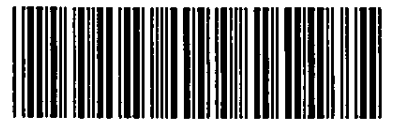


COMPANY REGISTRATION NUMBER 4825118

PORTER BLACK (2003) LIMITED
ANNUAL REPORT
FOR THE PERIOD ENDED 3 OCTOBER 2009

TUESDAY



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PORTER BLACK (2003) LIMITED

FINANCIAL STATEMENTS

Period ended 3 October 2009

Contents	Page
Directors' report	1 to 2
Independent auditors' report to the members	3
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	6 to 10

PORTER BLACK (2003) LIMITED

DIRECTORS' REPORT

Period ended 3 October 2009

The Directors submit their report and the audited financial statements of the Company for the 52 weeks ended 3 October 2009 (2008: 53 weeks ended 4 October 2008).

The registration number of Company is 4825118.

Principal activities and business review

The company did not trade in the current or prior period.

Interest is receivable/payable under an intra group funding agreement.

At the prior period end the Company held preference shares in Marston's Estates Limited. On 22 September 2009, Marston's Estates Limited bought back the preference shares for £2,933,000, generating a loss on disposal of £2,235,000.

Future developments

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

Results and dividends

The loss for the period amounted to £2,364,000 (2008: profit of £602,000). The Directors have not recommended a dividend (2008: £nil).

Principal risks and uncertainties

The principal risks and uncertainties of the Company are integrated with the principal risks of the Marston's 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 Marston's PLC Annual Report which does not form part of this report.

Further, the key performance indicators (KPIs), and financial risk management of the Company are integrated with that of the Marston's Group and are not assessed separately. An analysis of the KPIs of the Group, which include those of the Company, together with the Group's financial risk exposure, and the management objectives and policies thereon, is presented within the Business Review of the Marston's PLC Annual Report.

Directors

The Directors who served the Company during the period and up to the date of this report were as follows:

A Darby
A Andrea
D Andrew
S J Oliver
R Findlay
P Inglett

A Andrea was appointed as a Director on 31 March 2009.

P Inglett resigned as a Director on 31 March 2009.

PORTER BLACK (2003) LIMITED

DIRECTORS' REPORT *(continued)*

Period ended 3 October 2009

Directors' responsibilities

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 these 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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

In the case of each of the persons who are Directors at the time when the report is approved, the following applies:

- a) so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- b) he has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Signed by order of the Directors



Anne-Marie Brennan
Company Secretary

Approved by the Directors on 3 December 2009

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PORTER BLACK (2003) LIMITED

We have audited the financial statements of Porter Black (2003) Limited for the period ended 3 October 2009 which comprise the profit and loss account, balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Sections 495 and 496 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 3 October 2009 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

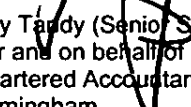
Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.


Roy Tandy (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham

3 December 2009

PORTER BLACK (2003) LIMITED

PROFIT AND LOSS ACCOUNT

Period ended 3 October 2009

	Note	2009 £000	2008 £000
Loss on disposal of preference shares	3	(2,235)	—
Interest receivable	4	46	615
Interest payable	5	(225)	—
(Loss)/profit on ordinary activities before taxation		(2,414)	615
Tax on (loss)/profit on ordinary activities	6	50	(13)
(Loss)/profit for the period	12	<u>(2,364)</u>	<u>602</u>

All of the activities of the Company are classed as continuing.

There is no difference between the result shown above and the result for the period stated on an unmodified historical cost basis.

The Company has no recognised gains or losses other than the results for the period as set out above.

The notes on pages 6 to 10 form part of these financial statements.

