

3982441

**Punch Taverns (PGE) Limited**  
**Report and Financial Statements**  
**20 August 2005**



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COMPANIES HOUSE

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17/3/06<sup>944</sup>

**Punch Taverns (PGE) Limited**  
**Period ended 20 August 2005**

Registered No. 3982441

**DIRECTORS**

D Kemp  
R McDonald  
N Preston  
G Thorley

**SECRETARY**

S Rudd

**AUDITORS**

Ernst & Young LLP  
No. 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 (PGE) Limited**  
**Period ended 20 August 2005**

**DIRECTORS' REPORT**

The directors present their report and financial statements for the 52 week period ended 20 August 2005.

**CHANGE OF NAME**

On 2 September 2004 a written resolution was passed to change the company name from Punch Group (Equity) Limited to Punch Taverns (PGE) Limited.

**RESULTS AND DIVIDENDS**

The loss for the financial period amounted to £13,009,000 (2004: loss of £19,693,000). The directors do not propose the payment of a dividend (2004: £nil).

During the period the company was impacted by a group refinancing. As a result, the company acquired Punch Taverns (PMG) Limited from another group company for consideration of £362,762,000, issued one ordinary share for consideration of £33,052,000 (being settled by the receipt of the entire issued share capital of Punch Taverns (Centrum) Limited), giving rise to a share premium of £33,052,000, one ordinary share for a consideration of £58,595,000 (being settled by the receipt of the entire issued share capital of InnSpired Group Limited), giving rise to a share premium of £58,595,000, and increased its investment in Punch Taverns (PGRH) Limited through a capital contribution of £177,511,000.

On 8 August 2005 the company acquired the entire issued share capital of Avebury Holdings Limited for consideration of £122,892,000.

On 5 January 2006, subsequent to the year end, one of the company's subsidiaries completed the acquisition of Spirit Group Holdings Limited. Spirit is one of the UK's leading managed pub companies with an estate of 1,832 pubs located across Great Britain.

**PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS**

The principal activity of the company is as a holding company.

**DIRECTORS AND THEIR INTERESTS**

The directors of the company who served during the period are listed on page 1.

None of the directors had any declarable interest in the shares of the company at 20 August 2005 or 21 August 2004.


The beneficial interests of Directors who held office at 20 August 2005 in the shares of Punch Taverns plc are shown below:

	<i>At 20 August 2005</i>		<i>At 21 August 2004</i>	
	Ord Shares	Ord Share Options	Ord Shares	Ord Share Options
D Kemp	29,945	158,339	28,139	154,871
R McDonald	55,566	187,422	47,203	320,650
N Preston	2,205	57,449	1,044	60,587
G Thorley	<u>150,441</u>	<u>3,356,474</u>	<u>138,044</u>	<u>5,314,004</u>

**AUDITORS**

A resolution to re-appoint Ernst & Young LLP as the company's auditors will be put to the forthcoming Annual General Meeting.

On behalf of the board

  
R J McDonald  
Director  
24 February 2006

**Punch Taverns (PGE) Limited**  
**Period ended 20 August 2005**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

**Punch Taverns (PGE) Limited**  
**Period ended 20 August 2005**

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

We have audited the company's financial statements for the period ended 20 August 2005 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 16. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

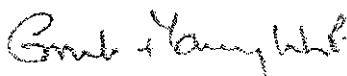
**Basis of audit opinion**

We conducted our audit in accordance with United Kingdom 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 affairs of the company as at 20 August 2005 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP  
Registered Auditor  
Birmingham  
24 February 2006

**Punch Taverns (PGE) Limited**  
**Period ended 20 August 2005**

**PROFIT & LOSS ACCOUNT**  
for the 52 week period ended 20 August 2005

	<i>Notes</i>	52 week period ended 20 August 2005 £000	52 week period ended 21 August 2004 £000
Interest receivable	4	49,390	26,092
Interest payable	5	(67,974)	(54,194)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(18,584)	(28,102)
Tax on loss on ordinary activities	6	5,575	8,409
<b>LOSS TRANSFERRED TO RESERVES</b>	12	(13,009)	(19,693)


The profit and loss account above relates to continuing activities.

