

COMPANY REGISTRATION NUMBER 5453370

MARSTON'S PUBS PARENT LIMITED
ANNUAL REPORT
3 OCTOBER 2015

MARSTON'S PUBS PARENT LIMITED

FINANCIAL STATEMENTS

Period ended 3 October 2015

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MARSTON'S PUBS PARENT LIMITED

STRATEGIC REPORT

Period ended 3 October 2015

Principal activities and business review

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

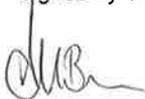
The principal activity of the Company is that of a holding and investment company.

The Directors of Marston's PLC manage the Marston's Group's operations on a divisional, rather than statutory entity basis. The development, performance, position and key performance indicators of the Marston's Group which includes the Company and the Group are discussed within the Strategic Report of Marston's PLC which does not form part of this report.

Principal risks and uncertainties

The principal risks and uncertainties of the Company and the Group reflect those of the Marston's Group. The principal risks and uncertainties of the Marston's Group which include those of the Company and the Group are discussed within the Strategic Report of Marston's PLC which does not form part of this report.

Signed by order of the Directors



Anne-Marie Brennan
Company Secretary

Approved by the Directors on 26 November 2015

MARSTON'S PUBS PARENT LIMITED

DIRECTORS' REPORT

Period ended 3 October 2015

The Directors present their report and the financial statements of the Group for the period ended 3 October 2015.

The financial statements of the Group cover the 52 weeks ended 3 October 2015 (2014: 52 weeks ended 4 October 2014).

Future developments

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

Results and dividends

The loss for the period amounted to £78.8m. The Directors have not recommended a dividend.

Financial risk management

The financial risk management of the Company and the Group reflect that of the Marston's Group. Details of the Marston's Group's financial risk exposure, and the management objectives and policies thereon, are presented within the Annual Report and Accounts of Marston's PLC.

Directors

The Directors who served the Company during the period were as follows:

A Andrea
P Dalzell
R Findlay
R Westwood

In accordance with the Company's Articles of Association and to the extent permitted by law, the Company has indemnified its Directors against certain liabilities that may be incurred as a result of their position.

MARSTON'S PUBS PARENT LIMITED

DIRECTORS' REPORT *(continued)*

Period ended 3 October 2015

Directors' responsibilities

The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial period. 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). Under company law the Directors must not approve the financial statements unless they are satisfied that they 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 that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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 Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In the case of each of the persons who are Directors at the time this report is approved:

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

Signed by order of the Directors



Anne-Marie Brennan
Company Secretary

Approved by the Directors on 26 November 2015

Company Registration Number: 5453370

MARSTON'S PUBS PARENT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MARSTON'S PUBS PARENT LIMITED

Report on the financial statements

Our opinion

In our opinion, Marston's Pubs Parent Limited's Group financial statements and Company financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and of the Company's affairs as at 3 October 2015 and of the Group's loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report, comprise:

- the balance sheets as at 3 October 2015;
- the Group profit and loss account, statement of total recognised gains and losses and note of historical cost profits and losses and for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the Directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

MARSTON'S PUBS PARENT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MARSTON'S PUBS PARENT LIMITED *(continued)*

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

As explained more fully in the Directors' Responsibilities Statement, set out on page 3, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Group's and the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Mark Smith (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
26 November 2015

(a) The maintenance and integrity of the Marston's PLC website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

MARSTON'S PUBS PARENT LIMITED

GROUP PROFIT AND LOSS ACCOUNT

Period ended 3 October 2015

	Note	2015 £m	2014 £m
Turnover	2	394.2	396.6
Trading expenses excluding exceptional items		<u>(305.7)</u>	<u>(318.6)</u>
Exceptional items	6	(37.8)	(28.2)
Trading expenses	3	(343.5)	<u>(346.8)</u>
Operating profit	4	50.7	49.8
Loss on disposal of fixed assets		-	(47.4)
		<u>50.7</u>	<u>2.4</u>
Interest receivable	8	0.7	0.8
Interest payable and similar charges	9	(138.7)	(159.4)
Loss on ordinary activities before taxation		(87.3)	<u>(156.2)</u>
Tax on loss on ordinary activities	10	8.5	14.1
Loss for the financial period		(78.8)	<u>(142.1)</u>

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

The notes on pages 9 to 22 form part of these financial statements.

