

Registered number: 7427021

GREENE KING PUBS LIMITED
(Formerly Greene King Operations Limited)

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the 52 weeks Ended 29 April 2012



GREENE KING PUBS LIMITED

DIRECTORS' REPORT

For the 52 weeks Ended 29 April 2012

The directors present their report and the financial statements for the 52 weeks ended 29 April 2012

Principal activities

During the year the company's principal activity changed from that of an intermediary holding company to a property leasing company, leasing property to other members of the Greene King plc group

On 9 February 2012 the company changed its name from Greene King Operations Limited to Greene King Pubs Limited

Business review

On 21 November 2011, the company changed its accounting reference date to 30 April. As a result the prior year comparative is for 26 weeks compared to 52 weeks in the current year

The company's performance in the year has met directors' expectations and no significant change in trade is expected in future years. 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 29 April 2012

Results and dividends

The profit for the 52 weeks, after taxation, amounted to £21,888,000 (26 weeks to 1 May 2011 - £22,489,000)

The directors do not recommend the payment of an ordinary dividend

Directors

The directors who served during the 52 weeks were

I Bull (appointed 2 November 2010 & resigned 30 June 2011)

M Fearn (appointed 9 September 2011)

R Anand (appointed 30 June 2011)

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 the company, where they are directors of Greene King plc

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 £483,881,000. 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 a least twelve months from the date of signing these accounts

GREENE KING PUBS LIMITED

DIRECTORS' REPORT

For the 52 weeks Ended 29 April 2012

Provision of information to auditors

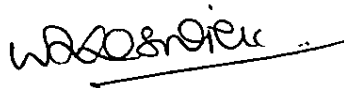
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are 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 information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information

Auditors

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

This report was approved by the board on 29 January 2013 and signed on its behalf



Mrs L A Keswick
Secretary

GREENE KING PUBS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

For the 52 weeks Ended 29 April 2012

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 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,
- 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.

GREENE KING PUBS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GREENE KING PUBS LIMITED

We have audited the financial statements of Greene King Pubs Limited for the 52 weeks ended 29 April 2012 which comprise the Profit and loss account, Balance sheet and related notes 1 to 17. 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 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. 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 29 April 2012 and of its profit for the 52 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 52 week period for which the financial statements are prepared is consistent with the financial statements.

GREENE KING PUBS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GREENE KING PUBS LIMITED

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



Bob Forsyth (Senior statutory auditor)

for and on behalf of
Ernst & Young LLP

Statutory Auditor
Cambridge

¹
30 January 2013

GREENE KING PUBS LIMITED**PROFIT AND LOSS ACCOUNT**

For the 52 weeks Ended 29 April 2012

	Note	52 weeks ended 29 April 2012 £000	26 weeks ended 1 May 2011 £000
Turnover	1,2	6,575	-
Administrative expenses		(3,380)	-
Operating profit	3	3,195	-
Exceptional items			
Net loss on sale of tangible fixed assets		(1,846)	-
Profit on ordinary activities before interest		1,349	-
Income from other fixed asset investments		34,038	30,954
Interest receivable and similar income	5	704	-
Interest payable and similar charges	6	(14,203)	(8,465)
Profit on ordinary activities before taxation		21,888	22,489
Tax on profit on ordinary activities	7	-	-
Profit for the financial period	13	21,888	22,489

All amounts relate to continuing operations

There were no recognised gains and losses for 2012 or 2011 other than those included in the Profit and loss account

The notes on pages 8 to 15 form part of these financial statements

GREENE KING PUBS LIMITED

Registered number: 7427021

BALANCE SHEET

As at 29 April 2012

	Note	£000	29 April 2012 £000	£000	1 May 2011 £000
Fixed assets					
Tangible assets	8		548,993		-
Investments	9		1,430,000		1,430,000
			<u>1,978,993</u>		<u>1,430,000</u>
Current assets					
Debtors	10	97,767		30,953	
Creditors: amounts falling due within one year	11	<u>(581,648)</u>		<u>(702,729)</u>	
Net current liabilities			<u>(483,881)</u>		<u>(671,776)</u>
Net assets			<u>1,495,112</u>		<u>758,224</u>
Capital and reserves					
Called up share capital	12		117		72
Share premium account	13		714,955		-
Equity Instruments reserve	13		-		20,735
Profit and loss account	13		<u>780,040</u>		<u>737,417</u>
Shareholders' funds	14		<u>1,495,112</u>		<u>758,224</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 January 2013



M Fearn
Director

The notes on pages 8 to 15 form part of these financial statements

GREENE KING PUBS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks Ended 29 April 2012

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 £483,881,000. 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.

