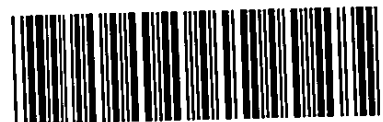


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MALTHOUSE INNS PLC
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

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MALTHOUSE INNS PLC

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FOR THE YEAR ENDED 31 DECEMBER 2012**

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MALTHOUSE INNS PLC
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2012

DIRECTORS: B Matwiczuk
Mrs A Matwiczuk

SECRETARY: B Matwiczuk

REGISTERED OFFICE: Park House
200 Drake Street
Rochdale
OL16 1PJ

REGISTERED NUMBER: 03667861

AUDITORS: Wyatt, Morris, Golland Ltd
Park House
200 Drake Street
Rochdale
Lancashire
OL16 1PJ

BANKERS: Barclays Bank PLC
1 Yorkshire Street
Rochdale
Lancashire

MALTHOUSE INNS PLC
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2012

The directors present their report with the financial statements of the company for the year ended 31 December 2012

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of public house management and retail sales

REVIEW OF BUSINESS

Trading conditions have remained challenging throughout the year and the company has recorded a loss for the year. Turnover has decreased from £828,041 in 2011 to £814,138 in 2012

The principal risk facing the business is the reluctance of the landlord to renegotiate the rents on two of the managed pubs in the portfolio to what the directors would consider to be a realistic market rent. There are significant rent arrears and if the landlord were to attempt to enforce payment in full, the company would not be able to pay the liability. The company is making regularly quarterly payments to the landlord but this is not the full rental under the terms of the original lease

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2012

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2012 to the date of this report

B Matwiczuk
Mrs A Matwiczuk

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 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,
- 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 AS TO DISCLOSURE OF INFORMATION TO AUDITORS

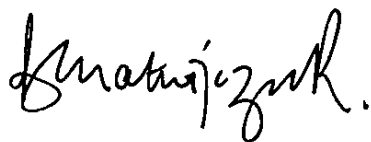
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware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

MALTHOUSE INNS PLC
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2012

AUDITORS

The auditors, Wyatt, Morris, Golland Ltd, will be proposed for re-appointment at the forthcoming Annual General Meeting

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'B Matwiczuk', written in a cursive style.

B Matwiczuk - Director

27 September 2013

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF MALTHOUSE INNS PLC

We have audited the financial statements of Malthouse Inns PLC for the year ended 31 December 2012 on pages six to twelve. 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 two, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the 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.

Basis for Disclaimer of Opinion on Financial Statements

In seeking to form an opinion on the financial statements we considered the implications of the significant uncertainties disclosed in the financial statements concerning the following matters:

- 1) Rents have been disputed since leases began on certain premises in 2002 and underpayments have been made for a number of years. The directors are of the opinion that amounts outstanding prior to 2007 would now be statute barred. Arrears of £42,200 have therefore been written back in the accounts. As this is not certain, we disagree with the accounting treatment.
- 2) The evidence available to the auditor to confirm the appropriateness of preparing the financial statements on the going concern basis was limited because the company has not prepared profit or cash flow projections for an appropriate period subsequent to the balance sheet date.

There is potential for the uncertainties to interact with one another such that we have been unable to obtain sufficient appropriate audit evidence regarding the possible effect of the uncertainties taken together.

Disclaimer of opinion on financial statements

Because of the significance of the possible impact of the uncertainties, described in the Basis for Disclaimer of Opinion on Financial Statements paragraph, to the financial statements, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly we do not express an opinion on the financial statements.

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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
MALTHOUSE INNS 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

Nigel Greenhalgh (Senior Statutory Auditor)
for and on behalf of Wyatt, Morris, Golland Ltd
Park House
200 Drake Street
Rochdale
Lancashire
OL16 1PJ

27 September 2013

MALTHOUSE INNS PLC

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

	Notes	2012 £	2011 £
TURNOVER		814,138	828,041
Cost of sales		<u>428,190</u>	<u>424,700</u>
GROSS PROFIT		385,948	403,341
Administrative expenses		<u>393,529</u>	<u>403,982</u>
OPERATING LOSS and LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(7,581)	(641)
Tax on loss on ordinary activities	4	<u>(4,279)</u>	<u>567</u>
LOSS FOR THE FINANCIAL YEAR		<u>(3,302)</u>	<u>(1,208)</u>

