

# **The Grand Pub Company Limited**

## **Report and Consolidated Financial Statements for the year ended 31 December 2007**

**Registered No 03438235**

**TUESDAY**



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# **The Grand Pub Company Limited**

## **Report and Consolidated Financial Statements for the year ended 31 December 2007**

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# **The Grand Pub Company Limited**

## **Directors and Advisors**

### **Directors**

F S Duncan  
C H B Redford  
J A R Turner  
C P T O'Haire

### **Secretary**

TJG Secretaries Limited

### **Registered Office**

Carmelite  
50 Victoria Embankment  
Blackfriars  
London  
EC4Y 0DX

### **Auditors**

PricewaterhouseCoopers LLP

# **The Grand Pub Company Limited**

## **Directors' report for the year ended 31 December 2007**

The Directors present their report and audited financial statements for the year ended 31 December 2007

### **Principal Activities**

The principal activity of the company is that of a holding company. The principal activities of the group during the financial period were property investment and property trading.

### **Result for the year**

The group made a profit on ordinary activities before taxation of £nil for the year (2006 Profit of £1,035,000)

### **Key Performance Indicators (KPI's)**

Given the straightforward nature of the business, the Company's Directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

### **Future developments**

It is the intention of the Directors to make dormant and strike off all Group companies in the next 12 months.

### **Post balance sheet events**

See note 18 for details of post balance sheet events.

### **Intercompany loan notes and dividends**

On 5 February 2007 in respect of those subsidiaries with intercompany loans due from the Company, the Company agreed with each of those subsidiaries to amend and restate these loans to create loan notes.

On the same day, the Company passed written resolutions i) registering its subsidiary Phoenix Inns Ltd ("PIL") as an unlimited company ii) cancelling PIL's entire share premium account and £99,552 of its capital redemption reserve with the resulting £4,650,552 credit to PIL's distributable reserves and iii) amending the articles of association of PIL and the Company's two other direct subsidiaries, IPC Alpha Ltd and Spring Inns Ltd ("IPCA" and "SIL" respectively), allowing these subsidiaries a wider range of assets to be used in satisfaction of any dividends declared.

The Company received interim dividends from PIL, IPCA and SIL of £7,726,706, £761,761,026 and £137,260,027 respectively, satisfied in aggregate by the transfer of £818,905,759 of loan notes issued by the Company and the balance, £87,842,000, in cash. The Company cancelled the loan notes received.

Also on 5<sup>th</sup> February 2007 the Company received a notice from the holder of the 9,999 warrants remaining in force on the shares of the Company, exercising 9,736 of the warrants and electing for cash settlement. The Directors of the Company agreed that the settlement amount payable in relation to all of the warrants exercised

# **The Grand Pub Company Limited**

## **Directors' report for the year ended 31 December 2007 (Continued)**

was £75,000,000. In addition, as a result of the exercise of the warrants the Company became liable to make payments under an incentive arrangement entered into with certain current and former employees of the Group (note 8). The Directors calculated the total of these payments, including employer's national insurance contributions, to be £10,148,960.

Using the financial records available to them, including interim accounts, the Directors assessed the level of cash resources available to the Company, the Company's future financial position, its trading prospects and whether after the above payments the Company would be able to pay its debts as they fell due and also have a positive net asset position taking account of its contingent and prospective liabilities. After thorough consideration, the Directors of the Company resolved to pay the cash settlement sum in respect of the warrants and the amounts due under the incentive arrangement. No dividends are proposed (2006 £nil).

### **Directors**

The membership of the Board of Directors during the year and since the year end is set out on page 1.

According to the Register of Directors' interests maintained under the Companies Act 1985 none of the Directors had an interest in the shares of the Company or its subsidiaries and no rights to subscribe for shares in the Company or its subsidiaries were granted to any of the Directors or their immediate families or were exercised by them during the financial period.

### **Donations**

The Group made no charitable donations during the period (2006 £nil).

