

STRATHLOMOND LIMITED
COMPANY NO. - 113613

Abbreviated Accounts
For the year ended 31st January 2000



HENDERSON & COMPANY
CHARTERED ACCOUNTANTS
73 UNION STREET
GREENOCK

STRATHLOMOND LIMITED

Directors: Michael Cantlay, B.A., M.B.A.
Alan Cantlay, A.C.C.A.

Registered Office: Callandrade Lodge, Invertrossachs Road, Callander
(Registered in Scotland No. - 113613)

DIRECTORS REPORT FOR THE YEAR ENDED 31ST JANUARY 2000

The directors have pleasure in presenting their report and the audited accounts for the year ended 31st January 2000.

Principal Activity

The company's principal activity during the year was the retailing of fancy goods and the operation of whisky shops based around Scotland.

Review of the Business

During the year the directors continued with the policy of expanding the business and new shops were opened in Pitlochry and within the Buchanan Galleries Shopping Centre in Glasgow. The increases in turnover and gross profit were offset by a rise in the distribution costs and administrative expenses put in place to meet the continued expansion of the business. In addition the company continues to accrue interest on the funding of its investment in Hector Russell (Highland Industries) Limited with the net result being a loss for the year after taxation of £82,754.

Fixed Assets

Movements in Fixed Assets are shown in Notes 7, 8 and 9.

The Land and Buildings at 82/84 Main Street, Callander were valued on 5th March 1999 by Messrs. Graham & Sibbald, Chartered Surveyors on an open market basis at £200,000 but the directors have had no cause to adjust the accounts for this valuation.

The Land at Tarbet, Argyll was valued on 22nd September 1999 by Messrs. Graham & Sibbald, Chartered Surveyors on an open market basis assuming planning consent, which has since been agreed, and the land is currently for sale at offers over £750,000, but the directors have had no cause to adjust the accounts in line with the valuation.

Future Developments

The directors now intend to invest within the framework of the expanded business and are hopeful of a return to profitability in the near future.

Directors and their Shareholdings

The directors who held office during the year and their interests in the share capital of the Company were:-

	31st January 2000	1st February 1999
Ordinary Shares of £1 each, Fully Paid		
Mr. M. Cantlay	7,000	7,000
Mr. A. Cantlay	-	-

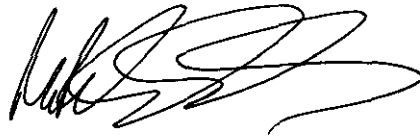
In addition to the above the remaining 3,000 issued shares are held equally by William Glen and Son Limited and Glencarr Holdings Limited who are related parties.

Auditors/

Auditors

Messrs. Henderson & Company, Chartered Accountants , have signified their willingness to continue in office and a motion to appoint them as auditors for the ensuing year will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'Michael Cantlay', with a stylized, flowing script.

MICHAEL CANTLAY
Company Secretary

31st October 2000

**REPORT OF THE AUDITORS TO STRATHLOMOND LIMITED UNDER SECTION 247B
OF THE COMPANIES ACT 1985**

We have examined the abbreviated accounts on pages 4 to 12, together with the financial statements of the company for the year ended 31st January 2000 prepared under Section 226 of the Companies Act 1985.

Respective Responsibilities of Directors and Auditors

The directors are responsible for preparing the abbreviated accounts in accordance with Section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

Basis of Opinion

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report in the financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Companies Act 1985, and the abbreviated accounts on pages 4 to 12 are properly prepared in accordance with those provisions.



HENDERSON & COMPANY
CHARTERED ACCOUNTANTS
REGISTERED AUDITORS

73 Union Street,
Greenock

31st October 2000

STRATHLOMOND LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST JANUARY 2000

	2000	1999	Note
	£	£	
GROSS PROFIT	1,043,650	847,345	
Distribution Costs and Administrative Expenses	1,115,564	938,457	2
	(71,914)	(91,112)	
Other Operating Income	25,417	25,195	
Operating Loss	(46,497)	(65,917)	
Income from Participating Interests	-	21,878	
Interest Payable	(42,737)	(34,747)	3
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	(89,234)	(78,786)	4
Tax on Loss on Ordinary Activities	(6,480)	(8,954)	6
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	(82,754)	(69,832)	
RETAINED PROFIT BROUGHT FORWARD	319,208	389,040	
RETAINED PROFIT CARRIED FORWARD	236,454	319,208	17

The company has no recognised gains or losses other than the results for the financial years as set out above. All turnover derives from continuing operations.

