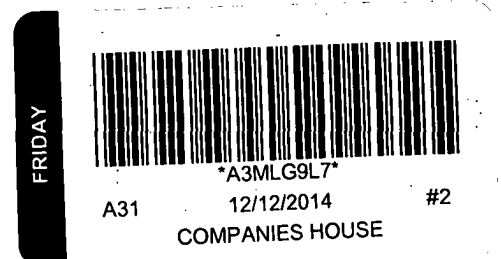


**GREENE KING ACQUISITIONS NO.2 LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**For the Period Ended 4 May 2014**



## **GREENE KING ACQUISITIONS NO.2 LIMITED**

### **DIRECTORS' REPORT**

For the Period Ended 4 May 2014

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The directors present their report and the financial statements for the period ended 4 May 2014.

#### **Principal activity**

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 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 4 May 2014.

#### **Directors**

The directors who served during the period were:

R Anand  
M Fearn (resigned 29 September 2014)  
J P Webster  
S Longbottom (resigned 7 April 2014)  
J Smith (appointed 12 March 2014 & resigned 22 August 2014)  
K Millbanks (appointed 12 March 2014)  
S J Connor (resigned 8 September 2014)  
C Houlton (appointed 12 March 2014)  
S Jebson (appointed 12 March 2014)  
R Lewis (appointed 12 March 2014)

S J Connor was appointed to the board on 8 September 2014.

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

#### **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 £48,723,000. This includes amounts due to Greene King plc and other group undertakings amounting to £298,723,000. The directors have prepared cash flow forecasts for the foreseeable future, being at least 12 months from the date of approval of these financial statements, which indicate that the company requires financial support from its ultimate parent undertaking, Greene King plc, to enable it to meet its liabilities as they fall due. Greene King plc has confirmed that it will provide the necessary financial support for the foreseeable future to enable the company to meet its liabilities as they fall due. The directors of the company have made appropriate enquiries of the directors of Greene King plc to confirm that they are satisfied that the financial support will be available and accordingly continue to prepare the financial statements on a going concern basis.

## **GREENE KING ACQUISITIONS NO.2 LIMITED**

### **DIRECTORS' REPORT**

For the Period Ended 4 May 2014

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#### **Disclosure of information to auditor**

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 auditor is 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 relevant audit information and to establish that the company's auditor is aware of that information.

#### **Auditor**

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

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 9 December 2014 and signed on its behalf.



**Mrs L A Keswick**  
Secretary

## **GREENE KING ACQUISITIONS NO.2 LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

For the Period Ended 4 May 2014

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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 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 accounting 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.

## **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 53 weeks ended 4 May 2014, which comprise the profit and loss account, the 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 auditor's 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 auditor**

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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 4 May 2014 and of its loss for the 53 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 53 week period for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GREENE KING ACQUISITIONS NO.2 LIMITED (continued)**

**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; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a strategic report or in preparing the directors' report.



Bob Forsyth (senior statutory auditor)

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

Statutory Auditor  
Cambridge, UK

9 December 2014

## GREENE KING ACQUISITIONS NO.2 LIMITED

### PROFIT AND LOSS ACCOUNT

For the Period Ended 4 May 2014

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		53 weeks ended 4 May 2014 £000	52 weeks ended 28 April 2013 £000
	<b>Note</b>		
Interest receivable and similar income	4	4,083	5,058
Interest payable and similar charges	5	(15,418)	(19,665)
		<hr/>	<hr/>
<b>Loss on ordinary activities before taxation</b>		<b>(11,335)</b>	<b>(14,607)</b>
Tax on loss on ordinary activities	6	-	-
		<hr/>	<hr/>
<b>Loss for the financial period</b>	12	<b>(11,335)</b>	<b>(14,607)</b>
		<hr/>	<hr/>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the profit and loss account.

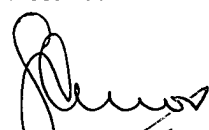
The notes on pages 8 to 14 form part of these financial statements.

