

Company Registration No. SC306747 (Scotland)

THISTLE PUB COMPANY III PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 SEPTEMBER 2013

THISTLE PUB COMPANY III PLC

COMPANY INFORMATION

Directors	A G Stewart (Chairman) P F Theakston (Appointed 27/08/2013)
Secretary	TM Company Services Limited
Company number	SC306747
Registered office	Edinburgh Quay 133 Fountainbridge Edinburgh EH3 9BA
Manager	Maclay Inns Limited Unit 2/4 The e-Centre Cooperage Way Business Village Alloa FK10 3LP 01259 272087 info@maclay.co.uk
Auditors	Saffery Champness Edinburgh Quay 133 Fountainbridge Edinburgh EH3 9BA
Bankers	Royal Bank of Scotland plc 36 St Andrew Square Edinburgh EH2 2YB Santander UK plc Customer Service Centre Bootle Merseyside L30 4GB
Solicitors	Tods Murray LLP Edinburgh Quay 133 Fountainbridge Edinburgh EH3 9AG Kergan Stewart LLP 163 Bath Street Glasgow G2 4SQ

THISTLE PUB COMPANY III PLC

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THISTLE PUB COMPANY III PLC

CHAIRMAN'S REPORT FOR THE YEAR ENDED 28 SEPTEMBER 2013

I have much pleasure in presenting this year's, my first, report to shareholders.

It has been a year of change for the Company.

The Board last wrote to shareholders in May, at the time of agreeing the new management agreement, following the completion of the ultimately unsuccessful formal sale process. The new management arrangements are now well established.

Pub trading has been broadly similar to the previous year with profit before tax for the Company at £302k, £11k ahead of last year. This growth in profit is the result of the improved terms agreed as part of the re-appointment of our Manager.

Looking to the coming year, the full year benefit of the savings in management fees and the saving of last year's one-off costs relating to the formal sales process should benefit the overall result.

Furthermore, the new financial year has got off to a reasonable start with sales growth of 4% in the first three months of trading and costs remaining well controlled. As the majority of our pubs are destination outlets, good weather, particularly in the summer months, would benefit trading.

I took over from Angus Meldrum as Chairman before he retired on 30 September; at the same time Paul Theakston joined the Board. Paul has long experience in the industry, both as Managing Director and Chairman of Theakstons Brewery and subsequently as founder of The Black Sheep Brewery where he is now Chairman. It gives me great pleasure to welcome Paul to the Board and we have already benefitted from his insight and experience.

In accordance with the Articles of Association of the Company, Paul's initial appointment expires at the date of the AGM at which point Paul will stand for re-election by the shareholders.

I would like to take this opportunity to thank Angus Meldrum, on behalf of the Board and the shareholders, for his service to the Company since its inception.

The Board was disappointed that, due to the prevailing economic conditions, no acceptable offer was received for the Company through the formal sale process. The Board has therefore been considering its strategic options going forward. In consideration of this I have been in contact with a number of shareholders most of which have stated their preference for the Company to continue as before, provided that its tax status is not prejudiced and no additional significant risk is involved.

In light of this, the continuation of our conservative business approach, including reducing the already modest level of debt, is the broad outline of the plan ahead. However, alongside this, we intend to undertake a considered programme of planned capital expenditure to maintain and enhance the fabric of the estate and its performance.

It will be interesting to see if the currently improving economic indicators, in combination with the outcome of the Scottish independence referendum, will have any immediate impact on the valuation of freehold pubs in Scotland and, more importantly, the availability of credit to stimulate market activity.

THISTLE PUB COMPANY III PLC

CHAIRMAN'S REPORT (continued) FOR THE YEAR ENDED 28 SEPTEMBER 2013

The Board are aware that there are certain shareholders, primarily deceased estates, which wish to sell shares. In light of this, the Board has decided to instigate a more professional share trading platform to allow greater opportunity for share trading to take place as well as increased visibility of share trades and prices. In that regard I have also been promoting the Company to possible investors to attempt to stimulate buy-side activity.

The Board has appraised various platforms and is expecting to approve one in the coming weeks. Once the platform is selected and terms agreed, the Board will write to shareholders confirming the details of the new share trading arrangements. I expect this to be before the AGM.

