

Company Registration No. 4524306

**Sapphire Rural Destination No. 5  
Limited**

**Report and Financial Statements**

**3 May 2009**

WEDNESDAY



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# Sapphire Rural Destination No. 5 Limited

## Directors' report

The directors present their annual report and the audited financial statements for the 52 week period ended 3 May 2009.

### Principal activity and business review

The company's principal activity is as a property leasing company, leasing property to other members of the Greene King plc group.

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 3 May 2009.

### Results and dividends

The results for the period are set out in the profit and loss account on page 4. The directors do not recommend the payment of any dividends (2008 - £nil).

### Directors and their interests

The directors who served during the period were:

R Anand  
I Bull

No director has an interest in the share capital of the company. The interests of the directors in the shares of Greene King plc, are shown in the accounts of that company.

### Indemnity provision / directors' liabilities

The company has indemnified the directors of the company in respect of proceedings brought by third parties. Such qualifying third party indemnity provision subsisted throughout the year and remains in place at the date of this report.

### Statement as to disclosure of information to auditors

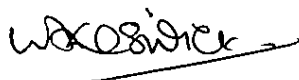
The directors who were members of the board at the time of approving this report are listed above. Having made enquiries of fellow directors and of the company's auditors, each of these directors confirm that:

- to the best of their knowledge and belief, there is no information relevant to the preparation of this report of which the company's auditors are unaware; and
- they have taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

### Auditors

The company passed an Elective Resolution, pursuant to Section 485 of the Companies Act 2006, electing to dispense with the obligation to re-appoint auditors annually. The resolution remains in force.

Approved by the Board of Directors  
and signed on behalf of the Board



L A Keswick  
Company Secretary

Date: 11 Nov 09

# **Sapphire Rural Destination No. 5 Limited**

## **Statement of director's responsibilities**

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 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 judgements 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to 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.

## **Independent auditors' report to the members of Sapphire Rural Destination No. 5 Limited**

We have audited the financial statements of Sapphire Food North East No. 5 Limited for the period ended 3 May 2009 which comprise the profit and loss account, the balance sheet and the related notes 1 to 11. 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 sections 495 and 496 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 on page 2, 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 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**

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.

### **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 3 May 2009 and of its profit for the period 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 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.

*Ernst & Young LLP*

Richard Murray (Senior Statutory Auditor)  
for and on behalf of Ernst & Young LLP  
Statutory Auditor  
London  
Date: *12 November 2009.*

## Sapphire Rural Destination No. 5 Limited

### Profit and loss account Period ended 3 May 2009

		Period ended 3 May 2009 £	Period ended 4 May 2008 £
	Note		
Turnover		2,077,277	2,114,443
Net operating expenses	2	(91,531)	(91,531)
Operating profit		1,985,746	2,022,912
Interest payable and similar charges	3	(1,671,714)	(1,715,354)
Profit on ordinary activities before taxation		314,032	307,558
Tax on profit on ordinary activities	4	(113,658)	(118,929)
Profit on ordinary activities after taxation for the period	9	200,374	188,629

All amounts relate to continuing operations.

There were no recognised gains or losses other than those included in the profit and loss account and consequently no statement of total recognised gains and losses is presented.

### Note of historical cost profits and losses Period ended 3 May 2009

	Period ended 3 May 2009 £	Period ended 4 May 2008 £
Reported profit on ordinary activities before taxation	314,032	307,558
Difference between a historical cost depreciation charge and the actual depreciation charge calculated on a revalued amount	10,346	10,346
Historical cost profit on ordinary activities before taxation	324,378	317,904
Historical cost profit on ordinary activities after taxation for the period	210,720	198,975

