

## **PUNCH TAVERNS (PMH) LIMITED**

### **REPORT AND CONSOLIDATED FINANCIAL STATEMENTS FOR:**

**PUNCH TAVERNS (PMH) LIMITED  
PUNCH PARTNERSHIPS (PML) LIMITED (FORMERLY  
PUNCH TAVERNS (PML) LIMITED)  
PUNCH TAVERNS (SPML) LIMITED  
PUNCH TAVERNS FINANCE B LIMITED**

**PUNCH TAVERNS (CPM) LIMITED  
PUNCH TAVERNS (SPM) LIMITED  
PUNCH TAVERNS (DPM) LIMITED  
MERCURY TAVERNS (HOLDINGS) LIMITED  
MERCURY TAVERNS PLC**

**PUNCH TAVERNS (CENTRUM) LIMITED**

**INNSPIRED GROUP LIMITED  
INNSPIRED TAVERNS LIMITED  
INNSPIRED TAVERNS II LIMITED  
INNSPIRED PUBS LIMITED  
INNSPIRED HOLDINGS LIMITED  
RHESUS LIMITED  
USHERS OF TROWBRIDGE LIMITED  
INNSPIRED DEVELOPMENTS LIMITED  
INNSPIRED COMPANY LIMITED  
INNSPIRED (ESOP) LIMITED**

**52 week p**

**TUESDAY**



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**A14 29/01/2010 375  
COMPANIES HOUSE**

**Punch Taverns (PMH) Limited**  
**Period ended 22 August 2009**

**DIRECTORS**

P Dutton  
N Preston  
G Thorley  
Wilmington Trust SP Services Limited

**SECRETARY**

C Stewart

**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 (PMH) Limited**  
**Period ended 22 August 2009**

**DIRECTORS' REPORT**

**Registered No 3720775**

The directors present their report and financial statements for the 52 week period ended 22 August 2009

**RESULTS AND DIVIDENDS**

The loss after taxation for the 52 week period amounted to £110,891,000 (53 week period ended 23 August 2008 profit after taxation of £8,110,000) During the period, the company paid an interim dividend of £nil (2008 £38,319,000) The directors do not propose the payment of a final dividend (2008 £nil)

**PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS**

The principal activity of the company is that of a holding company The principal activity of the group is the leasing of public houses to independent publicans and the wholesale supply of beer products to lessees During the period, the company repurchased £44,360,000 of the nominal value of outstanding securitised debt, of which £16,940,000 remained uncanceled at the year end Subsequent to the year end, the company has repurchased £119,455,000 of the nominal value of outstanding securitised debt

The directors are satisfied with the performance of the group in the period and believe that the group is well placed for the future

Punch Taverns manages its operations at a group level and the directors therefore believe that disclosure of key performance indicators for the Punch Taverns (PMH) Limited group are not appropriate to understand the development, performance or position of the business The performance of the Punch Taverns group is discussed in the Punch Taverns plc Annual Report and Financial Statements which are publicly available

**RISKS AND UNCERTAINTIES**

**Liquidity risk**

The group is primarily financed by secured loan notes, with 85% (2008 89%) of the capital balance on these loan notes being repayable after more than 5 years from the balance sheet date, subject to relevant covenants being met The board continues to review alternative sources of finance Further information on how the group manages its liquidity risk is provided in note 18 to the financial statements

**Interest rate risk**

The group is exposed to interest rate risk from its loan notes and borrows at both fixed and floating rates of interest The group employs derivative financial instruments such as interest rate swaps to generate the desired interest rate profile Further information on how the group manages its interest rate risk is provided in note 18 to the financial statements

**Capital risk**

The group's capital structure is made up of loan notes, issued share capital and reserves The group is able to generate sufficient returns to service the debt Debt is monitored by a variety of measures which are reported to debt providers on a quarterly basis

The directors of Punch Taverns (PMH) Limited have concluded that the group has adequate resources to remain in operation for the foreseeable future Therefore, the directors have continued to adopt the going concern basis in preparing the financial statements

**DIRECTORS**

The directors of the company who served during the period are listed on the previous page

A third party indemnity provision (as defined in section 234 of the Companies Act 2006) is in force for the benefit of the directors

**Punch Taverns (PMH) Limited**  
**Period ended 22 August 2009**

**DIRECTORS' REPORT (continued)**

**POLITICAL AND CHARITABLE CONTRIBUTIONS**

During the period, the company made no charitable contributions (2008 £nil) The company made no political contributions during the period (2008 £nil)

**CREDITOR PAYMENT POLICY AND PRACTICE**

It is the company policy that payments to suppliers are made in accordance with those terms and conditions agreed between the company and its suppliers, provided that all trading terms and conditions have been complied with

At 22 August 2009, the company had an average of 5 days (2008 5 days) purchases outstanding in trade creditors

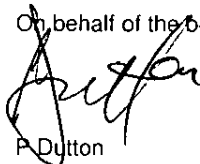
**AUDIT INFORMATION**

The directors confirm that, so far as they are aware, there is no relevant audit information of which the auditors are unaware and that each director has taken all reasonable steps to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

**AUDITORS**

The company has elected to dispense with the obligation to appoint auditors annually under section 487 of the Companies Act 2006

On behalf of the board



P. Dutton  
Director

18 December 2009

**Punch Taverns (PMH) Limited**  
**Period ended 22 August 2009**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Directors' 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).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting 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, 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

We have audited the group and parent company financial statements of Punch Taverns (PMH) Limited for the period ended 22 August 2009 which comprise the Group Profit and Loss Account, the Group Statement of Total Recognised Gains and Losses, the Group Note of Historical Cost Profits and Losses, the Group Balance Sheet, the Company Balance Sheet, the Group Cash Flow Statement and the related notes 1 to 29. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Section 495 and 496 of the Companies Act 2006. 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 explained more fully in the Statement of Directors' Responsibilities set out on the previous page, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

**Opinion on financial statements**

In our opinion, the financial statements

- give a true and fair view of the state of the group and company's affairs as at 22 August 2009 and of its loss for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

*Ernst & Young LLP*

Adrian Roberts, (Senior Statutory Auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Birmingham  
18 December 2009

