

Punch Taverns (Offices) Limited

Report and Financial Statements

17 August 2002



Punch Taverns (Offices) Limited
Year Ended 17 August 2002

Registered No. 3946292

DIRECTORS

S Lambert (appointed 12 August 2002, resigned 5 November 2002)
N Preston
G Thorley (appointed 12 August 2002)
M Jonas (resigned 31 October 2001)
C Riklin (resigned 12 August 2002)
R McDonald (appointed 12 August 2002)

SECRETARY

S Rudd

AUDITORS

Ernst & Young LLP
One Colmore Row
Birmingham
B3 2DB

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 (Offices) Limited

Year Ended 17 August 2002

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 17 August 2002.

RESULTS AND DIVIDENDS

The loss for the year amounted to £405,000 (period ended August 2001: profit of £77,000). The directors do not propose a payment of a dividend (2001: Nil).

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the company is that of a property leasing 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 17 August 2002 or 18 August 2001.

The following directors have interests in the shares of Punch Taverns plc (formerly Punch Group Limited) as follows:-

	<i>At 17 August 2002</i>		<i>At 18 August 2001 or date of appointment if later</i>	
	Ord Shares	Ord Share Options	Ord Shares	Ord Share Options
S Lambert	93,818	809,633	93,818	809,633
N Preston	10,652	58,767	-	-
R McDonald	46,909	159,751	46,909	159,751
G Thorley	<u>127,750</u>	<u>6,250,760</u>	<u>127,750</u>	<u>6,250,760</u>

Prior to the company's ultimate parent company being floated on the London Stock Exchange, the following director had interests in Punch Group (Equity) Limited.

	<i>At 18 August 2001 or date of appointment if later</i>			
	L Shares	L Options at 30p	L Options at 32p	M Options at 30p
S Lambert	-	-	-	-
N Preston	68,125	166,666	-	166,666
R McDonald	-	-	-	-
G Thorley	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

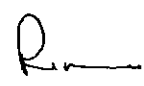
At 17 August 2002, none of the directors had interests in Punch Group (Equity) Limited as all shares and options were converted into ordinary shares and share options in Punch Taverns plc on 27 May 2002, being the date of flotation on the London Stock Exchange.

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

Director
Date

 R. McDONALD.
24th July 2003

Punch Taverns (Offices) Limited

Year Ended 17 August 2002

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 (Offices) Limited
Year Ended 17 August 2002

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

We have audited the company's financial statements for the year ended 17 August 2002 which comprise the Profit and Loss Account, Balance Sheet, and the related notes 1 to 17. These financial statements have been prepared on the basis of the accounting policies set out therein.

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.

This report has been prepared for the members of the company pursuant to Section 235 of the Companies Act 1985 (the "Act") and for no other purpose.

No person is entitled to rely on this report unless such person:

- i) is a person who is entitled to rely on this report by virtue of and for the purposes of the Act; or
- ii) 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.

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.

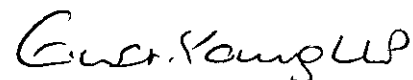
Basis of audit opinion

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 17 August 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
Birmingham

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Punch Taverns (Offices) Limited
Year Ended 17 August 2002

PROFIT & LOSS ACCOUNT
for the year ended 17 August 2002

	<i>Notes</i>	Year ended 17 August 2002 £000	65 week period ended 18 August 2001 £000
TURNOVER	2	255	316
Cost of sales		<u>-</u>	<u>-</u>
GROSS PROFIT		255	316
Administrative expenses		(6)	(23)
Depreciation of fixed assets	3	(482)	-
OPERATING (LOSS) / PROFIT	3	<u>(233)</u>	<u>293</u>
Interest receivable	5	-	1
Interest payable	6	(135)	(177)
(LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(368)</u>	<u>117</u>
Tax on (loss) / profit on ordinary activities	7	(37)	(40)
(LOSS) / PROFIT FOR THE YEAR/PERIOD	14	<u>(405)</u>	<u>77</u>

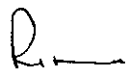
There are no recognised gains or losses other than those shown above.

Punch Taverns (Offices) Limited
Year Ended 17 August 2002

BALANCE SHEET
at 17 August 2002

	<i>Notes</i>	August 2002 £000	August 2001 £000
FIXED ASSETS			
Tangible fixed assets	8	4,729	2,409
CURRENT ASSETS			
Debtors due within one year	9	473	17
Cash at bank and in hand		125	85
		598	102
CREDITORS: amounts falling due within one year	10	(4,035)	(736)
NET CURRENT LIABILITIES		(3,437)	(634)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,292	1,775
CREDITORS: amounts falling due after more than one year	11	(1,620)	(1,698)
NET (LIABILITIES)/ASSETS		(328)	77
CAPITAL AND RESERVES			
Called up share capital	13	-	-
Profit and loss account	14	(328)	77
TOTAL EQUITY SHAREHOLDERS' FUNDS	14	(328)	77

Director

 R. McDONALD.

Date

20th July 2003

Punch Taverns (Offices) Limited

Year Ended 17 August 2002

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 17 August 2002

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements are prepared under the historical cost convention as modified by the revaluation of certain properties within the group 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 material changes to accounting policies.

The useful lives of the company's buildings have been reviewed and changed where appropriate. These changes have resulted in an increase in the depreciation charge for the year of £482,000.

Fundamental accounting concept – going concern

The company's liabilities exceed its assets. However, the ultimate parent company has undertaken to support it and not recall group debt until all other liabilities have been settled and the company has funds to repay. For this reason the financial statements have been prepared on a going concern basis.

Fixed assets and depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value based on prices prevailing at the date of acquisition or revaluation, of each asset evenly over its expected useful life, as follows:

Buildings	Over 5 – 50 years
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The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

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.