STRATHLOMOND LIMITED
BALANCE SHEET AS AT 31ST JANUARY 2000

	2000	1999	Note
	£	£	
FIXED ASSETS			
Intangible Assets	22,667	26,067	7
Tangible Assets	542,301	427,818	8
Investments	599,179	556,171	9
	<u>1,164,147</u>	<u>1,010,056</u>	
CURRENT ASSETS			
Stocks	654,762	679,033	10
Debtors	217,447	300,826	11
Cash at Bank and in Hand	1,383	1,023	
	<u>873,592</u>	<u>980,882</u>	
CREDITORS: Amounts falling due within one year	<u>1,783,285</u>	<u>1,655,962</u>	12
NET CURRENT LIABILITIES	<u>(909,693)</u>	<u>(675,080)</u>	
TOTAL ASSETS LESS CURRENT LIABILITIES	254,454	334,976	
CREDITORS: Amounts falling due after more than one year	8,000	-	14
PROVISION FOR LIABILITIES AND CHARGES			
Deferred Taxation	-	5,768	15
NET ASSETS	<u>246,454</u>	<u>329,208</u>	
CAPITAL AND RESERVES			
Called Up Share Capital	10,000	10,000	16
Profit and Loss Account	236,454	319,208	17
	<u>246,454</u>	<u>329,208</u>	18

These accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium sized companies.

Approved by the Board on 31st October 2000 and signed on its behalf by:



MICHAEL CANTLAY
Director

STRATHLOMOND LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST JANUARY 2000

	2000	1999	Note
£	£	£	
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	(109,400)	99,737	20
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Income from Participating Interests	-	21,878	
Interest Paid	(42,737)	(34,747)	
	(42,737)	(12,869)	
TAXATION	(18,372)	(9,641)	
CAPITAL EXPENDITURE			
Purchase of Tangible Fixed Assets	(145,413)	(115,777)	
Purchase of Investments	(43,008)	(50,652)	
Sale of Tangible Fixed Assets	-	9,500	
	(188,421)	(156,929)	
DECREASE IN CASH IN THE PERIOD	(358,930)	(79,702)	21

STRATHLOMOND LIMITED
NOTES ON FOREGOING ACCOUNTS

1. ACCOUNTING POLICIES

(a) Accounting Convention

The accounts are prepared under the historical cost convention.

(b) Turnover

Turnover is the total amount receivable in respect of sales of goods stated after deduction of VAT.

(c) Goodwill

Goodwill is the difference between the amount paid on the acquisition of a business and the aggregate fair value of its separable net assets. Goodwill is being amortised over 10 years beginning October 1996.

(d) Investments

Investments are included at cost.

(e) Depreciation

Depreciation is provided on all tangible Fixed Assets, other than land, at rates calculated to write off the cost less any residual value of each asset over its expected useful life, as follows:

Plant and Machinery	20% Reducing Balance Method
Motor Vehicles	25% Reducing Balance Method
Fixtures and Fittings	15% Reducing Balance Method
Buildings	1% Straight Line

Premiums paid for leasehold properties are written off by equal annual instalments over the period of the lease. Further capital expenditure incurred on these properties is being written off over 10 years.

(f) Stocks

Stocks are stated at the lower of cost and net realisable value.

(g) Deferred Taxation

Provision is made for deferred taxation where it is considered that there is a reasonable probability that a liability will arise in the foreseeable future.

(h) Government Grants

Grants relating to expenditure on Tangible Fixed Assets are credited to the Profit and Loss Account over a period approximating to the lives of qualifying assets. The grants shown in the Balance Sheet consist of the total grants receivable to date less the amounts so far credited to the Profit and Loss Account.

