

Pub Enterprises Limited

Directors' Report and Financial Statements

for the Year Ended 31 December 2012

Haines Watts (Lancashire) LLP
Statutory Auditors
Northern Assurance Buildings
9/21 Princess Street
Manchester
M2 4DN

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PUB ENTERPRISES LIMITED
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PUB ENTERPRISES LIMITED
COMPANY INFORMATION

Directors Paul Burns
Walter F Smith

Company secretary Brunton Miller

Registered office Herbert House
22 Herbert Street
Glasgow
G20 6NB

Auditors Haines Watts (Lancashire) LLP
Statutory Auditors
Northern Assurance Buildings
9/21 Princess Street
Manchester
M2 4DN

PUB ENTERPRISES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

The directors present their report and the financial statements for the year ended 31 December 2012.

Principal activity

The principal activity of the company is the operation of licensed premises.

Directors of the company

The directors who held office during the year were as follows:

Paul Burns

Walter F Smith

Business review

Fair review of the business

The directors are pleased to report that, despite the prevailing economic conditions, the company has experienced only a modest fall in sales whilst increasing the margins attained.

The company's key financial and other performance indicators during the year were as follows:

	Unit	2012	2011
Turnover	£	2,754,561	2,987,901
Gross profit rate	%	66	64
Net profit before tax	£	135,828	225,622

Principal risks and uncertainties

The licensed premises trade has seen a marked downturn over recent years with several public houses closing every month. The company is subject to competition from other licensed premises operators and also from alternative outlets such as supermarkets.

The company is well placed to resist these pressures and to continue to improve its performance for the foreseeable future.

Financial instruments

Objectives and policies

The company's activities expose it to a number of financial risks including price risk, credit risk and liquidity risk. The company does not use derivative financial instruments.

PUB ENTERPRISES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

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Price risk, credit risk, liquidity risk and cash flow risk

CREDIT RISK

The company's principal financial assets are bank balances and cash, trade and other receivables. The main purpose of these is to finance the business' operations.

The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties.

LIQUIDITY RISK

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses a mixture of long-term and short-term debt finance.

In respect of bank and brewery balances the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of overdrafts at floating rates of interest. All of the business' cash balances are held in such a way that achieves a competitive rate of interest. The business makes use of money market facilities where funds are available.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits.

Trade creditors' liquidity risk is managed by ensuring sufficient funds are available to meet the amounts due.

The businesses are lessees in respect of finance lease assets. The liquidity risk in respect of this is managed by ensuring that there are sufficient funds available to meet the payments.

Future developments

The company is always looking to make further purchases if appropriate premises appear on the market.

Reappointment of auditors

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Haines Watts (Lancashire) LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

PUB ENTERPRISES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

..... CONTINUED

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:

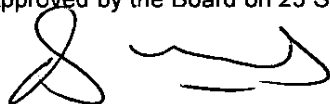
- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditors are unaware of.

Approved by the Board on 25 September 2013 and signed on its behalf by:



.....
Paul Burns
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PUB ENTERPRISES LIMITED

We have audited the financial statements of Pub Enterprises Limited for the year ended 31 December 2012, set out on pages 7 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 auditor's 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 statement of directors responsibilities (set out on page 4), 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 (APB'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 the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2012 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.

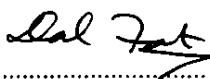
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
PUB ENTERPRISES LIMITED**

..... **CONTINUED**

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.



.....
D Fort FCA (Senior Statutory Auditor)

For and on behalf of Haines Watts (Lancashire) LLP, Statutory Auditor

Northern Assurance Buildings
9/21 Princess Street
Manchester
M2 4DN

25 September 2013

PUB ENTERPRISES LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2012**

	Note	2012 £	2011 £
Turnover		2,754,561	2,987,901
Cost of sales		<u>(942,317)</u>	<u>(1,074,290)</u>
Gross profit		1,812,244	1,913,611
Administrative expenses		<u>(1,599,936)</u>	<u>(1,597,327)</u>
Other operating income		<u>67,235</u>	<u>22,875</u>
Operating profit	2	279,543	339,159
Interest payable and similar charges	5	<u>(143,715)</u>	<u>(113,537)</u>
Profit on ordinary activities before taxation		135,828	225,622
Tax on profit on ordinary activities	6	<u>(30,046)</u>	<u>(47,488)</u>
Profit for the financial year	17	<u>105,782</u>	<u>178,134</u>

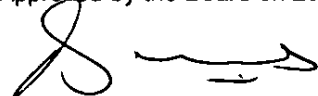
Turnover and operating profit derive wholly from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

