

REGISTERED NUMBER: SC336952 (Scotland)

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KINGDOM TAVERNS GROUP LIMITED
REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2012

Milne Craig
Chartered accountants
Registered auditor
Abercorn House
79 Renfrew Road
Paisley
Renfrewshire
PA3 4DA

SATURDAY



KINGDOM TAVERNS GROUP LIMITED

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FOR THE YEAR ENDED 31 JULY 2012**

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KINGDOM TAVERNS GROUP LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 JULY 2012**

DIRECTORS:	E Q Melville E D Melville
SECRETARY:	Charles Wood & Son
REGISTERED OFFICE:	191 Nicol Street Kirkcaldy Fife KY1 1PF
REGISTERED NUMBER:	SC336952 (Scotland)
AUDITORS:	Milne Craig Chartered accountants Registered auditor Abercorn House 79 Renfrew Road Paisley Renfrewshire PA3 4DA
BANKERS:	Clydesdale Bank Plc Largo House Carnegie Avenue Dunfermline Fife KY11 8PE
SOLICITORS:	Charles Wood & Son 37 Kirk Wynd Kirkcaldy KY1 1EN

KINGDOM TAVERNS GROUP LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 JULY 2012

The directors present their report with the financial statements of the company and the group for the year ended 31 July 2012.

PRINCIPAL ACTIVITY

The principal activity of the group in the year under review was that of the operation of bars and hotels. The directors are not aware, at the date of this report, of any likely major changes in the group's activities in the next year.

REVIEW OF BUSINESS

The accounts show the results of the group using the merger accounting method of consolidation as no assets left the group on the date of the merger and there were no changes in the ultimate ownership of the business.

The key financial highlights are as follows:

	2012	2011	2010
	£	£	£
(Loss)/profit before tax	(404,240)	(540,126)	(111,909)

The net assets of the group have decreased from £2,652,480 at 31 July 2011 to £2,294,452 at 31 July 2012.

DIVIDENDS

No dividends will be distributed for the year ended 31 July 2012.

FUTURE DEVELOPMENTS

The directors aim to maintain the management policies adopted during the period to 31 July 2012 and consider the group is well placed to take advantage of opportunities which may arise in the current year.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 August 2011 to the date of this report.

E Q Melville
E D Melville

Other changes in directors holding office are as follows:

G W Smith - resigned 28 October 2011

FINANCIAL INSTRUMENTS

The group's principal instruments comprise bank balances, trade creditors and other loans. The main purpose of these instruments is to finance the group's operations.

Trade debtors are managed in respect of credit and cashflow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding.

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

Interest on other loans has been fixed to avoid uncertainty.

PRINCIPAL RISKS AND UNCERTAINTIES

Competition has increased in the marketplace and margins remain under pressure.

The group has a bank term loan which is exposed to interest rate fluctuations. The group seeks to manage this risk by means of appropriate treasury management.

In addition the directors seek to control overhead costs in order to minimise the group's losses and generate profits.

ENVIRONMENT

The group recognises the importance of its environmental responsibilities, and has policies in place to manage its impact on the environment.

KINGDOM TAVERNS GROUP LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 JULY 2012

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

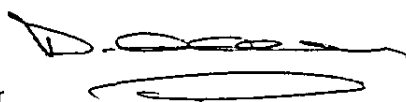
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS

The auditors, Milne Craig, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



E D Melville - Director

24 April 2013

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF KINGDOM TAVERNS GROUP LIMITED

We have audited the financial statements of Kingdom Taverns Group Limited for the year ended 31 July 2012 on pages five to twenty. 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 a Report of the Auditors 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 three, 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 group's and the parent 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 Report of the Directors 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 group's and of the parent company's affairs as at 31 July 2012 and of the group's loss 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



Shona Malcolm (Senior Statutory Auditor)
for and on behalf of Milne Craig
Chartered accountants
Registered auditor
Abercorn House
79 Renfrew Road
Paisley
Renfrewshire
PA3 4DA

24 April 2013

KINGDOM TAVERNS GROUP LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JULY 2012

