

**MARSTON'S PUBS PARENT LIMITED**  
**(FORMERLY W&DB PUBS PARENT LIMITED)**  
**ANNUAL REPORT**

**For the 52 weeks ended 29 September 2007**

Registered Number 5453370

**MARSTON'S PUBS PARENT LIMITED**  
(formerly W&DB Pubs Parent Limited)

**ANNUAL REPORT**

**Period ended 29 September 2007**

<b>Contents</b>	<b>Page</b>
Directors' report	2-3
Independent auditors' report	4
Profit and loss account	5
Statement of total recognised gains and losses	5
Balance sheets	6
Notes to the financial statements	7-19

**MARSTON'S PUBS PARENT LIMITED**  
(formerly W&DB Pubs Parent Limited)

**DIRECTORS' REPORT**

The Directors submit their report and the audited financial statements of the Group for the 52 weeks ended 29 September 2007 (2006: 72 weeks ended 30 September 2006).

**Principal activity**

The Group's principal activity is operating managed, tenanted and leased public houses.

The principal activity of the Company is that of a holding and investment company.

**Review of business**

On 8 January 2007 the name of the parent company changed to Marston's PLC (formerly The Wolverhampton & Dudley Breweries, PLC).

On 12 January 2007 the name of the Company was changed to Marston's Pubs Parent Limited (formerly W&DB Pubs Parent Limited).

The Group made a loss after taxation of £18.3m (72 weeks ended 30 September 2006: £5.6m).

**Performance**

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

**Principal risks and uncertainties**

The principal risks and uncertainties of the Company and the Group are integrated with the principal risks of the Marston's Group and are not managed separately. Accordingly, the principal risks and uncertainties of the Marston's Group, which include those of the Company and the Group, are discussed within the Business Review of the Marston's 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:

D Andrew  
R Findlay  
P Inglett  
S J Oliver  
A Darby

No Director had any interest in the share capital of the Company. Details of the Directors' interests in the share capital of other group companies are disclosed in the financial statements of the ultimate parent company, Marston's PLC (formerly The Wolverhampton & Dudley Breweries, PLC).

**MARSTON'S PUBS PARENT LIMITED**  
(formerly W&DB Pubs Parent 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.

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 30 November 2007 and signed on its behalf by



Anne-Marie Brennan  
Company secretary  
30 November 2007

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MARSTON'S PUBS PARENT LIMITED (formerly W&DB Pubs Parent Limited)**

We have audited the financial statements of Marston's Pubs Parent Limited (formerly W&DB Pubs Parent Limited) for the period ended 29 September 2007 which comprise the Group profit and loss account, the Group statement of total recognised gains and losses, the Group and Company balance sheets 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 affairs of the Company and the Group as at 29 September 2007 and of the loss of the Group 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  
30 November 2007

**MARSTON'S PUBS PARENT LIMITED**  
(formerly W&DB Pubs Parent Limited)

**GROUP PROFIT AND LOSS ACCOUNT**  
For the period ended 29 September 2007

	Notes	52 weeks ending 29 September 2007			72 weeks ending 30 September 2006		
		Before exceptional items £m	Exceptional items £m	Total £m	Before exceptional items £m	Exceptional items £m	Total £m
Turnover		325.3	-	325.3	376.6	-	376.6
Net trading expenses	2	(232.6)	(18.6)	(251.2)	(272.4)	(2.6)	(275.0)
<b>Operating profit/(loss)</b>		<b>92.7</b>	<b>(18.6)</b>	<b>74.1</b>	<b>104.2</b>	<b>(2.6)</b>	<b>101.6</b>
Net interest payable and similar charges	4	(87.9)	-	(87.9)	(102.3)	-	(102.3)
(Loss)/profit on disposal of fixed assets		-	(2.3)	(2.3)	2.0	-	2.0
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>4.8</b>	<b>(20.9)</b>	<b>(16.1)</b>	<b>3.9</b>	<b>(2.6)</b>	<b>1.3</b>
Taxation charge on profit/(loss) on ordinary activities	5	(3.1)	0.9	(2.2)	(6.9)	-	(6.9)
<b>Profit/(loss) for the period</b>	21	<b>1.7</b>	<b>(20.0)</b>	<b>(18.3)</b>	<b>(3.0)</b>	<b>(2.6)</b>	<b>(5.6)</b>

All results relate to continuing operations.

