

## **InnDeed Nominee 1 Limited**

Report and Financial Statements

Period Ended

25 December 2011

Company Number 05969421



# **InnDeed Nominee 1 Limited**

## **Report and financial statements for the period ended 25 December 2011**

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### **Directors**

R K F Thomson  
S E Kennedy

### **Secretary and registered office**

R K F Thomson, 31 Havercroft Industrial Estate, New Road, Attleborough, Norfolk, NR17 1YE

### **Company number**

05969421

### **Auditors**

BDO LLP, 55 Baker Street, London, W1U 7EU

# **InnDeed Nominee 1 Limited**

## **Report of the directors for the period ended 25 December 2011**

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The directors present the annual report and the audited accounts for the period ended 25 December 2011. The prior period comparatives are for the period ended 26 December 2010.

### **Results and dividends**

The profit and loss account is set out on page 5 and shows the profit for the period. No dividends were paid during the period (2010 - £Nil).

### **Principal activity and review of business**

The principal activities of the company comprise the operation of pubs either under lease or tenancy agreements. The agreements with tenants in the leased estate comprise both tied and free of tie arrangements, generate income from rents, sales of beer and other drinks, and through profit share arrangements for income from leisure machines.

The company's pub assets are financed by a combination of bank debt, intercompany debt and shareholders' equity.

As explained in note 1 to the financial statements, the company is currently not complying with its banking covenants and the loan is due for repayment on demand.

The Directors have prepared cash flow forecasts through to 31 December 2013 which indicate that the company will generate sufficient cash to support its operations and cover its interest obligations over that period. However, they also indicate that there will be insufficient funds to repay the loan principal if demanded.

The Directors have been in discussions with its lenders and are working with them on a restructuring plan that involves property disposals and restructuring of the loan facilities. Whilst the directors believe that the restructuring plan will progress as intended, its ultimate success depends on the continued support of the company's lender and there can be no guarantee that this will continue.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

### **Directors**

The directors who held office during the period are as follows:

K F Thomson  
S E Kennedy

# **InnDeed Nominee 1 Limited**

## **Report of the directors for the period ended 25 December 2011 (*continued*)**

### **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 period. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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, 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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

### **Auditors**

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

The directors' report has been prepared under the small companies exemption.

### **On behalf of the Board**



R K F Thompson  
Director

Date 31/08/12

# **InnDeed Nominee 1 Limited**

## **Independent auditor's report**

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### **TO THE MEMBERS OF INNDEED NOMINEE 1 LIMITED**

We have audited the financial statements of InnDeed Nominee 1 Limited for the 52 weeks ended 25 December 2011 which comprises the profit and loss account, the balance sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standard (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 statement of directors' responsibilities, 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 (APB's) Ethical Standards for Auditors.

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

A description of the scope of an audit of financial statements is provided on the APB's web-site at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **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 25 December 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Emphasis of matter - going concern**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the company's ability to continue as a going concern.

The company is currently in breach of the covenants on its £13,928,000 loan facility and, therefore it is repayable on demand.

The Directors have been in discussions with its lender and are working with them on a restructuring plan that involves property disposals and restructuring of the loan facilities. Whilst the directors are confident that the restructuring plan will progress as intended, its ultimate success depends on the continued support of the company's lender and there can be no guarantee that this will continue.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

# **InnDeed Nominee 1 Limited**

## **Independent auditor's report (*continued*)**

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### **Opinion on other matters 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, or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies' regime

*BDO LLP*

*Geraint Jones (senior statutory auditor)  
For and on behalf of BDO LLP, statutory auditor  
London  
United Kingdom*

