

**Hardys & Hansons Limited**  
(formerly Hardys & Hansons plc)

Report and Accounts

4 May 2008

*Registered number: 00052412*

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## *Directors' report*

The directors present their report and accounts for the period ended 4 May 2008.

### *Principal activity and review of the business*

The principal activity of the company is the employment and subsequent secondment of employees to fellow Greene King group companies under a service agreement.

On the 17 January 2008 Hardy & Hansons changed from being a public limited company to a private limited company and from this date was known as Hardys & Hansons Limited.

The company sold its business, which consisted of the brewing of beer, the wholesaling and retailing of beer, wines and spirits and soft drinks, the retailing of food and the ownership and management of public houses, to a fellow subsidiary of Greene King plc, Greene King Brewing and Retailing Limited, on 13 November 2006.

The company retained a number of employees and seconds them to fellow Group companies. Revenue and operating profit recognised in the period of £4,976,000 and £13,000 respectively relates solely to this activity. In addition the company has received interest from fellow group undertakings of £21,046,000.

### *Results and dividends*

The retained profit after tax was £21,059,000 (2007: £8,099,000) and the directors do not recommend payment of a dividend (2007: £nil).

### *Directors and their interests*

The directors during the period were as follows:

J Adams (appointed 29 October 2007)  
R Anand  
I Bull  
D Elliot  
J Lawson  
J Webster

None of the directors held any interest in the share capital of the company during the period. The interests of the directors in the shares of the ultimate parent company, Greene King plc, are shown in the accounts of that company.

### *Indemnity provision / directors' liabilities*

The company has indemnified one or more directors of the company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985. Such qualifying third party indemnity provision is in force as at the date of approving the directors' 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.

## *Directors' report*

### *Employment policies*

#### Internal communications

The group is committed to involving employees in its activities and believes that effective communication brings important business benefits. This is achieved through regular briefings, internal news announcements and access to an intranet for all computer-using employees, whilst information about the business is published in a range of in-house magazines and the annual report.

#### Employee benefits

The group operates a profit-sharing scheme open to those employees with the requisite qualifying service and a sharesave option scheme in which all employees can participate. The schemes are intended to enhance commitment to the success of the company. All employees are offered access to a stakeholder-compliant defined contribution pension scheme.

#### Training and development

The group is committed to developing its people. Training and development opportunities are provided for all employees, and range from bar skills training to MBA programmes. By giving employees the skill and knowledge essential to perform their jobs effectively, the group believes it will create a professional and highly motivated workforce that will take the business forward.

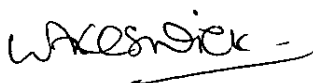
#### Equal opportunities

The group is committed to the principle of equal opportunities for all. The rationale for recruitment and selection is the ability and aptitude of applicants. Disabled people are offered the same opportunities as all others in respect of recruitment, training, promotion and career development, taking account of their skills and qualifications. Employees who become disabled will be retained and retrained wherever possible.

#### Auditors and Annual General Meeting

Resolutions have been passed dispensing with the need to hold an AGM and re-appoint auditors annually.

By order of the board



Mrs LA Keswick  
Company Secretary

Date: 27th February 2009

## *Statement of directors' responsibilities in respect of the accounts*

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;
- 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 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.

## *Independent auditor's report*

to the members of Hardys & Hansons Limited

We have audited the financial statements of Hardys & Hansons Limited for the period ended 4 May 2008 which comprise the profit and loss account, the balance sheet and the related notes 1 to 14. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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**

The directors' responsibilities for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

In addition 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 whether in our opinion the information given in the directors' report is consistent with the financial statements.

We also report to you if, in our opinion, 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 other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of opinion**

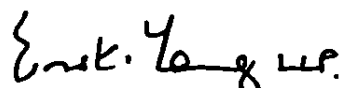
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 4 May 2008 and of its profit for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.



**Ernst & Young LLP**

Registered auditor

London

Date: 27 February 2009.