I imagine that a feature of any initial trading in the shares of the Company will be that there will be more sellers than buyers, which would put downward pressure on the share price. To my mind this is an entirely separate matter to the valuation of the estate as a whole. However once that value is established it will provide a basis for the Company to consider possible share buy-ins.

It remains for me to thank all of our advisors, and in particular our Manager, Maclay Inns Limited, for their hard work over the last year.

Our 7 pubs are listed below and shareholders are encouraged to visit them and give their custom, with any feedback on their experience very welcome :-

The Clockwork Beer Company, Glasgow.

DRAM!, Glasgow.

Canal Station, Paisley.

The Steading, Edinburgh.

The Laird & Dog Inn, Lasswade, Lothian.

The Wheel Inn, Scone, Perthshire.

The Dog House, Balloch, Loch Lomond.

A G Stewart

Chairman

13 February 2014

THISTLE PUB COMPANY III PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 28 SEPTEMBER 2013

The directors present their report and financial statements for the year ended 28 September 2013.

Principal activities and review of the business

Thistle Pub Company III plc ("the company") owns public houses across Scotland, which are operated under contract by Maclay Inns Limited ("the Manager"). It was launched under the Enterprise Investment Scheme in 2006.

Total turnover is £5,563,390 (2012 - £5,561,450). Operating profit after the cost of Manager services is £393,398 which is an increase of 6.4% over the prior year and reflects a reduction in fees payable to the Manager. Profits before tax of £301,722 (2012 - £291,063) are reported for the year after interest charges.

Net assets have increased in the year to £8,274,961 (2012 - £8,052,286) and the directors consider this to be a robust performance in difficult market conditions. The company has net debt of £2,154,329 (2012 - £2,245,765).

Principal risks and uncertainties

The following risks and associated mitigation processes represent the key risks and uncertainties which affect the company and how the directors address these. They are not intended to be an exhaustive analysis of all the risks facing the business.

1. Economic risks

Risks:

The company's business operations are sensitive to economic conditions and in particular to levels of consumer spending. Any delay in economic recovery could affect consumer expenditure and therefore our revenue. There is an ongoing risk to our business of increases in the cost of key products, including food, drink, Sky broadcasting service and utilities. Property values are also impacted by the economic uncertainty.

Mitigation processes:

The Board and the Manager regularly review the impact of the economic conditions on the company's budget and strategic plans, to ensure that we maintain our competitive position in the market. By prioritising excellent quality, service, value for money and up-to-date product offers, we aim to broaden our appeal to customers. We try to foster mutually beneficial and long-term relationships with our suppliers whilst at the same time driving down costs in all areas. We have successfully negotiated various contracts to avoid significant increases in costs and employ a number of other techniques to protect us from price volatility.

We continue to regularly assess the long term value of each of our sites and make decisions on a site by site basis around further improvements, operational focus for poorer performing sites and appropriate impairments where necessary. We have tried to diversify the business in respect of customer groups and geographical location in order to minimise the impacts of the recession in any one specific area.

THISTLE PUB COMPANY III PLC

DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 28 SEPTEMBER 2013

2. Regulatory risks

Risks:

The last few years have seen an increased governmental focus on alcohol consumption, in regard to both its impact on the health of drinkers and law and order issues. There is a risk of further legislation in these areas, including additional taxation, which may adversely impact our business.

A failure to comply with health and safety legislation, including in relation to food safety or fire safety, could lead to an incident which causes serious illness, injury or even loss of life to one of our customers, employees or other stakeholder, in turn leading to a significant impact on our reputation.

Mitigation processes:

Our strategy continues to address the need to diversify our business, with increasing emphasis on food within our pubs.

We are committed to acting as a responsible retailer and are actively engaging with government to ensure that it recognises our belief that the safest and most responsible place to consume alcohol is in well-managed licensed on-trade premises.

We have a range of policies and procedures in place, including training, improved reporting and regular monitoring, to ensure compliance with existing regulatory requirements, including in relation to health and safety, fire safety and food safety. We work closely with licensing authorities across the country to ensure licensing requirements are dealt with whenever appropriate.

3. Supply chain risks

Risks:

On the Board's behalf, our Manager works with a number of key suppliers (particularly in relation to food, beer, wines and spirits) and third party distributors to supply our pubs. There is therefore a risk of interruption of supply and of failure of such key suppliers or distributors.

