Registered number: 5504001

PW NO4 LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2013

PW NO4 LIMITED

COMPANY INFORMATION

DIRECTORS	T J Evans S L Gumm
COMPANY SECRETARY	S L Gumm
REGISTERED NUMBER	5504001
REGISTERED OFFICE	Cavendish House 18 Cavendish Square London W1G 0PJ
INDEPENDENT AUDITORS	BDO LLP 2 City Place Beehive Ring Road Gatwick West Sussex RH6 0PA

CONTENTS

	Page
Directors' report	1
Directors' responsibilities statement	2
Independent auditors' report	3 - 4
Profit and loss account	5
Statement of total recognised gains and losses	6
Balance sheet	7
Notes to the financial statements	8 - 14

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MAY 2013

The directors present their report and the financial statements for the year ended 31 May 2013

PRINCIPAL ACTIVITIES

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

DIRECTORS

The directors who served during the year were

T J Evans
S L Gumm

PRINCIPAL RISKS AND UNCERTAINTIES

Market factors

The directors consider the properties owned by the company relatively well placed to withstand market fluctuations over time by virtue of the quality of the assets and, in particular, the longevity of income.

PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information

AUDITORS

BDO LLP have expressed their willingness to continue in office

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006

This report was approved by the board on 28 February 2014 and signed on its behalf

S L Gumm
Director

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MAY 2013

The dırectors are responsıble for preparıng the dırectors' report and the financıal statements ın accordance wıth applıcable law and regulatıons

Company law requıres the dırectors to prepare fınancıal statements for each fınancıal year Under that law the dırectors have elected to prepare the financıal statements ın accordance wıth Unıted Kıngdom Generally Accepted Accountıng Practıce (Unıted Kıngdom Accountıng Standards and applıcable law) Under company law the dırectors must not approve the financıal statements unless they are satısfied that they gıve a true and faır vıew of the state of affaırs of the company and of the profit or loss of the company for that perıod In preparıng these financıal statements, the dırectors are requıred to

- select suıtable accountıng polıcıes and then apply them consıstently,
- make ȷudgments and accountıng estımates that are reasonable and prudent,
- prepare the financıal statements on the goıng concern basıs unless ıt ıs ınappropriate to presume that the company wıll contınue ın busıness

The dırectors are responsıble for keepıng adequate accountıng records that are sufficıent to show and explaın the company's transactıons and dısclose wıth reasonable accuracy at any tıme the financıal posıtıon of the company and enable them to ensure that the financıal statements comply wıth the Companıes Act 2006 They are also responsıble for safeguardıng the assets of the company and hence for takıng reasonable steps for the preventıon and detectıon of fraud and other ırregularıtıes

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PW NO4 LIMITED

We have audited the financial statements of PW No4 Limited for the year ended 31 May 2013, which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes 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 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 explained more fully in the directors' responsibilities statement, 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 company's affairs as at 31 May 2013 and of its loss for the year 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 for the financial year for which the financial statements are prepared is consistent with the financial statements

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PW NO4 LIMITED

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, or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the directors' report and financial statements

BDO

Russell Field (senior statutory auditor)

for and on behalf of
BDO LLP

Statutory auditor
BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

2 City Place
Beehive Ring Road
Gatwick
West Sussex
RH6 0PA

28 February 2014

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MAY 2013

	Note	2013 £	2012 £
TURNOVER	1,2	**3,720,415**	3,737,581
Cost of sales		**(6,441)**	(8,754)
GROSS PROFIT		**3,713,974**	3,728,827
Administrative expenses		**(7,378)**	-
Other operating income		**1,783**	2,020
OPERATING PROFIT		**3,708,379**	3,730,847
Interest receivable and similar income	5	**2,296,141**	2,001,108
Amounts written off loan to group undertaking		**(6,006,390)**	(5,730,799)
Interest payable and similar charges	6	**(4,304,505)**	(4,316,298)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		**(4,306,375)**	(4,315,142)
Tax on loss on ordinary activities	7	**-**	-
LOSS FOR THE FINANCIAL YEAR		**(4,306,375)**	(4,315,142)

All amounts relate to continuing operations

There are no material differences between the loss on ordinary activities before taxation and the retained loss for the financial year stated above and their historical cost equivalents