### **Directors' Responsibilities**

The directors are responsible for preparing 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 group and of the profit or loss of the group 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 a going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements. In particular, the financial statements have been prepared on a break up basis due to the intention of the directors to strike out the business in 2008.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **The Grand Pub Company Limited**

## **Directors' report for the year ended 31 December 2007 (Continued)**

### **Statement of disclosure of information to auditors**

In accordance with Section 234 of the Companies Act, each director who was a director at the time the report was approved confirms the following

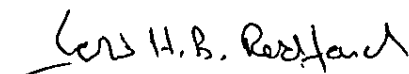
(a) so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) each director has taken all steps that each ought to have taken as a director to make himself aware of any relevant information and to establish that the company's auditors are aware of that information

### **Auditors**

The company has passed an elective resolution to dispense with the requirement to appoint auditors annually. PricewaterhouseCoopers LLP will consequently remain in office.

### **By Order of the Board**



Colin Redford

Director

17 September 2008

# **The Grand Pub Company Limited**

## **Independent Auditors' report to the members of The Grand Pub Company Limited.**

We have audited the group and parent company financial statements of The Grand Pub Company Limited for the year ended 31 December 2007 which comprise the Consolidated Profit and Loss Account, the Group and Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### **Respective responsibilities of directors and auditors**

The Directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom 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). 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 whether in our opinion the information given in the Report of the Directors 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 Report of the Directors 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.

# The Grand Pub Company Limited

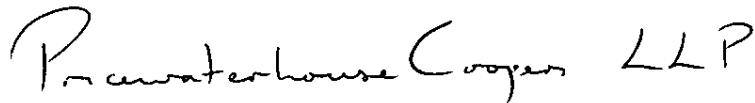
## Opinion

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 group's and the parent company's affairs as at 31<sup>st</sup> December 2007 and of the group's result and cash flows for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Report of the Directors is consistent with the financial statements

## Emphasis of Matter

We draw attention to the directors' decision to strike out the Company within the next 12 months. As a result these financial statements have been prepared on a break up basis.

A handwritten signature in black ink that reads "PricewaterhouseCoopers LLP". The signature is written in a cursive, flowing style.

*PricewaterhouseCoopers LLP*  
*Chartered Accountants and Registered Auditors*  
*London*

17 September 2008



# The Grand Pub Company Limited

## Consolidated Profit and Loss Account for the year ended 31 December 2007

		2007	2006
	Note	£000	£'000
Turnover		-	-
Cost of sales		-	-
Gross profit		-	-
Net operating expenses	2	635	(898)
<b>Group operating profit/(loss)</b>		<b>635</b>	<b>(898)</b>
Profit on disposal of investment properties		-	-
		635	(898)
Expense on settlement of warrants	8	(1,081)	(2 138)
Investment income	4	446	4 071
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>-</b>	<b>1 035</b>
Tax on profit on ordinary activities	5	-	(1 035)
<b>Profit for the financial year</b>		<b>-</b>	<b>-</b>

Movements in reserves and movements in shareholders' funds are set out in Note 14

There were no recognised gains and losses in the year other than those shown in the profit and loss account. Consequently, no statement of total recognised gains and losses has been presented.

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the company is not presented as part of these accounts. The company made a profit for the financial period of £459,253,000 (2006 loss of £31,648,000). This profit included intercompany dividend receipts of £906,748,000 (2006 £nil) and a write down of subsidiary investments in excess of revaluation reserve of £441,677,000 (2006 £nil).

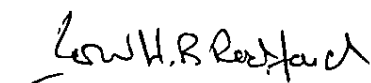
The notes on pages 10 to 18 form an integral part of these accounts.

