

Punch Taverns (PMM) Limited
(Formerly Pubmaster Midlands Limited)
Report and Financial Statements
Period ended 21 August 2004



Punch Taverns (PMM) Limited
Period ended 21 August 2004

Registered No. 3004859

DIRECTORS

R McDonald
N Preston
G Thorley

SECRETARY

S Rudd

AUDITORS

Ernst & Young LLP
1 Colmore Square
Birmingham
B4 6HQ

BANKERS

Barclays Bank PLC
15 Colmore Row
Birmingham
B3 2EP

SOLICITORS

Slaughter & May
One Bunhill Row
London
EC1Y 8YY

REGISTERED OFFICE

Jubilee House
Second Avenue
Burton Upon Trent
Staffordshire
DE14 2WF

Punch Taverns (PMM) Limited
Period ended 21 August 2004

DIRECTORS' REPORT

The directors present their report and financial statements for the 47 week period ended 21 August 2004.

CHANGE OF NAME

On 2 September 2004 a written resolution was passed to change the company name of Pubmaster Midlands Limited to Punch Taverns (PMM) Limited.

RESULTS AND DIVIDENDS

The profit for the financial period after tax amounted to £11,413,000 (78 week period ended 28 September 2003: £399,000). The directors do not recommend the payment of dividend (2003: £188,000).

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company's principal activity during the period was the operation of public houses, letting the pubs to tenants/lessees through tenancy and lease agreements. The agreements provide that the company derives income from three main sources, namely, the wholesale supply of beer and other products, rent from the tenants/lessees and a share of the profits from gaming machines sited in pubs.

On 23 January 2004 the entire estate of the company was sold to Pubmaster Limited, a fellow group company.

DIRECTORS AND THEIR INTERESTS

The directors of the company who served during the period are listed below.

R McDonald	(appointed 01/12/2003)
N Preston	(appointed 01/12/2003)
G Thorley	(appointed 01/12/2003)
R Turnbull	(resigned 01/12/2003)
R Gundry	(resigned 01/12/2003)
J Sands	(resigned 01/12/2003)

The directors hold no beneficial interest in the shares of the company.

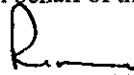
The beneficial interests of Directors who held office at 21 August 2004 in the shares of Punch Taverns plc are shown below:

	<i>At 21 August 2004</i>		<i>At Date of Appointment</i>	
	Ord Shares	Ord Share Options	Ord Shares	Ord Share Options
N Preston	1,044	60,587	1,000	72,267
R McDonald	47,203	320,650	46,909	302,328
G Thorley	138,044	5,314,004	137,750	6,400,649

AUDITORS

During the period PricewaterhouseCoopers LLP resigned as auditors of the company and Ernst & Young LLP were appointed to fill the vacancy arising. A resolution for the reappointment of Ernst & Young LLP as auditors of the company will be proposed at the annual general meeting.

On behalf of the Board


R J McDonald
Director
20 May 2005

Punch Taverns (PMM) Limited
Period ended 21 August 2004

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial period which 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 those 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
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which 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.

Punch Taverns (PMM) Limited
Period ended 21 August 2004

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PUNCH TAVERNS (PMM) LIMITED

We have audited the company's financial statements for the period ended 21 August 2004 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 19. These financial statements have been prepared on the basis of 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

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the company 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 United Kingdom Auditing Standards 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 of the state of affairs of the company as at 21 August 2004 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
Birmingham
20 May 2005

Punch Taverns (PMM) Limited
Period ended 21 August 2004

PROFIT AND LOSS ACCOUNT
for the period ended 21 August 2004

	<i>Notes</i>	47 week period ended 21 Aug 2004 £000	78 week period ended 28 Sept 2003 £000
TURNOVER	2	1,421	6,830
Cost of sales		(591)	(2,931)
GROSS PROFIT		<u>830</u>	<u>3,899</u>
Administrative expenses		(140)	(2,176)
OPERATING PROFIT	3	<u>690</u>	<u>1,723</u>
Profit/(loss) on sale of tangible fixed assets		11,300	(39)
Interest receivable	6	6	13
Interest payable	7	(270)	(1,085)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>11,726</u>	<u>612</u>
Tax on profit on ordinary activities	8	(313)	(213)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>11,413</u>	<u>399</u>
Dividends	9	-	(188)
RETAINED PROFIT FOR THE PERIOD	16	<u><u>11,413</u></u>	<u><u>211</u></u>

There are no recognised gains and losses other than as set out above.

