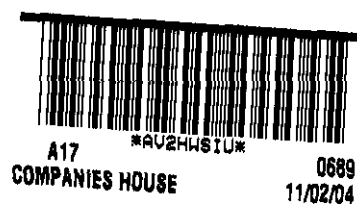


Cousin of Pubmaster Limited
Annual report
for the year ended 28 September 2003

Registered Number 2585754



Cousin of Pubmaster Limited
Annual report
for the year ended 28 September 2003
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Cousin of Pubmaster Limited

Directors' report for the year ended 28 September 2003

The directors present their annual report and the audited financial statements of the company for the year ended 28 September 2003.

Principal activity and business review

The company's principal activities during the year were to act as the vehicle through which property disposals to third parties were effected as part of the group's 'churn and invest' policy and to lease a portfolio of public houses to its parent undertaking, Pubmaster Limited, at a market rent. On 21 November 2002 the company's entire portfolio of public houses was sold to Pubmaster Limited for a consideration of £102,628,000 as part of the group's re-organisation of its financing arrangements.

Results and dividends

During the year under review the company made a profit before taxation of £1,307,000 (2002: £9,403,000). The directors do not recommend the payment of a dividend (2002: £Nil).

Directors and their interests

The directors who held office during the year were as follows:

Mr N A Sammons
Mr J R Sands
Mr R Turnbull

The directors hold no beneficial interest in the shares of the company. The beneficial interests of the directors at the end of the year in the shares of the ultimate parent undertaking, Pubmistress Limited, are disclosed in the annual report of that company.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 28 September 2003 and that applicable accounting standards have been followed.


The directors are responsible for keeping proper accounting records that 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 1985. 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.

Cousin of Pubmaster Limited

Auditors

The auditors, PricewaterhouseCoopers LLP have indicated their willingness to continue in office. An elective resolution has been passed removing the requirement to reappoint auditors annually.

By order of the Board



J Deegan
Secretary

13 NOVEMBER 2003

Cousin of Pubmaster Limited

Independent auditors' report to the members of Cousin of Pubmaster Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the reconciliation of movements in shareholders' funds and the related notes.

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 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with auditing standards 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 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 28 September 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors
Newcastle upon Tyne

13 November 2003

Cousin of Pubmaster Limited

Profit and loss account for the year ended 28 September 2003

	Note	2003 £'000	2002 £'000
Turnover	1	1,358	9,307
Operating costs	2	-	(250)
Operating profit	3	1,358	9,057
(Loss)/profit on sale of fixed assets		(51)	346
Profit on ordinary activities before taxation		1,307	9,403
Tax on profit on ordinary activities	5	(409)	(2,822)
Retained profit for the financial year	11	898	6,581

All activities are now discontinued.

The company has no recognised gains and losses other than the profit above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

Cousin of Pubmaster Limited

Balance sheet as at 28 September 2003

	Note	2003 £'000	2002 £'000
Fixed assets			
Tangible assets	6	-	103,422
Investments	7	2	2
		2	103,424
Current assets			
Debtors	8	140,519	35,790
		140,519	35,790
Creditors – Amounts falling due within one year	9	(25,341)	(24,932)
Net current assets		115,178	10,858
Net assets		115,180	114,282
Capital and reserves			
Called up share capital	10	58,740	58,740
Share premium account	11	13,102	13,102
Profit and loss account	11	43,338	42,440
Total shareholders' funds		115,180	114,282
Analysis of shareholders' funds			
Equity		56,796	55,898
Non-equity	10	58,384	58,384
		115,180	114,282

The financial statements on pages 4 to 13 were approved by the board of directors on **13 NOVEMBER 2003** and were signed on its behalf by:


Director

Cousin of Pubmaster Limited

Reconciliation of movements in shareholders' funds for the year ended 28 September 2003

	2003	2002
	£'000	£'000
Retained profit for the financial year	898	6,581
Shareholders' funds at 30 September 2002	114,282	107,701
Shareholders' funds at 28 September 2003	115,180	114,282

Cousin of Pubmaster Limited

Accounting policies

These financial statements are prepared under the historical cost convention, the accounting policies set out below and in accordance with applicable accounting standards.

Consolidation

The company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements.

Turnover

Turnover represents the sales value (excluding VAT) of goods and services to customers during the year.

Tangible fixed assets and depreciation

All licensed properties are carried at cost less accumulated depreciation.

Freehold buildings are depreciated in accordance with Financial Reporting Standard Number 15.

Depreciation is calculated so as to write off the cost of a fixed asset on a straight line basis over its estimated useful economic life, taking into account expected residual values, using the following rates:

Freehold buildings - 50 years

Freehold land is not depreciated.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable surpluses from which the future reversal of the underlying timing differences can be deducted. Deferred tax balances are not discounted.

Deferred taxation

Deferred tax is provided on timing differences where the company has an obligation to pay more tax in the future as a result of the reversal of those timing differences.

Cash flow statement

The company is exempt from the requirement of Financial Reporting Standard 1 (Revised 1996) to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of Pubmaster Limited and its cash flows are included within the consolidated cash flow statement of Pubmistress Limited, the ultimate parent undertaking at 28 September 2003.