# The Grand Pub Company Limited

## Balance Sheets as at 31 December 2007

		Group 31 December 2007 £'000	Group 31 December 2006 £ 000	Company 31 December 2007 £'000	Company 31 December 2006 £'000
	Note				
<b>Fixed assets</b>					
Investments	6	-	-	1,649	902 579
		-	-	1,649	902,579
<b>Current assets</b>					
Debtors	7	1,735	1 157	1,648	78,644
Short term investments		-	84,165	-	-
Cash at bank and in hand		1,949	3 278	153	-
		3,684	88,600	1,801	78 644
<b>Creditors amounts falling due within one year</b>	8	(3,857)	(88 593)	(3,443)	(981 216)
<b>Net current assets/(liabilities)</b>		(173)	7	(1,642)	(981 216)
Non-current assets classified as held for sale	9	180	-	-	-
<b>Net assets</b>		7	7	7	7
<b>Capital and Reserves</b>					
Called up share capital	13	-	-	-	-
Revaluation reserve	14	-	-	-	459 253
Profit and loss account	14	7	7	7	(459 246)
<b>Equity shareholders' funds</b>		7	7	7	7

The financial statements on pages 7 to 18 were approved by the Board of Directors on 17 September 2008 and signed on their behalf by

  
Colin Redford

Director

17 September 2008

# The Grand Pub Company Limited

## Consolidated Cash Flow Statement for the year ended 31 December 2007

		2007	2007	2006	2006
	Note	£'000	£'000	£ 000	£ 000
Net cash inflow from operating activities	10		309		99
Returns on investments and servicing of finance					
Interest received		446		4 071	
Net cash inflow from returns on investments and servicing of finance			446		4 071
Taxation					
UK corporation tax			(240)		(833)
Capital expenditure					
Warrant and associated payments		(85,149)		-	
Net cash outflow from warrants			(85,149)		-
Net cash (outflow)/inflow before management of liquid resources and financing			(84,634)		3 337
Management of liquid resources					
Short term investments			84,165		(1 160)
Increase/(decrease) in cash	11		(469)		2 177

# **The Grand Pub Company Limited**

## **Notes to financial statements for the year ended 31 December 2007**

### **1 Accounting policies**

The financial statements are prepared under the historical cost convention, in accordance with Accounting Standards applicable in the United Kingdom

The significant accounting policies of the Group are as follows

#### **Basis of preparation**

The financial statements have been prepared on a break up basis due to the directors' intention to strike out the Company and the Group in the next 12 months

#### **Basis of consolidation**

The consolidated financial statements include the audited accounts of the company made up for the year ended 31 December 2007. All Group companies have a year end of 31 December 2007

#### **Taxation**

Corporation tax is provided on taxable profits at the rate of 30% (2006 30%)

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 have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

#### **Pension costs**

The group operates defined contribution pension schemes for eligible employees. The pension cost charged in the financial statements in relation to these schemes represents contributions payable by the group

#### **Warrants**

Where warrants in issue are in the money it is assumed that they will be exercised. The liability is stated at the directors' best estimate given the values of the assets and the other liabilities of the company. It is assumed that the warrant holders will select the cash settlement option. Where warrants in issue are not in the money it is assumed that they will not be exercised

#### **Profit on disposal of properties**

Profit on disposal of properties is the excess of net proceeds (gross proceeds less fees) over the net book value at date of sale

#### **Investment in subsidiary undertakings**

Investments in subsidiary undertakings are valued at their recoverable amount. The recoverable amount is considered to be the higher of the net realisable value and the value in use

# **The Grand Pub Company Limited**

## **Notes to financial statements for the year ended 31 December 2007 (cont'd)**

### **Short term investments**

Short term investments represent money market deposits held in financial institutions

### **Judgements and estimates**

The Company makes judgements and assumptions concerning the future that impact the application of policies and reported amounts. The resulting accounting estimates calculated using these judgements and assumptions will, by definition, seldom equal the related actual results but are based on historical experience and expectations of future events.

The judgements and key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are discussed below.

### *Debtors*

The value attributable to trade debtors is based upon cash already recovered in 2008 to the date of these accounts. Due to the intended strike out of the Company in 2008 the Directors estimate that no further sums will be received.

