

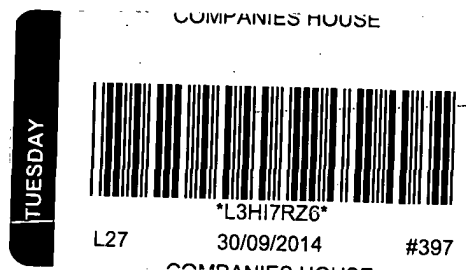
## **GRS Pub Investments Limited**

Report and Financial Statements

Period Ended

29 December 2013

Company Number 05895613



# **GRS Pub Investments Limited**

## **Report and financial statements for the period ended 29 December 2013**

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### **Directors**

R K F Thomson  
S E Kennedy

### **Registered office**

31 Haverscroft Industrial Estate, New Road, Attleborough, Norfolk, NR17 1YE

### **Company number**

05895613

### **Auditors**

BDO LLP, 55 Baker Street, London, W1U 7EU

# **GRS Pub Investments Limited**

## **Report of the directors for the period ended 29 December 2013**

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The directors present their report together with the audited financial statements for the period ended 29 December 2013.

### **Results and dividends**

The profit and loss account is set out on page 5 and shows the loss for the period. No dividends were paid during the period (2012 - £Nil).

### **Principal activities and review of business**

The principal activities of the company comprise the operation of pubs either under lease or tenancy agreements. The agreements with tenants in the leased estate comprise both tied and free of tie arrangements, generate income from rents, sales of beer and other drinks, and through profit share arrangements for income from leisure machines.

The company's pub assets are financed by a combination of bank debt, intercompany debt and shareholders' equity.

As explained in note 1 to the financial statements, the company is currently not complying with its banking covenants and the loan is due for repayment on demand.

The directors have prepared cash flow forecasts through to 30 September 2015 which indicate that that the company will generate sufficient cash to support its operations and cover its interest obligations over that period. However, they also indicate that there will be insufficient funds to repay the loan principal if demanded. The directors have been in discussion with its lenders and continue with a planned property disposal programme. The company is dependent on the ongoing support of the lenders and there can be no guarantee that this will continue. Should the bank request repayment of some or all of the loan, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

### **Directors**

The directors who served during the period are as follows:

R K F Thomson  
S E Kennedy

# GRS Pub Investments Limited

## Report of the directors for the period ended 29 December 2013 (*continued*)

### Directors' responsibilities

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 judgements and accounting estimates that are reasonable and prudent;
- 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.

### Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

A resolution to reappoint BDO LLP as auditors will be proposed at the next annual general meeting.

This director's report has been prepared under the small companies exemption.

### On behalf of the Board



R K F Thomson  
Director

Date 26/09/14

# **GRS Pub Investments Limited**

## **Independent auditor's report**

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### **TO THE MEMBERS OF GRS PUB INVESTMENTS LIMITED**

We have audited the financial statements of GRS Pub Investments Limited for the 52 weeks ended 29 December 2013 which comprises the profit and loss account, the balance sheet, the cash flow statement 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 auditors**

As explained more fully in the statement of directors' responsibilities, 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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **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 December 2013 and of its loss for the 52 week 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.

### **Emphasis of matter - going concern**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the company's ability to continue as a going concern.

The company is currently in breach of the covenants on its £46,915,000 loan facility and, therefore it is repayable on demand.

The directors have prepared cash flow forecasts through to 30 September 2015 which indicate that that the company will generate sufficient cash to support its operations and cover its interest obligations over that period. However, they also indicate that there will be insufficient funds to repay the loan principal if demanded. The directors have been in discussion with its lenders and continue with a planned property disposal programme. The company is dependent on the ongoing support of the lenders and there can be no guarantee that this will continue. Should the bank request repayment of some or all of the loan, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

# GRS Pub Investments Limited

## Independent auditor's report (*continued*)

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### **Opinion on other matters 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; or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies' regime and to the exemption from the requirement to prepare a strategic report.