## Hardys & Hansons Limited

### *Profit and loss account*

for the period ended 4 May 2008

	<i>Notes</i>	<b>53 weeks to 4 May 2008 £000</b>	<b>24 weeks to 29 April 2007 £000</b>
Turnover	2	4,976	4,857
Cost of sales	3	(4,963)	(4,845)
Operating profit		13	12
Profit on sale of business		-	-
Interest receivable	5	21,046	8,087
Profit on ordinary activities before taxation	6	21,059	8,099
Taxation	7	-	-
Profit on ordinary activities after taxation transferred to reserves	12	21,059	8,099

There are no other recognised gains and losses for the year.

All activities relate to continuing operations.

## Hardys & Hansons Limited

### *Balance sheet*

as at 4 May 2008

	<i>Notes</i>	<b>4 May 2008 £000</b>	<b>29 April 2007 £000</b>
<b>Fixed assets</b>			
Investments	8	175	175
<b>Current assets</b>			
Debtors	9	309,384	288,799
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	10	(4,619)	(5,093)
<b>Net current assets</b>		<b>304,765</b>	<b>283,706</b>
<b>Net assets</b>		<b>304,940</b>	<b>283,881</b>
<b>Capital and reserves</b>			
Called up share capital	11	1,250	1,250
Capital redemption reserve	12	425	425
Profit and loss account	12	303,265	282,206
<b>Equity shareholder's funds</b>	12	<b>304,940</b>	<b>283,881</b>

Approved by the Board of Directors on 27<sup>th</sup> February 2009 and signed on its behalf by:



I Bull  
Director

## *Notes to the accounts*

for the period ended 4 May 2008

### 1. *Accounting policies*

#### Basis of preparation

These accounts have been prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards.

#### Group accounts

Group accounts have not been prepared in accordance with the exemption allowed by S228 of the Companies Act 1985 because the company is a wholly owned subsidiary of another UK company which prepares group accounts.

#### Cash Flow Statement

The company has taken advantage of the exemption permitted by FRS1, whereby a wholly owned subsidiary need not prepare a cash flow statement provided the consolidated financial statements in which the subsidiary undertaking is included are publicly available.

#### Investments

Investments held as fixed assets are stated at cost less provision for any impairment in value.

#### Interest

Interest receivable or payable under the company's various investments and financial instruments is accrued so as to impute a constant periodic rate of return in the profit and loss account.

#### Inter-company balances

Amounts owed by or to group undertakings are classified as short term assets or liabilities unless there is a loan arrangement in place that specifies repayment over a period longer than one year from the balance sheet date.

### 2. *Turnover*

Turnover, which is stated net of value added tax, is derived from the provision of services in the United Kingdom which fall within the company's continuing ordinary activities. The principal business activity is employment and secondment.



**Notes to the accounts** *(continued)*

for the period ended 4 May 2008

3. *Cost of sales*

	<b>53 weeks to 4 May 2008 £000</b>	<b>24 weeks to 29 April 2007 £000</b>
<b>Employee costs</b>		
Wages and salaries	4,335	4,304
Social security costs	346	362
Pension costs	282	179
	<b>4,963</b>	<b>4,845</b>

The average number of employees during the period was as follows:

	<b>53 weeks to 4 May 2008 No</b>	<b>24 weeks to 29 April 2007 No</b>
Management, sales and administration	14	48
Brewing and distribution	24	60
Retailing	90	1,024
	<b>128</b>	<b>1,132</b>

4. *Pension scheme contingent liability*

The company participates in a defined contribution scheme, which is open to all new employees, a Greene King defined benefit scheme which closed to new entrants on 2 May 1997 and a Morland defined benefit scheme for former Morland employees which was closed to new entrants on 12 December 2000. Further disclosure of the defined benefit pension schemes can be found in the accounts of Greene King Brewing and Retailing Limited, a fellow subsidiary company.

