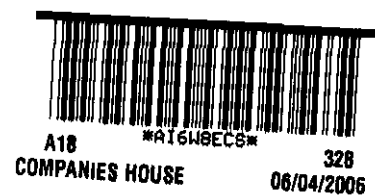


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Punch Taverns (Offices) Limited

Report and Financial Statements

20 August 2005



Punch Taverns (Offices) Limited
Period ended 20 August 2005

Registered No. 3946292

DIRECTORS

N Preston
G Thorley
R McDonald

SECRETARY

S Rudd

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

Jubilee House
Second Avenue
Burton upon Trent
Staffordshire
DE14 2WF

Punch Taverns (Offices) Limited

Period ended 20 August 2005

DIRECTORS' REPORT

The directors present their report and financial statements for the 52 week period ended 20 August 2005.

RESULTS AND DIVIDENDS

The profit after tax for the period amounted to £218,000 (2004: £152,000). The directors do not propose the payment of a dividend (2004: £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 20 August 2005 or 21 August 2004.

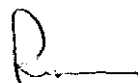
The beneficial interests of Directors who held office at 20 August 2005 in the shares of Punch Taverns plc are shown below:

	<i>At 20 August 2005</i>		<i>At 21 August 2004</i>	
	Ord Shares	Ord Share Options	Ord Shares	Ord Share Options
N Preston	2,205	57,449	1,044	60,587
R McDonald	55,566	187,422	47,203	320,650
G Thorley	<u>150,441</u>	<u>3,356,474</u>	<u>138,044</u>	<u>5,314,004</u>

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



R J McDonald
Director
24 February 2006

Punch Taverns (Offices) Limited
Period ended 20 August 2005

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
Period ended 20 August 2005

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

We have audited the company's financial statements for the period ended 20 August 2005 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 19. These financial statements have been prepared on the basis of 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

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with United Kingdom law and accounting standards.

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 20 August 2005 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
Birmingham
24 February 2006

Punch Taverns (Offices) Limited
Period ended 20 August 2005

PROFIT & LOSS ACCOUNT

for the 52 week period ended 20 August 2005

	<i>Notes</i>	52 week period ended 20 August 2005 £000	52 week period ended 21 August 2004 £000
TURNOVER	2	528	673
Other external charges		(15)	(20)
Depreciation of fixed assets	3	(102)	(598)
OPERATING PROFIT	3	411	55
Interest receivable	5	17	11
Interest payable	6	(116)	(124)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		312	(58)
Tax on profit/(loss) on ordinary activities	7	(94)	210
PROFIT FOR THE PERIOD	15	218	152

The profit and loss account relates to continuing activities.

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

Punch Taverns (Offices) Limited
Period ended 20 August 2005

BALANCE SHEET
at 20 August 2005

	<i>Notes</i>	20 August 2005 £000	21 August 2004 £000
FIXED ASSETS			
Tangible fixed assets	8	5,345	5,391
CURRENT ASSETS			
Debtors due within one year	9	4,123	978
Cash at bank and in hand		399	280
		<u>4,522</u>	<u>1,258</u>
CREDITORS: amounts falling due within one year	10	<u>(8,560)</u>	<u>(5,462)</u>
NET CURRENT LIABILITIES		(4,038)	(4,204)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,307</u>	<u>1,187</u>
CREDITORS: amounts falling due after more than one year	11	(1,325)	(1,423)
NET LIABILITIES		<u>(18)</u>	<u>(236)</u>
CAPITAL AND RESERVES			
Called up share capital	14	-	-
Profit and loss account	15	(18)	(236)
TOTAL EQUITY SHAREHOLDERS' DEFICIT	15	<u>(18)</u>	<u>(236)</u>



R J McDonald
Director
24 February 2006

Punch Taverns (Offices) Limited

Period ended 20 August 2005

NOTES TO THE FINANCIAL STATEMENTS

for the 52 week period ended 20 August 2005

1. ACCOUNTING POLICIES

Basis of preparation

The 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 material changes to accounting policies.

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

Fixed assets are stated at cost less accumulated depreciation.

Depreciation is not provided on land and buildings as it is the opinion of the directors that depreciation as required by the Companies Act 1985 and generally accepted accounting principles would not be material. Other tangible fixed assets are depreciated at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful life, as follows:

Fixtures and fittings	5 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
Period ended 20 August 2005

NOTES TO THE FINANCIAL STATEMENTS
for the 52 week period ended 20 August 2005

2. TURNOVER

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

	2005 £000	2004 £000
Turnover includes property rentals of:		
Continuing activities	<u>528</u>	<u>673</u>

3. OPERATING PROFIT

This is stated after charging:

		2005 £000	2004 £000
Operating lease rentals	- land and buildings	6	6
Tangible fixed assets	- depreciation	<u>102</u>	<u>598</u>

Auditor's remuneration is paid by another company in the Punch Taverns group.

4. 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.