*BDO LLP*

*Geraint Jones (senior statutory auditor)  
For and on behalf of BDO LLP, statutory auditor  
London  
United Kingdom*

*26 September 2014*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# GRS Pub Investments Limited

## Profit and loss account for the period ended 29 December 2013

		52 weeks ended 29 December 2013 £'000	52 weeks ended 30 December 2012 £'000
	Note		
<b>Turnover</b>	2	<b>2,989</b>	4,098
Cost of sales		(1,015)	(1,621)
<b>Gross profit</b>		<b>1,974</b>	2,477
Administrative expense		(2,048)	(3,169)
Other income	4	8	66
<b>Operating loss</b>	5	<b>(66)</b>	(626)
Profit/(loss) on disposal of property, plant and equipment		514	(77)
Interest payable and similar charges	6	(1,075)	(1,350)
<b>Loss on ordinary activities before and after taxation</b>	7,14	<b>(627)</b>	(2,053)

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

The notes on pages 8 to 17 form part of these financial statements.

# GRS Pub Investments Limited

## Balance sheet at 29 December 2013

Company number 05895613	Note	29 December 2013 £'000	29 December 2013 £'000	30 December 2012 £'000	30 December 2012 £'000
<b>Fixed assets</b>					
Property, plant and equipment	8		13,850		18,690
<b>Current assets</b>					
Stock	10	254		254	
Debtors	11	619		1,167	
Cash at bank and in hand		108		423	
		<u>981</u>		<u>1,844</u>	
<b>Creditors: amounts falling due within one year</b>	12	<u>(49,927)</u>		<u>(55,003)</u>	
<b>Net current liabilities</b>			<u>(48,946)</u>		<u>(53,159)</u>
<b>Net liabilities</b>			<u>(35,096)</u>		<u>(34,469)</u>
<b>Capital and reserves</b>					
Called up share capital	13		13,890		13,890
Profit and loss account	14		(48,986)		(48,359)
<b>Shareholders' deficit</b>	15		<u>(35,096)</u>		<u>(34,469)</u>

The financial statements were approved by the Board and authorised for issue on 26 September 2014



R K F Thomson  
Director

The notes on pages 8 to 17 form part of these financial statements.



# GRS Pub Investments Limited

## Cash flow statement for the year ended 29 December 2013

	Note	52 weeks ended 29 December 2013 £	52 weeks ended 29 December 2013 £	52 weeks ended 30 December 2012 £	52 weeks ended 30 December 2012 £
<b>Net cash inflow from operating activities</b>	17		551		1,886
<b>Returns on investments and servicing of finance</b>					
Interest paid			(1,075)		(1,350)
<b>Capital expenditure and financial investment</b>					
Sale of fixed assets		4,515		1,816	
Purchase of fixed assets		(44)		(36)	
		<u>4,471</u>		<u>1,780</u>	
<b>Financing</b>					
Repayments of bank loans			(4,262)		(2,023)
<b>Cash (outflow)/inflow in the period</b>	18,19		<u>(315)</u>		<u>293</u>

The notes on pages 8 to 17 form part of these financial statements.

# GRS Pub Investments Limited

## Notes forming part of the financial statements for the period ended 29 December 2013

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### 1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

#### *Going concern*

The company is currently in breach of the covenants on its £46,915,000 loan facility and, therefore it is repayable on demand.

The directors have prepared cash flow forecasts through to 30 September 2015 which indicate that the company will generate sufficient cash to support its operations and cover its interest obligations over that period. However, they also indicate that there will be insufficient funds to repay the loan principal if demanded. The directors have been in discussion with its lenders and continue with a planned property disposal programme. The company is dependent on the ongoing support of the lenders and there can be no guarantee that this will continue. Should the bank request repayment of some or all of the loan, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

#### *Tangible fixed assets*

Landlord's fixtures and fittings include removable items, which are generally regarded as within landlord ownership. These are depreciated in accordance with the policy detailed below.

