

ELDRIDGE, POPE & CO., LIMITED

ANNUAL REPORT

For the 52 weeks ended 29 September 2007

Registered Number 00052308



ELDRIDGE, POPE & CO , LIMITED

ANNUAL REPORT

Period ended 30 September 2007

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ELDRIDGE, POPE & CO., LIMITED

DIRECTORS' REPORT

The Directors submit their report and the audited financial statements of the Company for the 52 weeks ended 29 September 2007 (2006 52 weeks ended 30 September 2006)

Principal activity

The principal activity of the Company continues to be the ownership and management of public house premises

Review of business

On 25 January 2007 the Company's ultimate parent company, Nouveaustar Limited, was acquired by Marston's Acquisitions Limited, a subsidiary of Marston's PLC

The Company made a loss after taxation of £26,101,000 (2006 profit of £6,560,000)

Performance

The Directors of the Marston's PLC Group manage the Group's operations on a divisional, rather than statutory entity basis. The development, performance and position of the Group which includes the Company are discussed within the Business Review of the Group Annual Report which does not form part of this report

Principal risks and uncertainties

The principal risks and uncertainties of the Company are integrated with the principal risks of the Marston's PLC Group and are not managed separately. Accordingly, the principal risks and uncertainties of the Group which include those of the Company are discussed within the Business Review of the Group Annual Report which does not form part of this report

Future developments

No changes are anticipated in the nature of the business in the foreseeable future

Dividends

The Directors do not recommend the payment of a dividend (2006 £nil)

Directors

The Directors who held office during the period, and up to the date of this report, were as follows

J W Clark	(resigned 25 January 2007)
P J Beadle	(resigned 25 January 2007)
T R Bird	(resigned 25 January 2007)
G Grant	(resigned 25 January 2007)
P F W Large	(resigned 25 January 2007)
C J Mitchell	(resigned 25 January 2007)
D Andrew	(appointed 25 January 2007)
R Findlay	(appointed 25 January 2007)
P Inglett	(appointed 25 January 2007)
S J Oliver	(appointed 25 January 2007)
A Darby	(appointed 25 January 2007)

ELDRIDGE, POPE & CO., LIMITED

DIRECTORS' REPORT (CONTINUED)

Statement of Directors' responsibilities in respect of the Annual Report and the financial statements

The Directors are responsible for preparing the Annual 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 the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The 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 those 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, in which case there should be supporting assumptions or qualifications as necessary.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.


The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and 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.

Auditors and disclosure of information to auditors

So far as the Directors are aware, there is no relevant audit information of which PricewaterhouseCoopers LLP ("PwC") are unaware, and the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that PwC are aware of that information.

Deloitte & Touche LLP resigned on 25 January 2007 upon the sale of the Company to Marston's PLC. PwC were appointed as auditors by the new Directors on 25 January 2007. PwC has indicated its willingness to continue in office and a resolution proposing its reappointment will be put to the Annual General Meeting.

Approved by the Board on 3 December 2007 and signed on its behalf by



Anne-Marie Brennan *Company secretary*
3 December 2007

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ELDRIDGE, POPE & CO , LIMITED

We have audited the financial statements of Eldridge, Pope & Co , Limited for the period ended 29 September 2007 which comprise the profit and loss account, the statement of total recognised gains and losses, the note of historical cost profits and losses, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom 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). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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

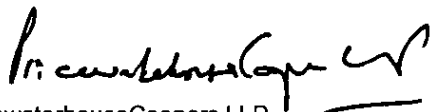
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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.