MARSTON'S PUBS PARENT LIMITED

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Period ended 3 October 2015

	2015 £m	2014 £m
Loss for the financial period attributable to the shareholders	(78.8)	(142.1)
Unrealised surplus on revaluation of properties	77.9	–
Reversal of past revaluation surplus	<u>(67.1)</u>	<u>(0.6)</u>
Total gains and losses recognised since the last annual report	<u>(68.0)</u>	<u>(142.7)</u>

GROUP NOTE OF HISTORICAL COST PROFITS AND LOSSES

	2015 £m	2014 £m
Reported loss on ordinary activities before taxation	(87.3)	(156.2)
Realisation of gains recognised in previous periods	<u>0.4</u>	<u>16.5</u>
Historical cost loss on ordinary activities before taxation	<u>(86.9)</u>	<u>(139.7)</u>
Historical cost loss for the period after taxation	<u>(78.4)</u>	<u>(125.6)</u>

The notes on pages 9 to 22 form part of these financial statements.

MARSTON'S PUBS PARENT LIMITED

BALANCE SHEETS

3 October 2015

	Note	Group 2015 £m	2014 £m	Company 2015 £m	2014 £m
Fixed assets					
Intangible assets	11	84.2	97.5	-	-
Tangible assets	12	1,222.1	1,237.9	-	-
Investments	13	-	-	-	-
		<u>1,306.3</u>	<u>1,335.4</u>	<u>-</u>	<u>-</u>
Current assets					
Assets held for sale	16	8.7	22.6	-	-
Stocks	14	5.6	5.4	-	-
Debtors	15	34.0	32.2	-	-
Cash at bank and in hand		55.2	38.1	-	-
		<u>103.5</u>	<u>98.3</u>	<u>-</u>	<u>-</u>
Creditors: amounts falling due within one year	17	(69.5)	(56.4)	-	-
Net current assets		34.0	41.9	-	-
Total assets less current liabilities		1,340.3	1,377.3	-	-
Creditors: amounts falling due after more than one year	18	(1,583.8)	(1,552.9)	-	-
Provisions for liabilities					
Deferred taxation	21	(13.4)	(13.3)	-	-
Net liabilities		(256.9)	(188.9)	-	-
Capital and reserves					
Share capital	23	-	-	-	-
Revaluation reserve	24	293.1	282.7	-	-
Profit and loss account	24	(550.0)	(471.6)	-	-
Shareholders' deficit	25	(256.9)	(188.9)	-	-

These accounts were approved by the Directors and authorised for issue on 26 November 2015, and are signed on their behalf by:



Andrew Andrea
Director

26 November 2015

The notes on pages 9 to 22 form part of these financial statements.

MARSTON'S PUBS PARENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period ended 3 October 2015

1. Accounting policies

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets and in accordance with applicable accounting standards.

The Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

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 and its subsidiary undertaking, Marston's Pubs Limited, for the 52 weeks ended 3 October 2015 (2014: 52 weeks ended 4 October 2014).

The results of new subsidiary undertakings are included in the Group accounts from the date at 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

The Company is a wholly-owned subsidiary of Marston's PLC and is included in the consolidated financial statements of that company, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised).

(d) Related party transactions

The Company is a wholly-owned subsidiary of Marston's PLC, the consolidated accounts of which are publicly available. Accordingly, the Company has taken advantage of the exemption in FRS 8 from disclosing transactions with members of the Marston's 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. Turnover in respect of drink, food and accommodation is recognised at the point at which the goods or services are provided. Gaming machine income is recognised as earned. Rental income is recognised in the period to which it relates.

