

PW No4 Limited

Report and Financial Statements

Period ended

31 May 2006

Registered number 5504001

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PW No4 Limited

Annual report and financial statements for the period ended 31 May 2006

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Directors

T J Evans
S L Gumm

Secretary and registered office

S L Gumm, Cavendish House, 18 Cavendish Square, London W1G 0PJ

Company number

5504001

Auditors

BDO Stoy Hayward LLP, Emerald House, East Street, Epsom, Surrey KT17 1HS

PW No4 Limited

Report of the directors for the period ended 31 May 2006

The directors present their report together with the audited financial statements for the period ended 31 May 2006.

Date of incorporation

The company was incorporated on 8 July 2005.

Results and dividends

The results of the company are set out in the profit and loss account on page 6 and show a loss after tax for the period of £945,009.

The directors do not recommend the payment of a final dividend.

The results relate to the period from the date of incorporation on 8 July 2005 to 31 May 2006. The company's accounting period was shortened to end on 31 May 2006 in order to fall into line with that of the company's ultimate parent company Prestbury Wentworth Holdings Limited.

Principal activities, review of business and future developments

The principal activity of the company is that of property investment in the United Kingdom.

On 29 July 2005, the company acquired a portfolio of 24 public houses from its immediate parent, Prestbury Wentworth Portfolio Limited for a consideration of £67,274,000, their market value at that time. The acquisitions were financed by loans provided by the same company.

On 18 January 2006, two investment properties were sold to a third party for a consideration of £2,650,000. The net cash proceeds were applied in part repayment of the intragroup loans in order to put Prestbury Wentworth Limited, an intermediate parent company in funds to part repay the group's secured bank debt.

The directors are satisfied with the performance of the company in the period.

There have been no events since the balance sheet date that materially affect the financial position of the company.

Directors

The directors who held office during the period were:

| | |
|----------------------------|--|
| T J Evans | (appointed 11 July 2005) |
| S L Gumm | (appointed 11 July 2005) |
| Huntsmoor Limited | (appointed 8 July 2005; resigned 12 July 2005) |
| Huntsmoor Nominees Limited | (appointed 8 July 2005; resigned 12 July 2005) |

No director had any interest in the issued share capital of the company during the period, except for Huntsmoor Nominees Limited, who held the initial subscriber share from 8 July 2005 until 12 July 2005.

S L Gumm is also a director of the ultimate parent company, Prestbury Wentworth Holdings Limited, and her interests in the share capital of that company, if any, are shown in its financial statements.

Report of the directors for the period ended 31 May 2006 (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and 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 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; 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.

Auditors

Both of the current directors have taken all steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. *The directors are not aware of any relevant information of which the directors are unaware.*

BDO Stoy Hayward LLP, who were appointed as the first auditors of the company during 2005, have expressed their willingness to continue in office. A resolution to re-appoint them will be proposed at the annual general meeting.

This directors' report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the Board



S. L. Gumm
Director

26 February 2007

Report of the independent auditors

To the shareholders of PW No4 Limited

We have audited the financial statements of PW No4 Limited for the period ended 31 May 2006 on pages 6 to 12, which have been prepared under the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom 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 have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with those financial statements. We also 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 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 May 2006 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.


BDO STOY HAYWARD LLP
Chartered Accountants and Registered Auditors
Epsom

26 February 2007

PW No4 Limited

Profit and loss account for the period ended 31 May 2006

| | Note | Period from 8 July 2005 to 31 May 2006 £ |
|--|------|---|
| Turnover | 1 | 2,808,541 |
| Cost of sales - direct property costs | | (4,327) |
| Gross profit | | 2,804,214 |
| Other income | | 244 |
| Operating profit | | 2,804,458 |
| Deficit on sale of investment properties | 3 | (296,306) |
| Profit on ordinary activities before interest | | 2,508,152 |
| Interest receivable and similar income | | 167,340 |
| Interest payable and similar charges | 4 | (3,620,501) |
| Loss on ordinary activities before taxation | | (945,009) |
| Taxation on loss from ordinary activities | 5 | - |
| Loss on ordinary activities after taxation | 11 | (945,009) |

All amounts relate to continuing activities, arising from property acquisitions in the period.

There were no differences between historical cost loss and reported loss on ordinary activities for the period.

The notes on pages 9 to 12 form part of the financial statements.

