GERONIMO AIRPORTS LIMITED

FINANCIAL STATEMENTS

For the period 1 July 2010 to 4 April 2011

Company no 05237033

Company registration number	05237033
Registered office	Riverside House 26 Osiers Road Wandsworth London SW18 1NH
Directors	R J Clevely P W Whitehead
Secretary	A Schroeder
Bankers	Barclays Bank plc 27th Floor 1 Churchill Place London E14 5HP
Auditors	Ernst & Young LLP 1 More London Place London SE1 2AF

For the period ended 4 April 2011

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The directors present their report together with the audited financial statements for the period 1 July 2010 to 4 April 2011 and the comparative period of the year ended 30 June 2010

Principal activity

The principal activity of the company is the running of public houses

Business review

There was a loss for the period after taxation amounting to £218,343 (2010 £170,644) The directors do not recommend the payment of a dividend (2010 £nil)

On 16 December 2010 the entire issued share capital of the ultimate parent company, Geronimo Group Limited, was acquired by Young and Co 's Brewery, P L C The company now operates within the Young's Group and has changed its year end from 30 June to be consistent with Young and Co 's Brewery, P L C

Likely future developments

The directors expect good sales growth next year from continuing operations

Directors

The present membership of the Board is set out below No director had any rights granted in the period to subscribe in the shares of the company and no such rights were exercised

R J Clevely
J B T Clevely (resigned 16 December 2010)
P J Dyson (resigned 31 May 2011)
P W Whitehead (appointed 16 December 2010)

R J Clevely and P W Whitehead are directors of the ultimate parent undertaking, Young and Co 's Brewery, P L C Their share holdings in its share capital are disclosed in the financial statements of that company

Qualifying indemnity provisions

The company's articles of association contains an indemnity provision in favour of the directors, this provision, which is a qualifying third party indemnity provision, was in force throughout the period and is in force at the date of this report

Financial risk management objectives and policies

The company uses various financial instruments including cash, intercompany balances, and has trade debtors and trade creditors that arise directly from its operations The main purpose of these financial instruments is to improve the efficiency of the balance sheet, lower the cost of capital and raise finance for the company's expansion

The existence of these financial instruments exposes the company to a number of financial risks, the main ones being interest rate risk and liquidity risk There is no significant credit risk as the company has negligible trade debtors

Liquidity risk
The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably

Interest rate risk
The company finances its capital requirements through inter group loans

Statement of directors' responsibilities
For each financial period, the directors are required to prepare an annual report and financial statements The directors have elected to prepare financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) The financial statements are required by law to give a true and fair view of the financial position and financial performance of the company for the relevant period

In preparing the statements, the directors must

- select suitable accounting policies and then apply them consistently
- state that the group has complied with UK Accounting Standards (subject to any material departures disclosed and explained in the financial statements)
- present information, including accounting policies, in a manner that provides relevant, reliable and comparable information

The directors are responsible for keeping accounting records which disclose with reasonable accuracy, at any time, the financial position of the company at that time 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

In so far as each of the directors is aware

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Employee involvement
The company has continued its practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the company

It is the policy of the company to support the employment of disabled employees where possible, both in recruitment and retention of employees who became disabled whilst in employment of the company

Auditors
Ernst and Young LLP were appointed during the period and have expressed their willingness to continue in office, and will be deemed reappointed for the next financial year in accordance with Section 489(2) of the Companies Act 2006 unless the Company receives notice under Section 488(1) of the Act

ON BEHALF OF THE BOARD

R J Clevely
Director
5 October 2011

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF GERONIMO AIRPORTS LIMITED

Independent auditor's report to the members of Geronimo Airports Limited
We have audited the financial statements of Geronimo Airports Limited for the period ended 4 April 2011 which comprise the profit and loss account, the balance sheet, and the related notes 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 auditor's 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 auditor
As explained more fully in the Directors' Responsibilities Statement page two, 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 report to the directors 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 4 April 2011 and of its loss 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 period 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.