The results stated above relate to discontinued operations.

Punch Taverns (PMM) Limited
Period ended 21 August 2004

BALANCE SHEET
at 21 August 2004

	<i>Notes</i>	21 Aug 2004 £000	28 Sept 2003 £000
FIXED ASSETS			
Tangible fixed assets	10	-	8,698
		-	8,698
CURRENT ASSETS			
Assets held for resale	11	-	79
Debtors due within one year	12	12,947	872
Cash at bank and in hand		-	739
		12,947	1,690
CREDITORS: amounts falling due within one year	13	(524)	(9,306)
NET CURRENT ASSETS/(LIABILITIES)		12,423	(7,616)
TOTAL ASSETS LESS CURRENT LIABILITIES		12,423	1,082
PROVISIONS FOR LIABILITIES AND CHARGES	14	-	(72)
NET ASSETS		12,423	1,010
CAPITAL AND RESERVES			
Called up share capital	15	34	34
Capital redemption reserve	16	80	80
Profit and loss account	16	12,309	896
TOTAL EQUITY SHAREHOLDERS' FUNDS	16	12,423	1,010



R J McDonald
Director
20 May 2005

Punch Taverns (PMM) Limited
Period ended 21 August 2004

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 21 August 2004

1. ACCOUNTING POLICIES

Basis of preparation

These financial statements are prepared under the historical cost convention, the accounting policies set out below and in accordance with applicable accounting standards.

Turnover

Turnover, which is stated net of value added tax, represents amounts charged to third parties. Turnover is attributable to the letting of public houses to independent publicans and the wholesale supply of beer and other products to those publicans, and a share of income from gaming machines sited in pubs.

Tangible fixed assets and depreciation

All licensed properties are carried at cost less accumulated depreciation.

Freehold buildings are depreciated in accordance with Financial Reporting Standard Number 15.

Depreciation is calculated so as to write off the cost of a fixed asset on a straight line basis over its estimated useful economic life, taking into account expected residual values, using the following rates:

Freehold buildings	-	50 years
Motor vehicles	-	3 to 5 years
Fixtures, fittings and equipment	-	5 to 10 years

Freehold land is not depreciated.

Assets held for resale

Assets held for resale are stated at the lower of cost and net realisable value.

Leases

Rentals paid under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

Pension costs

Contributions to defined contribution schemes are charged to the profit and loss account as incurred.

Punch Taverns (PMM) Limited
Period ended 21 August 2004

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 21 August 2004

1. ACCOUNTING POLICIES (continued)

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted at the balance sheet date. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Cash flow statement

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

2. TURNOVER

The company's turnover and profit on ordinary activities before taxation is derived wholly within the United Kingdom from its principal activity.

3. OPERATING PROFIT

This is stated after charging:

	2004 £000	2003 £000
Depreciation – owned assets	82	516
Auditors' remuneration	4	8
Other operating leases - land and buildings	1	102
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4. DIRECTORS' EMOLUMENTS

	2004 £000	2003 £000
Director emoluments	-	124
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Punch Taverns (PMM) Limited
Period ended 21 August 2004

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 21 August 2004

5. STAFF COSTS

The average number of persons employed by the company all of whom were categorised as providing administrative support services during the period was nil (2003: 12). Staff costs in the year, including social security costs were nil (2003: £386,000)

6. INTEREST RECEIVABLE

	2004 £000	2003 £000
Bank deposit interest	<u>6</u>	<u>13</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2004 £000	2003 £000
Interest payable on bank loans and overdrafts	-	236
Interest on intercompany loans	<u>270</u>	<u>849</u>
	<u>270</u>	<u>1,085</u>

8. TAXATION

	2004 £000	2003 £000
UK corporation tax – current year	25	264
UK corporation tax – current year group relief payment / (receipt)	96	(1)
UK corporation tax – prior year under provision	<u>134</u>	<u>-</u>
	255	263
Deferred tax	<u>58</u>	<u>(50)</u>
	<u>313</u>	<u>213</u>

The deferred tax charge includes £56,000 in respect of a reassessment of the provision at 28 September 2003.

The deferred tax charges arise in respect of the origination and reversal of timing differences.