### *Warrant valuation*

The value of the liability represents the director's best estimate of the value of the warrants. The increase in the potential cash settlement value of the warrants is shown in the profit and loss account after operating profit.

### **Financial instruments**

Financial instruments are reported and measured in accordance with FRS 25 – "Financial Instruments Disclosure and Presentation" and FRS 26 – "Financial Statements Recognition and Measurement". Financial instruments comprise non-derivative financial assets and liabilities comprising entirely of cash & borrowings with Group companies. The Company does not hold or issue derivative financial instruments for trading purposes.

Non-derivative financial assets are classified as either debtors or cash. Financial assets are stated at their amortised cost. Cash includes cash in hand and deposits held on call with banks.

Non-derivative financial liabilities include borrowings with Group companies. They are stated at their amortised cost.

### **Investment Properties**

Investment property is property held to earn rental income and for capital appreciation. Investment properties are carried at fair value, determined as the open market value of the property in an arms length transaction at the balance sheet date.

# The Grand Pub Company Limited

## Notes to financial statements for the year ended 31 December 2007 (cont'd)

### 2 Net operating expenses

	2007 £'000	2006 £'000
<b>Net Operating Expenses</b>		
Property management and administrative expenses	(635)	1,626
Reversal of provision no longer required	-	(728)
	<b>(635)</b>	<b>898</b>

#### Operating profit/(loss) is stated after (charging)/ crediting

Auditors' remuneration

- Audit fees	(28)	(28)
Other operating income	2	12

These expenses include recovery of court costs relating to the litigation referred to in note 17 (£1,488,052 (2006 £nil)). The auditor's remuneration for the audit of the company was £18,000 (2006 £5,000), and for other services to the company was £nil (2006 £nil)

### 3 Employee costs

	2007 £'000	2006 £ 000
<b>Total remuneration was</b>		
Wages and salaries	240	229
Social security costs	15	16
Other pension costs	17	17
	<b>272</b>	<b>262</b>

The average monthly number of persons employed by the Group, including directors, during the year was 2 (2006 2) both of whom were engaged in the administration and management of the group

#### Directors emoluments

Two directors earned emoluments for their services to the group

	2007 £'000	2006 £'000
Aggregate emoluments	240	229
Company contributions to money purchase pension scheme	17	16
	<b>257</b>	<b>245</b>

The total amount of emoluments and amounts receivable under long term incentive schemes for the highest paid director were £4,681,000 (2006 £190,000). The company contributions to the highest paid director's money purchase pension scheme were £nil (2006 £16,200)

# The Grand Pub Company Limited

## Notes to financial statements for the year ended 31 December 2007 (cont'd)

### 4 Net interest payable and similar charges

#### Investment income

	2007 £'000	2006 £'000
Interest receivable and similar income	446	4 071

### 5 Tax on profit on ordinary activities

	2007 £'000	2006 £'000
UK Corporation tax at 30% (2006 30%)	-	1 035

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

	2007 £'000	2006 £'000
<b>Operating Expenses</b>		
(Loss)/profit for the period before tax	-	1 035
Tax at 30%	-	311
2005 bonus provision paid in 2006	-	(36)
2007 bonus provision paid after 9 months	34	-
Disallowed administrative expenses	15	48
Prior year tax charge adjustment	(80)	71
Long term incentive payment	(3,044)	-
Non-taxable warrant liability provision	324	641
Group losses c/fwd	2,751	-
<b>Total</b>	<b>-</b>	<b>1,035</b>

The change in the underlying rate of tax from 30% to 28% in 2008 has no material impact on the tax charge within these financial statements

# The Grand Pub Company Limited

## Notes to financial statements for the year ended 31 December 2007 (cont'd)

### 6 Investments

The Group has no fixed asset investments at 31 December 2007

	31 December 2007 £'000
<b>Company* Investments in subsidiaries</b>	
At 1 January 2007	902,579
Revaluation of investments to recoverable amount	(900,930)
At 31 December 2007	<u>1,649</u>