There are no recognised gains and losses other than those shown above.

**Punch Taverns (PGE) Limited**  
**Period ended 20 August 2005**

**BALANCE SHEET**  
at 20 August 2005

	<i>Notes</i>	20 August 2005 £000	21 August 2004 £000
<b>FIXED ASSETS</b>			
Investments	7	3,936,990	3,182,178
<b>CURRENT ASSETS</b>			
Debtors due within one year	8	48,697	41,831
Debtors due after more than one year	8	1,148,857	950,870
Cash at bank and in hand		83,884	1,767
		1,281,438	994,468
<b>CREDITORS: amounts falling due within one year</b>	9	(960,811)	(533,802)
<b>NET CURRENT ASSETS</b>		320,627	460,666
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		4,257,617	3,642,844
<b>CREDITORS: amounts falling due after more than one year</b>	10	(1,069,519)	(533,384)
<b>NET ASSETS</b>		3,188,098	3,109,460
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	62,599	62,599
Share premium	12	3,236,119	3,144,472
Profit and loss account	12	(110,620)	(97,611)
<b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>	12	3,188,098	3,109,460

  
R J McDonald  
Director  
24 February 2006

**Punch Taverns (PGE) Limited**  
**Period ended 20 August 2005**

**NOTES TO THE FINANCIAL STATEMENTS**  
for the 52 week period ended 20 August 2005

**1. ACCOUNTING POLICIES**

*Basis of preparation*

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

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

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

*Group financial statements*

The company is exempt, under s228 of the Companies Act 1985, from the obligation to prepare consolidated financial statements as the company is a wholly owned subsidiary undertaking of a parent company incorporated in the EU, which prepares consolidated financial statements. As such, these financial statements present information about the company as an individual undertaking and not about its group.

*Fixed assets investments*

Investments in subsidiary undertakings are included at cost, less provisions for impairment in value.

*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.

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.

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.

**2. OPERATING PROFIT**

Auditor's remuneration is paid by another company within the Punch Taverns group.



**Punch Taverns (PGE) Limited**  
**Period ended 20 August 2005**

**NOTES TO THE FINANCIAL STATEMENTS**  
for the 52 week period ended 20 August 2005

**3. DIRECTORS' EMOLUMENTS AND STAFF COSTS**

The directors received no emoluments from the company in the current or preceding period. The company had no employees during the current or preceding period.

**4. INTEREST RECEIVABLE**

	2005 £000	2004 £000
Bank interest receivable	212	104
Amounts received from group undertakings	49,178	25,988
	<u>49,390</u>	<u>26,092</u>

**5. INTEREST PAYABLE**

	2005 £000	2004 £000
Amounts payable to parent undertaking	61,392	53,210
Amounts payable to group undertakings	6,582	984
	<u>67,974</u>	<u>54,194</u>

**6. TAXATION**

	2005 £000	2004 £000
The credit for tax on the loss for the period comprises:		
UK corporation tax:		
- group relief receivable	5,575	8,431
- prior period adjustment	-	(22)
	<u>5,575</u>	<u>8,409</u>

The current period tax credit arises from the surrender of losses to other group companies for group relief. This is exactly 30% of the company's pre tax losses for the current and preceding period.

There is no provided or unprovided deferred tax as at 20 August 2005 (2004: nil).

**Punch Taverns (PGE) Limited**  
**Period ended 20 August 2005**

**NOTES TO THE FINANCIAL STATEMENTS**  
for the 52 week period ended 20 August 2005

**7. INVESTMENTS**

	Shares in subsidiary undertakings £000
<b>Cost:</b>	
At 21 August 2004	3,182,178
Additions	754,812
At 20 August 2005	<u>3,936,990</u>

Additions in the period relate to the acquisition of Punch Taverns (PMG) Limited (£362,762,000), Punch Taverns (Centrum) Limited (£33,052,000) and InnSpired Group Limited (£58,595,000) as part of a group reconstruction. A capital contribution of £177,511,000 was made to Punch Taverns (PGRH) Limited as part of this group reconstruction, and the entire issued share capital of Avebury Holdings Limited was also acquired in the period for consideration of £122,892,000.