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 29 September 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.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Birmingham
3 December 2007

ELDRIDGE, POPE & CO , LIMITED

PROFIT AND LOSS ACCOUNT

For the period ended 29 September 2007

	Notes	2007 £'000	2006 £'000
Turnover		66,780	64,926
Trading expenses			
Before exceptional costs	2	(62,821)	(59,888)
Exceptional costs	2	(25,855)	-
Total trading expenses		(88,676)	(59,888)
Operating (loss)/profit		(21,896)	5,038
Profit on disposal of fixed assets		325	3,315
Interest receivable	5	56	93
Interest payable and similar charges			
Before exceptional charges	6	(1,548)	(1,610)
Exceptional charges	6	(4,383)	-
Total interest payable and similar charges		(5,931)	(1,610)
(Loss)/profit on ordinary activities before taxation		(27,446)	6,836
Taxation credit/(charge) on (loss)/profit on ordinary activities	7	1,345	(276)
(Loss)/profit for the period	18	(26,101)	6,560
All results relate to continuing operations			

ELDRIDGE, POPE & CO , LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the period ended 29 September 2007

	2007	2006
	£'000	£'000
(Loss)/profit on ordinary activities after taxation	(26,101)	6,560
Actuanal (loss)/profit recognised for the pension scheme	(3,797)	891
Movement on deferred tax relating to pension liability	1,063	(267)
Total recognised (losses)/gains relating to the period	(28,835)	7,184

NOTE OF HISTORICAL COST PROFITS AND LOSSES
For the period ended 29 September 2007

	2007	2006
	£'000	£'000
(Loss)/profit on ordinary activities before taxation	(27,446)	6,836
Realisation of property revaluation gains recorded in previous periods	790	418
Difference between historical cost depreciation charge and the actual depreciation charge in the year	-	520
Historical cost profit on ordinary activities before taxation	(26,656)	7,774
Historical cost profit for the period retained after taxation	(25,311)	7,498

ELDRIDGE, POPE & CO , LIMITED

BALANCE SHEET
At 29 September 2007

	Notes	2007 £'000	2006 £'000
Fixed assets			
Tangible assets	8	125,422	100,059
Investments	9	8,061	8,061
		<u>133,483</u>	<u>108,120</u>
Current assets			
Stocks	10	1,016	1,323
Assets held for sale	11	4,122	-
Debtors	12	3,116	3,141
Cash at bank and in hand		198	996
		<u>8,452</u>	<u>5,460</u>
Creditors (amounts falling due within one year)	13	(355)	(8,287)
Net current assets/(liabilities)		<u>8,097</u>	<u>(2,827)</u>
Total assets less current liabilities		141,580	105,293
Creditors (amounts falling due after more than one year)	14	(64,835)	(43,106)
Provisions for liabilities and charges	15	(8,417)	(2,570)
Net assets before pension liabilities		<u>68,328</u>	<u>59,617</u>
Pension liabilities	20	-	(9,480)
Net assets		<u>68,328</u>	<u>50,137</u>
Capital and reserves			
Called up share capital	17	12,373	12,373
Share premium account	18	133	133
Revaluation reserve	18	66,093	19,857
Other reserves	18	1,380	1,380
Profit and loss account	18	(11,651)	16,394
Total shareholders' funds	19	<u>68,328</u>	<u>50,137</u>

The financial statements on pages 5 to 19 were approved by the Board on 3 December 2007 and were signed on its behalf by



Paul Inglett
Director
3 December 2007

ELDRIDGE, POPE & CO , LIMITED

NOTES

1 Accounting Policies

(a) Basis of accounting

These financial statements are prepared on the going concern basis, under the historical cost convention as modified by the revaluation of properties, and in accordance with the Companies Act 1985 and applicable accounting standards

Accounting policies applied are consistent with the prior period

The financial statements contain information about Eldridge, Pope & Co , Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent, Marston's PLC, a company registered in England and Wales

(b) Cash flow statement and related party disclosures

The Company is a wholly-owned subsidiary of Marston's PLC and is included in the consolidated financial statements of Marston's PLC, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1. The Company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the Marston's PLC Group, from the acquisition date of 25 January 2007. There were no transactions prior to that date.

(c) Turnover

Turnover represents the value of goods and services supplied to customers, and rents receivable from licensed properties. Rental income is recognised in respect of the period to which it relates. Turnover is recorded net of discounts and VAT and arises solely within the United Kingdom.

