5269223

New Pubco (MC) Limited

Report and Financial Statements

For the Period ended 31 May 2005

Registered No: 5269223

Directors
Aaron Brown (appointed 12 December 2004)
Tim Smalley (appointed 12 December 2004)
Mark Grunnell (appointed 8 September 2005)

Secretary
Michael Ingham (appointed 12 December 2004)
Derek Walmsley (appointed 25 October 2004, resigned 12 December 2004)

Auditors
Ernst & Young LLP
George House
50 George Square
Glasgow
G2 1RR

Bankers
Barclays Bank plc
1 Churchill Place
London
E14 5HP

Solicitors
Allen & Overy LLP
One New Change
London
EC4M 9QQ

Linklaters
One Silk Street
London
EC2Y 8HQ

Slaughter & May
One Bunhill Dow
London
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Registered Office
2nd Floor
Leconfield House
Curzon Street
London
W1J 5JA

Directors' report

The directors present their first report and financial statements for the period ended 31 May 2005. The company was incorporated on 25 October 2004. The accounts as presented are the period from incorporation to 31 May 2005.

The company changed its accounting reference date from 31 October 2005 to 24 August 2005 and then to 31 May 2005.

Pursuant to a business transfer agreement between New Pubco (MC) Limited and its then ultimate parent company, Spirit Group, dated 25 November 2004, MC acquired 364 managed pub units.

Pursuant to two property transfer agreements dated 3 and 4 December 2004 between New Pubco (MC) Limited and Broadway Inns Limited, the legal and beneficial interest to each of the properties was transferred to Broadway Inns Limited.

On 12 January 2005 New PubCo (MC) Limited was granted licenses to occupy the properties of the Globe Pub Company and Broadway Inns Limited in return for a licence fee. The licence to occupy is terminated on the earlier of the lease being granted by the property owners to a third party or the property being converted into a tenanted property.

Results and dividends

The loss for the period, after taxation, amounted to £554,451. The directors recommend no dividend for the period.

Principal activity and review of the business

The company's principal activity during the year was to act as the management of public houses.

Future developments

It is the intention of the company to develop its existing interests whilst seeking to exploit new opportunities as they arise.

Directors and their interests

The directors who served in the period are as follows:

Aaron Brown (appointed 12 December 2004)
Mark Grunnell (appointed 8 September 2005)
John Jackson (appointed 25 October 2004, resigned 3 November 2004)
Karen Jones (appointed 3 November 2004, resigned 12 December 2004)
Cornel Riklin (appointed 3 November 2004, resigned 12 December 2004)
Tim Smalley (appointed 12 December 2004)
Benedict Smith (appointed 3 November 2004, resigned 12 December 2004)
Derek Walmsley (appointed 25 October 2004, resigned 3 November 2004)

None of the directors at 31 May 2005 held interests in the share capital of the company or of the ultimate parent company.

Directors' report

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the board

M Ingham
Secretary
19 July 2006

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year 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; 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.

ERNST & YOUNG

ERNST & YOUNG

Independent auditors' report
to the members of New Pubco (MC) Limited

We have audited the company's financial statements for the period ended 31 May 2005, which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet, Statement of Cash Flows and the related notes 1 to 13. 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 applicable United Kingdom law and Accounting Standards, (United Kingdom Generally Accepted Accounting Practice).

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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company as at 31 May 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Glasgow
19 July 2006

Profit and loss account

for the year ended 31 May 2005

	Notes	2005 £000
Turnover	2	40,510
Cost of sales		(36,117)
Gross margin		4,393
Administrative expenses		(4,649)
Operating profit	3	(256)
Gain on disposal of tangible fixed assets		70
Net interest payable	5	(368)
Loss on ordinary activities before taxation		(554)
Tax on profit on ordinary activities	6	-
Loss on ordinary activities after taxation	11	(554)

Statement of total recognised gains and losses

There were no recognised gains or losses other than the loss attributable to shareholders of the company of £554,451 in the period ended 31 May 2005.

ERNST & YOUNG

Balance sheet
at 31 May 2005

	Notes	2005 £000
Fixed assets		
Tangible assets	7	-
Current assets		
Debtors	8	16,223
Creditors: amounts falling due within one year	9	(14,777)
Total assets less current liabilities		1,446
Capital and reserves		
Called up share capital	10/11	-
Share premium	11	2,000
Profit and loss account	11	(554)
		1,446

A Brown
Director

19 July 2006

Notes to the financial statements

at 31 May 2005

1. Accounting policies

Accounting convention

The financial statements are prepared under the historical cost convention in accordance with applicable accounting standards, United Kingdom Generally Accepted Accounting Practice.

In accordance with Financial Reporting Standard 18, the directors will continue to review the accounting policies.

Fixed assets and depreciation

Valuation

Trading properties within the estate are revalued professionally by independent valuers on a five-year rolling basis.

Surpluses arising from the professional valuation of the estate are taken directly to the revaluation reserve. Valuation surpluses realised on sale are transferred from the revaluation reserve to the profit and loss account reserve.

Any deficit arising from the professional valuation of properties is taken directly to the revaluation reserve until the carrying amount reaches this historical cost and thereafter, deficits below historic costs are charged to the profit and loss account except to the extent that the value in use exceeds the valuation in which case this is taken to the revaluation reserve.

