

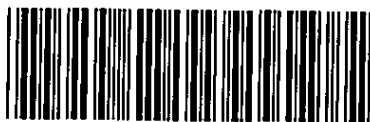
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Yates Group Limited

Report and Financial Statements

39 weeks to 26 February 2006

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COMPANIES HOUSE

Registered No 478794

Directors

Aaron Brown
Timothy Smalley
Ian Payne
Paul Symonds
Suzanne Baker
Christian Keen

Secretary

Eversecretary Limited
115 Colmore Row
Birmingham
B3 3AL

Auditors

Ernst & Young LLP
400 Capability Green
Luton
Bedfordshire
LU1 3LU

Registered office

Porter Tun House
500 Capability Green
Luton
Bedfordshire
LU1 3LS

Directors' report

The directors present their annual report together with the audited financial statements for the 39 weeks ended 26 February 2006

Results and dividends

The loss after taxation for the 39 weeks ended 26 February 2006 amounted to £7,376,000 (61 weeks ended 29 May 2005 profit £58,066,000) There were no dividends paid in the 39 weeks ended 26 February 2006 (61 weeks ended 29 May 2005 £71,437,000)

Principal activities and review of the business

On 20 May 2005 the company was purchased by Yates Bidco Limited which is an indirect subsidiary of Laurel Pub Equity Holdings Limited The company was previously the ultimate parent company of the Yates group of companies and consolidated accounts were produced on this basis for the period ended 29 May 2005 Following the purchase by Yates Bidco Limited consolidated accounts will only be produced for Laurel Pub Equity Holdings Limited as a group ("the Group")

The company continues to hold all the fixed assets of Yates's Wine Lodges Limited and Ha' Ha' Bar and Canteen Limited and recharges the depreciation to these companies

The directors are currently in discussions with the Group's lenders with a view to restructuring the Group's borrowing facilities The directors are confident that this will be completed by October 2007 and considering the company's ability to meet all its future obligations based on the projected cash flows, the directors therefore consider it appropriate to prepare the financial statements on a going concern basis

Principal risks and uncertainties

The company has entered into an intercreditor agreement as a guarantor on all intercompany balances along with other group companies These balances account for the vast majority of the company's debtors and creditors

Directors and their interests

The current directors are shown on page 1 The directors in office during the period are listed below All served on the board throughout the period unless otherwise indicated

	<i>Appointed</i>	<i>Resigned</i>
Timothy Smalley	-	-
Aaron Brown	-	-
Stephen Brown	-	31 January 2007
Ian Payne	26 January 2006	-
Paul Symonds	6 September 2006	-
Suzanne Baker	6 September 2006	-
Christian Keen	29 November 2006	-

The directors had no interest in the ordinary shares of the company at any time during the period

No director had any interests in any contract or arrangements of a material nature with the company, its subsidiaries, its fellow subsidiaries or its ultimate parent company during the period under review

Directors' report

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing this report, of which the auditor is unaware. Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to reappoint Ernst & Young LLP will be proposed at the forthcoming Annual General Meeting.

By order of the Board



Christian Keen

Director

24/8/07

Statement of directors' responsibilities in respect of the financial statements

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 judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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.

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.

Independent auditors' report

to the members of Yates Group Limited

We have audited the financial statements (the "financial statements") of Yates Group Limited for the period ended 26 February 2006 which comprise Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses and the related notes 1 to 21. 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 preparing the Annual Report and 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).

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.

In addition we 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 audit 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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.