# Punch Taverns (PMH) Limited

Period ended 22 August 2009

## PROFIT & LOSS ACCOUNT

for the 52 week period ended 22 August 2009

52 week period ended 22 August 2009				53 week period ended 23 August 2008			
Notes	Before exceptional items £000	Exceptional items (note 4) £000	Total £000	Before exceptional items £000	Exceptional items (note 4) £000	Total £000	
<b>TURNOVER</b>	2	259,356	-	259,356	282,672	-	282,672
Cost of sales		(92,436)	-	(92,436)	(97,529)	-	(97,529)
<b>GROSS PROFIT</b>		166,920	-	166,920	185,143	-	185,143
Administrative expenses		(30,308)	(16,935)	(47,243)	(28,688)	(635)	(29,323)
<b>OPERATING PROFIT / (LOSS)</b>	3	136,612	(16,935)	119,677	156,455	(635)	155,820
Loss on disposal of fixed assets		-	(132,712)	(132,712)	-	(29,428)	(29,428)
Interest receivable and similar income	6	1,251	18,148	19,399	4,188	-	4,188
Interest payable and similar charges	7	(102,689)	(21,459)	(124,148)	(108,715)	(20)	(108,735)
<b>PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		35,174	(152,958)	(117,784)	51,928	(30,083)	21,845
Tax on (loss) / profit on ordinary activities	8	6,217	676	6,893	(13,920)	185	(13,735)
<b>RETAINED PROFIT / (LOSS) FOR THE PERIOD</b>		41,391	(152,282)	(110,891)	38,008	(29,898)	8,110

The profit and loss account relates to continuing activities

**Punch Taverns (PMH) Limited**  
**Period ended 22 August 2009**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
for the 52 week period ended 22 August 2009

	52 week period ended 22 August 2009 £000	53 week period ended 23 August 2008 £000
(Loss) / profit for the period after taxation	(110,891)	8,110
<b>Profit and losses recognised directly in equity</b>		
Actuarial loss recognised under FRS 17	(7,300)	(3,600)
Deferred tax on actuarial loss	2,044	1,052
	<u>(5,256)</u>	<u>(2,548)</u>
Losses on cash flow hedges	(29,473)	(22,528)
Transfers to the profit and loss account on cash flow hedges	21,797	4,132
Tax on items taken directly to equity	1,726	5,379
Net losses on cash flow hedges	<u>(5,950)</u>	<u>(13,017)</u>
Unrealised surplus on revaluation of fixed assets	13,946	13,272
Total (losses) / gains since the last report	<u><u>(108,151)</u></u>	<u><u>5,817</u></u>

**NOTE OF HISTORICAL COST PROFITS AND LOSSES**  
for the 52 week period ended 22 August 2009

	52 week period ended 22 August 2009 £000	53 week period ended 23 August 2008 £000
Reported (loss) / profit before taxation	(117,784)	21,845
Realisation of property revaluation gains / (losses) of previous periods	17,714	(797)
Difference between historical cost depreciation charge and the actual depreciation charge for the period calculated on the revalued amount	65	25
Historical cost (loss) / profit on ordinary activities before taxation	<u>(100,005)</u>	<u>21,073</u>
Historical cost (loss) / profit for the period retained after taxation	<u><u>(93,112)</u></u>	<u><u>21,073</u></u>



**Punch Taverns (PMH) Limited**  
**Period ended 22 August 2009**

**GROUP BALANCE SHEET**  
as at 22 August 2009

		22 August 2009 £000	<i>Restated</i> 23 August 2008 £000
	<i>Notes</i>		
<b>FIXED ASSETS</b>			
Goodwill	9	(15,664)	(16,645)
Tangible fixed assets	11	1,490,643	1,698,400
		<u>1,474,979</u>	<u>1,681,755</u>
<b>CURRENT ASSETS</b>			
Other current asset investments	12	16,940	-
Debtors amounts falling due in less than one year	13	76,020	67,260
Debtors amounts falling due after more than one year	13	231,853	231,787
Cash at bank and in hand		141,863	78,998
		<u>466,676</u>	<u>378,045</u>
<b>CREDITORS</b> amounts falling due in less than one year	14	(136,758)	(100,761)
<b>NET CURRENT ASSETS</b>		<u>329,918</u>	<u>277,284</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,804,897</u>	<u>1,959,039</u>
<b>CREDITORS</b> amounts falling due after more than one year	15	(1,412,577)	(1,462,193)
<b>PROVISIONS FOR LIABILITIES</b>	17	(10,816)	(12,519)
<b>PENSION - DEFINED BENEFIT SCHEME LIABILITY</b>	19	(9,792)	(4,464)
<b>NET ASSETS</b>		<u><u>371,712</u></u>	<u><u>479,863</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	20	84,000	84,000
Revaluation reserve	22	384,912	388,680
Hedge reserve	22	(7,154)	(1,204)
Other capital reserves	22	7,647	7,647
Profit and loss account	22	(97,693)	740
<b>SHAREHOLDERS' FUNDS</b>	22	<u><u>371,712</u></u>	<u><u>479,863</u></u>

The financial statements were approved and authorised for issue by the board and signed on its behalf on 18 December 2009

  
P Dutton  
Director

**Punch Taverns (PMH) Limited**  
**Period ended 22 August 2009**

**COMPANY BALANCE SHEET**  
as at 22 August 2009

	<i>Notes</i>	22 August 2009 £000	23 August 2008 £000
<b>FIXED ASSETS</b>			
Investments	10	175,647	175,647
		<u>175,647</u>	<u>175,647</u>
<b>CURRENT ASSETS</b>			
Debtors: amounts falling due after more than one year	13	5,700	5,700
<b>NET CURRENT ASSETS</b>		<u>5,700</u>	<u>5,700</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>181,347</u>	<u>181,347</u>
<b>CREDITORS:</b> amounts falling due after more than one year	15	(5,700)	(5,700)
<b>NET ASSETS</b>		<u><u>175,647</u></u>	<u><u>175,647</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	20	84,000	84,000
Share premium	22	91,647	91,647
<b>SHAREHOLDERS' FUNDS</b>	22	<u><u>175,647</u></u>	<u><u>175,647</u></u>

The financial statements were approved and authorised for issue by the board and signed on its behalf on 18 December 2009

