

**Unique Pubs Limited (formerly The Unique Pub
Company PLC)**
(Registered Number: 3733077)

Annual Report

For the Year Ended 30 September 2002



Unique Pubs Limited (formerly The Unique Pub Company PLC)

Directors' Report for the Year Ended 30 September 2002

The directors present their report together with the audited consolidated financial statements for the year ended 30 September 2002.

Principal activities

On 19 March 2002 the company changed its name from The Unique Pub Company PLC to The Unique Pub Company Limited. On 14 May 2002 the company changed its name from The Unique Pub Company Limited to Unique Pubs Limited. Unique Pubs Limited 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, Unique Acquisitions Limited and Voyager Pub Group 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 23 September 2002 the company acquired Voyager Pub Group Limited from Unique Pubs Holdings Limited for £260 million, the company's immediate parent company, in the form of shares. The ownership of Voyager Pub Group Limited was subsequently transferred to Unique Pub Properties Limited by means of share for share exchanges within the group. On 30 September 2002 888 pubs were sold from Voyager Pub Group Limited to Unique Pub Properties Limited, increasing the Unique Pub Properties Limited estate to 4,074 public houses. In order to finance the acquisition of these public houses, The Unique Pub Finance Company PLC, another subsidiary company, issued a further £855m of securitised bonds, on terms similar to those noted below, £173m of which was used to repay existing securitised bonds and the remainder, together with existing cash resources, was applied in the acquisition of public houses from Voyager Pub Group Limited. In addition during the year Unique Pub Properties Limited acquired 4 public houses for a consideration of £1.3m and sold 65 licensed premises for a consideration of £17.9m. The group has invested £16.5m 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 continued to extend 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.

On 2 March 2001 the group 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 The Unique Pub Finance Company PLC, on similar terms as those noted below, part of which was used to repay existing loans.

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 then 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.

Unique Pubs Limited (formerly The Unique Pub Company PLC)

Directors' Report for the Year Ended 30 September 2002 (Continued)

Review of business activities (Continued)

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 Agreements
- Beer Supply Agreement
- Bank Account Agreement
- MBIA Guarantee (2002 Issue only)

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 20 September 2002.

Results for the year

For the year to 30 September 2002, the group is reporting a profit before tax of £62,292,000 (year ended 30 September 2001: £53,187,000, as restated).

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 companies SupplyLine Services Limited and Voyager Pub Group Limited.

Dividend

Ordinary dividends

On 30 September 2002 the company paid an ordinary dividend of £57,536,000.

Preference dividends

Preference dividends payable for the year 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.

Unique Pubs Limited (formerly The Unique Pub Company PLC)

Directors' Report for the Year Ended 30 September 2002 (Continued)

Directors

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

F Duncan *	(resigned 20 March 2002)
G Hands *	(resigned 20 March 2002)
K Honeywood	(appointed 20 March 2002)
R Punja *	(resigned 20 March 2002)
G Thorley	(resigned 29 November 2001)
G Turner	
J Williamson *	(resigned 20 March 2002)
A Winning	(appointed 19 June 2002)

* non executive directors

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

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 £3,850 (year ended 30 September 2001: £2,993). No political donations were made during either the current or prior year.

Unique Pubs Limited (formerly The Unique Pub Company PLC)

Directors' Report for the Year Ended 30 September 2002 (Continued)

Creditor payment policy

The group'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 2002.

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.

Auditors

Arthur Andersen were appointed auditors to the company on 14 May 2002 and resigned on 17 July 2002. The directors appointed PricewaterhouseCoopers to fill the casual vacancy.

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 8 January 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors. The company has passed an elective resolution under section 386 of the Companies Act 1985, to allow PricewaterhouseCoopers, to continue in office.

By Order of the Board



G. TURNER
Director

7 February 2003

Unique Pubs Limited (formerly 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.

The directors are also responsible for the maintenance and integrity of the Group's websites, over which uncertainty regarding legal requirements is compounded as information published on the internet is accessible in many countries with different legal requirements relating to the preparation and dissemination of financial statements.

Independent Auditors' Report to the Members of Unique Pubs Limited (formerly The Unique Pub Company PLC)

We have audited the financial statements which comprise the profit and loss account, the balance sheets, the cash flow statement, the statement of total recognised gains and losses, the note of historical cost profits and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. This opinion has been prepared for, and only for, the company's members 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 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. The other information comprises only the Directors' Report.

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.

Independent Auditors' Report to the Members of Unique Pubs Limited (formerly The Unique Pub Company PLC)

(Continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the group and company at 30 September 2002 and of the results of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

7 February 2003

Unique Pubs Limited (formerly The Unique Pub Company PLC)

Consolidated Profit and Loss Account for the Year Ended 30 September 2002

		Year ended 30 September 2002 £'000	Year ended 30 September 2001 £'000 As restated
	<i>Note</i>		
Turnover	1	305,594	280,227
Cost of sales		(124,789)	(118,703)
Gross profit		180,805	161,524
Distribution costs		(7,615)	(7,089)
Administrative expenses	2	(29,800)	(29,855)
Operating profit	3	143,390	124,580
Profit on disposal of properties		4,179	4,402
Profit before interest and taxation		147,569	128,982
Interest receivable	6	7,282	6,061
Interest payable and similar charges	6	(92,587)	(82,086)
Other financial income		28	230
Profit on ordinary activities before taxation		62,292	53,187
Taxation	7	(19,313)	(12,986)
Profit on ordinary activities after taxation		42,979	40,201
Ordinary dividend	8	(57,536)	-
Preference dividend	8	(3,301)	(3,301)
Retained (loss)/profit for the financial year		(17,858)	36,900

All of the operations of the group are continuing.