Investments

Investments held as fixed assets are carried at cost less any provision for permanent diminution in value.

Cousin of Pubmaster Limited

Notes to the financial statements for the year ended 28 September 2003

1 Analysis of turnover and profit on ordinary activities before taxation

The company's turnover and profit on ordinary activities before taxation is derived wholly within the United Kingdom from its principal activity.

2 Operating costs

	2003	2002
	£'000	£'000
Depreciation on tangible fixed assets	-	250
Total operating costs	-	250

3 Operating profit

	2003	2002
	£'000	£'000
Operating profit is stated after (crediting):		
Rents receivable from property	(1,358)	(9,307)

4 Directors' emoluments

None of the directors received any remuneration from the company during the year (2002: £Nil).

Cousin of Pubmaster Limited

5 Tax on profit on ordinary activities

(a) Analysis of charge in the period

	2003 £'000	2002 £'000
Current tax		
Group relief payable	408	2,792
Adjustment in respect of previous periods	1	30
Total current tax	409	2,822

(b) Factors affecting tax charge for the period

	2003 £'000	2002 £'000
Profit on ordinary activities before tax	1,307	9,403
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2002 - 30%)	392	2,823
Effect of:		
Expenses not deductible for tax purposes	16	(29)
Adjustment to tax charge in respect of previous period	1	30
Current tax charge for the period	409	2,822

(c) Factors that may affect future tax charges

There are no factors that are expected to significantly affect the taxation charge in future years.

Cousin of Pubmaster Limited

6 Tangible fixed assets

	Freehold land and buildings
	£'000
Cost	
At 30 September 2002	104,180
Additions	-
Disposals	(798)
Transfer to fellow group undertaking	(103,382)
At 28 September 2003	-
Accumulated depreciation	
At 30 September 2002	758
Charge for the year	-
Disposals	(6)
Transfer to fellow group undertaking	(752)
At 28 September 2003	-
Net book amount	
At 28 September 2003	-
At 29 September 2002	103,422

Cousin of Pubmaster Limited

7 Fixed asset investments

	Shares in subsidiary undertakings £'000
Cost and net book amount	
At 28 September 2003 and 30 September 2002	2

The company owns the following subsidiary undertakings:

Subsidiary undertaking	Country of registration or incorporation	Principal activity	Class and percentage of shares held
Son of Pubmaster Limited	England	Non-trading	Ordinary 100%
Daughter of Pubmaster Limited	England	Non-trading	Ordinary 100%

8 Debtors

	2003 £'000	2002 £'000
Amounts falling due within one year:		
Amounts owed by immediate parent undertaking	140,519	35,790

9 Creditors – Amounts falling due within one year

	2003 £'000	2002 £'000
Amounts owed to ultimate parent undertaking	3,752	3,218
Amounts owed to immediate parent undertaking	16,014	16,013
Amounts owed to group undertaking	4,292	4,418
Amounts owed to fellow subsidiary	1,283	1,283
	25,341	24,932

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10 Share capital

	2003 £'000	2002 £'000
Authorised		
66,133,756 (2002: 66,133,756) deferred shares of £1 each	66,134	66,134
58,383,685 (2002: 58,383,685) ordinary shares of US\$0.01 each	356	356
	66,490	66,490
Allotted, called up and fully paid		
58,383,685 (2002: 58,383,685) deferred shares of £1 each	58,384	58,384
58,383,685 (2002: 58,383,685) share warrants of US\$0.01 each	356	356
	58,740	58,740

Deferred shares do not carry voting rights. Holders of deferred shares are not entitled to participate in the profits or the assets of the company unless:

- in any financial year holders of every other class of shares have received a dividend of £10,000 per share, at which time holders of deferred shares will be entitled to a fixed non-cumulative dividend of 5% per annum,
- in the event of a return of assets, holders of every other class of shares have received £1,000,000 per share.

The company is entitled to repurchase the deferred shares at any time at par value.

11 Share premium account and reserves

	Share premium account £'000	Profit and loss account £'000
At 30 September 2002	13,102	42,440
Retained profit for the financial year	-	898
At 28 September 2003	13,102	43,338

Cousin of Pubmaster Limited

12 Contingent liabilities

In accordance with the terms of a Deed of Charge dated 5 July 1999 (as amended 28 November 2002) the company has guaranteed the payments of principal of, and interest on, the loan notes issued by Pubmaster Finance Limited. The total outstanding indebtedness of the loan notes at 28 September 2003 was £909,615,200 (2002: £379,000,000).

13 Related party transactions

Transactions with other companies within the Pubmistress Limited group are not disclosed as the company has taken advantage of the exemption available under Financial Reporting Standard 8 "Related Party Disclosures".

14 Ultimate parent undertaking

The immediate parent undertaking is Pubmaster Limited.

The ultimate parent undertaking and controlling party as at 28 September 2003 is Pubmistress Limited, a company registered in England and Wales. Copies of Pubmistress Limited consolidated financial statements can be obtained from The Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3HZ.