  
P Dutton  
Director

**Punch Taverns (PMH) Limited**  
**Period ended 22 August 2009**

**GROUP CASH FLOW STATEMENT**

for the 52 week period ended 22 August 2009

	<i>Notes</i>	52 week period ended 22 August 2009 £000	53 week period ended 23 August 2008 £000
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	29	139,459	152,347
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Interest paid		(128,608)	(89,621)
Interest received		1,438	3,636
		<u>(127,170)</u>	<u>(85,985)</u>
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>			
Payments to acquire tangible fixed assets		(8,701)	(20,264)
Receipts from sales of tangible fixed assets		80,683	1,620
		<u>71,982</u>	<u>(18,644)</u>
<b>DIVIDENDS PAID</b>		-	(38,319)
<b>NET CASH INFLOW BEFORE FINANCING</b>		<u>84,271</u>	<u>9,399</u>
Loans repaid		(21,406)	-
		<u>(21,406)</u>	<u>-</u>
<b>NET INCREASE IN CASH IN THE PERIOD</b>	29	<u><u>62,865</u></u>	<u><u>9,399</u></u>

# **Punch Taverns (PMH) Limited**

## **Period ended 22 August 2009**

### **NOTES TO THE FINANCIAL STATEMENTS**

for the 52 week period ended 22 August 2009

#### **1 ACCOUNTING POLICIES**

##### ***Basis of preparation***

With the exception of derivative financial instruments which are measured at fair value, the financial statements are prepared under the historical cost convention, as modified by the revaluation of certain properties within the group. The financial statements are prepared in accordance with applicable UK accounting standards.

In accordance with FRS 18 the directors have continued to review the accounting policies.

##### ***Changes in accounting policies***

During the period, the group has changed the balance sheet presentation of derivative financial instruments, to better comply with the Companies Act 2006. The impact has been reflected as a prior period adjustment in accordance with FRS 3 and comparative figures have been restated accordingly, there has been no impact on net assets.

##### ***Basis of consolidation***

The financial statements consolidate the accounts of Punch Taverns Holdings Limited and its subsidiary undertakings drawn up to the 22 August 2009. No profit or loss account is presented for Punch Taverns (PMH) Limited as permitted by s408 of the Companies Act 2006. The company made a result after taxation of £nil in the 52 week period ended 22 August 2009 (53 week period ended 23 August 2008 result after taxation of £nil).

##### ***Goodwill***

Goodwill on acquisition is initially measured at cost, being the excess of the cost of the business combination over the fair value of the group's share of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is amortised. Amortisation is charged to the profit and loss account on a straight-line basis over 20 years. Where assets are transferred between segments or disposed, the goodwill attributable to these assets is also transferred or charged to the profit and loss account respectively. Where negative goodwill arises, this is amortised over 20 years.

##### ***Fixed asset investments***

Investments are stated at cost, less provision for impairment in value. The carrying value of investments is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

##### ***Significant accounting estimates and judgements***

The estimates and judgements that have a significant effect on the amounts recognised in the financial statements are detailed below.

##### ***Impairment of property, plant and equipment***

Property, plant and equipment are reviewed for impairment if circumstances suggest that the carrying amount may not be recoverable. Recoverable amounts are determined based on value-in-use calculations.

##### ***Post-employment benefits***

The present value of defined benefit pension liabilities are determined on an actuarial basis and depend on a number of actuarial assumptions which are disclosed in note 19. Any change in these assumptions could impact the carrying amounts of pension liabilities.

##### ***Tangible fixed assets and depreciation***

###### ***Valuation***

Trading properties are revalued professionally by independent valuers on a five-year rolling basis.

Surpluses arising from the professional valuation are taken directly to the revaluation reserve. Valuation surpluses realised on sale are transferred from the revaluation reserve to the profit and loss account reserve.

Any deficit arising from the professional valuation of properties is taken directly to the revaluation reserve until the carrying amount reaches historical cost and thereafter, to the extent that the value in use can be demonstrated to be higher than valuation. Any other deficit arising is charged to the profit and loss account.

**Punch Taverns (PMH) Limited**  
**Period ended 22 August 2009**

**NOTES TO THE FINANCIAL STATEMENTS**

for the 52 week period ended 22 August 2009

**1 ACCOUNTING POLICIES**

***Depreciation***

Depreciation is charged on a straight-line basis on freehold and long leasehold buildings over the estimated useful life of the asset. It is the group's policy to maintain the properties comprising the licensed estate in such a condition that the residual values of the properties, based on prices prevailing at the time of acquisition or subsequent revaluation, are at least equal to their book values. As a result, the depreciation charged on freehold and long leasehold buildings is nil.

It is the opinion of the directors that it is not practical or appropriate to separate from the value of the buildings the value of long life fixtures and fittings, which are an integral part of the buildings. This approach is supported by the opinion of an independent external adviser.

Landlord's fixtures and fittings include removable items, which are generally regarded as within landlord ownership. These are depreciated in accordance with the policy detailed below.

Depreciation is provided on other tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset evenly over its expected useful life, as follows:

Short leasehold properties - over the lease term

Landlord's fixtures and fittings - 5 years

An annual impairment review is carried out on such properties in accordance with FRS 11 and FRS 15.

***Taxation***

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively 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 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.

***Pensions***

The group operates the Pubmaster Defined Benefit pension scheme.

***Defined benefit pension scheme***

Full actuarial valuations of the company's defined benefit schemes are carried out every three years with interim reviews in the intervening years; these valuations are updated to the year end each financial period by qualified independent actuaries. For the purposes of these annual updates, scheme assets are included at market value and scheme liabilities are measured on an actuarial basis using the projected unit method; these liabilities are discounted at the current rate of return on a high quality corporate bond of equivalent currency and term. The post-retirement surplus or benefit is included on the company's balance sheet, net of the related amount of deferred tax.

Surpluses are only included to the extent that they are recoverable through reduced contributions in the future or through refunds from the schemes. The current service cost and any past service costs are included in the profit and loss account within administrative expenses and the expected return on the schemes' assets is included within finance income or costs. Actuarial gains and losses, including differences between the expected and actual return on scheme assets, are recognised, net of deferred tax, in the statement of total recognised gains and losses.

**Punch Taverns (PMH) Limited**  
**Period ended 22 August 2009**

**NOTES TO THE FINANCIAL STATEMENTS**

for the 52 week period ended 22 August 2009

**1 ACCOUNTING POLICIES**

***Defined contribution pension scheme***

The company operates a defined contribution pension scheme for its employees. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

***Provisions***

Provisions are recognised when the group has a present legal or constructive obligation to transfer economic resources as a result of past events.