The notes on pages 13 to 40 form part of these financial statements.

Unique Pubs Limited (formerly The Unique Pub Company PLC)

Consolidated Statement of Total Recognised Gains and Losses for the Year Ended 30 September 2002

		Year ended 30 September 2002 £'000	Year ended 30 September 2001 £'000 As restated
	Note		
(Loss)/ profit for the period		(17,858)	36,900
Revaluation of properties	11	60,465	84,050
Actuarial (loss) recognised in the pension scheme	4	(2,154)	(3,330)
Movement on tax relating to pension asset		647	999
Other gains relating to the year		1,011	
Total recognised gains and losses for the year		42,111	118,619
Prior year adjustment – implementation of FRS 17		(1,215)	
Prior year adjustment – implementation of FRS 19		(1,282)	
Total losses recognised since last annual report		39,614	

Consolidated Note of Historical Cost Profits for the Year Ended 30 September 2002

	Year ended 30 September 2002 £'000	Year ended 30 September 2001 £'000 As restated
Reported profit before tax	62,292	53,187
Realisation of property revaluation (deficit)/surplus	(2,782)	(832)
Historical cost profit before taxation	59,510	52,355
Historical cost profit/(loss) after taxation and dividends	(20,640)	36,068

The notes on pages 13 to 40 form part of these financial statements.

Unique Pubs Limited (formerly The Unique Pub Company PLC)

Consolidated Balance Sheet as at 30 September 2002

	Note	2002 £'000	2001 £'000 As adjusted
Intangible fixed assets			
Goodwill	10	18,917	-
Properties	11	2,187,588	1,407,534
Other	12	3,144	3,215
Tangible fixed assets		2,190,732	1,410,749
Total fixed assets		2,209,649	1,410,749
Current assets			
Debtors	14	293,885	21,914
Cash at bank		149,763	148,167
		443,648	170,081
Creditors: amounts falling due within one year	15	(178,568)	(58,311)
Net current assets		265,080	111,770
Total assets less current liabilities		2,474,729	1,522,519
Creditors: amounts falling due after more than one year	16	(1,812,909)	(1,164,422)
Net assets before pension liability		661,820	358,097
Pension liability		(1,805)	(202)
Net assets		660,015	357,895
Capital and reserves			
Called up share capital	20	30,013	30,012
Share premium account	21	260,008	-
Revaluation reserve	21	322,917	259,670
Profit and loss account	21	47,077	68,213
Shareholders' funds		660,015	357,895
Equity		630,013	327,883
Non-equity – A Cumulative Redeemable Preference shares	12	12	12
Non equity – B Cumulative Redeemable Preference shares		30,000	30,000
		660,015	359,895

Approved by the Board on 7 February 2003

A. W. W. W.
Director

The notes on pages 13 to 40 form part of these financial statements.

Unique Pubs Limited (formerly The Unique Pub Company PLC)

Company Balance Sheet as at 30 September 2002

	Note	2002 £'000	2001 £'000
Fixed assets			
Investment in shares in subsidiaries	13	635,567	347,958
Current assets			
Debtors (of which £78,125,000 (2001: £78,125,000) falls due after more than one year)	14	110,857	99,958
Cash at bank and in hand		15	25
		110,872	99,983
Creditors – amounts falling due within one year	15	(86,424)	(37,451)
Net current assets		24,448	62,532
Total assets less current liabilities		660,015	410,490
Creditors – amounts falling due after one year	16	-	(50,098)
Net assets		660,015	360,392
Capital and reserves			
Called up share capital	20	30,013	30,012
Share premium account	21	260,008	-
Revaluation reserve	21	366,708	339,107
Profit and loss account	21	3,286	(8,727)
Shareholders' funds		660,015	360,392
Equity		630,003	330,380
Non equity – A Cumulative Redeemable Preference shares		12	12
Non-equity – B Cumulative Redeemable Preference shares		30,000	30,000
		660,015	360,392

Approved by the Board on 7 FEBRUARY 2003

A. Wimping

A. Wimping
Director

The notes on pages 13 to 40 form part of these financial statements.

Unique Pubs Limited (formerly The Unique Pub Company PLC)

Consolidated Cash Flow Statement for the Year Ended 30 September 2002

	Note	2002 £'000	2002 £'000	2001 £'000	2001 £'000
Net cash (outflow)/inflow from operating activities (see below)			(22,643)		128,008
Returns on investments and servicing of finance					
Swap break cost received		57,536		-	
Interest received		7,282		6,061	
Interest paid		(89,640)		(75,366)	
Dividends paid		(57,536)		-	
Refinancing costs		(15,000)		(19,121)	
			(97,358)		(88,426)
Taxation			(9,456)		(13,573)
Capital expenditure and financial investment					
Capital expenditure and acquisitions					
– properties		(729,152)		(216,317)	
– fixtures and fittings		(6,405)		(2,474)	
Proceeds from sale of properties		19,171		15,923	
Purchase of goodwill		(18,917)		-	
Purchase of other fixed assets		(1,327)		(875)	
			(736,630)		(203,743)
Financing					
Issue of shares		260,009		-	
New borrowings		855,000		337,733	
Repayment of borrowings		(247,326)		(84,087)	
			867,683		253,646
Increase in cash			1,596		75,912
Reconciliation of operating profit to net cash (outflow)/inflow from operating activities					
Operating profit			143,390		125,474
Depreciation			2,374		2,287
(Increase) in debtors			(246,647)		(768)
Increase in creditors			78,240		1,015
			(22,643)		128,008
Reconciliation in movement in net cash to movement in net debt					
Increase in cash			1,596		75,912
Increase in borrowings			(607,674)		(253,646)
Movement			(606,078)		(177,734)
Net debt at beginning of period			(1,044,627)		(866,893)
Net debt at end of the period	19		(1,650,705)		(1,044,627)

Unique Pubs Limited (formerly The Unique Pub Company PLC)

Notes to the Accounts – 30 September 2002

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 2002.

