

Greene King Acquisitions No. 2 Limited

Report and Accounts

3 May 2009

Registered number: 5462825

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Directors' report

The directors present their report and accounts for the 52 week period ended 3 May 2009.

Principal activity

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

Results and dividends

The loss after tax and interest was £19,403,904 (2008 - £23,741,992) and the directors do not recommend the payment of an ordinary dividend.

Business review

During the period, the company has made no acquisitions or disposals and its results for the period relate to the receipt of interest from 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 3 May 2009.

Directors and their interests

The directors during the period were as follows:

JPR Adams
R Anand
DJ Elliott
IA Bull
JR Lawson
JP Webster

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 that company.

Indemnity provision / directors' liabilities

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

Statement as to disclosure of information to auditors

The directors who were members of the board at the time of approving this report are listed above. Having made enquiries of fellow directors and of the company's auditors, each of these directors confirm that:

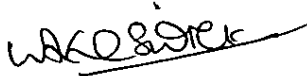
- to the best of their knowledge and belief, there is no information relevant to the preparation of this report of which the company's auditors are unaware; and
- they have taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

Directors' report

Auditors and Annual General Meeting

Resolutions have been passed dispensing with the need to hold an AGM and re-appoint auditors annually.

By order of the board



Mrs LA Keswick
Company Secretary

Date: 11 Nov 09

Statement of directors' responsibilities in respect of the accounts

The directors are responsible for preparing the Annual 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). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records that 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 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.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's 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 period ended 3 May 2009 which comprise the profit and loss account, the balance sheet and the related notes 1 to 12. 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 sections 495 and 496 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 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 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 (APB'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.

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 3 May 2009 and of its loss for the period 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 financial year for which the financial statements are prepared is consistent with the financial statements.

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

Richard Murray (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP
Statutory Auditor
London
Date *12 November 2009.*

Greene King Acquisitions No. 2 Limited

Profit and loss account

for the period ended 3 May 2009

	<i>Notes</i>	52 weeks to 3 May 2009 £	53 weeks to 4 May 2008 £
Operating expenses		-	400
Operating loss		-	400
Net interest payable	4	19,403,680	23,741,592
Loss on ordinary activities before taxation		19,403,680	23,741,992
Taxation	3	224	-
Loss after taxation	10	19,403,904	23,741,992

There is no difference between the results as shown and those calculated on a historical cost basis.

There were no other recognised gains or losses in the period other than those included in the profit and loss account and consequently no statement of total recognised gains and losses is presented.

All results are from continuing operations.

Greene King Acquisitions No. 2 Limited

Balance sheet

as at 3 May 2009

	Notes	3 May 2009	4 May 2008
		£	£
Fixed assets			
Investments	5	192,723,463	192,723,463
Current assets			
Debtors	6	78,489,732	73,492,258
Current liabilities			
Creditors: amounts falling due within one year	7	(59,668,277)	(35,266,899)
Net current assets		18,821,455	38,225,359
Total assets less current liabilities		211,544,918	230,948,822
Creditors: due after more than one year	8	(269,716,462)	(269,716,462)
Net liabilities		(58,171,544)	(38,767,640)
Capital and reserves			
Called up share capital	9	1	1
Profit and loss account	10	(58,171,545)	(38,767,641)
Shareholder's funds	10	(58,171,544)	(38,767,640)

Approved by the Board of Directors on 11 Nov 09 and signed on its behalf by:



I Bull
Director

Notes to the accounts

for the period ended 3 May 2009

1. *Accounting policies*

Basis of preparation

These accounts have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards.

Going concern

At the balance sheet date the company had net liabilities of £58,171,544. 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 statement

The company has taken advantage of the exemption permitted by FRS1, whereby a wholly owned subsidiary need not prepare a cash flow statement provided the consolidated financial statements in which the subsidiary undertaking is included are publicly available.

Group accounts

Group accounts have not been prepared in accordance with the exemption allowed by S400 of the Companies Act 2006 because the company is a wholly owned subsidiary of another UK company which prepares group accounts. The information presented in these financial statements relates to that of the individual undertaking and not about the group.

Investments

Investments held as fixed assets are stated at cost less provision for any impairment in value.

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.