Provisions are measured at management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. Provisions are discounted if the effect of the time value of money is material. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

***Leasing commitments***

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

***Accounting for derivative financial instruments and hedging activities***

The group uses derivative financial instruments such as interest rate swaps to hedge its risk associated with interest rate fluctuations. Such derivative financial instruments are initially accounted for and subsequently re-measured to fair value. The fair value of the interest rate swap contracts is determined by reference to market values for similar instruments.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. For the purposes of hedge accounting, hedges are classified as either fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset or liability, or cash flow hedges where they hedge exposure to variability in forecast transactions.

The group documents at the inception of the transaction the relationship between the hedging instruments and the hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

***Cash flow hedges***

The effective portion of changes in the fair value of derivatives that are designated as and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the profit and loss account.

Amounts accumulated in equity are recycled in the profit and loss account in the periods when the hedged item will affect profit or loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognised in equity is kept in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the profit and loss account immediately. The replacement or rollover of a hedging instrument into another hedging instrument is not an expiry, sale or termination where such replacement or rollover is part of the documented hedging strategy.

***Derivatives that do not qualify for hedge accounting***

Changes in fair value of any derivative financial instruments that do not qualify for hedge accounting are recognised immediately in the profit and loss account.

**Punch Taverns (PMH) Limited**  
**Period ended 22 August 2009**

**NOTES TO THE FINANCIAL STATEMENTS**  
for the 52 week period ended 22 August 2009

**2 TURNOVER**

Turnover represents the amounts derived from the provision of goods and services which fall within the company's ordinary activities, stated net of value added tax. Rents receivable are recognised on a straight-line basis over the lease term. Revenue in respect of drink and food sales is recognised at the point at which the goods are provided. Turnover is derived solely within the United Kingdom.

Turnover includes

	52 week period ended 22 August 2009 £000	53 week period ended 23 August 2008 £000
Rental income	<u>71,433</u>	<u>79,114</u>

**3 OPERATING PROFIT**

This is stated after charging

	52 week period ended 22 August 2009 £000	53 week period ended 23 August 2008 £000
Depreciation - owned fixed assets	5,909	5,727
Operating lease rentals - land and buildings	<u>1,748</u>	<u>1,867</u>

Auditors' remuneration is paid by another company in the Punch Taverns group in the current and preceding periods.

**Punch Taverns (PMH) Limited**  
**Period ended 22 August 2009**

**NOTES TO THE FINANCIAL STATEMENTS**  
for the 52 week period ended 22 August 2009

**4 EXCEPTIONAL ITEMS**

	52 week period ended 22 August 2009 £000	53 week period ended 23 August 2008 £000
<b>Included within administrative expenses.</b>		
Redundancy and other related one-off costs	2,416	635
Impairment of tangible fixed assets	14,519	-
	<u>16,935</u>	<u>635</u>
<b>Included within fixed asset disposals.</b>		
Loss on disposal of fixed assets <sup>1</sup>	132,712	29,428
<b>Included within interest receivable and similar income:</b>		
Exceptional interest receivable <sup>2</sup>	(18,148)	-
Movement in fair value of interest rate swaps	-	-
<b>Included within interest payable and similar income:</b>		
Cost of terminating financing arrangements <sup>3</sup>	-	-
Movement in fair value of interest rate swaps	21,459	20
Tax relief on exceptional items	(676)	(185)
	<u>152,282</u>	<u>29,898</u>

<sup>1</sup> In accordance with FRS 11, includes an impairment loss of £98,193,000 (August 2008 £30,169,000) on tangible fixed assets intended for sale. The impairment was first identified when the decision to sell was made and is attributable to that decision.

<sup>2</sup> Represents profit on the purchase of loan notes by Punch Taverns Finance B Limited.

<sup>3</sup> Represents the write off of deferred issue costs and swaps on redemption of loan notes.

**5 DIRECTORS' EMOLUMENTS AND STAFF COSTS**

A management charge of £16,918,000 (2008 £17,669,000) has been made by Punch Partnerships (PTL) Limited, which includes directors' emoluments and salary costs which are not separately identified within the total management fee.

The company had no employees during the current or preceding periods.



**Punch Taverns (PMH) Limited**  
**Period ended 22 August 2009**

**NOTES TO THE FINANCIAL STATEMENTS**  
for the 52 week period ended 22 August 2009

**6 INTEREST RECEIVABLE AND SIMILAR INCOME**

	52 week period ended 22 August 2009 £000	53 week period ended 23 August 2008 £000
Bank interest receivable	1,229	3,714
Other finance income	-	161
Other interest receivable	22	313
Exceptional interest receivable (note 4)	18,148	-
	<u>19,399</u>	<u>4,188</u>

**7 INTEREST PAYABLE AND SIMILAR CHARGES**

	52 week period ended 22 August 2009 £000	53 week period ended 23 August 2008 £000
Bank and other loans	74,480	78,239
Other finance costs	390	-
Interest payable to group undertakings	26,065	28,288
Amortisation of deferred issue costs	1,371	1,432
Unwinding of discount effect of provision	11	-
Interest payable on tenants' deposits	372	756
Movement in fair value of interest rate swaps (note 4)	21,459	20
	<u>124,148</u>	<u>108,735</u>

**Punch Taverns (PMH) Limited**  
**Period ended 22 August 2009**

**NOTES TO THE FINANCIAL STATEMENTS**  
for the 52 week period ended 22 August 2009

**8 TAXATION**

	52 week period ended 22 August 2009 £000	53 week period ended 23 August 2008 £000
The tax (credit) / charge for the period comprises		
UK corporation tax		
- current period group relief receivable	2,199	6,431
- adjustments in respect of prior periods	(8,754)	3,127
	<u>(6,555)</u>	<u>9,558</u>
Deferred tax		
- relating to pension costs under FRS 17	(28)	321
- current period charge	6,339	6,781
- relating to fair value of interest rate swaps under FRS 26	(6 009)	-
- change in standard rate of tax	-	(62)
- adjustments in respect of prior periods	(640)	(2,863)
	<u>(338)</u>	<u>4,177</u>
Total tax (credit) / charge for the period	<u>(6,893)</u>	<u>13,735</u>

**Reconciliation of tax charges**

	52 week period ended 22 August 2009 £000	53 week period ended 23 August 2008 £000
(Loss) / profit on ordinary activities before taxation	<u>(117,784)</u>	<u>21,845</u>
(Loss) / profit on ordinary activities at standard rate of corporation tax in the UK of 28.00% (2008 29.21%)	(32,980)	6,381
Effects of		
Short term timing differences	5,936	(421)
Loss on disposal of fixed assets	9,664	8,596
(Expenses) / income not (deductible) / chargeable for tax purposes	25,816	(619)
Capital allowances in excess of depreciation	(5,545)	(2,868)
Utilisation of tax losses brought forward	(692)	(4,638)
Total current tax charge	<u>2,199</u>	<u>6,431</u>