Iain Wilkie (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
5 October, 2011

For the period ended 4 April 2011

	Note	For the period ended 4 April 2011 £	For the year ended 30 June 2010 £
Turnover	2	**6,576,111**	7,871,198
Cost of sales		**(1,621,353)**	(1,991,520)
Gross profit		**4,954,758**	5,879,678
Other operating charges		**(4,744,218)**	(5,649,016)
Operating profit before exceptional items		**210,540**	230,662
Impairment of fixed assets	4	**(229,000)**	-
Operating (loss)/profit	3	**(18,460)**	230,662
Interest payable	5	**(154,353)**	(419,991)
Loss on ordinary activities before taxation		**(172,813)**	(189,329)
Tax (charge)/credit on ordinary activities	7	**(45,530)**	18,685
Loss retained and transferred to reserves	15	**(218,343)**	(170,644)

All transactions arise from continuing operations

There were no recognised gains or losses other than the loss for the financial period (2010 none)

The accompanying accounting policies and notes form an integral part of these financial statements

GERONIMO AIRPORTS LIMITED
BALANCE SHEET

As at 4 April 2011

	Note	2011	2010
		£	£
Fixed assets			
Tangible fixed assets	8	**2,416,097**	2,928,725
Current assets			
Stocks	9	**60,429**	61,548
Debtors	10	**721,638**	199,393
Cash at bank and in hand		**744,684**	761,092
		1,526,751	1,022,033
Creditors: amounts falling due within one year	11	**(4,576,854)**	(4,366,421)
Net current liabilities		**(3,050,103)**	(3,344,388)
Total assets less current liabilities		**(634,006)**	(415,663)
Capital and reserves			
Called up share capital	13	**1**	1
Profit and loss account	14	**(634,007)**	(415,664)
Shareholders' deficit	15	**(634,006)**	(415,663)

The financial statements were approved by the Board of Directors on 5 October 2011

R J Clevely - Director

The accompanying accounting policies and notes form an integral part of these financial statements

1. Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with United Kingdom applicable accounting standards

The principal accounting policies of the company have remained unchanged from the previous period and are set out below

Going concern

Although the company made a loss for the current period and is in a net liability position at the year end, the directors are confident that the trade will be profitable in the next financial period and with the continued support from Young and Co 's Brewery, P L C , its ultimate parent company, they have reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future Accordingly, they continue to prepare the accounts on a going concern basis

Turnover

Turnover is the total amount derived from the provision of goods and services falling within the company's activities after the deduction of trade discounts and value added tax

Tangible fixed assets and depreciation

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets other than freehold land on a straight line basis over their expected useful lives The rates generally applicable are

Leasehold buildings	- 50 years, or the lease term if shorter
Fixtures, fittings and equipment	- 5 to 10 years

Impairment of assets

The carrying values of property and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount The recoverable amount is the higher of an asset's fair value less costs to sell, and the value in use

Value in use is assessed by reference to the estimated future cash flows, which are discounted to present value using an appropriate pre tax discount rate Impairment losses are recognised in the income statement

For property assets, impairment is assessed on the basis of each individual pub The fair value of the asset is assumed to be the market value of the property

Leases

Leases where the lessor retains a significant portion of the risks and benefits of ownership of the asset are classified as operating leases and rentals payable are charged in the profit and loss account on a straight line basis over the lease term

The company does not have any finance leases

Stocks

Stocks are stated at the lower of cost and net realisable value, after making allowance for obsolete and slow moving items

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date Deferred tax assets are recognised when it is more likely than not that they will be recovered Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date

Cash flow statement
The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its ultimate parent publishes a consolidated cash flow statement

Financial instruments
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities Financial liabilities are presented as such in the balance sheet Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account Finance costs are calculated so as to produce a constant rate of return on the outstanding liability

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument Dividends and distributions relating to equity instruments are debited direct to equity

Key accounting estimates and judgements
The following are the key judgements that management have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements

(a) Estimated impairment of property and equipment

The company is required to review property and equipment for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable When a review for impairment is conducted, the recoverable amount is determined based on value in use calculations or the fair value (market value) which are prepared on the basis of management's assumptions and estimates See note 4

(b) Depreciation

Depreciation is provided so as to write down the assets to their residual values over the estimated useful lives The selection of these residual values and estimated lives requires the exercise of management's judgement See note 8