	Notes	2012 £	2011 £
TURNOVER		6,398,908	5,916,705
Cost of sales		<u>(3,278,472)</u>	<u>(2,754,049)</u>
GROSS PROFIT		3,120,436	3,162,656
Administrative expenses		<u>(2,990,571)</u>	<u>(3,129,585)</u>
		129,865	33,071
Other operating income		<u>20,951</u>	<u>46,042</u>
OPERATING PROFIT	3	150,816	79,113
Amounts written off investments	4	<u>-</u>	<u>(74,999)</u>
		150,816	4,114
Interest payable and similar charges	5	<u>(555,056)</u>	<u>(544,240)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(404,240)	(540,126)
Tax on loss on ordinary activities	6	<u>46,212</u>	<u>(941)</u>
LOSS FOR THE FINANCIAL YEAR FOR THE GROUP		<u><u>(358,028)</u></u>	<u><u>(541,067)</u></u>

CONTINUING OPERATIONS

None of the group's activities were acquired or discontinued during the current year or previous year.

TOTAL RECOGNISED GAINS AND LOSSES

The group has no recognised gains or losses other than the losses for the current year or previous year.

KINGDOM TAVERNS GROUP LIMITED (REGISTERED NUMBER: SC336952)

**CONSOLIDATED BALANCE SHEET
31 JULY 2012**

	Notes	2012 £	2011 £
FIXED ASSETS			
Intangible assets	8	95,000	288,333
Tangible assets	9	19,377,855	21,945,079
Investments	10	<u>11,888</u>	<u>1</u>
		19,484,743	22,233,413
CURRENT ASSETS			
Stocks	11	94,871	76,863
Debtors	12	943,191	1,650,323
Cash at bank and in hand		<u>141,791</u>	<u>19,390</u>
		1,179,853	1,746,576
CREDITORS			
Amounts falling due within one year	13	<u>7,234,338</u>	<u>8,430,951</u>
NET CURRENT LIABILITIES		<u>(6,054,485)</u>	<u>(6,684,375)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		13,430,258	15,549,038
CREDITORS			
Amounts falling due after more than one year	14	(10,589,298)	(12,302,585)
PROVISIONS FOR LIABILITIES	17	<u>(546,508)</u>	<u>(593,973)</u>
NET ASSETS		<u>2,294,452</u>	<u>2,652,480</u>
CAPITAL AND RESERVES			
Called up share capital	18	100,000	100,000
Profit and loss account		<u>2,194,452</u>	<u>2,552,480</u>
SHAREHOLDERS' FUNDS	24	<u>2,294,452</u>	<u>2,652,480</u>

The financial statements were approved by the Board of Directors on 24 April 2013 and were signed on its behalf by:



E D Melville - Director

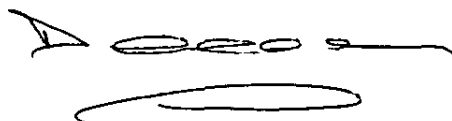
KINGDOM TAVERNS GROUP LIMITED (REGISTERED NUMBER: SC336952)

**COMPANY BALANCE SHEET
31 JULY 2012**

	Notes	2012 £	2011 £
FIXED ASSETS			
Intangible assets	8	-	-
Tangible assets	9	-	-
Investments	10	<u>2,761,703</u>	<u>2,761,703</u>
		<u>2,761,703</u>	<u>2,761,703</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,761,703</u>	<u>2,761,703</u>
CAPITAL AND RESERVES			
Called up share capital	18	100,000	100,000
Merger reserve	19	<u>2,661,703</u>	<u>2,661,703</u>
SHAREHOLDERS' FUNDS	24	<u>2,761,703</u>	<u>2,761,703</u>

The financial statements were approved by the Board of Directors on 23 April 2013 and were signed on its behalf by:

E D Melville - Director



KINGDOM TAVERNS GROUP LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2012

	Notes	2012 £	2011 £
Net cash inflow from operating activities	1	1,117,060	1,871,837
Returns on investments and servicing of finance	2	(555,056)	(544,240)
Taxation		138,809	32,072
Capital expenditure and financial investment	2	<u>1,921,083</u>	<u>(1,130,424)</u>
		2,621,896	229,245
Financing	2	<u>(1,944,330)</u>	<u>(75,968)</u>
Increase in cash in the period		<u>677,566</u>	<u>153,277</u>
Reconciliation of net cash flow to movement in net debt	3		
Increase in cash in the period		677,566	153,277
Cash outflow from decrease in debt		<u>1,583,002</u>	<u>501,628</u>
Change in net debt resulting from cash flows		<u>2,260,568</u>	<u>654,905</u>
Movement in net debt in the period		2,260,568	654,905
Net debt at 1 August		<u>(13,500,001)</u>	<u>(14,154,906)</u>
Net debt at 31 July		<u>(11,239,433)</u>	<u>(13,500,001)</u>

The notes form part of these financial statements

KINGDOM TAVERNS GROUP LIMITED

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2012**

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2012	2011
	£	£
Operating profit	150,816	79,113
Depreciation charges	789,207	812,378
Loss on disposal of fixed assets	38,380	246,033
(Increase)/decrease in stocks	(18,008)	25,901
Decrease in debtors	568,180	160,581
(Decrease)/increase in creditors	<u>(411,515)</u>	<u>547,831</u>
Net cash inflow from operating activities	<u>1,117,060</u>	<u>1,871,837</u>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2012	2011
	£	£
Returns on investments and servicing of finance		
Interest paid	<u>(555,056)</u>	<u>(544,240)</u>
Net cash outflow for returns on investments and servicing of finance	<u>(555,056)</u>	<u>(544,240)</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(217,023)	(1,723,168)
Purchase of fixed asset investments	(11,887)	-
Sale of intangible fixed assets	91,667	-
Sale of tangible fixed assets	<u>2,058,326</u>	<u>592,744</u>
Net cash inflow/(outflow) for capital expenditure and financial investment	<u>1,921,083</u>	<u>(1,130,424)</u>
Financing		
New loans in year	1,000,000	-
Bank loan repayments in year	(2,290,315)	(278,490)
Loan repayments in year	(292,687)	(223,138)
Amount introduced by directors	-	425,660
Amount withdrawn by directors	<u>(361,328)</u>	<u>-</u>
Net cash outflow from financing	<u>(1,944,330)</u>	<u>(75,968)</u>

KINGDOM TAVERNS GROUP LIMITED

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2012**

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.8.11 £	Cash flow £	At 31.7.12 £
Net cash:			
Cash at bank and in hand	19,390	122,401	141,791
Bank overdrafts	<u>(555,165)</u>	<u>555,165</u>	<u>-</u>
	<u>(535,775)</u>	<u>677,566</u>	<u>141,791</u>
Debt:			
Debts falling due within one year	(661,641)	(130,285)	(791,926)
Debts falling due after one year	<u>(12,302,585)</u>	<u>1,713,287</u>	<u>(10,589,298)</u>
	<u>(12,964,226)</u>	<u>1,583,002</u>	<u>(11,381,224)</u>
Total	<u>(13,500,001)</u>	<u>2,260,568</u>	<u>(11,239,433)</u>

KINGDOM TAVERNS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2012

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention.

Going Concern

The accounts have been prepared on a going concern basis. The directors have considered the loss incurred by the company during the period and are satisfied that the company has secured sufficient funding to enable it to continue to trade for the foreseeable future.

Basis of consolidation

The accounts have been prepared using the merger accounting method of consolidation.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax. Consideration is given to the point at which the company is entitled to receive the income.

Goodwill

Goodwill represents the difference between the fair value of the net assets of businesses acquired and their purchase price. Goodwill is being amortised evenly over its estimated useful life of five years.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- 2% on cost
Fixtures and fittings	- 10% on reducing balance

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Deferred tax assets are included where there is a reasonable expectation that they will be recovered in the foreseeable future. Deferred tax on losses carried forward at the balance sheet date are not provided due to uncertainty regarding the timescale in which they will be utilised.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Investments

Investments are valued at cost less provisions for permanent diminution in value.