(i) Lease Rentals

Assets obtained under finance leases are capitalised in the Balance Sheet and are depreciated over their useful lives. The interest element of payments is charged to the Profit and Loss Account evenly over the period of the agreement.

2. DISTRIBUTION COSTS AND ADMINISTRATIVE EXPENSES

Distribution costs are not material and have therefore not been shown separately from administrative expenses.

3./

3. INTEREST PAYABLE

	2000	1999
	£	£
Interest on Bank Overdraft	42,737	34,747

4. LOSS BEFORE TAXATION

This is stated after charging:

	2000	1999
	£	£
Directors' Emoluments	Nil	Nil
Auditors' Remuneration	3,000	2,800
Depreciation - Owned Assets	30,930	15,352
Depreciation - Assets Held Under Finance Leases	-	1,406
Goodwill Amortised	3,400	3,400
Finance Lease Charges	-	476

No directors remuneration is paid through this company. The directors are remunerated from another company to which this company pays management charges as stated in Note 23.

5. NUMBERS EMPLOYED AND STAFF COSTS

The average number of persons including directors employed by the group during the year was 55 (1999 - 50) within the following categories.

	2000	1999
Retail	55	50

The aggregate sums paid to or on behalf of the persons employed during the year was:-

	2000	1999
	£	£
Wages and Salaries	343,482	315,796
Social Security Costs	19,036	17,249
	362,518	333,045

6. TAXATION

	2000	1999
	£	£
No taxation is payable due to the loss for the year (1999 - recoverable at 24% and 21%)	-	(14,868)
Overprovision in Previous Years	(712)	-
Transfer (from)/to reserve for Deferred Taxation	(5,768)	1,538
Tax attributable to Franked Investment Income	-	4,376
	(6,480)	(8,954)

7./

7. INTANGIBLE FIXED ASSETS

	2000	1999
	£	£
Goodwill		
As at 31st January 1999	26,067	29,467
Amortised during year	3,400	3,400
Net Book Value at 31st January 2000	22,667	26,067

The goodwill is being amortised over 10 years from 1st October 1996. In the opinion of the directors this represents the remaining economic life of the goodwill.

8. TANGIBLE FIXED ASSETS

	Heritable Property Land & Buildings	Premium and Expenditure on Short Leases	Plant & Machinery & Motor Vehicles	Fixtures & Fittings	Total
	£	£	£	£	£
Cost					
As at 31st January 1999	286,816	84,385	40,444	104,547	516,192
Additions	30,901	95,576	-	18,936	145,413
Disposals	-	-	-	-	-
At 31st January 2000	317,717	179,961	40,444	123,483	661,605
Depreciation					
As at 31st January 1999	2,122	3,500	33,099	49,653	88,374
Charge for year	2,121	15,353	1,552	11,904	30,930
Disposals	-	-	-	-	-
At 31st January 2000	4,243	18,853	34,651	61,557	119,304
Net Book Value					
At 31st January 2000	313,474	161,108	5,793	61,926	542,301
At 31st January 1999	284,694	80,885	7,345	54,894	427,818

9. INVESTMENTS

	2000	1999
	£	£
Shares in Participating Interest	599,179	556,171

The above interest represents 108,651 (1999 - 103,050) Ordinary Shares, being 49.8% (1999 - 47%) of the Issued Share Capital, of Hector Russell (Highland Industries) Limited, a company based in Scotland.

During the year the company received no dividends (1999 - 17p per share) from its shareholding in Hector Russell (Highland Industries) Ltd.

The retained profit of Hector Russell (Highland Industries) Limited for the year ended 31st January 2000 was £185,690 (1999 - retained loss £157,999) and the aggregate of capital and reserves at 31st January 2000 was £1,157,537 (1999 - £971,847).