Financial instruments

The terms of financial instruments are evaluated to determine whether it contains both liability and equity component. Such components shall be classified separately as financial liabilities, financial assets or equity instruments accordingly.

The company recognises separately the component of the Guaranteed Convertible Unsecured Loan Notes that a) creates a financial liability of the company and b) grants an option to the holder of the instrument to convert it into an equity instrument of the company.

The carrying amount of the liability component is determined by measuring the fair value of a similar liability that does not have an associated equity component. The carrying amount of the fair value of the equity instrument represented by the option is then determined by deducting the fair value of the component financial instrument as a whole.

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.

Turnover

Turnover comprises revenue recognised by the company in respect of rental income during the 52 weeks, exclusive of Value Added Tax and trade discounts.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	- 50 years straight line
Fixtures & fittings	- between 3 - 20 years straight line

Where the carrying value of properties may not be recoverable an impairment in the value of fixed assets is charged to the profit and loss account.

GREENE KING PUBS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks Ended 29 April 2012

1. ACCOUNTING POLICIES (continued)

Investments

Investments held as fixed assets are shown at cost less provision for impairment

Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate

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. TURNOVER

Turnover represents rental income on operating leases receivable from related parties, net of value added tax

All turnover arose within the United Kingdom

3. OPERATING PROFIT

The operating profit is stated after charging

	52 weeks ended 29 April 2012 £000	26 weeks ended 1 May 2011 £000
Depreciation of tangible fixed assets		
- owned by the company	2,056	-
Operating lease rentals		
- operating leases	1,324	-
	<u>3,380</u>	<u>-</u>

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

GREENE KING PUBS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks Ended 29 April 2012

4. STAFF COSTS

The company has no employees other than the directors, who did not receive any remuneration for their services in respect of the company in the financial period (2011 - £NIL)

The directors who held office during the year were also directors of fellow group companies. Total emoluments, including any company pension contributions, received by these directors totalled £1,605,000 (2011 - £1,700,000) paid by the ultimate parent company or by other subsidiaries. The directors do not believe that it is practicable to apportion this amount between services as directors to the company and of fellow subsidiary companies. The number of directors who received or exercised share options during the year was 2 (2011 - 2)

5. INTEREST RECEIVABLE

	52 weeks ended 29 April 2012 £000	26 weeks ended 1 May 2011 £000
Interest receivable from group companies	704	-

6. INTEREST PAYABLE

	52 weeks ended 29 April 2012 £000	26 weeks ended 1 May 2011 £000
Unwinding of discount on convertible unsecured note	12,271	8,465
On loans from group undertakings	1,932	-
	14,203	8,465

GREENE KING PUBS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks Ended 29 April 2012

7. TAXATION

Factors affecting tax charge for the period

The tax assessed for the 52 weeks/26 weeks is lower than (2011 - lower than) the standard rate of corporation tax in the UK of 25.8% (2011 - 27.8%). The differences are explained below

	52 weeks ended 29 April 2012 £000	26 weeks ended 1 May 2011 £000
Profit on ordinary activities before tax	21,888	22,489
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 25.8% (2011 - 27.8%)	5,647	6,252
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	3,228	2,353
Capital allowances for 52 weeks/26 weeks in excess of depreciation	429	-
No relief for loss on disposal of fixed assets	478	-
Non-taxable income less expenses not deductible for tax purposes, other than goodwill and impairment	(8,782)	(8,605)
Group relief	(1,000)	-
Current tax charge for the 52 weeks/26 weeks (see note above)	-	-

At the balance sheet date the UK government had substantively enacted a 2% reduction in the main rate of UK corporation tax from 26% to 24% from 1 April 2012

Factors that may affect future tax charges

The government has also proposed reducing the UK corporation tax rate by a further 1% and 2% per annum to 21% by 1 April 2014. However, these further rate changes had not been substantively enacted at the balance sheet date and their effects are not, therefore, included in these financial statements