Greene King Acquisitions No. 2 Limited

Notes to the accounts (continued)

for the period ended 3 May 2009

2. *Operating loss*

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

The directors received no remuneration for their services in respect of the company in the financial period. The company had no employees other than the directors.

3. *Taxation*

	2009 £	2008 £
Current taxation		
Corporation tax	-	-
Adjustments in respect of prior periods	224	-
	224	-
Factors affecting current taxation charge		
Loss on ordinary activities before tax	19,403,680	23,741,992
Tax credit on loss on ordinary activities multiplied by UK standard rate of corporation tax of 28.0% (2008: 29.8%)	(5,433,030)	(7,075,114)
Group relief	(815,364)	(361,437)
Interest on preference shares not deductible	6,248,394	7,436,551
Adjustments in respect of prior periods	224	-
Current tax for the period	224	-

4. *Net Interest payable*

	2009 £	2008 £
Interest payable		
On external loan notes	138,186	237,905
To fellow group undertakings	1,947,272	2,064,171
On Preference shares	22,315,696	24,954,869
	24,401,154	27,256,945
Interest receivable		
From fellow group undertakings - other	(4,997,474)	(3,515,353)
Net interest payable	19,403,680	23,741,592

Greene King Acquisitions No. 2 Limited

Notes to the accounts (continued)

for the period ended 3 May 2009

5. Investments

	2009 £	2008 £
Shares in subsidiaries at cost	192,723,463	192,723,463

Details of the investments in principal subsidiaries are given as follows:

<i>Name of Company</i>	<i>Holding</i>	<i>Proportion of voting rights & shares held</i>
Directly held		
The Belhaven Group limited	Ordinary shares	100%
Indirectly held		
Belhaven Brewery Company Limited	Ordinary shares	100%
Belhaven Finance Limited	Ordinary shares	100%

6. Debtors

	2009 £	2008 £
Amounts owed from fellow group undertakings	78,489,732	73,492,258

7. Creditors: amounts falling due within one year

	2009 £	2008 £
Loan notes (see below)	2,460,418	3,897,176
Amounts owed to fellow group undertakings	57,188,859	31,299,346
Accruals	19,000	70,377
	59,668,277	35,266,899

Loan Notes

On 2 October 2005, as part of the acquisition of The Belhaven Group Limited, the company issued loan notes. These loan notes mature on 31 December 2010 and bear an interest rate of LIBOR less 0.75%, payable semi-annually, and are redeemable on demand of the holders on any of the interest payment dates.

Greene King Acquisitions No. 2 Limited

Notes to the accounts (continued)

for the period ended 3 May 2009

8. Creditors: amounts falling due after one year

	2009	2008
	£	£
Amounts owed to fellow group undertakings (see below)		
- 2035 loan note	26,971,646	26,971,646
Irredeemable preference shares (see below and note 9)	242,744,816	242,744,816
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	269,716,462	269,716,462
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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.

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% x100.

Greene King Acquisitions No. 2 Limited

Notes to the accounts *(continued)*

for the period ended 3 May 2009

9. Share capital

Authorised

	2009 No	2008 No	2009 £	2008 £
Irredeemable preference shares of £0.01 each	249,990,000	249,990,000	2,499,900	2,499,900
Ordinary shares of £1 each	100	100	100	100
	249,990,100	249,990,100	2,500,000	2,500,000

Allotted, called up and fully paid

	2009 No	2008 No	2009 £	2008 £
Shares accounted for as liabilities				
Irredeemable preference shares of £0.01 each	242,649,782	242,649,782	2,426,498	2,426,498
Premium on irredeemable preference shares			240,318,318	240,318,318
See note 8	242,649,782	242,649,782	242,744,816	242,744,816

Shares accounted for as equity

Ordinary shares of £1 each	1	1	1	1
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Greene King Acquisitions No. 2 Limited

Notes to the accounts (continued)

for the period ended 3 May 2009

10. *Reconciliation of movements in shareholder's funds*

	Share capital £	Profit and loss £	Total £
At 29 April 2007	1	(15,025,649)	(15,025,648)
Retained loss for the period	-	(23,741,992)	(23,741,992)
At 4 May 2008	1	(38,767,641)	(38,767,640)
Retained loss for the period	-	(19,403,904)	(19,403,904)
At 3 May 2009	1	(58,171,545)	(58,171,544)

11. *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.

12. *Ultimate parent company*

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 3 May 2009 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.