5. INTEREST RECEIVABLE

	2005 £000	2004 £000
Bank interest receivable	<u>17</u>	<u>11</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2005 £000	2004 £000
Bank and other loans	115	123
Amortisation of deferred issue costs	<u>1</u>	<u>1</u>
	<u>116</u>	<u>124</u>

Punch Taverns (Offices) Limited
Period ended 20 August 2005

NOTES TO THE FINANCIAL STATEMENTS
for the 52 week period ended 20 August 2005

7. TAXATION

	2005	2004
	£000	£000
The charge/(credit) for tax on the loss for the period comprises:		
<i>Current tax:</i>		
UK corporation tax:		
Current period group relief	72	98
Over provision in previous period	-	(193)
	<u>72</u>	<u>(95)</u>
<i>Deferred tax:</i>		
Current period tax charge/(credit)	22	(115)
	<u>94</u>	<u>(210)</u>
The credit to UK corporation tax is reconciled as follows:		
	2005	2004
	£000	£000
Profit/(loss) on ordinary activities before taxation	<u>312</u>	<u>(58)</u>
Profit/(loss) on ordinary activities at standard rate of corporation tax in the UK (30%)	94	(17)
<i>Effects of:</i>		
Timing differences relating to fixed assets	(22)	115
Adjustments in respect of previous periods	-	(193)
Current tax charge/(credit) for the period	<u>72</u>	<u>(95)</u>

8. TANGIBLE FIXED ASSETS

	Land & Buildings	Fixtures & Fittings	Total
	£000	£000	£000
Cost or Valuation:			
At 21 August 2004	6,546	512	7,058
Additions	56	-	56
At 20 August 2005	<u>6,602</u>	<u>512</u>	<u>7,114</u>
Depreciation:			
At 21 August 2004	1,469	198	1,667
Depreciation	-	102	102
At 20 August 2005	<u>1,469</u>	<u>300</u>	<u>1,769</u>
Net book value:			
At 20 August 2005	<u>5,133</u>	<u>212</u>	<u>5,345</u>
At 21 August 2004	<u>5,077</u>	<u>314</u>	<u>5,391</u>

Punch Taverns (Offices) Limited
Period ended 20 August 2005

NOTES TO THE FINANCIAL STATEMENTS
for the 52 week period ended 20 August 2005

8. TANGIBLE FIXED ASSETS *(continued)*

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

	Freehold	Long Leasehold
	£000	£000
At 20 August 2005	<u>4,186</u>	<u>947</u>
At 21 August 2004	<u>4,130</u>	<u>947</u>

9. DEBTORS

	2005	2004
	£000	£000
<i>Due in less than one year</i>		
Trade debtors	4	-
Deferred tax asset (note 13)	99	121
Corporation tax debtor	-	39
Social security and other taxes	213	-
Prepayments and accrued income	4	4
Amounts due from group undertakings	<u>3,803</u>	<u>814</u>
	<u>4,123</u>	<u>978</u>

10. CREDITORS: amounts falling due within one year

	2005	2004
	£000	£000
Trade creditors	3	-
Loans (note 12)	99	92
Accruals and deferred income	56	20
Corporation tax	33	-
Social security and other taxes	-	11
Amounts owed to group undertakings	<u>8,369</u>	<u>5,339</u>
	<u>8,560</u>	<u>5,462</u>

11. CREDITORS: amounts falling due after one year

	2005	2004
	£000	£000
Loans (note 12)	<u>1,325</u>	<u>1,423</u>

Punch Taverns (Offices) Limited
Period ended 20 August 2005

NOTES TO THE FINANCIAL STATEMENTS
for the 52 week period ended 20 August 2005

12. LOANS

	2005 £000	2004 £000
Amounts repayable by instalments falling due:		
In one year	99	92
Between one and two years	107	98
Between two and five years	373	346
In five years or more	845	979
	<u>1,424</u>	<u>1,515</u>

The company has a bank loan with Barclays Bank plc, which is repayable by instalments, the final payment for which is due on 19 June 2015. The interest rate on the loan at 20 August 2005 was 6.3125%, which represented LIBOR +1%.

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

13. DEFERRED TAX ASSET

	2005 £000
At 21 August 2004	121
Charged to the profit and loss account	<u>(22)</u>
At 20 August 2005	<u>99</u>

The deferred tax asset consists of depreciation in advance of capital allowances.

14. SHARE CAPITAL

	2005 No.	2005 £	2004 No.	2004 £
<i>Authorised share capital:</i>				
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
<i>Allotted, called-up and fully paid:</i>				
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

Punch Taverns (Offices) Limited
Period ended 20 August 2005

NOTES TO THE FINANCIAL STATEMENTS
for the 52 week period ended 20 August 2005

15. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Share Capital	Profit & Loss Account	Total Share- holders' Deficit
	£000	£000	£000
At 23 August 2003	-	(388)	(388)
Profit for the period	-	152	152
At 21 August 2004	-	(236)	(236)
Profit for the period	-	218	218
At 20 August 2005	-	(18)	(18)

16. FINANCIAL COMMITMENTS

At 20 August 2005 the company had annual commitments under non-cancellable operating leases as set out below:

	Land & Buildings 2005 £000	Land & Buildings 2004 £000
Operating leases which expire: In over five years	6	6

The rentals under the above operating lease are subject to an annual review.

17. CASHFLOW 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.

18. 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.

Punch Taverns (Offices) Limited
Period ended 20 August 2005

NOTES TO THE FINANCIAL STATEMENTS
for the 52 week period ended 20 August 2005

19. ULTIMATE PARENT UNDERTAKING

The company's ultimate parent undertaking and controlling party is Punch Taverns plc, 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.