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

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

	52 weeks ending 29 September 2007 £m	72 weeks ending 30 September 2006 £m
Loss on ordinary activities after taxation	(18.3)	(5.6)
Unrealised surplus on revaluation of properties	142.0	-
<b>Total recognised gains/(losses) relating to the period</b>	<b>123.7</b>	<b>(5.6)</b>

MARSTON'S PUBS PARENT LIMITED  
(formerly W&DB Pubs Parent Limited)

BALANCE SHEETS  
At 29 September 2007

	Notes	Group		Company	
		2007 £m	2006 £m	2007 £m	2006 £m
<b>Fixed assets</b>					
Intangible assets	6	180.3	187.7	-	-
Tangible assets	7	1,125.7	973.7	-	-
Investments	8	-	-	-	-
		<u>1,306.0</u>	<u>1,161.4</u>	-	-
<b>Current assets</b>					
Assets held for sale	9	1.1	12.4	-	-
Stocks	10	3.0	2.7	-	-
Debtors	11	46.8	27.7	-	-
Short-term investments	12	-	31.8	-	-
Cash at bank and in hand		26.8	16.0	-	-
		<u>77.7</u>	<u>90.6</u>	-	-
Creditors (amounts falling due within one year)	13	(37.8)	(36.0)	-	-
<b>Net current assets</b>		<u>39.9</u>	<u>54.6</u>	-	-
<b>Total assets less current liabilities</b>		<u>1,345.9</u>	<u>1,216.0</u>	-	-
Creditors (amounts falling due after more than one year)	14	(1,215.6)	(1,208.6)	-	-
Provisions for liabilities and charges	17	(12.2)	(13.0)	-	-
<b>Net assets/(liabilities)</b>		<u>118.1</u>	<u>(5.6)</u>	-	-
<b>Capital and reserves</b>					
Called up share capital	20	-	-	-	-
Revaluation reserve	21	142.0	-	-	-
Profit and loss account	21	(23.9)	(5.6)	-	-
<b>Total shareholders' funds/(deficit)</b>	22	<u>118.1</u>	<u>(5.6)</u>	-	-

The financial statements on pages 5 to 19 were approved by the Board on 30 November 2007 and were signed on its behalf by:



Paul Inglett  
Director  
30 November 2007

**MARSTON'S PUBS PARENT LIMITED**  
(formerly W&DB Pubs Parent 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.

**(b) Basis of consolidation**

The audited consolidated financial statements incorporate the audited financial statements of Marston's Pubs Parent Limited (formerly W&DB Pubs Parent Limited) and its subsidiary undertaking, Marston's Pubs Limited (formerly W&DB Pubs Limited), for the 52 weeks ended 29 September 2007 (2006: 72 weeks ended 30 September 2006).

The results of new subsidiary undertakings are included in the Group accounts from the date on which control transferred to the Group or, in the case of disposals, up to the effective date of disposal. Transactions between Group companies are eliminated on consolidation.

**(c) Cash flow statement and related party disclosures**

The Company is a wholly-owned subsidiary of Marston's PLC (formerly The Wolverhampton & Dudley Breweries, PLC) and is included in the consolidated financial statements of that company, which are publicly available. Consequently, Marston's Pubs Parent Limited (formerly W&DB Pubs Parent Limited) 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 (formerly The Wolverhampton & Dudley Breweries, PLC) Group.

**(d) Turnover**

Turnover comprises the value of goods and services supplied to customers. Turnover is recorded net of discounts and VAT, and arises solely within the United Kingdom.

**(e) Goodwill**

Goodwill held on the balance sheet relates to the acquisition of pubs and the associated trade and business from the group headed by Marston's PLC (formerly The Wolverhampton & Dudley Breweries, PLC). Goodwill represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired. Goodwill is capitalised and amortised through the profit and loss account on a straight-line basis over its useful economic life up to a presumed maximum of 20 years.

**(f) 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.



**MARSTON'S PUBS PARENT LIMITED**  
(formerly W&DB Pubs Parent Limited)

**NOTES**

**1 Accounting policies (continued)**

**(g) Fixed asset disposals**

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

**(h) Stocks**

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

**(i) 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 Group'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.

**(j) Leases**

Rental costs under operating leases are charged to the profit and loss account over the term of the lease.

**(k) 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 Group 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 and are no longer depreciated.