Leasing commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

Punch Taverns (Offices) Limited
Year Ended 17 August 2002

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 17 August 2002

2. TURNOVER

Turnover, which is stated net of value added tax, represents property rentals invoiced to fellow subsidiaries. All turnover arises in the UK.

	2002 £000	2001 £000
Turnover includes property rentals of:		
Continuing activities	<u>255</u>	<u>316</u>

3. OPERATING PROFIT

This is stated after charging:

		2002 £000	2001 £000
Operating lease rentals	- land and buildings	6	9
Tangible Fixed assets	- depreciation	<u>482</u>	<u>-</u>

4. DIRECTORS' EMOLUMENTS AND STAFF COSTS

The directors received no emoluments from the company in the current year or preceding period. The company employed no one at any time during the year (2001: Nil).

5. INTEREST RECEIVABLE

	2002 £000	2001 £000
Bank interest receivable	<u>-</u>	<u>1</u>

Punch Taverns (Offices) Limited
Year Ended 17 August 2002

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 17 August 2002

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2002 £000	2001 £000
Bank and other loans	<u>135</u>	<u>177</u>

7. TAXATION

	2002 £000	2001 £000
The charge for tax on the (loss)/profit for the period comprises:		
UK corporation tax – current year group relief payment	<u>37</u>	<u>40</u>

The charge to UK corporation tax is reconciled as follows:

Reconciliation of tax charges

	2002 £000	2001 £000
(Loss) / Profit on ordinary activities before taxation	<u>(368)</u>	<u>117</u>
Profit on ordinary activities at standard rate of corporation tax in the UK (30%)	(110)	35
<i>Effects of:</i>		
Depreciation on non qualifying assets	145	-
Expenses not deductible for tax purposes	<u>2</u>	<u>5</u>
Current tax charge for the year/period	<u>37</u>	<u>40</u>

Punch Taverns (Offices) Limited
Year Ended 17 August 2002

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 17 August 2002

8. TANGIBLE FIXED ASSETS

	Land & buildings £000
Cost or Valuation:	
At 18 August 2001	2,409
Additions	2,802
At 17 August 2002	<u>5,211</u>
Depreciation:	
At 18 August 2001	-
Depreciation	(482)
At 17 August 2002	<u>(482)</u>
Net book value:	
At 17 August 2002	<u>4,729</u>
At 18 August 2001	<u>2,409</u>

The split of the net book value of land and buildings is as follows:

	Freehold £000	Long Leasehold £000	Short Leasehold £000
At 17 August 2002	<u>2,802</u>	<u>1,927</u>	<u>-</u>
At 17 August 2002 (on historic cost basis)	<u>2,802</u>	<u>1,927</u>	<u>-</u>
At 18 August 2001	<u>-</u>	<u>2,409</u>	<u>-</u>

9. DEBTORS

	2002 £000	2001 £000
<i>Due in less than one year</i>		
Social security and other taxes	457	-
Prepayments and accrued income	16	17
	<u>473</u>	<u>17</u>

Punch Taverns (Offices) Limited
Year Ended 17 August 2002

NOTES TO THE FINANCIAL STATEMENTS
at 17 August 2002

10. CREDITORS: amounts falling due within one year

	August 2002 £000	August 2001 £000
Loans (note 13)	79	74
Other creditors	52	53
Corporation tax	76	40
Social security and other taxes	-	11
Amounts owed to group undertakings	3,828	558
	<u>4,035</u>	<u>736</u>

11. CREDITORS: amounts falling due after one year

	August 2002 £000	August 2001 £000
Loans (note 13)	<u>1,620</u>	<u>1,698</u>

12. LOANS

	August 2002 £000	August 2001 £000
Amounts repayable by instalments falling due:		
In one year	79	74
Between one and two year	85	74
Between two and five years	301	222
In five years or more	1,234	1,402
	<u>1,699</u>	<u>1,772</u>

The company has a bank loan with Barclays Bank plc, which is repayable in instalments, the final payment for which is due on 19 June 2015. The interest rate on the loan at 17 August 2002 was 5.26%, which represented LIBOR + 1%.

The bank loans are secured by a deed of charge on the leasehold property of the company.

Punch Taverns (Offices) Limited
Year Ended 17 August 2002

NOTES TO THE FINANCIAL STATEMENTS
at 17 August 2002

13. SHARE CAPITAL

	August 2002 No.	August 2002 £	August 2001 No.	August 2001 £
<i>Authorised share capital</i>				
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
<i>Called up share capital, amount paid up:</i>				
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

14. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Share Capital £000	Profit & loss account £000	Total share- holders' funds £000
At incorporation	-	-	-
Profit for the period	-	77	77
At 18 August 2001	<u>-</u>	<u>77</u>	<u>77</u>
Loss for the year	-	(405)	(405)
At 17 August 2002	<u>-</u>	<u>(328)</u>	<u>(328)</u>

15. CASHFLOW STATEMENT

The company has taken advantage of the exemption under FRS1 not to prepare a cashflow statement on the grounds that it is a wholly owned subsidiary of an EU parent, in whose financial statements a consolidated cashflow statement is prepared.

16. 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 year.

Punch Taverns (Offices) Limited
Year Ended 17 August 2002

NOTES TO THE FINANCIAL STATEMENTS
at 17 August 2002

17. ULTIMATE PARENT UNDERTAKING

The company's ultimate parent undertaking and controlling party is Punch Taverns plc (formerly Punch Group Limited), a company registered in England & Wales.

Punch Taverns plc is 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.

Copies of its group financial statements, which include the company, are available from Jubilee House, Second Avenue, Burton upon Trent, Staffordshire, DE14 2WF.