Rental income

Rental income is credited to the profit and loss account when received.

2. STAFF COSTS

	2012 £	2011 £
Wages and salaries	2,040,092	1,812,331
Social security costs	<u>136,632</u>	<u>131,242</u>
	<u>2,176,724</u>	<u>1,943,573</u>

KINGDOM TAVERNS GROUP LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2012**

2. STAFF COSTS - continued

The average monthly number of employees during the year was as follows:

	2012	2011
Management and administration	5	5
Bar staff and management	16	18
Front of house, housekeeping & catering	<u>123</u>	<u>102</u>
	<u>144</u>	<u>125</u>

3. OPERATING PROFIT

The operating profit is stated after charging:

	2012 £	2011 £
Hire of plant and machinery	123,823	133,793
Depreciation - owned assets	687,541	702,378
Loss on disposal of fixed assets	38,380	246,033
Goodwill amortisation	101,666	110,000
Auditors' remuneration	<u>12,500</u>	<u>12,500</u>
Directors' remuneration	<u>82,320</u>	<u>102,000</u>

4. AMOUNTS WRITTEN OFF INVESTMENTS

	2012 £	2011 £
Amounts written off investments	<u>-</u>	<u>74,999</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2012 £	2011 £
Bank interest	15,106	15,308
Other loan interest	229,208	256,667
Bank loan interest	293,463	255,765
Finance charges	<u>17,279</u>	<u>16,500</u>
	<u>555,056</u>	<u>544,240</u>

KINGDOM TAVERNS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 JULY 2012

6. CORPORATION TAX

Analysis of the tax (credit)/charge

The tax (credit)/charge on the loss on ordinary activities for the year was as follows:

	2012 £	2011 £
Current tax:		
UK corporation tax	1,110	-
Adjustment in respect of prior years	<u>143</u>	<u>(138,878)</u>
Total current tax	1,253	(138,878)
Deferred tax	<u>(47,465)</u>	<u>139,819</u>
Tax on loss on ordinary activities	<u>(46,212)</u>	<u>941</u>

UK corporation tax has been charged at 20% (2011 - 27.33%).

Factors affecting the tax (credit)/charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2012 £	2011 £
Loss on ordinary activities before tax	<u>(404,240)</u>	<u>(540,126)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2011 - 27.330%)	(80,848)	(147,616)
Effects of:		
Expenses not deductible for tax purposes	111,275	232,346
Capital allowances in excess of depreciation	(3,284)	(88,704)
Utilisation of tax losses	(2,902)	3,982
Adjustments to tax charge in respect of previous periods	143	(132,582)
Indexation allowances and rebasing etc	(23,131)	-
Other	<u>-</u>	<u>(6,304)</u>
Current tax (credit)/charge	<u>1,253</u>	<u>(138,878)</u>

7. PROFIT OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £0 (2011 - £0).

KINGDOM TAVERNS GROUP LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2012**

8. INTANGIBLE FIXED ASSETS

Group	
	Goodwill £
COST	
At 1 August 2011	950,000
Disposals	<u>(250,000)</u>
At 31 July 2012	<u>700,000</u>
AMORTISATION	
At 1 August 2011	661,667
Amortisation for year	101,666
Eliminated on disposal	<u>(158,333)</u>
At 31 July 2012	<u>605,000</u>
NET BOOK VALUE	
At 31 July 2012	<u>95,000</u>
At 31 July 2011	<u>288,333</u>

9. TANGIBLE FIXED ASSETS

Group			
	Freehold property £	Fixtures and fittings £	Totals £
COST			
At 1 August 2011	20,766,872	4,243,476	25,010,348
Additions	20,077	196,946	217,023
Disposals	<u>(1,902,940)</u>	<u>(483,804)</u>	<u>(2,386,744)</u>
At 31 July 2012	<u>18,884,009</u>	<u>3,956,618</u>	<u>22,840,627</u>
DEPRECIATION			
At 1 August 2011	1,656,607	1,408,662	3,065,269
Charge for year	402,131	285,410	687,541
Eliminated on disposal	<u>(143,246)</u>	<u>(146,792)</u>	<u>(290,038)</u>
At 31 July 2012	<u>1,915,492</u>	<u>1,547,280</u>	<u>3,462,772</u>
NET BOOK VALUE			
At 31 July 2012	<u>16,968,517</u>	<u>2,409,338</u>	<u>19,377,855</u>
At 31 July 2011	<u>19,110,265</u>	<u>2,834,814</u>	<u>21,945,079</u>