**(l) Short-term investments**

Cash invested in short-term investment funds for which there are no withdrawal penalties and the maturity dates are in excess of 90 days are treated separately as short term investments rather than cash.

**(m) Financial derivatives**

Financial derivatives are held at cost and are released to the profit and loss account over the term of the associated debt at a constant rate on the carrying amount.

**MARSTON'S PUBS PARENT LIMITED**  
(formerly W&DB Pubs Parent Limited)

**NOTES**

**2 Net trading expenses**

	52 weeks ending 29 September 2007 £m	72 weeks ending 30 September 2006 £m
<b>Before exceptional expenses</b>		
Own work capitalised	(0.4)	(0.3)
Other operating income	(3.0)	(1.1)
Raw materials and consumables	108.0	114.6
Depreciation of fixed assets	17.2	20.2
Amortisation of goodwill	9.9	11.4
Other operating charges	100.9	127.6
	<b>232.6</b>	<b>272.4</b>
<b>Exceptional expenses</b>		
Impairment of properties (note 7)	18.6	2.6
	<b>251.2</b>	<b>275.0</b>

Auditors' remuneration is borne by the ultimate parent company, Marston's PLC (formerly The Wolverhampton & Dudley Breweries, PLC). The Company incurred no non-audit fees during the period (2006: £nil).

There is no taxation impact on the exceptional items.

**3 Employees**

During the period the Group paid £59.1m (72 weeks ending 30 September 2006: £72.1m) to Marston's Trading Limited (formerly Wolverhampton & Dudley Breweries (Trading) Limited) to procure the secondment of employees.

Pension contributions in respect of the employees seconded to the Group were borne by Marston's Trading Limited (formerly Wolverhampton & Dudley Breweries (Trading) Limited). The Directors are also employed by Marston's Trading Limited (formerly Wolverhampton & Dudley Breweries (Trading) Limited) and their remuneration for services to the Marston's PLC (formerly The Wolverhampton & Dudley Breweries, PLC) Group is shown in the consolidated financial statements of Marston's PLC (formerly The Wolverhampton & Dudley Breweries, PLC).

**4 Net interest payable and similar charges**

	52 weeks ending 29 September 2007 £m	72 weeks ending 30 September 2006 £m
Securitised debt	41.9	49.0
Subordinated loan from Group undertaking	46.9	54.0
Amortisation of issue costs on securitised debt	0.9	1.2
	<b>89.7</b>	<b>104.2</b>
Bank interest receivable and similar income	(1.8)	(1.9)
	<b>87.9</b>	<b>102.3</b>

**MARSTON'S PUBS PARENT LIMITED**  
(formerly W&DB Pubs Parent Limited)

**NOTES**

**5 Taxation**

	<b>52 weeks ending 29 September 2007 £m</b>	<b>72 weeks ending 30 September 2006 £m</b>
Current tax:		
Corporation tax on loss for the period	4.3	4.8
Adjustments in respect of prior periods	(1.1)	-
	<b>3.2</b>	<b>4.8</b>
Deferred tax (note 17)	(1.0)	2.1
Taxation charge on loss on ordinary activities	<b>2.2</b>	<b>6.9</b>

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

	<b>52 weeks ending 29 September 2007 £m</b>	<b>72 weeks ending 30 September 2006 £m</b>
(Loss)profit on ordinary activities before tax	(16.1)	1.3
(Loss)/profit before tax multiplied by the UK corporation tax rate of 30% (2006: 30%)	(4.8)	0.4
Effect of:		
Adjustment in respect of prior periods	(1.1)	-
Costs not deductible for tax purposes	8.5	4.5
Excess of capital allowances over depreciation	0.6	(0.1)
Current period taxation charge	<b>3.2</b>	<b>4.8</b>

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 in respect of current tax. 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 in the current period, in relation to deferred tax, is an exceptional tax credit of £0.9m and the future impact will be quantified in the accounts going forward.

**MARSTON'S PUBS PARENT LIMITED**  
(formerly W&DB Pubs Parent Limited)

**NOTES**

**6 Intangible fixed assets**

	<b>Goodwill £m</b>
<b>Cost</b>	
At 1 October 2006	199.1
Additions	10.4
Disposals	(8.7)
<b>At 29 September 2007</b>	<b>200.8</b>
<b>Amortisation</b>	
At 1 October 2006	11.4
Charge for the period	9.9
Disposals	(0.8)
<b>At 29 September 2007</b>	<b>20.5</b>
<b>Net book value</b>	
<b>At 29 September 2007</b>	<b>180.3</b>
At 30 September 2006	187.7

The Company had no intangible fixed assets.

