

Cousin of Pubmaster Limited
Annual report
for the year ended 1 October 2000

Registered Number 2585754



Cousin of Pubmaster Limited

Annual report

for the year ended 1 October 2000

Contents

Directors' report	1
Auditors' report	3
Profit and loss account	4
Balance sheet	5
Reconciliation of movements in shareholders' funds	6
Accounting policies	7
Notes to the financial statements	8

Cousin of Pubmaster Limited

Directors' report for the year ended 1 October 2000

The directors present their annual report and the audited financial statements of the company for the year ended 1 October 2000.

Principal activity and business review

The company's principal activities are to act as the vehicle through which property disposals to third parties are 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.

Results and dividends

During the year under review the company made a profit before tax of £10,205,000 (1999: £8,272,000). The directors do not recommend the payment of a dividend (1999: £Nil).

Directors and their interests

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

Mr M J Armstrong

Mr D S M Hatton (resigned 31 December 1999)

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, Pubmaster Group Limited, are disclosed in the annual report of that company.

Post balance sheet events

Details of post balance sheet events are set out in note 16 of the financial statements.

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 1 October 2000 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, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board

A handwritten signature in black ink, appearing to be 'A Cross', written over a horizontal line.

A Cross
Secretary

1 February 2001

Cousin of Pubmaster Limited

Auditors' report to the members of Cousin of Pubmaster Limited

We have audited the financial statements on pages 4 to 12.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 1, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. 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.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

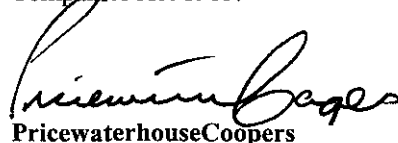
Basis of audit opinion

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 1 October 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers

Chartered Accountants and Registered Auditors

Newcastle upon Tyne

1 February 2001

Cousin of Pubmaster Limited

Profit and loss account for the year ended 1 October 2000

	Note	2000 £'000	1999 £'000
Turnover – continuing operations	1	9,042	2,054
Operating costs	2	(261)	-
Operating profit – continuing operations	3	8,781	2,054
Loss on sale of fixed assets		(323)	(538)
Profit on ordinary activities before interest and taxation		8,458	1,516
Other interest receivable and similar income	5	1,747	6,756
Profit on ordinary activities before taxation		10,205	8,272
Tax on profit on ordinary activities	6	2,930	(8,809)
Retained profit/(loss) for the financial year	12	13,135	(537)

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.

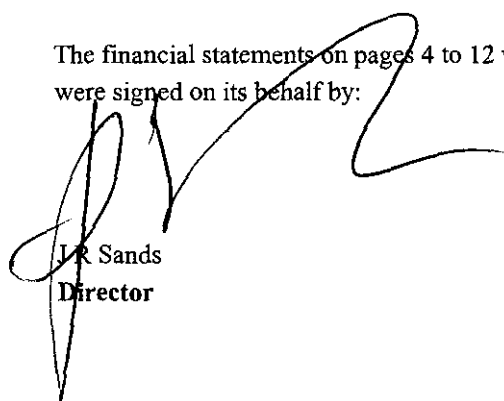
There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

Cousin of Pubmaster Limited

Balance sheet as at 1 October 2000

	Note	2000 £'000	1999 £'000
Fixed assets			
Tangible assets	7	104,717	107,991
Investments	8	2	2
		104,719	107,993
Current assets			
Debtors	9	16,364	95,966
Cash at bank and in hand		-	-
		16,364	95,966
Creditors – Amounts falling due within one year	10	(19,416)	(115,427)
Net current liabilities		(3,052)	(19,461)
Net assets		101,667	88,532
Capital and reserves			
Called up share capital	11	58,740	58,740
Share premium account	12	13,102	13,102
Profit and loss account	12	29,825	16,690
Total shareholders' funds		101,667	88,532
Analysis of shareholders' funds			
Equity		43,283	30,148
Non-equity	11	58,384	58,384
		101,667	88,532

The financial statements on pages 4 to 12 were approved by the board of directors on 1 February 2001 and were signed on its behalf by:


J.R. Sands
Director

Cousin of Pubmaster Limited

Reconciliation of movements in shareholders' funds for the year ended 1 October 2000

	2000	1999
	£'000	£'000
Retained profit/(loss) for the financial year	13,135	(537)
Shareholders' funds at 27 September 1999	88,532	89,069
Shareholders' funds at 1 October 2000	101,667	88,532

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 group accounts.