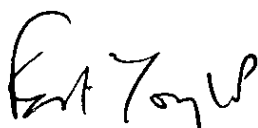
Independent auditors' report

to the members of Yates Group Limited

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 26 February 2006 and of the company's loss 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
LUTON

24/1/07

Profit and loss account

for the period ended 26 February 2006

		39 weeks ended 26 February 2006 £'000	61 weeks ended 29 May 2005 £'000
	Notes		
Turnover		—	—
Cost of sales		—	—
Gross profit		—	—
Administrative expenses	3	(9,749)	(12,601)
Other operating income	4	8,537	14,834
Exceptional costs	5	(1,836)	(16,988)
Total operating loss		(3,048)	(14,755)
Profit on disposal of fixed assets	6	270	23,477
(Loss)/profit on ordinary activities before interest and taxation		(2,778)	8,722
Income receivable from shares in group undertakings		—	51,238
Interest receivable and similar income		87	133
Interest payable and similar charges	7	(496)	(4,847)
Net finance income/(charge)	18	15	(73)
(Loss)/profit on ordinary activities before taxation		(3,172)	55,173
Tax on (loss)/profit on ordinary activities	8	(4,204)	2,893
(Loss)/profit on ordinary activities after taxation		(7,376)	58,066

The results above were derived from continuing activities

Statement of total recognised gains and losses

for the period ended 26 February 2006

	<i>39 weeks ended 26 February 2006 £'000</i>	<i>61 weeks ended 29 May 2005 £'000</i>
(Loss)/profit on ordinary activities attributable to the shareholders	(7,376)	58,066
Actuarial (loss)/gain recognised in the retirement benefit scheme	1,073	528
Difference between the expected and actual return on scheme assets	(1,483)	(524)
Changes in assumptions underlying the present value of scheme liabilities	—	830
Experience gain arising on scheme liabilities	(410)	834
Tax on net retirement benefit items recognised in the statement of total recognised gains and losses	123	(250)
Total gains and losses recognised related to the period	(7,663)	58,650

Reconciliation of movements in equity shareholders' funds

for the period ended 26 February 2006

	<i>39 weeks ended 26 February 2006 £'000</i>	<i>61 weeks ended 29 May 2005 £'000</i>
Total gains and losses recognised related to the period	(7,663)	58,650
Dividends paid	—	(71,437)
New shares issued	—	356
Transfer of revaluation surplus	—	(192)
Total movement in the period	(7,663)	(12,623)
Opening equity shareholders' funds	46,627	59,250
Closing equity shareholders' funds	38,964	46,627

Balance sheet

at 26 February 2006

		26 February 2006 £'000	Restated 29 May 2005 £'000
Fixed assets			
Tangible assets	10	78,502	85,078
Investments	11	5,060	4,060
		<u>83,562</u>	<u>89,138</u>
Current assets			
Debtors	12	24,095	17,642
Cash at bank and in hand		445	—
		<u>24,540</u>	<u>17,642</u>
Creditors amounts falling due within one year	13	(56,410)	(50,715)
		<u>(31,870)</u>	<u>(33,073)</u>
Net current liabilities			
		<u>51,692</u>	<u>56,065</u>
Total assets less current liabilities			
Provisions for liabilities and charges	14	(11,979)	(8,910)
Pension scheme deficit	18	(749)	(528)
		<u>38,964</u>	<u>46,627</u>
Net assets			
Capital and reserves			
Called up share capital	15	16,765	16,765
Share premium account	16	19,028	19,028
Profit and loss account	16	3,171	10,834
		<u>38,964</u>	<u>46,627</u>
Equity shareholders' funds			
		<u>38,964</u>	<u>46,627</u>



Christian Keen

24/5/07

Director

Notes to the financial statements

at 26 February 2006

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below and have been applied consistently throughout the period and the prior period.

Accounting convention

The financial statements of Yates Group Limited were approved for issue by the Board of Directors on 24 August 2007.

The financial statements are prepared under the historical cost convention. They have been prepared on the going concern basis.

Basis of consolidation

Consolidated accounts have not been prepared as the accounts of the company and its wholly owned subsidiaries have been consolidated with those of Laurel Pub Equity Holding Limited. These financial statements present information about the company as an individual and not as a group undertaking.

Tangible fixed assets

Fixed assets are stated at cost less any accumulated depreciation.

Depreciable fixed assets are written off on a straight line basis over their estimated useful lives. The rates of depreciation are as follows:

- leasehold properties are depreciated to their estimated residual values over the shortest of 50 years, their estimated useful lives and their remaining lease periods,
- administration furniture, fixtures, fittings and equipment are depreciated over 2 to 25 years, or the remaining period of the lease if shorter, and
- retail furniture, fixtures and equipment are depreciated over 3 to 25 years, or the remaining period of the lease if shorter.