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) Change in accounting policy: Pensions

The company has adopted FRS 17 – Post retirement benefits in these financial statements, making the change by a prior year adjustment.

The company operates both defined benefit and defined contribution pension schemes.

The cost of providing defined contribution pensions is charged to income as the contributions are made.

Defined benefit schemes are valued every three years using the projected unit method by qualified independent actuaries. The cost of providing defined benefit pensions is charged to administrative expenses to reflect the current and past service cost, with the return on the pension scheme investments shown as other financial income/ expenses. Actuarial gains and losses are shown in the statement of total recognised gains and losses.

Previously the company charged the cost of providing defined benefit pensions systematically over the estimated service lives of the members of the scheme employed by the company.

(3) Change in accounting policy: 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.

FRS 19 "Deferred Taxation" was issued on 7 December 2000 and is mandatory for years ending on or after 23 January 2002. The company has adopted FRS 19 in the current financial statements, a change of accounting policy. A prior year adjustment has been made, with the effect of decreasing net assets at 30 September 2001 by £1,282,000 and increasing profit after tax in the year ended 30 September 2001 by £120,000.

Unique Pubs Limited (formerly The Unique Pub Company PLC)

Notes to the Accounts – 30 September 2002

1 Accounting policies (Continued)

(3) Change in accounting policy: Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or a right to pay less, tax in the future have occurred at the balance sheet date, with the following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only when the replacement assets are sold;
- Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

(4) Goodwill

When the fair value of the consideration for an acquired undertaking exceeds the fair value of its separable net assets the difference is treated as purchased goodwill and is capitalised and amortised through the profit and loss account over its estimated economic life.

Where the fair value of the separable net assets exceeds the fair value of the consideration for an acquired undertaking the difference is treated as negative goodwill and is capitalised and amortised through the profit and loss account in the period in which the non-monetary assets acquired are recovered. In the case of fixed assets this is the period over which they are depreciated, and in the case of current assets, the period over which they are sold or otherwise realised.

(5) Finance lease costs

Assets held under finance leases are capitalised where material and included in tangible fixed assets at fair value at the inception of the lease. Each asset is depreciated over the shorter of its lease term and its estimated useful life. The obligations related to finance leases, net of finance charges in respect of future periods are included, as appropriate, under creditors due within one year or creditors due after more than one year. The interest element of the rental obligation is allocated to accounting periods during the lease term so as to produce a constant periodic rate of charge on the balance outstanding.

Unique Pubs Limited (formerly The Unique Pub Company PLC)

Notes to the Accounts – 30 September 2002

1 Accounting policies (Continued)

(6) 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 22 to the financial statements.

(7) 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.

(8) Properties and related fixed assets

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.

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.

(9) 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

(10) 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.

Unique Pubs Limited (formerly The Unique Pub Company PLC)

Notes to the Accounts – 30 September 2002

1 Accounting policies (Continued)

(11) 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.

(12) 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.

2 Administrative expenses

Administrative expenses include an exceptional operating charge of £3.0 million (year ended 30 September 2001: £4.54 million) in relation to the Long Term Incentive Plans ("LTIPs"), details of which are given in note 15.

3 Operating profit

	Year ended 30 September 2002 £'000	Year ended 30 September 2001 £'000
Operating profit is stated after (crediting)/charging:		
Rental income – land and buildings	(96,324)	(87,241)
Staff costs (see note 4)	10,826	8,942
Auditors' remuneration – audit services	95	90
Auditors' remuneration – other services	25	128
Operating lease rentals – plant and machinery	991	883
Operating lease rentals – other	1,107	902
Depreciation	2,457	2,287

Auditors' remuneration in respect of the company's audit was £15,000 (year ended 30 September 2001: £12,000).

In addition the auditors provided services in relation to the securitisation for which they were paid £385,000. This amount is being amortised within refinancing costs in accordance with FRS4 (see note 16).

Unique Pubs Limited (formerly The Unique Pub Company PLC)

Notes to the Accounts – 30 September 2002

4 Staff costs

The monthly average number of employees during the year was 237 (year ended 30 September 2001: 208) and their total remuneration was as follows:

	Year ended 30 September 2002 £'000	Year ended 30 September 2001 £'000
Wages and salaries	9,077	7,856
Social security costs	1,052	882
Pension costs	697	204
	<hr/> 10,826	<hr/> 8,942

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

Pension scheme

The company established the RetailLink Management Limited Pension Plan for employees on 1 January 1999. The plan has defined contribution and defined benefit sections.

All employees of RetailLink Management Limited can participate in this plan 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.

Employees previously in the GrandMet Group Pension Fund were given the opportunity to join the plan on 1 April 1999. This group of employees could choose between the defined contribution section and defined benefit section of the plan. Both the company and employees contribute to the defined benefit section, 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 defined benefit section of the then-new RetailLink Management Limited Pension Plan. More than £7.8 million was received by the defined benefit section as a result of these transfers.

