

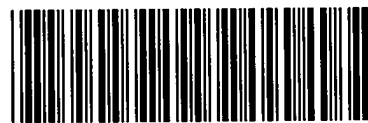
Registered No.
3720775

Punch Taverns (PMH) Limited

Report and Financial Statements

23 August 2014

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COMPANIES HOUSE

Punch Taverns (PMH) Limited
Period ended 23 August 2014

DIRECTORS

E Bashforth

S Dando

Wilmington Trust SP Services (London) Limited

SECRETARY

F Appleby	appointed	07 Oct 2014
C Harris	resigned	07 Oct 2014

AUDITOR

KPMG LLP

One Snowhill

Snow Hill Queensway

Birmingham

B4 6GH

BANKERS

Barclays Bank plc

One Snowhill

Snow Hill Queensway

Birmingham

B3 2WN

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 23 August 2014

STRATEGIC REPORT

Registered No. 3720775

RESULTS AND DIVIDENDS

The loss after taxation for the 53 week period amounted to £37,678,000 (52 week period ended 17 August 2013: profit after taxation of £1,158,000). The directors do not propose the payment of a final dividend (2013: £nil).

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the company is that of an intermediate holding company.

RISKS AND UNCERTAINTIES

Liquidity risk

The company is primarily financed by secured loan notes, with 77% (2013: 79%) 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 company manages its liquidity risk is provided in note 20 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 20 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.

REVIEW OF THE BUSINESS

Punch Taverns manages its operations at a group level and the directors therefore believe that disclosure of key performance indicators for the company 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.

On behalf of the board



S Dando

Director

30 April 2015

Punch Taverns (PMH) Limited
Period ended 23 August 2014

DIRECTORS' REPORT

Registered No. 3720775

The directors present their report and financial statements for the financial period ended 23 August 2014.

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.

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the period, the company made charitable contributions of £nil (2013: £nil). The company made no political contributions during the period (2013: £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 23 August 2014, the company had an average of nil days (2013: nil days) purchases outstanding in trade creditors.

POST BALANCE SHEET EVENTS

Further details of the net debt structure of the Punch B securitisation following completion of the restructuring can be viewed on the Punch Taverns plc website www.punchtavernsplc.com.

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.

AUDITOR

The company has elected to dispense with the obligation to appoint an auditor annually under s487 of the Companies Act 2006.

On behalf of the board



S Dando
Director
30 April 2015

Punch Taverns (PMH) Limited
Period ended 23 August 2014

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT, STRATEGIC REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' Report, Strategic 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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

We have audited the group and parent financial statements of Punch Taverns (PMH) Limited for the period ended 23 August 2014 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 28. 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 Chapter 3 of Part 16 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 auditor's 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 auditor

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, and express an opinion on, 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 23 August 2014 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 and Strategic 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.



Greg Watts
Senior Statutory Auditor
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH
30 Apr 2015

Punch Taverns (PMH) Limited

Period ended 23 August 2014

GROUP PROFIT & LOSS ACCOUNT

for the 53 week period ended 23 August 2014

		53 week period ended 23 August 2014			52 week period ended 17 August 2013		
	Notes	Underlying items	Non-underlying items (note 4)	Total	Underlying items	Non-underlying items (note 4)	Total
		£000	£000	£000	£000	£000	£000
TURNOVER	2	171,983	-	171,983	177,545	-	177,545
Cost of sales		(62,171)	-	(62,171)	(32,195)	-	(32,195)
GROSS PROFIT		109,812	-	109,812	145,350	-	145,350
Administrative Loss		(22,559)	(9,986)	(32,545)	(19,406)	(3,625)	(23,031)
Loss on impairment of tangible fixed assets		-	(28,831)	(28,831)	-	(6,537)	(6,537)
Loss on disposal of fixed assets		-	(6,971)	(6,971)	-	(3,922)	(3,922)
OPERATING PROFIT / (LOSS)	3	87,253	(45,788)	41,465	125,944	(14,084)	111,860
Interest receivable and similar income	6	9,422	-	9,422	2,029	15,794	17,823
Interest payable and similar charges	7	(60,353)	(10,457)	(70,810)	(59,654)	(39,089)	(98,743)
Subordinated loan interest payable	8	-	(31,548)	(31,548)	-	(29,626)	(29,626)
PROFIT / (LOSS) ON ORDINARY ACTIVITIES		36,322	(87,793)	(51,471)	68,319	(67,005)	1,314
Tax on profit / (loss) on ordinary activities	9	(5,266)	19,059	13,793	(15,863)	15,707	(156)
PROFIT / (LOSS) ON ORDINARY ACTIVITIES		31,056	(68,734)	(37,678)	52,456	(51,298)	1,158

The profit and loss account relates to continuing activities.