The adjustment to the prior period tax charge reflects adjustments to the allocation of group relief within the group

A deferred taxation asset, which has not been recognised on the basis that the directors do not consider there to be sufficient certainty of this asset crystallising in the foreseeable future is as follows

	Unprovided 2009 £000	2008 £000
Non-trade loan relationship losses	653	-
Capital losses	7,980	-
Management expenses	13	-
	<u>8,646</u>	<u>-</u>

**Punch Taverns (PMH) Limited**

**Period ended 22 August 2009**

**NOTES TO THE FINANCIAL STATEMENTS**

for the 52 week period ended 22 August 2009

**9 INTANGIBLE ASSETS**

	<b>Negative goodwill £000</b>
<b>Cost</b>	
As at 22 August 2009 and 23 August 2008	<u>(19,628)</u>
<b>Amortisation:</b>	
As at 23 August 2008	(2,983)
Credit for the period	<u>(981)</u>
As at 22 August 2009	<u>(3,964)</u>
<b>Net book amount</b>	
As at 22 August 2009	<u>(15,664)</u>
As at 23 August 2008	<u>(16,645)</u>

## Punch Taverns (PMH) Limited

Period ended 22 August 2009

### NOTES TO THE FINANCIAL STATEMENTS

for the 52 week period ended 22 August 2009

#### 10 FIXED ASSET INVESTMENTS

Company

Shares in  
subsidiary  
undertakings  
£000

##### Cost and net book value

As at 22 August 2009 and 23 August 2008

175,647

Details of the principal wholly owned subsidiary undertakings, in which the shareholdings are in ordinary shares, are as follows

##### Subsidiary undertaking

##### Principal activity

##### *Held directly*

Punch Partnerships (PML) Limited (formerly Punch Taverns (PML) Limited)

Pub operating company

Punch Taverns Finance B Limited

Financing company

Innspired Group Limited

Holding company

Exemption has been taken to exclude subsidiary undertakings from the above disclosure, whose results or financial position do not principally affect the financial statements

The above companies are incorporated in England and Wales with the exception of Punch Taverns Finance B Limited, which is incorporated in the Cayman Islands

# Punch Taverns (PMH) Limited

Period ended 22 August 2009

## NOTES TO THE FINANCIAL STATEMENTS

for the 52 week period ended 22 August 2009

### 11 TANGIBLE FIXED ASSETS

	Land & buildings £000	Fixtures and fittings £000	Total £000
<b>Cost</b>			
As at 23 August 2008	1,699,864	45,684	1,745,548
Additions	7,867	4,532	12,399
Disposals	(113,850)	(3,499)	(117,349)
Revaluation	(98,767)	-	(98,767)
As at 22 August 2009	<u>1,495,114</u>	<u>46,717</u>	<u>1,541,831</u>
<b>Depreciation</b>			
As at 23 August 2008	16,965	30,183	47,148
Charge for the year	731	5,178	5,909
Eliminated on disposals	(16)	(1,853)	(1,869)
As at 22 August 2009	<u>17,680</u>	<u>33,508</u>	<u>51,188</u>
<b>Net book value</b>			
As at 22 August 2009	<u>1,477,434</u>	<u>13,209</u>	<u>1,490,643</u>
As at 23 August 2008	<u>1,682,899</u>	<u>15,501</u>	<u>1,698,400</u>

The split of the net book value of land and buildings is as follows

	Freehold £000	Long Leasehold £000	Short Leasehold £000	Total £000
As at 22 August 2009	<u>1,423,489</u>	<u>44,330</u>	<u>9,615</u>	<u>1,477,434</u>
As at 23 August 2008	<u>1,621,433</u>	<u>51,062</u>	<u>10,404</u>	<u>1,682,899</u>

## **Punch Taverns (PMH) Limited**

**Period ended 22 August 2009**

### **NOTES TO THE FINANCIAL STATEMENTS**

for the 52 week period ended 22 August 2009

#### **11 TANGIBLE FIXED ASSETS**

If land and buildings had not been revalued they would have been stated on a historical basis as follows

	<b>Total £000</b>
Cost	1,223,121
Accumulated depreciation	(17,887)
Net book value at 22 August 2009	<u>1,205,234</u>
Net book value at 23 August 2008	<u>1,309,356</u>

The company's policy is to carry properties within the estate at valuation. Therefore, the estate is revalued professionally by independent valuers on a five-year rolling basis. The valuation is performed in accordance with market practice by Chesterton Humberts, Chartered Surveyors (2008 DTZ Debenham Tie Leung Limited, Chartered Surveyors), acting as external valuers. At 22 August 2009, 418 (August 2008 514) properties were revalued resulting in an uplift to net assets of £11,008,000 (August 2008 £23,224,000), representing a 4.2% (August 2008 7.6%) uplift on those properties revalued.

Surpluses arising from the professional valuation of the estate are taken directly to the revaluation reserve. Deficits are taken directly to the revaluation reserve until the carrying amount reaches historic cost and thereafter, to the extent that the value in use can be demonstrated to be higher than valuation. Any other deficit is charged to the profit and loss account.

A further 411 (August 2008 210) properties earmarked for disposal were also revalued in accordance with market-practice by Chesterton Humberts, Chartered Surveyors (2008 DTZ Debenham Tie Leung Limited, Chartered Surveyors), acting as external valuers, resulting in a reduction in net assets of £109,775,000 (August 2008 £40,121,000). Of the £109,775,000, £11,582,000 (August 2008 £9,952,000) was taken to the revaluation reserve to eliminate revaluation losses of prior periods, and £98,193,000 (August 2008 £30,169,000) was taken to the profit and loss account in the current period. The valuation of the remaining portfolio has not been updated, as the Directors are not aware of any material change in value. Surpluses arising from the professional valuation of the estate are taken directly to the revaluation reserve.

## **Punch Taverns (PMH) Limited**

**Period ended 22 August 2009**

### **NOTES TO THE FINANCIAL STATEMENTS**

for the 52 week period ended 22 August 2009

#### **12 CURRENT ASSET INVESTMENTS**

	<b>Other investments £000</b>
<b>Cost</b>	
As at 23 August 2008	-
Additions	16,940
As at 22 August 2009	<u>16,940</u>
<b>Cost and net book value</b>	
As at 22 August 2009	<u>16,940</u>
As at 23 August 2008	<u>-</u>

Current asset investments represent secured loan notes issued by the Punch Taverns plc group of companies that have been redeemed during the period but which are held by the group at the year end as they are not yet cancelled. The fair value of these redeemed secured loan notes at 22 August 2009 is £8,964,000.