Property, plant and equipment assets are carried at cost or deemed cost less accumulated depreciation and any recognised impairment in value. Depreciation is provided to write off the cost of property, plant and equipment, less estimated residual values, by equal annual instalments as follows:

Freehold and leasehold buildings	-	50 years or the life of the lease if shorter
Public house fixtures and fittings	-	10 years
Motor vehicles	-	4 years
Office Equipment	-	3 years

Freehold land is not depreciated.

Freehold buildings are depreciated so as to write off the difference between their carrying value and residual value over their useful economic life of 50 years. Residual values are reviewed at least once each financial year and there is no depreciable amount if the residual value is the same or exceeds the carrying value.

#### *Impairment of tangible fixed assets*

The need for any tangible fixed asset impairment write down is assessed by comparison of the carrying value of the asset against the higher of its net realisable value and value in use. These assessments are carried out at reporting dates or whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, the asset is written down accordingly. Impairment charges are included in the operating expenses line item in the profit and loss account.

# GRS Pub Investments Limited

## Notes forming part of the financial statements for the period ended 29 December 2013 (*continued*)

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### 1 Accounting policies (*continued*)

#### *Turnover*

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of the business, net of discounts and VAT.

- *Drink and food sales*  
Turnover in respect of drink and food sales is recognised at the point at which the goods are provided, net of discounts or volume rebates allowed.
- *Rents receivable*  
Rents receivable are recognised on a straight-line basis over the lease term.
- *Machine income*  
The company's share of net machine income is recognised in the period to which it relates.

#### *Investments*

Investments in subsidiary undertakings are stated at cost less provision for any diminution in value.

#### *Finance costs*

In accordance with FRS 4, costs of obtaining finance are initially recognised on the balance sheet and are spread evenly over the life of the loan to which they relate. Such items are deducted from the carrying value of the loan.

#### *Stock*

Stock represents pubs held for development and resale and is measured at the lower of cost and net realisable value.

#### *Deferred taxation*

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that:

- deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief; and
- the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances arising from underlying timing differences in respect of tax allowances on industrial buildings are reversed if and when all conditions for retaining those allowances have been met.

Deferred tax balances are not discounted.

# GRS Pub Investments Limited

## Notes forming part of the financial statements for the period ended 29 December 2013 (*continued*)

### 2 Turnover

Turnover is wholly attributable to the principal activities of the company and arises solely within the United Kingdom.

### 3 Employees

	52 weeks ended 29 December 2013 £'000	52 weeks ended 30 December 2012 £'000
Staff costs (including directors) consist of:		
Wages and salaries	189	643
Social security costs	24	70
	<hr/>	<hr/>
	213	713
	<hr/>	<hr/>

During the year, £117,209 (2012 - £425,382) of staff costs were recharged to related parties.

The average number of employees (including directors) during the year was 4 (2012 - 11).

No directors received any remuneration in the current or previous year.

### 4 Other income

No supplier commissions were received during the year (2012 - £65,698).

### 5 Operating loss

	52 weeks ended 29 December 2013 £'000	52 weeks ended 30 December 2012 £'000
This has been arrived at after charging		
Depreciation	129	137
Impairment charge	754	834
Audit fees	15	15
	<hr/>	<hr/>

# GRS Pub Investments Limited

Notes forming part of the financial statements  
for the period ended 29 December 2013 (*continued*)

## 6 Interest payable and similar charges

	52 weeks ended 29 December 2013 £'000	52 weeks ended 30 December 2012 £'000
Bank loan interest	1,075	1,350
Amortisation of finance cost	-	-
	<u>1,075</u>	<u>1,350</u>

## 7 Taxation on loss on ordinary activities

	52 weeks ended 29 December 2013 £'000	52 weeks ended 30 December 2012 £'000
<i>Current tax</i>		
UK corporation tax	-	-
	<u>-</u>	<u>-</u>

The tax assessed for the period differs from the standard rate of corporation tax in the UK. The differences are explained below:

