

KLIKON LIMITED

ANNUAL REPORT

For the 52 weeks ended 30 September 2006

Registered number 3122587

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KLIKON LIMITED

ANNUAL REPORT

Period ended 30 September 2006

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KLIKON LIMITED

DIRECTORS' REPORT

The Directors submit their report and the audited financial statements of the Company for the 52 weeks ended 30 September 2006 (2005: 52 weeks ended 1 October 2005).

Principal activity, review of business and future developments

The principal activity of the Company was the ownership of a public house.

On 27 May 2006 the Company ceased trading and the property was transferred to The Wolverhampton & Dudley Breweries, PLC.

The Company made a profit after taxation of £38,000 (2005: loss of £52,000).

No changes are anticipated in the foreseeable future.

Dividends

The Directors do not recommend the payment of a dividend (2005: interim dividend of £26,354).

Directors

The Directors who held office during the period, and up to the date of this report, were as follows:

D Andrew
R Findlay
P Inglett
S J Oliver
A Darby

No Director had any interest in the share capital of the Company. Details of the Directors' interests in the share capital of other group companies are disclosed in the financial statements of the ultimate parent company, The Wolverhampton & Dudley Breweries, PLC.

Statement of Directors' responsibilities

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 the period. In preparing those 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 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.

The Directors consider that they have complied fully with the above requirements in preparing the financial statements on pages 4 to 9.

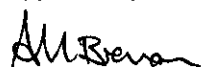
The Directors are also responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company, to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors and disclosure of information to auditors

So far as the Directors are aware, there is no relevant audit information of which PricewaterhouseCoopers LLP (PwC) are unaware, and the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that PwC are aware of that information.

PwC has indicated its willingness to continue in office and a resolution proposing its reappointment will be put to the Annual General Meeting.

Approved by the Board on 1 December 2006 and signed on its behalf by



Anne-Marie Brennan *Company secretary*
1 December 2006

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KLIKON LIMITED

We have audited the financial statements of Klikon Limited for the period ended 30 September 2006 which comprise the profit and loss account, the statement of total recognised gains and losses, the note of historical cost profits and losses, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 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 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

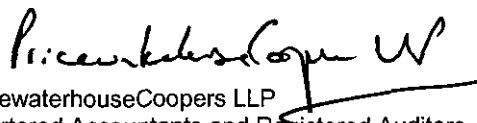
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 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 30 September 2006 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.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Birmingham
1 December 2006

KLIKON LIMITED**PROFIT AND LOSS ACCOUNT****For the period ended 30 September 2006**

	Notes	2006 £'000	2005 £'000
Turnover		-	-
Operating costs		(3)	(2)
Other operating income		57	85
Operating profit		54	83
Interest payable and similar charges	3	-	(120)
Profit/(loss) on ordinary activities before taxation		54	(37)
Taxation	4	(16)	11
Profit/(loss) on ordinary activities after taxation		38	(26)
Dividends	5	-	(26)
Profit/(loss) for the period		38	(52)

All results relate to discontinued operations.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**For the period ended 30 September 2006**

	Notes	2006 £'000	2005 £'000
Profit/(loss) on ordinary activities after taxation		38	(26)
Unrealised surplus on revaluation of properties		-	75
Total recognised gains relating to the period	11	38	49

NOTE OF HISTORICAL COST PROFITS AND LOSSES**For the period ended 30 September 2006**

	2006 £'000	2005 £'000
Profit/(loss) on ordinary activities before taxation	54	(37)
Realisation of property revaluation gains recorded in previous periods	598	-
Historical cost profit/(loss) before taxation	652	(37)
Historical cost profit/(loss) for the period after taxation and dividends	636	(52)

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BALANCE SHEET
At 30 September 2006

	Notes	2006 £'000	2005 £'000
Fixed assets			
Tangible assets	6	-	1,575
Current assets			
Debtors	7	790	11
Creditors (amounts falling due within one year)	8	(8)	(842)
Net current assets/(liabilities)		782	(831)
Net assets		782	744
Capital and reserves			
Called up share capital	9	-	-
Revaluation reserve	10	-	598
Profit and loss account	10	782	146
Equity shareholders' funds	11	782	744

The financial statements on pages 4 to 9 were approved by the Board on 1 December 2006 and were signed on its behalf by:



Paul Inglett *Director*
1 December 2006

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NOTES

1 Accounting Policies

(a) Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention as modified by the revaluation of freehold properties, and in accordance with the Companies Act 1985 and applicable accounting standards.

(b) Cash flow statement and related party disclosures

The Company is a wholly-owned subsidiary of The Wolverhampton & Dudley Breweries, PLC and is included in the consolidated financial statements of The Wolverhampton & Dudley Breweries, PLC, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1. The Company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of The Wolverhampton & Dudley Breweries, PLC Group.

