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Inn Portfolio

Report and Financial Statements

Period ended

31 December 2007

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BDO Stoy Hayward
Chartered Accountants

Inn Portfolio

Annual report and financial statements for the period ended 31 December 2007

Contents

Page

1	Report of the director
3	Report of the independent auditors
5	Profit and loss account
6	Balance sheet
7	Notes forming part of the financial statements

Director

I G Robinson

Company secretary and registered office

G N Lello
Emerald House, East Street, Epsom, Surrey, KT17 1HS

Company number

5969664

Auditors

BDO Stoy Hayward LLP, 55 Baker Street, London, W1U 7EU

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Report of the director for the period ended 31 December 2007

The director presents his report together with the audited financial statements for the period ended 31 December 2007

Results and dividends

The profit and loss account is set out on page 5 and shows the result for the period. A dividend of £159,000 was paid during the period.

Principal activities and review of business

The principal activities of the company comprise the operation of pubs either under lease and tenancy agreements. The agreements with tenants in the leased estate comprise both tied and free of tie arrangements, generate income from rents, sales of beer and other drinks, and through profit share arrangements for income from leisure machines.

Director

The current director is I G Robinson.

He is also a director of the ultimate parent company, London Town Plc. His interests in the share capital of that company are shown in its financial statements.

Director's responsibilities

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

Company law requires the director 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 director has

- selected suitable accounting policies and then applied them consistently,
- made judgements and estimates that are reasonable and prudent,
- stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepared the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enables him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

Inn Portfolio

Report of the director for the period ended 31 December 2007 (Continued)

Auditors

The director has taken all the steps that he ought to have taken to make himself aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The director is not aware of any relevant audit information of which the auditors are unaware.

A resolution to reappoint BDO Stoy Hayward LLP as auditors will be proposed at the next annual general meeting.

By order of the Board



I G Robinson

Director

29 October 2008

Inn Portfolio

Report of the independent auditors

To the shareholders of Inn Portfolio

We have audited the financial statements of Inn Portfolio for the period ended 31 December 2007 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of the director and auditors

The director's 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).

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 and whether 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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.

Inn Portfolio

Report of the independent auditors (*Continued*)

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 31 December 2007 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



BDO STOY HAYWARD LLP
*Chartered Accountants
and Registered Auditors*
London

Date 29 October 2008

Inn Portfolio

Profit and loss account for the period ended 31 December 2007

	Note	£'000
Interest receivable		159
		<hr/>
Profit on ordinary activities before and after taxation	3	159
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All amounts relate to discontinued activities

All recognised gains and losses are included in the profit and loss account

The notes on pages 7 to 11 form part of these financial statements

Inn Portfolio

Balance sheet
at 31 December 2007

	Note	£'000	£'000
Capital and reserves			
Called up share capital	6		-
Profit and loss account	7		-
			<hr/>
Shareholders' funds	7		-
			<hr/>

The financial statements were approved by the Board and authorised for issue on 29 October 2008



I G Robinson
Director

The notes on pages 7 to 11 form part of these financial statements

Inn Portfolio

Notes forming part of the financial statements for the period ended 31 December 2007

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Fixed assets

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:

Land and buildings are carried at cost or deemed cost less accumulated depreciation and any recognised impairment in value. Depreciation is provided to write off the cost of buildings, less estimated residual values, by equal annual instalments as follows:

Freehold and leasehold buildings	-	50 years or the life of the lease if shorter
Freehold land is not depreciated		

Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 (Revised) not to present a cash flow statement as a consolidated cash flow statement is included in the financial statements of the ultimate parent company.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that:

- deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief, and
- the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances arising from underlying timing differences in respect of tax allowances on industrial buildings are reversed if and when all conditions for retaining those allowances have been met.

Deferred tax balances are not discounted.

2 Director

The director did not receive any remuneration during the period.

Excluding the director there were no employees during the period.

Inn Portfolio

**Notes forming part of the financial statements
for the period ended 31 December 2007 (Continued)**

3	Taxation on loss on ordinary activities	£'000
	<i>Current tax</i>	
	UK corporation tax on loss for the period	-
		<hr/>
	Total current tax	-
		<hr/>
	The tax assessed for the period differs from the standard rate of corporation tax in the UK. The differences are explained below	
		£'000
	Profit before tax	159
		<hr/>
	Tax based on the standard rate of corporation tax in the UK of 30%	48
	Effects of Group relief	(48)
		<hr/>
	Current tax charge for period	-
		<hr/>
4	Dividends	£'000
	Equity shares interim paid in the period	159
		<hr/>

Inn Portfolio

Notes forming part of the financial statements
for the period ended 31 December 2007 (*Continued*)

5 Fixed assets

	Land and buildings £'000
Cost	
Additions	58,035
Disposals	(58,035)
	<hr/>
At 31 December 2007	-
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On 21 December the Company acquired 105 pub assets for a total consideration of £58,035,000. On the same day the Company simultaneously distributed all the pub assets at a value of £58,035,000 to its parent, GRS Pub Investment Limited, and reduced the share capital allotted to GRS Pub Investment Limited by cancelling 58,035,000 ordinary shares of £1 each. No depreciation was charged on the buildings during the period.

Inn Portfolio

Notes forming part of the financial statements for the period ended 31 December 2007 (Continued)

6 Share capital

	£'000	Number
<i>Authorised - Ordinary shares of £1 each</i>		
Shares authorised	120,000	120,000,000
At 31 December 2007	120,000	120,000,000
<i>Allotted - Ordinary shares of £1 each</i>		
New shares issued	58,035	58,035,223
Shares cancelled	(58,035)	58,035,000
At 31 December 2007	-	223

On 21 December the Company acquired 105 pub assets for a total consideration of £58,035,000. On the same day the Company simultaneously distributed all the pub assets at a value of £58,035,000 to its parent, GRS Pub Investment Limited, and reduced the share capital allotted to GRS Pub Investment Limited by cancelling 58,035,000 ordinary shares of £1 each.

7 Profit and loss reserve

£'000

Profit for the period	159
Dividend paid - £711 per £1 share	(159)
At 31 December 2007	-

8 Reconciliation of movement in shareholders' funds

£'000

Profit for the period	159
Dividend paid	(159)
Issue of share capital	58,035
Cancellation of shares	(58,035)
At 31 December 2007	-

9 Ultimate controlling party

At 31 December 2007, the company's ultimate parent company was London Town Plc. There is no ultimate controlling party of London Town Plc. Copies of the consolidated financial statements of London Town Plc are available from Companies House.