CONTINUING OPERATIONS

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

TOTAL RECOGNISED GAINS AND LOSSES

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

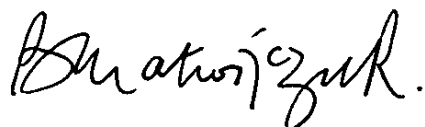
The notes form part of these financial statements

MALTHOUSE INNS PLC (REGISTERED NUMBER: 03667861)

**BALANCE SHEET
31 DECEMBER 2012**

	Notes	2012 £	2011 £
FIXED ASSETS			
Tangible assets	5	46,693	40,791
CURRENT ASSETS			
Stocks	6	23,995	29,010
Debtors	7	77,743	129,283
Cash at bank and in hand		30,954	44,795
		<u>132,692</u>	<u>203,088</u>
CREDITORS			
Amounts falling due within one year	8	<u>175,950</u>	<u>232,863</u>
NET CURRENT LIABILITIES		<u>(43,258)</u>	<u>(29,775)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,435</u>	<u>11,016</u>
PROVISIONS FOR LIABILITIES	10	<u>-</u>	<u>4,279</u>
NET ASSETS		<u><u>3,435</u></u>	<u><u>6,737</u></u>
CAPITAL AND RESERVES			
Called up share capital	11	50,000	50,000
Profit and loss account	12	<u>(46,565)</u>	<u>(43,263)</u>
SHAREHOLDERS' FUNDS	16	<u><u>3,435</u></u>	<u><u>6,737</u></u>

The financial statements were approved by the Board of Directors on 27 September 2013 and were signed on its behalf by



B Matwiczuk - Director

The notes form part of these financial statements

MALTHOUSE INNS PLC

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

1 ACCOUNTING POLICIES

Basis of preparing the financial statements

The accounts have been prepared on a going concern basis. However, this would not be appropriate if the landlord were to enforce the payment of rent arrears, as outlined in the Report of the Directors.

Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with relevant accounting standards.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Tangible fixed assets

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

Improvements to property	- 4% on cost
Fixtures and fittings	- 20% on reducing balance
Motor vehicles	- 25% 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.

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.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

2 STAFF COSTS

	2012 £	2011 £
Wages and salaries	-	30,052
Social security costs	-	490
Other pension costs	15,360	15,360
	<u>15,360</u>	<u>45,902</u>

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

	2012	2011
Directors	<u>2</u>	<u>2</u>

MALTHOUSE INNS PLC

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

3 OPERATING LOSS

The operating loss is stated after charging

	2012	2011
	£	£
Hire of plant and machinery	8,265	14,155
Depreciation - owned assets	10,124	7,447
Auditors' remuneration	5,000	3,100
	<u> </u>	<u> </u>
Directors' remuneration	-	30,052
Directors' pension contributions to money purchase schemes	15,360	15,360
	<u> </u>	<u> </u>

The number of directors to whom retirement benefits were accruing was as follows

Money purchase schemes	<u>1</u>	<u>1</u>
------------------------	----------	----------

4 TAXATION

Analysis of the tax (credit)/charge

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

	2012	2011
	£	£
Deferred tax	(4,279)	567
	<u> </u>	<u> </u>
Tax on loss on ordinary activities	(4,279)	567
	<u> </u>	<u> </u>

5 TANGIBLE FIXED ASSETS

	Improvements to property £	Fixtures and fittings £	Motor vehicles £	Totals £
COST				
At 1 January 2012	7,674	133,547	800	142,021
Additions	-	16,026	-	16,026
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2012	7,674	149,573	800	158,047
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
DEPRECIATION				
At 1 January 2012	2,939	97,542	749	101,230
Charge for year	307	9,800	17	10,124
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2012	3,246	107,342	766	111,354
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
NET BOOK VALUE				
At 31 December 2012	4,428	42,231	34	46,693
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2011	4,735	36,005	51	40,791
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