Date *31/8/12*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

# InnDeed Nominee 1 Limited

## Profit and loss account for the period ended 25 December 2011

	Note	Period ended 25 December 2011 £'000	Period ended 26 December 2010 £'000
<b>Turnover</b>	2	<b>1,194</b>	1,604
Cost of sales		<b>(471)</b>	(706)
<b>Gross profit</b>		<b>723</b>	898
Administration costs		<b>(1,351)</b>	(6,508)
Other income		<b>3</b>	-
<b>Operating loss</b>	3	<b>(625)</b>	(5,610)
Interest payable and similar charges	4	<b>(1,191)</b>	(1,286)
<b>Loss on ordinary activities before taxation</b>		<b>(1,816)</b>	(6,896)
Taxation on loss on ordinary activities	5	<b>(1)</b>	(6)
<b>Loss attributable to ordinary shareholders</b>	11	<b>(1,817)</b>	(6,902)

All amounts relate to continuing activities

There are no recognised gains and losses for the current or previous financial period other than the loss shown above

The notes on pages 7 to 13 form part of these financial statements

# InnDeed Nominee 1 Limited

## Balance sheet at 25 December 2011

<i>Company number 05969421</i>	<i>Note</i>	<b>25 December 2011 £'000</b>	<b>25 December 2011 £'000</b>	<b>26 December 2010 £'000</b>	<b>26 December 2010 £'000</b>
<b>Fixed assets</b>					
Property, plant and equipment	6		4,753		5,557
<b>Current assets</b>					
Debtors	7	97		132	
Cash at bank and in hand		471		731	
		<u>568</u>		<u>863</u>	
<b>Creditors: amounts falling due within one year</b>	8	14,595		14,166	
		<u>14,595</u>		<u>14,166</u>	
<b>Net current liabilities</b>			(14,027)		(13,303)
<b>Total assets less current liabilities</b>			<u>(9,274)</u>		<u>(7,746)</u>
<b>Creditors: amounts falling due after one year</b>	9		3,605		3,316
			<u>3,605</u>		<u>3,316</u>
<b>Net liabilities</b>			<u>(12,879)</u>		<u>(11,062)</u>
<b>Capital and reserves</b>					
Called up share capital	10		298		298
Share Premium	11		562		562
Profit and loss account	11		(13,739)		(11,922)
			<u>(12,879)</u>		<u>(11,062)</u>
<b>Shareholder's deficit</b>	11		<u>(12,879)</u>		<u>(11,062)</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime

The financial statements were approved by the Board of Directors and authorised for issue on



R K F Thomson  
Director

31/8/12

The notes on pages 7 to 13 form part of these financial statements



# **InnDeed Nominee 1 Limited**

## **Notes forming part of the financial statements for the period ended 25 December 2011**

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### **1 Accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

#### *Basis of preparation*

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

#### *Going concern*

The company is currently in breach of the covenants on its £13,928,000 loan facility and, therefore it is repayable on demand

The Directors have prepared cash flow forecasts through to 31 December 2013 which indicate that that the company will generate sufficient cash to support its operations and cover its interest obligations over that period. However, they also indicate that there will be insufficient funds to repay the loan principal if demanded

The Directors have been in discussions with its lenders and are working with them on a restructuring plan that involves property disposals and restructuring of the loan facilities. Whilst the directors believe that the restructuring plan will progress as intended, its ultimate success depends on the continued support of the company's lender and there can be no guarantee that this will continue

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern

#### *Tangible fixed assets*

Landlord's fixtures and fittings include removable items, which are generally regarded as within landlord ownership. These are depreciated in accordance with the policy detailed below

Property, plant and equipment assets are carried at cost or deemed cost less accumulated depreciation and any recognised impairment in value. Depreciation is provided to write off the cost of property, plant and equipment, less estimated residual values, by equal annual instalments as follows

Freehold and leasehold buildings	-	50 years or the life of the lease if shorter
Fixtures and fittings	-	5-15 years

Freehold land is not depreciated

Freehold buildings are depreciated so as to write off the difference between their carrying value and residual value over their useful economic life of 50 years. Residual values are reviewed at least once each financial year and there is no depreciable amount if the residual value is the same or exceeds the carrying value

# **InnDeed Nominee 1 Limited**

## **Notes forming part of the financial statements for the period ended 25 December 2011 (*continued*)**

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### **1 Accounting policies (*continued*)**

#### *Impairment of tangible fixed assets*

The need for any tangible fixed asset impairment write down is assessed by comparison of the carrying value of the asset against the higher of its net realisable value and value in use. These assessments are carried out at reporting dates or whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, the asset is written down accordingly. Impairment charges are included in the operating expenses line item in the profit and loss account.

