

4914762

Spirit Intermediate Holdings Limited
Report and Financial Statements

18 August 2007



Spirit Intermediate Holdings Limited
Period ended 18 August 2007

Registered No 4914762

DIRECTORS

R McDonald (resigned 17 October 2007)
N Preston
G Thorley
P Dutton (appointed 17 October 2007)

SECRETARY

T Kendall

AUDITORS

Ernst & Young LLP
1 Colmore Square
Birmingham
B4 6HQ

BANKERS

Barclays Bank PLC
15 Colmore Row
Birmingham
B3 2EP

SOLICITORS

Slaughter & May
One Bunhill Row
London
EC1Y 8YY

REGISTERED OFFICE

107 Station Street
Burton Upon Trent
Staffordshire
DE14 1BZ

Spirit Intermediate Holdings Limited

Period ended 18 August 2007

DIRECTORS' REPORT

The directors present their report and financial statements for the 52 week period ended 18 August 2007

RESULTS AND DIVIDENDS

The loss for the period after taxation amounted to £11,699,000 (2006 £32,792,000) The directors do not propose payment of a dividend (2006 £nil)

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company's principal activity is that of an intermediate holding company

The company received a capital contribution of £2,000,000 from Spint Group Holdings Limited, and made a capital contribution of £2,000,000 to Spint Group Parent Limited

DIRECTORS

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

A third party indemnity provision (as defined in section 309B(1) of the Companies Act 1985) is in force for the benefit of directors

AUDIT INFORMATION

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

AUDITORS

The company has elected to dispense with the obligation to appoint auditors annually under section 386 of the Companies Act 1985

On behalf of the Board



P Dutton
Director
12 June 2008

Spirit Intermediate Holdings Limited
Period ended 18 August 2007

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the 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 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 proper accounting records that 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.

Spirit Intermediate Holdings Limited
Period ended 18 August 2007

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF SPIRIT INTERMEDIATE HOLDINGS LIMITED**

We have audited the company's financial statements for the period ended 18 August 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 15. These financial statements have been prepared under 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

The directors' responsibilities for preparing the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the 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 International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 18 August 2007 and of its loss for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Birmingham

13 June 2008

Spirit Intermediate Holdings Limited
Period ended 18 August 2007

PROFIT AND LOSS ACCOUNT

for the 52 week period ended 18 August 2007

	<i>Notes</i>	52 week period ended 18 August 2007 £000	52 week period ended 19 August 2006 £000
Administrative expenses		-	(122)
OPERATING LOSS	2	-	(122)
Interest receivable and similar income	4	181	288
Interest payable and similar charges	5	(14,951)	(34,318)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(14,770)	(34,152)
Tax on loss on ordinary activities	6	3,071	1,360
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	12	(11,699)	(32,792)

The profit and loss account relates to continuing activities

There are no recognised gains or losses other than those shown above

Spirit Intermediate Holdings Limited
Period ended 18 August 2007

BALANCE SHEET
as at 18 August 2007

	<i>Notes</i>	18 August 2007 £000	19 August 2006 £000
FIXED ASSETS			
Investments	7	373,167	364,167
CURRENT ASSETS			
Debtors amounts falling due in less than one year	8	17,198	14,060
Debtors amounts falling due after more than one year	8	15,257	11,671
Cash at bank and in hand		16	4,125
		<u>32,471</u>	<u>29,856</u>
CREDITORS amounts falling due in less than one year	9	(13,681)	-
NET CURRENT ASSETS		<u>18,790</u>	<u>29,856</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>391,957</u>	<u>394,023</u>
CREDITORS amounts falling due after more than one year	10	(330,107)	(329,474)
NET ASSETS		<u>61,850</u>	<u>64,549</u>
CAPITAL AND RESERVES			
Called up share capital	11	157,000	150,000
Capital reserves	12	2,001	1
Profit and loss account	12	(97,151)	(85,452)
SHAREHOLDERS' FUNDS	12	<u>61,850</u>	<u>64,549</u>



P Dutton
Director
12 June 2008

Spirit Intermediate Holdings Limited

Period ended 18 August 2007

NOTES TO THE FINANCIAL STATEMENTS

for the 52 week period ended 18 August 2007

1 ACCOUNTING POLICIES

Basis of preparation

These 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

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

Fixed asset investments

Investments are stated at cost, less provision for impairment in value

2 OPERATING LOSS

Auditor's remuneration is paid by another company within the Punch Taverns group in the current and preceding periods

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 AND SIMILAR INCOME

	52 week period ended 18 August 2007 £000	52 week period ended 19 August 2006 £000
Bank interest receivable	181	288

Spirit Intermediate Holdings Limited
Period ended 18 August 2007

NOTES TO THE FINANCIAL STATEMENTS
for the 52 week period ended 18 August 2007

5 INTEREST PAYABLE AND SIMILAR CHARGES

	52 week period ended 18 August 2007 £000	52 week period ended 19 August 2006 £000
Other loans	-	18,856
Termination of financing arrangements	-	2,997
Interest payable to group undertakings	14,951	12,465
	<u>14,951</u>	<u>34,318</u>

6 TAXATION

	52 week period ended 18 August 2007 £000	52 week period ended 19 August 2006 £000
UK corporation tax		
- group relief surrendered	(4,431)	(1,360)
- prior period under-provision	1,360	-
	<u>(3,071)</u>	<u>(1,360)</u>