Punch Taverns (PMH) Limited
Period ended 23 August 2014

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the 53 week period ended 23 August 2014

	53 week period ended 23 August 2014 £000	52 week period ended 17 August 2013 £000
(Loss) / profit for the period	(37,678)	1,158
Profit and losses recognised directly in equity:		
Actuarial loss for the period	(1,300)	(4,000)
Deferred tax on actuarial loss	289	929
	<u>(1,011)</u>	<u>(3,071)</u>
Gains on cash flow hedges	-	39,089
Tax on items taken directly to equity	-	(8,893)
Net gain on cash flow hedges	<u>-</u>	<u>30,196</u>
Unrealised deficit on revaluation of fixed assets	(103,035)	(11,204)
Total (losses) / profit since the last report	<u><u>(141,724)</u></u>	<u><u>17,079</u></u>

NOTE OF HISTORICAL COST PROFITS AND LOSSES
for the 53 week period ended 23 August 2014

	53 week period ended 23 August 2014 £000	52 week period ended 17 August 2013 £000
Reported (loss) / profit on ordinary activities before taxation	(51,471)	1,314
Realisation of property revaluation gains of prior periods	1,279	9,048
Difference between historical cost depreciation charge and the actual depreciation charge for the period calculated on the revalued amount	(107)	(91)
Historical cost (loss) / profit on ordinary activities before taxation	<u>(50,299)</u>	<u>10,271</u>
Historical cost (loss) / profit for the period retained after taxation	<u><u>(36,506)</u></u>	<u><u>10,115</u></u>

Punch Taverns (PMH) Limited
Period ended 23 August 2014

GROUP BALANCE SHEET
as at 23 August 2014

	<i>Notes</i>	23 August 2014 £000	17 August 2013 £000
FIXED ASSETS			
Goodwill	10	(10,747)	(11,739)
Tangible fixed assets	11	836,702	990,671
		<u>825,955</u>	<u>978,932</u>
CURRENT ASSETS			
Other current asset investments	13	60,287	53,866
Debtors: amounts falling due in less than one year	15	12,371	21,565
Debtors: amounts falling due after more than one year	15	223,527	223,529
Cash at bank and in hand		72,254	76,972
Restricted cash		168,000	168,000
		<u>536,439</u>	<u>543,932</u>
CURRENT LIABILITIES			
Other creditors falling due within one year		(196,112)	(203,917)
Secured loan notes		(33,019)	(31,404)
Derivative financial instruments		(6,918)	(7,286)
CREDITORS: amounts falling due in less than one year	16	<u>(236,049)</u>	<u>(242,607)</u>
NET CURRENT ASSETS		<u>300,390</u>	<u>301,325</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,126,345</u>	<u>1,280,257</u>
LONG TERM LIABILITIES			
Other creditors falling due after more than one year		(227,104)	(206,235)
Secured loan notes		(867,861)	(900,793)
Derivative financial instruments		(42,502)	(31,677)
CREDITORS: amounts falling due after more than one year	17	<u>(1,137,467)</u>	<u>(1,138,705)</u>
PROVISIONS FOR LIABILITIES	19	-	(238)
DEFERRED TAX LIABILITY	19	(5,289)	(15,601)
PENSION - DEFINED BENEFIT SCHEME LIABILITY	21	(3,440)	(3,840)
NET (LIABILITIES) / ASSETS		<u><u>(19,851)</u></u>	<u><u>121,873</u></u>
CAPITAL AND RESERVES			
Called up share capital	22	84,000	84,000
Revaluation reserve	23	76,665	180,979
Other capital reserves	23	7,647	7,647
Profit and loss account	23	(188,163)	(150,753)
SHAREHOLDER'S (DEFICIT) / FUNDS	23	<u><u>(19,851)</u></u>	<u><u>121,873</u></u>

The financial statements were approved and authorised for issue by the board and signed on its behalf on 30 April 2015



S Dando
Director

Punch Taverns (PMH) Limited
Period ended 23 August 2014

COMPANY BALANCE SHEET

as at 23 August 2014

	<i>Notes</i>	23 August 2014 £000	17 August 2013 £000
FIXED ASSETS			
Investments	12	175,647	175,647
		<u>175,647</u>	<u>175,647</u>
CURRENT ASSETS			
Debtors: amounts falling due after more than one year	15	5,700	5,700
NET CURRENT ASSETS		<u>5,700</u>	<u>5,700</u>
TOTAL ASSETS		<u>181,347</u>	<u>181,347</u>
CREDITORS: amounts falling due after more than one year	17	(5,700)	(5,700)
NET ASSETS		<u>175,647</u>	<u>175,647</u>
CAPITAL AND RESERVES			
Called up share capital	22	84,000	84,000
Share premium	23	91,647	91,647
SHAREHOLDER'S FUNDS	23	<u>175,647</u>	<u>175,647</u>

The financial statements were approved and authorised for issue by the board and signed on its behalf on
30 April 2015



S Dando
Director

Punch Taverns (PMH) Limited
Period ended 23 August 2014

GROUP CASH FLOW STATEMENT

for the 53 week period ended 23 August 2014

	<i>Notes</i>	53 week period ended 23 August 2014 £000	52 week period ended 17 August 2013 £000
NET CASH INFLOW FROM OPERATING ACTIVITIES	28	85,422	105,251
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest paid		(58,081)	(58,854)
Interest received		3,400	2,000
		<u>(54,681)</u>	<u>(56,854)</u>
TAXATION PAID		(22)	(3,503)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Payments to acquire tangible fixed assets		(19,506)	(21,177)
Receipts from sales of tangible fixed assets		34,450	44,568
		<u>14,944</u>	<u>23,391</u>
NET CASH INFLOW BEFORE FINANCING		<u>45,663</u>	<u>68,285</u>
FINANCING			
Loans repaid		(33,447)	(30,279)
Payments made to other group undertakings		(10,679)	(29,768)
		<u>(44,126)</u>	<u>(60,047)</u>
NET INCREASE IN CASH IN THE PERIOD	28	<u><u>1,537</u></u>	<u><u>8,238</u></u>

Punch Taverns (PMH) Limited
Period ended 23 August 2014

NOTES TO THE FINANCIAL STATEMENTS

for the 53 week period ended 23 August 2014

1 ACCOUNTING POLICIES

Basis of preparation

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

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

There have been no changes to accounting policies during the year.