**GREENE KING ACQUISITIONS NO.2 LIMITED**  
Registered number: 5462825

**BALANCE SHEET**  
As at 4 May 2014

			4 May 2014 £000	29 April 2013 £000
	Note	£000	£000	£000
<b>Fixed assets</b>				
Investments	7		192,723	192,723
<b>Current assets</b>				
Debtors	8	250,000		250,000
<b>Creditors: amounts falling due within one year</b>	9	<u>(298,723)</u>		<u>(287,388)</u>
<b>Net current liabilities</b>			<u>(48,723)</u>	<u>(37,388)</u>
<b>Total assets less current liabilities</b>			<u>144,000</u>	<u>155,335</u>
<b>Creditors: amounts falling due after more than one year</b>	10		<u>(26,972)</u>	<u>(269,716)</u>
<b>Net assets/(liabilities)</b>			<u><u>117,028</u></u>	<u><u>(114,381)</u></u>
<b>Capital and reserves</b>				
Called up share capital	11		2,426	-
Share premium account	12		240,318	-
Profit and loss account	12		<u>(125,716)</u>	<u>(114,381)</u>
<b>Shareholders' funds/(deficit)</b>	13		<u><u>117,028</u></u>	<u><u>(114,381)</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 9 December 2014.

  
**S.J. Connor**  
Director

The notes on pages 8 to 14 form part of these financial statements.



## GREENE KING ACQUISITIONS NO.2 LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the Period Ended 4 May 2014

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#### 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 current liabilities of £48,723,000. This includes amounts due to Greene King plc and other group undertakings amounting to £298,723,000. The directors have prepared cash flow forecasts for the foreseeable future, being at least 12 months from the date of approval of these financial statements, which indicate that the company requires financial support from its ultimate parent undertaking, Greene King plc, to enable it to meet its liabilities as they fall due. Greene King plc has confirmed that it will provide the necessary financial support for the foreseeable future to enable the company to meet its liabilities as they fall due. The directors of the company have made appropriate enquiries of the directors of Greene King plc to confirm that they are satisfied that the financial support will be available and accordingly continue to prepare the financial statements on a going concern basis.

##### **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.

##### **Financial Instruments**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

A financial liability exists where there is a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities under potentially unfavourable conditions. In addition, contracts which result in the entity delivering a variable number of its own equity instruments are financial liabilities. Shares containing such obligations are classified as financial liabilities.

Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. The carrying amount of the liability is increased by the finance cost and reduced by payments made in respect of that liability. Finance costs are calculated so as to produce a constant rate of charge on the outstanding liability.

An equity instrument is any contract that evidences a residual interest in the assets of the group/company after deducting all of its liabilities. Dividends and distributions relating to equity instruments are debited directly to reserves.

## GREENE KING ACQUISITIONS NO.2 LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the Period Ended 4 May 2014

#### I. ACCOUNTING POLICIES (continued)

##### 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 at the balance sheet date.

#### 2. OPERATING LOSS

Auditor's remuneration for both audit and non-audit services has been borne by other group undertakings. The audit fee for the Greene King plc group for the 53 weeks ended 4 May 2014 was £336,000 (2013 - £326,000), of which an audit fee of £1,000 (2013 - £1,000) is allocated to this subsidiary.

#### 3. STAFF COSTS

The company has no employees other than the directors, who did not receive any remuneration (2013 - £NIL) from the company.

The directors who held office during the period were also directors of fellow group undertakings. Total emoluments, including any company pension contributions, received by these directors totals £4,606,000 (2013 - £2,646,000) paid by the ultimate parent company or other group companies. The directors do not believe that it is practicable to apportion this amount between qualifying services as directors to the company and to fellow group undertakings. The number of directors who received or exercised share options during the period was 9 (2013 - 4).

#### 4. INTEREST RECEIVABLE

	53 weeks ended 4 May 2014 £000	52 weeks ended 28 April 2013 £000
Interest receivable from group undertakings	4,083	5,058

# GREENE KING ACQUISITIONS NO.2 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the Period Ended 4 May 2014

### 5. INTEREST PAYABLE

	53 weeks ended 4 May 2014 £000	52 weeks ended 28 April 2013 £000
interest payable to group undertakings	5,133	5,845
Dividends paid on shares classed as debt	10,285	13,820
	<u>15,418</u>	<u>19,665</u>

### 6. TAXATION

	53 weeks ended 4 May 2014 £000	52 weeks ended 28 April 2013 £000
UK corporation tax charge on loss for the period	-	-

#### Factors affecting tax charge for the period

The tax assessed for the period is higher than (2013 - higher than) the standard rate of corporation tax in the UK of 22.8% (2013 - 23.9%). The differences are explained below:

	53 weeks ended 4 May 2014 £000	52 weeks ended 28 April 2013 £000
Loss on ordinary activities before tax	<u>(11,335)</u>	<u>(14,607)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 22.8% (2013 - 23.9%)	(2,584)	(3,491)
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	2,345	3,491
Group relief	239	-
<b>Current tax charge for the period</b> (see note above)	<u>-</u>	<u>-</u>

The Finance Act 2013 reduced the rate of corporation tax from 23% to 21% from 1 April 2014. There were no recognised or unrecognised deferred tax assets or liabilities at either balance sheet date.

