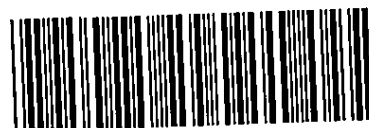


Company Registration No. SC306747 (Scotland)

THISTLE PUB COMPANY III PLC
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 2 OCTOBER 2010

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THISTLE PUB COMPANY III PLC

COMPANY INFORMATION

Directors	A A Meldrum (Chairman) S G Mallon A G Stewart
Secretary	T M Company Services Limited
Company number	SC306747
Registered office	Edinburgh Quay 133 Fountainbridge Edinburgh EH3 9BA
Manager	Maclay Group plc 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 36 St Andrew Square Edinburgh EH2 2YB Alliance & Leicester Commercial Bank plc Customer Service Centre Bootle Merseyside GIR 0AA
Solicitors	Tods Murray LLP Edinburgh Quay 133 Fountainbridge Edinburgh EH3 9AG

THISTLE PUB COMPANY III PLC

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THISTLE PUB COMPANY III PLC

CHAIRMAN'S REPORT FOR THE YEAR ENDED 2 OCTOBER 2010

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

It has been a year of further progress for the Company.

During the year a successful refurbishment at the Steading resulted in improved sales and greatly improved profitability in the second half of the year.

There was one addition to the portfolio with the purchase of Uisge Beatha in late July. This pub was closed for refurbishment after the year end, re-opening in time for the festive period and trading under its new name of "DRAM!".

The purchase of Uisge Beatha is intended to be the final acquisition in the portfolio at the present time. The Company now owns seven freehold units, as follows:

- Canal Station, Paisley
- The Clockwork Beer Company, Glasgow
- Laird and Dog, Lasswade
- Wheel Inn, Scone
- The Doghouse, Balloch
- The Steading, Edinburgh
- DRAM!, Glasgow

With the growth in the estate over last year, sales improved 15% to £5.2m with operating profits improving 22% to £0.4m.

This is a heartening result in the face of continued economic pressures.

The pub sector in particular has faced many challenges over recent years. This is expected to continue with increases in beer duty, VAT, National Insurance and more.

We were delighted that our pub, The Clockwork Beer Company, won the 2010 Best Beer Quality in Scotland Award in the Scottish Licenced Trade News annual industry awards. This is a tribute to the high standards at The Clockwork Beer Company and in all our pubs which are at a similar high standard.

Outlook

As you will be aware from last year's report, the company has modest debt levels. However due to the ongoing economic uncertainty there is no intention to expand further in the short term. Gearing (Debt/Assets) is currently 24% which is a level that the Directors are comfortable with given the current trading conditions. However, the company will continue to appraise and consider any opportunities which would enhance the portfolio further.

The intention is to maintain and improve the current portfolio to ensure profits are maximised with the minimum risk to the Company.

THISTLE PUB COMPANY III PLC

CHAIRMAN'S REPORT (continued) FOR THE YEAR ENDED 2 OCTOBER 2010

Outlook (continued)

The dreadful weather in December 2010 impacted on the destination outlets considerably, on top of the effects of the recession. Like for like sales had been running at +3% before the first snowfall at the end of November. By Christmas Day this had fallen to -3%. Although where possible, the management of the pubs managed to re-book cancelled Christmas bookings for January.

The encouraging factor from this is the level of sales growth achieved prior to the poor weather.

Despite the gloomy predictions for the economy in general and the pub sector in particular the Directors believe that the Company is well placed to trade profitably and maintain and grow its share of the available revenue. The pubs are all in good condition, professionally managed and staffed and are the equal or more of all of their local competition. We are in the long-term growth sector of the pubs market and so we are as well placed as any to take advantage of what will be tricky trading conditions prior to the economic upturn.

Share trading

Whilst there is no active market for trading in the shares of Thistle Pub Co III plc, the company does receive the occasional expressions of interest from shareholders in share sales and purchases. The company cannot be actively involved in any trading of shares between individuals; however, it can put potential buyers in touch with potential sellers of shares to strike their own bargain. The Directors have decided to maintain a database of potential sellers and buyers of shares in the company.

If you are interested in buying or selling shares in the company, contact our Manager (Maclay Inns Ltd) at shares@maclay.co.uk or Maclay Inns Ltd, Unit 2/4 The E-centre, Cooperage Way Business Village, Alloa FK10 3LP. Your details will then be placed in a database and be passed on to any relevant opposite party.