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. Profit and losses on disposal of fixed assets reflect the difference between net selling price and net book value at the date of disposal.

Acquisitions

Purchases of businesses are accounted for using the acquisition method of accounting. Identifiable assets and liabilities acquired are included at their fair values at the date of acquisition. The difference between the fair value of the net identifiable assets acquired and the fair value of the purchase consideration is goodwill.

Cash flow statement

The company has taken advantage of the provisions of paragraph 5 of FRS 1 "Cash Flow Statements" and has not produced a cash flow statement.

Investments

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

Leases

Rental payments in respect of operating leases are charged against operating profit on a straight line basis over the period of the lease.

Lease incentives or rent free periods will be held on the balance sheet within deferred income and released on a straight line basis over the life of the lease, or the period until the next rent review date if earlier.

Notes to the financial statements

at 26 February 2006

1. Accounting policies (continued)

Retirement benefits

The operating cost of providing retirement benefits under the group's defined benefit pension plan, as calculated periodically by independent actuaries, is charged to the company's operating profit or loss in the period that those benefits are earned by employees. The financial return expected on the pension scheme's assets is recognised in the period in which they arise as part of finance income and the effect of the unwinding of the discounted value of the pension scheme's liabilities is treated as part of finance costs. The changes in value of the pension scheme's assets and liabilities are reported as actuarial gains or losses as they arise in the consolidated statement of total recognised gains and losses. Any pension scheme surplus, to the extent it is considered recoverable, or deficit are recognised in full and presented in the balance sheet net of any related deferred tax. Both the pension liability and the related deferred tax asset have been calculated assuming the business continues to trade successfully over the long-term period to which they both relate.

Retirement benefit costs under defined contribution pension plans are charged to the profit and loss account as incurred.

Taxation

Deferred taxation is provided in accordance with Financial Reporting Standard ("FRS") 19 on all timing differences arising from the different treatment of items for accounts and taxation purposes calculated at rates at which it is estimated that tax will arise. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

2. Auditors' remuneration, directors' emoluments and employees

Auditors' remuneration has been borne by other group companies in the current financial period (2005 KPMG LLP £27,000, Ernst & Young LLP £40,000).

The directors received no remuneration for the services in respect of the company in the financial period (2005 £1,894,000). The company had no employees (2005 10).

Notes to the financial statements

at 26 February 2006

3. Administrative expenses

	<i>39 weeks ended 26 February 2006 £'000</i>	<i>61 weeks ended 29 May 2005 £'000</i>
Depreciation	8,351	12,601
Other administrative costs	1,398	—
	<u>9,749</u>	<u>12,601</u>

4. Other operating income

	<i>39 weeks ended 26 February 2006 £'000</i>	<i>61 weeks ended 29 May 2005 £'000</i>
Depreciation recharged to subsidiaries	7,841	11,803
Other income	696	3,056
	<u>8,537</u>	<u>14,859</u>

5. Exceptional operating costs

	<i>39 weeks ended 26 February 2006 £'000</i>	<i>61 weeks ended 29 May 2005 £'000</i>
Accelerated depreciation	—	5,208
Impairment of properties (note 10)	1,836	6,299
Interest swap cancellation charge	—	2,411
Costs incurred during privatisation	—	1,502
Costs of head office closure	—	943
Redundancy costs	—	625
	<u>1,836</u>	<u>16,988</u>

Notes to the financial statements

at 26 February 2006

6. Profit on disposal of fixed assets

	<i>39 weeks ended 26 February 2006 £'000</i>	<i>61 weeks ended 29 May 2005 £'000</i>
Profit on sale of properties	270	23,477

7. Interest payable and similar charges

	<i>39 weeks ended 26 February 2006 £'000</i>	<i>61 weeks ended 29 May 2005 £'000</i>
On bank loans, overdrafts and interest rate swaps	—	2,077
On loan to Thorium PLC	—	2,756
On loans to group undertakings	496	14
	<u>496</u>	<u>4,847</u>

