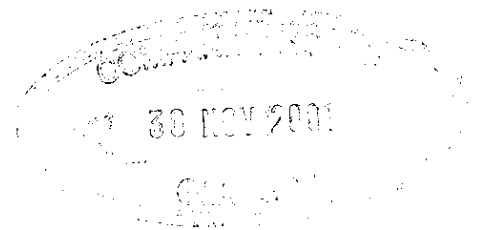


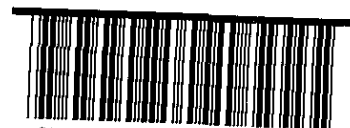
STRATHLOMOND LIMITED
COMPANY NO. - 113613

Abbreviated Accounts
For the year ended 31st January 2001



HENDERSON & COMPANY
CHARTERED ACCOUNTANTS
73 UNION STREET
GREENOCK

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COMPANIES HOUSE 30/11/01

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 2001

The directors have pleasure in presenting their report and the audited accounts for the year ended 31st January 2001.

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

In a difficult year a disappointing loss on ordinary activities was returned as the company continued to restructure its operations. At the end of the year a loss making branch in Glasgow was closed and the resultant loss on disposal increased the loss on ordinary activities to £223,713. Since the year end trading results have improved considerably.

Fixed Assets

Movements in Fixed Assets are shown in Notes 8, 9 and 10.

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 concentrate on the core whisky shop 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 2001	1st February 2000
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', written in a cursive style.

MICHAEL CANTLAY
Company Secretary

15th October 2001

**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 13, together with the financial statements of the company for the year ended 31st January 2001 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 13 are properly prepared in accordance with those provisions.



HENDERSON & COMPANY
CHARTERED ACCOUNTANTS
REGISTERED AUDITORS

73 Union Street,
Greenock

15th October 2001

STRATHLOMOND LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST JANUARY 2001

	2001	2000	Note
	£	£	
GROSS PROFIT	981,129	1,043,650	
Distribution Costs and Administrative Expenses	1,115,458	1,115,564	2
	(134,329)	(71,914)	
Other Operating Income	25,625	25,417	
Operating Loss	(108,704)	(46,497)	
Income from Participating Interests	4,452	-	
Loss on Disposal of Fixed Assets	(52,368)	-	3
Interest Payable	(67,093)	(42,737)	4
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	(223,713)	(89,234)	5
Tax on Loss on Ordinary Activities	-	(6,480)	7
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	(223,713)	(82,754)	
RETAINED PROFIT BROUGHT FORWARD	236,454	319,208	
RETAINED PROFIT CARRIED FORWARD	12,741	236,454	18

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 2001

	2001	2000	Note
	£	£	
FIXED ASSETS			
Intangible Assets	-	22,667	8
Tangible Assets	467,354	542,301	9
Investments	620,167	599,179	10
	<u>1,087,521</u>	<u>1,164,147</u>	
CURRENT ASSETS			
Stocks	587,134	654,762	11
Debtors	256,570	217,447	12
Cash at Bank and in Hand	2,135	1,383	
	<u>845,839</u>	<u>873,592</u>	
CREDITORS: Amounts falling due within one year	<u>1,370,787</u>	<u>1,783,285</u>	13
NET CURRENT LIABILITIES	<u>(524,948)</u>	<u>(909,693)</u>	
TOTAL ASSETS LESS CURRENT LIABILITIES	562,573	254,454	
CREDITORS: Amounts falling due after more than one year	<u>539,832</u>	<u>8,000</u>	14
NET ASSETS	<u>22,741</u>	<u>246,454</u>	
CAPITAL AND RESERVES			
Called Up Share Capital	10,000	10,000	17
Profit and Loss Account	12,741	236,454	18
	<u>22,741</u>	<u>246,454</u>	19

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 15th October 2001 and signed on its behalf by:



MICHAEL CANTLAY
Director

STRATHLOMOND LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST JANUARY 2001

		2001	2000	Note
	£	£	£	
NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES		(45,159)	(109,400)	21
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Income from Participating Interests	4,452		-	
Interest Paid	(67,093)		(42,737)	
		(62,641)	(42,737)	
TAXATION		17,150	(18,372)	
CAPITAL EXPENDITURE				
Purchase of Tangible Fixed Assets	(9,147)		(145,413)	
Purchase of Investments	(20,988)		(43,008)	
Sale of Tangible Fixed Assets	8,905		-	
		(21,230)	(188,421)	
DECREASE IN CASH IN THE PERIOD		(111,880)	(358,930)	22

STRATHLOMOND LIMITED
NOTES ON FOREGOING ACCOUNTS

1. ACCOUNTING POLICIES

(a) Accounting Convention

The accounts are prepared under the historical cost convention.