#### *Turnover*

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of the business, net of discounts and VAT.

- *Drink and food sales*  
Turnover in respect of drink and food sales is recognised at the point at which the goods are provided, net of discounts or volume rebates allowed.
- *Rents receivable*  
Rents receivable are recognised on a straight-line basis over the lease term.
- *Machine income*  
The company's share of net machine income is recognised in the period to which it relates.

#### *Finance costs*

In accordance with FRS 4, costs of obtaining finance are initially recognised on the balance sheet and are spread evenly over the life of the loan to which they relate. Such items are deducted from the carrying value of the loan.

#### *Deferred taxation*

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that:

- deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief, and
- the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances arising from underlying timing differences in respect of tax allowances on industrial buildings are reversed if and when all conditions for retaining those allowances have been met.

Deferred tax balances are not discounted.

# InnDeed Nominee 1 Limited

Notes forming part of the financial statements  
for the period ended 25 December 2011 (*continued*)

## 2 Turnover

	Period ended 25 December 2011 £'000	Period ended 26 December 2010 £'000
Beer sales	639	1,075
Rental income	453	435
Machine Income	102	94
	<u>1,194</u>	<u>1,604</u>

The turnover of the company for the period is attributable to the continuing activity of the company being the ownership and management of pubs in the United Kingdom

## 3 Operating loss

	Period ended 25 December 2011 £'000	Period ended 26 December 2010 £'000
Operating profit/(loss) is stated after charging		
Impairment	505	-
Depreciation and amortisation	391	420
Audit	34	34
	<u></u>	<u></u>

The company has no other employees other than the directors. No remuneration was paid to the directors in either the current or prior year

## 4 Interest payable and similar charges

	Period ended 25 December 2011 £'000	Period ended 26 December 2010 £'000
Bank interest	895	958
Bank charges	8	5
Loan note interest	288	323
	<u>1,191</u>	<u>1,286</u>

# InnDeed Nominee 1 Limited

Notes forming part of the financial statements  
for the period ended 25 December 2011 (*continued*)

## 5 Taxation on loss on ordinary activities

	Period ended 25 December 2011 £'000	Period ended 26 December 2010 £'000
Tax charge		
Current tax	-	6
	<hr/>	<hr/>
	-	6
	<hr/>	<hr/>
Tax reconciliation		
Loss on ordinary activities before taxation	(1,816)	(6,896)
Notional tax charge at UK corporation tax rate of 26.5% (2010 - 28%)	(481)	(1,931)
Expenses not deductible for tax purposes	9	1,591
Depreciation in excess of capital allowances	104	118
Ineligible depreciation and impairment	130	-
Trading losses carried forward	238	223
Adjustments to prior years	-	5
	<hr/>	<hr/>
	-	6
	<hr/>	<hr/>

### Factors that may affect future tax changes

The company has a potential deferred tax asset of £1.2 million (26 December 2010 - £0.3 million) relating to tax losses and £0.5 million (26 December 2010 - £0.2 million) relating to accelerated capital allowances which have not been recognised due to uncertainty over their recoverability.