**Punch Taverns (PMH) Limited**  
**Period ended 22 August 2009**

**NOTES TO THE FINANCIAL STATEMENTS**  
for the 52 week period ended 22 August 2009

**13 DEBTORS**

	<b>Group</b>		<b>Company</b>	
		<i>Restated</i>		
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Amounts falling due in less than one year:</b>				
Trade debtors	17,829	15,890	-	-
Amounts due from other companies in the Punch Taverns plc group	55,446	45,578	-	-
Prepayments and accrued income	2,743	3,993	-	-
Derivative financial instruments (note 18)	-	1,799	-	-
Corporation tax	2	-	-	-
	<u>76,020</u>	<u>67,260</u>	<u>-</u>	<u>-</u>
<b>Amounts falling due after more than one year</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Loans due from other companies in the Punch Taverns plc group	223,527	223,527	5,700	5,700
Amounts due from group undertakings	8,326	8,260	-	-
	<u>231,853</u>	<u>231,787</u>	<u>5,700</u>	<u>5,700</u>

Loans due from other companies in the Punch Taverns plc group relate to a non-interest bearing loan with Punch Taverns (PGE) Limited

**14 CREDITORS amounts falling due in less than one year**

	<b>Group</b>		<b>Company</b>	
		<i>Restated</i>		
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Loans (note 16) <sup>1</sup>	24,046	(1,405)	-	-
Trade creditors	1,222	1,351	-	-
Amounts owed to other companies in the Punch Taverns plc group	70,406	58,937	-	-
Other creditors	12,044	13,512	-	-
Accruals and deferred income	20,290	21,939	-	-
Social security and other taxes	8,750	6,427	-	-
	<u>136,758</u>	<u>100,761</u>	<u>-</u>	<u>-</u>

<sup>1</sup> Stated net of deferred issue costs which are to be amortised over the term of the loans

**15 CREDITORS amounts falling due after more than one year**

	<b>Group</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Loans (note 16) <sup>1</sup>	1,185,704	1,236,922	-	-
Loans owed to other companies in the Punch Taverns plc group	175,727	202,362	-	-
Amounts owed to other companies in the Punch Taverns plc group	16,944	14,528	-	-
Amounts owed to group undertakings	-	-	5,700	5,700
Derivative financial instruments (note 18)	34,202	8,381	-	-
	<u>1,412,577</u>	<u>1,462,193</u>	<u>5,700</u>	<u>5,700</u>

<sup>1</sup> Stated net of deferred issue costs which are to be amortised over the term of the loans

Loans owed to other companies in the Punch Taverns plc group relate to a subordinated loan with Punch Taverns (PRAF) Limited. Interest accrues at 15% and is capitalised quarterly in arrears.



**Punch Taverns (PMH) Limited**  
**Period ended 22 August 2009**

**NOTES TO THE FINANCIAL STATEMENTS**  
for the 52 week period ended 22 August 2009

**16 LOANS**

	2009 £000	2008 £000
<b>Loan maturity analysis</b>		
Amounts repayable by instalments falling due		
In less than one year	25,393	-
Between one and two years	35,365	25,393
Between two and five years	117,265	115,710
In five years or more	1,043,057	1,107,397
Less deferred issue costs	(11,330)	(12,983)
	<u>1,209,750</u>	<u>1,235,517</u>

	2009 £000	2008 £000
Details of the loans are as follows		
<b>Class A3</b> secured notes repayable by June 2022 at 7.369% per annum	201,000	201,000
<b>Class A6</b> secured notes repayable by December 2024 at 5.943% per annum	220,000	220,000
<b>Class A7</b> secured notes repayable by June 2033 at 4.767% per annum	- 250,000	250,000
<b>Class A8</b> secured floating rate notes repayable by June 2033 at LIBOR <sup>1</sup> + 0.28% until June 2015 and LIBOR <sup>1</sup> + 0.7% thereafter	222,580	250,000
<b>Class B1</b> secured notes repayable by June 2025 at 8.44% per annum	77,500	77,500
<b>Class B2</b> secured notes repayable by June 2028 at 6.962% per annum	125,000	125,000
<b>Class C</b> secured floating rate notes repayable by June 2035 at LIBOR <sup>1</sup> + 1.1% until June 2015 and LIBOR <sup>1</sup> + 2.75% thereafter	125,000	125,000
	<u>1,221,080</u>	<u>1,248,500</u>
Less deferred issue costs	(11,330)	(12,983)
	<u>1,209,750</u>	<u>1,235,517</u>

During the period, the group redeemed Class A8 notes with a nominal value of £27,420,000

<sup>1</sup>For 3 months deposits

The loans are secured over the assets of the group and certain other companies in the Punch Taverns plc group

**Punch Taverns (PMH) Limited**  
**Period ended 22 August 2009**

**NOTES TO THE FINANCIAL STATEMENTS**  
for the 52 week period ended 22 August 2009

**17 PROVISIONS FOR LIABILITIES**

	Property provisions £000	Deferred taxation £000	Group Total £000
As at 23 August 2008	311	12,206	12,517
Utilised during the period	(124)	-	(124)
Unwinding of discount effect of provisions	11	-	11
Charged / (credited) to the profit and loss account	632	(308)	324
Credited direct to equity	-	(1,726)	(1,726)
Released in the period	(186)	-	(186)
As at 22 August 2009	<u>644</u>	<u>10,172</u>	<u>10,816</u>

The vacant leasehold provision has been set up to cover the operating costs of the vacant properties. The provision covers the expected shortfall between rents payable and rental income together with any

	2009 £000	2008 £000
The deferred tax balance consists of		
Depreciation in excess of capital allowances	22,220	16,680
Interest rate swaps	(9,577)	(1,843)
Losses recognised	(869)	(926)
Short term timing differences	(1,602)	(1,705)
	<u>10,172</u>	<u>12,206</u>

## Punch Taverns (PMH) Limited

Period ended 22 August 2009

### NOTES TO THE FINANCIAL STATEMENTS

for the 52 week period ended 22 August 2009

#### 18 DERIVATIVE FINANCIAL INSTRUMENTS

All derivative financial instruments are held on the balance sheet at fair value, the effective portion of changes in the fair value of derivative financial instruments that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the profit and loss account. Amounts accumulated in equity are recycled in the profit and loss account in the periods when the hedged item will affect profit or loss. Changes in fair value of any derivative financial instruments that do not qualify for hedge accounting are recognised immediately in the profit and loss account.

