

PCD Holdings Limited

Financial statements

For the period 1st January 2007 to 1st July 2007

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COMPANIES HOUSE

Company information

Company registration number	5509310
Registered office	Westgate Brewery Bury St Edmunds Suffolk IP33 1QT
Directors	Mr I R H Glyn Mr M Derry Mr R J Morris Ms H L Melvin Mr I Bull
Secretary	Mrs L Keswick
Bankers	Barclays Bank PLC Level 127 1 Churchill Place LONDON E14 5HP
Solicitors	Roythorne & Co 8 The Ropewalk NOTTINGHAM NG1 5DT Berwin Leighton Paisner LLP Adelaide House London Bridge LONDON EC4R 9HA
Auditors	KMPG LLP 20 Farringdon Street LONDON EC4A 4PP

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Report of the directors

The directors present their report and the financial statements for the period 1st January 2007 to 1st July 2007

Principal Activities

The principal activity of the company is the holding company of Premium Casual Dining Limited to which company loans have been made

Results and Dividends

The results reported relate to the six month trading period to 1st July, 2007

Costs expensed to the profit and loss account of PCD Holdings Limited relate to the amortisation of fees incurred in the raising of finance to support the acquisition of 100% of the equity of LFR plc at the end of 2005 together with related financing charges

The loss after tax for the period amounted to £1,253k (Year to 31st December 2006 loss £1,885k) The directors do not propose the payment of a dividend (2006 £nil)

Principal Risks and Uncertainties

Principal risks and uncertainties faced by the Group are outlined in the business reviews of the Group's trading entities

Key Performance Indicators

The performance of the Company is measured through the use of two key performance indicators being like for like sales growth and profitability versus annual budget

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

The directors

The directors who served the company during the period were as follows

Mr I Glyn (Resigned 7th August 2007)
Mr M Derry
Mr R Morris
Ms H Melvin
Mr I Bull (Appointed 7th August 2007)

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

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

The company 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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,
- 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 parent company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

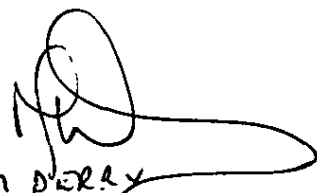
Small company provisions

This report has been prepared in accordance with the special provisions for small companies under PART VII of the companies Act 1985

Auditors

KPMG LLP offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985

BY ORDER OF THE BOARD



M DERRY
Director

8th FEBRUARY 2008



KPMG LLP

8 Salisbury Square
London
EC4Y 8BB
United Kingdom

Independent auditors' report to the members of PCD Holdings Limited

We have audited the financial statements of PCD Holdings Limited for the period ended 1 July 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. 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 auditor's 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 law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 5.

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.

Independent auditors' report to the members of PCD Holdings Limited
(continued)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 1 July 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

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

22 February 2008

Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards

Basis of preparation

The financial statements have been prepared on the going concern basis, notwithstanding net liabilities of £3,138,145 (2006 £1,884,952), which the directors believe to be appropriate for the following reason. The company is reliant for its working capital on funds provided to it by the company's ultimate parent undertaking, Greene King plc, which has provided the company with an undertaking that it will, for at least 12 months from the date of approval of these financial statements, continue to make available such funds as are needed by the company and in particular will not seek repayment of the amounts currently made available. This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Financing costs

Financing costs associated with bank and other loan borrowing are amortised, on a straight line basis, over the term of the loan.

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 statement on the ground that the company is wholly owned subsidiary of PCD Group Ltd, the results of which consolidate those of the company.

Deferred taxation

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 have occurred at the date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exception.

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and 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 the 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 assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing difference reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Intra group guarantees

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements, and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

Profit and loss account

	Note	Period to 1 Jul 2007 £	Year to 31 Dec 2006 £
Other operating charges	1	(59,390)	(115,653)
Operating loss	2	(59,390)	(115,653)
Interest payable and similar charges	3	(1,193,803)	(1,769,300)
Loss for the financial period	10	<u>(1,253,193)</u>	<u>(1,884,953)</u>

All of the activities of the company are classed as continuing

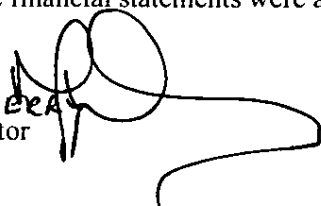
The company has no recognised gain or losses other than the results for the period as set out above

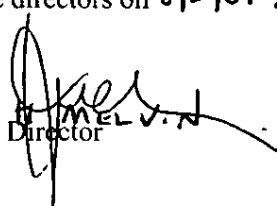
The accompanying accounting policies and notes form part of the financial statements.