Unique Pubs Limited (formerly The Unique Pub Company PLC)

Notes to the Accounts – 30 September 2002

4 Staff costs (Continued)

The most recent actuarial valuation of the defined benefit section of the RetailLink Management Limited Pension Plan was at 5 April 2002, and updated to 30 September 2002. The valuation used the projected unit method and was carried out by William J Mercer, professionally qualified actuaries. The principal assumptions made by the actuaries were (in nominal terms):

	2002	2001	2000
	%	%	%
Rate of increase in salaries	3.30%	3.40%	3.70%
Rate of increase of pensions in payment	3.00%	3.00%	3.00%
Discount rate	5.50%	6.10%	6.50%
Inflation assumption	2.30%	2.40%	2.70%

The assets in the scheme and the expected rate of return were:

	Rate expected at year-end 30/09/2002	Value at year-end 30/09/2002	Rate expected at year-end 30/09/2001	Value at year-end 30/09/2001	Rate expected at year-end 30/09/2000	Value at year-end 30/09/2000
		£ 000s		£ 000s		£ 000s
Equities	6.50%	6,004	7.00%	6,807	7.00%	8,840
Bonds	4.50%	818	5.00%	905	5.00%	989
Other	4.50%	-	5.00%	-	5.00%	-
Total market value of assets		6,822		7,712		9,829
Actuarial value of liability		(9,400)		(8,000)		(6,500)
Recoverable surplus/(deficit) in the schemes		(2,578)		(288)		3,329
Related deferred tax asset/(liability)		773		86		(999)
Net pension asset/(liability)		(1,805)		(202)		2,330

Analysis of the amount charged to operating profit

	Year ended 30 September 2002 £'000	Year ended 30 September 2001 £'000
Current service cost	477	517
Past service cost	-	-
Total operating charge	477	517

Unique Pubs Limited (formerly The Unique Pub Company PLC)

Notes to the Accounts – 30 September 2002

4 Staff costs (Continued)

Pension Scheme (Continued)

Analysis of net return on pension scheme

	Year ended 30 September 2002 £'000	Year ended 30 September 2001 £'000
Expected return on pension scheme assets	537	673
Interest on pension liabilities	(509)	(443)
Net return	28	230

Pension Scheme (Continued)

Analysis of amount recognised in statement of total recognised gains and losses

	Year ended 30 September 2002 £'000	Year ended 30 September 2001 £'000
Actual return less expected return on assets	(1,868)	(2,918)
Experience gains and losses on liabilities	(152)	-
Changes in assumptions	(134)	(412)
Actuarial (loss) recognised in STRGL	(2,154)	(3,330)

Movement in deficit during the year

	Year ended 30 September 2002 £'000	Year ended 30 September 2001 £'000
(Deficit)/ surplus in scheme at beginning of year	(288)	3,329
Movement in year:		
(Current service cost)	(477)	(517)
Contributions	313	-
Net return on assets	28	230
Actuarial (loss)	(2,154)	(3,330)
Deficit in scheme at end of year	(2,578)	(288)

Unique Pubs Limited (formerly The Unique Pub Company PLC)

Notes to the Accounts – 30 September 2002

4 Staff costs (Continued)

History of experience gains and losses

	2002	2001
Difference between expected and actual return on scheme assets:		
amount (£ 000s)	(1,868)	(2,918)
percentage of scheme assets	-27%	-38%
Experience gains and losses on scheme liabilities:		
amount (£ 000s)	(152)	(0)
percentage of scheme liabilities	-1%	0%
Total amount recognised in statement of total recognised gains and losses:		
amount (£ 000s)	(2,154)	(3,330)
percentage of scheme liabilities	-23%	-42%

The actuarial valuation at 30 September 2002 showed an increase in the deficit from £0.3m to £2.6m.

5 Directors' emoluments

Directors' remuneration during the year was as follows:

	Year ended 30 September 2002 £'000	Year ended 30 September 2001 £'000
Aggregate emoluments	367	432
Aggregate amounts receivable under long-term incentive schemes	1,375	7,260
Defined contribution pension scheme payments	31	13

Retirement benefits are accruing to two (year ended 30 September 2001: two) directors under a money purchase scheme.

Emoluments of the highest paid director:

	Year ended 30 September 2002 £'000	Year ended 30 September 2001 £'000
Total amount of emoluments and amounts receivable under long term incentive schemes	1,218	6,348
Contributions to money purchase scheme	7	7

Unique Pubs Limited (formerly The Unique Pub Company PLC)

Notes to the Accounts – 30 September 2002

6 Net interest payable

	Year ended 30 September 2002 £'000	Year ended 30 September 2001 £'000
On loans repayable in more than five years to third parties	78,673	68,156
On loans repayable in more than five years to parent company	5,370	8,196
On loans repayable in less than five years to third parties	-	1,330
Amortisation of issue costs (see note 15)	7,574	2,986
Finance lease interest	35	4
Other interest	935	1,414
	92,587	82,086
Less interest receivable from third parties	(7,282)	(6,061)
Net interest payable	85,305	76,025

7 Tax on profit on ordinary activities

	Year ended 30 September 2002 £'000	Year ended 30 September 2001 £'000 As restated
UK Corporation tax at 30% on the profit on ordinary activities for the year	47,801	15,892
Adjustment in respect of prior years/tax computations	-	(2,700)
Current tax	47,801	13,192
Current year deferred tax (credit)	(28,488)	(120)
Tax on profit on ordinary activities	19,313	13,072

The 2001 tax charge has been restated to reflect a prior year adjustment for the implementation of FRS 19 – Deferred tax. The current tax charge on profit on ordinary activities varied from the expected tax charge for the year due to the factors detailed in the table below.

Unique Pubs Limited (formerly The Unique Pub Company PLC)

Notes to the Accounts – 30 September 2002

7 Tax on profit on ordinary activities (continued)

	Year ended 30 September 2002 £'000	Year ended 30 September 2001 £'000
Expected tax charge	18,688	15,976
Expenses not deductible for tax purposes	246	633
Difference on capital gains	309	(250)
Capital allowances and depreciation	334	(646)
Timing difference on losses carried forward	27,884	-
Other	340	(2,521)
	47,801	13,192

8 Dividend

	Year ended 30 September 2002 £'000	Year ended 30 September 2001 £'000
Ordinary dividend		
Ordinary dividend paid 30 September 2002	57,536	-

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.