PUB ENTERPRISES LIMITED**BALANCE SHEET AT 31 DECEMBER 2012**

	Note	2012 £	2011 £
Fixed assets			
Intangible fixed assets	7	-	50,000
Tangible fixed assets	8	5,376,233	5,112,576
Investments	9	100	-
		<u>5,376,333</u>	<u>5,162,576</u>
Current assets			
Stocks	10	93,246	103,982
Debtors	11	385,809	214,719
Cash at bank and in hand		63,326	88,561
		<u>542,381</u>	<u>407,262</u>
Creditors: Amounts falling due within one year	12	<u>(845,021)</u>	<u>(674,479)</u>
Net current liabilities		<u>(302,640)</u>	<u>(267,217)</u>
Total assets less current liabilities		5,073,693	4,895,359
Creditors: Amounts falling due after more than one year	13	<u>(3,084,529)</u>	<u>(2,925,977)</u>
Provisions for liabilities	14	<u>(12,500)</u>	<u>(12,500)</u>
Net assets		<u>1,976,664</u>	<u>1,956,882</u>
Capital and reserves			
Called up share capital	15	2	2
Capital redemption reserve	17	1	1
Revaluation reserve	17	1,818,877	1,818,877
Profit and loss account	17	<u>157,784</u>	<u>138,002</u>
Shareholders' funds	18	<u>1,976,664</u>	<u>1,956,882</u>

Approved by the Board on 25 September 2013 and signed on its behalf by:



Paul Burns
Director

PUB ENTERPRISES LIMITED**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012****Reconciliation of operating profit to net cash flow from operating activities**

	2012 £	2011 £
Operating profit	279,543	339,159
Depreciation, amortisation and impairment charges	107,227	56,242
Loss on disposal of fixed assets	16,729	16,872
Decrease/(increase) in stocks	10,736	(18,515)
Increase in debtors	(171,090)	(38,334)
Increase in creditors	44,548	26,682
Net cash inflow from operating activities	<u>287,693</u>	<u>382,106</u>

Cash flow statement

	2012 £	2011 £
Net cash inflow from operating activities	<u>287,693</u>	<u>382,106</u>
Returns on investments and servicing of finance		
HP and finance lease interest	(5,706)	(2,741)
Interest paid	<u>(138,009)</u>	<u>(110,796)</u>
	<u>(143,715)</u>	<u>(113,537)</u>
Taxation received/(paid)	<u>14,292</u>	<u>(8,047)</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(339,235)	(289,982)
Sale of tangible fixed assets	<u>34,116</u>	<u>33,834</u>
	<u>(305,119)</u>	<u>(256,148)</u>
Acquisitions and disposals		
Acquisition of investments in subsidiary undertakings	(100)	-
Equity dividends paid	<u>(86,000)</u>	<u>(83,000)</u>
Net cash outflow before management of liquid resources and financing	<u>(232,949)</u>	<u>(78,626)</u>
Financing		
Value of new loans obtained during the period	903,000	2,580,000
Repayment of loans and borrowings	(718,669)	(2,468,404)
Repayment of capital element of finance leases and HP contracts	<u>(38,228)</u>	<u>(45,016)</u>
	<u>146,103</u>	<u>66,580</u>
Decrease in cash	<u>(86,846)</u>	<u>(12,046)</u>

The notes on pages 11 to 21 form an integral part of these financial statements.

PUB ENTERPRISES LIMITED**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012****..... CONTINUED****Reconciliation of net cash flow to movement in net debt**

	Note	2012 £	2011 £
Decrease in cash		(86,846)	(12,046)
Cash inflow from increase in loans		(903,000)	(2,580,000)
Cash outflow from repayment of loans		718,669	2,468,404
Cash outflow from repayment of capital element of finance leases and hire purchase contracts		<u>38,228</u>	<u>45,016</u>
Change in net debt resulting from cash flows	20	(232,949)	(78,626)
 New finance leases		<u>(32,494)</u>	<u>(44,716)</u>
Movement in net debt	20	(265,443)	(123,342)
Net debt at 1 January	20	<u>(3,105,491)</u>	<u>(2,982,149)</u>
Net debt at 31 December	20	<u>(3,370,934)</u>	<u>(3,105,491)</u>

The notes on pages 11 to 21 form an integral part of these financial statements.

PUB ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1 Accounting policies

Basis of preparation

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

Exemption from preparing group accounts

The company has taken exemption from preparing group accounts as the sole subsidiary company is immaterial.