PORTER BLACK (2003) LIMITED

BALANCE SHEET

As at 3 October 2009

	Note	2009 £000	2008 £000
Fixed assets			
Investments	7	<u>-</u>	<u>5,168</u>
Current assets			
Debtors due within one year	8	1,322	615
Debtors due after one year	8	<u>-</u>	<u>610</u>
		1,322	1,225
Creditors: Amounts falling due within one year	9	<u>(3,061)</u>	<u>(6,268)</u>
Net current liabilities		<u>(1,739)</u>	<u>(5,043)</u>
Total assets less current liabilities		<u>(1,739)</u>	<u>125</u>
Creditors: Amounts falling due after more than one year	10	<u>(350)</u>	<u>(350)</u>
Net liabilities		<u>(2,089)</u>	<u>(225)</u>
Capital and reserves			
Called-up share capital	11	1	1
Other reserves	12	500	-
Profit and loss account	12	<u>(2,590)</u>	<u>(226)</u>
Total shareholders' deficit	13	<u>(2,089)</u>	<u>(225)</u>

These financial statements on pages 4 to 10 were approved by the Directors and authorised for issue on 3 December 2009, and are signed on their behalf by:



Andrew Andrea
Director

3 December 2009

The notes on pages 6 to 10 form part of these financial statements.

PORTER BLACK (2003) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period ended 3 October 2009

1. Accounting policies

(a) Basis of accounting

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards.

Accounting policies applied are consistent with the prior period.

(b) Going concern

The Company's ultimate parent undertaking, Marston's PLC has stated its intention to provide financial support to the Company to enable it to meet its liabilities as and when they fall due. Consequently the Directors have adopted the going concern basis of preparation for the financial statements.

(c) 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 that company, which are publicly available. Consequently, Porter Black (2003) Limited has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised). 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.

(d) 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.

(e) Investments

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

(f) Group undertakings

On 23 December 2008 the Company entered into an intra group funding agreement with certain other members of the Marston's Group. The agreement stipulates that all amounts outstanding on any intercompany loan account between these companies are interest bearing at a prescribed rate.

No interest is payable on any amounts owed by/to Group companies who are not party to the intra group funding agreement.

2. Employees and auditors' remuneration

The average number of people employed by the Company during the period excluding Directors was nil (2008: nil). The Directors received no remuneration in respect of their services to the Company (2008: £nil).

Auditors' remuneration is borne by the ultimate parent company, Marston's PLC. The Company incurred no non-audit fees during the period (2008: £nil).

3. Loss on disposal of preference shares

At the prior period end the Company held preference shares in Marston's Estates Limited. On 22 September 2009, Marston's Estates Limited bought back the preference shares for £2,933,000, generating a loss on disposal of £2,235,000 (note 7).

PORTER BLACK (2003) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period ended 3 October 2009

4. Interest receivable

	2009 £000	2008 £000
Other loan interest receivable	24	44
Dividend on preference shares	—	571
Interest receivable from Group undertakings	22	—
	<u>46</u>	<u>615</u>

5. Interest payable

	2009 £000	2008 £000
Interest payable to Group undertakings	<u>225</u>	<u>—</u>

6. Taxation on ordinary activities

(a) Analysis of charge in the period

	2009 £000	2008 £000
Current tax:		
UK corporation tax based on the results for the period	(50)	13
Total current tax	<u>(50)</u>	<u>13</u>

(b) Factors affecting current tax charge

The tax assessed on the (loss)/profit on ordinary activities for the period is higher than (2008: lower than) the standard rate of corporation tax of 28% (2008: 29%).

	2009 £000	2008 £000
(Loss)/profit on ordinary activities before taxation	<u>(2,414)</u>	<u>615</u>
(Loss)/profit on ordinary activities multiplied by the corporation tax rate	(676)	178
Effect of:		
Loss on disposal of preference shares	626	—
UK dividend income	—	(165)
Total current tax (note 6(a))	<u>(50)</u>	<u>13</u>

The standard rate of corporation tax in the UK changed from 30% to 28% with effect from 1 April 2008. Accordingly, the Company's profits for the prior period were taxed at an effective rate of 29%.

There was no deferred tax balance either recognised or unrecognised at the current or prior period end.

(c) Factors that may affect future tax charges

No factors have been identified that may affect future tax charges.