	52 weeks ended 29 December 2013 £'000	52 weeks ended 30 December 2012 £'000
Loss on ordinary activities before tax	(627)	(2,053)
	<u>(627)</u>	<u>(2,053)</u>
Loss on ordinary activities at the standard rate of corporation tax in the UK of 23% (2012 - 24%)	(144)	(503)
Effects of:		
Expenses not deductible for tax purposes	183	273
Tax losses (utilised)/carried forward	(59)	196
Depreciation in excess of capital allowances	20	34
	<u>144</u>	<u>503</u>
Current tax charge for period	-	-
	<u>-</u>	<u>-</u>

### *Factors that may affect future tax charges*

A potential deferred tax asset of £4m in respect of trading losses, has not been recognised on the grounds that there is insufficient evidence at the current time that the asset will be recoverable in the foreseeable future.

# GRS Pub Investments Limited

Notes forming part of the financial statements  
for the period ended 29 December 2013 (*continued*)

## 8 Fixed assets

### Property, plant and equipment

	Land and buildings £'000	Pub fixtures and fittings £'000	Motor vehicles £'000	Office equipment £'000	Total £'000
<i>Cost</i>					
At 30 December 2012	63,201	493	31	19	63,744
Additions	-	43	-	1	44
Disposals	(3,900)	(164)	-	-	(4,064)
	<u>59,301</u>	<u>372</u>	<u>31</u>	<u>20</u>	<u>59,724</u>
<i>At 29 December 2013</i>					
<i>Accumulated depreciation</i>					
At 30 December 2012	44,872	155	18	8	45,053
Charge for year	72	44	8	5	129
Disposals	-	(62)	-	-	(62)
Impairment charge	754	-	-	-	754
	<u>45,698</u>	<u>137</u>	<u>26</u>	<u>13</u>	<u>45,874</u>
<i>At 29 December 2013</i>					
<i>Net book value:</i>					
At 29 December 2013	<u>13,603</u>	<u>235</u>	<u>5</u>	<u>7</u>	<u>13,850</u>
At 30 December 2012	<u>18,329</u>	<u>338</u>	<u>13</u>	<u>10</u>	<u>18,690</u>

## 9 Subsidiary undertakings

The principle subsidiary undertaking at the balance sheet date comprises a 100% holding in the ordinary issued share capital of Inn Portfolio, an unlimited company incorporated in England and Wales whose principal activities comprise the operation of pubs either under lease and tenancy agreements. Inn Portfolio was dormant during the period.

# GRS Pub Investments Limited

Notes forming part of the financial statements  
for the period ended 29 December 2013 (*continued*)

## 10 Stock

	29 December 2013 £'000	30 December 2012 £'000
Land and buildings:		
At 29 December 2013	<u>254</u>	<u>254</u>

## 11 Debtors

	29 December 2013 £'000	30 December 2012 £'000
Trade debtors	134	534
Other debtors	145	209
Prepayments and accrued income	340	424
	<u>619</u>	<u>1,167</u>

## 12 Creditors: amounts falling due within one year

	29 December 2013 £'000	30 December 2012 £'000
Amounts due to group companies	1,742	1,861
Trade creditors	231	514
Other creditors	539	1,028
Accruals and deferred income	500	423
Bank loan	46,915	51,177
	<u>49,927</u>	<u>55,003</u>

The bank loan is secured by a fixed charge over the company's freehold property and bears interest at floating rates of three month LIBOR plus 1.65%. The bank covenants have been breached and the bank loan is repayable on demand.