## GREENE KING ACQUISITIONS NO.2 LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the Period Ended 4 May 2014

#### 6. TAXATION (continued)

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

In addition to the reduction in corporation tax during the period the rate will reduce to 20% from 1 April 2015.

The above changes to the rate of corporation tax may impact the amount of future cash tax payments to be made by the company.

#### 7. FIXED ASSET INVESTMENTS

	Investment in subsidiary companies £000
<b>Cost</b>	
At 29 April 2013 and 4 May 2014	192,723
<b>Net book value</b>	
At 4 May 2014	192,723
At 28 April 2013	192,723

##### Subsidiary undertakings

The following subsidiary undertakings of the company were incorporated in England and Wales:

Company name	Principal activity	Percentage Shareholding	Class of share
Belhaven Pubs Limited	Financing	100 %	Ordinary
Indirectly held by Belhaven Pubs Limited			
Belhaven Brewery Company Limited	Financing	100 %	Ordinary
Belhaven Finance Limited	Financing	100 %	Ordinary

#### 8. DEBTORS

	4 May 2014 £000	29 April 2013 £000
Amounts owed by group undertakings	250,000	250,000

## GREENE KING ACQUISITIONS NO.2 LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the Period Ended 4 May 2014

#### 9. CREDITORS:

Amounts falling due within one year

	4 May 2014 £000	29 April 2013 £000
Amounts owed to group undertakings	<u>298,723</u>	<u>287,388</u>

#### 10. CREDITORS:

Amounts falling due after more than one year

	4 May 2014 £000	28 April 2013 £000
Amounts owed to group undertakings		
- 2035 loan note	26,972	26,972
Share capital presented as debt (note 11)	-	2,426
Share premium presented as debt	-	240,318
	<u>26,972</u>	<u>269,716</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. 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 Period Ended 4 May 2014

#### 11. SHARE CAPITAL

	4 May 2014 £	28 April 2013 £
<b>Shares classified as capital</b>		
<b>Allotted, called up and fully paid</b>		
1 Ordinary share of £1	1	1
242,649,782 A Ordinary shares of £0.01 each	2,426,498	-
	<u>2,426,499</u>	<u>1</u>
<b>Shares classified as debt (note 10)</b>		
<b>Allotted, called up and fully paid</b>		
242,649,782 Irredeemable preference shares of £0.01 each	-	2,426,498
	<u>-</u>	<u>2,426,498</u>

#### A Ordinary shares

Both classes of shares rank pari passu in all aspects except upon liquidation/winding up of the company where the ordinary shares have preferential rights.

#### 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, 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.

On 18 March 2014 all irredeemable preference shares were redeemed in exchange for A ordinary shares at par.

#### 12. RESERVES

	Share premium account £000	Profit and loss account £000
At 29 April 2013	-	(114,381)
Loss for the period	-	(11,335)
Premium on shares issued during the period	240,318	-
At 4 May 2014	<u>240,318</u>	<u>(125,716)</u>

## GREENE KING ACQUISITIONS NO.2 LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the Period Ended 4 May 2014

#### 13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS/(DEFICIT)

	4 May 2014 £000	28 April 2013 £000
Opening shareholders' deficit	(114,381)	(99,774)
Loss for the period	(11,335)	(14,607)
Shares issued during the period	2,426	-
Share premium arising from shares issued	240,318	-
	<u>117,028</u>	<u>(114,381)</u>
Closing shareholders' funds/(deficit)		

#### 14. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption permitted by FRS 8 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

At 4 May 2014, the directors consider the immediate parent undertaking and controlling party of Greene King Acquisitions No.2 Limited to be Greene King Brewing and Retailing Limited, a company incorporated in England and Wales.

The ultimate controlling party is Greene King plc, a company registered in England and Wales. This is also the undertaking of the largest group which includes the results of the company and for which group accounts are prepared. Copies of its group accounts are available from Westgate Brewery, Bury St Edmunds, Suffolk, IP33 1QT.