Mitigation processes:

Our Manager works closely with our third-party suppliers, producers and supply chain partners to ensure that our relationships with them are positive and constructive at all times. Our Manager regularly reviews the financial position of our major suppliers to assess the risk of them ceasing to be able to trade. It is our opinion that due to the non-specialist nature of our products our Manager would be able to source alternative supply arrangements should one of our suppliers cease to trade.

THISTLE PUB COMPANY III PLC

DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 28 SEPTEMBER 2013

4. Financial risks

Risks:

It is vital to the business that we continue to meet our financial covenants and to ensure that there is sufficient short term financing to meet our business needs. We are exposed to interest rate risk on the variable rate components of our financing. We are also reliant on maintaining sound systems of internal control and on our information systems and technology to ensure the smooth operation of our business without risk of fraud or material error.

Mitigation processes:

Our Manager constantly monitors our performance against our financial covenants and undertakes detailed stress-testing of our performance against those covenants on a regular basis. Working capital is closely managed and carefully forecast. Hedging instruments are in place to reduce the exposure to interest rate risk.

5. People risks

Risks:

We recognise the importance of attracting, retaining, developing and motivating the best people to help take our business forward and to ensure that we can deliver our operational and strategic objectives. Failure to attract these individuals could impact our ability to achieve our operational and strategic objectives.

Mitigation processes:

Our Manager is tasked with aiming to recruit the best people with the right skills and offer training and development programmes to ensure that we retain them. Staff turnover trends are reviewed and benchmarked to highlight any potential issues.

Results and dividends

The results for the year are set out on page 10.

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future. The directors do not recommend any dividends be declared.

THISTLE PUB COMPANY III PLC

DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 28 SEPTEMBER 2013

Key performance indicators (KPIs)

In order to maintain a full understanding of the development, performance and position of the business a full review of KPIs is carried out within internal monthly management accounts.

The company considers its key performance indicators to be:

1. Sales growth - as a result of management action sales were maintained at a similar level to the previous year, despite the bad weather and difficult economic conditions.
2. Average profit per pub - this is constant with the prior year.
3. Gross profit percentage - this is identical to last year at 15.2%.
4. Profit before tax percentage (before the semi-fixed cost of Manager services) - at 11.5% this has decreased from the previous year figure of 11.9% of turnover.
5. Profit before tax growth - this has increased by 3.7%.

Future developments

The markets in which the company operates remain competitive and fast changing. The company continues to invest in refurbishing its units as the directors regard it as integral to the future success of the company that it provides facilities and services which meet customers' expectations.

Directors

The following directors have held office since 30 September 2012:

A G Stewart	
P F Theakston	(Appointed 27 August 2013)
A A Meldrum	(Resigned 30 September 2013)
S G Mallon	(Resigned 30 September 2012)

Creditor payment policy

The company maintains a policy of paying creditors in line with the agreed terms of trade applicable to each individual creditor.

Creditor days at 28 September 2013 equated to 29 days (2012 - 26 days).

Auditors

Saffery Champness have expressed their willingness to remain in office as auditors of the company.

THISTLE PUB COMPANY III PLC

DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 28 SEPTEMBER 2013

Statement of directors' responsibilities

The directors are responsible for preparing the 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 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). 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 of the profit or loss of the company 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 company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board

A G Stewart

Director

13 February 2014

THISTLE PUB COMPANY III PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THISTLE PUB COMPANY III PLC

We have audited the financial statements of Thistle Pub Company III plc for the year ended 28 September 2013 set out on pages 10 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 7, 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). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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 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. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 28 September 2013 and of its profit for the year 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.

Opinion on other matter prescribed by the Companies Act 2006

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

THISTLE PUB COMPANY III PLC

**INDEPENDENT AUDITORS' REPORT (continued)
TO THE MEMBERS OF THISTLE PUB COMPANY III PLC**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**David Hughes (Senior Statutory Auditor)
for and on behalf of Saffery Champness**

14 February 2014

**Chartered Accountants
Statutory Auditors**

Edinburgh Quay
133 Fountainbridge
Edinburgh
EH3 9BA

THISTLE PUB COMPANY III PLC

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 28 SEPTEMBER 2013**

		2013	2012
	Notes	£	£
Turnover	2	5,563,390	5,561,450
Cost of sales		(4,720,433)	(4,714,101)
Gross profit		842,957	847,349
Administrative expenses		(449,559)	(477,737)
Operating profit	3	393,398	369,612
Other interest receivable and similar income	4	197	298
Interest payable and similar charges	5	(91,873)	(78,847)
Profit on ordinary activities before taxation		301,722	291,063
Tax on profit on ordinary activities	6	(79,047)	(65,011)
Profit for the year	14	<u>222,675</u>	<u>226,052</u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

The notes on pages 13 to 21 form part of these financial statements.