Depreciation

It is the group's policy to maintain properties comprising the licensed estate in such a condition that the residual values to the properties, based on prices prevailing at the time of acquisition or subsequent revaluation, are at least equal to their book values. The primary responsibility for the maintenance of such properties, ensuring that they remain in sound operational condition, is normally that of the lessee as required by their lease contracts with the group. Having regard to this, it is the opinion of the directors that depreciation of any such property as required by the Companies Act 1985 and generally accepted accounting practice would not be material. An annual impairment review is carried out on such properties.

Short leasehold properties, defined as properties with 50 years or less of the lease remaining unexpired, are depreciated on a straight line basis over the unexpired lease term. Depreciation is provided on other categories of tangible fixed assets as detailed below.

Landlord's fixtures and fittings include removable items, which are generally regarded as within landlord ownership. These are depreciated in accordance with the policy detailed below.

Depreciation is provided on other tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life as follows:

Short leasehold properties	-	over the lease term
Landlord's fixtures and fittings	-	5 to 15 years

Notes to the financial statements

at 31 May 2005

1. Accounting policies (continued)

Deferred taxation

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exception:

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the 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, and 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 the 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.

2. Turnover

Turnover, which is stated net of value added tax, represents amounts charged to third parties. Turnover, operating profit and assets and liabilities relate to the activity of managing public houses.

3. Operating profit

	2005
	£000
This is stated after charging:	
Depreciation on fixed assets	70
Auditors' remuneration	10

4. Staff costs

	2005
	£000
Wages and salaries	13,166
Social security	616
	13,782

The average number of employees during the year, including directors, was as follows:

	2005
	No
Directors	3
Management and administration	723
	726

Notes to the financial statements
at 31 May 2005

4. Staff costs (continued)

No emoluments were paid to the directors during the period 31 May 2005.

5. Net interest payable

	2005
	£000
Inter-company loan interest	368

6. Tax

(a) Factors affecting current tax charges

The tax assessed on the loss on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30%. The differences are reconciled below:

	2005
	£000
Loss on ordinary activities	(554)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	(166)
Disallowable expenses and non-taxable income	41
Unrelieved tax losses carried forward	125
	-

(b) Factors affecting future tax charge

At the balance sheet date, there are no future factors that will significantly affect future tax charges. The company has not recognised a deferred tax asset in respect of losses carried forward as at 31 May 2005 on the basis that the timing during which tax losses could be regarded as recoverable against future profits cannot be determined with reasonable certainty. The un-provided deferred tax asset for the company is estimated at £125,000.

Notes to the financial statements
at 31 May 2005

7. Tangible fixed assets

	Land £000	Property £000	Landlord's fixtures and fittings £000	Total £000
Cost:				
At 25 October 2004	-		-	
Additions	84,513	213,151	28,336	326,000
Disposals	(84,513)	(213,151)	(28,336)	(326,000)
Closing cost	-	-	-	-
Depreciation:				
At 25 October 2004	-	-	-	-
Charge for period	-	-	(70)	(70)
Disposals	-	-	70	70
Closing depreciation	-	-	-	-
Net book value:				
At 25 October 2004	-	-	-	-
At 31 May 2005	-	-	-	-

The net book value of land and buildings may be analysed as follows:

	Long freehold £000	Short leasehold £000	Leasehold £000	Total £000
Additions in period to 31 May 2005	192,788	21,714	(1,351)	213,151
Transfers to 31 May 2005	(192,788)	(21,714)	1,351	(213,151)
Net book value:				
At 31 May 2005	-	-	-	-

8. Debtors: all receivable within one year

	2005 £000
Inter-company receivable	16,223

Notes to the financial statements

at 31 May 2005

9. Creditors: amounts falling due within one year

	2005 £000
Inter-company payable	14,777

10. Share capital

The authorised, allotted and fully paid share capital of the company consisted of:

	Authorised 2005 £	Allotted, called up and fully paid 2005 No.
On incorporation	100	2
Rights issue	-	14
	100	16

On 11 January 2005 the Company announced a rights issue, under which 16 new ordinary shares were issued at £125,000 per share on the basis of eight new ordinary shares for every one existing ordinary share. This includes a premium of £124,999 per share.

11. Reconciliation of shareholders' funds and movements on reserves

	Share capital £	Share premium £	Profit and loss £	Total £
On incorporation	2	-	-	2
Rights issue	14	1,999,984	-	1,999,998
Loss for the year	-	-	(554,451)	(554,451)
At 31 May 2005	16	1,999,984	(554,451)	1,445,549

12. Parent undertaking and controlling party

In the directors' opinion the company's ultimate parent undertaking and controlling party is Anadale Limited, a company incorporated in the British Virgin Islands.

The immediate parent undertaking of the company is Broadway Inns Limited.

The parent undertaking of the smallest group of which the company is a member and for which group financial statements are prepared is The Globe Pub Company Limited. Copies of its group financial statements are available from 2nd Floor, Leconfield House, Curzon Street, London, W1J 5JA.

Notes to the financial statements

at 31 May 2005

13. Related party transactions

Related party transactions with group companies have not been disclosed in accordance with the exemption for subsidiary undertakings contained in Financial Reporting Standard 8, "Related Party Disclosures".