(d) Tangible fixed assets

Freehold and leasehold properties are stated at valuation or at cost. Plant, machinery, fixtures and fittings are stated at cost.

Freehold buildings are depreciated to residual value on a straight line basis over 50 years. Leasehold properties are depreciated over the lower of the lease period and 50 years. Other tangible assets are depreciated on a straight-line basis to residual value over periods ranging from 3 to 15 years, being their anticipated useful lives.

Properties are revalued by independent qualified valuers at least once in each five year period, on an existing use basis. When a valuation is below current carrying value, the asset concerned is reviewed for impairment. Impairment losses are charged to the revaluation reserve to the extent that a previous gain has been recorded, and thereafter to the profit and loss account. Surpluses on revaluation are recognised in the revaluation reserve, except where they reverse previously charged impairment losses, in which case they are recorded in the profit and loss account.

(e) Fixed asset disposals

Profit/loss on fixed asset disposals is net sale proceeds less carrying value of the assets.

(f) Investments

Investments in subsidiaries are stated at cost, less any provision for permanent diminution in value.

(g) Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes direct materials and a proportion of attributable overheads.

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(h) Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed by the balance sheet date which give rise to an obligation to pay more or less tax in the future. Timing differences are differences between the Company's taxable profits and profits as stated in the accounts. Deferred tax assets and liabilities are not discounted and assets are only recognised where recoverability is probable.

(i) Leases

Rental costs under operating leases are charged to the profit and loss account over the term of the lease. The cost of assets held under finance leases is included within tangible fixed assets and depreciation is provided in accordance with the policy for the class of asset concerned. The corresponding obligations under these leases are shown in creditors. The finance charge element of rentals is charged to the profit and loss account as incurred.

(j) Pensions

Pension costs for the Company's defined benefit pension scheme are determined using the Projected Unit Credit Method, with actuarial calculations being carried out at each period end date. Costs are recognised separately as operating and interest costs in the profit and loss account. Operating costs comprise the current service cost, any income or expenses on settlements or curtailments, and past service costs where the benefits have vested. Interest items comprise the interest on plan liabilities and the expected return on plan assets.

Actuarial gains or losses comprising differences between the actual and expected return on plan assets, changes in plan liabilities due to experience and changes in actuarial assumptions are recognised in full in the period in which they occur in the statement of total recognised gains and losses. The liability recognised in the balance sheet for the defined benefit pension scheme is the present value of scheme liabilities less the fair value of scheme assets.

Pension costs for the Company's defined contribution pension scheme are charged to the profit and loss account in the period in which they are incurred.

(k) Intangible assets

Goodwill arising on acquisitions prior to 31 December 1997 was written off to reserves in accordance with the accounting standard then in force. As permitted by the current accounting standard the goodwill previously written off to reserves has not been reinstated in the balance sheet. On disposal or closure of a previously acquired business, the attributable amount of goodwill previously written off to reserves is included in determining the profit or loss on disposal.

(l) Assets held for sale

Assets, typically properties, are categorised as held for sale when the value of the asset will be recovered through a sale transaction rather than continuing use. This condition is met when the sale is highly probable and the asset is available for immediate sale in its present condition. In addition, the Company must be committed to the sale and the completion should be expected to occur within one year from the date of classification. Assets held for sale are valued at the lower of carrying value and fair value less costs to sell.

(m) Exceptional items

Exceptional items are defined as those that, by virtue of their nature, size or expected frequency, warrant separate disclosure in the financial statements in order to fully understand the underlying performance of the Company.