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

<i>Name of company</i>	<i>Nature of business</i>
<b>Owned directly:</b>	
Punch Taverns (PGRP) Limited	Pub operating company
Punch Taverns (PGRH) Limited	Intermediate holding company
Punch Taverns Group Limited	Holding company
Punch Taverns (PPCS) Limited	Intermediate supply company
Punch Centrum Intermediate Holdings Limited	Intermediate holding company
Punch Jubilee Intermediate Holdings Limited	Intermediate holding company
Punch Taverns Reserve Company Limited	Intermediate holding company
Punch Taverns Barton Intermediate Holding Company Limited	Intermediate holding company
Punch Taverns (PMG) Limited	Intermediate holding company
Avebury Holdings Limited	Intermediate holding company
<b>Directly or indirectly owned in subsidiary companies:</b>	
Punch Taverns (PTL) Limited	Pub operating company
Punch Taverns (Centrum) Limited	Pub operating company
Punch Taverns (Jubilee) Limited	Pub operating company
Punch Taverns (Barton) Limited	Pub operating company
Punch Taverns (SPML) Limited	Pub operating company
Punch Taverns (PML) Limited	Pub operating company
InnSpired Pubs Limited (formerly InnSpired Pubs plc)	Pub operating company
InnSpired Taverns Limited	Pub operating company
Avebury Taverns Limited	Pub operating company
InnSpired Group Limited	Intermediate holding company
Punch Taverns Finance plc	Financing company
Punch Centrum Loan Company Limited	Financing company
Punch Taverns Barton Loan Company Limited	Financing company
Punch Taverns Finance B Limited (formerly Pubmaster Finance Limited)	Financing company
Avebury Properties Limited	Financing and property company
Punch Taverns (Offices) Limited	Property company
GRS Inns Limited	Pub retailing company

All of the above are incorporated within England and Wales, other than Avebury Holdings Limited and Avebury Properties Limited which are incorporated in Guernsey.

**Punch Taverns (PGE) Limited**  
**Period ended 20 August 2005**

**NOTES TO THE FINANCIAL STATEMENTS**  
for the 52 week period ended 20 August 2005

**8. DEBTORS: amounts due within one year**

	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
Tax and social security	31	31
Corporation tax -- group relief	47,375	41,800
Prepayments	137	-
Other debtors	1,154	-
	<u>48,697</u>	<u>41,831</u>

**DEBTORS: amounts due after more than one year**

	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
Amounts due from parent undertaking	217,220	215,501
Amounts due from group undertakings	447,141	392,599
Subordinated loan	484,496	342,770
	<u>1,148,857</u>	<u>950,870</u>

The subordinated loans with fellow group undertakings accrue interest at 11% per annum which is capitalised quarterly in arrears.

**9. CREDITORS: amounts falling due within one year**

	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
Debentures	41,250	-
Amounts due to parent undertaking	25,167	22,013
Amounts due to group undertakings	891,385	511,789
Other creditors	3,009	-
	<u>960,811</u>	<u>533,802</u>

The amount due to the parent undertaking includes a loan which bears interest at LIBOR plus 2.75%.

**10. CREDITORS: amounts falling due after more than one year**

	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
Amounts due to parent undertaking:		
Debenture	530,387	513,400
Subordinated Loan	96,566	19,984
Loans owed to group undertaking	442,566	-
	<u>1,069,519</u>	<u>533,384</u>

The amounts due after one year include a subordinated loan with a fellow group undertaking. The loan accrues interest at 11% per annum and interest is capitalised quarterly in arrears.