The group's principal financial instruments other than derivative financial instruments comprise borrowings, loans to other companies in the Punch Taverns plc group and cash. The main purpose of these financial instruments is to raise finance for the Punch Taverns plc group operations.

The group enters into derivatives transactions. The purpose of such transactions is to manage the interest rate risks arising from the group's sources of finance. It is, and has been throughout the period under review, the group's policy that no speculative trading in financial instruments shall be undertaken.

The main risks arising from the group's financial instruments are interest rate risk and liquidity risk. There is no currency exposure as all material transactions and financial instruments are in sterling. The board reviews and agrees policies for each of these risks and they are summarised below.

##### **Interest rate risk**

The group primarily finances its operations through term loans. The group borrows at both fixed and floating rates of interest and then uses interest rate swaps to generate the desired interest profile and to manage the group's exposure to interest rate fluctuations. The cash balances attract interest at floating rates.

##### **Liquidity risk**

As regards liquidity, the group is primarily financed by term loans, with 85% (2008: 89%) of the capital balance on these term loans being repayable after more than 5 years from the balance sheet date, subject to relevant covenants being met. The board continues to review alternative sources of finance.

Cash balances are invested in short term deposits.

##### **Derivative financial instruments**

The carrying values of derivative financial instruments in the balance sheet are as follows:

		<i>Restated</i>
	2009	2008
	£000	£000
Debtors: amounts falling due in less than one year		
Interest rate swaps	-	1,799
		<i>Restated</i>
	2009	2008
	£000	£000
Creditors: amounts falling due after more than one year		
Interest rate swaps	(34,202)	(8,381)

With the exception of the Class A8 notes, the interest rate swaps replace the LIBOR rate on the company's secured floating rate term loans with a fixed rate. The capital amount of the swaps reduce over time to match the contractual repayment profile of the associated notes over their life. The interest rate swaps qualify as, and are treated as, cash flow hedges in accordance with FRS 26 and movements in their fair values are recognised directly in equity.

##### **Fair value of non-derivative financial assets and liabilities**

With the exception of the company's secured term loans, there are no material differences between the carrying value of non-derivative financial assets and financial liabilities and their fair values as at the balance sheet date.

The carrying value of the company's secured term loans at 22 August 2009 is £1,209,750,000 (2008: £1,235,517,000) and the fair value measured at market value or the market value of equivalent loans of this debt at that date is £994,832,000 (2008: £1,106,673,000).

# Punch Taverns (PMH) Limited

Period ended 22 August 2009

## NOTES TO THE FINANCIAL STATEMENTS

for the 52 week period ended 22 August 2009

### 19 PENSION - DEFINED BENEFIT SCHEME LIABILITY

Pension deficit	2009 £000	2008 £000
Deficit brought forward	6,200	3,700
Charged / (credited) to the profit and loss account	200	(300)
Cash payments during the period	(100)	(800)
Actuarial loss	7,300	3,600
Deficit before deferred tax	13,600	6,200
Deferred tax asset	(3,808)	(1,736)
Deficit net of deferred tax	9,792	4,464

The company provides funding for the Pubmaster defined benefit pension scheme. FRS 17 does not require information about the scheme deficit to be prepared in accordance with any specific GAAP. As such, the information that follows is that which was calculated in accordance with IAS 19 for the purposes of the Punch Taverns plc group accounts.

The most recent valuation took place on 6 April 2007. The principal assumptions used by the independent qualified actuaries in updating the latest valuations of each of the schemes for FRS 17 purposes were:

For Pubmaster Pension Scheme	2009	2008
Rate of general long-term increase in pensionable salaries	4.40%	5.00%
Rate of increase to pensions in payment	3.00%	3.00%
Discount rate for scheme liabilities	5.60%	6.40%
Inflation	3.15%	3.75%
Revaluation of deferred pensions	3.15%	3.75%
	<b>2009</b>	<b>2008</b>
Male currently aged 50	21.9 years	21.8 years
Male currently aged 65	20.4 years	20.3 years
Female currently aged 50	23.4 years	23.4 years
Female currently aged 65	22.5 years	22.4 years

# Punch Taverns (PMH) Limited

Period ended 22 August 2009

## NOTES TO THE FINANCIAL STATEMENTS

for the 52 week period ended 22 August 2009

### Pubmaster Pension Scheme

The expected rates of return on assets were as follows

	Long-term rate of return expected at 22 August 2009	Value at 22 August 2009 £000	Long term rate of return expected at 23 August 2008	Value at 23 August 2008 £000	Long-term rate of return expected at 18 August 2007	Value at 18 August 2007 £000
Equities	7.25%	23,500	8.00%	25,400	8.00%	28,800
Bonds	4.75%	14,700	6.00%	15,400	5.50%	15,000
Insured Pensions	5.60%	2,000	6.40%	2,000	5.80%	3,600
Property	7.00%	-	7.00%	-	7.00%	100
Cash	4.00%	300	4.75%	200	5.50%	100
Total market value of assets		40,500		43,000		47,600
Present value of scheme liabilities		(54,100)		(49,200)		(51,300)
Deficit in the scheme before deferred tax		(13,600)		(6,200)		(3,700)
Related deferred tax asset		3,808		1,700		1,036
Net pension liability		(9,792)		(4,500)		(2,664)

Analysis of the amounts charged to operating profit	2009 £000	2008 £000
Current service cost	100	100
Total operating charge	100	100

Analysis of the amounts (charged) / credited to other finance (costs) / income	2009 £000	2008 £000
Expected return on pension scheme assets	3,000	3,300
Interest on pension scheme liabilities	(3,100)	(2,900)
Net (charge) / credit	(100)	400

Analysis of the amounts recognised in statement of total recognised gains and losses (STRGL)	2009 £000	2008 £000
Actual return less expected return on pension scheme assets	(3,200)	(6,400)
Experience (losses) / gains arising on the scheme liabilities	(4,100)	2,800
Actuarial loss recognised in the STRGL	(7,300)	(3,600)