Under the terms of the secondment agreement, whereby employees are seconded to Greene King Brewing and Retailing Limited, the £60,465,000 (2007 - £30,484,000) pension scheme net deficit, will ultimately be met by that company. The directors consider the risk of Greene King Brewing and Retailing Limited being unable to meet the deficit as improbable, and have therefore not provided for this liability.

***Notes to the accounts*** (continued)

for the period ended 4 May 2008

5. *Interest*

	<b>53 weeks to 4 May 2008 £000</b>	<b>24 weeks to 29 April 2007 £000</b>
<b>Interest receivable</b>		
From fellow group undertakings	<b>21,046</b>	<b>8,087</b>

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6. *Profit on ordinary activities before taxation*

Auditors' remuneration for both audit and non-audit services has been borne by other group companies.

The directors' remuneration, included within employee costs (note 3), is in respect of services to the group and is disclosed in the accounts of Greene King plc.

**Notes to the accounts** *(continued)*

for the period ended 4 May 2008

**7. Taxation**

	<b>53 weeks to 4 May 2008 £000</b>	<b>24 weeks to 29 April 2007 £000</b>
<b>Current taxation</b>		
Corporation tax	-	-

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The company has no deferred taxation liability.

**Factors affecting current taxation charge for year**

The effective rate of taxation is the same as the full rate of corporation tax. The reconciliation of the charge for the prior year period is explained below:

	<b>53 weeks to 4 May 2008 £000</b>	<b>24 weeks to 29 April 2007 £000</b>
Profit on ordinary activities before tax	<b>21,059</b>	<b>8,099</b>
Profit on ordinary activities multiplied by standard rate corporation tax 29.8% (2007: 30%)	<b>6,276</b>	<b>2,430</b>
Group relief	<b>(6,276)</b>	<b>(2,430)</b>
Current taxation	-	-

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## Hardys & Hansons Limited

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### *Notes to the accounts (continued)*

for the period ended 4 May 2008

#### 8. *Investments*

	2008 £000	2007 £000
Shares in subsidiaries	175	175

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Details of the investments in principal subsidiaries are given as follows:

<i>Name of Company</i>	<i>Country of registration</i>	<i>Holding</i>	<i>Proportion of voting rights &amp; shares held</i>	<i>Nature of business</i>
Directly held Hansons Limited	England & Wales	Ordinary shares	100%	Dormant

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#### 9. *Debtors*

	2008 £000	2007 £000
Amounts owed by fellow group undertakings	309,384	288,799

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#### 10. *Creditors: amounts falling due within one year*

	2008 £000	2007 £000
Amounts owed to fellow group undertakings	4,619	5,093

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**Notes to the accounts** (continued)

for the period ended 4 May 2008

**11. Share capital**

Authorised

	2008 No	2007 No	2008 £000	2007 £000
Ordinary shares of 5p each	20,000,000	20,000,000	1,000	1,000
Deferred ordinary shares of 5p each	5,000,000	5,000,000	250	250
			<b>1,250</b>	<b>1,250</b>

Allotted, called up and fully paid

	2008 No	2007 No	2008 £000	2007 £000
Ordinary shares of 5p each	20,000,000	20,000,000	1,000	1,000
Deferred ordinary shares of 5p each	5,000,000	5,000,000	250	250
			<b>1,250</b>	<b>1,250</b>

**12. Reconciliation of movements in shareholder's funds**

	Share capital £000	Capital redemption reserve £000	Profit and loss £000	Total £000
At 29 September 2006	1,250	425	274,107	275,782
Retained profit for the period	-	-	8,099	8,099
At 29 April 2007	1,250	425	282,206	283,881
Retained profit for the period	-	-	21,059	21,059
At 4 May 2008	<b>1,250</b>	<b>425</b>	<b>303,265</b>	<b>304,940</b>

**13. 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.

**14. Ultimate parent company**

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 53 week period ended 4 May 2008 are available from Westgate Brewery, Bury St Edmunds, Suffolk, IP33 1QT.

The company's immediate parent undertaking and controlling party is Greene King Acquisitions No. 3 Limited, a company incorporated in Great Britain and registered in England and Wales.