Turnover

Turnover represents amounts chargeable, net of value added tax, in respect of the sale of food and drink to customers. Turnover is recognised at the point of sale.

Goodwill

Positive goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Amortisation method and rate
Goodwill	33% straight line unless impairment review indicates otherwise

Depreciation

Depreciation is provided on tangible fixed assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Depreciation method and rate
Leasehold property	2% straight line
Plant & machinery	10% reducing balance
Fixtures & fittings	10% reducing balance
Motor vehicles	10% reducing balance
Computer equipment	10% straight line

Fixed asset investments

Fixed asset investments are stated at historical cost less provision for any diminution in value.

Stock

Stock is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs.

PUB ENTERPRISES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER
2012**

..... CONTINUED

Deferred tax

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date, except as required by FRS19.

Deferred tax is measured at the rates that are expected to apply in the periods when the timing differences are expected to reverse, based on the tax rates and law enacted at the balance sheet date.

Hire purchase and leasing

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives. The capital elements of future obligations under the leases are included as liabilities in the balance sheet. The interest element of the rental obligation is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. Assets held under hire purchase agreements are capitalised as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives. The capital element of future finance payments is included within creditors. Finance charges are allocated to accounting periods over the length of the contract and represent a constant proportion of the balance of capital repayments outstanding.

2 Operating profit

Operating profit is stated after charging:

	2012 £	2011 £
Operating leases - plant and machinery	17,809	17,356
Auditor's remuneration - The audit of the company's annual accounts	4,030	4,535
Loss on sale of tangible fixed assets	16,729	16,872
Depreciation of owned assets	57,227	56,242
Amortisation	<u>50,000</u>	<u>-</u>

PUB ENTERPRISES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER
2012**

..... CONTINUED

3 Particulars of employees

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2012 No.	2011 No.
Administration and support	4	4
Sales	67	90
	<u>71</u>	<u>94</u>

The aggregate payroll costs were as follows:

	2012 £	2011 £
Wages and salaries	750,681	763,122
Social security costs	37,613	42,156
	<u>788,294</u>	<u>805,278</u>

4 Directors' remuneration

The directors' remuneration for the year was as follows:

	2012 £	2011 £
Remuneration (including benefits in kind)	<u>8,645</u>	<u>6,645</u>

During the year the number of directors who were receiving benefits under a money purchase pension scheme was as follows:

	2012 No.	2011 No.
Accruing benefits under money purchase pension scheme	<u>1</u>	<u>1</u>

5 Interest payable and similar charges

	2012 £	2011 £
Interest on bank borrowings	138,009	110,796
Finance charges	5,706	2,741
	<u>143,715</u>	<u>113,537</u>

PUB ENTERPRISES LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012****..... CONTINUED****6 Taxation****Tax on profit on ordinary activities**

	2012 £	2011 £
Current tax		
Corporation tax charge	30,046	34,988
Deferred tax		
Origination and reversal of timing differences	-	12,500
Total tax on profit on ordinary activities	<u>30,046</u>	<u>47,488</u>

Factors affecting current tax charge for the year

Tax on profit on ordinary activities for the year is higher than (2011 - lower than) the standard rate of corporation tax in the UK of 20% (2011 - 20.75%).

The differences are reconciled below:

	2012 £	2011 £
Profit on ordinary activities before taxation	<u>135,828</u>	<u>225,622</u>
Corporation tax at standard rate	27,166	46,817
Capital allowances in excess of depreciation	(1,661)	(14,957)
Disallowable expenses	<u>4,541</u>	<u>3,128</u>
Total current tax	<u>30,046</u>	<u>34,988</u>

7 Intangible fixed assets

	Goodwill £	Total £
Cost		
At 1 January 2012	<u>265,000</u>	<u>265,000</u>
At 31 December 2012	<u>265,000</u>	<u>265,000</u>
Amortisation		
At 1 January 2012	215,000	215,000
Charge for the year	<u>50,000</u>	<u>50,000</u>
At 31 December 2012	<u>265,000</u>	<u>265,000</u>
Net book value		
At 31 December 2012	<u>-</u>	<u>-</u>
At 31 December 2011	<u>50,000</u>	<u>50,000</u>