(c) Provisions and accruals

Provisions and accruals are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events which can be reasonably estimated The timing of recognition requires judgements to be made on existing facts and circumstances which can be subject to change

Estimates of the amounts of provisions and accruals recognised can differ from actuals The carrying amounts of provisions and accruals are regularly reviewed and adjusted to take account of such events

A change in estimate of a recognised provision or accrual would result in a charge or credit to income in the period in which the change occurs

2. Turnover

All of the turnover of the company anses from activity in the United Kingdom

3. Operating (loss)/profit

This is stated after charging

	For the penod ended 4 Apnl 2011	For the year ended 30 June 2010
	£	£
Operating lease rentals		
- land and buildings	**1,562,963**	1,874,260
Depreciation of tangible fixed assets	**511,398**	557,824
Impairment loss on tangible fixed assets	**229,000**	-
Auditor's remuneration		
Audit services	**4,000**	8,000

4. Impairment

Due to the weak UK economy, recent falls in property values and the detenoration in consumer confidence, an impairment charge was made in the penod of £229,000 (2010 nil) for the impairment in the Five Tuns

Impairment is assessed at the cash generating unit level, which is considered to be each individual pub Whether an asset was impaired or not was determined by companng the carrying value of an asset against its deemed 'recoverable amount' The recoverable amount was taken as the higher of either the fair value (net of disposal costs) or its value in use

The value in use was determined by conducting a net present value review of all relevant cash flows from the asset The pre-tax discount rate used in the current penod review was 8 4%

5. Interest payable

	For the penod ended 4 Apnl 2011	For the year ended 30 June 2010
	£	£
Interest payable on intercompany loan	154,353	419,991
	154,353	419,991

6. Directors and employees

Staff costs dunng the penod were as follows

	For the penod ended 4 Apnl 2011	For the year ended 30 June 2010
	£	£
Wages and salaries	1,573,826	1,882,851
Social security costs	123,906	155,404
	1,697,732	2,038,255

The average number of employees of the company dunng the penod was

	For the penod ended 4 Apnl 2011 Number	For the year ended 30 June 2010 Number
Bar	105	91
Kitchen	46	42
	151	133

No directors were remunerated by the company dunng the penod (2010 £nil)

7. Tax on ordinary activities

(a) Tax on loss on ordinary activities
The tax charge / (credit) is made up as follows

	For the period ended 4 April 2011	For the year ended 30 June 2010
	£	£
Current tax		
UK corporation tax at 28%	-	-
	-	-
Deferred tax		
Origination and reversal of timing differences	**43,860**	(18,685)
Effect of tax rate change on opening balance	**1,670**	-
Tax charge / (credit) on ordinary activities	**45,530**	(18,685)

(b) Factors affecting the current tax charge / (credit)

	For the period ended 4 April 2011	For the year ended 30 June 2010
	£	£
Loss on ordinary activities before tax	**(172,813)**	(189,329)
Loss multiplied by the standard rate of corporation tax in the UK of 28% (2010 28%)	**(48,388)**	(53,012)
Effect of		
Expenses not deductible for tax purposes (including impairment)	**95,598**	34,329
Depreciation for the period in excess of capital allowances	**31,761**	5,369
(Utilisation) / increase in trading losses	**(78,971)**	13,314
Current tax charge for period	-	-

(c) Factors affecting future tax charges

During the period, as a result of the change in the UK corporation tax rate from 28% to 26%, that was substantially enacted in two parts on 21 July 2010 and on 29 March 2011, and that will be effective from 1 April 2011, the relevant deferred tax balances have been re-measured Deferred tax expected to reverse in the period ended 2 April 2012 and thereafter has been measured using the effective rate that will apply in the UK for the period

Further reductions to the UK tax rate have been announced The changes, which are expected to be enacted separately each year, propose to reduce the rate by 1% per annum to 23% by 1 April 2014 The changes had not been substantially enacted at the balance sheet date, and therefore, are not recognised in these financial statements

Reductions to the rates of capital allowances have also been announced The rate of annual writing down allowances on qualifying plant and machinery will reduce by 2%, to 18% for the general capital allowance pool and to 8% for the integral features pool, with effect from 1 April 2012 As this legislation was not substantially enacted by the balance sheet date, the figures within these financial statements are calculated in accordance with the existing capital allowance rates