PW No4 Limited

Statement of total recognised gains and losses and reconciliation of movements in shareholders' deficit for the period ended 31 May 2006

| | | Period from 8 July 2005 to 31 May 2006 £ |
|--|------|---|
| Statement of total recognised gains and losses | Note | |
| Loss for the period | 11 | (945,009) |
| Unrealised deficit on revaluation of investment properties | 11 | (1,384,670) |
| Total recognised gains and losses for the period | | <u>(2,329,679)</u> |

| | | Period from 8 July 2005 to 31 May 2006 £ |
|--|----|---|
| Reconciliation of movements in shareholders' deficit | | |
| Loss for the period | 11 | (945,009) |
| Ordinary share issued | 10 | 1 |
| Unrealised deficit on revaluation of investment properties | 11 | (1,384,670) |
| Net decrease in shareholders' funds | | <u>(2,329,678)</u> |
| Opening shareholders' funds | | - |
| Closing shareholders' deficit | | <u>(2,329,678)</u> |

The notes on pages 9 to 12 form part of the financial statements.

PW No4 Limited

Balance sheet at 31 May 2006

| | Note | 2006 £ | 2006 £ |
|--|------|-----------|--------------|
| Fixed assets | | | |
| Investment properties | 6 | | 63,000,000 |
| Current assets | | | |
| Debtors due within one year | 7 | 318 | |
| Debtors due after more than one year | 7 | 5,235,512 | |
| | | <hr/> | |
| | | 5,235,830 | |
| Creditors: amounts falling due due within one year | 8 | (208,499) | |
| | | <hr/> | |
| Net current assets | | | 5,027,331 |
| | | | <hr/> |
| Total assets less current liabilities | | | 68,027,331 |
| Creditors: amounts falling due after more than one year | 9 | | (70,357,009) |
| | | | <hr/> |
| Net liabilities | | | (2,329,678) |
| | | | <hr/> |
| Capital and reserves | | | |
| Called up share capital | 10 | | 1 |
| Revaluation reserve | 11 | | (1,384,670) |
| Profit and loss account | 11 | | (945,009) |
| | | | <hr/> |
| Shareholders' deficit | | | (2,329,678) |
| | | | <hr/> |

The financial statements were approved by the Board and authorised for issue on 26 February 2007.



S.L. Gumm
Director

The notes on pages 9 to 12 form part of the financial statements.

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, and are in accordance with applicable accounting standards.

Turnover

Turnover represents rents receivable from investment properties during the period, excluding value added tax.

Turnover is wholly attributable to the principal activity of the company and arises solely in the United Kingdom.

Investment properties

Investment properties are included in the balance sheet at their open market value at the balance sheet date, on the basis of an annual valuation. Aggregate surpluses or deficits arising on valuation are transferred to the revaluation reserve. Permanent diminutions in the value of the properties are charged directly to the profit and loss account.

Additions to investment properties include only costs of a capital nature. Costs such as interest and other property outgoings are treated as revenue expenditure and are written off as incurred.

In accordance with SSAP 19 (as amended), no depreciation or amortisation is provided in respect of freehold or long leasehold investment properties. This treatment is a departure from the requirements of the Companies Act 1985 concerning depreciation of fixed assets. However, the company's investment properties are held not for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy is therefore necessary for the accounts to give a true and fair view. Depreciation or amortisation is only one of the factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that:

- * deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is unable to utilise existing capital losses within the group of which it is a member; and
- * the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

2 Employees, directors and auditors' remuneration

The average number of employees of the company during the period, excluding directors, was nil.

No director received any emoluments from the company during the period.

The auditors' remuneration is borne by a fellow group company.

| 3 Deficit on sale of investment properties | Period from 8 July 2005 to 31 May 2006 £ |
|--|---|
| Net proceeds on sale | 2,593,724 |
| Historical cost of property sold | (2,890,030) |
| | <u>(296,306)</u> |

| 4 Interest payable and similar charges | Period from 8 July 2005 to 31 May 2006 £ |
|--|---|
| Interest on unsecured loans from group undertaking | <u>3,620,501</u> |

5 Taxation

| 5a Taxation on loss from ordinary activities | Period from 8 July 2005 to 31 May 2006 £ |
|--|---|
| <i>Current tax</i> | |
| UK corporation tax on loss | <u>-</u> |

The tax assessed for the period varies from than the standard rate of corporation tax in the UK. The differences are explained below:

| | Period from 8 July 2005 to 31 May 2006 £ |
|---|---|
| Loss on ordinary activities before tax | <u>(945,009)</u> |
| Loss on ordinary activities at the standard rate of corporation tax in the UK of 30% | (283,503) |
| Effects of: | |
| Loss on sale of investment properties | 88,892 |
| Group relief surrendered | 194,611 |
| | <u>-</u> |
| Current tax charge for the period | |

The chargeable gain of £1,491,114 arising on the sale of the investment properties in the period has been transferred by election into Prestbury Wentworth Limited, a fellow group company.

