

Pubmaster Holdings Limited
Annual report
for the year ended 29 September 2002

Registered Number 3720775



Pubmaster Holdings Limited

Annual report

for the year ended 29 September 2002

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Pubmaster Holdings Limited

Directors' report for the year ended 29 September 2002

The directors present their annual report and the audited financial statements of the company for the year ended 29 September 2002.

Principal activities

The company's principal activity during the year was that of an intermediate holding company.

Review of the business

The company has not traded since its incorporation and consequently has made neither a profit nor a loss.

Directors and their interests

The directors who held office during the year were as follows:

Mr F E J G Brackenbury CBE

Mr J R Sands

SPV Management Limited

Mr R Turnbull

The directors hold no beneficial interest in the shares of the company. The beneficial interests of the directors at the end of the year in the shares of the ultimate parent undertaking, Pubmistress Limited, are disclosed in the annual report of that company.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 29 September 2002 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that 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 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Following the conversion of the auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 16 January 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors. A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

By order of the Board



A Cross
Secretary

16 January 2003

Pubmaster Holdings Limited

Independent auditors' report to the members of Pubmaster Holdings Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes which have been prepared under the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This opinion has been prepared for and only for the company's members in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

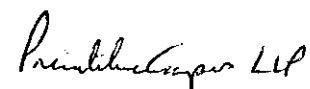
Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 29 September 2002 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Newcastle upon Tyne

16 January 2003

Pubmaster Holdings Limited

Profit and loss account for the year ended 29 September 2002

| | Note | 2002 £'000 | 2001 £'000 |
|---|------|---------------|---------------|
| Net operating costs | 1 | - | - |
| Profit/(loss) on ordinary activities before taxation | | - | - |
| Tax on profit on ordinary activities | | - | - |
| Retained profit/(loss) for the financial year | | - | - |

The company has no recognised gains and losses other than the results above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

Pubmaster Holdings Limited

Balance sheet as at 29 September 2002

| | Note | 2002 £'000 | 2001 £'000 |
|---|------|---------------|---------------|
| Fixed assets | | | |
| Investments | 3 | 84,000 | 84,000 |
| Net assets | | 84,000 | 84,000 |
| Capital and reserves | | | |
| Called up share capital | 4 | 84,000 | 84,000 |
| Total equity shareholders' funds | | 84,000 | 84,000 |

The financial statements on pages 3 to 8 were approved by the board of directors on 16 January 2003 and were signed on its behalf by:



J R Sands
Director

Pubmaster Holdings Limited

Accounting policies

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

Consolidation

The company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements.

Investments

Investments held as fixed assets are carried at cost less any provision for permanent diminution in value.

Cash flow statement

The company is exempt from the requirements of Financial Reporting Standard 1 (Revised 1996) to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of Pubmaster Group Limited and its cash flows are included within the consolidated cash flow statement of Pubmistress Limited, the ultimate parent undertaking at 29 September 2002.

Pubmaster Holdings Limited

Notes to the financial statements for the year ended 29 September 2002

1 Operating costs

| | 2002 | 2001 |
|----------------------------|--------------|--------------|
| | £'000 | £'000 |
| Operating income | (15) | (13) |
| Other operating charges | 15 | 13 |
| Net operating costs | - | - |

2 Directors' emoluments

None of the directors received any remuneration from the company during the year (2001: £Nil).

3 Investments

| | 2002 | 2001 |
|--|---------------|---------------|
| | £'000 | £'000 |
| Cost and net book amount | | |
| At 29 September 2002 and 1 October 2001 | 84,000 | 84,000 |

Pubmaster Holdings Limited

3 Investments (continued)

The company owns the following wholly owned subsidiary undertakings:

| Subsidiary undertaking | Country of registration or incorporation | Principal activity | Class and percentage of shares held |
|---|--|---------------------------|-------------------------------------|
| Held by Pubmaster Holdings Limited | | | |
| Pubmaster Limited | England | Operator of public houses | Ordinary 100% |
| Pubmaster Finance Limited | Cayman Islands | Finance | Ordinary 100% |
| Held by subsidiary undertakings | | | |
| Cousin of Pubmaster Limited | England | Property management | Deferred 100% Ordinary 100% |
| Son of Pubmaster Limited | England | Non-trading | Ordinary 100% |
| Daughter of Pubmaster Limited | England | Non-trading | Ordinary 100% |
| Mercury Taverns (Holdings) Limited | England | Non-trading | Ordinary 100% |
| Mercury Taverns plc | England | Non-trading | Ordinary 100% |

4 Share capital

| | 2002 | 2001 |
|---|-------------------|------------|
| | £ | £ |
| Authorised, allotted, called up and fully paid | | |
| 84,000,100 Ordinary shares of £1 each | 84,000,100 | 84,000,100 |

5 Contingent liabilities

Under the terms of a Trust Deed dated 30 June 1999 (as amended 17 February 2000), the company has guaranteed the payments of principal of, and interest on, the loan notes issued by Pubmaster Finance Limited. The total outstanding indebtedness of the loan notes at 29 September 2002 was £379,000,000 (2001: £379,000,000).

Pubmaster Holdings Limited

6 Related party transactions

Transactions with other companies within the Pubmistress Limited group are not disclosed as the company has taken advantage of the exemption available under Financial Reporting Standard 8 "Related Party Disclosures".

7 Post balance sheet event

On 29 October 2002 the company acquired the entire share capital of Sister of Pubmaster Limited (formerly Velvetbright Limited) for consideration of £1. This was settled in cash.

8 Ultimate parent undertaking

The immediate parent undertaking is Pubmaster Group Limited.

The ultimate parent undertaking and controlling party as at 29 September 2002 is Pubmistress Limited, a company registered in England and Wales. Copies of Pubmistress Limited consolidated financial statements can be obtained from The Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3HZ.