

Registered number: 4524297

## SAPPHIRE FOOD SOUTH EAST NO.4 LIMITED

### ANNUAL REPORT AND FINANCIAL STATEMENTS

For the 52 weeks Ended 1 May 2011

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## **SAPPHIRE FOOD SOUTH EAST NO.4 LIMITED**

### **DIRECTORS' REPORT**

For the 52 weeks Ended 1 May 2011

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The directors present their report and the financial statements for the 52 weeks ended 1 May 2011

#### **Principal activities and review of business**

The company's principal activity is that of a property leasing company, leasing property to other members of the Greene King plc group

The company's performance in the year has met directors' expectations and no significant change in trade is expected in future years. As a 100% owned subsidiary of the Greene King plc group, the principal risks faced by the company are consistent with those disclosed within the Greene King plc financial statements for the period ended 1 May 2011

#### **Results and dividends**

The profit for the 52 weeks, after taxation, amounted to £1,144,326 (2010 - £1,081,457)

The directors do not recommend the payment of an ordinary dividend (2010 £Nil)

#### **Directors**

The directors who served during the 52 weeks were

R Anand

I Bull (resigned 30 June 2011)

M Fearn (appointed 9 September 2011)

D Brown (appointed 30 June 2011 & resigned 9 September 2011)

None of the directors held any interest in the share capital of the company during the period

The interests of the directors in the shares of the ultimate parent company, Greene King plc, are shown in the accounts of the company

#### **Qualifying third party indemnity provisions**

The company has indemnified the directors of the company in respect of proceedings brought by third parties. Such qualifying third party indemnity provision remains in place at the date of this report

#### **Going concern**

At the balance sheet date the company had net current liabilities of £21,491,551. The directors have prepared the accounts on a going concern basis as the parent company, Greene King plc, has given a formal undertaking that it will provide financial support to enable the company to meet its liabilities as they fall due, for at least twelve months from the date of signing these accounts

## SAPPHIRE FOOD SOUTH EAST NO.4 LIMITED

### DIRECTORS' REPORT

For the 52 weeks Ended 1 May 2011

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#### Provision of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information

#### Auditors

The auditors, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

This report was approved by the board on 1 NOVEMBER 2011 and signed on its behalf



Mrs L A Keswick  
Secretary

## **SAPPHIRE FOOD SOUTH EAST NO.4 LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

For the 52 weeks Ended 1 May 2011

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The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

## **SAPPHIRE FOOD SOUTH EAST NO.4 LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SAPPHIRE FOOD SOUTH EAST NO 4 LIMITED**

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We have audited the financial statements of Sapphire Food South East No 4 Limited for the 52 weeks ended 1 May 2011 which comprise the Profit and Loss Account, Balance Sheet and related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 1 May 2011 and of its profit for the 52 weeks then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

In our opinion the information given in the Directors' report for the 52 week period for which the financial statements are prepared is consistent with the financial statements.

**SAPPHIRE FOOD SOUTH EAST NO.4 LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SAPPHIRE FOOD SOUTH EAST NO.4 LIMITED**

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**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Bob Forsyth (Senior statutory auditor)

for and on behalf of  
**Ernst & Young LLP**

Statutory Auditor

Date

2/11/11

# **SAPPHIRE FOOD SOUTH EAST NO.4 LIMITED**

## **PROFIT AND LOSS ACCOUNT**

For the 52 weeks Ended 1 May 2011

	Note	52 weeks ended 1 May 2011 £	52 weeks ended 2 May 2010 £
Turnover	2	2,113,878	2,113,872
Administrative expenses		(83,313)	(83,313)
<b>Operating profit</b>	3	<b>2,030,565</b>	<b>2,030,559</b>
Interest payable and similar charges	5	(413,547)	(496,136)
<b>Profit on ordinary activities before taxation</b>		<b>1,617,018</b>	<b>1,534,423</b>
Tax on profit on ordinary activities	6	(472,692)	(452,966)
<b>Profit for the financial period</b>	11	<b>1,144,326</b>	<b>1,081,457</b>

All amounts relate to continuing operations

There were no recognised gains and losses for 2011 or 2010 other than those included in the Profit and loss account.

