W&DB PUBS PARENT LIMITED

ANNUAL REPORT

For the 72 weeks ended 30 September 2006

Registered Number 5453370

W&DB PUBS PARENT LIMITED

ANNUAL REPORT

Period ended 30 September 2006

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W&DB PUBS PARENT LIMITED

DIRECTORS' REPORT

The Directors submit their report and the audited financial statements of the Group for the 72 weeks ended 30 September 2006.

Principal activity

Prior to 9 August 2005 the Group did not trade. With effect from that date 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

W&DB Pubs Parent Limited was incorporated on 16 May 2005, as a private company with limited liability.

On 1 August 2005 the Company purchased 100% of the issued share capital of W&DB Pubs Limited.

On 9 August 2005 W&DB Pubs Limited acquired 1,592 public houses and the associated trade, assets and liabilities from other subsidiaries of the group headed by The Wolverhampton & Dudley Breweries, PLC, for a total consideration of £1,173.7m. Further details are provided in note 18 to the accounts.

On 9 August 2005, £805.0m of bonds were issued in connection with the securitisation of the business, by a company outside The Wolverhampton & Dudley Breweries, PLC Group (W&DB Issuer PLC), and these funds were on-lent to the Group and used to refinance the acquisition.

The Group made a loss after taxation of £5.6m.

Performance

The Directors of The Wolverhampton & Dudley Breweries, PLC Group (W&DB Group) manage the W&DB Group's operations on a divisional, rather than statutory entity basis. The development, performance and position of the W&DB Group which includes the Company and Group are discussed within the Chairman's statement, Chief Executive's review and Financial review of the W&DB 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 Wolverhampton & Dudley Breweries, PLC Group and are not managed separately. Accordingly, the principal risks and uncertainties of the W&DB Group which include those of the Company and the Group are discussed within the Chairman's statement, Chief Executive's review and Financial review of the W&DB Group Annual Report which does not form part of this report.

Future developments

No changes are anticipated in the foreseeable future.

Dividends

The Directors do not recommend the payment of a dividend.

Directors

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

D Andrew	(appointed 16 May 2005)
R Findlay	(appointed 16 May 2005)
P Inglett	(appointed 16 May 2005)
S J Oliver	(appointed 16 May 2005)
A Darby	(appointed 16 May 2005)

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, The Wolverhampton & Dudley Breweries, PLC.

Statement of Directors' responsibilities

Company law requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for the 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 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.

The Directors consider that they have complied fully with the above requirements in preparing the financial statements on pages 5 to 17.

The Directors are also responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and the Group, 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 Group 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 1 December 2006 and signed on its behalf by

AM Brennan

Anne-Marie Brennan
Company secretary
1 December 2006

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF W&DB PUBS PARENT LIMITED

We have audited the financial statements of W&DB Pubs Parent Limited for the period ended 30 September 2006 which comprise the Group profit and loss account, 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

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 law and United Kingdom 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 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 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 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 30 September 2006 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

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Birmingham
1 December 2006

W&DB PUBS PARENT LIMITED

GROUP PROFIT AND LOSS ACCOUNT
For the period ended 30 September 2006

	Notes	2006 Before exceptional items £m	 Exceptional items £m	 Total £m
Turnover		**376.6**	**-**	**376.6**
Net trading expenses	2	**(272.4)**	**(2.6)**	**(275.0)**
Operating profit		**104.2**	**(2.6)**	**101.6**
Net interest payable and similar charges	4	**(102.3)**	**-**	**(102.3)**
Profit on disposal of fixed assets		**2.0**	**-**	**2.0**
Profit on ordinary activities before taxation		**3.9**	**(2.6)**	**1.3**
Taxation	5	**(6.9)**	**-**	**(6.9)**
Loss for the period	21	**(3.0)**	**(2.6)**	**(5.6)**

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.

There are no recognised gains and losses other than those presented in the profit and loss account.

W&DB PUBS PARENT LIMITED

BALANCE SHEETS
At 30 September 2006

	Notes	Group £m	Company £m
Fixed assets			
Intangible assets	6	187.7	-
Tangible assets	7	973.7	-
Investments	8	-	-
		1,161.4	-
Current assets			
Assets held for sale	9	12.4	-
Stocks	10	2.7	-
Debtors	11	27.7	-
Short-term investments	12	31.8	-
Cash at bank and in hand		16.0	-
		90.6	-
Creditors (amounts falling due within one year)	13	(36.0)	-
Net current assets		54.6	-
Total assets less current liabilities		1,216.0	-
Creditors (amounts falling due after more than one year)	14	(1,208.6)	-
Provisions for liabilities and charges	17	(13.0)	-
Net liabilities		(5.6)	-
Capital and reserves			
Called up share capital	20	-	-
Profit and loss account	21	(5.6)	-
Equity shareholders' deficit	22	(5.6)	-

The financial statements on pages 5 to 17 were approved by the Board on 1 December 2006 and were signed on its behalf by:

Paul Inglett
Director
1 December 2006

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.