Reconciliation of tax credits

	52 week period ended 18 August 2007 £000	52 week period ended 19 August 2006 £000
Loss on ordinary activities before taxation	<u>(14,770)</u>	<u>(34,152)</u>
Loss on ordinary activities at standard rate of corporation tax in the UK (30%)	(4,431)	(10,246)
<i>Effects of</i>		
Current year losses carried forward	-	8,886
Adjustment in respect of previous periods	1,360	-
Current tax credit for the period	<u>(3,071)</u>	<u>(1,360)</u>

The unprovided deferred tax asset as at 18 August 2007 is £34,400,000 (August 2006 £30,190,000) This asset has not been recognised due to the uncertainty of future taxable profits

There are no factors which would be expected to affect future tax charges materially

Spirit Intermediate Holdings Limited
Period ended 18 August 2007

NOTES TO THE FINANCIAL STATEMENTS
for the 52 week period ended 18 August 2007

7. FIXED ASSET INVESTMENTS

	Shares in subsidiary undertakings £000
Cost and net book value	
At 19 August 2006	364,167
Additions	9,000
At 18 August 2007	<u>373,167</u>

During the period, the company subscribed for shares to the value of £7,000,000 in its immediate subsidiary undertaking, Spirit Group Parent Limited. The company also made a capital contribution of £2,000,000 to its immediate subsidiary undertaking, Spirit Group Parent Limited, using funds received from its immediate parent company.

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

Subsidiary undertaking	Principal activity
<i>Held directly</i>	
Spirit Group Parent Limited	Holding company
<i>Held indirectly</i>	
Spirit Managed Holdings Limited	Holding company
Spirit Group Limited	Management and administrative company
Spirit Group Equity Limited	Holding company
Spirit Managed Funding Limited	Holding company
Spirit Managed Inns Limited	Pub retailing
Spirit Managed Pubs Limited	Pub retailing
Spirit Acquisition Properties Limited	Holding company
Spirit (Faith) Limited	Pub retailing
Spirit (Lodges Holdings) Limited	Holding company
Aspect Ventures Limited	Property management
<i>Joint venture:</i>	
Allied Kunick Entertainments Limited	Property management

The company owns 100% of the ordinary share capital, directly or indirectly, with the exception of the joint venture noted above which is 51% owned, and Spirit Acquisition Guarantee Limited, which is a company limited by guarantee (over which Punch Taverns Group has control).

All companies are incorporated in England and Wales.

In addition to the investments listed above, the company also maintains day-to-day control over Spirit Issuer Parent Limited and its wholly owned subsidiary, Spirit Issuer plc, a Special Purpose Vehicle set up purely for the refinancing in the prior year.

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

Spirit Intermediate Holdings Limited
Period ended 18 August 2007

NOTES TO THE FINANCIAL STATEMENTS
for the 52 week period ended 18 August 2007

8. DEBTORS amounts falling due in less than one year

	2007 £000	2006 £000
Amounts due from group undertakings	17,131	14,060
Social security and other taxes	67	-
	<u>17,198</u>	<u>14,060</u>

DEBTORS amounts falling due after more than one year

	2007 £000	2006 £000
Amounts due from group undertakings	<u>15,257</u>	<u>11,671</u>

9 CREDITORS amounts falling due in less than one year

	2007 £000	2006 £000
Amounts owed to group undertakings	<u>13,681</u>	<u>-</u>

10 CREDITORS amounts falling due after more than one year

	2007 £000	2006 £000
Amounts owed to group undertakings	<u>330,107</u>	<u>329,474</u>

Included within amounts owed to group undertakings is a loan from fellow group company, Spirit Group Parent Limited, of £228,545,000 (2006 £nil) Interest accrues at 7% per annum This loan is new in the period

Also included within amounts owed to group undertakings is a non-interest bearing loan from fellow group company, Spirit Managed Inns Limited, of £86,474,000 This loan is new in the period

Also included within amounts owed to group undertakings is a loan from fellow group company, Punch Taverns (Redwood Bidco) Limited, of £nil (2006 £300,068,000) Interest accrued at 7% per annum This loan was fully repaid in the period

11 SHARE CAPITAL

	2007 No (000)	2007 £000	2006 No (000)	2006 £000
<i>Authorised</i>				
Ordinary shares of £0 00001 each	<u>15,700,000,400</u>	<u>157,000</u>	<u>15,000,000,400</u>	<u>150,000</u>
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £0 00001 each	<u>15,700,000,400</u>	<u>157,000</u>	<u>15,000,000,400</u>	<u>150,000</u>

On 21 September 2006, the authorised share capital was increased by 700,000,000,000 ordinary £0 00001 shares These were allotted at par and fully paid in cash on that same day

Spirit Intermediate Holdings Limited
Period ended 18 August 2007

NOTES TO THE FINANCIAL STATEMENTS
for the 52 week period ended 18 August 2007

12 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Share Capital £000	Capital Reserves £000	Profit & Loss Account £000	Total Share- holders' Funds £000
At 20 August 2005	-	1	(52,660)	(52,659)
Shares issued	150,000	-	-	150,000
Loss for the period	-	-	(32,792)	(32,792)
At 19 August 2006	150,000	1	(85,452)	64,549
Issue of shares	7,000	-	-	7,000
Capital contribution received	-	2,000	-	2,000
Loss for the period	-	-	(11,699)	(11,699)
At 18 August 2007	157,000	2,001	(97,151)	61,850

During the period, the company received a capital contribution of £2,000,000 from its immediate parent undertaking, Spirit Group Holdings Limited

13 CASH FLOW STATEMENT

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its ultimate parent company (Punch Taverns plc) publishes consolidated financial statements

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 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.