Punch Taverns (PMM) Limited
Period ended 21 August 2004

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 21 August 2004

8 TAXATION (continued)

The charge to UK corporation tax is reconciled as follows:

Reconciliation of tax charges

	2004 £000	2003 £000
Profit on ordinary activities before taxation	11,726	612
Profit on ordinary activities at standard rate of corporation tax in the UK (30%)	3,518	184
<i>Effects of:</i>		
Expenses not deductible for tax purposes	(5)	25
Capital allowances for the period in excess of depreciation	(2)	54
(Profit) on disposal of fixed assets	(3,390)	-
Prior year under provision	134	-
	<u>255</u>	<u>263</u>

There are no factors expected to materially affect future tax charges.

9. DIVIDENDS

	2004 £000	2003 £000
Ordinary dividend at nil per share (2003: £5.61 per share) on ordinary shares	-	188

10. TANGIBLE FIXED ASSETS

	Freehold Land and Buildings	Fixtures, Fittings and Equipment	Total
	£000	£000	£000
Cost:			
At 29 September 2003	7,585	2,431	10,016
Additions	98	-	98
Disposals	(7,683)	(2,431)	(10,114)
At 21 August 2004	<u>-</u>	<u>-</u>	<u>-</u>
Depreciation:			
At 29 September 2003	26	1,292	1,318
Charge for the period	6	76	82
Disposals	(32)	(1,368)	(1,400)
At 21 August 2004	<u>-</u>	<u>-</u>	<u>-</u>
Net book amount:			
At 21 August 2004	<u>-</u>	<u>-</u>	<u>-</u>
At 29 September 2003	<u>7,559</u>	<u>1,139</u>	<u>8,698</u>

11. ASSETS HELD FOR RESALE

	2004 £000	2003 £000
Finished goods and goods for resale	-	79

Punch Taverns (PMM) Limited
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NOTES TO THE FINANCIAL STATEMENTS
for the period ended 21 August 2004

12. DEBTORS: *amounts falling due within one year*

	2004 £000	2003 £000
Trade debtors	-	235
Other debtors	-	187
Amounts owed by group undertakings	12,947	394
Prepayments and accrued income	-	56
	<u>12,947</u>	<u>872</u>

13. CREDITORS: *amounts falling due within one year*

	2004 £000	2003 £000
Trade creditors	-	739
Other creditors	-	158
Corporation tax	25	-
Accruals and deferred income	-	50
Amounts owed to group undertakings	499	8,269
Other taxes and social security	-	90
	<u>524</u>	<u>9,306</u>

14. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred tax £000
Amount provided:	
At 29 September 2003	72
Charged to profit and loss account	58
Transfer to other group undertakings	(130)
At 21 August 2004	<u>-</u>

The deferred taxation provision was in respect of accelerated capital allowances.

Punch Taverns (PMM) Limited
Period ended 21 August 2004

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 21 August 2004

15. SHARE CAPITAL

	2004 No.	2004 £000	2003 No.	2003 £000
<i>Authorised share capital:</i>				
Ordinary shares of £1 each	200,000	200	200,000	200
Redeemable cumulative preference shares of £1 each	500,000	500	500,000	500
	<u>700,000</u>	<u>700</u>	<u>700,000</u>	<u>700</u>
<i>Called up share capital, amount paid up:</i>				
Ordinary shares of £1 each	<u>33,500</u>	<u>34</u>	<u>33,500</u>	<u>34</u>

16. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Share Capital £000	Capital redemption Reserve £000	Profit & Loss Account £000	Total Share-holders' Funds £000
At 1 April 2002	114	-	765	879
Preference share redemption	(80)	80	(80)	(80)
Profit for the period	-	-	211	211
At 29 September 2003	<u>34</u>	<u>80</u>	<u>896</u>	<u>1,010</u>
Profit for the period	-	-	11,413	11,413
At 21 August 2004	<u>34</u>	<u>80</u>	<u>12,309</u>	<u>12,423</u>

Punch Taverns (PMM) Limited
Period ended 21 August 2004

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 21 August 2004

17. OPERATING LEASE COMMITMENTS

The company had no capital commitments at the end of the current or prior financial period.

18. RELATED PARTY DISCLOSURES

The company has taken advantage of the exemption in paragraph 3(c) of FRS 8 from disclosing transactions with related parties that are part of the Punch Taverns plc Group or investees of the group. There were no other related party transactions during the period.

19. ULTIMATE PARENT UNDERTAKING

The company's ultimate parent undertaking and controlling party is Punch Taverns plc, a company registered in England & Wales.

The parent undertaking of the only group of undertakings for which group financial statements are drawn up and of which the company is a member is Punch Taverns plc.

Copies of the financial statements of Punch Taverns plc are available from Jubilee House, Second Avenue, Burton upon Trent, Staffordshire, DE14 2WF.