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2 Operating (loss)/profit

Operating (loss)/profit is stated after charging

	2007 £'000	2006 £'000
Before exceptional costs		
Depreciation of tangible fixed assets	3,351	4,788
Operating lease rentals		
- land and buildings	4,001	4,386
- plant and equipment	271	227
Auditors' remuneration		
- statutory audit fees – Company financial statements	-	50
- other services	-	14
Exceptional costs		
Reorganisation and redundancy costs	2,413	-
Impairment of fixed assets (note 8)	23,442	-

With effect from 25 January 2007, auditors' remuneration is borne by the ultimate parent company, Marston's PLC

3 Employees

The monthly average number of employees during the period was

	2007	2006
Pub operations	1,539	1,396
General operations	43	47
	1,582	1,443

Staff costs consist of

	2007 £'000	2006 £'000
Wages and salaries	7,225	15,407
Social security costs	548	1,123
Pension costs	91	299
	7,865	16,829

4 Directors' emoluments

	2007 £'000	2006 £'000
Total		
Aggregate emoluments	196	574
Pension costs	38	44
Compensation for loss of office	563	-
	797	618

Emoluments of the highest paid Director

	2007 £'000	2006 £'000
Remuneration	74	156
Compensation for loss of office	216	-
	290	156

5 Interest receivable

	2007 £'000	2006 £'000
Bank interest	56	93

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6 Interest payable and similar charges

	2007 £'000	2006 £'000
Before exceptional items		
Debenture	1,074	1,175
Bank loans and overdrafts	6	17
Other loans	14	15
Finance costs	10	403
Net interest on pension scheme liabilities	444	-
	1,548	1,610
Exceptional items		
Loss on settlement of debenture	4,383	-
	5,931	1,610
Total interest payable and similar charges	5,931	1,610

7 Taxation

	2007 £'000	2006 £'000
Current tax		
Group relief	-	695
Corporation tax on (loss)/profit for the period	(1,592)	-
Adjustments in respect of prior periods		
Group relief	-	(56)
	(1,592)	639
Deferred tax		
Deferred tax in relation to the period	233	216
Deferred tax in relation to prior periods	14	(579)
	247	(363)
	(1,345)	276
Taxation charge on loss on ordinary activities	(1,345)	276

The actual tax rate for the period is lower than (2006 lower than) the standard rate of corporation tax in the UK (30%) The differences are explained below

	2007 £'000	2006 £'000
(Loss)/profit on ordinary activities before tax	(27,446)	6,836
(Loss)/profit before tax multiplied by the UK corporation tax rate of 30% (2006 30%)	(8,234)	2,051
Effect of		
Expenses not deductible for tax purposes	7,151	219
Adjustment relating to prior year corporation tax	-	(57)
Excess of capital allowances over depreciation	(916)	(46)
Other timing differences	(293)	(170)
Profit on disposal of fixed assets	(96)	(788)
Transfer pricing adjustment	-	(570)
Tax losses	796	-
Current period taxation credit	(1,592)	639

A number of changes to the UK Corporation tax system were announced in the March 2007 Budget Statement and were enacted in the 2007 Finance Act in June 2007 The changes impact after the balance sheet date and, therefore, are not included in these financial statements The main changes which will affect these accounts going forward are

- i) the corporation tax rate will reduce from 30% to 28% with effect from 1 April 2008 and
- ii) balancing adjustments for industrial buildings are abolished

The financial impact of these changes will be quantified in the accounts going forward

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8 Tangible fixed assets

	Land and buildings £'000	Fixtures and fittings £'000	Total £'000
Cost or valuation			
At 1 October 2006	99,622	43,283	142,905
Additions	843	3,623	4,466
Transfer	(2,647)	2,647	-
Transfer to onerous leases	6,435	-	6,435
Disposals	(1,291)	(2,376)	(3,667)
Transfer to assets held for sale	(2,395)	(2,052)	(4,447)
Revaluations	12,827	-	12,827
At 29 September 2007	113,394	45,125	158,519
Depreciation			
At 1 October 2006	14,350	28,496	42,846
Charge for the period	310	3,041	3,351
Disposals	(319)	(1,984)	(2,303)
Transfer to assets held for sale	6	(46)	(40)
Revaluations	(10,757)	-	(10,757)
At 29 September 2007	3,590	29,507	33,097
Net book value			
At 29 September 2007	109,804	15,618	125,422
At 30 September 2006	85,272	14,787	100,059

If the land and buildings had not been revalued, the historical cost net book value of fixed assets would be £75,909,000 (2006 £80,202,000)

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

	2007 £'000	2006 £'000
Freehold properties	106,797	76,067
Leasehold properties under 50 years unexpired	3,007	18,821
	109,804	99,696

Valuation of properties

At 25 January 2007, independent chartered surveyors Colliers CRE revalued the Company's properties on an existing use basis

During the period, various properties were reviewed for impairment prior to their recategorisation as assets held for sale. This review identified an impairment of £23.4m (2006 £nil) which has been taken to the profit and loss account.