GREENE KING PUBS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks Ended 29 April 2012

8. TANGIBLE FIXED ASSETS

	Freehold property £000	Fixtures & fittings £000	Total £000
Cost			
Additions	2,756	764	3,520
Disposals	(24,268)	(4,688)	(28,956)
Acquisitions	508,936	67,386	576,322
At 29 April 2012	487,424	63,462	550,886
Depreciation			
Charge for the 52 weeks	242	1,814	2,056
On disposals	(10)	(153)	(163)
At 29 April 2012	232	1,661	1,893
Net book value			
At 29 April 2012	487,192	61,801	548,993

On 9 March 2012 the company acquired 338 freehold pubs from Greene King Brewing & Retailing Limited for £566,492,000. On 20 March 2012 the company acquired a further 7 freehold pubs from Loch Fyne Restaurants Limited for £9,830,000.

On 27 April 2012 the company sold 26 freehold pubs to Greene King Retailing Limited for £26,365,000.

9. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £000
Cost or valuation	
At 2 May 2011 and 29 April 2012	1,430,000
Net book value	
At 29 April 2012	1,430,000
At 1 May 2011	1,430,000

Subsidiary undertakings

The following were subsidiary undertakings of the company

Name	Class of shares	Holding
Greene King Brewing and Retailing Limited	Ordinary	100 %
Greene King Brewing and Retailing Limited	Preference	100 %

GREENE KING PUBS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks Ended 29 April 2012

10. DEBTORS

	29 April 2012 £000	1 May 2011 £000
Amounts owed by group undertakings	97,761	30,953
Prepayments and accrued income	6	-
	<u>97,767</u>	<u>30,953</u>

11. CREDITORS:

Amounts falling due within one year

	29 April 2012 £000	1 May 2011 £000
Amounts owed to group undertakings - Convertible unsecured note	-	702,729
Amounts owed to group undertakings	576,348	-
Accruals and deferred income	5,300	-
	<u>581,648</u>	<u>702,729</u>

£715,000,000 Guaranteed Convertible Unsecured Note

The note matured on 3 December 2011 at its nominal value of £715,000,000 and was converted into 450,006,768 ordinary shares of £0.0001

12. SHARE CAPITAL

	29 April 2012 £000	1 May 2011 £000
Allotted, called up and fully paid		
1,165,006,769 (2011 - 715,000,001) Ordinary shares of £0.0001 each	<u>117</u>	<u>72</u>

On 3 December 2011 the company issued 450,006,768 £0.0001 ordinary shares to Greene King Investments Limited to satisfy the maturity of the £715,000,000 Guaranteed Convertible Unsecured Note

GREENE KING PUBS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks Ended 29 April 2012

13. RESERVES

	Share premium account £000	Equity Instrument reserve £000	Profit and loss account £000
At 2 May 2011	-	20,735	737,417
Profit for the 52 weeks	-	-	21,888
Premium on shares issued during the 52 weeks	714,955	-	-
Transfer between reserves	-	(20,735)	20,735
	<u>714,955</u>	<u>-</u>	<u>780,040</u>
At 29 April 2012			

14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	29 April 2012 £000	1 May 2011 £000
Opening shareholders' funds	758,224	-
Profit for the 52 weeks/26 weeks	21,888	22,489
Shares issued during the 52 weeks/26 weeks	45	715,000
Share capital reduction	-	(714,928)
Share premium on shares issued (net of expenses)	714,955	-
Transfer to profit and loss reserve on capital reduction	-	714,928
Loan notes issued - 3 December 2010	-	20,735
	<u>1,495,112</u>	<u>758,224</u>
Closing shareholders' funds		

15. OPERATING LEASE COMMITMENTS

At 29 April 2012 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings 29 April 2012 £000	1 May 2011 £000
Expiry date:		
After more than 5 years	<u>150</u>	<u>-</u>

16. 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

GREENE KING PUBS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks Ended 29 April 2012

17. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The directors regard Greene King plc, a company incorporated in Great Britain and registered in England and Wales, to be its immediate and ultimate parent company. Consolidated financial statements of Greene King plc for the 52 week period ended 29 April 2012 are available from Westgate Brewery, Bury St Edmunds, Suffolk, IP33 1QT