The notes on pages 9 to 14 form part of these financial statements

**SAPPHIRE FOOD SOUTH EAST NO.4 LIMITED**

**NOTE OF HISTORICAL COST PROFITS AND LOSSES**

For the 52 weeks Ended 1 May 2011

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	<b>52 weeks ended 1 May 2011 £</b>	<b>52 weeks ended 2 May 2010 £</b>
<b>Reported profit on ordinary activities before taxation</b>	<b>1,617,018</b>	<b>1,534,423</b>
Difference between a historical cost depreciation charge and the actual depreciation charge for the 52 weeks calculated on the revalued amount	<b>9,535</b>	<b>9,535</b>
<b>Historical cost profit on ordinary activities before taxation</b>	<b><u>1,626,553</u></b>	<b><u>1,543,958</u></b>
<b>Historical profit for the 52 weeks after taxation</b>	<b><u>1,153,861</u></b>	<b><u>1,090,992</u></b>

The notes on pages 9 to 14 form part of these financial statements



**SAPPHIRE FOOD SOUTH EAST NO.4 LIMITED**

Registered number: 4524297

**BALANCE SHEET**

As at 1 May 2011

	Note	£	1 May 2011 £	£	2 May 2010 £
<b>Fixed assets</b>					
Tangible assets	7		31,378,935		31,462,248
<b>Current assets</b>					
Debtors	8	5,966,666		4,706,811	
Creditors: amounts falling due within one year	9	(27,458,217)		(27,426,001)	
<b>Net current liabilities</b>			<b>(21,491,551)</b>		<b>(22,719,190)</b>
<b>Total assets less current liabilities</b>			<b>9,887,384</b>		<b>8,743,058</b>
<b>Capital and reserves</b>					
Called up share capital	10		2,000		2,000
Share premium account	11		23,808		23,808
Revaluation reserve	11		3,591,584		3,601,119
Profit and loss account	11		6,269,992		5,116,131
<b>Shareholders' funds</b>	12		<b>9,887,384</b>		<b>8,743,058</b>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on  
1 NOVEMBER 2011

  
Mr M Fearn  
Director

The notes on pages 9 to 14 form part of these financial statements

## **SAPPHIRE FOOD SOUTH EAST NO 4 LIMITED**

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

For the 52 weeks Ended 1 May 2011

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#### **I. ACCOUNTING POLICIES**

##### **Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention as modified by the revaluation of fixed assets and in accordance with applicable accounting standards

##### **Going concern**

At the balance sheet date the company had net current liabilities of £21,491,551. The directors have prepared the accounts on a going concern basis as the ultimate parent company, Greene King plc, has given a formal undertaking that it will provide financial support to enable the company to meet its liabilities as they fall due, for at least twelve months from the date of signing these accounts

##### **Cash flow**

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1

##### **Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Long term Leasehold Property      -      50 years straight line

##### **Revaluation of tangible fixed assets**

As permitted by the transitional provisions of FRS 15 Tangible Fixed Assets the company has elected not to adopt a policy of revaluation of tangible fixed assets. The company will retain the book value of land and buildings, previously revalued at 30 April 2006 and will not update that valuation

##### **Inter-company balances**

Amounts owed by or to group undertakings are classified as short term assets or liabilities unless there is a loan arrangement in place that specifies repayment over a period longer than one year from the balance sheet date

#### **2. TURNOVER**

Turnover represents rental income on operating leases receivable from related parties, net of value added tax

All turnover arose within the United Kingdom

## SAPPHIRE FOOD SOUTH EAST NO.4 LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks Ended 1 May 2011

#### 3. OPERATING PROFIT

The operating profit is stated after charging:

	52 weeks ended 1 May 2011 £	52 weeks ended 2 May 2010 £
Depreciation of tangible fixed assets - owned by the company	<u>83,313</u>	<u>83,313</u>

Auditors' remuneration for both audit and non-audit services has been borne by other group companies.

#### 4. STAFF COSTS

The company has no employees other than the directors, who did not receive any remuneration (2010 - £NIL) for their services in respect of the company

The directors who held office during the year were also directors of fellow group companies. Total emoluments, including any company pension contributions, received by these directors totals £2,144,000 (2010 £1,786,000) paid by the ultimate parent company or other subsidiaries. The directors do not believe that it is practicable to apportion this amount between services as directors to the company and of fellow subsidiary companies. The number of directors who received or exercised share options during the year was 2 (2010 2)

#### 5. INTEREST PAYABLE

	52 weeks ended 1 May 2011 £	52 weeks ended 2 May 2010 £
On loans from group undertakings	<u>413,547</u>	<u>496,136</u>

#### 6. TAXATION

	52 weeks ended 1 May 2011 £	52 weeks ended 2 May 2010 £
UK corporation tax charge on profit for the period	<u>472,692</u>	<u>452,966</u>

## SAPPHIRE FOOD SOUTH EAST NO.4 LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks Ended 1 May 2011

#### 6. TAXATION (continued)

##### Factors affecting tax charge for the period

The tax assessed for the period is higher than (2010 - higher than) the standard rate of corporation tax in the UK of 27.8% (2010 - 28%). The differences are explained below