(b) Basis of consolidation

The audited consolidated financial statements incorporate the audited financial statements of W&DB Pubs Parent Limited and its subsidiary undertaking, W&DB Pubs Limited, for the 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) Going concern

The Company's ultimate parent undertaking, The Wolverhampton & Dudley Breweries, PLC has stated its intention to provide financial support to the Group 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.

(d) Cash flow statement and related party disclosures

The Company is wholly-owned by The Wolverhampton & Dudley Breweries, PLC and is included in the consolidated financial statements of The Wolverhampton & Dudley Breweries, 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 of the Group with entities that are part of The Wolverhampton & Dudley Breweries, PLC Group.

(e) 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.

(f) Goodwill

Goodwill held on the balance sheet relates to the acquisition of 1,592 pubs and the associated trade and business from the group headed by 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.

(g) 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.

(h) Fixed asset disposals

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

1 Accounting policies (continued)

(i) Stocks

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

(j) 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.

(k) 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.

(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 and are no longer depreciated.

(m) 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.

(n) 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.

2 Net trading expenses

	2006 £m
Before exceptional expenses	
Own work capitalised	(0.3)
Other operating income	(1.1)
Raw materials and consumables	114.6
Depreciation of fixed assets	20.2
Amortisation of goodwill	11.4
Other operating charges	127.6
	272.4
Exceptional expenses	
Impairment of properties (note 7)	2.6
	275.0

Auditors' remuneration is borne by the ultimate parent company, The Wolverhampton & Dudley Breweries, PLC.

3 Employees

During the period the Group paid £72.1m to Wolverhampton & Dudley Breweries (Trading) Limited to procure the secondment of employees. The average number of employees seconded during the period was 8,257.

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

4 Net interest payable and similar charges

	2006 £m
Securitised debt	49.0
Subordinated loan from Group undertaking	54.0
Amortisation of issue costs on securitised debt	1.2
	104.2
Bank interest receivable	(1.9)
	102.3

5 Taxation

	2006 £m
Current tax:	
Corporation tax on profit for the period	4.8
Deferred tax (note 17)	2.1
Taxation charge on profit on ordinary activities	6.9

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

	2006 £m
Profit on ordinary activities before tax	1.3
Profit before tax multiplied by the UK corporation tax rate of 30%	0.4
Effect of:	
Costs not deductible for tax purposes	4.5
Excess of capital allowances over depreciation	(0.1)
Current period taxation charge	4.8

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

6 Intangible fixed assets

	Goodwill £m
Group	
Cost	
At 16 May 2005	-
Additions	199.1
At 30 September 2006	**199.1**
Amortisation	
At 16 May 2005	-
Charge for the period	11.4
At 30 September 2006	**11.4**
Net book value	
At 30 September 2006	**187.7**
At 16 May 2005	-

Additions to goodwill during the period relate to the acquisition of 1,592 pubs and the associated trade, assets and liabilities from other members of the group headed by The Wolverhampton & Dudley Breweries, PLC (note 18).

The Company had no intangible fixed assets.

7 Tangible fixed assets

Group	Land and buildings £m	Plant, fixtures and fittings £m	Total £m
Cost			
At 16 May 2005	-	-	-
Additions	16.9	18.4	35.3
Net transfers from Group undertakings	884.3	95.3	979.6
Transfers to assets held for sale	(10.6)	(2.6)	(13.2)
Disposals	(3.9)	(2.1)	(6.0)
Revaluations	(2.6)	-	(2.6)
At 30 September 2006	**884.1**	**109.0**	**993.1**
Depreciation			
At 16 May 2005	-	-	-
Charge for the period	-	20.2	20.2
Transfers to assets held for sale	-	(0.8)	(0.8)
At 30 September 2006	-	**19.4**	**19.4**
Net book value			
At 30 September 2006	**884.1**	**89.6**	**973.7**
At 16 May 2005	-	-	-

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

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

	2006 £m
Freehold properties	**853.5**
Leasehold properties over 50 years unexpired	**29.9**
Leasehold properties under 50 years unexpired	**0.7**
	884.1

During the period, various properties were reviewed for impairment prior to their recategorisation as assets held for sale. This review identified an impairment of £2.6m which has been taken to the profit and loss account.

The impact of this revaluation is as follows:

	£m
Profit and loss account:	
Revaluation loss charged as an impairment	(2.6)
Net decrease in shareholders' funds/fixed assets	**(2.6)**

The Company had no tangible fixed assets.

8 Fixed asset investments

Company

	Subsidiary undertakings £
At 16 May 2005	-
Additions	1
At 30 September 2006	1

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

W&DB Pubs Limited was acquired on 1 August 2005 for a cash consideration of £1.