Basis of consolidation

The financial statements consolidate the accounts of Punch Taverns (PMH) Limited and its subsidiary undertakings drawn up to the 23 August 2014. 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 period ended 23 August 2014 (period ended 17 August 2013: result after taxation of £nil).

Fundamental accounting concept – going concern

On the 8 October 2014 Punch Taverns plc announced the successful completion of the restructuring process. The directors of Punch Taverns (PMH) Limited believe that the completion of the restructuring creates a robust and sustainable long term structure for the company and the wider Punch B securitisation, with a £0.2 billion reduction in Punch B net debt (including mark-to-market interest rate swaps).

Further details of the net debt structure of the Punch B securitisation following completion of the restructuring can be seen in note 26 and viewed on the Punch Taverns plc website www.punchtavernsplc.com.

New standards, interpretations and amendments to existing standards

The IASB and IFRIC have issued the following standards, interpretations and amendments which have been endorsed by the EU:

Effective for the Group and Company in these financial statements:

- Amendment to IAS 19 'Defined benefit plans' – effective from 1 January 2013
- IFRS 13 'Fair value measurement' – effective from 1 January 2013.

The above amendments to published standards have had no material impact on the results or the financial position of the Group and Company for the 53 weeks ended 23 August 2014.

Effective for the Group and Company for the next financial year:

- IFRS 10 'Consolidated financial statements' – effective from 1 January 2014
- IFRS 11 'Joint arrangements' – effective from 1 January 2014
- IFRS 12 'Disclosure of interests in other entities' – effective from 1 January 2014

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

Punch Taverns (PMH) Limited
Period ended 23 August 2014

NOTES TO THE FINANCIAL STATEMENTS
for the 53 week period ended 23 August 2014

1 ACCOUNTING POLICIES

Fundamental accounting concept - going concern

The company's liabilities exceed its assets. However, the ultimate parent has undertaken to support the company for a period of at least one year following the date of approval of these financial statements and not recall group debt until all other liabilities have been settled and the company has funds to repay. For this reason, the financial statements have been prepared on a going concern basis.

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 21. 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.

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 company'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.

Punch Taverns (PMH) Limited
Period ended 23 August 2014

NOTES TO THE FINANCIAL STATEMENTS

for the 53 week period ended 23 August 2014

1 ACCOUNTING POLICIES

Taxation

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

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 that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of 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 and charged to tax only where the replacement assets are sold.

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 the profit and loss account within administrative expenses. A single net interest cost or income, which is calculated on the net deferred benefit liability by applying the discount rate to the net defined benefit liability, is shown in finance costs and finance income as appropriate. The difference between the actual return on plan assets and interest income, together with actuarial gains and losses are included within remeasurements of defined benefit liability which are recognised in the statement of total recognised gains and losses.

Provisions

Provisions are recognised when the company 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.

Punch Taverns (PMH) Limited
Period ended 23 August 2014

NOTES TO THE FINANCIAL STATEMENTS
for the 53 week period ended 23 August 2014

1 ACCOUNTING POLICIES

Accounting for derivative financial instruments and hedging activities

The company 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 company 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 company 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.

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.

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.

Non-underlying items

In order to provide a trend measure of underlying performance, profit is presented excluding items that management believe will distort comparability, either due to their significant nature, or as a result of specific accounting treatments. Further detail on the nature of non-underlying items is included in note 4.

Punch Taverns (PMH) Limited
Period ended 23 August 2014

NOTES TO THE FINANCIAL STATEMENTS
for the 53 week period ended 23 August 2014

2 TURNOVER

Turnover represents the amounts derived from the provision of goods and services to third parties 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 sales is recognised at the point at which the goods are provided. Turnover is derived solely within the United Kingdom.

Turnover includes:

	53 week period ended 23 August 2014 £000	52 week period ended 17 August 2013 £000
Rental income	<u>40,644</u>	<u>42,898</u>

3 OPERATING PROFIT / (LOSS)

This is stated after charging:

	53 week period ended 23 August 2014 £000	52 week period ended 17 August 2013 £000
Depreciation		
- owned fixed assets	2,015	2,537
- leased fixed assets	193	295
Operating lease rentals		
- land and buildings	<u>907</u>	<u>1,088</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 23 August 2014

NOTES TO THE FINANCIAL STATEMENTS
for the 53 week period ended 23 August 2014

4 NON-UNDERLYING ITEMS

	53 week period ended 23 August 2014 £000	52 week period ended 17 August 2013 £000
Included within administrative expenses:		
Capital restructuring, redundancy and other related one-off costs	9,986	3,625
	<u>9,986</u>	<u>3,625</u>
Included within loss on impairment of tangible fixed assets	28,831	6,537
Included within fixed asset disposals:		
Loss on disposal of fixed assets	6,971	3,922
Included within interest receivable and similar income:		
Movement in fair value of interest rate swaps (note 6)	-	(15,794)
Included within interest payable and similar income:		
Movement in fair value of interest rate swaps (note 7)	10,457	-
Non-underlying interest payable (note 7)	1	39,089
	<u>10,457</u>	<u>39,089</u>
Subordinated loan interest payable	2	29,626
Tax relief on non-underlying items	(19,017)	(15,994)
Adjustment to tax in respect of prior periods	(42)	287
	<u>(19,059)</u>	<u>(15,707)</u>
	<u>68,734</u>	<u>51,298</u>

¹ Represents the recycling of the Punch B C1 amounts previously taken to equity following the reclassification of the associated interest rate swap as ineffective during the prior period.