Notes to the financial statements

at 26 February 2006

8. Tax on (loss)/profit on ordinary activities

The tax charge is made up as follows

	<i>39 weeks ended 26 February 2006 £'000</i>	<i>61 weeks ended 29 May 2005 £'000</i>
<i>Current tax</i>		
UK corporation tax of the period	1,886	–
Adjustment in respect of prior period	(780)	–
Total current tax	<u>1,106</u>	<u>–</u>
<i>Deferred tax</i>		
Current year charge relating to other items	(1,510)	3,120
Current year charge relating to retirement scheme	29	(227)
Acquisitions and disposals of subsidiaries and businesses	(23)	–
Adjustment in respect of prior period, principally relating to accelerated capital allowances	4,602	–
Total deferred tax	<u>3,098</u>	<u>–</u>
Tax on loss on ordinary activities	<u>4,204</u>	<u>2,893</u>

Notes to the financial statements

at 26 February 2006

8. Tax on (loss)/profit on ordinary activities (continued)

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax are as follows

	<i>39 weeks ended 26 February 2006 £'000</i>	<i>61 weeks ended 29 May 2005 £'000</i>
(Loss)/profit on ordinary activities before tax	(3,172)	55,173
Tax charge on (loss)/profit on ordinary activities at standard UK corporation tax rate of 30%	(952)	16,552
Effects of		
Expenses not deductible for tax purposes	1,233	3,743
UK dividends not taxable	—	(15,371)
Profit on sale of properties	—	(9,046)
Accelerated capital allowances	1,611	2,486
Other timing differences	(6)	32
Adjustments in respect of previous periods	(780)	—
Group relief	—	1,604
Total current tax	1,106	—

9. Dividends

	<i>39 weeks ended 26 February 2006 £'000</i>	<i>61 weeks ended 29 May 2005 £'000</i>
Reversal of 2004 proposed final dividend	—	(2,201)
Dividends paid to Thorium PLC	—	50,194
Dividends paid to Yates BidCo Limited	—	23,444
	—	71,437

Notes to the financial statements

at 26 February 2006

10. Tangible fixed assets

	<i>Property</i> <i>£'000</i>	<i>Equipment</i> <i>£'000</i>	<i>Total</i> <i>£'000</i>
Cost			
At 30 May 2005	95,854	59,837	155,691
Additions	3,047	1,795	4,842
Transfers to group companies	—	(75)	(75)
Disposals	(1,087)	(653)	(1,740)
At 26 February 2006	97,814	60,904	158,718
Depreciation			
At 30 May 2005	27,397	43,216	70,613
Charge for the period	2,135	6,216	8,351
Impairment	1,587	249	1,836
Disposals	(64)	(520)	(584)
At 26 February 2006	31,055	49,161	80,216
Net book value			
At 26 February 2006	66,759	11,743	78,502
At 29 May 2005	68,457	16,621	85,078

The directors have considered the position of all leases where the economic benefits to be received are less than the costs of fulfilling them. This has resulted in an impairment of fixed assets of £1,836,000 in the period.

Notes to the financial statements

at 26 February 2006

11. Investments

	<i>Investment in quoted investments</i> £'000	<i>Shares in subsidiary undertakings</i> £'000	<i>Total</i> £'000
At 30 May 2005	21	4,039	4,060
Additions	–	1,000	1,000
At 26 February 2006	21	5,039	5,060

On 23 June 2006 the company acquired 1,000,000 £1 10% A preference shares for £1,000,000. These were issued by Yates' Wine Lodges Limited, a subsidiary company.

The principal subsidiary undertakings held by the company, all of which are directly owned by the Yates Group Limited at 26 February 2006 were

<i>Subsidiary undertaking</i>	<i>Class</i>	<i>Holding</i>	<i>Activity</i>
Yates' Wine Lodges Limited	Ordinary	100%	Managed pubs & bars
Ha' Ha' Bar & Canteen Limited	Ordinary	100%	Managed pubs & bars
Forno Vivo Limited	Ordinary	100%	Managed pubs & bars
Yates Brothers Limited	Ordinary	100%	Dormant

All other direct subsidiaries, which are dormant, are not listed due to the excessive length of disclosure.