## **Punch Taverns (PMH) Limited**

**Period ended 22 August 2009**

### **NOTES TO THE FINANCIAL STATEMENTS**

for the 52 week period ended 22 August 2009

History of experience gains and losses	2009	2008	2007	2006	2005
Actual return less expected return on pension scheme	(3,200)	(6,400)	(1,700)	2,200	3,800
Percentage of scheme assets	-7.90%	-14.88%	-3.57%	6.47%	12.0%
Experience (losses) / gains on liabilities	(4,100)	2,800	3,200	(5,400)	200
Percentage of present value of scheme liabilities	7.58%	-5.69%	-6.24%	13.5%	1.0%
Total (loss) / gain recognised in STRGL	(7,300)	(3,600)	1,500	(3,200)	1,800
Percentage of present value of scheme liabilities	13.49%	7.32%	-2.92%	8.0%	5.0%

# Punch Taverns (PMH) Limited

Period ended 22 August 2009

## NOTES TO THE FINANCIAL STATEMENTS

for the 52 week period ended 22 August 2009

### 20 SHARE CAPITAL

	2009 No	2009 £000	2008 No	2008 £000
<i>Authorised</i>				
Ordinary shares of £1 each	84,000,200	84,000	84,000,200	84,000
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	84,000,102	84,000	84,000,102	84,000

### 21 DIVIDENDS

	52 week period ended 22 August 2009 £000	53 week period ended 23 August 2008 £000
Interim dividend paid (£nil per ordinary share (2008 £0 4562))	-	38,319

# Punch Taverns (PMH) Limited

Period ended 22 August 2009

## NOTES TO THE FINANCIAL STATEMENTS

for the 52 week period ended 22 August 2009

### 22 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

Group	Share Capital £000	Hedge Reserve £000	Revaluation Reserve £000	Other Capital Reserves £000	Profit & Loss Account £000	Total Share- holders' Funds £000
At 18 August 2007	84,000	11,813	374,611	7,647	34,294	512,365
Total gains for the period	-	(13,017)	13,272	-	5,562	5,817
Transfers on disposal of fixed assets	-	-	797	-	(797)	-
Dividends paid	-	-	-	-	(38,319)	(38,319)
At 23 August 2008	84,000	(1,204)	388,680	7,647	740	479,863
Total losses for the period	-	(5,950)	13,946	-	(116,147)	(108,151)
Transfers on disposal of fixed assets	-	-	(17,714)	-	17,714	-
At 22 August 2009	84,000	(7,154)	384,912	7,647	(97,693)	371,712

Company	Share Capital £000	Share Premium £000	Profit & Loss Account £000	Total Share- holders' Funds £000
At 22 August 2009, 23 August 2008 and 18 August 2007	84,000	91,647	-	175,647



**Punch Taverns (PMH) Limited**  
**Period ended 22 August 2009**

**NOTES TO THE FINANCIAL STATEMENTS**  
for the 52 week period ended 22 August 2009

**23 FINANCIAL COMMITMENTS**

	<b>2009</b>	<b>2008</b>
	<b>£000</b>	<b>£000</b>
Contracted not provided	<u>2,285</u>	<u>2,861</u>

At 22 August 2009 the group had annual commitments under non-cancellable operating leases as set out below

<b>Land and buildings</b>		<i>Restated<sup>1</sup></i>
	<b>2009</b>	<b>2008</b>
	<b>£000</b>	<b>£000</b>
Operating leases which expire		
In less than one year	84	48
1 - 2 years	38	188
2 - 5 years	278	159
Over five years	<u>1,041</u>	<u>1,075</u>
	<u>1,441</u>	<u>1,470</u>

<sup>1</sup> Comparatives have been restated to better reflect the nature of certain classes of lease

**24 CONTINGENT LIABILITIES**

In accordance with the terms of a Deed of Charge dated 5 July 1999 (as amended 1 August 2005) the group has guaranteed the payments of principal of, and interest on, the loan notes issued by Punch Taverns Finance B Limited. The total outstanding indebtedness of the loan notes at 22 August 2009 is £1,221,080,000 (2008 £1,248,500,000)

**25 RELATED PARTY DISCLOSURES**

The group 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

**26 FINANCIAL INSTRUMENT DISCLOSURES**

The consolidated financial statements of Punch Taverns plc contain financial instrument disclosures which comply with FRS 29 'Financial Instruments Disclosures'. Consequently, the company has taken advantage of the exemption in FRS 29 not to present separate financial instrument disclosures for the company

**27 POST BALANCE SHEET EVENTS**

Subsequent to the year end, the company has repurchased £119,455,000 of the nominal value of outstanding securitised debt, being £17,301,000 Class A7 and £102,154,000 Class A8

**28 ULTIMATE PARENT UNDERTAKING**

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

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

**Punch Taverns (PMH) Limited**  
**Period ended 22 August 2009**

**NOTES TO THE CASH FLOW STATEMENT**  
for the 52 week period ended 22 August 2009

**29 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	52 week period ended 22 August 2009 £000	53 week period ended 23 August 2008 £000
Operating profit	119,677	155,820
Depreciation and impairment of tangible fixed assets	20,428	5,727
Amortisation of negative goodwill	(981)	(992)
(Increase) / decrease in debtors	(689)	8,335
Increase / (decrease) in creditors	1,024	(16,543)
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>139,459</b>	<b>152,347</b>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

	52 week period ended 22 August 2009 £000	53 week period ended 23 August 2008 £000
Increase in cash in the period	62,865	9,399
Cash inflow from change in debt financing	74,106	12,381
Change in net debt resulting from cash flows	136,971	21,780
Other non cash movements in net debt	(49,324)	(48,137)
Change in net debt resulting from non cash flows	(49,324)	(48,137)
Movement in net debt	87,647	(26,357)
Net debt at beginning of period	(1,365,463)	(1,339,106)
<b>Net debt at end of period</b>	<b>(1,277,816)</b>	<b>(1,365,463)</b>

**ANALYSIS OF CHANGES IN NET DEBT**

	23 August 2008 £000	Cash flow £000	Other non- cash changes £000	22 August 2009 £000
Cash at bank and in hand	78,998	62,865	-	141,863
Loans owed to other companies in the Punch Taverns plc group	(202,362)	52,700	(26,065)	(175,727)
Other loans	(1,235,517)	21,406	4,361	(1,209,750)
Derivative financial instrument	(6,582)	-	(27,620)	(34,202)
	<b>(1,365,463)</b>	<b>136,971</b>	<b>(49,324)</b>	<b>(1,277,816)</b>