**Punch Taverns (PGE) Limited**  
**Period ended 20 August 2005**

**NOTES TO THE FINANCIAL STATEMENTS**  
for the 52 week period ended 20 August 2005

**10. CREDITORS: amounts falling due after more than one year (continued)**

The amount due to parent undertaking after one year relates to a debenture issued by the company. The maturity and details of the debenture are given below:

Tranche:	2005 £000	2004 £000	Repayment Date	Interest Rate
<i>Due within one year:</i>				
Tranche D	41,250	-	30 September 2005	15% p.a.
<i>Due between two and five years:</i>				
Tranche C	334,218	289,210	5 October 2006	15% p.a.
Tranche D	-	35,695	30 September 2005	15% p.a.
Other Tranches	126,409	126,409	Various between 2-5 years	Nil
<i>Due after five years:</i>				
Tranche A	69,760	62,086	30 September 2009	12% p.a.
	<u>571,637</u>	<u>513,400</u>		

The debenture has been secured by way of fixed and floating charge over various assets of the group companies.

**11. SHARE CAPITAL**

	2005 No.	2005 £000	2004 No.	2004 £000
<i>Authorised</i>				
Deferred shares of £0.05	2,000,000,000	100,000	2,000,000,000	100,000
Special dividend shares of £0.05	1	-	1	-
	<u>2005 No.</u>	<u>2005 £000</u>	<u>2004 No.</u>	<u>2004 £000</u>
<i>Allotted, called up and fully paid</i>				
Deferred shares of £0.05	1,251,983,344	62,599	1,251,983,344	62,599
Special dividend shares of £0.05	1	-	1	-

The special dividend share confers the right to receive a special dividend or dividends of an amount not exceeding £108m, in aggregate in priority to any other distribution of income or capital by the company on a date or dates to be determined by the directors, but no other right to income, capital or voting, save that if all the other shares in the capital of the company are deferred shares, the special dividend share shall carry one vote.

The deferred shares do not carry any right to participate in the profits of the company or to receive notice of or attend, speak or vote at general meetings, and carry a right to a return of capital on a winding-up after payments have been made to holders of the special dividend share.

**Punch Taverns (PGE) Limited**  
**Period ended 20 August 2005**

**NOTES TO THE FINANCIAL STATEMENTS**  
for the 52 week period ended 20 August 2005

**12. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES**

	Share Capital	Share Premium	Profit & Loss Account	Total Share- holders' Funds
	£000	£000	£000	£000
At 23 August 2003	62,599	313,203	(77,918)	297,884
Loss for the period	-	-	(19,693)	(19,693)
Transfers	-	2,831,269	-	2,831,269
At 21 August 2004	62,599	3,144,472	(97,611)	3,109,460
Loss for the period	-	-	(13,009)	(13,009)
Premium on shares issued in the period	-	91,647	-	91,647
At 20 August 2005	62,599	3,236,119	(110,620)	3,188,098

During the period, the company issued one share for consideration of £33,052,000 (being settled by the receipt of the entire issued share capital of Punch Taverns (Centrum) Limited), giving rise to a share premium of £33,052,000, and one share for consideration of £58,595,000 (being settled by the receipt of the entire issued share capital of InnSpired Group Limited), giving rise to a share premium of £58,595,000.

**13. CASH FLOW STATEMENT**

In accordance with Paragraph 5 of FRS 1 (Revised) these financial statements do not include a cash flow statement as the company is a subsidiary undertaking of Punch Taverns plc which publishes a consolidated cash flow statement.

**14. 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 part of the Punch Taverns plc Group or investees of the group. There were no other related party transactions during the period.

**15. 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 is the only group of undertakings for which group financial statements are drawn up and of which the company is a member.

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

**16. POST BALANCE SHEET EVENTS**

On 5 January 2006, subsequent to the year end, one of the company's subsidiaries completed the acquisition of Spirit Group Holdings Limited. Spirit is one of the UK's leading managed pub companies with an estate of 1,832 pubs located across Great Britain.