The foregoing must not be construed as an invitation or inducement to engage in investment activity as described in section 21 of the Financial Services and Markets Act 2000



A A Meldrum
Chairman

THISTLE PUB COMPANY III PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 2 OCTOBER 2010

The directors present their report and financial statements for the year ended 2 October 2010.

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.

Turnover is £5,229,276 (2009 - £4,559,760). Operating profit is £385,930, which is an increase of 21.5% over the prior year and reflects a year of improved performance particularly with regard to profit margins and costs. Profits before tax of £307,373 (2009 - £274,739) are reported for the year. The prior year was a 53 week period.

Net assets have increased in the year to £7,596,179 (2009 - £7,374,468) and the directors consider this to be a robust performance in difficult market conditions. The company has net debt of £2,015,362 (2009 - £1,341,392).

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:

The impact of the recession since 2009 and the continuing economic uncertainty and consequential impact on consumer expenditure have the potential to affect the business. Significant cuts in public spending have already been announced and the increase in VAT announced in the recent budget will have an impact on levels of consumer discretionary spending. Further changes to the inflation and cost environment will remain an ongoing risk. Property values are also impacted by the economic uncertainty.

Mitigation processes:

The board and the Manager (Maclay Inns Limited) regularly review the impact of the economic conditions on the company's financial performance and its strategic plans, to ensure that it maintains its competitive position in the market. By prioritising excellent quality, service, value for money and up-to-date product offers, the aim is to broaden the appeal to customers. The company tries to foster mutually beneficial and long-term relationships with suppliers whilst at the same time driving down costs where ever possible. The directors' continue to regularly assess the long term value of each of the company's sites and make decisions on a site by site basis around further improvements, operational focus for poorer performing sites and appropriate impairments where necessary. The company has tried to diversify the business in respect of customer groups and geographical location in order to minimise the impact of the recession in any one specific area.

THISTLE PUB COMPANY III PLC

DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 2 OCTOBER 2010

2. Regulatory

Risks:

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

Mitigation processes:

The strategy in place continues to address the need to diversify the business, with increasing emphasis on food within the company's units. The company is committed to acting as a responsible retailer and is actively engaging with government to ensure that it recognises the belief that the safest and most responsible place to consume alcohol is in well-managed licensed on-trade premises.

3. Supply chain risks

Risks:

The company works with a number of key suppliers (particularly in relation to food, beer, wines and spirits) and third party distributors to supply the pubs and restaurants. There is therefore a risk of interruption of supply and of failure of such key suppliers or distributors.

Mitigation processes:

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

4. Reputational risks

Risks:

The company is a consumer facing business. Its reputation could be damaged by a failure to properly execute business models, litigation, regulatory intervention, major health and safety failures or poor handling of customer complaints. This in turn could lead to a loss of trade and a reduction in our perceived valuation by key stakeholders.

Mitigation processes:

The company endeavours to maintain tight controls to protect and enhance its reputation and values. The business is constantly focused on consistency and quality, with targeted investment programmes and mystery guest visits all designed to help maintain standards, and have systems in place to evaluate and respond to relevant incidents. The company's health and safety policies are regularly reviewed to ensure compliance with relevant legislation.

THISTLE PUB COMPANY III PLC

DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 2 OCTOBER 2010

5. Financial and systems controls risks

Risks:

It is vital to the business that it continues to meet the financial covenants in place and to ensure that there is sufficient short term financing to meet its business needs. The company is exposed to interest rate risk on the variable rate components of its financing. It is also reliant on maintaining sound systems of internal control and on its information systems and technology to ensure the smooth operation of the business without risk of fraud or material error.

Mitigation processes:

The directors constantly monitor performance against the financial covenants in place and undertake detailed stress-testing of the company's performance against those covenants on a regular basis. Working capital is closely managed and carefully forecast.

6. 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.

Mitigation processes:

We aim for an environment where we can recruit the best people and then through training, development and progression ensure that we retain them.

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 2 OCTOBER 2010

Key performance indicators

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

The company considers its key performance indicators to be:

- Sales Growth - in the current year this has increased by 15% on the prior year. Excluding the 53rd week in the prior year the pro rata increase is 9%.
- Gross profit percentage - this has grown from 15.5% to 15.6% in the current year. This indicates the level of direct cost control compared to turnover.
- Profit before tax growth (+11.9%) is deemed to be the primary indicator of trading performance in any given period.
- Average profit per pub - this has grown by 13% on the prior year like for like.
- Profit before tax percentage of sales (after Manager fees) - this has remained constant at 6%.
- Food continues to be an important part of the business and has grown to 43% of turnover.

