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Punch Taverns (Offices) Limited

Report and Financial Statements

19 August 2006

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COMPANIES HOUSE

Punch Taverns (Offices) Limited
Period ended 19 August 2006

Registered No 3946292

DIRECTORS

N Preston
G Thorley
R McDonald

SECRETARY

C Stewart

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 19 August 2006

DIRECTORS' REPORT

The directors present their report and financial statements for the 52 week period ended 19 August 2006

RESULTS AND DIVIDENDS

The profit after tax for the period amounted to £447,000 (2005 £218,000) The directors do not propose the payment of a dividend (2005 £nil)

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the company is that of a property leasing company

The directors are satisfied with the performance of the company in the period and believe that the company is well placed for the future

Punch Taverns manages its operations at a group level and the directors therefore believe that disclosure of key performance indicators for the company are not appropriate to understand the development, performance or position of the business The performance of the Punch Taverns group is discussed on the Punch Taverns plc Annual Report and Financial Statements which are publicly available

RISKS AND UNCERTAINTIES

The principal risks and uncertainties of the company, which are in line with those of the Punch Taverns group, are discussed in the Punch Taverns plc Annual Report and Financial Statements

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 19 August 2006 or 20 August 2005

The beneficial interests of directors who held office at 19 August 2006 in the shares of Punch Taverns plc are shown below

	<i>At 19 August 2006</i>		<i>At 20 August 2005</i>	
	Ord Shares	Ord Share Options	Ord Shares	Ord Share Options
N Preston	3,147	11,305	2,205	57,449
R McDonald	69,654	46,101	55,566	187,422
G Thorley	<u>154,439</u>	<u>1,892,111</u>	<u>150,441</u>	<u>3,356,474</u>

A third party indemnity provision (as defined in section 309B(1) of the Companies Act 1985) is in force for the benefit of directors

Punch Taverns (Offices) Limited
Period ended 19 August 2006

DIRECTORS' REPORT *(continued)*

AUDIT INFORMATION

The directors confirm that, so far as they are aware, there is no relevant audit information of which the auditors are unaware and that each director has taken all reasonable steps to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

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
3 April 2007

Punch Taverns (Offices) Limited
Period ended 19 August 2006

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing 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
- 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 19 August 2006

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

We have audited the company's financial statements for the period ended 19 August 2006 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

The directors' responsibilities for the preparation of the financial statements in accordance with applicable United Kingdom law and 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).

In addition 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.

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 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.

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 19 August 2006 and of its profit 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.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Birmingham

3/4/2007

Punch Taverns (Offices) Limited
Period ended 19 August 2006

PROFIT & LOSS ACCOUNT

For the 52 week period ended 19 August 2006

	<i>Notes</i>	2006 £000	2005 £000
TURNOVER	2	622	528
Cost of sales		<u>(20)</u>	<u>(15)</u>
GROSS PROFIT		602	513
Administrative expenses		(115)	(102)
OPERATING PROFIT	3	<u>487</u>	<u>411</u>
Interest receivable	5	67	17
Interest payable	6	<u>(108)</u>	<u>(116)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		446	312
Tax on profit on ordinary activities	7	1	(94)
PROFIT FOR THE PERIOD	15	<u>447</u>	<u>218</u>

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 19 August 2006

BALANCE SHEET
As at 19 August 2006

	<i>Notes</i>	19 August 2006 £000	20 August 2005 £000
FIXED ASSETS			
Tangible fixed assets	8	6,099	5,345
CURRENT ASSETS			
Debtors due within one year	9	302	4,123
Debtors due after more than one year	9	1,465	-
Cash at bank and in hand		1,408	399
		<u>3,175</u>	<u>4,522</u>
CREDITORS amounts falling due within one year	10	<u>(841)</u>	<u>(8,560)</u>
NET CURRENT ASSETS / (LIABILITIES)		2,334	(4,038)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>8,433</u>	<u>1,307</u>
CREDITORS amounts falling due after more than one year	11	<u>(8,004)</u>	<u>(1,325)</u>
NET ASSETS / (LIABILITIES)		<u>429</u>	<u>(18)</u>
CAPITAL AND RESERVES			
Called up share capital	14	-	-
Profit and loss account	15	429	(18)
TOTAL EQUITY SHAREHOLDERS' FUNDS / (DEFICIT)	15	<u>429</u>	<u>(18)</u>



R J McDonald
Director
3 April 2007

Punch Taverns (Offices) Limited

Period ended 19 August 2006

NOTES TO THE FINANCIAL STATEMENTS

for the 52 week period ended 19 August 2006

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

Fixed assets

Fixed assets are stated at cost less accumulated depreciation

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

Depreciation is provided on other tangible fixed assets at rates calculated to write off the cost less estimated residual value 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 19 August 2006

NOTES TO THE FINANCIAL STATEMENTS

for the 52 week period ended 19 August 2006

2. TURNOVER

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

	2006 £000	2005 £000
Property rentals	<u>622</u>	<u>528</u>

3. OPERATING PROFIT

This is stated after charging

	2006 £000	2005 £000
Tangible fixed assets - depreciation	112	102
Operating lease rentals on land and buildings	<u>6</u>	<u>6</u>

