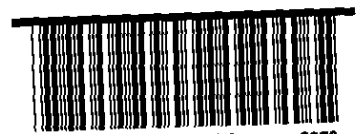


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Report of the Directors and
Financial Statements for the Year Ended 31 October 2001
for
Lecht Ski Company Limited



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Lecht Ski Company Limited

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for the Year Ended 31 October 2001

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Lecht Ski Company Limited

Company Information
for the Year Ended 31 October 2001

DIRECTORS:

Capt G P du Pon
Mr A J McIntosh
Dr J Thorogood

SECRETARY:

Mr A J McIntosh

REGISTERED OFFICE:

36 Albyn Place
ABERDEEN
AB10 1YF

REGISTERED NUMBER:

63713 (Scotland)

ACCOUNTANTS:

J M Taylor
Accountant & Business Consultants
7 Constitution Street
Inverurie
Aberdeenshire
AB51 4SQ

SOLICITORS:

Campbell Connon & Co
36 Albyn Place
ABERDEEN
AB10 1YF

Lecht Ski Company Limited

Report of the Directors for the Year Ended 31 October 2001

The directors present their report with the financial statements of the company for the year ended 31 October 2001.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the provision of facilities for skiers. The profit and loss account for the year is set out on page 3.

PROFESSOR J. C. PETRIE CBE.

Our chairman tragically died on 31 August 2001. His enthusiasm for the Lecht, since its inception in 1976, through both the good and the bad times and his dedication to the local area inspired us all. His involvement will be missed but his ideas and directions will drive us.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

DIVIDENDS

No dividends will be distributed for the year ended 31 October 2001.

FUTURE DEVELOPMENTS

Improvements to the area around the chairlift runs ready for winter 2002. The snow making facility will be extended to the Harrier lift and completed for winter 2002. A new lift, Eagle II, should be installed in the autumn of 2002 to help with the queues on the most popular lift. Continuous improvements will be made to the ski hire equipment, buildings and marketing.

The Directors gratefully acknowledge the continuing support 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.

DIRECTORS

The directors during the year under review were:

Professor J. C. Petrie	-deceased 31.8.01
Capt. G. P. du Pon	
Mr A. J. McIntosh	
Dr. J. L. Thorogood	

The beneficial interests of the directors holding office on 31 October 2001 in the issued share capital of the company were as follows:

	31.10.01	1.11.00
Ordinary £1 shares		
J C Petrie		38,827
G P du Pon	38,827	38,827
A J McIntosh	38,827	38,827
J Thorogood	38,827	38,827

REVIEW OF 2000/2001 WINTER SEASON

Skiing started early on 21st November and although it only lasted a week this gave an injection of cash as well as allowing a more gentle settling in period for the season. No snow arrived till Hogmanay but with a cold snap during Christmas and four days of making snow the Lecht was to be the only ski area open for most of the holiday period. A busy January broke records and by February the other centres had started to accumulate snow and better conditions. March was hit by the Foot and Mouth problems, which saw a drop off in revenue of around £ 100,000 at a time when Scotland and the Lecht frustratingly, had some of its best skiing conditions. The chairlift was again a huge success and helped reduce queuing times at all lifts. The advantage of snowmaking plant proved itself and responses the Lecht Web site was much better than anticipated.

The successful season ended with 120 days skiing and only 7 days lost to poor weather conditions.

REVIEW OF 2001 SUMMER SEASON

Improvements to tracks and facilities continued to show benefits with improved summer income and a doubling of Cafe turnover. The summer activities will change and develop as we gain from the experience of the operation and income has exceeded the anticipated figures. More staff are required on a permanent basis.

Lecht Ski Company Limited

Profit and Loss Account
for the Year Ended 31 October 2001

		31.10.01	31.10.00
	Notes	£	£
TURNOVER		688,303	446,846
Cost of sales		76,941	57,594
GROSS PROFIT		611,362	389,252
Administrative expenses		618,448	478,894
		(7,086)	(89,642)
Other operating income		89,796	47,968
OPERATING PROFIT/(LOSS)	2	82,710	(41,674)
Interest receivable and similar income		71	-
		82,781	(41,674)
Interest payable and similar charges		33,400	40,326
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		49,381	(82,000)
Tax on profit/(loss) on ordinary activities	3	-	-
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		49,381	(82,000)
Extraordinary items after taxation	4	17,112	-
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		66,493	(82,000)
Deficit brought forward		(368,614)	(286,614)
DEFICIT CARRIED FORWARD		£(302,121)	£(368,614)

