

Registered number 5462825

GREENE KING ACQUISITIONS NO.2 LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the 52 weeks Ended 1 May 2011

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GREENE KING ACQUISITIONS NO.2 LIMITED

DIRECTORS' REPORT

For the 52 weeks Ended 1 May 2011

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

Principal activities

The company's principal activity is that of an intermediary holding company

Business review

During the period, the company has made no acquisitions or disposals and its results for the period relate to the receipt and payment of interest from and to fellow group undertakings. The directors do not expect any significant changes to the operations of the business going forward. 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 loss for the 52 weeks, after taxation, amounted to £13,219,273 (2010 - loss £14,253,828)

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)
J Adams (resigned 31 January 2011)
J R Lawson (appointed 13 May 2011)
J P Webster
S Longbottom

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, where they are directors of Greene King plc

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 liabilities of £85,644,645. 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.

GREENE KING ACQUISITIONS NO 2 LIMITED

DIRECTORS' REPORT

For the 52 weeks Ended 1 May 2011

Provision of information to auditors

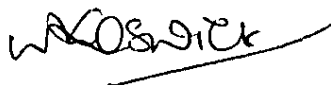
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- 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

GREENE KING ACQUISITIONS NO 2 LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

For the 52 weeks Ended 1 May 2011

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.

GREENE KING ACQUISITIONS NO 2 LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GREENE KING ACQUISITIONS NO 2 LIMITED

We have audited the financial statements of Greene King Acquisitions No 2 Limited for the 52 weeks ended 1 May 2011 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 15. 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 loss 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.

GREENE KING ACQUISITIONS NO 2 LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GREENE KING ACQUISITIONS NO 2 LIMITED

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.

Ernst & Young LLP

Bob Forsyth (Senior statutory auditor)

for and on behalf of
Ernst & Young LLP

Statutory Auditor

Date *2/11/11*

GREENE KING ACQUISITIONS NO 2 LIMITED

PROFIT AND LOSS ACCOUNT

For the 52 weeks Ended 1 May 2011

		52 weeks ended 1 May 2011 £	52 weeks ended 2 May 2010 £
	Note		
Interest receivable and similar income	4	1,342,108	1,751,852
Interest payable and similar charges	5	(14,561,381)	(16,005,636)
		<u> </u>	<u> </u>
Loss on ordinary activities before taxation		(13,219,273)	(14,253,784)
Tax on loss on ordinary activities	6	-	(44)
		<u> </u>	<u> </u>
Loss for the financial period	12	<u><u>(13,219,273)</u></u>	<u><u>(14,253,828)</u></u>

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 8 to 13 form part of these financial statements

GREENE KING ACQUISITIONS NO 2 LIMITED
Registered number 5462825

BALANCE SHEET
As at 1 May 2011

	Note	£	1 May 2011 £	£	2 May 2010 £
Fixed assets					
Investments	7		192,723,463		192,723,463
Current assets					
Debtors	8	74,832,324		73,492,258	
Creditors: amounts falling due within one year	9	(83,483,970)		(68,924,631)	
Net current (liabilities)/assets			<u>(8,651,646)</u>		<u>4,567,627</u>
Total assets less current liabilities			<u>184,071,817</u>		<u>197,291,090</u>
Creditors: amounts falling due after more than one year	10		(269,716,462)		(269,716,462)
Net liabilities			<u>(85,644,645)</u>		<u>(72,425,372)</u>
Capital and reserves					
Called up share capital	11		1		1
Profit and loss account	12		(85,644,646)		(72,425,373)
Shareholders' deficit	13		<u>(85,644,645)</u>		<u>(72,425,372)</u>

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 8 to 13 form part of these financial statements

GREENE KING ACQUISITIONS NO 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks Ended 1 May 2011

I ACCOUNTING POLICIES

Basis of preparation of financial statements

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

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

Going concern

At the balance sheet date the company had net liabilities of £85,644,645. 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.

Investments

Investments held as fixed assets are shown at cost less provision for impairment.

Interest

Interest receivable or payable under the company's various investments and financial instruments is accrued so as to impute a constant periodic rate of return in the profit and loss account.

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 OPERATING PROFIT

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

3 STAFF COSTS

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

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 totalled £3,474,000 (2010 - £3,405,000) paid by the ultimate parent company or by 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 6 (2010 - 6).