**7 Tangible fixed assets**

<b>Group</b>	<b>Land and buildings £m</b>	<b>Plant, fixtures and fittings £m</b>	<b>Total £m</b>
<b>Cost or valuation</b>			
At 1 October 2006	884.1	109.0	993.1
Additions	32.0	17.2	49.2
Transfers from Group undertakings	41.2	1.9	43.1
Transfers to assets held for sale	(40.3)	(6.8)	(47.1)
Disposals	(1.0)	(6.5)	(7.5)
Impairment/revaluation	123.4	-	123.4
<b>At 29 September 2007</b>	<b>1,039.4</b>	<b>114.8</b>	<b>1,154.2</b>
<b>Depreciation</b>			
At 1 October 2006	-	19.4	19.4
Charge for the period	-	17.2	17.2
Transfers to assets held for sale	-	(3.1)	(3.1)
Disposals	-	(5.0)	(5.0)
<b>At 29 September 2007</b>	<b>-</b>	<b>28.5</b>	<b>28.5</b>
<b>Net book value</b>			
<b>At 29 September 2007</b>	<b>1,039.4</b>	<b>86.3</b>	<b>1,125.7</b>
At 30 September 2006	884.1	89.6	973.7

If the land and buildings had not been revalued, the historical cost net book value would be £918.6m (2006: £886.7m).

**MARSTON'S PUBS PARENT LIMITED**  
(formerly W&DB Pubs Parent Limited)

**NOTES**

**7 Tangible fixed assets (continued)**

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

	2007	2006
	£m	£m
Freehold properties	1,006.0	853.5
Leasehold properties over 50 years unexpired	32.5	29.9
Leasehold properties under 50 years unexpired	0.9	0.7
	<b>1,039.4</b>	<b>884.1</b>

Independent chartered surveyors Christie & Co revalued the Group estate at 29 September 2007 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 £18.6m (2006: £2.6m) which has been taken to the profit and loss account.

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

	2007	2006
	£m	£m
<b>Profit and loss account:</b>		
Impairment	(18.6)	(2.6)
<b>Revaluation reserve:</b>		
Unrealised revaluation surplus	142.0	-
Net increase/(decrease) in shareholders' funds/fixed assets	<b>123.4</b>	<b>(2.6)</b>

The Company had no tangible fixed assets.

**MARSTON'S PUBS PARENT LIMITED**  
(formerly W&DB Pubs Parent Limited)

**NOTES**

**8 Investments**

**Company**

**Cost and net book value**

At 1 October 2006 and 29 September 2007

Subsidiary undertakings
£
<u>1</u>

The Company has one subsidiary, Marston's Pubs Limited (formerly W&DB Pubs Limited), a pub retail company incorporated in England. The Company owns 100% of the issued share capital of Marston's Pubs Limited (formerly W&DB Pubs Limited).

**9 Assets held for sale**

**Properties**

At the beginning of the period  
Transfers from fixed assets  
Disposals (note 17)  
At the end of the period

2007	2006
£m	£m
12.4	-
44.0	12.4
(55.3)	-
<u>1.1</u>	<u>12.4</u>

**10 Stocks**

Raw materials and consumables  
Finished goods

2007		2006	
Group	Company	Group	Company
£m	£m	£m	£m
1.0	-	0.8	-
2.0	-	1.9	-
<u>3.0</u>	<u>-</u>	<u>2.7</u>	<u>-</u>

**11 Debtors**

Trade debtors  
Amounts due from Group undertakings  
Other debtors  
Prepayments

2007		2006	
Group	Company	Group	Company
£m	£m	£m	£m
5.5	-	5.8	-
33.1	-	16.8	-
8.2	-	3.6	-
-	-	1.5	-
<u>46.8</u>	<u>-</u>	<u>27.7</u>	<u>-</u>

**12 Short-term investments**

At the beginning of the period  
Additions  
Disposals  
At the end of the period

2007		2006	
Group	Company	Group	Company
£m	£m	£m	£m
31.8	-	-	-
-	-	31.8	-
(31.8)	-	-	-
<u>-</u>	<u>-</u>	<u>31.8</u>	<u>-</u>

The Group invested in a short-term investment fund. The Group had access to the cash invested in this fund on demand and there were no withdrawal penalties.