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 4 October 2009:

A A Meldrum
S G Mallon
A G Stewart

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 2 October 2010 equated to 29 days (2009 - 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 2 OCTOBER 2010

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



S G Mallon

Director

23/3/11

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 2 October 2010 set out on pages 10 to 22. 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 pages 3 - 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 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.

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 2 October 2010 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.

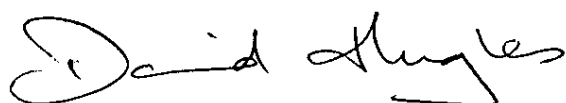
THISTLE PUB COMPANY III PLC

**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**

24. 3. 2011

**Chartered Accountants
Statutory Auditors**

Edinburgh Quay
133 Fountainbridge
Edinburgh
EH3 9BA

THISTLE PUB COMPANY III PLC

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 2 OCTOBER 2010**

		Year ended 2 October 2010 £	53 Weeks ended 3 October 2009 £
	Notes		
Turnover	2	5,229,276	4,559,760
Cost of sales		(4,414,154)	(3,851,054)
Gross profit		815,122	708,706
Administrative expenses		(429,192)	(390,956)
Operating profit	3	385,930	317,750
Other interest receivable and similar income	4	205	2,462
Interest payable and similar charges	5	(78,762)	(45,473)
Profit on ordinary activities before taxation		307,373	274,739
Tax on profit on ordinary activities	6	(85,662)	(65,812)
Profit for the year	14	221,711	208,927

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 22 form part of these financial statements.

THISTLE PUB COMPANY III PLC

BALANCE SHEET AS AT 2 OCTOBER 2010

	Notes	2010 £	£	2009 £	£
Fixed assets					
Tangible assets	7	10,300,325		9,500,472	
Current assets					
Stocks	8	79,178		69,338	
Debtors	9	148,816		99,723	
Cash at bank and in hand		434,470		454,876	
		<u>662,464</u>		<u>623,937</u>	
Creditors: amounts falling due within one year	10	<u>(1,140,466)</u>		<u>(972,130)</u>	
Net current liabilities			<u>(478,002)</u>		<u>(348,193)</u>
Total assets less current liabilities			9,822,323		9,152,279
Creditors: amounts falling due after more than one year	11		(2,137,909)		(1,712,270)
Provisions for liabilities	12		<u>(88,235)</u>		<u>(65,541)</u>
			<u>7,596,179</u>		<u>7,374,468</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	654,354		432,643	
Shareholders' funds	15	<u>7,596,179</u>		<u>7,374,468</u>	

The notes on pages 13 to 22 form part of these financial statements.

Approved by the Board and authorised for issue on 23/3/11



A A Meldrum
Director



S G Mallon
Director

Company Registration No. SC306747

THISTLE PUB COMPANY III PLC

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 2 OCTOBER 2010**

		Year ended 2 October 2010	53 Weeks ended 3 October 2009
	Notes	£	£
Net cash inflow from operating activities	19	464,060	1,078,183
Returns on investments and servicing of finance			
Interest received		205	2,462
Interest paid		(78,762)	(45,473)
Net cash outflow for returns on investments and servicing of finance		(78,557)	(43,011)
Taxation		(47,131)	(9,937)
Capital expenditure			
Payments to acquire tangible assets		(1,011,802)	(3,108,340)
Net cash outflow for capital expenditure		(1,011,802)	(3,108,340)
Net cash outflow before management of liquid resources and financing		(673,430)	(2,083,105)
Financing			
New long term bank loan		433,656	1,700,000
Other new short term loans		300,000	72,615
Repayment of other short term loans		(72,615)	-
Capital element of finance lease contracts		(8,017)	(9,244)
Net cash inflow from financing		653,024	1,763,371
Decrease in cash in the year	20, 21	(20,406)	(319,734)

THISTLE PUB COMPANY III PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 2 OCTOBER 2010

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The company at present maintains a positive cash balance, which it has done by drawing down term loan facilities from its bank. This helps meet its day to day working capital requirements. The directors have prepared projected cash flow and budget information for the period ending 12 months from the date of their approval of these financial statements. On the basis of this cash flow information and discussions with the company's bankers, the directors consider that the company will continue to operate within its current financing structure. The company generates surplus cash sufficient to cover debt and interest repayments and is continuing to invest in its portfolio of units, which the bank fully supports.

However, the margin of facilities over requirements is not large and, inherently there can be no certainty in relation to these matters. On this basis, the directors consider it appropriate to prepare the financial statements on the going concern basis. The financial statements do not include any adjustments that would result from a withdrawal of the facilities by the company's bankers.