Balance sheet

	Note	£	As at 1 Jul 2007 £	As at 31 Dec 2006 £
Fixed assets				
Investments	5		1	1
Current assets				
Debtors (including £12,213,906 due after more than one year (2006 £12,213,906))	6	12,213,906		12,213,906
Creditors, amounts falling due within one year	7	(2,966,559)		(1,772,652)
Net current assets			<u>9,247,347</u>	<u>10,441,254</u>
Total assets plus net current liabilities			9,247,348	10,441,255
Creditors, amounts falling after more than one year	8		(12,385,493)	(12,326,207)
			<u>(3,138,145)</u>	<u>(1,884,952)</u>
Capital and reserves				
Called-up share capital	9		1	1
Profit and loss account	10		(3,138,146)	(1,884,953)
			<u>(3,138,145)</u>	<u>(1,884,952)</u>

These financial statements were approved by the directors on 8/2/07 and are signed on their behalf by


Director


Director

The accompanying accounting policies and notes form part of the financial statements.

Notes to the financial statements

1 Other operating charges

	Period to 1 Jul 2007 £	Year to 31 Dec 2006 £
Administrative expenses	<u>59,390</u>	<u>115,653</u>

2 Operating loss

Operating profit is stated after charging

	Period to 1 Jul 2007 £	Year to 31 Dec 2006 £
Auditors' remuneration		
Audit of these financial statements	<u>1,960</u>	<u>2,100</u>

Amounts receivable by the Company's auditor in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, PCD Group Limited

3 Interest payable and similar charges

	Period to 1 Jul 2007 £	Year to 31 Dec 2006 £
Other loans	<u>1,193,803</u>	<u>1,769,300</u>

4 Taxation on ordinary activities**(a) Analysis of charge in the period**

	Period to 1 Jul 2007 £	Year to 31 Dec 2006 £
Current tax		
UK Corporation tax based on the results for the period	<u>-</u>	<u>-</u>

(b) Factors affecting current tax charge

	Period to 1 Jul 2007 £	Year to 31 Dec 2006 £
Loss on ordinary activities before taxation	<u>(1,253,193)</u>	<u>(1,340,553)</u>
Profit on ordinary activities by rate of tax (30% (2006 30%))	(375,958)	(402,166)
Group relief surrendered	<u>375,958</u>	<u>402,166</u>
Total current tax	<u>-</u>	<u>-</u>

5 Fixed asset Investments

	Share in group undertakings £
Cost	
At 1 January 2007	<u>1</u>
At 1 July 2007	<u>1</u>
Net book value	
At 1 st July 2007	<u>1</u>
At 31 st December 2006	<u>1</u>

The companies in which the Company's interest at the year end is more than 20% are as follows

	Country of incorporation	Principal Activity	Class and percentage of shares held
Subsidiary undertakings			
Premium Casual Dining Ltd	England	Holding Company	Ordinary 100%

6 Debtors

	As at 1 Jul 2007 £	As at 31 Dec 2006 £
Amount owed by group undertakings	<u>12,213,906</u>	<u>12,213,906</u>

The debtors above include the following amounts falling due after more than one year

	As at 1 Jul 2007 £	As at 31 Dec 2006 £
Amount owed by group undertakings	<u>12,213,906</u>	<u>12,213,906</u>

7 Creditors: amounts falling due within one year

	As at 1 Jul 2007 £	As at 31 Dec 2006 £
Bank Loans and overdrafts	-	2
Accruals and deferred income	2,966,559	1,772,650
	<u>2,966,559</u>	<u>1,772,652</u>