The notes form part of these financial statements

Lecht Ski Company Limited

Balance Sheet

31 October 2001

		31.10.01		31.10.00	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	5		1,120,355		1,234,975
Investments	6		600		600
			<u>1,120,955</u>		<u>1,235,575</u>
CURRENT ASSETS:					
Stocks		10,413		11,208	
Debtors	7	13,741		44,480	
Cash at bank		2,632		3,536	
		<u>26,786</u>		<u>59,224</u>	
CREDITORS: Amounts falling due within one year	8	<u>288,219</u>		<u>407,978</u>	
NET CURRENT LIABILITIES:			<u>(261,433)</u>		<u>(348,754)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			859,522		886,821
CREDITORS: Amounts falling due after more than one year	9		<u>(364,862)</u>		<u>(413,804)</u>
PROVISIONS FOR LIABILITIES AND CHARGES:	11		<u>(395,935)</u>		<u>(472,285)</u>
			<u>£98,725</u>		<u>£732</u>
CAPITAL AND RESERVES:					
Called up share capital	12		355,846		354,346
Capital contribution	13		45,000		15,000
Profit and loss account			<u>(302,121)</u>		<u>(368,614)</u>
SHAREHOLDERS' FUNDS:			<u>£98,725</u>		<u>£732</u>

The company is entitled to exemption from audit under Section 249A(1) of the Companies Act 1985 for the year ended 31 October 2001.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 October 2001 in accordance with Section 249B(2) of the Companies Act 1985.

The directors acknowledge their responsibilities for:

- ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985 and
- preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Section 226 and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company.

The notes form part of these financial statements

Lecht Ski Company Limited

Balance Sheet

31 October 2001

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective March 2000).

ON BEHALF OF THE BOARD:



.....
Capt G P du Pon - DIRECTOR

Approved by the Board on ...*3 May 2002*.....

Notes to the Financial Statements
for the Year Ended 31 October 2001

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

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.

Road carpark and buildings	- Over the life of the land lease
Plastic ski slope	- 6.66% on cost
Plant and machinery	- 6.66 - 20
Ski lifts	- Over the life of the land lease
Motor vehicles	- 25% on cost

Stocks

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

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

Going concern

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 assets's useful life. Other grants are credited to the profit and loss account when received.

2. OPERATING PROFIT/(LOSS)

The operating profit (2000 - operating loss) is stated after charging/(crediting):

	31.10.01	31.10.00
	£	£
Depreciation - owned assets	155,533	1,194,472
Profit on disposal of fixed assets	-	(3,500)
	<u> </u>	<u> </u>
Directors' emoluments and other benefits etc	59,519	53,084
	<u> </u>	<u> </u>

3. TAXATION

No liability to UK corporation tax arose on ordinary activities for the year ended 31 October 2001 nor for the year ended 31 October 2000.

Notes to the Financial Statements
for the Year Ended 31 October 2001

4. **EXTRAORDINARY ITEMS**

	31.10.01 £	31.10.00 £
Income:		
ERDF Overpayment of Interest	<u>17,112</u>	<u>-</u>

5. **TANGIBLE FIXED ASSETS**

	Road carpark and buildings	Plastic ski slope	Plant and machinery
	£	£	£
COST:			
At 1 November 2000	497,846	108,812	963,734
Additions	-	-	40,610
At 31 October 2001	<u>497,846</u>	<u>108,812</u>	<u>1,004,344</u>
DEPRECIATION:			
At 1 November 2000	253,540	67,697	495,258
Charge for year	19,107	7,247	89,410
At 31 October 2001	<u>272,647</u>	<u>74,944</u>	<u>584,668</u>
NET BOOK VALUE:			
At 31 October 2001	<u>225,199</u>	<u>33,868</u>	<u>419,676</u>
At 31 October 2000	<u>244,306</u>	<u>41,115</u>	<u>468,476</u>

	Ski lifts	Motor vehicles	Ski hire equipment	Totals
	£	£	£	£
COST:				
At 1 November 2000	660,195	80,750	118,110	2,429,447
Additions	-	-	303	40,913
At 31 October 2001	<u>660,195</u>	<u>80,750</u>	<u>118,413</u>	<u>2,470,360</u>
DEPRECIATION:				
At 1 November 2000	206,598	66,109	105,270	1,194,472
Charge for year	30,254	4,749	4,766	155,533
At 31 October 2001	<u>236,852</u>	<u>70,858</u>	<u>110,036</u>	<u>1,350,005</u>
NET BOOK VALUE:				
At 31 October 2001	<u>423,343</u>	<u>9,892</u>	<u>8,377</u>	<u>1,120,355</u>
At 31 October 2000	<u>453,597</u>	<u>14,641</u>	<u>12,840</u>	<u>1,234,975</u>

6. **FIXED ASSET INVESTMENTS**

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.