8. Tangible fixed assets

	Leasehold buildings £	Fixtures, fittings and equipment £	Total £
Cost			
At 1 July 2010	3,641,289	1,251,859	4,893,148
Additions	127,709	100,061	227,770
At 4 April 2011	3,768,998	1,351,920	5,120,918
Depreciation and impairment			
At 1 July 2010	1,335,116	629,307	1,964,423
Depreciation charge	340,108	171,290	511,398
Impairment charge	229,000	-	229,000
At 4 April 2011	1,904,224	800,597	2,704,821
Net book value at 4 April 2011	**1,864,774**	**551,323**	**2,416,097**
Net book value at 30 June 2010	2,306,173	622,552	2,928,725

9. Stocks

	2011 £	2010 £
Stocks	**60,429**	61,548

10. Debtors

	2011 £	2010 £
Trade debtors	**84,764**	92,267
Amounts due from other group undertakings	**545,058**	-
Other debtors	**91,816**	107,126
	721,638	199,393

Included within other debtors is £nil (2010 £23,379) in respect of a deferred tax asset - see note 12

11. Creditors: amounts falling due within one year

	2011	2010
	£	£
Trade creditors	**440,464**	503,576
Amounts owed to group undertakings	**3,586,114**	3,538,835
Other taxation and social security	**330,914**	46,489
Other creditors	**197,211**	277,521
Deferred tax	**22,151**	-
	4,576,854	4,366,421

12. Deferred tax

The deferred tax included in the balance sheet is as follows	2011	2010
	£	£
Accelerated capital allowances	**101,423**	132,413
Tax losses carried forward	**(79,272)**	(155,792)
Deferred tax provision / (asset)	**22,151**	(23,379)
Deferred tax asset at 1 July	**(23,379)**	(4,695)
Current period charge	**45,530**	(18,684)
Deferred tax provision / (asset) at 4 April (comparative 30 June)	**22,151**	(23,379)

13. Share capital

	2011	2010
	£	£
Allotted, called up and fully paid		
1 ordinary shares of £1 each	**1**	1

14. Reserves

	Profit and loss account
	£
At 1 July 2010	(415,664)
Loss for the period	(218,343)
At 4 April 2011	(634,007)

15. Reconciliation of movements in shareholders' deficit

	£
Shareholders' deficit at 1 July 2010	(415,663)
Loss for the financial period	(218,343)
Shareholders' deficit at 4 April 2011	(634,006)

16. Capital commitments

	2011	2010
	£	£
Capıtal commıtments not provıded for ın these financıal statements and for which contracts have been placed amounted to	217,000	-

17. Contingent liabilities

There were no contıngent habılıties as at 4 Apnl 2011 nor at 30 June 2010

18. Obligations under leases

Operatıng leases for property are for terms rangıng from seven to 15 years Mınımum lease payments are typıcally revıewed every five years and are based on a percentage of turnover or a negotıated rate per square foot Most property leases are renewable at the lessee's optıon at the end of the lease term

Future mınımum rentals payable under non cancellable operatıng leases are as follows

	2011 Land and buıldıngs	2010 Land and buıldıngs
	£	£
Less than one year	2,086,014	2,086,014
Between two and five years	5,505,626	6,465,878
In five years or more	3,022,292	3,650,839

19. Related parties

The company has taken advantage of the exemptıon of FRS 8 not to dısclose transactıons wıth wholly owned subsıdıarıes

Durıng the penod the company entered ınto transactıons, ın the ordınary course of busıness, wıth Stıcky Fıngers Food Lımıted, a 51% subsıdıary of another group company The company purchased £184,891 (2010 £25,274) of ready made food ıtems from Stıcky Fıngers Food lımıted ın the penod The amount payable at the penod end for these food purchases was £48,807 (2010 £25,274)

20. Ultimate parent undertaking

As at 4 Apırl 2011 the ımmedıate parent was Geronımo Inns Lımıted and the ultımate parent company was Young and Co 's Brewery, P L C

Copıes of the group financıal statements can be obtaıned from that company's regıstered office at Rıversıde House, 26 Osıers Road, Wandsworth, London, SW18 1NH