# GRS Pub Investments Limited

Notes forming part of the financial statements  
for the period ended 29 December 2013 (continued)

## 13 Share capital

	29 December 2013	29 December 2013 Allotted, called up and fully paid £'000	30 December 2012	30 December 2012 Allotted called up and fully paid £'000
Ordinary shares of £1 each	120,000	13,890	120,000	13,890
	<u>29 December 2013</u>	<u>29 December 2013 Allotted, called up and fully paid Number '000</u>	<u>30 December 2012</u>	<u>30 December 2012 Allotted called up and fully paid Number '000</u>
Ordinary shares of £1 each	120,000	13,890	120,000	13,890

## 14 Reserves

	Profit and loss account £'000
At 30 December 2012	(48,359)
Loss for the period	(627)
At 29 December 2013	<u>(48,986)</u>

## 15 Reconciliation of movement in shareholders' deficit

	52 weeks ended 29 December 2013 £'000	52 weeks ended 30 December 2012 £'000
Opening shareholders' deficit	(34,469)	(32,416)
Loss for the period	(627)	(2,053)
Closing shareholders' deficit	<u>(35,096)</u>	<u>(34,469)</u>



# GRS Pub Investments Limited

Notes forming part of the financial statements  
for the period ended 29 December 2013 (continued)

## 16 Related party transactions

At 29 December 2013, the following amounts are due from/(to) related parties:

	Amounts due from/(to) related parties as at the year end 30 December 2012 £'000	Management fee income/ (charge) £'000	Payments/ (repayments) £'000	Amounts due from/(to) related parties as at the year end 29 December 2013 £'000
Farlane Limited	245	-	(245)	-
Goldtry Limited	138	98	(146)	90
Indeed Nominee 1 Limited	84	137	107	328
Pebble Solutions Limited	-	(1,008)	919	89
Pubfolio Limited	(271)	884	(917)	(304)
GRS Pub Limited	(1,943)	-	(127)	(2,070)

The related party transactions arise as a result of common directors and relates to trading activity during the period.

Directors fees for the period were £80,000 (2012 - £66,666).

At 30 December 2012, the following amounts are due from/(to) related parties:

	Amounts due from/(to) related parties as at the year end 25 December 2011 £'000	Management fee income/ (charge) £'000	Payments/ (repayments) £'000	Amounts due from/(to) related parties as at the year end 30 December 2012 £'000
Farlane Limited	185	85	(25)	245
Goldtry Limited	43	166	(71)	138
Indeed Nominee 1 Limited	222	170	(308)	84
Pebble Solutions Limited	6	(883)	877	-
Pubfolio Limited	(175)	1,175	(1,271)	(271)
GRS Pub Limited	(474)	-	(1,469)	(1,943)

The related party transactions arise as a result of common directors and relates to trading activity during the period.

# GRS Pub Investments Limited

Notes forming part of the financial statements  
for the period ended 29 December 2013 (*continued*)

## 17 Reconciliation of operating profit to net cash inflow from operating activities

	52 weeks ended 29 December 2013 £'000	52 weeks ended 30 December 2012 £'000
Operating loss	(66)	(626)
Depreciation	129	137
Impairment of fixed assets	754	572
Decrease/(increase) in debtors	548	(54)
(Increase)/decrease in creditors	(814)	1,277
Decrease in stock	-	580
	<u>551</u>	<u>1,886</u>

## 18 Reconciliation of net cash inflow to movement in net debt

	52 weeks ended 29 December 2013 £'000	52 weeks ended 30 December 2012 £'000
(Decrease)/increase in cash in the year	(315)	293
Cash outflow from repayment of debt	<u>4,262</u>	<u>2,023</u>
Change in net debt resulting from cash flows	3,947	2,316
Opening net debt	<u>(50,754)</u>	<u>(53,070)</u>
Closing net debt	<u>(46,807)</u>	<u>(50,754)</u>

# GRS Pub Investments Limited

Notes forming part of the financial statements  
for the period ended 29 December 2013 (*continued*)

## 19 Analysis of net debt

	At 1 January 2013 £'000	Cash flow £'000	At 29 December 2013 £'000
Cash in hand and at bank	423	(315)	108
Debt due within one year	(51,177)	4,262	(46,915)
Total	(50,754)	3,947	(46,807)

## 20 Ultimate controlling party

At 29 December 2013, the company's parent company was London Town Plc which is in administration.