8 Creditors: amounts falling due after more than one year

	As at 1 Jul 2007 £	As at 31 Dec 2006 £
Amounts owed from group undertakings	3,135	-
Other loans	12,382,358	12,326,207
	<u>12,385,493</u>	<u>12,326,207</u>

Bank loans & security

The bank loans of the subsidiaries Premium Casual Dining Limited and Loch Fyne Restaurants Limited are secured by a fixed and floating charge and cross guarantees between all group companies. At 1 July 2007, the bank loans of Premium Casual Dining Limited totalled £11,500,000 (At 31 December 2006 £12,000,000) and Loch Fyne Restaurants Ltd totalled £5,000,000 (31 December 2006 nil)

Other loans

Non bank loan notes are held by the parent, PCD Group Limited and group company PCD Holdings Limited

At 1 July 2007, the loan notes held in PCD Group Limited totalled £5,500,000, (31 December 2006 £5,500,000) and PCD Holdings Limited totalled £13,000,000 (31 December 2006 £13,000,000)

All other loans disclosed under creditors falling due after more than one year are secured by the group

Ageing analysis

Creditors include borrowings which are repayable as follows

	As at 1 Jul 2007 £	As at 31 Dec 2006 £
In five years or more	13,000,000	13,000,000
	<u>13,000,000</u>	<u>13,000,000</u>
Financing Costs	(617,642)	(673,793)
	<u>12,382,358</u>	<u>12,326,207</u>

9 Share capital

	As at 1 Jul 2007 £		As at 31 Dec 2006 £	
Authorised share capital				
100 Ordinary shares of £1 each	<u>100</u>		<u>100</u>	
Allotted, called up and fully paid				
	As at 1 Jul 2007 No		As at 31 Dec 2006 No	
	£		£	
Ordinary shares of £1	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

10 Profit and loss account

	As at 1 Jul 2007 £		As at 31 Dec 2006 £	
Balance Brought forward	(1,884,953)		-	
Loss for the financial period	(1,253,193)		(1,884,953)	
Balance carried forward	<u>(3,138,146)</u>		<u>(1,884,953)</u>	

11 Reconciliation of movements in shareholders' funds

	As at 1 Jul 2007 £		As at 31 Dec 2006 £	
Opening shareholders' funds	(1,884,952)		-	
New share capital issued	-		1	
Loss for the financial period	(1,253,193)		(1,884,953)	
Closing shareholders funds	<u>(3,138,145)</u>		<u>(1,884,952)</u>	

12 Going Concern

At 1 July 2007 the company had net liabilities. The financial statements have been prepared on the going concern basis, which assumes that the company will continue in operational existence in the foreseeable future. The company's ultimate parent undertaking, Greene King plc, has provided the group with an undertaking that it will, for at least 12 months from the date of approval of these financial statements, continue to make available such funds as are needed by the company and in particular will not seek repayment of the amounts currently made available. This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

13 Post Balance Sheet Events

On 7th August 2007 the entire share capital of PCD Group Ltd (ultimate parent company) was purchased by Greene King Acquisitions No 4 Limited for £29.82 per share. Greene King Acquisitions No 4 Limited is a fully owned subsidiary of Greene King plc.

The loan notes due to Hutton Collins Mezzanine LP totalling £13,000,000 held in PCD Holdings Limited shown within creditors due in greater than five years were replaced by an intercompany loan from Greene King plc on 7th August 2007.

The fixed and floating charge and cross guarantees between all group companies was discharged as a result of the bank loans within the group being replaced by an intercompany loan from Greene King on 7th August 2007.

14 Related Party Transactions

As a wholly owned subsidiary of PCD Group Ltd, the company is exempt from the requirements of FRS8 to disclose transactions with other members of the group headed by PCD Group Ltd on the grounds that group accounts are publicly available and may be obtained from Companies House, Crown Way, Maundy, Cardiff, CF14 3UZ.

15 Ultimate parent company

As at the balance sheet date the company was controlled by Hutton Collins Mezzanine GP Ltd as general partner of Hutton Collins Mezzanine LP by virtue of a majority shareholding. As at the date of approval of the financial statements the company is controlled by Greene King plc as parent of Greene King Acquisitions No 4 Limited which controls the company by virtue of a majority shareholding.