The principal subsidiaries are shown below. Ownership of their share capital, and the nature of their trade, are also listed below

	Proportion of all classes of issued share capital owned by the company	Nature of Trade
Inntrepreneur Pub Company *	100%	Holding company/property investments
Inntrepreneur Pub Company (GL) *	100%	Property Investment
Inntrepreneur Pub Company (CPC) *	100%	Property Investment
Spring Inns Limited	100%	Property Investment
Phoenix Inns	100%	Property Trading

\*The Group's interest in these companies is held by subsidiaries

### 7 Debtors

#### Group

	2007 £'000	2006 £'000
Amounts receivable within one year		
Other debtors	1,713	512
Prepayments and accrued income	22	645
	<u>1,735</u>	<u>1,157</u>

#### Company

	2007 £'000	2006 £ 000
Amounts receivable within one year		
Amounts owed by group companies	1,629	78,644
Other debtors	19	-
	<u>1,648</u>	<u>78,644</u>

Amounts owed by group companies are unsecured interest free have no fixed date of repayment and are repayable on demand



# The Grand Pub Company Limited

## Notes to financial statements for the year ended 31 December 2007 (cont'd)

### 8 Creditors: amounts falling due within one year

#### Group

	2007 £000	2006 £000
Bank loans and overdraft	-	860
Liability on warrants	2,791	76,612
Corporation tax	251	571
Other creditors	143	5
Accruals and deferred income	672	10,545
	<b>3,857</b>	<b>88,593</b>

#### Liability on warrants issued

9,999 warrants were in force over the shares of the Grand Pub Company Limited at the beginning of the year, exercisable at a strike price of £0.01 per warrant. The warrants are for cash settlement or the issue of one ordinary share per warrant at the option of the warrant holder. Upon exercise of the warrants, when a cash settlement has been selected, the cash settlement amount of a warrant shall be the price which is in excess (if any) of the open market value of an ordinary share over the cost to the subscriber at par for the ordinary share over which the warrant is being exercised. The value of the liability represents the director's best estimate of the value of the warrants. The increase in the potential cash settlement value of the warrants is shown in the profit and loss account after operating profit.

On 10 September 2001 The Grand Pub Company Limited agreed with certain current and former employees of The Grand Pub Company group that a proportion of any future cash settlement value of the warrants would be payable to those employees. This liability is linked directly both in quantum and timing, to the liability to the warrant holders. It is included within "accruals and deferred income".

On 5<sup>th</sup> February 2007 the Company received a notice from the holder of the 9,999 warrants remaining in force on the shares of the Company exercising 9,736 of the warrants and electing for cash settlement. The Directors of the Company agreed that the total settlement amount payable in relation to all of the warrants exercised was £75,000,000. In addition, as a result of the exercise of the warrants the Company became liable to make payments under the incentive arrangement described above. The Directors calculated the total of these payments, including employer's national insurance contributions, to be £10,148,960. The total settlement amount paid in the year as shown in the Cash flow statement was £85,148,960.

#### Summary of liability on warrants

	2007 £000	2006 £000
At 1 January	(76,612)	(74,725)
Transfer to accrual for bonus	62	251
Settlement amount	75,000	-
Charge in the year – non-P&L	(160)	-
Charge in the year - P&L	(1,081)	(2,138)
At 31 December	<b>(2,791)</b>	<b>(76,612)</b>

# The Grand Pub Company Limited

## Notes to financial statements for the year ended 31 December 2007 (cont'd)

### 8 Creditors: amounts falling due within one year (cont'd)

Company

	2007 £000	2006 £000
Amounts owed to group companies	-	893,279
Bank overdraft	-	860
Accruals and deferred income	652	10,465
Warrants in issue	2,791	76,612
	<u>3,443</u>	<u>981,216</u>

Amounts owed to group companies are unsecured, interest free, have no fixed date of repayment and are repayable on demand

### 9 Assets held for sale

On 20 March 2008 the Group sold its investment property at the New Moston Conservative Club for the consideration of £184k. Expenses of the sale amounted to £4k. The property has therefore been included in these accounts as at 31 December 2007 at the value of the net sale proceeds of £180k which have recognised in the revaluation reserve.

