

Lecht Ski Company Limited
Annual report
for the year ended 31 October 2000

Registered Number 63713

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Lecht Ski Company Limited
Annual report
for the year ended 31 October 2000
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Lecht Ski Company Limited

Directors and Advisors for the year ended 31 October 2000

Directors

Mr J C Petrie

Mr G P Du Pon

Mr A J McIntosh

Mr J Thorogood (appointed 1 May 2000)

Secretary

Mr A J McIntosh

Auditors

PricewaterhouseCoopers

32 Albyn Place

ABERDEEN

AB10 1YL

Solicitors

Campbell Cannon & Co

36 Albyn Place

ABERDEEN

AB10 1YF

Registered Office

36 Albyn Place

ABERDEEN

AB10 1YF

Registered Number

63713

Bankers

The Royal Bank of Scotland plc

Aberdeen Central Branch

PO Box 90

12 Golden Square

ABERDEEN

AB10 1DV

Lecht Ski Company Limited

Directors' report for the year ended 31 October 2000

The directors present their report and the audited financial statements of the company for the year ended 31 October 2000.

Principal activities

The profit and loss account for the year is set out on page 5. The principal activity of the company is to *provide facilities for skiers.*

Review of business and future developments

Review of 1999/2000 winter season

The winter season opened in early December. The chairlift, which was still under construction at that time had to be put on hold to allow the centre to concentrate on generating income. The season progressed normally with average numbers of customers. The development of the "tubing" run was successful and generated just under £5,000 of income for its first trial winter. A rapid thaw then occurred in early March, bringing the season in effect to an early close. The chairlift construction then continued and was completed in June for the summer 2000+ opening in July 2000.

Review of 2000 summer season

The summer season started with the opening of the Development 2000+ in July. Facilities available were Deval Carts, Fun Carts, quad bikes and the chairlift. The number of customers was just below expected but this type of activity leans heavily on word of mouth advertising and this response is very encouraging. The turnover for the rides was £23,000, which also increased the café summer turnover by 54% to £19,000. The funding package for the whole development was delayed because of the difficulties in dealing with the many interested agencies and the total funds were only forwarded in October 2000.

Future developments

The Development 2000+ has proved successful and will build up the Lecht Ski Centre as an all year round activity centre. The chairlift will greatly increase the enjoyment for the skiers in the winter and attract more snow boarders, the younger generation. The summer rides will be improved and will develop for its first full year in 2001.

Going concern

As stated in note 1, the directors are confident that the going concern basis of preparation of the financial statements is appropriate.

The directors gratefully acknowledge the continuing co-operation of shareholders, all staff, the auditors and legal advisors, the Royal Bank of Scotland, Highlands and Islands Enterprise, Moray Badenoch and Strathspey Enterprise, Moray and Aberdeenshire Councils and other official agencies.

Dividends and transfers to reserves

The directors do not recommend payment of a dividend. The loss for the financial year of £82,000 will be transferred from reserves

Lecht Ski Company Limited

Share issue

During the year 27,000 ordinary £1 shares were issued by the company.

Directors and their interests

The Directors of the company and their interests in the shares of the company at 31 October 2000, all of whom have been directors for the whole of the year ended on that date except where noted were:-

	31 October 2000 Number	31 October 1999 Number
J C Petrie	38,827	38,827
G P Du Pon	38,827	38,827
A J McIntosh	38,827	38,827
J Thorogood (appointed 1 May 2000)	38,827	38,827

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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.

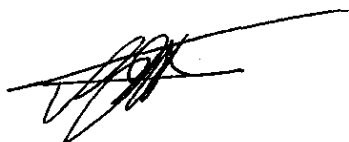
The directors confirm that suitable accounting policies have been used and applied consistently and that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 October 2000 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that 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 1985. 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.

Auditors

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board



Secretary

Lecht Ski Company Limited

Auditors' report to the members of Lecht Ski Company Limited

We have audited the financial statements on pages 5 to 15, which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 3, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

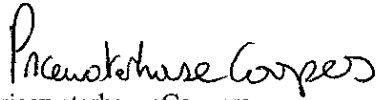
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Fundamental uncertainty

In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements concerning the possible outcome of renegotiation of existing finance and the continuing support of the company's bank regarding the adequacy of banking facilities. The financial statements have been prepared on a going concern basis, the validity of which depends upon adequate future funding being available. The financial statements do not include any adjustments that would result from a failure to obtain funding. Details of the circumstances relating to this fundamental uncertainty are described in note 1. In view of the significance of these uncertainties we consider that they should be drawn to your attention but our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 October 2000 and of the loss of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Aberdeen