MALTHOUSE INNS PLC

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

6	STOCKS	2012	2011
		£	£
	Stocks	<u>23,995</u>	<u>29,010</u>
7	DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2012	2011
		£	£
	Trade debtors	1,220	-
	Other debtors	13,264	16,838
	Malthouse Management Services Limited	34,829	64,559
	Directors' current accounts	2,394	-
	Prepayments	26,036	47,886
		<u>77,743</u>	<u>129,283</u>
8	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2012	2011
		£	£
	Trade creditors	153,838	210,836
	VAT	11,441	9,720
	Other creditors	4,988	61
	Directors' current accounts	-	192
	Accrued expenses	5,683	12,054
		<u>175,950</u>	<u>232,863</u>
9	OPERATING LEASE COMMITMENTS		
	The following operating lease payments are committed to be paid within one year		
		Land and buildings	
		2012	2011
		£	£
	Expiring		
	Between one and five years	19,500	-
	In more than five years	72,630	91,680
		<u>92,130</u>	<u>91,680</u>
10	PROVISIONS FOR LIABILITIES	2012	2011
		£	£
	Deferred tax	-	4,279

MALTHOUSE INNS PLC

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

10 PROVISIONS FOR LIABILITIES - continued

	Deferred tax £
Balance at 1 January 2012	4,279
Movement during the year	<u>(4,279)</u>
Balance at 31 December 2012	<u><u>-</u></u>

11 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid			2012	2011
Number	Class	Nominal value £1	£	£
50,000	Ordinary		<u><u>50,000</u></u>	<u><u>50,000</u></u>

12 RESERVES

	Profit and loss account £
At 1 January 2012	(43,263)
Deficit for the year	<u>(3,302)</u>
At 31 December 2012	<u><u>(46,565)</u></u>

13 TRANSACTIONS WITH DIRECTORS

The following loan to directors subsisted during the years ended 31 December 2012 and 31 December 2011

	2012	2011
	£	£
B Matwiczuk		
Balance outstanding at start of year	(192)	19,590
Amounts advanced	2,588	17,685
Amounts repaid	-	(37,467)
Balance outstanding at end of year	<u><u>2,396</u></u>	<u><u>(192)</u></u>

MALTHOUSE INNS PLC

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

14 RELATED PARTY DISCLOSURES

Mr B Matwijczuk is a director and controlling shareholder of Malthouse Management Services Limited. At 31 December 2012 the amount due from the company amounted to £34,829 (2011 £64,559) and is included within debtors due within one year. During the year the company was charged £25,000 for management charges by Malthouse Management Services Limited.

15 ULTIMATE CONTROLLING PARTY

During the two years ended 31 December 2012 Mr B Matwijczuk, a director, controlled the company by virtue of a controlling interest, directly, of 75% of the issued share capital.

16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2012	2011
	£	£
Loss for the financial year	(3,302)	(1,208)
Net reduction of shareholders' funds	(3,302)	(1,208)
Opening shareholders' funds	6,737	7,945
Closing shareholders' funds	3,435	6,737

MALTHOUSE INNS PLC

**TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2012**

	2012		2011
	£	£	£
Sales		814,138	828,041
Cost of sales			
Opening stock	29,010		25,568
Purchases	385,759		387,010
Games and entertainment costs	37,416		41,132
	<u>452,185</u>		<u>453,710</u>
Closing stock	(23,995)		(29,010)
		428,190	424,700
GROSS PROFIT		385,948	403,341
Expenditure			
Rent and rates	78,176		116,497
Insurance	9,164		6,623
Light and heat	41,769		35,127
Directors' salaries	-		30,052
Directors' social security	-		490
Directors' pension contributions	15,360		15,360
Hire of plant and machinery	8,265		14,155
Commission	145,557		125,867
Telephone	3,111		2,692
Postage, printing & stationery	7,411		9,552
Motor expenses	6,908		6,324
Management charge	25,000		-
Repairs and renewals	9,023		11,392
Household and cleaning	7,585		6,570
Health Insurance	3,976		3,060
Sundry expenses	669		1,718
Accountancy	4,208		1,040
Legal fees	1,465		-
Stocktaking fees	6,188		4,710
Auditors' remuneration	5,000		3,100
		<u>378,835</u>	<u>394,329</u>
		7,113	9,012
Finance costs			
Bank charges		4,570	2,206
Carried forward		2,543	6,806

This page does not form part of the statutory financial statements

MALTHOUSE INNS PLC

**TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2012**

	2012		2011	
	£	£	£	£
Brought forward		2,543		6,806
Depreciation				
Improvements to property	307		307	
Fixtures and fittings	9,800		7,123	
Motor vehicles	17		17	
	<u> </u>	10,124	<u> </u>	7,447
NET LOSS		<u><u>(7,581)</u></u>		<u><u>(641)</u></u>

This page does not form part of the statutory financial statements