(b) Basis of Consolidation

The accounts do not consolidate the subsidiary company accounts as referred to in Note 10.

(c) Turnover

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

(d) 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.

(e) Investments

Investments are included at cost.

(f) 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 Method

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.

(g) Stocks

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

(h) 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.

(i) 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.

(j) 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. LOSS ON DISPOSAL OF FIXED ASSETS

	2001	2000
	£	£
Loss on Disposal of Goodwill	19,267	-
Loss on Disposal of Short Lease	33,101	-
	<u>52,368</u>	<u>-</u>

The above losses were incurred when the branch in Glasgow was closed during January 2001.

4. INTEREST PAYABLE

	2001	2000
	£	£
Interest on Bank Overdraft and Term Loan	<u>67,093</u>	<u>42,737</u>

5. LOSS BEFORE TAXATION

This is stated after charging:

	2001	2000
	£	£
Directors' Emoluments	Nil	Nil
Auditors' Remuneration	3,000	3,000
Depreciation - Owned Assets	29,301	30,930
Goodwill Amortised	22,667	3,400
Loss on Disposal of Fixed Assets	3,786	-

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 24.

6. NUMBERS EMPLOYED AND STAFF COSTS

The average number of persons including directors employed by the group during the year was 56 (2000 - 55) within the following categories.

	2001	2000
Retail	<u>56</u>	<u>55</u>

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

	2001	2000
	£	£
Wages and Salaries	327,960	343,482
Social Security Costs	17,052	19,036
	<u>345,012</u>	<u>362,518</u>

7./

7. TAXATION

	2001	2000
	£	£
No taxation is payable due to the loss for the year	-	-
Overprovision in Previous Years	-	(712)
Transfer (from)/to reserve for Deferred Taxation	-	(5,768)
	<u>-</u>	<u>(6,480)</u>

8. INTANGIBLE FIXED ASSETS

	2001	2000
	£	£
Goodwill		
As at 31st January 2000	22,667	26,067
Amortised during year	3,400	3,400
Written Off on Disposal	19,267	-
	<u>-</u>	<u>22,667</u>
Net Book Value at 31st January 2001	-	22,667

The goodwill was being amortised over 10 years from 1st October 1996. The asset was disposed of in the year to 31st January 2001.

9. 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 2000	317,717	179,961	40,444	123,483	661,605
Additions	250	7,821	-	1,076	9,147
Disposals	-	(51,387)	(29,894)	(49,233)	(130,514)
At 31st January 2001	<u>317,967</u>	<u>136,395</u>	<u>10,550</u>	<u>75,326</u>	<u>540,238</u>
Depreciation					
As at 31st January 2000	4,243	18,853	34,651	61,557	119,304
Charge for year	2,121	17,183	1,221	8,776	29,301
Disposals	-	(10,286)	(26,256)	(39,179)	(75,721)
At 31st January 2001	<u>6,364</u>	<u>25,750</u>	<u>9,616</u>	<u>31,154</u>	<u>72,884</u>
Net Book Value					
At 31st January 2001	<u>311,603</u>	<u>110,645</u>	<u>934</u>	<u>44,172</u>	<u>467,354</u>
At 31st January 2000	<u>313,474</u>	<u>161,108</u>	<u>5,793</u>	<u>61,926</u>	<u>542,301</u>

10./

10. INVESTMENTS

	2001	2000
	£	£
Shares in Group Undertakings	620,167	599,179

The above interest represents 111,549 (2000 - 108,651) Ordinary Shares, being 51.1% (2000 - 49.8%) of the Issued Share Capital, of Hector Russell (Highland Industries) Limited, a company registered in Scotland.

During the year the company received a dividend of £4,452 (2000 - Nil) from its shareholding in Hector Russell (Highland Industries) Ltd.