5 October 2001

Lecht Ski Company Limited

Profit and loss account for the year ended 31 October 2000

	Note	2000 £	1999 £
Turnover		488,595	410,549
<i>Net operating expenses</i>	2	<i>(530,269)</i>	(433,092)
Operating loss		(41,674)	(22,543)
<i>Interest payable and similar charges</i>	5	<i>(40,326)</i>	(45,853)
Loss on ordinary activities before taxation		(82,000)	(68,396)
<i>Tax on loss on ordinary activities</i>	6	<i>-</i>	-
Loss for the financial year	16	(82,000)	(68,396)

Statement of retained losses

Loss at 1 November	(286,614)	(218,218)
Loss for the financial year	(82,000)	(68,396)
Retained losses at 31 October	(368,614)	(286,614)

All items relate to continuing operations.

The company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the loss on ordinary activities before taxation and the retained loss for the year stated above, and their historical cost equivalents.

Lecht Ski Company Limited

Balance sheet as at 31 October 2000

	Note	2000 £	2000 £	1999 £	1999 £
Fixed assets					
Tangible assets	7		1,234,975		1,012,581
Investments	8		600		600
			1,235,575		1,013,181
Current assets					
Stock	9	11,208		6,707	
Debtors	10	44,480		9,375	
Cash at bank and in hand		3,536		943	
		59,224		17,025	
Creditors: amounts falling due within one year	11	(407,978)		(307,216)	
Net current liabilities			(348,754)		(290,191)
Total assets less current liabilities			886,821		722,990
Creditors : amounts falling due after more than one year	12		(413,804)		(303,223)
Provisions for liabilities and charges					
Accruals and deferred income	13		(472,285)		(364,035)
Net assets			732		55,732
Capital and reserves					
Called up share capital	14		354,346		327,346
Capital contribution	15		15,000		15,000
Profit and loss account	16		(368,614)		(286,614)
Equity shareholders' funds	17		732		55,732

The financial statements on pages 5 to 15 were approved by the board of directors on 16 Sep 01 and were signed on its behalf by:

Director

G.P. du P. du P.

Lecht Ski Company Limited

Notes to the financial statements for the year ended 31 October 2000

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Going concern

During the year the company incurred an excess of expenditure over income of £82,000 and, at the balance sheet date its accumulated shareholders' funds amounted to £732. The company meets its day to day working capital requirements through a bank overdraft facility which, in common with all such facilities, is repayable on demand. At the balance sheet date the overdraft was £208,637. The bank overdraft facility at the year end was £225,000 and was due for review on 1 May 2001. At the review date the bank overdraft facility was reduced to £140,000 and was set until January 2002. The directors have maintained the overdraft balance within this facility and remain confident that they will remain within this limit through to the review date however, the margin of facilities over requirements is small and inherently there can be no certainty in relation to these matters. The directors have also renegotiated the terms of the ERDF agreement with the local authority. The new terms have not yet been formally approved by the Council, however, the directors are confident that the revised terms will result in lower capital and interest repayments.

The directors are satisfied with the trading position of the company subsequent to the year end. The 2000/2001 winter season was successful due to the weather which produced good snow levels. The outbreak of foot and mouth towards the end of the season resulted in reduced activity, however, the season as a whole was encouraging. The summer trading activities have further enhanced the performance for the 2001 year end.

The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future. The validity of this assumption depends on the company's bankers continuing their support by providing adequate overdraft facilities.

If the company were unable to continue in operational existence for the foreseeable future, adjustments would have to be made to reduce the balance sheet values of assets to their recoverable amounts, to provide for further liabilities that might arise and to reclassify fixed assets as current assets.

On the basis of their forecasts and discussions with their bankers, the directors consider that the company will continue to operate within the facilities likely to be available. The bank has indicated that, in the absence of any significant deterioration in the trading performance of the company, they will extend the overdraft facility past the next review date. This factor together with the favourable outcome on the ERDF negotiations, has led the directors to conclude that it is appropriate the financial statements be prepared on a going concern basis.

Cash flow statement

The company qualifies as a small company under the terms of Section 247 of the Companies Act 1985. As a consequence, it is exempt from the requirement to publish a cash flow statement.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Lecht Ski Company Limited

Fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

	%
Access road, car park, buildings and ski lifts	Over the life of the land lease
Plastic ski slope	6.66
Plant & machinery	6.66 - 20
Fencing	5
Motor vehicles	25
Snow vehicles	6.66

Finance and operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term. Where fixed assets are financed by leasing agreements, which transfer to the company substantially all the benefits and risks of ownership, the assets are treated as if they had been purchased outright and are included in tangible fixed assets. The capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding.