12. Debtors

	26 February 2006 £'000	Restated 29 May 2005 £'000
Trade debtors	13	2
Amounts owed by fellow subsidiary undertakings	23,102	16,463
Other debtors	55	433
Prepayments	925	744
	24,095	17,642

Amounts owed by fellow subsidiary undertakings have been restated at May 2005 to reflect the gross amount owed by subsidiaries. This has resulted in an increase of £16,049,000 with an equal increase in amounts owed to subsidiary undertakings included within creditors due greater than one year (see note 13).

Notes to the financial statements

at 26 February 2006

13. Creditors: amounts falling due within one year

	<i>26 February 2006 £'000</i>	<i>Restated 29 May 2005 £'000</i>
Bank overdraft	—	364
Trade creditors	71	486
Amounts owed to subsidiary undertakings	43,269	38,244
Amounts owed to group undertakings	8,642	7,147
Social security and other taxes	349	2,282
Corporation tax payable	1,935	819
Other creditors	—	43
Accruals	2,144	1,330
	<u>56,410</u>	<u>50,715</u>

14. Provisions for liabilities and charges

	<i>Deferred tax £'000</i>
At 30 May 2005	8,910
Profit and loss account	3,092
Acquisitions and disposals of subsidiaries and businesses	(23)
At 26 February 2006	<u>11,979</u>

	<i>Amount provided 26 February 2006 £'000</i>	<i>Amount provided 29 May 2005 £'000</i>
Deferred tax comprises		
Accelerated capital allowances	11,979	9,142
Short term timing differences	—	(232)
Provision for deferred tax	<u>11,979</u>	<u>8,910</u>

Notes to the financial statements

at 26 February 2006

15. Share capital

	<i>£'000</i>
Authorised	
90,000,000 ordinary shares of £0.25 each at 29 May 2005 and 26 February 2006	22,500
Called up and fully paid	
67,060,301 ordinary share of £0.25 each at 29 May 2005 and 26 February 2006	16,765

16. Reserves

	<i>Share premium account £'000</i>	<i>Revaluation reserve £'000</i>	<i>Profit and loss account £'000</i>	<i>Total £'000</i>
At 28 March 2004	18,760	14,313	9,500	42,573
Arising on issue of shares	268	–	–	268
Transfer of revaluation surplus	–	(192)	–	(192)
Revaluation surplus realised on disposal	–	(14,121)	14,121	–
Actuarial gain on pension scheme net of tax	–	–	584	584
Profit for the period	–	–	58,066	58,066
Dividends	–	–	(71,437)	(71,437)
At 29 May 2005	19,028	–	10,834	29,862
Loss for the period	–	–	(7,376)	(7,376)
Actuarial loss on pension scheme net of tax	–	–	(287)	(287)
At 26 February 2006	19,028	–	3,171	22,199

Notes to the financial statements

at 26 February 2006

17. Financial commitments

	26 February 2006 £'000	29 May 2005 £'000
Annual commitments under property operating leases which expire as follows		
Between two and five years	148	135
After five years	11,778	20,530
	<u>11,926</u>	<u>20,665</u>

18. Pensions

Yates Group Limited operates a funded defined benefit scheme, the membership of which is closed and a defined contribution scheme introduced on 1 April 1994. The assets of the two schemes are held in a single, separate trustee administered fund. Any actuarial assessment of the defined benefit part of the scheme was last carried out by an independent qualified actuary at 31 March 2004. The assumptions which have the most significant effect on the valuation are

	26 February 2006	29 May 2005	31 March 2004
Discount rate	4.90%	5.25%	5.5%
Inflation	2.70%	2.75%	3.0%
Rate of increase of salaries	3.70%	4.50%	4.75%
Rate of increase in pensions payment	2.70%	2.75%	3.0%