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 & equipment	25% reducing balance

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 2 OCTOBER 2010

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	2010 £	2009 £
Operating profit is stated after charging:		
Depreciation of tangible assets	211,949	158,160

Auditors' remuneration

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

annual accounts	8,000	8,500
Taxation and other services	3,747	2,600
	11,747	11,100

4 Investment income	2010 £	2009 £
Bank interest	205	2,462
	205	2,462

THISTLE PUB COMPANY III PLC

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 2 OCTOBER 2010**

5	Interest payable	2010	2009
		£	£
	On bank loans and overdrafts	78,762	45,473
		<u>78,762</u>	<u>45,473</u>
6	Taxation	2010	2009
		£	£
	Domestic current year tax		
	U.K. corporation tax	66,410	47,131
	Adjustment for prior years	(3,442)	-
		<u>62,968</u>	<u>47,131</u>
	Current tax charge		
		<u>62,968</u>	<u>47,131</u>
	Deferred tax		
	Deferred tax charge - current year	17,919	18,062
	Adjustment for prior years	4,775	619
		<u>22,694</u>	<u>18,681</u>
		<u>85,662</u>	<u>65,812</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	307,373	274,739
		<u>307,373</u>	<u>274,739</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 21.00% (2009 - 21.00%)	64,548	57,695
		<u>64,548</u>	<u>57,695</u>
	Effects of:		
	Non deductible expenses	225	-
	Depreciation add back	44,509	33,214
	Capital allowances	(43,085)	(43,273)
	Adjustments to previous periods	(3,442)	-
	Other tax adjustments	213	(505)
		<u>(1,580)</u>	<u>(10,564)</u>
	Current tax charge	<u>62,968</u>	<u>47,131</u>

THISTLE PUB COMPANY III PLC

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 2 OCTOBER 2010**

7 Tangible fixed assets

	Heritable property	Fixtures, fittings & equipment	Total
	£	£	£
Cost			
At 4 October 2009	8,985,009	766,450	9,751,459
Additions	656,347	355,455	1,011,802
	<u>9,641,356</u>	<u>1,121,905</u>	<u>10,763,261</u>
At 2 October 2010			
Depreciation			
At 4 October 2009	38,929	212,058	250,987
Charge for the year	28,919	183,030	211,949
	<u>67,848</u>	<u>395,088</u>	<u>462,936</u>
At 2 October 2010			
Net book value			
At 2 October 2010	9,573,508	726,817	10,300,325
	<u>9,573,508</u>	<u>726,817</u>	<u>10,300,325</u>
At 3 October 2009	8,946,080	554,392	9,500,472
	<u>8,946,080</u>	<u>554,392</u>	<u>9,500,472</u>

Included above are assets held under finance leases or hire purchase contracts as follows:

	Fixtures, fittings & equipment
	£
Net book values	
At 2 October 2010	11,447
	<u>11,447</u>
At 3 October 2009	22,895
	<u>22,895</u>
Depreciation charge for the year	
At 2 October 2010	11,448
	<u>11,448</u>
At 3 October 2009	11,448
	<u>11,448</u>

THISTLE PUB COMPANY III PLC

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 2 OCTOBER 2010**

8	Stocks	2010	2009
		£	£
	Finished goods and goods for resale	<u>79,178</u>	<u>69,338</u>

9	Debtors	2010	2009
		£	£
	Trade debtors	11,678	2,088
	Corporation tax	3,442	-
	Other debtors	<u>133,696</u>	<u>97,635</u>
		<u>148,816</u>	<u>99,723</u>

10	Creditors: amounts falling due within one year	2010	2009
		£	£
	Bank loans	300,000	72,615
	Net obligations under finance leases	11,923	11,923
	Trade creditors	344,700	278,895
	Corporation tax	66,422	47,143
	Other taxes and social security costs	25,261	-
	Other creditors	348,856	506,897
	Accruals and deferred income	<u>43,304</u>	<u>54,657</u>
		<u>1,140,466</u>	<u>972,130</u>

THISTLE PUB COMPANY III PLC

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 2 OCTOBER 2010**

11 Creditors: amounts falling due after more than one year	2010 £	2009 £
Bank loans	2,133,656	1,700,000
Net obligations under finance leases	4,253	12,270
	<u>2,137,909</u>	<u>1,712,270</u>
Analysis of loans		
Wholly repayable within five years	2,433,656	1,772,615
	<u>2,433,656</u>	<u>1,772,615</u>
Included in current liabilities	(300,000)	(72,615)
	<u>2,133,656</u>	<u>1,700,000</u>
Loan maturity analysis		
In more than two years but not more than five years	2,133,656	1,700,000
	<u>2,133,656</u>	<u>1,700,000</u>
Net obligations under finance leases		
Repayable within one year	11,923	11,923
Repayable between one and five years	4,253	12,270
	<u>16,176</u>	<u>24,193</u>
Included in liabilities falling due within one year	(11,923)	(11,923)
	<u>4,253</u>	<u>12,270</u>