Government grants

Grants that relate to specific capital expenditure are treated as deferred income which is then credited to the profit and loss account over the related asset's useful life. Other grants are credited to the profit and loss account when received.

Stocks and work-in-progress

Stocks and work-in-progress are stated at the lower of cost and net realisable value. Contract work-in-progress is stated after deducting applicable payments on account.

Turnover

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of goods and services supplied.

Deferred taxation

Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is probable that a liability or asset will crystallise.

Foreign currencies

Assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year. Transactions denominated in foreign currencies are translated at the rate ruling at the date of the transaction.

Assets under construction

Development costs which the director believes can be matched by future related revenues are capitalised within assets under development.

Lecht Ski Company Limited

2 Net operating expenses

Net operating expenses are made up as follows:

Continuing operations	2000	1999
	£	£
Change in stocks and work in progress	(4,501)	1,558
Goods for resale	59,172	63,038
Other operating income	(3,884)	(61,509)
Depreciation:		
On owned assets	116,866	92,772
On assets held under finance leases and hire purchase contracts	27,868	24,333
Deferred income release	(41,749)	(38,824)
Staff costs	231,344	168,924
Wages capitalised	(63,912)	-
Other operating lease payments : land and buildings	10,646	9,946
Other operating charges	198,420	172,854
	530,269	433,092

The loss on ordinary activities before taxation is stated after charging/(crediting):

Continuing operations	2000	1999
	£	£
Auditors' remuneration for:		
Audit	3,250	2,750
Other services to the company	4,850	4,750
Profit on disposal of fixed assets	(3,628)	-

Lecht Ski Company Limited

3 Directors' emoluments

	2000	1999
	£	£
Aggregate emoluments	53,084	49,396

4 Employee information

The average monthly number of persons (including executive directors) employed by the company during the year was:

By activity	2000	1999
Production	13	8
Selling and distribution	2	1
Administration	1	1
	16	10

	2000	1999
	£	£
Wages and salaries	216,317	157,728
Social security costs	15,027	11,196
Total direct costs of employment	231,344	168,924

5 Interest payable and similar items

	2000	1999
	£	£
Interest payable on sums:		
Interest payable on overdrafts and bank loans	35,503	24,235
Interest payable on other loans	3,144	4,835
Finance leases and hire purchase	1,679	16,783
	40,326	45,853

Lecht Ski Company Limited

6 Taxation

There is no taxation payable due to available losses.

7 Tangible assets

	Access Road Car Park and buildings	Ski lifts	Plant and machinery	Motor vehicles	Ski hire equipment	Plastic ski slope	Assets under const- ruction	Total
	£	£	£	£	£	£	£	£
Cost								
At 1 November 1999	497,846	400,561	877,981	77,755	112,144	108,812	3,220	2,078,319
Additions	-	256,414	85,753	18,995	5,966	-	-	367,128
Transfers between category	-	3,220	-	-	-	-	(3,220)	-
Disposals	-	-	-	(16,000)	-	-	-	(16,000)
At 31 October 2000	497,846	660,195	963,734	80,750	118,110	108,812	-	2,429,447
Depreciation								
At 1 November 1999	232,905	188,524	413,529	69,873	100,457	60,450	-	1,065,738
Charge for the year	20,635	18,074	81,729	12,236	4,813	7,247	-	144,734
Disposals	-	-	-	(16,000)	-	-	-	(16,000)
At 31 October 2000	253,540	206,598	495,258	66,109	105,270	67,697	-	1,194,472
Net book amount								
At 31 October 2000	244,306	453,597	468,476	14,641	12,840	41,115	-	1,234,975
At 31 October 1999	264,941	212,037	464,452	7,882	11,687	48,362	3,220	1,012,581

The net book value of tangible fixed assets includes an amount of £197,903 (1999 : £206,777) in respect of assets held under finance leases and hire purchase contracts.

8 Investments

	2000	1999
	£	£
Investments	600	600

Investments represent the cost of 300 £1 ordinary shares in The Lecht Ski School Limited a company registered in Scotland. This shareholding amounts to one third of the issued ordinary share capital of the company.

According to the latest available statutory accounts for the year ended 30 June 1999, the company had net assets of £6,657 and a loss for the year after tax of £523.