² Subordinated loan interest payable is capitalising interest expense on intergroup borrowings. The size and nature of this interest, being a quasi equity instrument, has been presented separately in order to provide a clearer presentation of the interest expense of the group.

5 DIRECTORS' EMOLUMENTS AND STAFF COSTS

The directors received no emoluments from the company in respect of their services in the current or preceding periods.

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

Punch Taverns (PMH) Limited
Period ended 23 August 2014

NOTES TO THE FINANCIAL STATEMENTS
for the 53 week period ended 23 August 2014

6 INTEREST RECEIVABLE AND SIMILAR INCOME

	53 week period ended 23 August 2014 £000	52 week period ended 17 August 2013 £000
Bank interest receivable	2,928	1,830
Movement in fair value of interest rate swaps (note 4)	-	15,794
Profit on loan note redemptions	1 6,194	-
Other interest receivable	300	199
	<u>9,422</u>	<u>17,823</u>

¹ Represents profit on the purchase of securitised debt below par value, together with the write-off of related deferred issue costs.

7 INTEREST PAYABLE AND SIMILAR CHARGES

	53 week period ended 23 August 2014 £000	52 week period ended 17 August 2013 £000
Bank and other loans	59,047	58,435
Pension finance costs	369	263
Movement in fair value of interest rate swaps (note 4)	10,457	-
Amortisation of deferred issue costs	937	956
Recycling of hedged amounts previously taken to equity (note 4)	-	39,089
	<u>70,810</u>	<u>98,743</u>

8 SUBORDINATED LOAN INTEREST PAYABLE

	53 week period ended 23 August 2014 £000	52 week period ended 17 August 2013 £000
Subordinated loan interest payable to group undertakings	<u>31,548</u>	<u>29,626</u>

Punch Taverns (PMH) Limited
Period ended 23 August 2014

NOTES TO THE FINANCIAL STATEMENTS
for the 53 week period ended 23 August 2014

9 TAXATION

	53 week period ended 23 August 2014 £000	52 week period ended 17 August 2013 £000
The tax (credit) / charge for the period comprises:		
UK corporation tax:		
- current period group relief (surrendered) / receivable	(2,625)	3,911
- adjustments in respect of prior periods	(1,244)	166
	<u>(3,869)</u>	<u>4,077</u>
Deferred tax:		
- relating to pension costs under FRS 17	400	433
- current period (credit) / charge	(9,087)	3,047
- relating to fair value of interest rate swaps under FRS 26	(2,324)	(5,500)
- change in standard rate of tax	1,129	(2,022)
- adjustments in respect of prior periods	(42)	121
	<u>(9,924)</u>	<u>(3,921)</u>
Total tax (credit) / charge for the period	<u><u>(13,793)</u></u>	<u><u>156</u></u>
Reconciliation of tax (credit) / charge		
	53 week period ended 23 August 2014 £000	52 week period ended 17 August 2013 £000
(Loss) / profit on ordinary activities before taxation	<u>(51,471)</u>	<u>1,314</u>
(Loss) / profit on ordinary activities at standard rate of corporation tax in the UK of 22.22% (2013: 23.61%)	(11,437)	310
Effects of:		
Short term timing differences	1,881	4,909
Loss on disposal of fixed assets	1,549	926
(Income not chargeable for tax purposes) / expenses not deductible for tax purposes	(3,785)	728
Depreciation in excess of capital allowances / (capital allowances in excess of depreciation)	9,206	(2,921)
Utilisation of tax losses brought forward	(39)	(41)
Adjustments in respect of prior periods	(1,244)	166
Total current tax (credit) / charge	<u><u>(3,869)</u></u>	<u><u>4,077</u></u>

Punch Taverns (PMH) Limited

Period ended 23 August 2014

NOTES TO THE FINANCIAL STATEMENTS

for the 53 week period ended 23 August 2014

10 INTANGIBLE ASSETS

	Negative goodwill £000
Cost:	
As at 23 August 2014 and 17 August 2013	<u>(19,628)</u>
Amortisation:	
As at 17 August 2013	(7,889)
Credit for the period	<u>(992)</u>
As at 23 August 2014	<u>(8,881)</u>
Net book amount:	
As at 23 August 2014	<u>(10,747)</u>
As at 17 August 2013	<u>(11,739)</u>

Negative goodwill arising on previous acquisitions are released to the profit and loss account by equal installments over a 20 year period being the approximate average life of the underlying non-monetary assets at the acquisition date.

The company has no intangible assets.

Punch Taverns (PMH) Limited

Period ended 23 August 2014

NOTES TO THE FINANCIAL STATEMENTS for the 53 week period ended 23 August 2014

11 TANGIBLE FIXED ASSETS

	Land & buildings £000	Public house fixtures & fittings £000	Total £000
Cost or valuation:			
As at 17 August 2013	1,001,434	39,238	1,040,672
Additions	17,765	2,308	20,073
Disposals	(39,789)	(2,264)	(42,053)
Revaluation	(131,209)	-	(131,209)
As at 23 August 2014	<u>848,201</u>	<u>39,282</u>	<u>887,483</u>
Depreciation:			
As at 17 August 2013	15,479	34,522	50,001
Charge for the year	270	1,938	2,208
Revaluation	657	-	657
Disposals	(7)	(2,078)	(2,085)
As at 23 August 2014	<u>16,399</u>	<u>34,382</u>	<u>50,781</u>
Net book value:			
As at 23 August 2014	<u>831,802</u>	<u>4,900</u>	<u>836,702</u>
As at 17 August 2013	<u>985,955</u>	<u>4,716</u>	<u>990,671</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 23 August 2014	<u>800,908</u>	<u>25,831</u>	<u>5,063</u>	<u>831,802</u>
As at 17 August 2013	<u>953,970</u>	<u>26,794</u>	<u>5,191</u>	<u>985,955</u>

