

Globe (LP) Limited

Report and Financial Statements

1 June 2008

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COMPANIES HOUSE

Globe (LP) Limited

Registered No: SC161625

Directors

A Brown
M Grunnell

Secretary

Michael Ingham

Auditors

Ernst & Young LLP
George House
50 George Square
Glasgow
G2 1RR

Solicitors

Linklaters
One Silk Street
London
EC2Y 8HQ

Registered office

2-4 Broadway Park
South Gyle Broadway
Edinburgh
EH12 9JZ

Directors' report

The directors present their report and financial statements for the year ended 1 June 2008.

Results and dividends

The result for the year was a loss of £30,275,023 (2007 - £548,952). The results for the year are stated after exceptional charges of £29,948,764 which is explained in note 4 to the accounts. The directors do not recommend the payment of a dividend (2007 - £nil).

Principal activity and review of the business

Globe (LP) Limited holds amounts due to and from group companies on which interest is charged on an annual basis. The company has no other transactions. This is likely to be the case in the foreseeable future.

Financial position

The financial position of the company is set out on page 8 of the financial statements. The company had net current liabilities of £29,895,266 at 1 June 2008. The net current liabilities of £29,895,266 are net amounts due to group undertakings. The group undertakings due the obligations have confirmed that repayment of intercompany loans will not be payable for a period until at least one year from the approval of the financial statements and that interest payments are accrued and added to the loan balance. Accordingly, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and therefore conclude it is appropriate to adopt the going concern basis in preparing financial statements.

Directors

The directors who served in the period are as follows:

A Brown

T Smalley (resigned 16 September 2009)

M Grunnell (appointed 6 June 2007)

Events since balance sheet date

On 29 October 2009 Heineken N.V. entered into contractual arrangements with EBP Pub Company Limited (a company now known as Blue Star Pub Company Limited and now controlled by FEOH Investments Limited) which has acquired the tenanted pub Estate (the Estate) of Globe Tenanted Pub Company Limited (GTP).

The sale of the Estate to EBP followed on from GTP being in breach of its financial covenants. GTP and Bank of New York Mellon, trustee to the holders of notes issued by Globe Pub Issuer plc, appointed Deloitte in June 2009 to conduct an independent review of the options available following which Bank of New York Mellon appointed partners from Zolfo Cooper LLP as Administrative Receivers of GTP on Thursday 29 October 2009. The Estate of 421 pubs was subsequently sold to Blue Star Pub Company Limited for a consideration of £180 million.

The shares of The Globe Pub Company Limited (GPC) being the 5,000,001 A ordinary and 1 B ordinary shares were transferred to EBP Pub Company (Holdings) Limited (now known as Blue Star Pub Company Holdings (No 2) Limited and also controlled by FEOH Investments Limited) on the 28 October 09. GPC is an intermediate holding company of Globe (LP) Limited. As a consequence, the ultimate parent company of Globe (LP) Limited is FEOH Investments Limited.

Financial risk management policy

The company's only financial instruments comprise intercompany deposits and or borrowings, the main purpose of which is to provide finance for its normal trading operations. Due to the nature of its financial

Directors' report

instruments, the company does not consider that any significant financial risks exist for which policies are required.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Re-appointment of auditors

In accordance with s. 385 of the Companies Act 1985, a resolution is to be proposed at the Annual General Meeting for reappointment of Ernst & Young LLP as auditor of the company.

By order of the board



M Ingham
Secretary

9 December 2009

Statement of directors' responsibilities in respect of the financial statements

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 group and the company and of the profit or loss of the group for that period. In preparing those 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;
- 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 group and the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

to the members of Globe (LP) Limited

We have audited the financial statements for the year ended 1 June 2008 which comprise Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and losses and the related notes 1 to 13. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Statement Independent auditors' report

to the members of Globe (LP) Limited (continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 1 June 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Ernst & Young LLP.

Ernst & Young LLP
Registered Auditor
Glasgow

11 December 2009

Profit and loss account

for the year ended 1 June 2008

		Year ended 2008 £	Year ended 2007 £
	<i>Notes</i>		
Exceptional items			
Impairment of investment in subsidiary	4	(10,607,744)	-
Provision against amounts due from group undertakings	4	(19,341,020)	-
Operating profit/loss	2	(29,948,764)	-
Net interest payable	5	(490,945)	(548,952)
Loss on ordinary activities before taxation		(30,439,709)	(548,952)
Tax on loss on ordinary activities	6	164,686	-
Loss on ordinary activities after taxation		(30,275,023)	(548,952)

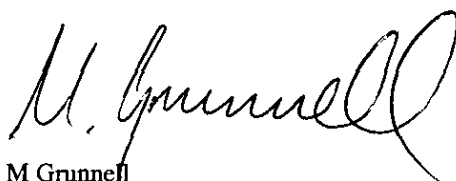
Statement of total recognised gains and losses

There are no recognised gains or losses other than the loss of £30,275,023 (2007 - £548,952) in the year to 1 June 2008.