(f) 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. 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. The Directors consider the carrying value of the goodwill and make appropriate adjustments to reflect the disposal of certain assets to which it relates. Where goodwill is impaired, the charge is taken to the profit and loss account.

(g) Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill Up to a presumed maximum of 20 years

MARSTON'S PUBS PARENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period ended 3 October 2015

1. Accounting policies (continued)

(h) Tangible fixed assets

Freehold and leasehold properties are stated at valuation or at cost. Plant, fixtures and fittings are stated at cost.

Properties are revalued by independent qualified valuers at least once in each rolling three year period, on an existing use basis. Substantially all of the Group's properties have been externally valued in accordance with the Royal Institution of Chartered Surveyors' Red Book. These valuations are performed directly by reference to observable prices in an active market or recent market transactions on arm's length terms. Internal valuations are performed on the same 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 to the extent that they reverse previously charged impairment losses, in which case the reversal is recorded in the profit and loss account.

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

(i) Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold property	- 50 years
Leasehold property	- the lower of the lease period and 50 years
Plant, fixtures and fittings	- 3 to 15 years

Land is not depreciated.

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

(j) Stocks

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

(k) Operating leases

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

(l) Current and deferred tax

Current tax is calculated on the basis of the laws enacted or substantively enacted at the balance sheet date and is measured at the amount expected to be paid to or recovered from the tax authorities.

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.

MARSTON'S PUBS PARENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period ended 3 October 2015

1. Accounting policies *(continued)*

(m) Assets held for sale

Assets, typically properties and related fixtures and fittings, 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 and is being actively marketed. In addition, the Group must be committed to the sale and 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.

(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.

(o) Exceptional items

Exceptional items are items that, by virtue of their nature, size or expected frequency, warrant separate disclosure in the financial statements in order to fully understand the Group's underlying performance.

2. Turnover

An analysis of turnover is given below:

	2015 £m	2014 £m
Destination and Premium	159.5	153.4
Taverns	188.8	197.8
Leased	45.9	45.4
	<u>394.2</u>	<u>396.6</u>

Turnover originates in the UK and is not materially different from turnover by destination.

Details of the full results of the segments above are included in the Marston's PLC Annual Report and Accounts.

3. Trading expenses

	2015 £m	2014 £m
Other operating income	(1.1)	(1.2)
Raw materials and consumables	125.6	130.6
Staff costs recharged from Group undertakings	65.0	65.3
Depreciation and other amounts written off tangible and intangible fixed assets and assets held for sale	59.3	51.5
Other net operating charges	94.7	100.6
	<u>343.5</u>	<u>346.8</u>

Included within depreciation and other amounts written off tangible and intangible fixed assets and assets held for sale is an exceptional charge of £70.2m (2014: £7.4m) in respect of the impairment of tangible fixed assets, an exceptional credit of £33.3m (2014: £nil) in respect of the reversal of impairment of tangible fixed assets, an exceptional charge of £1.0m (2014: £20.8m) in respect of the impairment of assets held for sale and an exceptional credit of £0.1m (2014: £nil) in respect of the reversal of impairment of assets held for sale.

MARSTON'S PUBS PARENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period ended 3 October 2015

4. Operating profit

Operating profit is stated after charging:

	2015 £m	2014 £m
Amortisation of intangible assets	8.5	9.2
Depreciation of fixed assets	13.0	14.1
Operating lease costs:		
- Plant and equipment	7.7	8.0
- Other	0.5	0.5
	<u> </u>	<u> </u>

Auditors' remuneration is borne by the parent company, Marston's PLC. Neither the Company nor the Group incurred any non-audit fees during the period (2014: £nil).

5. Employees

During the period the Group paid £65.0m (2014: £65.3m) to Marston's 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. The Directors are also employed by Marston's Trading Limited and their remuneration for services to the Marston's Group is shown in the consolidated financial statements of Marston's PLC.