(c) Operating income

Other operating income represents rents receivable, exclusive of VAT. All income is generated in the United Kingdom.

(d) Tangible fixed assets

Freehold properties are stated at valuation or at cost. Freehold buildings are depreciated to residual value over 50 years.

Properties are revalued by independent qualified valuers at least once in each five year period, on an existing use basis. When a valuation is below current carrying value, the asset concerned is reviewed for impairment. Impairment losses are charged to the revaluation reserve to the extent that a previous gain has been recorded, and thereafter to the profit and loss account. Surpluses on revaluation are recognised in the revaluation reserve, except where they reverse previously charged impairment losses, in which case they are recorded in the profit and loss account.

(e) Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, that give rise to an obligation to pay more or less tax in the future. Timing differences are differences between the Company's taxable profits and profits as stated in the financial statements. Deferred tax assets and liabilities are not discounted, and assets are only recognised where recoverability is probable.

2 Employees and auditors' remuneration

The average number of people employed by the Company during the period excluding Directors was nil (2005: nil). The Directors received no remuneration in respect of their services to the Company (2005: £nil). Auditors' remuneration is borne by the ultimate parent company, The Wolverhampton & Dudley Breweries, PLC.

3 Interest payable and similar charges

	2006 £'000	2005 £'000
Loan interest	-	47
Early redemption penalty	-	73
	-	120

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4 Taxation

	2006 £'000	2005 £'000
Current tax: Corporation tax on profit/(loss) for the period	8	(3)
Deferred tax (note 7)	8	(8)
Taxation charge/(credit) on profit/(loss) on ordinary activities	16	(11)

The actual tax rate for the period is lower than (2005: lower than) the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2006 £'000	2005 £'000
Profit/(loss) on ordinary activities before tax	54	(37)
Profit/(loss) before tax multiplied by the UK corporation tax rate of 30% (2005: 30%)	16	(11)
Effect of:		
Losses brought forward	(8)	-
Losses carried forward	-	8
Current period taxation charge/(credit)	8	(3)

No factors have been identified that may affect future tax charges.

5 Dividends

Ordinary shares

Interim paid nil p per share (2005: 5.0p)
Final paid nil p per share (2005: nil p)

	2006 £'000	2005 £'000
Interim paid nil p per share (2005: 5.0p)	-	26
Final paid nil p per share (2005: nil p)	-	-
	-	26

6 Tangible fixed assets

Cost or valuation

At 2 October 2005

Transfers to other Group undertakings

At 30 September 2006

Freehold properties £'000

1,575

(1,575)

-

Depreciation

At 30 September 2006 and 2 October 2005

-

Net book value

At 30 September 2006

-

At 1 October 2005

1,575

Cost or valuation of freehold properties comprises:

	2006 £'000	2005 £'000
Valuation	-	1,136
Cost	-	439
	-	1,575

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7 Debtors

	2006 £'000	2005 £'000
Amounted owed by Group undertakings	790	-
Deferred tax asset	-	8
Other debtors	-	3
	790	11

The deferred tax asset in the prior period arose from the Company's tax losses that were subsequently utilised during the period to 30 September 2006.

8 Creditors (amounts falling due within one year)

	2006 £'000	2005 £'000
Corporation tax	8	3
Amounts owed to Group undertakings	-	839
	8	842

9 Share capital

Authorised	2006 £'000	2005 £'000
1,000,000 ordinary shares of £1 each	1,000	1,000
Allotted, issued and fully paid	2006 £	2005 £
100 ordinary shares of £1 each	100	100

10 Reserves

	Revaluation reserve £'000	Profit and loss account £'000
At 1 October 2005	598	146
Profit transferred to reserves in the period	-	38
Transfer of properties to other Group undertakings	(598)	598
At 30 September 2006	-	782

11 Reconciliation of movement in shareholders' funds

	2006 £'000	2005 £'000
Profit/(loss) on ordinary activities after taxation	38	(26)
Dividends	-	(26)
Profit/(loss) for the period transferred to/(from) reserves	38	(52)
Revaluation of properties	-	75
Repurchase of share capital	-	(538)
Net addition/(reduction) to shareholders' funds	38	(515)
Opening shareholders' funds	744	1,259
Closing shareholders' funds	782	744

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NOTES

12 Ultimate parent undertaking

The immediate parent undertaking is Mercury Taverns London Limited. The ultimate parent undertaking and controlling party is The Wolverhampton & Dudley Breweries, PLC, which is the parent undertaking of the smallest and largest group to consolidate the financial statements of Klikon Limited. Copies of the Group financial statements can be obtained from the Company Secretary, PO Box 26, Park Brewery, Wolverhampton, WV1 4NY.