PUB ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

..... **CONTINUED**

8 Tangible fixed assets

	Freehold land and buildings £	Long leasehold land and buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Office equipment £	Total £
Cost or valuation							
At 1 January 2012	4,594,391	131,205	406,293	450,518	73,689	10,108	5,666,204
Additions	223,166	-	36,037	75,423	36,968	135	371,729
Disposals	-	-	-	-	(56,689)	-	(56,689)
At 31 December 2012	4,817,557	131,205	442,330	525,941	53,968	10,243	5,981,244
Depreciation							
At 1 January 2012	88,063	5,247	218,108	223,126	10,451	8,633	553,628
Charge for the year	-	-	22,177	29,764	4,935	351	57,227
Eliminated on disposals	-	-	-	-	(5,844)	-	(5,844)
At 31 December 2012	88,063	5,247	240,285	252,890	9,542	8,984	605,011
Net book value							
At 31 December 2012	4,729,494	125,958	202,045	273,051	44,426	1,259	5,376,233
At 31 December 2011	4,506,328	125,958	188,185	227,392	63,238	1,475	5,112,576

Finance lease assets

Included within the net book value of tangible fixed assets is £29,851 (2011 - £49,265) in respect of assets held under finance lease agreements. Depreciation for the year on these assets was £3,316 (2011 - £5,474).

Revaluations

The Freehold property class of fixed assets was revalued on 21 December 2009 by Graham & Sibbald, Chartered Surveyors who are external to the company. The basis of this valuation was open market basis. Subsequent freehold property additions have not been revalued. This class of assets has a current value of £4,518,315 (2011 - £4,506,328) and a carrying amount at historical cost of £3,023,537 (2011 - £3,011,550). The depreciation on this historical cost is £178,503 (2011 - £118,032). Corporation tax of £138,000 (2011 - £185,000) would be payable if the properties were sold for their revalued amounts.

PUB ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

..... **CONTINUED**

9 Investments held as fixed assets

	2012 £	2011 £
Shares in group undertakings and participating interests	<u>100</u>	<u>-</u>
Shares in group undertakings and participating interests		
	Subsidiary undertakings £	Total £
Cost		
Additions	<u>100</u>	<u>100</u>
At 31 December 2012	<u>100</u>	<u>100</u>
Net book value		
At 31 December 2012	<u>100</u>	<u>100</u>

Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Holding	Proportion of voting rights and shares held	Principal activity
Subsidiary undertakings			
Rose Street Drinkmongers Limited	Ordinary	100%	Dormant

10 Stocks

	2012 £	2011 £
Stocks	<u>93,246</u>	<u>103,982</u>

PUB ENTERPRISES LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER
2012****..... CONTINUED****11 Debtors**

	2012 £	2011 £
Trade debtors	82,001	20,575
Amounts owed by group undertakings	480	-
Other debtors	78,579	36,813
Directors' current accounts	137,472	84,693
Prepayments and accrued income	87,277	72,638
	<u>385,809</u>	<u>214,719</u>

12 Creditors: Amounts falling due within one year

	2012 £	2011 £
Trade creditors	203,889	198,466
Bank loans and overdrafts	273,508	207,688
Other loans	71,289	51,755
Obligations under finance lease and hire purchase contracts	4,934	8,632
Corporation tax	79,326	34,988
Other taxes and social security	52,333	83,259
Other creditors	26,104	23,679
Accruals and deferred income	133,638	66,012
	<u>845,021</u>	<u>674,479</u>

Creditors amounts falling due within one year includes the following liabilities, on which security has been given by the company:

	2012 £	2011 £
Bank overdraft	185,485	123,874
Bank loans	88,023	83,814
Hire purchase	4,934	8,632
Other loans	71,289	51,755
	<u>349,731</u>	<u>268,075</u>

PUB ENTERPRISES LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012****..... CONTINUED****13 Creditors: Amounts falling due after more than one year**

	2012	2011
	£	£
Bank loans and overdrafts	2,226,081	2,314,104
Other loans	831,711	583,100
Obligations under finance lease and hire purchase contracts	26,737	28,773
	<u>3,084,529</u>	<u>2,925,977</u>

Creditors amounts falling due after more than one year includes the following liabilities, on which security has been given by the company:

	2012	2011
	£	£
Bank loans	2,226,081	2,314,104
Hire purchase	26,737	28,773
Other loans	831,711	583,100
	<u>3,084,529</u>	<u>2,925,977</u>

Bank loans and overdrafts and other loans are secured by charges over the freehold properties and by a bond and floating charge over the assets of the company.

Hire purchase creditors are secured on the relevant assets.

Included in the creditors are the following amounts due after more than five years:

	2012	2011
	£	£
After more than five years by instalments	<u>451,501</u>	<u>376,080</u>

Other loans are repayable in 114 instalments at 3% over base rate.