## Sapphire Rural Destination No. 5 Limited

### Balance sheet As at 3 May 2009

	Note	3 May 2009 £	4 May 2008 £
<b>Fixed assets</b>			
Tangible fixed assets	5	<u>30,970,407</u>	<u>31,061,938</u>
<b>Current assets</b>			
Debtors	6	2,444,321	2,288,666
<b>Creditors: amounts falling due within one year</b>	7	<u>(27,900,501)</u>	<u>(28,036,751)</u>
<b>Net current liabilities</b>		<u>(25,456,180)</u>	<u>(25,748,085)</u>
<b>Net assets</b>		<u>5,514,227</u>	<u>5,313,853</u>
<b>Capital and reserves</b>			
Called up share capital	8	2,000	2,000
Share premium	9	16,714	16,714
Revaluation reserve	9	3,500,799	3,511,145
Profit and loss account	9	<u>1,994,714</u>	<u>1,783,994</u>
<b>Shareholders' funds</b>			
Equity		<u>5,512,427</u>	<u>5,312,053</u>
Non-equity	8	<u>1,800</u>	<u>1,800</u>
	9	<u>5,514,227</u>	<u>5,313,853</u>

These financial statements were approved by the Board of Directors on 11 Nov 09

Signed on behalf of the Board of Directors



I Bull  
Director

# **Sapphire Rural Destination No. 5 Limited**

## **Notes to the accounts**

**Period ended 3 May 2009**

### **1. Accounting policies**

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

#### **Accounting convention**

The financial statements are prepared under the historical cost convention as modified for the revaluation of fixed assets.

#### **Going concern**

At the balance sheet date the company had net current liabilities of £25,456,180. 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.

#### **Tangible Fixed Assets**

##### **Long leasehold land and buildings**

Long leasehold land and buildings are initially recognised at cost. Where long leasehold property is transferred from investment property, the carrying value of that property is treated as its deemed cost. Depreciation is provided on long leasehold buildings to write off the cost or valuation, less estimated residual value, of each asset over their expected useful economic lives of 50 years. No depreciation is provided in respect of long leasehold land.

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

#### **Cash flow statement**

The company has taken advantage of the provisions of paragraph 5 of FRS1 "Cash Flow Statements" and has not produced a cash flow statement.

#### **Turnover**

Turnover represents rental income on operating leases receivable from related parties, net of value added tax. All turnover is derived from one class of business, based in the United Kingdom.

# Sapphire Rural Destination No. 5 Limited

## Notes to the accounts Period ended 3 May 2009

### 2. Net operating expenses

	Period ended 3 May 2009 £	Period ended 4 May 2008 £
Depreciation	<u>91,531</u>	<u>91,531</u>

Auditors' remuneration for both audit and non-audit services has been borne by other group companies in the current and prior financial years.

The directors received no remuneration for their services in respect of the company in the financial period (2008: £nil). The company had no employees other than the directors (2008: nil).

### 3. Interest payable and similar charges

	Period ended 3 May 2009 £	Period ended 4 May 2008 £
On loans from related undertakings	<u>1,671,714</u>	<u>1,715,354</u>

### 4. Tax on profit on ordinary activities

a) The tax charge is made up as follows:

	Period ended 3 May 2009 £	Period ended 4 May 2008 £
Current tax:		
UK corporation tax	113,558	118,929
Adjustments in respect of prior periods	<u>100</u>	<u>-</u>
Tax charge on result on ordinary activities	<u>113,658</u>	<u>118,929</u>



# Sapphire Rural Destination No. 5 Limited

## Notes to the accounts Period ended 3 May 2009

### Tax on profit on ordinary activities (continued)

#### b) Factors affecting current tax charge

	Period ended 3 May 2009 £	Period ended 4 May 2008 £
Profit on ordinary activities before tax	314,032	307,558
Tax charge at 28.0% standard rate (2008 – 29.8%)	87,929	91,652
Expenses not deductible for tax purposes	25,629	27,277
Adjustments in respect of prior periods	100	-
Total current tax	113,658	118,929

#### Factors that may affect future tax charges

No provision has been made for deferred tax of £988,914 (2008 - £988,914) on the gain recognised on revaluing property to its open market value. Such tax would only become payable if the property were sold. The directors have no intention of selling the property and therefore, at present, it is not envisaged that any tax will become payable in the foreseeable future.