Notes to the Financial Statements
for the Year Ended 31 October 2001

**7. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	31.10.01	31.10.00
	£	£
Trade debtors	10,200	38,425
Other debtors	(1,023)	1,491
Prepayments & accrued income	4,564	4,564
	<u>13,741</u>	<u>44,480</u>

**8. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	31.10.01	31.10.00
	£	£
Bank loans and overdrafts	71,667	129,584
Trade creditors	32,648	30,984
Bank Overdraft	103,928	208,637
Hire purchase	19,613	16,217
Other creditors	9,200	-
VAT Account	28,991	752
Social security & other taxes	2,927	3,467
Accrued expenses	19,245	18,337
	<u>288,219</u>	<u>407,978</u>

**9. CREDITORS: AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR**

	31.10.01	31.10.00
	£	£
Bank loans	212,917	195,834
Hire purchase	141,945	167,415
other loans	10,000	50,555
	<u>364,862</u>	<u>413,804</u>

10. SECURED DEBTS

The following secured debts are included within creditors:

	31.10.01	31.10.00
	£	£
Bank loans	284,584	325,418
Bank overdraft	103,928	208,637
Other loans	10,000	50,555
	<u>398,512</u>	<u>584,610</u>

Secured by a floating charge over all the assets of the company.

Notes to the Financial Statements
for the Year Ended 31 October 2001

11. PROVISIONS FOR LIABILITIES AND CHARGES

	31.10.01	31.10.00
	£	£
As at 1 November 1999	472,286	364,035
Additions	10,279	150,000
Amortisation in year	(86,630)	(41,750)
	<u>395,935</u>	<u>472,285</u>

12. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	31.10.01	31.10.00
		£1	£	£
500,000	Ordinary		<u>500,000</u>	<u>500,000</u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	31.10.01	31.10.00
		£1	£	£
355,846	Ordinary		355,846	354,346
(31.10.00 - 354,346)			<u> </u>	<u> </u>

13. CAPITAL CONTRIBUTION

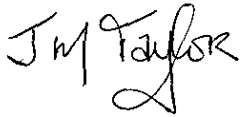
	31.10.01	31.10.00
	£	£
Brought forward	15,000	-
Capital contribution	30,000	15,000
	<u>45,000</u>	<u>15,000</u>

Lecht Ski Company Limited

Report of the Accountants to the Directors of
Lecht Ski Company Limited

As described on the balance sheet you are responsible for the preparation of the financial statements for the year ended 31 October 2001 set out on pages three to nine and you consider that the company is exempt from an audit.

In accordance with your instructions, we have compiled these unaudited financial statements in order to assist you to fulfil your statutory responsibilities, from the accounting records and information and explanations supplied to us.



J M Taylor
Accountant & Business Consultants
7 Constitution Street
Inverurie
Aberdeenshire
AB51 4SQ

Dated: 28 May 2002.

Lecht Ski Company Limited

Trading and Profit and Loss Account
for the Year Ended 31 October 2001

	31.10.01		31.10.00	
	£	£	£	£
Income:				
Cafe and cornershop sales	128,723		91,638	
Ski lifts, tickets etc	509,327		322,796	
Rides	36,658		24,474	
Outside contracts and adverts	13,595		7,938	
		688,303		446,846
Cost of sales:				
Cafe expenses	64,474		50,868	
Outside contract costs	6,305		1,214	
Equipment expenses	6,162		5,512	
		76,941		57,594
GROSS PROFIT		611,362		389,252
Other income:				
Release of grant income	86,630		41,749	
Rent Income	3,000		6,085	
Newstell royalties	166		134	
Deposit account interest	71		-	
		89,867		47,968
		701,229		437,220
Expenditure:				
Directors' remuneration	59,519		53,084	
Staff costs	189,673		114,348	
Telephone	7,217		4,876	
Office stationery	1,399		2,224	
Advertising	13,936		10,588	
Travelling	1,397		1,399	
Protective clothing	3,905		4,074	
Post and carriage	649		327	
Sundry expenses	366		285	
Accountancy	11,265		8,100	
Legal and professional fees	1,311		541	
Bad debts	502		-	
Motor expenses and fuel	9,104		9,784	
Running expenses	5,708		2,690	
Subscriptions	150		-	
Rent rates and insurance	41,662		39,247	
Light & heat	48,033		40,205	
Upkeep	42,542		34,461	
		438,338		326,233
Carried forward		262,891		110,987

This page does not form part of the statutory financial statements

Lecht Ski Company Limited

Trading and Profit and Loss Account
for the Year Ended 31 October 2001

	31.10.01		31.10.00	
	£	£	£	£
Brought forward		262,891		110,987
Finance costs:				
Bank interest	14,330		14,944	
Bank loan interest	17,970		23,703	
Hire purchase	1,100		1,679	
Bank charges	20,175		6,148	
Credit card charges	4,402		5,279	
		<u>57,977</u>		<u>51,753</u>
		204,914		59,234
Depreciation:				
Depreciation		<u>155,533</u>		<u>144,734</u>
		49,381		(85,500)
Profit on disposal of fixed assets:				
Motor vehicles		-		<u>3,500</u>
NET PROFIT/(LOSS)		<u><u>£49,381</u></u>		<u><u>£(82,000)</u></u>

This page does not form part of the statutory financial statements