6. Exceptional items

	2015 £m	2014 £m
Recognised in arriving at operating profit:		
Impairment of tangible fixed assets	(70.2)	(7.4)
Reversal of impairment of tangible fixed assets	33.3	-
Impairment of assets held for sale	(1.0)	(20.8)
Reversal of impairment of assets held for sale	0.1	-
	<u>(37.8)</u>	<u>(28.2)</u>

There is a tax credit of £nil (2014: £0.3m) in respect of the above exceptional items.

7. Loss on disposal of fixed assets

	2015 £m	2014 £m
Loss on disposal of fixed assets	<u>-</u>	<u>(47.4)</u>

The loss on disposal in the prior period predominantly relates to the sale of a portfolio of pubs to Marston's PLC.

8. Interest receivable

	2015 £m	2014 £m
Bank interest receivable	0.1	0.1
Release of interest rate swaps	0.6	0.7
	<u>0.7</u>	<u>0.8</u>

MARSTON'S PUBS PARENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period ended 3 October 2015

9. Interest payable and similar charges

	2015 £m	2014 £m
Securitised debt	49.2	52.6
Subordinated loan from Group undertaking	88.8	81.5
Interest on outstanding tax liabilities	0.1	0.3
Loss on termination of swap	-	23.6
Write off of unamortised issue costs	-	0.4
Other similar charges	0.6	1.0
	<u>138.7</u>	<u>159.4</u>

The floating-to-fixed interest rate swap between the Group and Marston's Issuer PLC relating to the AB1 tranche of the Group's borrowings was terminated in the prior period.

10. Taxation

(a) Analysis of charge in the period

	2015 £m	2014 £m
Current tax:		
In respect of the period:		
UK Corporation tax based on the results for the period	(8.6)	(12.5)
Adjustments in respect of prior periods	-	(0.2)
Total current tax	<u>(8.6)</u>	<u>(12.7)</u>
Deferred tax:		
Origination and reversal of timing differences	0.1	(1.4)
Tax on loss on ordinary activities	<u>(8.5)</u>	<u>(14.1)</u>

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the period is higher than (2014: higher than) the standard rate of corporation tax of 20.5% (2014: 22%).

The standard rate of corporation tax in the UK changed from 21% to 20% with effect from 1 April 2015. Accordingly, the Group's losses for the accounting period are taxed at an effective rate of 20.5%.

	2015 £m	2014 £m
Loss on ordinary activities before taxation	<u>(87.3)</u>	<u>(156.2)</u>
Loss on ordinary activities by rate of tax	<u>(17.9)</u>	<u>(34.4)</u>
Effect of:		
Adjustments in respect of prior periods	-	(0.2)
Expenses not deductible for tax purposes	9.3	20.6
Difference between capital allowances and depreciation	-	1.3
Total current tax (note 10(a))	<u>(8.6)</u>	<u>(12.7)</u>

MARSTON'S PUBS PARENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period ended 3 October 2015

10. Taxation (continued)

(c) Factors that may affect future tax charges

The July 2015 Budget announced that the standard rate of corporation tax would change from 20% to 19% with effect from 1 April 2017 and then from 19% to 18% with effect from 1 April 2020. These changes were substantively enacted after the balance sheet date and as such their effects are not included in these financial statements.

11. Intangible fixed assets

Group

	Goodwill £m
Cost	
At 5 October 2014	175.1
Disposals	(8.7)
At 3 October 2015	<u>166.4</u>
Amortisation	
At 5 October 2014	77.6
Charge for the period	8.5
On disposals	(3.9)
At 3 October 2015	<u>82.2</u>
Net book value	
At 3 October 2015	<u>84.2</u>
At 4 October 2014	<u>97.5</u>

The Company had no intangible fixed assets.