The impact of the revaluations/impairments described above is as follows

	2007 £'000	2006 £'000
Profit and loss account		
Impairment	(23,442)	-
Revaluation reserve		
Unrealised revaluation surplus	47,026	-
Net increase in shareholders' funds/fixed assets	23,584	-

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9 Investments

	Subsidiary undertakings £'000
Cost	
At 1 October 2006 and 29 September 2007	10,821
Provisions	
At 1 October 2006 and 29 September 2007	(2,760)
Net book value	
At 1 October 2006 and 29 September 2007	8,061

There are no undertakings that materially affect the results or assets of the Company. The exemption from listing all undertakings in which the Company has an interest of 20% or more (detailed in Section 232(5) of Companies Act 1985) has therefore been utilised.

10 Stocks

	2007 £'000	2006 £'000
Finished goods and goods for resale	1,016	1,323

11 Assets held for sale

	2007 £'000	2006 £'000
Properties	4,122	-

12 Debtors

	2007 £'000	2006 £'000
Amounts due within one year		
Trade debtors	233	589
Amounts owed by Group undertakings	-	47
Prepayments and accrued income	1,275	2,076
Other debtors	16	429
Corporation tax	1,592	-
	3,116	3,141

13 Creditors (amounts falling due within one year)

	2007 £'000	2006 £'000
Trade creditors	-	2,840
Other creditors	355	482
Taxation and social security	-	1,796
Accruals	-	2,935
Corporation tax	-	234
	355	8,287

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14 Creditors (amounts falling due after more than one year)

	2007 £'000	2006 £'000
Amounts owed to Group undertakings	64,835	28,450
Irredeemable unsecured loan stock	-	150
Debenture stock	-	14,506
	64,835	43,106

The maturity profile of financial liabilities is as follows

Amounts falling due	2007 £'000	2006 £'000
Between two years and five years		
Amounts owed to Group undertakings	64,835	28,450
In five years or more		
Debenture stock 2022 7 625%	-	15,000
Unamortised debenture issue costs	-	(494)
	-	14,506
7½% Irredeemable unsecured loan stock	-	150
	64,835	43,106

Amounts owed to Group undertakings are unsecured, have no fixed repayment terms and are non-interest bearing

Payment of the principal and interest on the debenture was secured by a first floating charge over the whole of the undertaking

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15 Provisions for liabilities and charges

	Deferred tax £'000	Property leases £'000	Total £'000
At 1 October 2006	2,570	-	2,570
Transfer from tangible fixed assets	-	6,435	6,435
Profit and loss account	(47)	(233)	(280)
Disposals	-	(308)	(308)
At 29 September 2007	2,523	5,894	8,417

The amount provided in respect of deferred tax is as follows

	2007 £'000	2006 £'000
Excess of capital allowances over accumulated depreciation	3,301	2,608
Losses	(743)	-
Other timing differences	(35)	(38)
	2,523	2,570

Deferred tax has been calculated at the tax rates expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted at the balance sheet date

No provision has been made for deferred tax on gains and losses recognised on revaluing properties to their market value or on the sale of properties where potentially taxable gains have been rolled over into replacement assets. Such tax would only become payable if the properties were sold without it being possible to claim rollover relief. The total amount unprovided for, after offsetting available capital losses, is estimated at £(0.7)m (2006 £10.4m). At present it is not envisaged that any such tax will become recoverable or payable in the foreseeable future.