Punch Taverns (PMH) Limited

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for the 53 week period ended 23 August 2014

11 TANGIBLE FIXED ASSETS

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

	Total £000
Cost	972,389
Accumulated depreciation	(3,681)
Net book value at 23 August 2014	<u>968,708</u>
Net book value at 17 August 2013	<u>1,018,360</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 GVA Grimley Limited, Chartered Surveyors, acting as external valuers.

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.

In the current year, as part of the restructuring process, a revaluation of 100% of the estate has been performed. At 21 June 2014 1,553 properties were valued at their fair value less costs to sell resulting in a reduction in net assets of £131,866,000 representing a 13.8% reduction on those properties revalued. Of the £131,866,000, £103,035,000 was taken to the revaluation reserve to eliminate revaluation gains of prior periods, and £28,831,000 was taken to the profit and loss account in the period.

In the prior year 223 properties were valued at their fair value less costs to sell resulting in a reduction in net assets of £17,714,000 representing a 10.4% reduction on those properties revalued. Of the £17,714,000, £11,204,000 was taken to the revaluation reserve to eliminate revaluation gains of prior periods, and £6,537,000 was taken to the profit and loss account in the period.

Punch Taverns (PMH) Limited

Period ended 23 August 2014

NOTES TO THE FINANCIAL STATEMENTS

for the 53 week period ended 23 August 2014

12 FIXED ASSET INVESTMENTS

Company shares in
subsidiary
undertakings
£000

Cost and net book value:

As at 23 August 2014 and 17 August 2013

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
Punch Taverns Finance B Limited

Pub operating company
Financing company

Held indirectly:

InnSpired Company Limited

Management and administration 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 23 August 2014

NOTES TO THE FINANCIAL STATEMENTS

for the 53 week period ended 23 August 2014

13 CURRENT ASSET INVESTMENTS

	Other investments
	£000
Cost:	
As at 17 August 2013	53,866
Additions	7,374
Repayments	(953)
As at 23 August 2014	<u>60,287</u>
Cost and net book value:	
As at 23 August 2014	<u>60,287</u>
As at 17 August 2013	<u>53,866</u>

Current asset investments represent secured loan notes issued by the Punch Taverns plc group of companies that have been purchased during the period but which are held by the company at the year end as they are not yet cancelled. The fair value of these redeemed secured loan notes at 23 August 2014 is £55,384,000 (17 August 2013: £38,023,000)

Punch Taverns (PMH) Limited
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NOTES TO THE FINANCIAL STATEMENTS
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14 RESTRICTED CASH

	Group		Company	
	2014	2013	2014	2013
	£000	£000	£000	£000
Restricted cash	168,000	168,000	-	-

Following a downgrade by Moody's Investors Service of the short term rating of The Royal Bank of Scotland Group plc in June 2012, the provider of the group's total liquidity facility arrangements, the company exercised its contractual entitlement under the liquidity facility agreement and a drawing was made for £168.0m. The funds drawn down are ring fenced from an operational perspective and cannot be utilised for any activities other than their original purpose. A corresponding liability of £168.0m has been recognised in current liabilities accordingly (note 16).

15 DEBTORS

	Group		Company	
	2014	2013	2014	2013
	£000	£000	£000	£000
Amounts falling due in less than one year:				
Trade debtors	9,625	8,408	-	-
Amounts due from other companies in the Punch Taverns plc group	82	9,907	-	-
Prepayments and accrued income	2,664	3,250	-	-
	<u>12,371</u>	<u>21,565</u>	<u>-</u>	<u>-</u>
	Group		Company	
	2014	2013	2014	2013
	£000	£000	£000	£000
Amounts falling due after more than one year:				
Loans due from other companies in the Punch Taverns plc group	223,527	223,527	5,700	5,700
Amounts due from other companies in the Punch Taverns plc group	-	2	-	-
	<u>223,527</u>	<u>223,529</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.

Punch Taverns (PMH) Limited
Period ended 23 August 2014

NOTES TO THE FINANCIAL STATEMENTS

for the 53 week period ended 23 August 2014

16 CREDITORS: amounts falling due in less than one year

	Group		Company	
	2014	2013	2014	2013
	£000	£000	£000	£000
Loans (note 18) ¹	33,019	31,404	-	-
Cash-backed borrowings (note 14)	168,000	168,000	-	-
Trade creditors	682	1,670	-	-
Amounts owed to other companies in the Punch Taverns plc group	2,191	6,773	-	-
Other creditors	8,648	9,157	-	-
Accruals and deferred income	15,566	12,783	-	-
Social security and other taxes	1,005	5,511	-	-
Corporation tax	20	23	-	-
Derivative financial instruments (note 20)	6,918	7,286	-	-
	<u>236,049</u>	<u>242,607</u>	<u>-</u>	<u>-</u>

¹ Stated net of deferred issue costs which are to be amortised over the term of the loans.