Obligations under finance leases and HP contracts**Amounts repayable:**

	2012	2011
	£	£
In one year or less on demand	4,934	8,632
Between one and two years	4,934	8,632
Between two and five years	21,803	20,141
	<u>31,671</u>	<u>37,405</u>

PUB ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

..... CONTINUED

14 Provisions

	Deferred tax £	Total £
At 1 January 2012	12,500	12,500
At 31 December 2012	<u>12,500</u>	<u>12,500</u>

Analysis of deferred tax

	2012 £	2011 £
Difference between accumulated depreciation and amortisation and capital allowances	<u>12,500</u>	<u>12,500</u>

15 Share capital

Allotted, called up and fully paid shares

	2012		2011	
	No.	£	No.	£
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

16 Dividends

	2012 £	2011 £
Dividends paid		
Current year interim dividend paid	<u>86,000</u>	<u>83,000</u>

17 Reserves

	Capital redemption reserve £	Revaluation reserve £	Profit and loss account £	Total £
At 1 January 2012	1	1,818,877	138,002	1,956,880
Profit for the year	-	-	105,782	105,782
Dividends	-	-	(86,000)	(86,000)
At 31 December 2012	<u>1</u>	<u>1,818,877</u>	<u>157,784</u>	<u>1,976,662</u>

PUB ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

..... **CONTINUED**

18 Reconciliation of movement in shareholders' funds

	2012 £	2011 £
Profit attributable to the members of the company	105,782	178,134
Dividends	<u>(86,000)</u>	<u>(83,000)</u>
Net addition to shareholders' funds	19,782	95,134
Shareholders' funds at 1 January	<u>1,956,882</u>	<u>1,861,748</u>
Shareholders' funds at 31 December	<u><u>1,976,664</u></u>	<u><u>1,956,882</u></u>

19 Commitments

Operating lease commitments

As at 31 December 2012 the company had annual commitments under non-cancellable operating leases as follows:

Operating leases which expire:

	2012 £	2011 £
Land and buildings		
Within one year	6,996	6,996
Within two and five years	13,500	13,500
Over five years	<u>55,316</u>	<u>53,638</u>
	<u><u>75,812</u></u>	<u><u>74,134</u></u>

20 Analysis of net debt

	At 1 January 2012 £	Cash flow £	Other non-cash changes £	At 31 December 2012 £
Cash at bank and in hand	88,561	(25,235)	-	63,326
Bank overdraft	(123,874)	(61,611)	-	(185,485)
	<u>(35,313)</u>	<u>(86,846)</u>	<u>-</u>	<u>(122,159)</u>
Debt due within one year	(135,569)	135,570	(159,313)	(159,312)
Debt due after more than one year	(2,897,204)	(319,901)	159,313	(3,057,792)
Finance leases and hire purchase contracts	(37,405)	38,228	(32,494)	(31,671)
Net debt	<u><u>(3,105,491)</u></u>	<u><u>(232,949)</u></u>	<u><u>(32,494)</u></u>	<u><u>(3,370,934)</u></u>

PUB ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

..... CONTINUED

21 Related party transactions

Directors' loan accounts

The following balances owed by the directors were outstanding at the year end:

	2012	2011
	£	£
P Burns and W Smith	<u>137,472</u>	<u>84,693</u>

The above loans include the following transactions:

Advances of £63,479 and credits of £10,700.

The above loans are interest free and repayable on demand.

During the year the directors received dividends as follows:

	2012	2011
	£	£
Paul Burns	<u>86,000</u>	<u>83,000</u>

Other related party transactions

During the year the company made the following related party transactions:

Pub Enterprises Limited Retirement Benefits Scheme

(P Burns is the sole beneficiary)

Rent paid to scheme £4,000 (2011 - £4,000). At the balance sheet date the amount due from Pub Enterprises Limited Retirement Benefits Scheme was £nil (2011 - £nil).

Soundnote Enterprises Limited

(owned by S and N Smith, W Smith's sons)

At the balance sheet date the amount due from Soundnote Enterprises Limited was £40,000 (2011 - £nil).

First Base Pubs Limited

(owned by S Smith, W Smith's son)

Costs recharged to First Base Pubs Limited £146,609 (2011 - £169,796). At the balance sheet date the amount due from First Base Pubs Limited was £23,240 (2011 - £17,215).

Rose Street Drinkmongers Limited

(100% subsidiary)

During the year the company made payments of £580 (2011 - £nil) on behalf of Rose Street Drinkmongers Limited. At the balance sheet date the amount due from Rose Street Drinkmongers Limited was £580 (2011 - £nil).

22 Control

The company is controlled by the directors who own 100% of the called up share capital.