Lecht Ski Company Limited

9 Stocks

	2000	1999
	£	£
Goods for resale	11,208	6,707

10 Debtors

	2000	1999
	£	£
Amounts falling due within one year		
Trade debtors	-	4,811
Prepayments and accrued income	4,564	4,564
Other debtors	39,916	-
	44,480	9,375

11 Creditors – Amounts falling due within one year

	2000	1999
	£	£
Bank loans and overdrafts	293,637	216,816
Other loans	44,584	33,979
Trade creditors	30,984	14,188
Other taxation and social security costs	4,219	9,142
Obligations under finance leases and hire purchase contract	16,217	15,908
Accruals and deferred income	18,337	17,183
	407,978	307,216

The bank loans, overdraft and other loans amounting to £584,610 (1999 : £389,962) are secured by floating charges over all the assets of the company.

The bank loans, overdraft and other loans are also secured by personal guarantees provided by the directors and one other individual.

The bank also holds further guarantees from the Secretary of State (small firms loan scheme).

Lecht Ski Company Limited

12 Creditors – Amounts falling due after more than one year

	2000	1999
	£	£
Bank loans	147,500	132,500
Other loans	98,889	6,667
Obligations under finance leases and hire purchase contract	167,415	164,056
	413,804	303,223

Bank loans, other loans and overdrafts are repayable as follows:

	2000	1999
	£	£
In one year or less	338,221	250,795
Between one and two years	65,834	65,000
Between two and five years	130,000	44,167
In five years or more	50,555	30,000
	584,610	389,962

The bank loan of £70,000 is repayable over ten years with interest at 3% above the bank's base rate. All other loans are repayable within five years.

The net finance lease and hire purchase obligations to which the company is committed are:

	2000	1999
	£	£
<i>In one year or less</i>	16,217	15,908
<i>Between one and two years</i>	11,083	11,224
<i>Between two and five years</i>	33,655	30,155
<i>In five years or more</i>	122,677	122,677
	183,632	179,964

The total value of leases repayable by instalments, any part of which falls due after more than five years is £171,440 (1999 : £171,440).

The directors are renegotiating the terms of the lease which should result in reduced commitment and interest charges. These revised terms require funds approved by the lender and consequently no adjustments have been made in the financial statements.

Lecht Ski Company Limited

13 Accruals and deferred income

	2000	1999
	£	£
Government Grants and Lottery funding		
At 1 November 1999	364,035	402,859
Additions	150,000	-
Amortisation in year	(41,750)	(38,824)
At 31 October 2000	472,285	364,035

14 Provisions for liabilities and charges

Deferred taxation

Deferred taxation provided in the financial statements, and the amount unprovided of the total potential (asset)/liability, are as follows:-

	Amount provided		Amount unprovided	
	2000	1999	2000	1999
	£	£	£	£
Tax effect of timing differences:				
Excess of tax allowances over depreciation	41,586	41,516	-	-
Less: losses recognised	(41,586)	(41,516)	(85,139)	(69,611)
	-	-	(85,139)	(69,611)

15 Called up share capital

	2000	1999
Authorised ordinary £1 shares		
Value	£500,000	£500,000
Number	500,000	500,000
Allotted, called up and fully paid		
Value	£354,346	£327,346
Number	354,346	327,346

During the year the company issued 27,000 ordinary shares at £1 each.

Lecht Ski Company Limited

16 Capital contribution

	2000 £	1999 £
At 1 November 1999 and 31 October 2000	15,000	15,000

17 Profit and loss account

	£
At 1 November 1999	(286,614)
Retained loss for the year	(82,000)
At 31 October 2000	(368,614)

18 Reconciliation of movements in shareholders' funds

	2000 £	1999 £
Loss for the financial year	(82,000)	(68,396)
Net proceeds of issue of ordinary share capital	27,000	93,327
Net (decrease)/addition to shareholders' funds	(55,000)	24,931
Shareholders' funds as at 1 November 1999	55,732	30,801
Shareholders' funds as at 31 October 2000	732	55,732

19 Contingent liabilities

Under defined circumstances a contingent liability could arise to repay grants to certain funding bodies. The directors are satisfied that, at the balance sheet date, no events have occurred which would trigger repayment of all or part of any of these amounts.

20 Financial commitments

At 31 October 2000 the company had annual commitments under non-cancellable operating leases as follows:

	2000 £	1999 £
Expiring in over five years	10,646	9,946

The company had no capital commitments as at 31 October 2000.

21 Ultimate controlling party

The company is controlled jointly by the directors shown on page 1.