### 10 Reconciliation of operating profit to net cash flow from operating activities

	2007 £'000	2006 £'000
Operating profit/(loss)	635	(898)
(Increase)/Decrease in debtors	(578)	1,050
Increase/(decrease) in creditors and other provisions	252	(53)
Cash inflow from operating activities	<u>309</u>	<u>99</u>

### 11 Analysis of net cash position

	1 January 2007 £000	Cash flow £000	Other non cash charges £000	31 December 2007 £000
Cash at bank and in hand	3,278	(1,329)	-	1,949
Overdraft	(860)	860	-	-
	<u>2,418</u>	<u>(469)</u>	<u>-</u>	<u>1,949</u>

# The Grand Pub Company Limited

## Notes to financial statements for the year ended 31 December 2007 (cont'd)

### 12 Reconciliation of net cash flow to movement in net cash position

	£'000
Decrease in cash in the period	(469)
Movement in net debt in the period	(469)
Net cash at 1 January 2007	2,418
Net cash at 31 December 2007	1,949

### 13 Called up share capital

	2007 £	2006 £
Authorised Share Capital		
100 000 ordinary shares of 1p	1,000	1 000
Allotted, called up and fully paid Share Capital		
1 Ordinary Share of 1p	-	-
Authorised Share Warrants		
9 999 authorised share warrants of 1p	100	100
Issued Share Warrants		
263 issued share warrants of 1p	3	100

### 14 Reconciliation of movements in shareholders' funds and statement of movements in reserves

#### Group

	Share capital	Revaluation reserve	Profit and loss account	Total
	£'000	£'000	£'000	£'000
At 1 January 2007	-	-	7	7
Profit/(Loss) for the year	-	-	-	-
At 31 December 2007	-	-	7	7

#### Company

	Share capital	Revaluation reserve	Profit and loss account	Total
	£'000	£'000	£'000	£'000
At 1 January 2007	-	459 253	(459,246)	7
Profit for the year	-	-	459,253	459,253
Revaluation of investment in subsidiaries	-	(459,253)	-	(459,253)
At 31 December 2007	-	-	7	7

# **The Grand Pub Company Limited**

## **Notes to financial statements for the year ended 31 December 2007 (cont'd)**

### **15 Pension Costs**

The Company operates a Group Personal Pension Plan which is a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge (shown in note 3) represents contributions payable by the company to the fund. At the Balance Sheet date nothing was outstanding (2006: £nil).

### **16 Contingent Liabilities**

#### **Litigation**

A significant number of legal claims have been made against members of The Grand Pub Company Limited group by former tenants, primarily related to the renewal of old tenancy agreements, alleged misrepresentation and allegations that the beer tie within the leases used by group companies contravened Article 81 (ex-Article 85) of the Treaty of Rome. In respect of the first two categories the claimants have made no attempt to progress their claims for many years, and in respect of the final category the House of Lords ruled in favour of the defendants in July 2006 in a test case. The directors regard the possibility of further cases coming to trial as remote and speculative.

### **17 Related Party Transactions**

The Group has taken advantage of the exemption under FRS 8 - Related Party Transactions not to disclose related party transactions between wholly owned group companies.

### **18 Post balance sheet events**

On 20 June 2008, costs totalling £1,488,052 were recovered following a legal ruling in favour of the Company. The impact of these recovered costs has been recognised in these financial statements (see note 2).

### **19 Ultimate Controlling Party**

The directors regard TFCP Holdings Limited, a company incorporated in Guernsey, as the ultimate controlling party and the ultimate parent entity.