17 CREDITORS: amounts falling due after more than one year

	Group		Company	
	2014	2013	2014	2013
	£000	£000	£000	£000
Loans (note 18) ¹	867,861	900,793	-	-
Loans owed to other companies in the Punch Taverns plc group	227,104	206,235	-	-
Amounts owed to other companies in the Punch Taverns plc group	-	-	5,700	5,700
Derivative financial instruments (note 20)	42,502	31,677	-	-
	<u>1,137,467</u>	<u>1,138,705</u>	<u>5,700</u>	<u>5,700</u>

¹ 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 relates to a subordinated loan with Punch Taverns (PGE) Limited. Interest accrues at 15% and is capitalised quarterly in arrears.

Punch Taverns (PMH) Limited
Period ended 23 August 2014

NOTES TO THE FINANCIAL STATEMENTS
for the 53 week period ended 23 August 2014

18 SECURED LOAN NOTES

	2014	2013
	£000	£000
Loan maturity analysis		
Amounts repayable by instalments falling due:		
In less than one year	33,860	32,254
Between one and two years	36,230	33,860
Between two and five years	142,616	128,321
In five years or more	693,016	743,541
Less: deferred issue costs	(4,842)	(5,779)
	<u>900,880</u>	<u>932,197</u>
	2014	2013
	£000	£000
Details of the loans are as follows:		
Class A3 secured notes repayable by June 2022 at 7.369% per annum.	151,019	166,830
Class A6 secured notes repayable by December 2024 at 5.943% per annum.	220,000	220,000
Class A7 secured notes repayable by June 2033 at 4.767% per annum.	163,593	177,360
Class A8 secured floating rate notes repayable by June 2033 at LIBOR ¹ +0.28%	43,610	46,286
Class B1 secured notes repayable by June 2025 at 8.44% per annum.	77,500	77,500
Class B2 secured notes repayable by June 2028 at 6.962% per annum.	125,000	125,000
Class C1 secured floating rate notes repayable by June 2035 at LIBOR ¹ +1.1%	125,000	125,000
	<u>905,722</u>	<u>937,976</u>
Less: deferred issue costs	(4,842)	(5,779)
	<u>900,880</u>	<u>932,197</u>

During the period the group redeemed Class C1 notes with a nominal value of £18,874,000 which are held by the group and have not yet been cancelled. The group did not redeem any loan notes in the prior period.

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

Hedging instruments

The group has entered into interest rate swaps which swap the LIBOR interest rate on the Class A8 and Class C notes to a fixed rate of 5.1% and 4.7577% respectively. The capital amount of these swaps reduces over time to match the contractual repayment profile of the floating rate notes.

Punch Taverns (PMH) Limited
Period ended 23 August 2014

NOTES TO THE FINANCIAL STATEMENTS
for the 53 week period ended 23 August 2014

19 PROVISIONS FOR LIABILITIES

	Property leases £000	Deferred taxation £000	Total £000
As at 17 August 2013	238	15,601	15,839
Credited to the profit and loss account	-	(10,023)	(10,023)
Released in the period	(238)	-	(238)
Credited direct to equity	-	(289)	(289)
As at 23 August 2014	<u>-</u>	<u>5,289</u>	<u>5,289</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 operating costs.

	2014 £000	2013 £000
The deferred tax balance consists of:		
Depreciation in excess of capital allowances	16,393	24,722
Interest rate swaps	(9,884)	(7,793)
Losses recognised	(438)	(474)
Short term timing differences	(782)	(854)
	<u>5,289</u>	<u>15,601</u>

The amount of deferred tax that has not been provided on revalued fixed assets and fixed assets subject to rollover relief, is estimated to be £12,437,000 (2013: £13,574,000). At present, it is not envisaged that any tax will become payable in the foreseeable future.

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and to 20% (effective 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 23 August 2014 and 17 August 2013 has been calculated based on the rate of 20%; the rate substantively enacted at the balance sheet dates.

Punch Taverns (PMH) Limited

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for the 53 week period ended 23 August 2014

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

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

The main risks arising from the company'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 company primarily finances its operations through loan notes. The company 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 company's exposure to interest rate fluctuations. The cash balances attract interest at floating rates. The interest rate on the company's loan notes is matched to debenture bonds in a fellow group company.

Liquidity risk

As regards liquidity, the company is primarily financed by loan notes, with 77% (2013: 79%) 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 maturity profile of the company's loan notes matches that of loans made to group undertakings. 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:

Creditors: amounts falling due in less than one year	2014	2013
	£000	£000
Derivative financial instruments	<u>(6,918)</u>	<u>(7,286)</u>
Creditors: amounts falling due after more than one year	2014	2013
	£000	£000
Derivative financial instruments	<u>(42,502)</u>	<u>(31,677)</u>

The interest rate swaps replace the LIBOR rate on the company's secured floating rate loan notes 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 loan notes, 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 loan notes at 23 August 2014 is £900,880,000 (2013: £932,197,000) and the fair value measured at market value or the market value of equivalent loans of this debt at that date is £849,148,000 (2013: £735,801).

Punch Taverns (PMH) Limited

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21 PENSION - DEFINED BENEFIT SCHEME LIABILITY

Pension liability	2014 £000	2013 £000
Liability brought forward	4,800	2,700
Charged to the profit and loss account	300	100
Cash payments during the period	(2,100)	(2,000)
Actuarial loss	1,300	4,000
Liability before deferred tax	4,300	4,800
Deferred tax asset	(860)	(960)
Liability net of deferred tax	3,440	3,840

During the period, the company operated one funded defined benefit pension scheme; the Pubmaster Pension Scheme. The pension plans have not invested in any of the company's own financial instruments, nor in properties or other assets used by the company.