Unique Pubs Limited (formerly The Unique Pub Company PLC)

Notes to the Accounts – 30 September 2002

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 before dealt with in the holding company's accounts was £72,853,000 (year ended 30 September 2001: £3,276,000.)

10 Goodwill

	Year ended 30 September 2002 £'000
Cost	
At 30 September 2001	-
Additions in year	18,917
At 30 September 2002	18,917

The goodwill arising during the year follows the acquisition of Voyager Pub Group Limited by Unique Pub Properties Limited, a subsidiary company, and represents the excess of the consideration paid of £260 million over the fair value of the net assets acquired.

An analysis of the assets and liabilities of Voyager Pub Group Limited is as follows:

	Book value of Voyager Pub Group Limited £'m	Fair value adjustments £'m	Fair value of assets and liabilities acquired £'m
Tangible fixed assets	719.8	(4.4)	715.4
Investments	17.2	(17.2)	-
Cash	5.7	-	5.7
Other working capital	(465.3)	(0.5)	(465.8)
Creditors falling due after one year	(14.2)	-	(14.2)
Net assets	263.2	(22.1)	241.1
Consideration Shares issued			260.0
Goodwill arising			18.9

Unique Pubs Limited (formerly The Unique Pub Company PLC)

Notes to the Accounts – 30 September 2002

11 Fixed assets – properties

	Freehold £'000	Long leasehold £'000	Short leasehold £'000	Fixtures & fittings £'000	Total £'000
Cost or valuation					
At 30 September 2001	1,334,249	67,359	3,217	4,352	1,409,177
Additions in the year	657,237	64,944	6,971	6,405	735,557
Disposals in the year	(12,284)	(1,023)	-	(2,552)	(15,859)
Revaluation	53,759	6,816	(110)	-	60,465
At 30 September 2002	2,032,961	138,096	10,078	8,205	2,189,340
Depreciation					
At 30 September 2001	-	-	382	1,261	1,643
Disposals	-	-	-	(867)	(867)
Charge in the year	-	-	168	808	976
At 30 September 2002	-	-	550	1,202	1,752
Net book value					
At 30 September 2002	2,032,961	138,096	9,528	7,003	2,187,588
At 30 September 2001	1,334,249	67,359	2,835	3,091	1,407,534

Unique Pub Properties Limited's freehold and leasehold properties were valued at 30 September 2002 and 30 September 2001 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.

Voyager Pub Group Limited's freehold and leasehold properties were valued by the directors, after taking advice from independent professional valuers in the year, on the basis of open market value for existing use or open market value for alternative use.

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 £60,465,000 (year ended 30 September 2001: £84,050,000.)

If the revalued assets were stated on the historical cost basis the book value would have been £1,857,668,000 (2001: £1,144,772,000).

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 £153,000,000 (2001: £77,500,000). 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.

Unique Pubs Limited (formerly The Unique Pub Company PLC)

Notes to the Accounts – 30 September 2002

12 Tangible fixed assets

	Computers, office equipment, fixtures and fittings £'000	Total £'000
Cost:		
At 30 September 2001	6,352	6,352
Additions in the year	1,327	1,327
At 30 September 2002	7,679	7,679
Depreciation:		
At 30 September 2001	3,137	3,137
Charge for the year	1,398	1,398
At 30 September 2002	4,535	4,535
Net book value:		
At 30 September 2002	3,144	3,144
At 30 September 2001	3,215	3,215

Included in the above are assets which are the subject of finance leases with a net book value of £474,000.

13 Fixed assets – investments in shares in subsidiaries

	2002 £'000	2001 £'000
At beginning of year	347,958	226,525
Additional shares in subsidiary undertaking acquired in the year at cost	260,008	-
Revaluation of investment in subsidiaries	27,601	121,433
At 30 September 2002	635,567	347,958

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
 Voyager Pub Group Limited

* companies directly owned by Unique Pubs Limited

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.

Unique Pubs Limited (formerly The Unique Pub Company PLC)

Notes to the Accounts – 30 September 2002

14 Debtors

Group

	2002 £'000	2001 £'000 As restated
Trade debtors	33,948	18,966
Amounts owed by parent companies	75,393	-
Amounts owed by fellow subsidiaries	144,528	-
Deferred taxation (see note 17)	25,556	232
Other debtors	14,460	2,718
	293,885	21,914

Company

	2002 £'000	2001 £'000
Amounts owed by subsidiaries	108,380	98,954
Corporation tax	2,477	1,004
	110,857	99,958

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, A2R, A3, A4, M and N loans due from Unique Pub Properties Limited to The Unique Pub Finance Company PLC.

Unique Pubs Limited (formerly The Unique Pub Company PLC)

Notes to the Accounts – 30 September 2002

15 Creditors - amounts falling due within one year

Group

	2002 £'000	2001 £'000 As restated
Loan interest	-	1,201
Trade creditors	27,729	17,701
Amounts owed to parent companies	51,915	-
Amounts owed to fellow subsidiaries	177	-
A Cumulative Redeemable Preference dividend	5	3
B Cumulative Redeemable Preference dividend	10,748	7,448
A Cumulative Redeemable Preference dividend accrued	-	-
B Cumulative Redeemable Preference dividend accrued	832	832
Corporation tax	44,713	8,018
Deferred tax (see note 17)	-	1,514
Other taxes and social security	5,202	4,327
Other creditors	3,826	713
Deferred income - swap break cost	4,056	-
Accruals and deferred income	29,365	16,554
	178,568	58,311

None of the above items are secured.