The notes on pages 8 to 14 form part of these financial statements

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MAY 2013

	Note	2013 £	2012 £
LOSS FOR THE FINANCIAL YEAR	13	**(4,306,375)**	(4,315,142)
Unrealised surplus on revaluation of investment properties	13	**-**	540,000
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR		**(4,306,375)**	(3,775,142)

The notes on pages 8 to 14 form part of these financial statements

BALANCE SHEET
AS AT 31 MAY 2013

	Note	£	2013 £	£	2012 £
FIXED ASSETS					
Investment property	8		**42,290,000**		42,290,000
CURRENT ASSETS					
Debtors	9	**434**		434	
CREDITORS· amounts falling due within one year	10	**(239,235)**		(237,365)	
NET CURRENT LIABILITIES			**(238,801)**		(236,931)
TOTAL ASSETS LESS CURRENT LIABILITIES			**42,051,199**		42,053,069
CREDITORS amounts falling due after more than one year	11		**(100,512,129)**		(96,207,624)
NET LIABILITIES			**(58,460,930)**		(54,154,555)
CAPITAL AND RESERVES					
Called up share capital	12		**1**		1
Revaluation reserve	13		**(22,094,670)**		(22,094,670)
Profit and loss account	13		**(36,366,261)**		(32,059,886)
SHAREHOLDERS' DEFICIT	14		**(58,460,930)**		(54,154,555)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 February 2014

S L Gumm
Director

The notes on pages 8 to 14 form part of these 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

1 1 Basis of preparation of financial statements

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

These financial statements have been prepared on a going concern basis, which assumes that the company will continue to meet its liabilities when they fall due, for the foreseeable future The directors have prepared cash flow forecasts which indicate, subject to the matters noted below, that the company can continue as a going concern

The company is a member of the group headed by Prestbury Wentworth Holdings Limited ("the group") As at 31 May 2013, the balance of the group's secured loans drawn down under its credit facilities ("the facilities") was £491,377,714 Following a 12 month extension granted as part of a loan restructuring finalised in October 2013, the facilities, which are secured on the assets of the group including all of its investment properties, are due to expire in October 2014 In order to continue as a going concern for the foreseeable future, the group is in constructive discussions with its lender to refinance or restructure the remaining balance due under the facilities

Since the time of the loan extension, 147 of the group's 211 investment properties have been sold, achieving net proceeds of £219 1 million against book value of £252 6 million One further property has conditionally exchanged for sale and is due to complete by the end of February for net proceeds of £849k against book value of £1 1 million £170 6 million of the proceeds have been applied in debt repayment and other payments to secured lenders In addition £47 7 million was utilised, firstly to break the group's interest rate swap to match the swap notional to the loan amount, and secondly to reduce the fixed rate for the remainder of the swap

The remainder of the portfolio consists of 63 pubs with a book value of £179 6 million, against a balance of £321 9 million remaining on the secured bank loans A strategy for the sale of these units is currently being investigated

While the directors have a reasonable expectation that suitable refinancing arrangements or sales can be satisfactorily concluded by October 2014, there are, as yet, no binding agreements in place in this regard The directors continue to monitor closely with the one remaining lender the progress and results of the asset disposal programme and are in constructive discussions about refinancing prospects for the portfolio The lender has provided a letter of comfort stating that it is not their present intention to demand repayment of amounts outstanding under the facility agreement, should disposal proceeds be insufficient to discharge the debt in full, and that an extension of the loan term may be considered at maturity As a result the directors have concluded that it is appropriate to prepare the financial statements on a going concern basis

1 2 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1

1 ACCOUNTING POLICIES (continued)

1 3 Turnover

Turnover represents rents receivable during the year from the letting of commercial properties at invoiced amounts less value added tax

1.4 Operating leases

Annual rentals receivable or payable under operating leases are credited or charged to the profit and loss account on a straight-line basis over the term of the lease

1 5 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 and long leasehold investment properties This treatment is a departure from the requirements of the Companies Act 2006 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

1 6 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 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. TURNOVER

Turnover is wholly attributable to the principal activities undertaken by the company during the year

All turnover arose within the United Kingdom

3. STAFF COSTS

The company has no employees and no director received any remuneration during the year (2012 - £nil)

4 AUDITORS' REMUNERATION

The auditors' remuneration is borne by a fellow group company Fees for the audit of the company were £1,750 (2012 £1,750)