PORTER BLACK (2003) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period ended 3 October 2009

7. Investments

	Preference shares £000
Cost	
At 5 October 2008	5,168
Disposals	(5,168)
At 3 October 2009	<u>-</u>
Net book value	
At 3 October 2009	<u>-</u>
At 4 October 2008	<u>5,168</u>

The preference shares were held in Marston's Estates Limited. On 22 September 2009, Marston's Estates Limited bought back the preference shares for £2,933,000, generating a loss on disposal of £2,235,000 (note 3).

8. Debtors

	2009 £000	2008 £000
Amounts owed by Group undertakings	1,250	-
Corporation tax	50	-
Interest owed by Group undertakings	22	-
Loan note - Due from Group undertaking	-	610
Other debtors	-	615
	<u>1,322</u>	<u>1,225</u>

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

	2009 £000	2008 £000
Loan note - Due from Group undertaking	<u>-</u>	<u>610</u>

The loan note was issued by Marston's Estates Limited and was due to expire on 17 July 2036. Interest was receivable on the loan note at LIBOR plus a margin. The obligations of Marston's Estates Limited were guaranteed by Marston's PLC.

On 22 September 2009 the terms of the loan note were amended to reflect those of all other intercompany loans between the Company and Marston's Estates Limited.

Other debtors comprised interest due on the loan and dividends due on the preference shares (note 7).

9. Creditors: Amounts falling due within one year

	2009 £000	2008 £000
Interest owed to Group undertakings	225	-
Amounts owed to Group undertakings	2,836	6,255
Corporation tax	-	13
	<u>3,061</u>	<u>6,268</u>

Amounts owed to Group undertakings are unsecured and repayable on demand.

PORTER BLACK (2003) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period ended 3 October 2009

10. Creditors: Amounts falling due after more than one year

	2009 £000	2008 £000
Preference shares	<u>350</u>	<u>350</u>

Preference shares of £1 each

The Company has 350,000 authorised and issued cumulative redeemable preference shares of £1 each. The shares are redeemable in October 2013. On a return of assets on liquidation or otherwise, the preference shares rank first in respect of subscribed share capital. Any balance will be paid equally to the holders of the equity shares. Preference share holders are entitled to receive notice of and attend general meetings, but not to vote thereat.

11. Share capital

Authorised share capital:

	2009 £000	2008 £000
490 'A' ordinary shares of £1 each	-	-
510 'B' ordinary shares of £1 each	<u>1</u>	<u>1</u>
	<u>1</u>	<u>1</u>

Allotted, called up and fully paid:

	2009 Number	£000	2008 Number	£000
'A' ordinary shares of £1 each	490	-	490	-
'B' ordinary shares of £1 each	<u>510</u>	<u>1</u>	<u>510</u>	<u>1</u>
	<u>1,000</u>	<u>1</u>	<u>1,000</u>	<u>1</u>

'A' and 'B' ordinary shares of £1 each

No dividend shall be paid without the consent of the holders of a majority in nominal value of each class of ordinary share. On a return of assets or otherwise, the shares rank second, behind the preference shares (note 10) in respect of subscribed share capital. Each share attracts one vote.

12. Reserves

	Other reserve £000	Profit and loss account £000
Balance brought forward	-	(226)
Loss for the period	-	(2,364)
Capital contribution	<u>500</u>	-
Balance carried forward	<u>500</u>	<u>(2,590)</u>

On 22 September 2009 Marston's PLC, the ultimate parent company, made a capital contribution of £500,000 to the Company.

PORTER BLACK (2003) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period ended 3 October 2009

13. Reconciliation of movements in shareholders' deficit

	2009 £000	2008 £000
(Loss)/profit for the period	(2,364)	602
Capital contribution	500	—
Net (reduction)/addition to shareholders' deficit	(1,864)	602
Opening shareholders' deficit	(225)	(827)
Closing shareholders' deficit	(2,089)	(225)

14. Ultimate parent company

The immediate parent undertaking is Celtic Inns Limited. The Company's 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 Porter Black (2003) Limited. Copies of the Group financial statements can be obtained from the Company Secretary, Marston's House, Brewery Road, Wolverhampton, WV1 4JT.