As stated in Note 1(b), the accounts of Hector Russell (Highland Industries) Limited have not been consolidated at 31st January 2001 as permitted under Section 248 of the Companies Act 1985.

The retained profit of Hector Russell (Highland Industries) Limited for the year ended 31st January 2001 was £38,820 (2000 - £185,690) and the aggregate of capital and reserves at 31st January 2001 was £1,196,357 (2000 - £1,157,537).

11. STOCKS

	2001	2000
	£	£
Goods for Re-sale	587,134	654,762

12. DEBTORS

	2001	2000
	£	£
Trade Debtors	99,657	21,833
Amounts owed by undertakings in which the company has a participating interest	-	40,220
Other Debtors	113,278	117,450
Prepayments	43,635	37,944
	<u>256,570</u>	<u>217,447</u>

13. CREDITORS: Amounts falling due within one year

	2001	2000
	£	£
Bank Overdraft and Loans (Note 14 and 15)	267,420	694,621
Trade Creditors	260,918	373,869
Amounts owed to undertaking in which the company has a participating interest	95,728	-
Social Security and Other Taxes	39,937	58,915
Other Creditors	630,118	633,170
Accruals	76,666	22,710
	<u>1,370,787</u>	<u>1,783,285</u>

14./

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

	2001	2000
	£	£
Bank Term Loan	539,832	-
Government Grant Creditor	-	8,000
	539,832	8,000
Amounts repayable:-		
Between one and two years	95,432	1,000
Between two and five years	286,297	7,000
After five years	158,103	-
	539,832	8,000

The loan interest is chargeable at 2% per annum over the bank's base rate. The loan is repayable in monthly instalments of £7,952.

15. **BANK OVERDRAFT AND TERM LOAN**

The bank overdraft and term loan are 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.

16. **DEFERRED TAXATION**

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.

17. **SHARE CAPITAL**

	2001	2000
	£	£
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

18. **RESERVES**

	Profit and Loss Account
	£
At 31st January 2000	236,454
Retained loss for the year	223,713
At 31st January 2001	12,741

19./

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2001	2000
	£	£
Loss for the financial year	(223,713)	(82,754)
Equity Shareholders' Funds at 31st January 2000	246,454	329,208
Equity Shareholders' Funds at 31st January 2001	<u>22,741</u>	<u>246,454</u>

20. FINANCIAL COMMITMENTS

At 31st January 2001, the company had annual commitments under non-cancellable operating leases as follows:-

	2001	2000
	£	£
Land and Buildings (i.e. Shop Properties)		
Operating Leases which expire:-		
In over five years	<u>294,255</u>	<u>274,000</u>

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

	2001	2000
	£	£
Operating (Loss)	(108,704)	(46,497)
Depreciation Charges	33,701	34,330
Loss on Disposal of Fixed Assets	3,786	-
Decrease in Stock	67,628	24,271
(Increase)/Decrease in Debtors	(56,273)	85,661
Increase/(Decrease) in Creditors	14,703	(207,165)
Net Cash (Outflow)/Inflow from Operating Activities	<u>(45,159)</u>	<u>(109,400)</u>

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

	2001	2000
	£	£
Decrease in Cash	(111,880)	(358,930)
Net Debt at 1st February 2000	<u>(693,238)</u>	<u>(324,308)</u>
Net Debt at 31st January 2001 (Note 23)	<u>(805,118)</u>	<u>(693,238)</u>

23. ANALYSIS OF THE NET DEBT

	2001	2000
	£	£
Cash at Bank and in Hand	2,135	1,383
Bank Overdraft and Term Loan	<u>(807,253)</u>	<u>(694,621)</u>
Total	<u>(805,118)</u>	<u>(693,238)</u>

24./

24. 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 £16,195 (2000 - £16,204) in commission from Hector Russell (Highland Industries) Limited relating to sales of goods which Strathlomond Limited supplied and controlled. At 31st January 2001 there was a balance due by Hector Russell (Highland Industries) Limited of £21,767.

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 £45,040 (2000 - £126,315) in management charges to William Glen and Son Limited. At 31st January 2001 the total amount due to William Glen and Son Limited was £15,471.

The company and Glencarr Holdings Limited are related parties due to the common involvement of Messrs M. and A. Cantlay. At 31st January 2001 there was a balance due to Glencarr Holdings Limited of £122,043.