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 and properties held on a lease with an unexpired life exceeding 50 years 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
Leasehold properties	- lower of life of lease or 50 years
Fixtures, fittings and equipment	- 5 to 10 years

Freehold land is not depreciated.

Taxation

Taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability or asset will crystallise in the foreseeable future.

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 Pubmaster Group Limited, the ultimate parent undertaking at 1 October 2000.

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 1 October 2000

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

	2000	1999
	£'000	£'000
Depreciation on tangible fixed assets	261	-
Total operating costs	261	-

The company adopted the requirements of Financial Reporting Standard Number 15 for the first time this year. Previously the company did not depreciate licensed properties which were freehold or held on a lease with an unexpired life exceeding 50 years on the basis that the useful economic lives of these properties was so long and that they were maintained in such condition that their value was not diminished by the passage of time. The company now depreciates such properties over 50 years. The effect of this has been to increase the depreciation charge for the year by £261,000. Comparative figures have not been restated as a result of this.

3 Operating profit

	2000	1999
	£'000	£'000
Operating profit is stated after charging/(crediting):		
Rents receivable from property	9,042	2,054

4 Directors' emoluments

None of the directors received any remuneration from the company during the year (1999: £Nil).

Cousin of Pubmaster Limited

5 Other interest receivable and similar income

	2000	1999
	£'000	£'000
Group interest receivable on loans to parent and fellow subsidiary undertakings	1,747	6,735
Bank deposit interest	-	21
	1,747	6,756

6 Tax on profit on ordinary activities

	2000	1999
	£'000	£'000
Group relief receivable/(payable) to group companies at 30% (1999: 100%):		
Current year	(3,236)	(8,809)
Prior year adjustment for over provision	6,166	-
	2,930	(8,809)

7 Tangible fixed assets

	Freehold land and buildings
	£'000
Cost	
At 27 September 1999	107,991
Additions	6,059
Disposals	(9,072)
At 1 October 2000	104,978
Accumulated depreciation	
At 27 September 1999	-
Charge for the year	261
Disposals	-
At 1 October 2000	261
Net book amount	
At 1 October 2000	104,717
At 27 September 1999	107,991

Cousin of Pubmaster Limited

8 Fixed asset investments

	Shares in subsidiary undertakings £'000
Cost and net book amount	
At 27 September 1999 and 1 October 2000	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%

9 Debtors

	2000 £'000	1999 £'000
Amounts owed by immediate parent undertaking	16,364	95,826
Other debtors	-	140
	16,364	95,966

10 Creditors – Amounts falling due within one year

	2000 £'000	1999 £'000
Amounts owed to immediate parent undertaking	15,505	105,335
Amounts owed to ultimate parent undertaking	2,628	8,809
Amounts owed to fellow subsidiary	1,283	1,283
	19,416	115,427

Cousin of Pubmaster Limited

11 Share capital

	2000 £'000	1999 £'000
Authorised		
66,134,000 (1999: 66,134,000) deferred shares of £1 each	66,134	66,134
58,383,685 (1999: 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 (1999: 58,383,685) deferred shares of £1 each	58,384	58,384
58,383,685 (1999: 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.

12 Share premium account and reserves

	Share premium account £'000	Profit and loss account £'000
At 27 September 1999	13,102	16,690
Retained profit for the financial year	-	13,135
At 1 October 2000	13,102	29,825

Cousin of Pubmaster Limited

13 Contingent liabilities

The company is party to a guarantee and debenture dated 25 November 1996 (as amended 11 June 1998) whereby it guarantees the loan stock of £78,200,000 issued by the ultimate parent undertaking, together with associated interest charges thereon.

In accordance with the terms of a Deed of Charge dated 5 July 1999 (as amended 17 February 2000) 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 1 October 2000 was £414,000,000 (1999: £305,000,000).

14 Related party transactions

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

15 Ultimate parent undertaking

The immediate parent undertaking is Pubmaster Limited.

The ultimate parent undertaking and controlling party as at 1 October 2000 is Pubmaster Group Limited, a company registered in England and Wales. Copies of Pubmaster Group Limited consolidated financial statements can be obtained from The Registrar of Companies, Companies House, Crown Way, Cardiff, CF4 3HZ.

16 Post balance sheet event

On 8 December 2000, the entire issued share capital of Pubmaster Group Limited was acquired by Pubmistress Limited, a company incorporated and registered in England and Wales.