Balance sheet

at 1 June 2008

	Notes	2008 £	2007 £
Fixed assets			
Investments	7	-	10,607,743
		<u>-</u>	<u>10,607,743</u>
Current assets			
Debtors	8	-	18,298,029
Creditors: amounts falling due within one year	9	(29,895,266)	(28,526,017)
Net current liabilities		<u>(29,895,266)</u>	<u>(10,227,988)</u>
Net (liabilities)/assets		<u>(29,895,266)</u>	<u>379,755</u>
Capital and reserves			
Called up share capital	10/11	2	2
Profit and loss account	11	(29,895,268)	379,753
		<u>(29,895,266)</u>	<u>379,755</u>



M Grunnell
Director

9 December 2009

Notes to the financial statements

at 1 June 2008

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention as modified by the revaluation of properties within the company and in accordance with applicable accounting standards, United Kingdom Generally Accepted Accounting Practice. In accordance with Financial Reporting Standard 18, the directors will continue to review the accounting policies.

Basis of Accounting

The company has a deficit on shareholders' funds at 1 June 2008. The directors have considered the company's financial position as described in the Directors' Report and the directors believe there are no material uncertainties which may cast significant doubt on the company's ability to continue as a going concern. Accordingly, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and therefore conclude it is appropriate to adopt the going concern basis in preparing the financial statements..

Group financial statements

The company has taken advantage of the exemptions allowed by s.228 (2) of the Companies Act 1985. As such, group financial statements have not been prepared as the company is wholly owned by another UK incorporated company.

Cash flow statement

Under Financial Reporting Standard 1 (Cash Flow Statements) the company is exempt from the requirement to prepare a cash flow statement because it is a wholly owned subsidiary undertaking and consolidated financial statements which include the company are publicly available.

Deferred taxation

Deferred taxation is provided, without discounting, on all timing differences which have originated but not reversed at the balances sheet date except for those which should not be recognised under Financial Reporting Standard 19, calculated at the enacted rates at which it is estimated that tax will be payable. Deferred taxation assets are only recognised to the extent that it is more likely than not that they will be recovered.

Notes to the financial statements

at 1 June 2008

2. Operating loss

	2008	2007
	£	£
This is stated after charging:		
Impairment of investment in subsidiary	(10,607,744)	-
Provision against amounts due from group undertakings (see note 4)	(19,341,020)	-
	<u> </u>	<u> </u>

Fees in respect of services provided by the auditors for the statutory audit of the company and other services were paid on behalf of the company by The Globe Pub Company Limited.

3. Information regarding directors and employees

The only employees of the company were the directors who did not receive any remuneration from the company.

4. Exceptional items

Included in the income statement are the following exceptional items:

	2008	2007
	£	£
Operating		
Impairment of investment in subsidiary	(10,607,744)	-
Provision against amounts due from group undertakings ¹	(19,341,020)	-
	<u> </u>	<u> </u>
Total exceptional items before taxation	(29,948,764)	-
Tax impact of exceptional items	-	-
	<u> </u>	<u> </u>
Total exceptional items after taxation	(29,948,764)	-
	<u> </u>	<u> </u>

- ¹ Amounts due from The Globe Pub Company Limited are considered to be irrecoverable and, although still legally due, have been provided for in full. The provision made in respect of the group balances totals £19,341,020 and is split as follows; Globe Pub Company Limited - £14,413,214, Globe (PT) Limited - £1,116,381, MGR Leisure Limited - £3,791,525, Valefrost - £382, Globe Pub Management Limited - £19,518.