THISTLE PUB COMPANY III PLC**BALANCE SHEET
AS AT 28 SEPTEMBER 2013**

		2013		2012	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	7	10,756,098		10,775,804	
Current assets					
Stocks	8	98,450		81,370	
Debtors	9	222,262		261,376	
Cash at bank and in hand		311,426		334,439	
		<u>632,138</u>		<u>677,185</u>	
Creditors: amounts falling due within one year	10	<u>(678,367)</u>		<u>(2,470,067)</u>	
Net current liabilities			<u>(46,229)</u>		<u>(1,792,882)</u>
Total assets less current liabilities		10,709,869		8,982,922	
Creditors: amounts falling due after more than one year	11	(2,317,741)		(820,388)	
Provisions for liabilities and charges	12	<u>(117,167)</u>		<u>(110,248)</u>	
		<u>8,274,961</u>		<u>8,052,286</u>	
Capital and reserves					
Called up share capital	13	3,750,000		3,750,000	
Share premium account	14	3,191,825		3,191,825	
Profit and loss account	14	1,333,136		1,110,461	
Shareholders' funds - equity interests	15	<u>8,274,961</u>		<u>8,052,286</u>	

The notes on pages 13 to 21 form part of these financial statements.

The financial statements were approved by the board on 13 February 2014

A G Stewart
Director

P F Theakston
Director

THISTLE PUB COMPANY III PLC

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 28 SEPTEMBER 2013**

	Notes	£	2013 £	£	2012 £
Net cash inflow from operating activities	19		417,526		657,780
Returns on investments and servicing of finance					
Interest received		197		298	
Interest paid		(91,873)		(78,847)	
Net cash outflow for returns on investments and servicing of finance			(91,676)		(78,549)
Taxation			(61,373)		(53,409)
Capital expenditure					
Payments to acquire tangible assets		(173,041)		(211,387)	
Net cash outflow for capital expenditure			(173,041)		(211,387)
Net cash inflow before management of liquid resources and financing			91,436		314,435
Financing					
Repayment of long term bank loan		(114,449)		(53,166)	
Capital element of finance lease contracts		-		(8,159)	
Net cash outflow from financing			(114,449)		(61,325)
(Decrease)/increase in cash in the year	20, 21		(23,013)		253,110

THISTLE PUB COMPANY III PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 SEPTEMBER 2013

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The company finances its working capital needs from cash resources and also utilises term loan facilities provided by Royal Bank of Scotland plc. The balance sheet reports net current liabilities at the balance sheet date. The directors have prepared projected cash flow and budget information for the period ending 12 months from the date of approval of these financial statements. On the basis of this cash flow information the directors consider the company will continue to generate surplus cash sufficient to cover debt and interest repayments. The directors consider it appropriate to prepare the financial statements on the going concern basis.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Turnover

Turnover represents amounts receivable from the sale of goods within the company's public houses. It is accounted for on an accruals basis.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation, other than heritable land, which is not depreciated. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Heritable property	2% straight line
Fixtures, fittings and equipment	25% reducing balance

Heritable property is depreciated to their estimated residual values over 50 years. Residual value is reviewed each financial year and there is no depreciable amount if residual value is the same as, or exceeds, book value.

1.5 Leasing

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.6 Stock

Stock is valued at the lower of cost and net realisable value.

THISTLE PUB COMPANY III PLC

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 28 SEPTEMBER 2013

1 Accounting policies (continued)

1.7 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

Deferred taxation is not recognised on timing differences arising when properties are revalued, unless, by the balance sheet date, the company has entered into a binding agreement to sell the revalued assets and recognised the gains or losses expected to arise on the sale.