MARSTON'S PUBS PARENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period ended 3 October 2015

12. Tangible fixed assets

Group

	Land and buildings £m	Plant, fixtures and fittings £m	Total £m
Cost or valuation			
At 5 October 2014	1,179.0	130.9	1,309.9
Additions	21.2	11.1	32.3
Disposals	(4.4)	(13.0)	(17.4)
Net transfers to/from assets held for sale	(2.4)	(0.8)	(3.2)
Revaluation/impairment	(26.2)	–	(26.2)
Net transfers to/from Group undertakings	(0.9)	(0.3)	(1.2)
At 3 October 2015	1,166.3	127.9	1,294.2
Depreciation			
At 5 October 2014	0.2	71.8	72.0
Charge for the period	0.1	12.9	13.0
On disposals	–	(12.4)	(12.4)
Net transfers to/from assets held for sale	–	(0.3)	(0.3)
Revaluation/impairment	(0.2)	0.1	(0.1)
Net transfers to/from Group undertakings	–	(0.1)	(0.1)
At 3 October 2015	0.1	72.0	72.1
Net book value			
At 3 October 2015	1,166.2	55.9	1,222.1
At 4 October 2014	1,178.8	59.1	1,237.9

If the land and buildings had not been revalued, the historical cost net book value would be £873.3m (2014: £896.5m).

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

	2015 £m	2014 £m
Freehold properties	1,088.3	1,107.6
Leasehold properties over 50 years unexpired	75.4	68.7
Leasehold properties under 50 years unexpired	2.5	2.5
	1,166.2	1,178.8

MARSTON'S PUBS PARENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period ended 3 October 2015

12. Tangible fixed assets (continued)

Revaluation/impairment

At 1 February 2015 independent chartered surveyors revalued the Group's freehold and leasehold properties on an open market value basis. These valuations have been incorporated into the financial statements and the resulting revaluation adjustments have been recognised in the revaluation reserve or profit and loss account as appropriate.

During the current and prior period various properties were reviewed for impairment and/or material changes in value. These valuation adjustments were recognised in the revaluation reserve or the profit and loss account as appropriate.

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

	2015 £m	2014 £m
Profit and loss account:		
Reversal of past impairment	33.3	–
Revaluation loss charged as an impairment	(70.2)	(7.4)
	<u>(36.9)</u>	<u>(7.4)</u>
Revaluation reserve:		
Unrealised revaluation surplus	77.9	–
Reversal of past revaluation surplus	(67.1)	(0.6)
	<u>10.8</u>	<u>(0.6)</u>
Net decrease in shareholders' deficit/fixed assets	<u>(26.1)</u>	<u>(8.0)</u>
Capital commitments		
	2015 £m	2014 £m
Contracted but not provided for in the financial statements	<u>3.1</u>	<u>2.8</u>

The Company had no tangible fixed assets.

13. Investments

Company

	2015 £	2014 £
Cost and net book value		
At 4 October 2014 and 3 October 2015	<u>1</u>	<u>1</u>

The Company has one subsidiary, Marston's Pubs Limited, a pub retail company incorporated in England and Wales. The Company owns 100% of the issued share capital of Marston's Pubs Limited.

14. Stocks

Group

	2015 £m	2014 £m
Raw materials and consumables	1.6	1.4
Finished goods	<u>4.0</u>	<u>4.0</u>
	<u>5.6</u>	<u>5.4</u>

The Company had no stocks.

MARSTON'S PUBS PARENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period ended 3 October 2015

15. Debtors

Group

	2015 £m	2014 £m
Trade debtors	3.4	3.9
Amounts owed by Group undertakings	–	5.6
Corporation tax	20.3	11.6
Other debtors	7.4	8.7
Prepayments and accrued income	2.9	2.4
	<u>34.0</u>	<u>32.2</u>

Amounts owed by Group undertakings are unsecured, non-interest bearing and repayable on demand.

The Company had no debtors.

16. Assets held for sale

Group

	2015 £m	2014 £m
Assets held for sale	<u>8.7</u>	<u>22.6</u>

During the current and prior period, various properties classed as assets held for sale were reviewed for impairment or reversal of impairment. This review identified an impairment of £1.0m (2014: £20.8m) and a reversal of past impairment of £0.1m (2014: £nil) which were recognised in the profit and loss account.