KINGDOM TAVERNS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 JULY 2012

10. FIXED ASSET INVESTMENTS

Group

	Unlisted investments £
COST	
At 1 August 2011	1
Additions	<u>11,887</u>
At 31 July 2012	<u>11,888</u>
NET BOOK VALUE	
At 31 July 2012	<u>11,888</u>
At 31 July 2011	<u>1</u>

Company

	Unlisted investments £
COST	
At 1 August 2011 and 31 July 2012	<u>2,761,703</u>
NET BOOK VALUE	
At 31 July 2012	<u>2,761,703</u>
At 31 July 2011	<u>2,761,703</u>

The group or the company's investments at the balance sheet date in the share capital of companies include the following:

Subsidiaries

Kingdom Taverns Limited

Country of incorporation: Scotland

Nature of business: Owning and managing of public houses

	% holding	2012 £	2011 £
Class of shares:			
Ordinary	100.00		
Aggregate capital and reserves		2,049,313	2,131,775
Loss for the year		<u>(82,462)</u>	<u>(934,682)</u>

Kingdom Hotels Limited

Country of incorporation: Scotland

Nature of business: Owning and managing of hotels

	% holding	2012 £	2011 £
Class of shares:			
Ordinary	100.00		
Aggregate capital and reserves		245,135	520,701
(Loss)/profit for the year		<u>(275,566)</u>	<u>393,613</u>

KINGDOM TAVERNS GROUP LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2012**

10. FIXED ASSET INVESTMENTS - continued

It is the opinion of the directors that the market value of the company's investments in its subsidiaries are not significantly different from the cost at which they are included in the accounts.

11. STOCKS

	Group	
	2012	2011
	£	£
Stocks	<u>94,871</u>	<u>76,863</u>

12. DEBTORS

	Group	
	2012	2011
	£	£
Amounts falling due within one year:		
Trade debtors	171,935	256,210
Other debtors	41,616	31,541
Amounts due by associated companies	-	275,290
Corporation tax	-	138,952
Prepayments and accrued income	<u>279,640</u>	<u>278,330</u>
	<u>493,191</u>	<u>980,323</u>
 Amounts falling due after more than one year:		
Prepayments and accrued income	<u>450,000</u>	<u>670,000</u>
 Aggregate amounts	<u>943,191</u>	<u>1,650,323</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group	
	2012	2011
	£	£
Bank loans and overdrafts (see note 15)	305,327	833,655
Other loans (see note 15)	486,599	383,151
Trade creditors	609,413	478,268
Corporation tax	1,110	-
Social security and other taxes	214,184	309,908
Other creditors	241,479	349,326
Directors' current accounts	5,070,406	5,431,734
Accruals and deferred income	<u>305,820</u>	<u>644,909</u>
	<u>7,234,338</u>	<u>8,430,951</u>

KINGDOM TAVERNS GROUP LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2012**

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group	
	2012	2011
	£	£
Bank loans (see note 15)	3,859,705	6,176,857
Other loans (see note 15)	<u>6,729,593</u>	<u>6,125,728</u>
	<u>10,589,298</u>	<u>12,302,585</u>

15. LOANS

An analysis of the maturity of loans is given below:

	Group	
	2012	2011
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	-	555,165
Bank loans	305,327	278,490
Other loans	<u>486,599</u>	<u>383,151</u>
	<u>791,926</u>	<u>1,216,806</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	3,859,705	290,315
Other loans - 1-2 years	<u>486,599</u>	<u>383,151</u>
	<u>4,346,304</u>	<u>673,466</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	-	3,886,542
Other loans - 2-5 years	<u>1,190,234</u>	<u>944,383</u>
	<u>1,190,234</u>	<u>4,830,925</u>
Amounts falling due in more than five years:		
Repayable otherwise than by instalments		
Other loans more 5yrs non-inst	<u>5,052,760</u>	<u>4,798,194</u>
Repayable by instalments		
Bank loans more 5 yr by instal	<u>-</u>	<u>2,000,000</u>