With effect from 1 April 2008 the standard rate of corporation tax was reduced from 30% to 28%.

### 5. Tangible fixed assets

	Long leasehold land and buildings £
<b>Cost or valuation</b>	
At 4 May 2008 and 3 May 2009	31,245,000
<b>Depreciation</b>	
At 4 May 2008	183,062
Charged in the year	91,531
At 3 May 2009	274,593
<b>Net book value</b>	
At 3 May 2009	30,970,407
At 4 May 2008	31,061,938

## Sapphire Rural Destination No. 5 Limited

### Notes to the accounts Period ended 3 May 2009

#### Tangible fixed assets (continued)

The company's properties are leased to other group companies and were reclassified from investment properties to long leasehold land and buildings during the year ended 29 April 2007. The directors' valuation of these properties at 30 April 2006 has been taken as the deemed cost at the date of transfer.

The carrying value on a historical cost basis of the long leasehold land and buildings included at valuations is as follows:

	3 May 2009 £	4 May 2008 £
Historical cost	<u>27,469,610</u>	<u>27,550,793</u>

The properties are held as security, along with the properties of certain other Group companies, against the securitised debt programme of the Greene King plc Group. Further details of the programme are given in the Group's consolidated accounts.

#### 6. Debtors

	3 May 2009 £	4 May 2008 £
Amounts owed by related undertakings	<u>2,444,321</u>	<u>2,288,666</u>

#### 7. Creditors: amounts falling due within one year

	3 May 2009 £	4 May 2008 £
Amounts owed to related undertakings	27,495,092	27,631,694
Corporation tax	113,558	118,929
Accruals and deferred income	291,851	286,128
	<u>27,900,501</u>	<u>28,036,751</u>

# Sapphire Rural Destination No. 5 Limited

## Notes to the accounts Period ended 3 May 2009

### 8. Called up share capital

	3 May 2009 £	4 May 2008 £
<b>Authorised:</b>		
500,000 ordinary shares of £1 each	500,000	500,000
500,000 deferred shares of £1 each	500,000	500,000
	<u>1,000,000</u>	<u>1,000,000</u>
<b>Allotted, called up and fully paid:</b>		
200 ordinary shares of £1 each	200	200
1,800 deferred shares of £1 each	1,800	1,800
	<u>2,000</u>	<u>2,000</u>

The Deferred Shares carry no votes at meetings and are not entitled to receive any dividends. On a return of capital or winding up a Deferred Share only qualifies for any repayment of capital after each Ordinary Share has been repaid as to capital and an additional £1,000,000.

### 9. Reconciliation of movements in shareholders funds

	Share Capital £	Share Premium £	Revaluation reserve £	Profit & loss reserve £	Total £
At 29 April 2007	2,000	16,714	3,521,491	1,585,019	5,125,224
Retained profit	-	-	-	188,629	188,629
Reserves transfer	-	-	(10,346)	10,346	-
4 May 2008	<u>2,000</u>	<u>16,714</u>	<u>3,511,145</u>	<u>1,783,994</u>	<u>5,313,853</u>
Retained profit	-	-	-	200,374	200,374
Reserves transfer	-	-	(10,346)	10,346	-
3 May 2009	<u>2,000</u>	<u>16,714</u>	<u>3,500,799</u>	<u>1,994,714</u>	<u>5,514,227</u>

### 10. 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.

## **Sapphire Rural Destination No. 5 Limited**

### **Notes to the accounts**

#### **Period ended 3 May 2009**

##### **11. Ultimate parent undertaking**

The directors regard Greene King plc, a company incorporated in Great Britain and registered in England and Wales, to be its ultimate parent company. Consolidated financial statements of Greene King plc for the 52 week period ended 3 May 2009 are available from Westgate Brewery, Bury St Edmunds, Suffolk, IP33 1QT.

The company's immediate parent undertaking and controlling party is Greene King Retailing Limited, a company incorporated in Great Britain and registered in England and Wales.