The Company had no assets held for sale.

17. Creditors: amounts falling due within one year

Group

	2015 £m	2014 £m
Securitised debt	26.2	24.8
Liabilities on interest rate swaps	0.6	0.6
Amounts owed to Group undertakings	13.8	–
Other taxation and social security	4.3	4.9
Other creditors	6.5	6.4
Accruals and deferred income	18.1	19.7
	<u>69.5</u>	<u>56.4</u>

Amounts owed to Group undertakings are unsecured, non-interest bearing and repayable on demand.

The Company had no creditors falling due within one year.

MARSTON'S PUBS PARENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period ended 3 October 2015

18. Creditors: amounts falling due after more than one year

Group

	2015 £m	2014 £m
Securitised debt	833.6	859.8
12.5% subordinated loan due to Group undertakings	743.3	685.6
Liabilities on interest rate swaps	6.9	7.5
	<u>1,583.8</u>	<u>1,552.9</u>

The 12.5% subordinated loan is unsecured and due to Marston's PLC, the parent company.

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 3 October 2015				
In one year or less, or on demand	<u>26.2</u>	<u>–</u>	<u>0.6</u>	<u>26.8</u>
In more than one year but not more than two years	27.8	–	0.5	28.3
In more than two years but not more than five years	93.6	–	1.6	95.2
In more than five years	712.2	743.3	4.8	1,460.3
	<u>833.6</u>	<u>743.3</u>	<u>6.9</u>	<u>1,583.8</u>

	Securitised debt £m	Subordinated loan £m	Interest rate swaps £m	Total £m
At 4 October 2014				
In one year or less, or on demand	<u>24.8</u>	<u>–</u>	<u>0.6</u>	<u>25.4</u>
In more than one year but not more than two years	26.1	–	0.6	26.7
In more than two years but not more than five years	88.6	–	1.3	89.9
In more than five years	745.1	685.6	5.6	1,436.3
	<u>859.8</u>	<u>685.6</u>	<u>7.5</u>	<u>1,552.9</u>

The Company had no creditors falling due after more than one year.

MARSTON'S PUBS PARENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period ended 3 October 2015

19. Securitised debt

On 9 August 2005 Marston's Issuer PLC issued £805.0m of secured loan notes in connection with the securitisation of 1,592 pubs held in Marston's Pubs Limited. On 22 November 2007, a further £330.0m of secured loan notes (tranches A4 and AB1) were issued by Marston's Issuer PLC in connection with the securitisation of an additional 437 of the Group's pubs. The loan notes are secured over the properties and their future income streams and the funds were subsequently lent to Marston's Pubs Limited.

During the prior period Marston's Pubs Limited purchased all the AB1 notes at par. The notes were immediately cancelled and the corresponding balance lent to Marston's Pubs Limited by Marston's Issuer PLC was treated as having been prepaid by way of set-off in consideration for the surrender of the notes.

During the period ended 3 October 2015, 106 (2014: 173) of the securitised pubs were sold to third parties and 3 (2014: 197) were sold to other members of the Marston's Group. During the period ended 3 October 2015 the Group acquired no pubs (2014: 6).

The securitisation is governed by various covenants, warranties and events of default, many of which apply to Marston's 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 Group.