Auditors' 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

	2006 £000	2005 £000
Bank interest receivable	<u>67</u>	<u>17</u>

Punch Taverns (Offices) Limited
Period ended 19 August 2006

NOTES TO THE FINANCIAL STATEMENTS
for the 52 week period ended 19 August 2006

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2006 £000	2005 £000
Bank and other loans	107	115
Amortisation of deferred issue costs	1	1
	<u>108</u>	<u>116</u>

7. TAXATION

	2006 £000	2005 £000
The charge for tax on the profit for the period comprises		
<i>Current tax</i>		
UK corporation tax		
Current tax charge	38	72
Adjustment in respect of previous period	(34)	-
	<u>4</u>	<u>72</u>
<i>Deferred tax</i>		
Current period tax charge	96	22
Adjustment in respect of previous period	(101)	-
	<u>(5)</u>	<u>22</u>
	<u>(1)</u>	<u>94</u>

The charge to UK corporation tax is reconciled as follows

	2006 £000	2005 £000
Profit on ordinary activities before taxation	<u>446</u>	<u>312</u>
Profit on ordinary activities at standard rate of corporation tax in the UK (30%)	134	94
<i>Effects of</i>		
Timing differences relating to fixed assets	(96)	(22)
Adjustment in respect of previous period	(34)	-
Current tax charge for the period	<u>4</u>	<u>72</u>

Punch Taverns (Offices) Limited
Period ended 19 August 2006

NOTES TO THE FINANCIAL STATEMENTS
for the 52 week period ended 19 August 2006

8 TANGIBLE FIXED ASSETS

	Land & Buildings	Fixtures & Fittings	Total
	£000	£000	£000
Cost or valuation:			
At 20 August 2005	6,602	512	7,114
Additions	758	108	866
At 19 August 2006	<u>7,360</u>	<u>620</u>	<u>7,980</u>
Depreciation:			
At 20 August 2005	1,469	300	1,769
Depreciation	-	112	112
At 19 August 2006	<u>1,469</u>	<u>412</u>	<u>1,881</u>
Net book value:			
At 19 August 2006	<u>5,891</u>	<u>208</u>	<u>6,099</u>
At 20 August 2005	<u>5,133</u>	<u>212</u>	<u>5,345</u>

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

	Freehold £000	Long Leasehold £000
At 19 August 2006	<u>4,944</u>	<u>947</u>
At 20 August 2005	<u>4,186</u>	<u>947</u>

9 DEBTORS

	2006 £000	2005 £000
<i>Due within one year</i>		
Trade debtors	-	4
Deferred tax asset (note 13)	104	99
Social security and other taxes	20	213
Prepayments and accrued income	5	4
Amounts due from group undertakings	<u>173</u>	<u>3,803</u>
	<u>302</u>	<u>4,123</u>

Punch Taverns (Offices) Limited
Period ended 19 August 2006

NOTES TO THE FINANCIAL STATEMENTS
for the 52 week period ended 19 August 2006

9. DEBTORS (continued)

	2006	2005
	£000	£000
<i>Due after more than one year</i>		
Amounts due from group undertakings	<u>1,465</u>	<u>-</u>

10 CREDITORS: amounts falling due within one year

	2006	2005
	£000	£000
Trade creditors	202	3
Loans (note 12)	108	99
Accruals and deferred income	95	56
Corporation tax	-	33
Amounts owed to group undertakings	436	8,369
	<u>841</u>	<u>8,560</u>

11. CREDITORS: amounts falling due after one year

	2006	2005
	£000	£000
Loans (note 12)	1,218	1,325
Amounts owed to group undertakings	6,786	-
	<u>8,004</u>	<u>1,325</u>

12 LOANS

	2006	2005
	£000	£000
Amounts repayable by instalments falling due		
In one year	108	100
Between one and two years	116	108
Between two and five years	407	377
In five years or more	711	856
Less deferred issue costs	(16)	(17)
	<u>1,326</u>	<u>1,424</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 19 August 2006 was 5.9125% (2005 6.3125%), 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
Period ended 19 August 2006

NOTES TO THE FINANCIAL STATEMENTS
for the 52 week period ended 19 August 2006

13 DEFERRED TAX ASSET

	£000
At 20 August 2005	99
Credited to the profit and loss account	<u>5</u>
At 19 August 2006	<u>104</u>

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

14 SHARE CAPITAL

	2006 No.	2006 £	2005 No.	2005 £
<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>

15. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Share Capital	Profit & Loss Account	Total Shareholders' Funds /(Deficit)
	£000	£000	£000
At 21 August 2004	-	(236)	(236)
Profit for the period	-	218	218
At 20 August 2005	<u>-</u>	<u>(18)</u>	<u>(18)</u>
Profit for the period	-	447	447
At 19 August 2006	<u>-</u>	<u>429</u>	<u>429</u>

16 FINANCIAL COMMITMENTS

At 19 August 2006 the company had annual commitments under non-cancellable operating leases as set out below

	Land & Buildings 2006 £000	Land & Buildings 2005 £000
Operating leases which expire In over five years	<u>6</u>	<u>6</u>

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

Punch Taverns (Offices) Limited
Period ended 19 August 2006

NOTES TO THE FINANCIAL STATEMENTS
for the 52 week period ended 19 August 2006

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.

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.