**MARSTON'S PUBS PARENT LIMITED**  
(formerly W&DB Pubs Parent Limited)

**NOTES**

**13 Creditors** (amounts falling due within one year)

	2007		2006	
	Group £m	Company £m	Group £m	Company £m
Securitised debt (note 15)	11.2	-	10.4	-
Liabilities on interest rate swaps (note 16)	0.6	-	0.5	-
Corporation tax	6.4	-	2.7	-
Tax and social security	3.6	-	5.7	-
Other creditors	7.1	-	7.6	-
Accruals (note 15)	8.9	-	9.1	-
	<b>37.8</b>	<b>-</b>	<b>36.0</b>	<b>-</b>

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

	2007		2006	
	Group £m	Company £m	Group £m	Company £m
Securitised debt (note 15)	760.9	-	772.1	-
12.5% subordinated loan due to Group undertakings	448.1	-	429.3	-
Liabilities on interest rate swaps (note 16)	6.6	-	7.2	-
	<b>1,215.6</b>	<b>-</b>	<b>1,208.6</b>	<b>-</b>

The 12.5% subordinated loan is due to Marston's PLC (formerly The Wolverhampton & Dudley Breweries, PLC), the ultimate parent company.

**Group**

The ageing of creditors falling due after more than one year is as follows:

	Securitised debt £m	Subordinated loan £m	Interest rate swaps £m	Total £m
At 29 September 2007				
In one year or less, or on demand	11.2	-	0.6	11.8
In more than one year but not more than two years	11.8	-	0.5	12.3
In more than two years but not more than five years	39.6	-	0.4	40.0
In more than five years	709.5	448.1	5.7	1,163.3
	<b>760.9</b>	<b>448.1</b>	<b>6.6</b>	<b>1,215.6</b>
At 30 September 2006				
In one year or less, or on demand	10.4	-	0.5	10.9
In more than one year but not more than two years	11.1	-	0.5	11.6
In more than two years but not more than five years	37.5	-	1.2	38.7
In more than five years	723.5	429.3	5.5	1,158.3
	<b>772.1</b>	<b>429.3</b>	<b>7.2</b>	<b>1,208.6</b>

**MARSTON'S PUBS PARENT LIMITED**  
(formerly W&DB Pubs Parent Limited)

**NOTES**

**15 Securitised debt - Group**

On 9 August 2005 Marston's Issuer PLC (formerly W&DB Issuer PLC), a quasi-subsiary of Marston's PLC (formerly The Wolverhampton & Dudley Breweries, PLC), issued £805m of secured loan notes in connection with the securitisation of 1,592 pubs held in Marston's Pubs Limited (formerly W&DB Pubs Limited). The funds were subsequently lent to Marston's Pubs Limited (formerly W&DB Pubs Limited). These loan notes were secured over the properties and their future income streams.

During the period ended 29 September 2007 183 (72 weeks ended 30 September 2006: seven) of the securitised pubs were sold to third parties (note 18). During the period ended 29 September 2007 the Group acquired 72 pubs (72 weeks ended 30 September 2006: nil) (note 18).

The securitisation is governed by various covenants, warranties and events of default, many of which apply to Marston's Pubs Limited (formerly W&DB Pubs Limited). These include covenants regarding the maintenance and disposal of securitised properties and restrictions on the ability to move cash to other companies within the Marston's PLC (formerly The Wolverhampton & Dudley Breweries, PLC) Group.

The securitised debt at 29 September 2007 consists of four tranches with the following principal terms:

Tranche	2007 £m	2006 £m	Interest	Principal repayment period – by instalments	Expected average life	Expected maturity date
A1	214.4	225.9	Floating	2007 to 2020	4 years	2012
A2	214.0	214.0	Fixed/floating	2020 to 2027	12 years	2019
A3	200.0	200.0	Fixed/floating	2027 to 2032	20 years	2027
B	155.0	155.0	Fixed/floating	2032 to 2035	12 years	2019
	<b>783.4</b>	<b>794.9</b>				

Interest on the Class A1 notes is payable at three month LIBOR plus a margin of 0.55%, stepping up to three month LIBOR plus 1.375% from July 2012. These notes are hedged in full by the Company using interest rate swaps whereby all interest payments are swapped to fixed interest payable.

Interest on the Class A2 notes is payable at interest of 5.1576% until July 2019 and thereafter at three month LIBOR plus a margin of 1.32%.