Notes to the financial statements

at 1 June 2008

5. Net interest payable

	2008	2007
	£	£
Interest receivable from other group undertakings	878,304	838,078
Interest payable to other group undertakings	(1,369,249)	(1,387,030)
	<u>(490,945)</u>	<u>(548,952)</u>

6. Taxation on profit on ordinary activities

(a) Tax charge

	2008	2007
	£	£
Corporation tax – prior year relief	(164,686)	-
Total tax charge	<u>(164,686)</u>	<u>-</u>

(b) Factors affecting current tax charges

The tax assessed for the period is higher than the standard rate of corporation tax in the UK of 29.67% (2007: 30%). The differences are explained below:

	2008	2007
	£	£
Loss on ordinary activities before taxation	<u>(30,439,709)</u>	<u>(548,952)</u>
Notional tax charge at UK corporation tax rate of 29.67%	(9,031,462)	(164,686)
Expenses not deductible for tax purposes ¹	8,885,799	-
Credit on current year losses not recognised	145,663	164,686
Adjustments in respect of prior periods	(164,686)	-
	<u>(164,686)</u>	<u>-</u>

¹ Expenses not deductible for tax purposes include:

Impairment of investment in subsidiary	3,147,318	
Provision against loan amounts due from group undertakings	5,738,481	-
	<u>8,885,799</u>	<u>-</u>

(c) Factors affecting future tax charge

There are no factors that may affect future tax charges.

Notes to the financial statements

at 1 June 2008

7. Fixed asset investments

	2008	2007
	£	£
Investment in subsidiary undertakings	10,607,744	10,607,744
Amounts provided for	(10,607,744)	-
	<u>-</u>	<u>10,607,744</u>

Subsidiary companies

<i>Name of company</i>	<i>Holding</i>	<i>Proportion held</i>	<i>Nature of business</i>
Globe (PT) Limited	Ordinary	100%	Pub management and leasing company
MGR Leisure Limited	Ordinary	100%	Pub management and leasing company
MGR Leisure Limited	Ordinary B	100%	Pub management and leasing company

8. Debtors: receivable within one year

	2008	2007
	£	£
Amounts due from group companies (see note 4)	-	18,298,029
	<u>-</u>	<u>18,298,029</u>

9. Creditors: amounts falling due within one year

	2008	2007
	£	£
Amounts due to group undertakings	29,895,266	28,526,017
	<u>29,895,266</u>	<u>28,526,017</u>

Notes to the financial statements

at 1 June 2008

10. Share capital

The authorised, allotted and fully paid share capital of the company consisted of:

	<i>Allotted, called up and</i>		<i>Allotted, called up and</i>	
	<i>Authorised</i>	<i>fully paid</i>	<i>Authorised</i>	<i>fully paid</i>
	<i>2008</i>	<i>2008</i>	<i>2007</i>	<i>2007</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Ordinary shares of £1 each	100	2	100	2

11. Reconciliation of shareholders' funds and movements on reserves

	<i>Share capital</i>	<i>Profit and loss account</i>	<i>Total</i>
	<i>£</i>	<i>£</i>	<i>£</i>
At 4 June 2007	2	379,753	379,755
Loss for the year	-	(30,275,023)	(30,275,023)
At 1 June 2008	2	(29,895,268)	(29,895,268)

12. Parent undertaking and controlling party

In the directors' opinion the company's ultimate parent undertaking and controlling party is FEOH Investments Limited, a company incorporated in the British Virgin Islands.

The immediate parent undertaking of the company is Homelawn Limited.

The parent undertaking of the smallest group of which the company is a member and for which group financial statements are prepared is The Globe Pub Company Limited. Copies of its group financial statements are available from 4th Floor, Leconfield House, Curzon Street, London, W1J 5JA.

13. Related party transactions

Related party transactions with group companies or interests of the group have not been disclosed in accordance with the exemption for subsidiary undertakings contained in Financial Reporting Standard 8 "Related Party Disclosures".

Notes to the financial statements

at 1 June 2008

14. Post Balance Sheet Event

Change of ultimate parent company

On 29 October 2009 Heineken N.V. entered into contractual arrangements with EBP Pub Company Limited (a company now known as Blue Star Pub Company Limited and now controlled by FEOH Investments Limited) which has acquired the tenanted pub Estate (the Estate) of Globe Tenanted Pub Company Limited (GTP).

The sale of the Estate to EBP followed on from GTP being in breach of its financial covenants. GTP and Bank of New York Mellon, trustee to the holders of notes issued by Globe Pub Issuer plc, appointed Deloitte in June 2009 to conduct an independent review of the options available following which Bank of New York Mellon appointed partners from Zolfo Cooper LLP as Administrative Receivers of GTP on Thursday 29 October 2009. The Estate of 421 pubs was subsequently sold to Blue Star Pub Company Limited for a consideration of £180 million.

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