	52 weeks ended 1 May 2011 £	52 weeks ended 2 May 2010 £
Profit on ordinary activities before tax	<u>1,617,018</u>	<u>1,534,423</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 27.8% (2010 - 28%)	449,531	429,638
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	23,161	23,328
Current tax charge for the period (see note above)	<u>472,692</u>	<u>452,966</u>

The Finance Act 2011 reduced the rate of corporation tax from 28% to 26% from 1 April 2011

##### Factors that may affect future tax charges

No provision has been made for deferred tax of £977,231 (2010 - £1,052,403) on the gain recognised on revaluing property to its open market value. Such tax would only become payable if the property were sold. The directors have no intention of selling the property outside of the Group and therefore, at present, it is not envisaged that any such tax will become payable in the foreseeable future.

In addition to the reduction in corporation tax during the period it is proposed to reduce the rate by 1% per annum to 23% by 1 April 2014. These further reductions had not been substantively enacted at the balance sheet date and consequently not included in these accounts.

# SAPPHIRE FOOD SOUTH EAST NO.4 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks Ended 1 May 2011

### 7. TANGIBLE FIXED ASSETS

	Long term Leasehold Property £
<b>Cost or valuation</b>	
At 3 May 2010 and 1 May 2011	31,795,500
<b>Depreciation</b>	
At 3 May 2010	333,252
Charge for the 52 weeks	83,313
At 1 May 2011	416,565
<b>Net book value</b>	
At 1 May 2011	31,378,935
At 2 May 2010	31,462,248

The company's properties are leased to other group companies and were reclassified from investment properties to long leasehold land and buildings during the year ended 29 April 2007. The directors' valuation of these properties at 30 April 2006 has been taken as the deemed cost at the date of transfer.

	Land and buildings £
<b>At cost</b>	-
<b>At valuation:</b>	
Directors' valuation as at 30 April 2006	31,795,500
	31,795,500

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows

	1 May 2011 £	2 May 2010 £
Cost	28,156,238	28,156,238
Accumulated depreciation	(368,885)	(295,107)
<b>Net book value</b>	<b>27,787,353</b>	<b>27,861,131</b>

The properties are held as security, along with the properties of certain other Group companies, against the securitised debt programme of the Greene King plc group. Further details of the programme are given in the Group's consolidated accounts.

**SAPPHIRE FOOD SOUTH EAST NO.4 LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

For the 52 weeks Ended 1 May 2011

**8. DEBTORS**

	1 May 2011 £	2 May 2010 £
Amounts owed by group undertakings	<u>5,966,666</u>	<u>4,706,811</u>

**9. CREDITORS:**  
Amounts falling due within one year

	1 May 2011 £	2 May 2010 £
Amounts owed to group undertakings	26,676,885	26,670,217
Corporation tax	472,692	452,966
Accruals and deferred income	308,640	302,818
	<u>27,458,217</u>	<u>27,426,001</u>

**10. SHARE CAPITAL**

	1 May 2011 £	2 May 2010 £
Allotted, called up and fully paid		
200 Ordinary shares of £1 each	200	200
1,800 Deferred shares of £1 each	1,800	1,800
	<u>2,000</u>	<u>2,000</u>

**11. RESERVES**

	Share premium account £	Revaluation reserve £	Profit and loss account £
At 3 May 2010	23,808	3,601,119	5,116,131
Profit for the 52 weeks	-	-	1,144,326
Transfer	-	(9,535)	9,535
At 1 May 2011	<u>23,808</u>	<u>3,591,584</u>	<u>6,269,992</u>

## SAPPHIRE FOOD SOUTH EAST NO 4 LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks Ended 1 May 2011

#### 12. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	1 May 2011 £	2 May 2010 £
Opening shareholders' funds	8,743,058	7,661,601
Profit for the period	1,144,326	1,081,457
Closing shareholders' funds	<u>9,887,384</u>	<u>8,743,058</u>

#### 13. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption permitted by FRS8 from the requirement to disclose transactions with the ultimate parent company, Greene King plc, or with any fellow subsidiaries within the group

#### 14. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The directors regard Greene King plc a company incorporated in Great Britain and registered in England and Wales, to be its ultimate parent company. Consolidated financial statements of Greene King plc for the 52 week period ended 1 May 2011 are available from Westgate Brewery, Bury St Edmunds, Suffolk, IP33 1QT

The company's immediate parent undertaking and controlling party is Greene King Retailing Limited, a company incorporated in Great Britain and registered in England and Wales