's ultimate parent company is Angel Street Capital Limited. The Nomura Group of companies, of which Nomura International plc is the principal UK subsidiary, has the ability to exercise a controlling influence over the company through the Nomura Group's holding of warrants to subscribe for ordinary shares in Angel Street Holdings PLC, the company's immediate parent company.