A deferred tax asset is recognised when it is more than likely that an inflow of economic benefits will take place, and that a reliable estimate can be made as to the amount of the benefit.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating profit 2013 2012

Operating profit is stated after charging:
Depreciation of tangible assets

£	£
192,747	207,994

Auditors' remuneration

Fees payable to the company's auditor for the audit of the company's annual accounts

Taxation and other services

7,500	8,500
3,000	2,500
10,500	11,000

4 Investment income 2013 2012

Bank interest

£	£
197	298

THISTLE PUB COMPANY III PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 28 SEPTEMBER 2013

5 Interest payable	2013 £	2012 £
On bank loans and overdrafts	91,873	78,847
	<u>91,873</u>	<u>78,847</u>
6 Taxation	2013 £	2012 £
Domestic current year tax		
U.K. corporation tax	72,128	61,373
Adjustment for prior years	-	(6,328)
	<u>72,128</u>	<u>55,045</u>
Total current tax	<u>72,128</u>	<u>55,045</u>
Deferred tax		
Deferred tax charge - current year	6,919	6,745
Adjustment for prior years	-	3,221
	<u>6,919</u>	<u>9,966</u>
	<u>79,047</u>	<u>65,011</u>
Factors affecting the tax charge for the period		
Profit on ordinary activities before taxation	<u>301,722</u>	<u>291,063</u>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 23.50% (2012 - 25.00%)	<u>70,905</u>	<u>72,766</u>
Effects of:		
Non deductible expenses	12,370	-
Depreciation add back	45,296	51,999
Capital allowances	(42,885)	(43,961)
Marginal relief	(10,038)	(14,886)
Adjustments to previous periods	-	(6,328)
Deferred revenue expenditure	(3,520)	(4,545)
	<u>1,223</u>	<u>(17,721)</u>
Current tax charge for the period	<u>72,128</u>	<u>55,045</u>

THISTLE PUB COMPANY III PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 28 SEPTEMBER 2013

7 Tangible fixed assets

	Heritable property	Fixtures, fittings and equipment	Total
	£	£	£
Cost			
At 30 September 2012	10,142,142	1,526,562	11,668,704
Additions	73,660	99,381	173,041
	<u> </u>	<u> </u>	<u> </u>
At 28 September 2013	10,215,802	1,625,943	11,841,745
	<u> </u>	<u> </u>	<u> </u>
Depreciation			
At 30 September 2012	128,408	764,492	892,900
Charge for the year	30,647	162,100	192,747
	<u> </u>	<u> </u>	<u> </u>
At 28 September 2013	159,055	926,592	1,085,647
	<u> </u>	<u> </u>	<u> </u>
Net book value			
At 28 September 2013	10,056,747	699,351	10,756,098
	<u> </u>	<u> </u>	<u> </u>
At 29 September 2012	10,013,734	762,070	10,775,804
	<u> </u>	<u> </u>	<u> </u>

The directors are of the opinion that, based on their trading potential, the value in use of each public house's land and buildings is greater than or equal to the carrying amount in the balance sheet, and accordingly in their opinion no impairment exists at 28 September 2013.

8 Stocks	2013	2012
	£	£
Finished goods and goods for resale	98,450	81,370
	<u> </u>	<u> </u>

9 Debtors	2013	2012
	£	£
Trade debtors	2,622	1,241
Other debtors	219,640	260,135
	<u> </u>	<u> </u>
	222,262	261,376
	<u> </u>	<u> </u>

THISTLE PUB COMPANY III PLC

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 28 SEPTEMBER 2013

10 Creditors: amounts falling due within one year	2013	2012
	£	£
Bank loans and overdrafts (note 11)	148,014	1,759,816
Trade creditors	378,991	352,386
Corporation tax	72,128	61,373
Amounts owed to related undertakings	6,023	249,406
Accruals and deferred income	73,211	47,086
	<u>678,367</u>	<u>2,470,067</u>

11 Creditors: amounts falling due after more than one year	2013	2012
	£	£
Bank loans	<u>2,317,741</u>	<u>820,388</u>
Analysis of loans		
Wholly repayable within five years	<u>2,465,755</u>	<u>2,580,204</u>
	2,465,755	2,580,204
Included in current liabilities	<u>(148,014)</u>	<u>(1,759,816)</u>
	<u>2,317,741</u>	<u>820,388</u>
Loan maturity analysis		
In more than one year but not more than two years	856,509	60,625
In more than two years but not more than five years	<u>1,461,232</u>	<u>759,763</u>

The bank loans are secured by a standard security over the company's property assets and a bond and floating charge over the company's assets in favour of the Royal Bank of Scotland plc.