Company

	2002 £'000	2001 £'000
Interest – parent undertaking	-	775
A Cumulative Redeemable Preference dividend	5	3
B Cumulative Redeemable Preference dividend	10,748	7,448
A Cumulative Redeemable Preference dividend accrued	-	-
B Cumulative Redeemable Preference dividend accrued	832	832
Amount owed to parent company	40,136	-
Amounts owed to subsidiaries	32,888	23,438
Corporation tax	-	-
Accruals and deferred income	1,815	4,955
	86,424	37,451

None of the above items are secured.

Unique Pubs Limited (formerly The Unique Pub Company PLC)

Notes to the Accounts – 30 September 2002

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

Certain directors and employees are members of a Long Term Incentive Plan ("LTIP1"). The terms and membership of LTIP1 were established at a board meeting of the company on 22 December 1999. LTIP1 was 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 could be extended under certain circumstances outlined in the plan to June 2003) if such sale or flotation had not taken place by then. The value of the LTIP1 pool is based on the agreed increase in value of the company during the period 1 July 1998 to 30 June 2001, agreed during the previous financial year.

The directors had accrued £13.54 million during the years ended 30 September 2000 and 2001. Included within accruals and deferred income is the sum of £1.815 million representing outstanding deferred payments due under the terms of LTIP1 all of which falls due within one year.

Certain directors and employees were also participants in a Long Term Incentive Plan ("LTIP2") established at a Board Meeting on 16 March 2002. The directors have paid £3.0 million in relation to LTIP2 during the current financial year and these costs are included within administrative expenses.

Also included within the group's accruals and deferred income is an amount of £2.8 million representing amounts outstanding under a Voyager Pub Group Limited Long Term Incentive Plan which was acquired as a component of the Voyager Pub Group Limited acquisition.

16 Creditors - amounts falling due after more than one year

Group

	2002 £'000	2001 £'000
Bonds	1,800,468	1,145,000
Discounted loans – principal	-	47,794
Accrued finance cost on discounted loans	-	3,426
Deferred income – swap break cost	53,480	-
Accruals and deferred income	-	1,815
	1,853,948	1,198,035
Unamortised refinancing costs	(41,039)	(33,613)
	1,812,909	1,164,422

Unique Pubs Limited (formerly The Unique Pub Company PLC)

Notes to the Accounts – 30 September 2002

16 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, £335,000,000 were issued on 2 March 2001 and £855,000,000 were issued on 20 September 2002, are as follows:

	Interest rate	Final repayment date	2002 £'000	2001 £'000
A1 Loan	0.75% over 3 month LIBOR	September 2010	285,468	335,000
A2 Loan	1.125% over 3 month LIBOR	September 2013	-	150,000
A2R Loan	0.48% over 3 month LIBOR	September 2013	300,000	-
A3 Loan	6.542%	March 2021	435,000	435,000
A4 Loan	5.659%	June 2027	365,000	-
M Loan	7.395%	March 2024	225,000	225,000
N Loan	6.464%	March 2032	190,000	-
			1,800,468	1,145,000

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.
- (h) a first fixed charge over the company's intellectual property rights.
- (i) a first ranking floating charge over all of the company's assets and undertaking not the subject of fixed security interests.

Unique Pubs Limited (formerly The Unique Pub Company PLC)

Notes to the Accounts – 30 September 2002

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

- (j) the A2R notes are unconditionally and irrevocably guaranteed in relation as to Scheduled Interest and Scheduled Principal from 30 September 2002 by MBIA Assurance.

Discounted loans

	Redemption date	Redemption value £'000	2002 £'000	2001 £'000
Unique Pubs Holdings Limited – principal	September 2025	49,404	-	2,733
Unique Pubs Holdings Limited – principal	September 2025	812,634	-	45,061
			-	47,794

All of the group's discounted loans were repaid on 20 March 2002.

Accrued finance cost

	Loan redemption value £'000	2002 £'000	2001 £'000
Unique Pubs Holdings Limited – accrued finance cost	49,404	-	204
Unique Pubs Holdings Limited – accrued finance cost	812,634	-	3,222
		-	3,426

All of the group's discounted loans together with accrued finance cost were repaid on 20 March 2002.

Accruals and deferred income

Accruals and deferred income represent the receipt by Unique Pub Properties Limited of £57,536,000 in respect of a swap entered into by that company. Unique Pub Properties Limited entered into three swap agreements at rates above market rates following the early cancellation of a swap agreement entered into by The Unique Pub Funding Company Limited, a parent company. The deferred income will be released to profits over the period of the swap agreements to reduce the increased future annual interest costs arising as a result of entering into the three swap agreements.

Unamortised refinancing costs

Issue costs of £53,302,000 (September 2001: £38,302,000) have been incurred in respect of the raising of the A1, A2R, A3, A4, M and N loans as a result of the original securitisation in March 1999 and subsequent issues in March 2001 and September 2002. These costs are being amortised over the period to which they relate in accordance with FRS4.

Unique Pubs Limited (formerly The Unique Pub Company PLC)

Notes to the Accounts – 30 September 2002

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

Company

	2002 £'000	2001 £'000
Discounted loans – principal	-	45,061
Accrued finance cost on discounted loans	-	3,222
Accruals and deferred income	-	1,815
	-	50,098

Discounted loans

	Redemption date	Redemption value £'000	2002 £'000	2001 £'000
Unique Pubs Holdings Limited – principal	September 2025	812,634	-	45,061

All of the company's discounted loans and accrued finance costs relating to those loans were repaid on 20 March 2002.