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

THISTLE PUB COMPANY III PLC

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 2 OCTOBER 2010**

12 Provisions for liabilities

	Deferred tax liability £
Balance at 4 October 2009	65,541
Profit and loss account	22,694
	<u>88,235</u>
Balance at 2 October 2010	<u>88,235</u>

The deferred tax liability is made up as follows:

	2010 £	2009 £
Accelerated capital allowances	<u>88,235</u>	<u>65,541</u>

13 Share capital

	2010 £	2009 £
Authorised		
10,000,000 Ordinary shares of 50p each	<u>5,000,000</u>	<u>5,000,000</u>
Allotted, called up and fully paid		
7,500,000 Ordinary shares of 50p each	<u>3,750,000</u>	<u>3,750,000</u>

14 Statement of movements on reserves

	Share premium account £	Profit and loss account £
Balance at 4 October 2009	3,191,825	432,643
Profit for the period	-	221,711
	<u>3,191,825</u>	<u>654,354</u>
Balance at 2 October 2010	<u>3,191,825</u>	<u>654,354</u>

THISTLE PUB COMPANY III PLC

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 2 OCTOBER 2010**

15 Reconciliation of movements in shareholders' funds	2010	2009
	£	£
Profit for the financial year	221,711	208,927
Opening shareholders' funds	7,374,468	7,165,541
	<hr/>	<hr/>
Closing shareholders' funds	7,596,179	7,374,468
	<hr/>	<hr/>

16 Directors' emoluments	2010	2009
	£	£
Emoluments for qualifying services	46,085	46,386
	<hr/>	<hr/>

17 Employees

Number of employees

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

2010	2009
Number	Number
3	3
<hr/>	<hr/>

The only employment costs were the directors' emoluments detailed in note 16.

THISTLE PUB COMPANY III PLC**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 2 OCTOBER 2010****18 Related party transactions**

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

	2010 £	2009 £
Maclay Inns Limited:		
Recharge of payroll costs	1,636,938	1,510,801
Recharge of directors remuneration	12,024	12,261
Sale of heritable property	-	675,000
Provision of management services	361,960	311,240
	<u> </u>	<u> </u>
Thistle Pub Company II plc:		
Inter company balance repaid	-	(19,809)
	<u> </u>	<u> </u>

The balances due from / (to) related parties at the year end were as follows:

Maclay Inns Limited	(348,856)	(506,897)
	<u> </u>	<u> </u>

The company has entered into a contract with Maclay Inns Limited for the provision of management services. S G Mallon, a company director, is also a director of Maclay Inns Limited and Thistle Pub Company II plc.

19 Reconciliation of operating profit to net cash inflow from operating activities	2010	2009
	£	£
Operating profit	385,930	317,750
Depreciation of tangible assets	211,949	158,160
Increase in stocks	(9,840)	(11,627)
(Increase)/decrease in debtors	(45,651)	45,825
(Decrease)/Increase in creditors within one year	(78,328)	568,075
	<u> </u>	<u> </u>
Net cash inflow from operating activities	464,060	1,078,183
	<u> </u>	<u> </u>

THISTLE PUB COMPANY III PLC

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 2 OCTOBER 2010**

20 Analysis of net debt	4 October 2009	Cash flow	Other non- cash changes	2 October 2010
	£	£	£	£
Net cash:				
Cash at bank and in hand	454,876	(20,406)	-	434,470
Debt:				
Finance leases	(24,193)	8,017	-	(16,176)
Debts falling due within one year	(72,615)	(227,385)	-	(300,000)
Debts falling due after one year	(1,700,000)	(433,656)	-	(2,133,656)
	(1,796,808)	(653,024)	-	(2,449,832)
Net debt	(1,341,932)	(673,430)	-	(2,015,362)

21 Reconciliation of net cash flow to movement in net debt	2010 £	2009 £
Decrease in cash in the year	(20,406)	(319,734)
Cash inflow from increase in debt and lease financing	(653,024)	(1,763,371)
Movement in net debt in the year	(673,430)	(2,083,105)
Opening net (debt)/funds	(1,341,932)	741,173
Closing net debt	(2,015,362)	(1,341,932)