The assets in the scheme and the long term expected rates of return were

	Long term expected rate of return %	2006 Value £'000	Long term expected rate of return %	2005 Value £'000	Long term expected rate of return %	2004 Value £'000
Equities	7.5	5,869	7.5	4,546	7.75	4,172
Bonds	4.0	5,518	4.5	4,784	4.75	4,332
Cash	3.5	30	4.75	755	4.0	91
Total market value of assets		<u>11,417</u>		<u>10,085</u>		<u>8,595</u>
Present value of scheme liabilities		<u>(12,487)</u>		<u>(10,840)</u>		<u>(10,827)</u>
Deficit in the scheme		<u>(1,070)</u>		<u>(755)</u>		<u>(2,232)</u>
Related deferred tax asset		<u>321</u>		<u>227</u>		<u>670</u>
Net pension liability		<u>(749)</u>		<u>(528)</u>		<u>(1,562)</u>

Notes to the financial statements

at 26 February 2006

18. Pensions (continued)

Analysis of the amount recognised in the Statement of Total Recognised Gains and Losses

	<i>Period ended 26 February 2006</i>	<i>Period ended 29 May 2005</i>	<i>Period ended 31 March 2004</i>
Difference between expected and actual return on the scheme assets			
Amount gain	1,073	528	887
Percentage of scheme assets	9.4%	5.2%	10.3%
Experience gains and losses arising on the scheme liabilities			
Amount (loss)/gain	–	830	(14)
Percentage of present value of scheme liabilities	–	7.7%	0.1%
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities			
Amount (loss)/gain	(1,483)	(524)	7
Percentage of present value of scheme liabilities	11.9%	4.8%	0.1%
Total amount recognised in STRGL			
Amount (loss)/gain	(410)	834	880
Percentage of scheme liabilities	3.3%	7.7%	8.1%

Notes to the financial statements

at 26 February 2006

18. Pensions (continued)

Movement in deficit during the period

	<i>Period ended 26 February 2006 £'000</i>	<i>Period ended 29 May 2005 £'000</i>
Deficit in scheme at start of the period	755	2,232
Movement in the period		
Current service costs	13	39
Net finance (income)/charge	(15)	73
Contributions	(93)	(755)
Past service costs	—	—
Actuarial loss/(gain)	410	(834)
Deficit in scheme at end of the period	1,070	755

Analysis of amount charged to operating loss

	<i>Period ended 26 February 2006 £'000</i>	<i>Period ended 29 May 2005 £'000</i>
Current service cost	13	39
Past service cost	—	—
Total operating charge	13	39
Contributions to defined contribution scheme	—	323
Total pension costs	13	362

Analysis of amount charged to finance costs

	<i>Period ended 26 February 2006 £'000</i>	<i>Period ended 29 May 2005 £'000</i>
Expected return on pension scheme assets	(436)	(610)
Interest on pension scheme assets	421	683
Net (income)/charge	(15)	73

Notes to the financial statements

at 26 February 2006

19. Related party transactions

The company has taken advantage of the exemption in FRS 8 that transactions do not need to be disclosed with companies 90% or more of whose voting rights are controlled within the group

20. Ultimate parent undertaking

The immediate parent company is Yates Bidco Limited, a company incorporated in Great Britain and registered in England and Wales. The ultimate parent company is Laurel Pub Equity Holdings Limited (a company incorporated in Great Britain and registered in England and Wales) and the ultimate controlling party is The Tchenguiz Family Trust.

The only group for which consolidated financial statements are prepared which include the company is that headed by Laurel Pub Equity Holdings Limited. Consolidated financial statements for this company are available to the public and can be obtained from Porter Tun House, 500 Capability Green, Luton, Beds, LU1 3LS.

21. Contingent liabilities

The company entered into an intercreditor agreement as a guarantor on 20 May 2005 on all intercompany balances as they arise from time to time. The agreement is between among others, the company, Laurel Pub Bidco Limited, Dresdner Bank AG, London Branch and Kaupthing Bank hf as agent and security trustee.