9 Assets held for sale

	2006 Group £m	Company £m
Properties	12.4	-

10 Stocks

	2006 Group £m	Company £m
Raw materials and consumables	0.8	-
Finished goods	1.9	-
	2.7	-

11 Debtors

	2006 Group £m	Company £m
Trade debtors	5.8	-
Amounts due from Group undertakings	16.8	-
Other debtors	3.6	-
Prepayments	1.5	-
	27.7	-

12 Short-term investments

	2006 Group £m	Company £m
At 16 May 2005	-	-
Additions	31.8	-
At 30 September 2006	31.8	-

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

13 Creditors (amounts falling due within one year)

	2006 Group £m	2006 Company £m
Securitised debt (note 15)	10.4	-
Liabilities on interest rate swaps (note 16)	0.5	-
Corporation tax	2.7	-
Tax and social security	5.7	-
Other creditors	7.6	-
Accruals (note 15)	9.1	-
	36.0	-

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

	2006 Group £m	2006 Company £m
Securitised debt (note 15)	772.1	-
12.5% subordinated loan due to Group undertakings	429.3	-
Liabilities on interest rate swaps (note 16)	7.2	-
	1,208.6	-

The 12.5% subordinated loan is due to 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
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
	772.1	429.3	7.2	1,208.6

15 Securitised debt - Group

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

During the period ended 30 September 2006 seven of the securitised pubs were sold to third parties.

The securitisation is governed by various covenants, warranties and events of default, many of which apply to 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 Wolverhampton & Dudley Breweries, PLC Group.

The securitised debt at 30 September 2006 consists of four tranches with the following principal terms:

Tranche	2006 £m	Interest	Principal repayment period – by instalments	Expected average life	Expected maturity date
A1	225.9	Floating	2006 to 2020	5 years	2012
A2	214.0	Fixed/floating	2020 to 2027	13 years	2019
A3	200.0	Fixed/floating	2027 to 2032	21 years	2027
B	155.0	Fixed/floating	2032 to 2035	13 years	2019
	794.9				

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 Group 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 30 September 2006 is analysed as follows:

	£m
Gross proceeds received on 9 August 2005	805.0
Deferred issue costs	(13.3)
Carrying value at 1 October 2005	791.7
Capital repayments	(10.1)
Amortisation of deferred issue costs	0.9
Carrying value at 30 September 2006	782.5

Interest of £9.1m had accrued at 30 September 2006 in relation to the securitised debt.

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 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% and the weighted average period for which the rate is fixed is 13 years.

Fair value of borrowings and derivative financial instruments

	2006	
	Book value	Fair value
	£m	£m
Primary instruments:		
Securitised debt	(794.9)	(806.6)
Subordinated loan	(429.3)	(435.6)
Short-term investments	31.8	31.8
Cash at bank and in hand	16.0	16.0
	(1,176.4)	(1,194.4)
Derivative financial instruments:		
Interest rate swaps		
Current liabilities	(0.5)	(0.5)
Non-current liabilities	(7.2)	(14.3)
	(7.7)	(14.8)

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.

17 Provisions for liabilities and charges

Group

	Deferred tax £m
At 16 May 2005	-
Transfer from Group undertakings (note 18)	10.9
Profit and loss account	2.1
At 30 September 2006	**13.0**

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

	2006 £m
Excess of capital allowances over accumulated depreciation	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 £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.

18 Acquisitions

On 9 August 2005 the Group acquired the trade and business of 1,592 securitised pubs from the group headed by Wolverhampton & Dudley Breweries, PLC.

	£m
Tangible fixed assets	980.1
Stocks	2.9
Debtors	10.0
Cash	-
Creditors: amounts falling due within one year	(7.5)
Provisions: deferred tax	(10.9)
Goodwill	199.1
	1,173.7
Satisfied by:	
Loan from Group undertaking	375.5
Cash	798.2
	1,173.7

The fair value of tangible fixed assets acquired was established following a review of properties that was carried out by external qualified surveyors. Properties have been 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:

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

20 Share capital

Authorised	2006 £
1,000 ordinary shares of £1 each	1,000

Allotted, issued and fully paid	2006 £
1 ordinary share of £1	1

21 Reserves

Group

	Profit and loss account £m
At 16 May 2005	-
Loss for the period	(5.6)
At 30 September 2006	(5.6)

The Company has not traded during the period and had profit and loss reserves of £nil at the period end.

22 Reconciliation of movement in shareholders' funds

Group

	2006 £m
Loss for the period	(5.6)
Net reduction to shareholders' funds	(5.6)
Opening shareholders' funds	-
Closing shareholders' deficit	(5.6)

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 The Wolverhampton & Dudley Breweries, PLC, which is the parent undertaking of the smallest and largest group to consolidate the financial statements of W&DB Pubs Parent Limited. Copies of the Group financial statements can be obtained from the Company Secretary, PO Box 26, Park Brewery, Wolverhampton, WV1 4NY.