The tables below illustrate the impact of defined benefit schemes on the profit and loss account and the balance sheet. The information presented is that which was calculated in accordance with IAS 19 for the purpose of the Punch Taverns plc group.

The amounts recognised in the profit and loss account are as follows:

Analysis of the amounts charged to operating costs:	2014 £000	2013 £000
Current service cost	(100)	(100)
Analysis of the amounts credited to other finance income:	2014 £000	2013 £000
Net interest cost	(200)	-
Net credit	(200)	-

The amounts recognised in the statement of total recognised gains and losses (STRGL) are as follows:

	2014 £000	2013 £000
Remeasurement gain from assets	1,600	1,600
Actuarial loss on liabilities	(2,900)	(5,600)
Expected actuarial losses recognised in the STRGL	(1,300)	(4,000)
Actuarial losses recognised in the STRGL	(1,300)	(4,000)

The amounts recognised in the balance sheet are as follows:

	2014 £000	2013 £000
Present value of scheme liabilities	(64,500)	(61,600)
Fair value of scheme assets	60,200	56,800
Net retirement benefit liability recognised in the balance sheet	(4,300)	(4,800)

Punch Taverns (PMH) Limited

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for the 53 week period ended 23 August 2014

Movements in the present value of scheme liabilities are as follows:

	2014	2013
	£000	£000
Present value of scheme liabilities at beginning of period	61,600	55,600
Current service cost	100	100
Interest cost	2,700	2,500
Actuarial losses	2,900	5,600
Benefits paid	(2,800)	(2,200)
Present value of scheme liabilities at end of period	<u>64,500</u>	<u>61,600</u>

Movements in the fair value of scheme assets are as follows:

	2014	2013
	£000	£000
Fair value of scheme assets at beginning of period	54,300	52,900
Actuarial gains	1,600	1,600
Contributions paid by employer	2,100	2,000
Benefits paid	(2,800)	(2,200)
Fair value of scheme assets at end of period	<u>55,200</u>	<u>54,300</u>

Scheme assets are stated at their market values at the balance sheet date and the expected return on scheme assets is derived as a weighted average of the expected return on each asset class, recognising the proportions of the assets invested in each. The expected return on each asset class is determined after taking external expert advice and by reference to relevant equity and bond indices.

The history of experience adjustments on the schemes for the current and previous financial years is as follows:

	2014	2013	2012	2011	2010
Actual return less expected return on scheme assets	1,600	1,600	2,900	(1,500)	3,400
Percentage adjustments on scheme assets	2.9%	2.9%	5.5%	-3.2%	7.5%
Experience adjustments on scheme liabilities	(2,900)	(5,600)	(500)	800	600
Percentage of scheme liabilities	4.5%	9.1%	0.9%	-1.5%	-1.1%
Total (loss) / gain recognised in STRGL	(1,300)	(4,000)	2,400	(700)	4,000
Percentage of scheme assets	-2.4%	-7.4%	4.5%	-1.5%	9.9%

Pubmaster Pension Scheme funding

The Pubmaster Pension Scheme is a defined benefit scheme operated in the UK. The values of the scheme's liabilities have been determined by a qualified actuary based on the results of an actuarial valuation as at 6 April 2010, updated to 23 August 2014, the balance sheet date. The mortality assumptions at the year end are based on standard mortality tables that allow for future mortality improvements. The assumptions are that the life expectancy of a member who retires at the age of 65 is as follows:

Punch Taverns (PMH) Limited

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for the 53 week period ended 23 August 2014

	2014	2013
Male currently aged 50	23.2 years	23.1 years
Male currently aged 65	21.6 years	21.5 years
Female currently aged 50	25.7 years	25.6 years
Female currently aged 65	24.0 years	23.8 years

The assumptions used in determining the valuations are as follows:

	2014	2013
Rate of increase of salaries	4.60%	4.80%
Rate of increase in pensions	2.75%	2.85%
Discount rate	3.90%	4.50%
Inflation assumption (RPI)	3.35%	3.55%
Inflation assumption (CPI)	2.35%	2.55%

The results are very sensitive to the assumptions used. The table below shows the approximate effect on the Scheme's liabilities of changing some of the key financial assumptions, whilst all other assumptions remain the same. The impact of adjustments are as follows:

Adjustments to assumptions	Approximate effect on Liabilities
	£000
Reduce discount rate by 0.1% per annum	1,000
Increase inflation by 0.1% per annum (and all associated assumptions)	700

The assets in the scheme were:

	Value at 23 August 2014	Value at 17 August 2013
	£000	£000
Equities	14,500	13,500
Bonds	17,800	16,200
Insured pensions	1,100	1,300
Cash	-	700
Diversified growth funds	26,800	25,100
Total market value of assets	60,200	56,800
Present value of scheme liabilities	(64,500)	(61,600)
(Deficit) / surplus in the scheme before deferred tax	(4,300)	(4,800)
Deferred tax asset / (liability)	860	960
Net pension (liability) / asset	(3,440)	(3,840)

Punch Taverns (PMH) Limited

Period ended 23 August 2014

NOTES TO THE FINANCIAL STATEMENTS

for the 53 week period ended 23 August 2014

22 SHARE CAPITAL

	2014	2014	2013	2013
	No.	£000	No.	£000
<i>Allotted, called up and fully paid:</i>				
Ordinary shares of £1 each	<u>84,000,102</u>	<u>84,000</u>	<u>84,000,102</u>	<u>84,000</u>