GREENE KING ACQUISITIONS NO 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the 52 weeks Ended 1 May 2011

4 INTEREST RECEIVABLE

	52 weeks ended 1 May 2011 £	52 weeks ended 2 May 2010 £
Interest receivable from group companies	<u>1,342,108</u>	<u>1,751,852</u>

5 INTEREST PAYABLE

	52 weeks ended 1 May 2011 £	52 weeks ended 2 May 2010 £
On external loan notes	1,566	14,418
On loans from group undertakings	1,931,048	1,907,741
Dividends paid on shares classed as debt	12,628,767	14,083,477
	<u>14,561,381</u>	<u>16,005,636</u>

6 TAXATION

	52 weeks ended 1 May 2011 £	52 weeks ended 2 May 2010 £
Adjustments in respect of prior periods	-	44
Tax on loss on ordinary activities	<u>-</u>	<u>44</u>

GREENE KING ACQUISITIONS NO 2 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 £
Loss on ordinary activities before tax	(13,219,273)	(14,253,784)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 27.8% (2010 - 28%)	(3,674,958)	(3,991,060)
Effects of		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	3,675,112	3,943,374
Adjustments to tax charge in respect of prior periods	-	44
Group relief	(154)	47,686
Current tax charge for the period (see note above)	-	44

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

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.

7 FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £
Cost	
At 3 May 2010 and 1 May 2011	192,723,463

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Holding
Belhaven Pubs Limited	100 %
Belhaven Brewery Company Limited (indirectly held)	100 %
Belhaven Finance Limited (indirectly held)	100 %

GREENE KING ACQUISITIONS NO 2 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>74,832,324</u>	<u>73,492,258</u>

9 CREDITORS

Amounts falling due within one year

	1 May 2011 £	2 May 2010 £
Loan notes (see below)	-	1,596,748
Amounts owed to group undertakings	83,483,970	67,327,406
Accruals and deferred income	-	477
	<u>83,483,970</u>	<u>68,924,631</u>

Loan Notes

On 2 October 2005, as part of the acquisition of Belhaven Pubs Limited, the company issued loan notes. These loan notes matured on 31 December 2010.

10 CREDITORS

Amounts falling due after more than one year

	1 May 2011 £	2 May 2010 £
Amounts owed to group undertakings		
- 2035 loan notes	26,971,646	26,971,646
Share capital treated as debt (Note 11)	2,426,498	2,426,498
Share premium treated as debt	240,318,318	240,318,318
	<u>269,716,462</u>	<u>269,716,462</u>

Disclosure of the terms and conditions attached to the non-equity shares is made in note 11.

Amounts owed to group undertakings

Amounts owed to group undertakings falling due after more than one year consist entirely of the Unsecured Loan Note described below.

£26,971,646 – 2035 loan notes

The loan note attracts interest at a rate of LIBOR plus 1% payable periodically. The loan note is repayable in full on 29 November 2035.

GREENE KING ACQUISITIONS NO 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the 52 weeks Ended 1 May 2011

11 SHARE CAPITAL

	1 May 2011 £	2 May 2010 £
Shares classified as capital		
Allotted, called up and fully paid		
1 Ordinary share of £1	<u>1</u>	<u>1</u>
Shares classified as debt		
Allotted, called up and fully paid		
242,649,782 Irredeemable preference shares of £0.01 each	<u>2,426,498</u>	<u>2,426,498</u>

Irredeemable preference shares

In accordance with the requirements of FRS 25 Financial instruments – Disclosure and presentation the nominal value of these irredeemable preference shares, of £2,426,498, and premium on issue, of £240,318,318, are shown as a financial liability

The shares are cumulative shares and attract a preferential dividend in each 12 month period equal to LIBOR + 3.88% x 100

12. RESERVES

	Profit and loss account £
At 3 May 2010	(72,425,373)
Loss for the 52 weeks	(13,219,273)
At 1 May 2011	<u>(85,644,646)</u>

13 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

	1 May 2011 £	2 May 2010 £
Opening shareholders' deficit	(72,425,372)	(58,171,544)
Loss for the period	(13,219,273)	(14,253,828)
Closing shareholders' deficit	<u>(85,644,645)</u>	<u>(72,425,372)</u>

GREENE KING ACQUISITIONS NO 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks Ended 1 May 2011

14 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

15 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 Brewing and Retailing Limited, a company incorporated in Great Britain and registered in England and Wales