Property leases

When valuations of leasehold properties (based on future estimated income streams) give rise to a deficit as a result of onerous lease conditions they are recognised as liabilities in provisions. Payments are expected to be ongoing on the properties for periods of 4 to 42 years. The amounts are not discounted as the Directors consider the discounted amounts would not be materially different from the amounts recognised.

16 Commitments under operating leases

The Company had annual commitments under non-cancellable operating leases as set out below

	2007		2006	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Operating leases which expire				
Within one year	-	4	40	26
Within two to five years	106	3	139	5
After five years	3,679	-	3,995	-
	3,785	7	4,174	31

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17 Share capital

	2007 £'000	2006 £'000
Authorised		
7,254,000 Unclassified shares of 50p each	3,627	3,627
24,746,000 Ordinary shares of 50p each	12,373	12,373
	16,000	16,000
	2007 £'000	2006 £'000
Allotted, issued and fully paid		
24,746,000 Ordinary shares of 50p each	12,373	12,373

18 Reserves

	Share premium account £'000	Revaluation reserve £'000	Other reserves £'000	Profit and loss account £'000
At 1 October 2006	133	19,857	1,380	16,394
Revaluation	-	47,026	-	-
Disposal of properties	-	(790)	-	790
Loss for the financial period	-	-	-	(26,101)
Actuanaal loss	-	-	-	(2,734)
At 29 September 2007	133	66,093	1,380	(11,651)

Cumulative goodwill written off to reserves is £1,470,000 (2006 £1,470,000)

19 Reconciliation of movement in shareholders' funds

	2007 £'000	2006 £'000
(Loss)/profit for the financial period	(26,101)	6,560
Revaluation	47,026	-
Actuanaal (loss)/gain on defined benefit pension scheme	(3,797)	624
Movement on deferred tax relating to pension liability	1,063	-
Net addition to shareholders' funds	18,191	7,184
Opening shareholders' funds	50,137	42,953
Closing shareholders' funds	68,328	50,137

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20 Pensions

Defined contribution scheme

New employees joining Eldridge, Pope & Co , Limited after 31 March 2000 were offered membership of a defined contribution arrangement. The Company paid contributions of £23,000 (2006 £60,000) to the scheme during the period.

The Company also operated several approved and unapproved arrangements for board level executives, and £38,000 (2006 £44,000) was expensed through the profit and loss account in respect of these arrangements during the period.

Defined benefit scheme

The Company also operated The Eldridge, Pope & Co , plc Pension Scheme ("The Eldridge Pope Scheme"), which was closed to new members. The assets of the scheme were administered by trustees in a fund independent from those of the Company. The assets and liabilities of the Eldridge Pope Scheme were transferred to The Marston's PLC Pension and Life Assurance Scheme on 7 September 2007.

The Company contribution was 10.5% of pensionable salaries throughout the period (2006 10.5%) plus an additional £166,667 per month to 31 December 2006 and £116,667 per month thereafter, following the recommendations of an independent qualified actuary.

The most recent actuarial valuation of the final salary pension scheme was performed by Hewitt at 30 September 2006. No valuation was carried out at 29 September 2007 as the assets and liabilities of the Eldridge Pope Scheme had been transferred out in full by that date. The principal assumptions made by the actuaries were:

	29 Sep 2007 %	30 Sep 2006 %	1 Oct 2005 %
Inflation	-	2.80	2.65
Salary escalation	-	3.30	3.65
Earnings limit escalation	-	2.80	2.65
Pension escalation (pensions in payment and deferred pensions)			
Service prior to 6 April 1996	-	5.00	5.00
Service after 5 April 1996	-	2.70	2.55
Discount rate	-	5.20	5.10

The assets of the scheme and the weighted average expected returns were:

	Long-term rate of return expected at 29 Sep 2007 %	Value at 29 Sep 2007 £'000	Long-term rate of return expected at 30 Sep 2006 %	Value at 30 Sep 2006 £'000	Long-term rate of return expected at 1 Oct 2005 %	Value at 1 Oct 2005 £'000
Equities	-	-	8.0	11,002	8.0	14,799
Government bonds	-	-	4.5	12,971	4.5	9,603
Corporate bonds	-	-	4.9	10,651	4.9	8,202
Cash and other	-	-	4.5	183	4.5	641
Total market value of assets		-		34,807		33,245
Actuarial value of liability		-		(48,350)		(48,275)
Total deficit in the scheme		-		(13,543)		(15,030)
Related deferred tax asset		-		4,063		4,509
Net pension liability		-		(9,480)		(10,521)

On 7 September 2007 the deficit of £16,365,000 and the associated deferred tax asset of £4,832,000 were transferred to Marston's Trading Limited at net book value as part of the merger of the Eldridge Pope scheme and the Marston's PLC Pension and Life Assurance Scheme.

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20 Pensions (continued)

Analysis of amount charged to operating profit in respect of the defined benefit pension scheme

	2007 £'000	2006 £'000
Current service cost	48	177

Movement in deficit during the period

	2007 £'000	2006 £'000
Deficit in the scheme at the beginning of the period	(13,543)	(15,030)
Movement in the period		
Current service cost	(48)	(177)
Contributions	1,467	1,176
Other finance costs	(444)	(403)
Actuarial (loss)/gain	(3,797)	891
Scheme mergers	16,365	-
Deficit in the scheme at the end of the period	-	(13,543)

Analysis of amount charged to interest payable and similar charges

	2007 £'000	2006 £'000
Expected return on pension scheme assets	1,802	2,001
Interest on pension scheme liabilities	(2,246)	(2,404)
Net expense	(444)	(403)

Analysis of amount recognised in statement of total recognised gains and losses

	2007 £'000	2006 £'000
Actual returns less expected return on pension scheme assets	(1,507)	777
Experience gains and losses on pension scheme liabilities	-	(135)
Changes in assumptions underlying the present value of the scheme liabilities	(2,290)	249
Actuarial (loss)/gain recognised in statement of total recognised gains and losses	(3,797)	891

History of experience gains and losses

	2007	2006	2005	2004
Difference between the actual and expected return on scheme assets				
Amount	(£1,507,000)	£777,000	£3,032,000	£218,000
Percentage of scheme assets	4.4%	2.2%	9.1%	0.7%
Experience gains and losses on scheme liabilities				
Amount	-	£135,000	£1,298,000	£502,000
Percentage of present value of scheme liabilities	-	0.8%	2.7%	1.2%
Total amount recognised in statement of total recognised gains and losses				
Amount	(£3,797,000)	£891,000	(£1,237,000)	(£693,000)
Percentage of present value of scheme liabilities	7.5%	1.8%	2.6%	1.6%

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21 Contingencies

Guarantees given by the bank on the Company's behalf amounted to £nil (2006 £170,000)

22 Ultimate parent undertaking and controlling party

The immediate parent undertaking is EP Investments 2004 Limited (formerly EP Investments 2004 Plc)

Prior to 25 January 2007 the Directors regarded Nouveaustar Limited, a company registered in the United Kingdom, as the Company's ultimate parent company and Michael Cannon, the majority shareholder of Nouveaustar Limited, as the ultimate controlling party. The parent undertaking of the smallest group which included the Company, and for which group financial statements were prepared, was EP Investments 2004 plc. The parent undertaking of the largest group which included the Company, and for which group financial statements were prepared, was Nouveaustar Limited.

With effect from 25 January 2007 the ultimate parent undertaking and controlling party is Marston's PLC, which is the parent undertaking of the smallest and largest group to consolidate the financial statements of Eldridge, Pope & Co , Limited. Copies of the Group financial statements can be obtained from the Company Secretary, Marston's House, Brewery Road, Wolverhampton, WV1 4JT.

23 Post balance sheet event

On 22 November 2007, 38 tenanted pubs were sold to Marston's Pubs Limited for £17,648,432 generating a profit on disposal of £3,701,475. Debtors and creditors relating to those pubs were also transferred to Marston's Pubs Limited at their net book value.