Punch Taverns (PMH) Limited

Period ended 23 August 2014

NOTES TO THE FINANCIAL STATEMENTS

for the 53 week period ended 23 August 2014

23 RECONCILIATION OF SHAREHOLDER'S DEFICIT AND MOVEMENTS ON RESERVES

						Total
	Share Capital	Hedge Reserve	Revaluation	Other Capital	Profit & Loss	Shareholder's
	£000	£000	Reserve	Reserve	Account	(deficit) / funds
			£000	£000	£000	£000
At 18 August 2012	84,000	(30,196)	201,231	7,647	(157,888)	104,794
Total gains for the period	-	30,196	(11,204)	-	(1,913)	17,079
Transfers on disposal of fixed assets	-	-	(9,048)	-	9,048	-
At 17 August 2013	84,000	-	180,979	7,647	(150,753)	121,873
Total losses for the period	-	-	(103,035)	-	(38,689)	(141,724)
Transfers on disposal of fixed assets	-	-	(1,279)	-	1,279	-
At 23 August 2014	84,000	-	76,665	7,647	(188,163)	(19,851)

Company

	Share Capital	Share Premium	Profit & Loss	Total
	£000	£000	Account	Shareholder's
			£000	Funds
				£000
At 23 August 2014, 17 August 2013 and 18 August 2012	84,000	91,647	-	175,647

Punch Taverns (PMH) Limited
Period ended 23 August 2014

NOTES TO THE FINANCIAL STATEMENTS
for the 53 week period ended 23 August 2014

24 FINANCIAL COMMITMENTS

	2014	2013
	£000	£000
Contracted not provided	<u>5,243</u>	<u>3,570</u>

At 23 August 2014 the company had annual commitments under non-cancellable operating leases as set out below:

Land and buildings

	2014	2013
	£000	£000
Operating leases which expire:		
In less than one year	78	97
2 - 5 years	214	262
Over five years	713	672
	<u>1,005</u>	<u>1,031</u>

25 RELATED PARTY DISCLOSURES

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

26 POST BALANCE SHEET EVENTS

At 23 August 2014, no obligation exists for dividends declared after that date (August 2013: £nil).

On the 8 October 2014 Punch Taverns plc announced the successful completion of the restructuring process. The directors of Punch Taverns (PMH) Limited believe that the completion of the restructuring creates a robust and sustainable long term structure for the company and the wider Punch B securitisation, with a £0.2 billion reduction in Punch B net debt (including mark-to-market interest rate swaps).

Immediately following completion of the restructuring, the revised debt structure of the Punch B securitisation is set out below:

Class of Notes	Notional	Cash coupon	PIK coupon	Maturity
Super Senior Swap Loan	£49.0m	Libor+0.40 0%	-	2019
A3	£146.9m	0.07369	-	2021
A6	£220.0m	0.05943	-	2022
A7	£149.1m	0.05267	-	2024
B3	£72.9m	0.0775	-	2025
Gross debt	£637.9m			

Glenview and Luxor, two of the seven funds that participated in the Restructuring and Firm Placing, each held, directly or indirectly more than 10 per cent. of the issued share capital of the Company and their participation in the Restructuring and Firm Placing were related party transactions, each of which required the approval of the other shareholders under the Listing Rules. Due to the market purchases and agreements described in the announcement on 5 September 2014, the interests of Glenview and Luxor in the notes issued by the Punch A and Punch B Securitisations and in the issued share capital of Punch have and are expected to change.

Further details of the net debt structure of the Punch B securitisation following completion of the restructuring can be viewed on the Punch Taverns plc website www.punchtavernsplc.com.

27 ULTIMATE PARENT UNDERTAKING

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

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

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

Punch Taverns (PMH) Limited
Period ended 23 August 2014

NOTES TO THE CASH FLOW STATEMENT
for the 53 week period ended 23 August 2014

28 RECONCILIATION OF OPERATING PROFIT / (LOSS) TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	53 week period ended 23 August 2014 £000	52 week period ended 17 August 2013 £000
Operating profit	41,465	111,860
Depreciation and impairment of tangible fixed assets	31,039	9,369
Profit on disposal of fixed assets	6,971	3,922
Amortisation of negative goodwill	(992)	(981)
Increase in debtors	(631)	(351)
Increase / (decrease) in creditors	7,570	(18,568)
NET CASH INFLOW FROM OPERATING ACTIVITIES	85,422	105,251

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	53 week period ended 23 August 2014 £000	52 week period ended 17 August 2013 £000
(Decrease) / increase in cash in the period	(4,718)	8,238
Cash inflow from change in debt financing	44,126	60,047
Change in net debt resulting from cash flows	39,408	68,285
Other non cash movements in net debt	(44,135)	(14,788)
Change in net debt resulting from non cash flows	(44,135)	(14,788)
Movement in net debt	(4,727)	53,497
Net debt at beginning of period	(876,896)	(930,393)
Net debt at end of period	(881,623)	(876,896)

ANALYSIS OF CHANGES IN NET DEBT

	17 August 2013 £000	Cash flow £000	Other non- cash changes £000	23 August 2014 £000
Cash at bank and in hand	76,972	(4,718)	-	72,254
Loans owed to other companies in the Punch Taverns plc group	17,292	10,679	(31,548)	(3,577)
Other loans	(932,197)	33,447	(2,130)	(900,880)
Derivative financial instrument	(38,963)	-	(10,457)	(49,420)
	(876,896)	39,408	(44,135)	(881,623)