The tranches of securitised debt have the following principal terms:

Tranche	2015 £m	2014 £m	Interest	Principal repayment period - by instalments	Expected average life	Expected maturity date
A1	97.8	115.1	Floating	2015 to 2020	5 years	2020
A2	214.0	214.0	Fixed/floating	2020 to 2027	12 years	2027
A3	200.0	200.0	Fixed/floating	2027 to 2032	17 years	2032
A4	199.4	207.5	Floating	2015 to 2031	16 years	2031
B	155.0	155.0	Fixed/floating	2032 to 2035	20 years	2035
	<u>866.2</u>	<u>891.6</u>				

The interest payable on each tranche is as follows:

Tranche	Before step up	After step up	Step up date
A1	3 month LIBOR + 0.55%	3 month LIBOR + 1.375%	July 2012
A2	5.1576%	3 month LIBOR + 1.32%	July 2019
A3	5.1774%	3 month LIBOR + 1.45%	April 2027
A4	3 month LIBOR + 0.65%	3 month LIBOR + 1.625%	October 2012
B	5.6410%	3 month LIBOR + 2.55%	July 2019

Interest of £10.7m (2014: £11.0m) had accrued at 3 October 2015 in relation to the securitised debt.

MARSTON'S PUBS PARENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period ended 3 October 2015

20. 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 debentures and bank facilities of the Marston's 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 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 19.

The weighted average interest rate on the securitised debt is 5.7% (2014: 5.7%) and the weighted average period for which the rate is fixed is 15 years (2014: 15 years).

Fair value of borrowings and derivative financial instruments

	3 October 2015		4 October 2014	
	Book value £m	Fair value £m	Book value £m	Fair value £m
Primary instruments:				
Securitised debt (excluding deferred issue costs)	(866.2)	(892.2)	(891.6)	(923.7)
Subordinated loan	(743.3)	(765.6)	(685.6)	(710.3)
Cash at bank and in hand	55.2	55.2	38.1	38.1
	<u>(1,554.3)</u>	<u>(1,602.6)</u>	<u>(1,539.1)</u>	<u>(1,595.9)</u>
Derivative financial instruments:				
Interest rate swaps				
Current liabilities	(0.6)	–	(0.6)	–
Non-current liabilities	(6.9)	(167.0)	(7.5)	(120.7)
	<u>(7.5)</u>	<u>(167.0)</u>	<u>(8.1)</u>	<u>(120.7)</u>

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

NOTES TO THE FINANCIAL STATEMENTS

Period ended 3 October 2015

21. Deferred taxation

Group

The movement in the deferred taxation provision during the period was:

	2015 £m	2014 £m
Provision brought forward	13.3	14.7
Profit and loss account movement arising during the period	0.1	(1.4)
Provision carried forward	<u>13.4</u>	<u>13.3</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2015 £m	2014 £m
Excess of taxation allowances over depreciation on fixed assets	13.4	13.3
	<u>13.4</u>	<u>13.3</u>

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 or substantively 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 £53.6m (2014: £57.7m). 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.

22. Commitments under operating leases

At 3 October 2015 the Group had annual commitments under non-cancellable operating leases as set out below.

	Land and buildings	
	2015 £m	2014 £m
Operating leases which expire: After more than 5 years	0.4	0.5

23. Share capital

Allotted, called up and fully paid:

	2015		2014	
	No	£m	No	£m
Ordinary shares of £1 each	<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>

MARSTON'S PUBS PARENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period ended 3 October 2015

24. Reserves

Group

	Revaluation reserve £m	Profit and loss account £m
Balance brought forward	282.7	(471.6)
Loss for the period	–	(78.8)
Disposal of properties	(0.4)	0.4
Revaluation/impairment	10.8	–
Balance carried forward	<u>293.1</u>	<u>(550.0)</u>

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

No profit and loss account is presented for the Company as permitted by Section 408 of the Companies Act 2006.

25. Reconciliation of movements in shareholders' deficit

	2015 £m	2014 £m
Loss for the financial period	(78.8)	(142.1)
Unrealised surplus on revaluation of properties	77.9	–
Reversal of past revaluation surplus	(67.1)	(0.6)
Net reduction to shareholders' deficit	<u>(68.0)</u>	<u>(142.7)</u>
Opening shareholders' deficit	<u>(188.9)</u>	<u>(46.2)</u>
Closing shareholders' deficit	<u>(256.9)</u>	<u>(188.9)</u>

26. Ultimate parent company

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