Interest on the Class A3 notes is payable at interest of 5.1774% until April 2027 and thereafter at three month LIBOR plus a margin of 1.45%.

Interest on the Class B notes is payable at interest of 5.6410% until July 2019 and thereafter at three month LIBOR plus a margin of 2.55%.

The carrying value of the secured notes in the Group balance sheet at 29 September 2007 is analysed as follows:

	£m
Gross proceeds received on 9 August 2005	805.0
Deferred issue costs	(13.5)
Carrying value at 9 August 2005	791.5
Capital repayments	(21.5)
Amortisation of deferred issue costs	2.1
<b>Carrying value at 29 September 2007</b>	<b>772.1</b>

Interest of £8.9m (2006:£9.1m) had accrued at 29 September 2007 in relation to the securitised debt.



**MARSTON'S PUBS PARENT LIMITED**  
(formerly W&DB Pubs Parent Limited)

**NOTES**

**16 Financial Instruments - Group**

The only financial instrument utilised by the Group, other than derivatives, is securitised debt. The securitised debt was used to repay existing debenture and bank facilities of the Marston's PLC (formerly The Wolverhampton & Dudley Breweries, PLC) Group.

The only derivative financial instruments that the Group enters into are interest rate swaps. The purpose of these transactions is to manage the interest rate risks arising from the Group's operations and its sources of finance.

It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk and liquidity risk. The Directors regularly review and agree policies for managing both of these risks and they are summarised below. The Group has no material exposure to currency rate risk or credit risk.

**Interest rate risk**

The Group finances its operations through securitised debt. The Group borrows at both fixed and floating rates of interest and then uses interest rate swaps to generate the desired interest profile and to manage the Group's exposure to interest rate fluctuations.

The Group's aim is to reduce the risk of exposure to market rate fluctuations in interest rates in the medium term.

**Liquidity risk**

The Group's policy is to ensure continuity of funding and in particular to ensure that funding requirements for the medium term are available through committed facilities.

**Interest rate risk profile of financial liabilities**

The effect of the Group's interest rate swaps is to treat all borrowings as fixed rate. Further details regarding the securitised debt are provided in note 15.

The weighted average interest rate on this securitised debt is 5.3% (2006: 5.3%) and the weighted average period for which the rate is fixed is 12 years (2006: 13 years).

**Fair value of borrowings and derivative financial instruments**

	2007		2006	
	Book value £m	Fair value £m	Book value £m	Fair value £m
<b>Primary instruments:</b>				
Securitised debt	(783.4)	(747.6)	(794.9)	(806.6)
Subordinated loan	(448.1)	(427.6)	(429.3)	(435.6)
Short-term investments	-	-	31.8	31.8
Cash at bank and in hand	26.8	26.8	16.0	16.0
	<b>(1,204.7)</b>	<b>(1,148.4)</b>	<b>(1,176.4)</b>	<b>(1,194.4)</b>
<b>Derivative financial instruments:</b>				
<b>Interest rate swaps</b>				
Current assets	-	2.3	-	-
Current liabilities	(0.6)	-	(0.5)	(0.5)
Non-current liabilities	(6.6)	(1.6)	(7.2)	(14.3)
	<b>(7.2)</b>	<b>0.7</b>	<b>(7.7)</b>	<b>(14.8)</b>

The various tranches of securitised debt have been valued at fair value, using period end mid-market quoted prices. All other fair values have been calculated by discounting cash flows at prevailing interest rates.

**MARSTON'S PUBS PARENT LIMITED**  
(formerly W&DB Pubs Parent Limited)

**NOTES**

**17 Provisions for liabilities and charges**

**Group**

	<b>Deferred tax</b>
	<b>£m</b>
At 1 October 2006	13.0
Profit and loss account	(1.0)
Transfer from Group undertakings	0.2
<b>At 29 September 2007</b>	<b>12.2</b>

The amount provided in respect of deferred tax is as follows:

	<b>2007</b>	<b>2006</b>
	<b>£m</b>	<b>£m</b>
Excess of capital allowances over accumulated depreciation	<b>12.2</b>	13.0

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 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 £96.4m (2006: 71.7m). At present it is not envisaged that any such tax will become payable in the foreseeable future.

The Company had no deferred tax balance either recognised or unrecognised at the current or prior period end.