10. STOCKS

	2000	1999
	£	£
Goods for Re-sale	654,762	679,033

11. DEBTORS

	2000	1999
	£	£
Trade Debtors	21,833	6,746
Amounts owed by undertakings in which the company has a participating interest	40,220	98,027
Other Debtors	117,450	170,395
Prepayments	37,944	25,658
	217,447	300,826

12. CREDITORS: Amounts falling due within one year

	2000	1999
	£	£
Bank Overdraft (Note 13)	694,621	335,331
Trade Creditors	373,869	514,731
Amounts owed to undertaking in which the company has a participating interest	-	110,602
Corporation Tax	-	16,802
Social Security and Other Taxes	58,915	7,758
Other Creditors	633,170	640,005
Obligations Under Finance Leases	-	704
Accruals	22,710	30,029
	1,783,285	1,655,962

13. BANK OVERDRAFT

The overdraft is secured by a standard security over the heritable property at 82-84 Main Street, Callander, 10 acres of land at Tarbet, Argyll and by bonds and floating charges and cross guarantees by William Glen and Son Limited and Glencarr Holdings Limited, who are related parties.

14. CREDITORS: Amounts falling due after more than one year

	2000	1999
	£	£
Government Grant Creditor		
Total amount repayable		
Within one year	1,000	-
After one year and within five years	8,000	-
	9,000	-
Within one year	9,000	-
Less: Included in Other Creditors	1,000	-
	8,000	-

15./

15. DEFERRED TAXATION

Deferred taxation provided in the accounts is as follows:

	2000	1999
	£	£
Capital Allowances claimed in advance of depreciation charged	-	5,768

No provision has been made for any tax liability which might arise on a disposal of the land at Tarbet, Argyll or the property at 82-84 Main Street, Callander as it is anticipated that if any disposal did take place the likely chargeable gains arising would be covered by roll-over and other reliefs.

16. SHARE CAPITAL

	2000	1999
	£	£
Authorised		
Ordinary Shares of £1 each	10,000	10,000
Allotted, Called Up and Fully Paid		
Ordinary Shares of £1 each	10,000	10,000

17. RESERVES

	Profit and Loss Account
	£
At 31st January 1999	319,208
Retained loss for the year	(82,754)
At 31st January 2000	236,454

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000	1999
	£	£
Loss for the financial year	(82,754)	(69,832)
Equity Shareholders' Funds at 31st January 1999	329,208	399,040
Equity Shareholders' Funds at 31st January 2000	246,454	329,208

19. FINANCIAL COMMITMENTS

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

	2000	1999
	£	£
Land and Buildings (i.e. Shop Properties)		
Operating Leases which expire:-		
In over five years	274,000	195,000

**20. RECONCILIATION OF OPERATING LOSS TO NET
CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES**

	2000	1999
	£	£
Operating (Loss)	(46,497)	(65,917)
Depreciation Charges	34,330	20,158
Decrease/(Increase) in Stock	24,271	(301,812)
(Increase)/Decrease in Debtors	85,661	2,666
Increase/(Decrease) in Creditors	(207,165)	444,642
Net Cash (Outflow)/Inflow from Operating Activities	(109,400)	99,737

21. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2000	1999
	£	£
Decrease in Cash	(358,930)	(79,702)
Net Debt at 1st February 1999	(324,308)	(254,606)
Net Debt at 31st January 2000 (Note 23)	(693,238)	(334,308)

22. ANALYSIS OF THE NET DEBT

	2000	1999
	£	£
Cash at Bank and in Hand	1,383	1,023
Bank Overdraft	(694,621)	(335,331)
Total	(693,238)	(334,308)

23. RELATED PARTY TRANSACTIONS

The company and Hector Russell (Highland Industries) Limited are related parties due to the common involvement of Messrs M. and A. Cantlay. During the year the company received £16,204 in commission from Hector Russell (Highland Industries) Limited relating to sales of goods which Strathlomond Limited supplied and controlled. At 31st January 2000 there was a balance due by Hector Russell (Highland Industries) Limited of £2,001.

The company and William Glen and Son Limited are related parties due to the common involvement of Messrs M. and A. Cantlay. During the year the company paid £126,315 in management charges to William Glen and Son Limited. At 31st January 2000 the total amount due to William Glen and Son Limited was £631,444.

The company and Glencarr Holdings Limited are related parties due to the common involvement of Messrs M. and A. Cantlay. At 31st January 2000 there was a balance due by Glencarr Holdings Limited of £8,555.