# InnDeed Nominee 1 Limited

Notes forming part of the financial statements  
for the period ended 25 December 2011 (*continued*)

## 6 Fixed assets

Property, plant and equipment	Fixtures and fittings £'000	Licensed properties £'000	Total £'000
<i>Cost or valuation</i>			
At 27 December 2010	241	16,131	16,372
Additions	26	66	92
	<hr/>	<hr/>	<hr/>
At 25 December 2011	<b>267</b>	<b>16,197</b>	<b>16,464</b>
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 27 December 2010	48	10,767	10,815
Charge for period	26	365	391
Impairment charge	-	505	505
	<hr/>	<hr/>	<hr/>
At 25 December 2011	<b>74</b>	<b>11,637</b>	<b>11,711</b>
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 25 December 2011	<b>193</b>	<b>4,560</b>	<b>4,753</b>
	<hr/>	<hr/>	<hr/>
At 27 December 2010	193	5,364	5,557
	<hr/>	<hr/>	<hr/>

In completing the impairment review a value in use calculation has been performed for each asset by projecting budgeted performance and resulting cash flows. For the purpose of this calculation, no subsequent growth in cash flows has been assumed and a risk adjusted discount rate of 17% has been used in calculating present value. The directors have also considered the valuation assessments provided by a third party valuer.

## 7 Debtors

	25 December 2011 £'000	26 December 2010 £'000
Trade debtors	76	104
Prepayments and accrued income	8	6
Other debtors	13	22
	<hr/>	<hr/>
	<b>97</b>	<b>132</b>
	<hr/>	<hr/>

# InnDeed Nominee 1 Limited

Notes forming part of the financial statements  
for the period ended 25 December 2011 (*continued*)

## 8 Creditors: amounts falling due within one year

	25 December 2011 £'000	26 December 2010 £'000
Bank loans	13,928	13,388
Trade creditors	69	204
Accruals and deferred income	289	297
Other creditors	128	275
VAT payable	14	2
Amounts due to related party	167	-
	<u>14,595</u>	<u>14,166</u>

## 9 Creditors: amounts falling due after one year

	25 December 2011 £'000	26 December 2010 £'000
Loan notes	2,281	2,281
Loan note interest	1,324	1,035
	<u>3,605</u>	<u>3,316</u>

The loan notes are repayable after more than 5 years with an average interest rate of 7.74%.

## 10 Share capital

	Allotted, called up and fully paid	
	25 December 2011 £'000	26 December 2010 £'000
298,212 ordinary shares of £1 each	<u>298</u>	<u>298</u>

# InnDeed Nominee 1 Limited

## Notes forming part of the financial statements for the period ended 25 December 2011 (continued)

### 11 Reserves and reconciliation of movements in shareholders' deficit

	Share premium £'000	Share capital £'000	Profit and loss account £'000	25 December 2011 £'000	26 December 2010 £'000
At beginning of period	562	298	(11,922)	(11,062)	(4,722)
Loss attributable to ordinary shareholders	-	-	(1,817)	(1,817)	(6,902)
Shares issued	-	-	-	-	562
At end of period	<u>562</u>	<u>298</u>	<u>(13,739)</u>	<u>(12,879)</u>	<u>(11,062)</u>

### 12 Related party transactions

During the year, the company incurred management charges of £173,430 (2010 - £143,385) from GRS Pub Investments Limited, a company with common directors. At the year end, the company owed £221,648 (2010 - £244,731) to GRS Pub Investments Limited.

During the year, the company paid management charges of £Nil (2010 - £78,446) to Pebble Solutions, a company with common directors.

Loan notes of £2,281,322 are payable to Indeed Group Limited. Indeed Group Limited was dissolved on 20 June 2009, and the loan is subordinated to the AIB Loan facility. As the loan notes were not waived and as AIB has a vested interest in the assets of InnDeed Nominee 1 Limited, the balance including accrued interest of £1,323,709 remain as a creditor due and payable after one year.

During the year, the company paid secretarial fees of £12,000 (2010 - £Nil) to K F Thomson, a director of the company.

### 13 Parent company

The company's immediate and ultimate parent undertaking and controlling party during the period to December 2010 was InnDeed Group Limited which went into administration during the period. This company is registered in the UK and consolidated accounts have not been prepared for this company as it was in administration.

As of 25 December 2011 the company's parent company was London Town Plc which is in administration.