

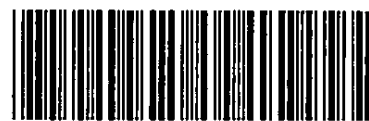
Greene King Acquisitions No. 2 Limited

Report and Accounts

2 May 2010

Registered number 5462825

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Directors' report

The directors present their report and accounts for the 52 week period ended 2 May 2010

Results and dividends

The loss after tax and interest was £14,253,828 (2009 £19,403,904) and the directors do not recommend the payment of an ordinary dividend (2009 £Nil)

Principal activities and review of the business

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

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 2 May 2010

Directors and their interests

The directors during the period were as follows

J Adams	
R Anand	
I Bull	
D J Elliott	(resigned 31 January 2010)
J R Lawson	
J P Webster	
S Longbottom	(appointed 1 February 2010)

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, where they are directors of Greene King plc

Indemnity provision / directors' liabilities

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

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

Going concern

At the balance sheet date the company had net liabilities of £72,425,372. 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.

Re-appointment of auditors

In accordance with s 485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of Ernst & Young LLP as auditor of the company.



Mrs L A Keswick
Company Secretary

Date 16 December 2010

Statement of directors' responsibilities

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). 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 accounts 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.

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 52 week period ended 2 May 2010 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 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 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 2 May 2010 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.



Richard Murray (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP
Statutory Auditor
London

Date **20 DEC 2010**

Profit and loss account

for the 52 weeks ended 2 May 2010

	Notes	2 May 2010 £	3 May 2009 £
Operating expenses	2	-	-
Operating loss		-	-
Net interest payable	3	14,253,784	19,403,680
Loss on ordinary activities before taxation		14,253,784	19,403,680
Taxation	4	44	224
Loss after taxation	10	14,253,828	19,403,904

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 activities relate to continuing operations

Balance sheet

as at 2 May 2010

	Notes	2 May 2010 £	3 May 2009 £
Fixed assets			
Investments	5	192,723,463	192,723,463
Current assets			
Debtors	6	73,492,258	78,489,732
Current liabilities			
Creditors amounts falling due within one year	7	(68,924,631)	(59,668,277)
Net current assets		4,567,627	18,821,455
Total assets less current liabilities		197,291,090	211,544,918
Creditors due after more than one year	8	(269,716,462)	(269,716,462)
Net liabilities		(72,425,372)	(58,171,544)
Capital and reserves			
Called up share capital	9	1	1
Profit and loss account	10	(72,425,373)	(58,171,545)
Shareholder's funds	10	(72,425,372)	(58,171,544)

Approved by the Board of Directors on 16 December 2010 and signed on its behalf by


I Bull
Director

Notes to the accounts

for the period ended 2 May 2010

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 £72,425,372. 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

2. Operating expenses

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

3. Net interest payable

	2010 £	2009 £
Interest payable		
On external loan notes	14,418	138,186
To group companies	1,907,741	1,947,272
To preference shareholders	14,083,477	22,315,696
	16,005,636	24,401,154
Interest receivable from fellow group companies	(1,751,852)	(4,997,474)
Net interest receivable	14,253,784	19,403,680

Notes to the accounts

for the period ended 2 May 2010

4. Taxation

	2010 £	2009 £
Current taxation		
Corporation tax	-	-
Adjustments in respect of prior periods	44	224
	44	224

Factors affecting current taxation charge for year

The effective rate of taxation is lower than the full rate of corporation tax. The differences are explained below

	2010 £	2009 £
loss on ordinary activities before tax	14,253,784	19,403,680
loss on ordinary activities multiplied by standard rate corporation tax 28.0% (2009 28.0%)	(3,991,060)	(5,433,030)
Interest on preference shares not deductible	3,943,374	6,248,394
Group relief	47,686	(815,364)
Adjustments in respect of prior periods	44	224
	44	224

5. Investments

	2010 £	2009 £
Shares in subsidiaries at cost	192,723,463	192,723,463

Details of the investments in principal subsidiaries are given as follows

Name of Company	Holding	Proportion of voting rights & shares held
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

	2010 £	2009 £
Amounts owed by fellow group undertakings	73,492,258	78,489,732

Notes to the accounts

for the period ended 2 May 2010

7. Creditors: amounts falling due within one year

	2010 £	2009 £
Loan notes (see below)	1,596,748	2,460,418
Amounts owed to fellow group undertakings	67,327,406	57,188,859
Accruals	477	19,000
	68,924,631	59,668,277

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.

8. Creditors: amounts falling due after one year

	2010 £	2009 £
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
	269,716,462	269,716,462

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% x 100.

Notes to the accounts

for the period ended 2 May 2010

9. Allotted and issued share capital

Allotted, called up and fully paid

	2010 No	2009 No	2010 £	2009 £
Shares accounting 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 accounting for as equity				
Ordinary shares of £1 each	1	1	1	1

10. Reserves

	Share capital £	Profit and loss £	Total £
At 3 May 2008	1	(38,767,641)	(38,767,640)
Retained loss	-	(19,403,904)	(19,403,904)
At 3 May 2009	1	(58,171,545)	(58,171,544)
Retained loss	-	(14,253,828)	(14,253,828)
At 2 May 2010	1	(72,425,373)	(72,425,372)

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 2 May 2010 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