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.

17 Deferred tax

	2002 £'000	2001 £'000 As restated
At beginning of year as previously stated	-	-
Prior year adjustment – FRS 19 implementation	1,282	1,402
At beginning of year as restated	1,282	1,402
Acquired from fellow subsidiary	1,650	-
Current year (credit)	(28,488)	(120)
At end of year	(25,556)	1,282
Year end analysis		
Accelerated capital allowances	2,740	1,282
Other timing differences	(411)	-
Unrelieved losses	(27,885)	-
	(25,556)	1,282

Unique Pubs Limited (formerly The Unique Pub Company PLC)

Notes to the Accounts – 30 September 2002

18 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 interest rate swap agreements 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.

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 2002, after the effect of interest rate swaps, 100% (2001: 100%) of the group's interest bearing borrowings were at fixed rates.

Liquidity risk

The group is keen to take opportunities to expand, for which liquidity is required. 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 2002 100% (2001: 100 %) 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.

Unique Pubs Limited (formerly The Unique Pub Company PLC)

Notes to the Accounts – 30 September 2002

18 Financial Instruments (Continued)

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

	2002 £'000	2001 £'000
Repayable in less than one year	-	-
Repayable in more than one year but less than two years	-	-
Repayable in more than two years but less than five years	-	-
Repayable in more than five years	1,800,468	1,196,220
	1,800,468	1,196,220

Interest rate swaps

On 20 March 2002 Unique Pubs Holdings Limited was acquired by The Unique Pub Funding Company Limited (UPFCL). Bridging loan finance was put in place in UPFCL to enable the acquisition to take place together with £600m of interest rate swaps to cap its future interest cost.

On 20 September 2002, Unique Pub Properties Limited and The Unique Pub Finance Company PLC raised £855m of new debt in a Tap Issue designed to redeem debt and acquire a portfolio of 888 pubs from Voyager Pub Group Limited. The Tap Issue impacted on the amount of floating rate note debt in place in UPP that required hedging.

Prior to the 2002 Tap Issue, UPP had two swaps in place, one being a flexi swap and the other a fixed swap. With these existing swaps and the swaps in UPFCL the group overall was over-hedged. As a consequence the following restructuring was effected:

- i) UPP's existing flexi swap was reduced in size and replaced by a fixed swap starting at £150m. The other existing swap was left unchanged.
- ii) The swaps in UPFCL, to the value of £600m, were reduced in size to match the requirements of the group's floating rate note exposure. These swaps were then cancelled by UPFCL and entered into, under the same terms, by UPP. UPFCL crystallised a charge payable to the counterparty banks whilst UPP was compensated by the counterparty banks to the value of £57.5m for entering into 'marked to market' swaps. This compensation is being treated as deferred income in the individual accounts of UPP to match against future interest swap costs. In the entity accounts of UPFCL the £57.5m charge has been expensed in the profit and loss account.

The swap coverage at 30 September 2002 is as follows:

	£m	Interest rate
Existing swap 1	150	5.885%
Existing swap 2	48	5.66%
New swap 1	130	7.8725%
New swap 2	137	7.8725%
New swap 3	121	7.934%
	586	7.594%

Unique Pubs Limited (formerly The Unique Pub Company PLC)

Notes to the Accounts – 30 September 2002

18 Financial Instruments (Continued)

Interest rate swaps (Continued)

The expiry profile of the swaps is as follows:-

	Outstanding balance £m
September 2002	586
September 2003	577
September 2004	541
September 2005	492
September 2006	441
September 2007	387
September 2008	330
September 2009	271
September 2010	208
September 2011	141
September 2012	75
September 2013	8

This swap coverage matches the floating rate note exposure at 30 September 2002 under the 2002 Tap Issue.

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

	2002 £'000	2001 £'000
Floating rate	-	-
Fixed rate	1,800,468	1,196,220
	1,800,468	1,196,220
Fixed rate financial instrument weighted averages		
Interest rate	6.9%	7.04%
Time for which rate is fixed (years)	18.4	16.4

The floating rate loans bear interest at rates linked to LIBOR, as set out in note 16.

The financial effect of the interest rate swaps, amounting to a charge of £7,991,000 (2001: charge of £774,000), has been included in the interest cost for the period.

Unique Pubs Limited (formerly The Unique Pub Company PLC)

Notes to the Accounts – 30 September 2002

18 Financial Instruments (Continued)

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

	Book value 2002 £'000	Fair value 2002 £'000	Book value 2001 £'000	Fair value 2001 £'000
Cash at bank and in hand	(149,454)	(149,454)	(148,167)	(148,167)
A1 Loan	285,468	285,183	335,000	331,650
A2 Loan	-	-	150,000	147,750
A2R Loan	300,000	300,300	-	-
A3 Loan	435,000	473,062	435,000	438,567
A4 Loan	365,000	365,183	-	-
M Loan	225,000	251,775	225,000	225,000
N Loan	190,000	192,850	-	-
Discounted loans	-	-	47,794	47,794
Discounted loans accrued finance cost	-	-	3,426	3,426
	1,651,014	1,718,899	1,048,053	1,046,020

The fair value information for the A1, A2, A2R, A3, A4, M and N Loans was obtained from Goldman Sachs International, the Arranger of the issue of the bonds on the Luxembourg Stock Exchange, in 2002, and is based on market values.