**MARSTON'S PUBS PARENT LIMITED**  
(formerly W&DB Pubs Parent Limited)

**NOTES**

**18 Disposals and acquisitions**

On 10 May 2007 the Group sold 181 securitised pubs to Piccadilly Licensed Properties Limited. Assets and liabilities disposed of are summarised below.

	<b>£m</b>
Tangible fixed assets	54.8
Net working capital	(2.6)
	<hr/>
Total net assets sold	<b>52.2</b>

The above assets and liabilities were sold for a total consideration of £54.4m, generating a profit on disposal of £2.2m before write off of goodwill and a loss of £5.7m after this write off.

Two other pubs were sold separately during the period.

On 2 July 2007 the Group acquired 72 pubs and the associated trade and business from the Group headed by Marston's PLC (formerly The Wolverhampton & Dudley Breweries, PLC). Net assets acquired are summarised below.

	<b>£m</b>
Tangible fixed assets	43.1
Debtors	1.1
Provisions: deferred tax	(0.2)
	<hr/>
Goodwill	10.4
	<b>54.4</b>
	<hr/>
Satisfied by:	
Cash	54.4
	<b>54.4</b>

The fair value of tangible fixed assets acquired was established following a review of properties that was carried out by independent qualified surveyors Christie & Co. Properties were valued at their existing use value. There is no material difference between fair value and book value for all assets and liabilities.

The acquired business was not separately managed or accounted for, and as such audited financial information is not available for the periods prior to acquisition.

**19 Commitments under operating leases**

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

	2007		2006	
	Land and buildings £m	Other £m	Land and buildings £m	Other £m
Operating leases which expire:				
Within one year	-	-	-	-
Within two to five years	-	-	-	-
After five years	0.1	-	0.1	-
	<b>0.1</b>	-	<b>0.1</b>	-

**MARSTON'S PUBS PARENT LIMITED**  
(formerly W&DB Pubs Parent Limited)

**NOTES**

**20 Share capital**

	2007	2006
	£	£
<b>Authorised</b>		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<b>Allotted, issued and fully paid</b>		
1 ordinary share of £1	<u>1</u>	<u>1</u>

**21 Reserves**

**Group**

	Revaluation reserve £m	Profit and loss account £m
At 1 October 2006	-	(5.6)
Revaluation of properties	142.0	-
Loss for the financial period	-	(18.3)
<b>At 29 September 2007</b>	<u>142.0</u>	<u>(23.9)</u>

The Company did not trade during the current or previous period and had profit and loss reserves of £nil at the beginning and end of the period.

**22 Reconciliation of movement in shareholders' funds/(deficit)**

**Group**

	2007	2006
	£m	£m
Loss for the financial period	<u>(18.3)</u>	<u>(5.6)</u>
Revaluation of properties	142.0	-
Net increase/(decrease) in shareholders' funds	<u>123.7</u>	<u>(5.6)</u>
Opening shareholders' deficit	<u>(5.6)</u>	<u>-</u>
Closing shareholders' funds/(deficit)	<u>118.1</u>	<u>(5.6)</u>

The Company had shareholders' funds of £1 at the beginning and end of the financial period, representing its share capital only.

**23 Ultimate parent undertaking**

The Company's immediate and ultimate parent undertaking and controlling party is Marston's PLC (formerly The Wolverhampton & Dudley Breweries, PLC), which is the parent undertaking of the smallest and largest group to consolidate the financial statements of Marston's Pubs Parent Limited (formerly W&DB Pubs Parent Limited). Copies of the Group financial statements can be obtained from the Company Secretary, Marston's House, Brewery Road, Wolverhampton, WV1 4JT.

**24 Post balance sheet event**

On 22 November 2007, Marston's Pubs Limited (formerly W&DB Pubs Limited) acquired the trade, assets and liabilities of 437 pubs from fellow subsidiary undertakings of Marston's PLC (formerly The Wolverhampton & Dudley Breweries, PLC) for £289.9m.

On 22 November 2007, Marston's Issuer PLC (formally W&DB Issuer PLC), an associated company, issued £330.0m of secured loan notes in connection with the securitisation of an additional 437 freehold and long leasehold tenanted pubs held in Marston's Pubs Limited (formerly W&DB Pubs Limited). The loan notes are secured on the properties and their future income streams. The funds were subsequently lent to Marston's Pubs Limited (formerly W&DB Pubs Limited) and are repayable on the same terms as the loan notes.