One of the company's term loans for £1.7m was renewed during the year. A revised facility with the company's bankers, Royal Bank of Scotland plc, was agreed with interest accruing on this loan at a margin over LIBOR. Repayments are by eleven quarterly instalments along with a larger final instalment of an amount sufficient to repay the outstanding balance in full.

THISTLE PUB COMPANY III PLC

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 28 SEPTEMBER 2013**

12 Provisions for liabilities

	Deferred tax liability
	£
Balance at 30 September 2012	110,248
Profit and loss account	6,919
	<hr/>
Balance at 28 September 2013	<u>117,167</u>

The deferred tax liability is made up as follows:

	2013	2012
	£	£
Accelerated capital allowances	120,386	110,248
Other timing differences	(3,219)	-
	<hr/>	<hr/>
	<u>117,167</u>	<u>110,248</u>

13 Share capital

	2013	2012
	£	£
Allotted, called up and fully paid		
7,500,000 Ordinary shares of 50p each	3,750,000	3,750,000
	<hr/>	<hr/>

14 Statement of movements on reserves

	Share premium account	Profit and loss account
	£	£
Balance at 30 September 2012	3,191,825	1,110,461
Profit for the year	-	222,675
	<hr/>	<hr/>
Balance at 28 September 2013	<u>3,191,825</u>	<u>1,333,136</u>

THISTLE PUB COMPANY III PLC

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 28 SEPTEMBER 2013**

15 Reconciliation of movements in shareholders' funds	2013	2012
	£	£
Profit for the financial year	222,675	226,052
Opening shareholders' funds	8,052,286	7,826,234
	<hr/>	<hr/>
Closing shareholders' funds	8,274,961	8,052,286
	<hr/> <hr/>	<hr/> <hr/>

16 Directors' remuneration	2013	2012
	£	£
Remuneration for qualifying services	35,038	49,426
	<hr/> <hr/>	<hr/> <hr/>

17 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

2013	2012
Number	Number
2	3
<hr/> <hr/>	<hr/> <hr/>

Employment costs

Wages and salaries

2013	2012
£	£
35,038	49,426
<hr/> <hr/>	<hr/> <hr/>

18 Control

The directors are not aware of the existence of an ultimate controlling party.

THISTLE PUB COMPANY III PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 28 SEPTEMBER 2013

19 Reconciliation of operating profit to net cash inflow from operating activities	2013	2012
	£	£
Operating profit	393,398	369,612
Depreciation of tangible assets	192,747	207,994
(Increase)/decrease in stocks	(17,080)	4,242
Decrease/(increase) in debtors	39,114	(7,487)
(Decrease)/increase in creditors within one year	(190,653)	83,419
Net cash inflow from operating activities	<u>417,526</u>	<u>657,780</u>

20 Analysis of net debt	30 September 2012	Cash flow	Other non- cash changes	28 September 2013
	£	£	£	£
Net cash:				
Cash at bank and in hand	334,439	(23,013)	-	311,426
Debt:				
Debts falling due within one year	(1,759,816)	1,611,802	-	(148,014)
Debts falling due after one year	(820,388)	(1,497,353)	-	(2,317,741)
	<u>(2,580,204)</u>	<u>114,449</u>	<u>-</u>	<u>(2,465,755)</u>
Net debt	<u>(2,245,765)</u>	<u>91,436</u>	<u>-</u>	<u>(2,154,329)</u>

21 Reconciliation of net cash flow to movement in net debt	2013	2012
	£	£
(Decrease)/increase in cash in the year	(23,013)	253,110
Cash outflow from decrease in debt	114,449	61,325
Movement in net debt in the year	<u>91,436</u>	<u>314,435</u>
Opening net debt	(2,245,765)	(2,560,200)
Closing net debt	<u>(2,154,329)</u>	<u>(2,245,765)</u>

THISTLE PUB COMPANY III PLC

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 28 SEPTEMBER 2013**

22 Related party transactions

Transactions entered into with related parties can be summarised as follows:

	2013	2012
	£	£
Maclay Inns Limited:		
Recharge of payroll costs	1,689,248	1,716,174
Recharge of directors remuneration	-	13,121
Provision of management services	335,869	372,204
	<u> </u>	<u> </u>

The balances due to related parties at the year end were as follows:

Maclay Inns Limited	6,023	249,406
	<u> </u>	<u> </u>

The company has entered into a contract with Maclay Inns Limited for the provision of management services.