19 Net debt

	2002 £'000	2001 £'000
Bonds	1,800,468	1,145,000
Discounted loans – principal	-	47,794
Revolving bank loan	-	-
	1,800,468	1,192,794
Cash at bank	(149,763)	(148,167)
Net debt	1,650,705	1,044,627

Unique Pubs Limited (formerly The Unique Pub Company PLC)

Notes to the Accounts – 30 September 2002

20 Called up share capital

	2002 £	2001 £
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
775 A ordinary shares of 1p	7.75	0.25
75 B ordinary shares of 1p	0.75	0.75
	30,050,008.50	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
663 A ordinary shares of 1p	6.63	0.01
3 B ordinary shares of 1p	0.03	0.03
	30,012,506.66	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.

Unique Pubs Limited (formerly The Unique Pub Company PLC)

Notes to the Accounts – 30 September 2002

21 Reserves

Group

	Share premium account £'000	Revaluation reserve £'000	Profit and loss account £'000 Restated	Total £'000
At 30 September 2001 as previously stated	-	259,670	70,710	330,380
Prior year adjustment – implementation of FRS 17	-	-	(1,215)	(1,215)
Prior year adjustment – implementation of FRS 19	-	-	(1,282)	(1,282)
At 30 September 2001 as restated	-	259,670	68,213	327,883
Issue of shares	260,008	-	-	260,008
Revaluation of properties	-	60,465	-	60,465
Realised revaluation deficit on the disposal of properties	-	2,782	(2,782)	-
Profit/(loss) for the year	-	-	42,979	42,979
Dividends	-	-	(60,837)	(60,837)
Net actuarial loss recognised in the pension scheme	-	-	(1,507)	(1,507)
Other gains for the year	-	-	1,011	1,011
At 30 September 2002	260,008	322,917	47,077	630,002

Reconciliation of movement in shareholders' funds

	Year ended 30 September 2002 £'000	Year ended 30 September 2001 £'000 As restated
Shareholders' funds at beginning of year as previously stated	360,392	238,984
Prior year adjustment – implementation of FRS 17	(1,215)	1,694
Prior year adjustment – implementation of FRS 19	(1,282)	(1,402)
Shareholders' funds at beginning of year as restated	357,895	239,276
Shares issued in the year	260,009	-
Profit/ (loss) for the year	42,979	40,201
Dividends	(60,837)	(3,301)
Revaluation of properties	60,465	84,050
Net actuarial loss recognised in the pension scheme	(1,507)	(2,331)
Other gains for the year	1,011	-
Shareholders' funds at end of year	660,015	357,895

Unique Pubs Limited (formerly The Unique Pub Company PLC)

Notes to the Accounts – 30 September 2002

21 Reserves (Continued)

Company

	Revaluation reserve £'000	Profit and loss account £'000	Total £'000
At 30 September 2001	339,107	(8,727)	330,380
Revaluation of investment in subsidiaries	27,601	-	27,601
Profit/(Loss) for the year	-	12,013	12,013
At 30 September 2002	366,708	3,286	369,994

Reconciliation of movement in shareholders' funds

	Year ended 30 September 2002 £'000	Year ended 30 September 2001 £'000
Shareholders' funds at beginning of year	360,392	238,984
Shares issued in the year	260,009	-
Revaluation of investment in subsidiaries	27,601	121,433
Total recognised profit/(loss) for the year	12,013	(25)
Shareholders' funds at end of year	660,015	360,392

22 Related party transactions

Included within turnover and cost of sales are £0.107 million (2001: £8.028 million) and £0.039 million (2001: £2.926 million) respectively in respect of transactions with The Innpreneur Pub Company, a company over which The Nomura group of companies had the ability to exercise a controlling influence up to 20 March 2002.

Included within turnover and cost of sales are £5.975 million (2001: £4.806 million) and £2.228 million (2001: £1.800 million) respectively in respect of transactions with Wizard Inns Limited, a company over which The Nomura group of companies had the ability to exercise a controlling influence up to 20 March 2002.

Unique Pubs Limited (formerly The Unique Pub Company PLC)

Notes to the Accounts – 30 September 2002

23 Commitments

Capital expenditure committed is as follows:

	2002 £'000	2001 £'000
At 30 September	3,899	4,324

At 30 September 2002, the group had minimum annual commitments under non-cancellable operating leases as follows:

	2002 £'000	2001 £'000
Plant and machinery		
Operating leases which expire in:-		
Less than one year	105	257
More than one year but less than two years	252	188
More than two years but less than five years	182	113
	539	558
Land and buildings – operating lease which expire in:-		
More than two years but less than five years	161	-
More than five years	3,212	884

24 Finance lease commitments

Future minimum payments under finance leases are as follows:

	2002 £'000	2001 £'000
Within one year	138	76
In more than one year, but not more than five years	449	299
After five years	-	-
Total gross payments	587	375
Less finance charges included above	(106)	(74)
	481	301

The total value of leases repayable by instalments any part of which falls due after more than 5 years is £Nil (2001: £Nil).

25 Ultimate parent company

The company's immediate parent company is Unique Pubs Holdings Limited (formerly Angel Street Holdings PLC), a company registered in England and Wales whose principal place of business is at Mill House, Aylesbury Road, Thame, Oxford OX9 3AT. The Unique Pub Company 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 Mill House, Aylesbury Road, Thame, Oxford OX9 3AT.

Unique Pubs Limited (formerly The Unique Pub Company PLC)

Notes to the Accounts – 30 September 2002

26 Controlling party

Up until 20 March 2002, The Nomura Group of Companies, of which Nomura International plc is the principal UK subsidiary, had 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 (now Unique Pubs Holdings Limited), a former subsidiary undertaking of Angel Street Capital Limited. The company was a former indirect subsidiary of Unique Pubs Holdings Limited.

The company is ultimately owned and controlled by funds managed by Cinven; these funds control 52.6% of the issued share capital of The Unique Pub Company Limited.