KINGDOM TAVERNS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 JULY 2012

16. SECURED DEBTS

The following secured debts are included within creditors:

	Group	
	2012	2011
	£	£
Bank overdrafts	-	555,165
Bank loans	<u>4,165,032</u>	<u>6,455,347</u>
	<u>4,165,032</u>	<u>7,010,512</u>

The group has a loan from Clydesdale Bank Plc which is repayable in monthly instalments. The loan incurs interest at a commercial rate and is due for repayment in April 2023.

The bank loan is secured by cross company guarantees between Kingdom Taverns Limited, Kingdom Hotels Limited and Kingdom Taverns Group Limited. The bank loan is also secured by a standard security over a select number of properties within Kingdom Taverns Limited. A guarantee for £9,700,000 in favour of Kingdom Taverns Limited from Kingdom Hotels Limited is supported by a standard security over that company's assets.

The group has a loan from Scottish Courage Limited which is repayable by monthly instalments to be fully repaid by November 2013. This loan is secured by a second charge over the Pretoria Bar, Crieff and Penny Farthing, Kirkcaldy and incurs a commercial rate of interest.

17. PROVISIONS FOR LIABILITIES

	Group	
	2012	2011
	£	£
Deferred tax	<u>546,508</u>	<u>593,973</u>
Group		
		Deferred tax
		£
Balance at 1 August 2011		593,973
Credit to profit and loss account during year		(41,273)
Adjustment in respect of prior years		<u>(6,192)</u>
Balance at 31 July 2012		<u>546,508</u>

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	2012	2011
Number:	Class:		£	£
100,000	Ordinary	£1	<u>100,000</u>	<u>100,000</u>

KINGDOM TAVERNS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 JULY 2012

19. RESERVES

Group

	Profit and loss account £
At 1 August 2011	2,552,480
Deficit for the year	<u>(358,028)</u>
At 31 July 2012	<u>2,194,452</u>

Company

	Profit and loss account £	Merger reserve £	Totals £
At 1 August 2011	-	2,661,703	2,661,703
Profit for the year	<u>-</u>	<u>-</u>	<u>-</u>
At 31 July 2012	<u>-</u>	<u>2,661,703</u>	<u>2,661,703</u>

20. CONTINGENT LIABILITIES

Cross guarantees exist between all group companies in favour of the group bankers. At 31st July 2012, the group companies' combined bank borrowings amounted to £4,165,032 (2011 - £7,010,512).

21. TRANSACTIONS WITH DIRECTORS

During the year the group benefited from an interest free loan from Mr E Q Melville, a director. The amount owed at 31 July 2012 was £5,070,406 (2011 : £5,431,734).

22. RELATED PARTY DISCLOSURES

During the year the group received management income totalling £10,000 (2011 : £Nil) from Drive In.

These businesses are related through common control of the directors.

23. ULTIMATE CONTROLLING PARTY

By virtue of his interests in the share capital of Kingdom Taverns Group Limited, the parent company, Mr E Q Melville, a director, controls the majority of the voting rights and thus has ultimate control of the group.

KINGDOM TAVERNS GROUP LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2012**

24. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group		
	2012	2011
	£	£
Loss for the financial year	<u>(358,028)</u>	<u>(541,067)</u>
Net reduction of shareholders' funds	(358,028)	(541,067)
Opening shareholders' funds	<u>2,652,480</u>	<u>3,193,547</u>
Closing shareholders' funds	<u><u>2,294,452</u></u>	<u><u>2,652,480</u></u>
 Company		
	2012	2011
	£	£
Profit for the financial year	-	-
Opening shareholders' funds	<u>2,761,703</u>	<u>2,761,703</u>
Closing shareholders' funds	<u><u>2,761,703</u></u>	<u><u>2,761,703</u></u>