5. INTEREST RECEIVABLE

	2013	2012
	£	£
Interest receivable from group companies	**2,296,141**	2,001,108

6. INTEREST PAYABLE

	2013	2012
	£	£
On loans from group undertakings	**4,304,505**	4,316,298

7. TAXATION

	2013	2012
	£	£
UK corporation tax charge on loss for the year	-	-

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2012 - higher than) the standard rate of corporation tax in the UK of 24% (2012 - 26%) The differences are explained below

	2013	2012
	£	£
Loss on ordinary activities before tax	**(4,306,375)**	(4,315,142)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 24% (2012 - 26%)	**(1,033,530)**	(1,121,937)
Effects of		
Expenses not deductible for tax purposes	**1,771**	-
Write down of loan to group undertaking non-deductible	**1,441,534**	1,490,008
Movement in tax losses carried forward	**51,025**	141,014
Group relief claimed	**(460,800)**	(509,085)
Current tax charge for the year (see note above)	-	-

7. TAXATION (continued)

UNPROVIDED DEFERRED TAX BALANCES

The company has an unprovided deferred tax liability/(asset) which is made up as follows

	2013 £	2012 £
On the inherent capital gain arising on the carrying value of investment properties	2,235,181	2,393,314
Losses available to carry forward	(365,030)	(329,875)

The unprovided deferred tax balances have been measured at the tax rates substantively enacted at the balance sheet date

8 INVESTMENT PROPERTY

	Freehold investment property £	Long term leasehold investment property £	Total £
Valuation			
At 1 June 2012 and 31 May 2013	41,240,000	1,050,000	42,290,000

The company's investment properties were valued as at 31 May 2013 by N M Leslau BSc (Hons) FRICS, a chartered surveyor and director of the company, on an arm's length open market value basis

The historical cost of the properties is £64,384,670 (2012 £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

9. DEBTORS

	2013 £	2012 £
Prepayments and accrued income	434	434

9. DEBTORS (continued)

	2013	2012
	£	£
Due after more than one year		
Amounts owed by group undertakings	-	-

The amounts owed by group undertakings are unsecured, bear interest at a rate of 8 02% and have no fixed repayment date Accrued interest of £10,059,165 (2012 £7,763,024) is included in the balance at 31 May 2013 At 31 May 2013 this balance is shown net of provisions amounting in total to £40,002,001 (2012 £33,995,611) The provisions have been charged to the company's profit and loss account and reflect the net liabilities of the group undertaking as at the balance sheet date

10 CREDITORS:
Amounts falling due within one year

	2013	2012
	£	£
Accruals and deferred income	**239,235**	237,365

11. CREDITORS·
Amounts falling due after more than one year

	2013	2012
	£	£
Amounts owed to group undertakings	**100,512,129**	96,207,624

The amounts owed to group undertakings are unsecured, bear interest at a rate of 6 45% and have no fixed repayment date Accrued interest of £33,775,621 (2012 £29,471,116) is included in the balance at 31 May 2013

12. SHARE CAPITAL

	2013	2012
	£	£
Allotted, called up and fully paid		
1 ordinary share of £1	**1**	1

13. RESERVES

	Revaluation reserve £	Profit and loss account £
At 1 June 2012	**(22,094,670)**	**(32,059,886)**
Loss for the year	-	**(4,306,375)**
At 31 May 2013	**(22,094,670)**	**(36,366,261)**

14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

	2013 £	2012 £
Opening shareholders' deficit	**(54,154,555)**	(50,379,413)
Loss for the year	**(4,306,375)**	(4,315,142)
Unrealised surplus on revaluation of investment properties	-	540,000
Closing shareholders' deficit	**(58,460,930)**	(54,154,555)

15. 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

16. POST BALANCE SHEET EVENTS

After the balance sheet date the company disposed of sixteen properties for net proceeds of £23 7 million against a book value of £26 7 million One further property has conditionally exchanged for sale and is due to complete by the end of February for net proceeds of £849k against book value of £1 1 million Net proceeds of sale were applied in repayment of amounts owed to the parent company ultimately enabling that company to repay secured debt and break interest rate swaps

17. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

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

18. CONTINGENT LIABILITIES

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 2013 these bank loans amounted to £491,377,714 (2012 £495,442,646)