| 5b Unprovided deferred tax liability | Period from 8 July 2005 to 31 May 2006 Unprovided £ |
|---|---|
| Arising on carrying value of investment properties over their indexed tax base cost | <u>8,688,891</u> |

| 6 Fixed assets | Long leasehold land and buildings | Freehold land and buildings | Land and buildings total |
|---|--|--|-------------------------------------|
| Investment properties | £ | £ | £ |
| <i>Cost or valuation</i> | | | |
| Acquisition from immediate parent company in the period | 2,023,000 | 65,251,000 | 67,274,000 |
| Additions in the period | - | 700 | 700 |
| Disposals in the period | - | (2,890,030) | (2,890,030) |
| Deficit on revaluation | (44,000) | (1,340,670) | (1,384,670) |
| | | | |
| At 31 May 2006 | <u>1,979,000</u> | <u>61,021,000</u> | <u>63,000,000</u> |

At 31 May 2006 the company's investment properties were revalued at £63,000,000 on an open market basis by Nick Leslau BSc MRICS, a chartered surveyor and director of the ultimate parent company. The historical cost of the properties is £64,384,670.

The investment properties are held as security by a fixed charge in respect of bank borrowings provided to another group company, Prestbury Wentworth Limited.

| | |
|--|------------------|
| 7 Debtors | 2006 |
| | £ |
| Due within one year | |
| Prepayments and accrued income | 318 |
| | |
| | 318 |
| Due after more than one year | |
| Amounts owed by a fellow group undertaking | 5,235,512 |
| | |
| Total debtors | <u>5,235,830</u> |

The amounts owed by a fellow group undertaking are unsecured, bear interest at a rate of 8.02% and have no fixed repayment date. Accrued interest of £167,225 is included in the balance at 31 May 2006.

| | |
|--|-------------|
| 8 Creditors: Amounts falling due within one year | 2006 |
| | £ |
| Accruals and deferred income | 208,499 |
| | |
| 9 Creditors: Amounts falling due after more than one year | 2006 |
| | £ |
| Amounts owed to immediate parent company | 70,357,009 |

The amounts owed to the immediate parent company are unsecured, bear interest at a rate of 6.45% and have no fixed repayment date. Accrued interest of £3,620,501 is included in the balance at 31 May 2006.

10 Share capital

| | 2006 Number | 2006 £ |
|---|----------------|--------------|
| <i>Authorised</i> | | |
| 1,000 ordinary shares of £1 each | <u>1,000</u> | <u>1,000</u> |
| <i>Allotted, called up and fully paid</i> | | |
| 1 ordinary share of £1 | <u>1</u> | <u>1</u> |

The company was incorporated on 8 July 2005 with an authorised share capital of 1,000 ordinary shares of £1 each. One ordinary share was issued for cash on 8 July 2005.

11 Reserves

| | Revaluation reserve £ | Profit and loss account £ |
|---|-----------------------------|------------------------------------|
| At incorporation | - | - |
| Retained loss for the period | - | (945,009) |
| Deficit on revaluation of investment properties in the period | (1,384,670) | - |
| At 31 May 2006 | <u>(1,384,670)</u> | <u>(945,009)</u> |

12 Related party transactions

The company has taken advantage of the exemption available to wholly owned subsidiary undertakings under Financial Reporting Standard 8, "Related Party Transactions", not to disclose any transactions with entities that are included in the consolidated financial statements of Prestbury Wentworth Holdings Limited.

13 Cash flow statement

The company has used the exemption under Financial Reporting Standard 1, "Cash Flow Statements", not to prepare a cash flow statement, as a consolidated cash flow statement is included in the financial statements of its ultimate parent company.

14 Controlling party information

The company's immediate parent company is Prestbury Wentworth Portfolio Limited. The company's ultimate parent company is Prestbury Wentworth Holdings Limited. Prestbury Wentworth Holdings Limited is a joint venture company incorporated in England and Wales and is not controlled by any one entity or individual. The consolidated accounts of Prestbury Wentworth Holdings Limited are available to the public and may be obtained from the company secretary, Cavendish House, 18 Cavendish Square, London W1G 0PJ.

15 Commitments and contingencies

The company, along with the other subsidiaries of the ultimate parent company, has entered into an agreement with the bankers of a fellow subsidiary company to cross-guarantee the bank loans made to that company. At 31 May 2006 these bank loans amounted to £450,238,221.

Certain tax computations of companies within the group are being enquired into by HM Revenue & Customs. The Directors believe that the tax provisions in these accounts reflect the correct technical position and that no further sums should become payable by any group company once the enquiries are concluded. However, should the Directors' position prove incorrect, tax could become payable by the company for the period.