

STRATHLOMOND LIMITED
COMPANY NO. - 113613

Abbreviated Accounts
For the year ended 31st January 2002

HENDERSON & COMPANY
CHARTERED ACCOUNTANTS
73 UNION STREET
GREENOCK



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COMPANIES HOUSE 29/11/02

STRATHLOMOND LIMITED

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

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

DIRECTOR'S REPORT FOR THE YEAR ENDED 31ST JANUARY 2002

The director has pleasure in presenting his report and the audited accounts for the year ended 31st January 2002.

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 a year of consolidation in the company the director is pleased to report that although turnover reduced as a result of the branch closure referred to last year an improvement in trading margins and savings in overhead expenses resulted in the company returning to profitability in the year.

Fixed Assets

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

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 director has had no cause to adjust the accounts in line with the valuation.

The Land and Buildings at 82/84 Main Street, Callander have been sold since the year-end for £300,000.

Future Developments

The director now intends to concentrate on the core whisky shop business and is hopeful that the company can remain in profit.

Directors/

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 2002	1st February 2001
	Ordinary Shares of £1 each, Fully Paid	
Mr. M. Cantlay	7,000	7,000
Mr. A. Cantlay (Deceased 11.12.01)	-	-

It is with much sadness that the director reports the death of Alan Cantlay on 11th December 2001.

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 controlled by Mr. M Cantlay.

Statement of Directors' Responsibilities

Company Law requires the director to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss for the financial year. In preparing those financial statements, the director is required to

- select suitable accounting policies and then apply them consistently
- make judgements and 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 director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with The Companies Act 1985. He is 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

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



K.J. BUTLER
Company Secretary

28th October 2002

STRATHLOMOND LIMITED

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 2002 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 on 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

29th October 2002

STRATHLOMOND LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST JANUARY 2002

	2002	2001	Note
	£	£	
Gross Profit	1,008,710	981,129	
Distribution Costs and Administrative Expenses	962,177	1,115,458	2
	46,533	(134,329)	
Other Operating Income	27,500	25,625	
	74,033	(108,704)	3
Operating Profit/(Loss)	74,033	(108,704)	
Income from Participating Interests	66	4,452	
Loss on Disposal of Fixed Assets	-	(52,368)	4
Interest Payable	(37,889)	(67,093)	5
	36,210	(223,713)	
Profit/(Loss) on Ordinary Activities Before Taxation	36,210	(223,713)	
Tax on Profit on Ordinary Activities	-	-	7
	36,210	(223,713)	
Profit/(Loss) on Ordinary Activities After Taxation	36,210	(223,713)	
Retained Profit Brought Forward	12,741	236,454	
	48,951	12,741	16
Retained Profit Carried Forward	48,951	12,741	

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 2002

	2002	2001	Note
	£	£	
FIXED ASSETS			
Tangible Assets	465,668	467,354	8
Investments	620,167	620,167	9
	<u>1,085,835</u>	<u>1,087,521</u>	
 CURRENT ASSETS			
Stocks	476,258	587,134	10
Debtors	503,071	256,570	11
Cash at Bank and in Hand	1,503	2,135	
	<u>980,832</u>	<u>845,839</u>	
 CREDITORS: Amounts falling due within one year	<u>(1,518,734)</u>	<u>1,370,787</u>	12
 NET CURRENT LIABILITIES	<u>(537,902)</u>	<u>(524,948)</u>	
 TOTAL ASSETS LESS CURRENT LIABILITIES	547,933	562,573	
 CREDITORS: Amounts falling due after more than one year	488,982	539,832	13
 NET ASSETS	<u>58,951</u>	<u>22,741</u>	
 CAPITAL AND RESERVES			
Called Up Share Capital	10,000	10,000	15
Profit and Loss Account	48,951	12,741	16
 EQUITY SHAREHOLDERS' FUNDS	<u>58,951</u>	<u>22,741</u>	17

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 28th October 2002 and signed on its behalf by:



MICHAEL CANTLAY
Director

STRATHLOMOND LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST JANUARY 2002

	2002	2001	Note
£	£	£	
Net Cash Inflow/(Outflow) from Operating Activities	110,155	(45,159)	19
Returns on Investments and Servicing of Finance			
Income from Participating Interests	66	4,452	
Interest Paid	(37,889)	(67,093)	
	(37,823)	(62,641)	
Taxation	-	17,150	
Capital Expenditure			
Purchase of Tangible Fixed Assets	(27,422)	(9,147)	
Purchase of Investments	-	(20,988)	
Sale of Tangible Fixed Assets	5,123	8,905	
Net Cash Outflow from Capital Expenditure	(22,299)	(21,230)	
Net Cash Inflow/(Outflow) Before Use of Liquid Resources and Financing	50,033	(111,880)	
Financing			
Repayment of Loans	(50,850)	(21,736)	
New Term Loan	-	657,000	
Net Cash (Outflow)/Inflow from Financing	(50,850)	635,264	
(Decrease)/Increase in Cash	(817)	523,384	20

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 9.

(c) Turnover

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

(d) Investments

Investments are included at cost.

(e) Depreciation

Depreciation is calculated on the straight line method over the estimated useful life of the assets at the following percentages:-

Plant and Machinery	20% P.A.
Motor Vehicles	20% P.A.
Fixtures and Fittings	15% - 25% P.A.
Buildings	1% p.a.

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.

Depreciation is calculated on original cost. Land is not depreciated.

(f) Stocks

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

(g) Deferred Taxation

Deferred taxation is provided using the full provision method following the adoption of Financial Reporting Standard 19. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

(h) 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. Payments made under operating lease agreements are charged to the Profit and Loss Account in the year in which they occur.

2. DISTRIBUTION COSTS AND ADMINISTRATIVE EXPENSES

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

3. OPERATING PROFIT/(LOSS)

This is stated after charging:

	2002	2001
	£	£
Directors' Emoluments	Nil	Nil
Auditors' Remuneration	3,000	3,000
Depreciation - Owned Assets	23,985	29,301
Lease Rentals – Land and Buildings	192,750	267,480
Goodwill Amortised	-	22,667
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 22.

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4. LOSS ON DISPOSAL OF FIXED ASSETS

	2002	2001
	£	£
Loss on Disposal of Goodwill	-	19,267
Loss on Disposal of Short Lease	-	33,101
	<u>-</u>	<u>52,368</u>

The above losses were incurred when one of the Glasgow branches was closed during January 2001.

5. INTEREST PAYABLE

	2002	2001
	£	£
Interest on Bank Overdraft and Term Loan	<u>37,889</u>	<u>67,093</u>

6. NUMBERS EMPLOYED AND STAFF COSTS

The average number of persons including directors employed by the group during the year was 39 (2001 - 56) within the following categories.

	2002	2001
Retail	<u>39</u>	<u>56</u>

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

	2002	2001
	£	£
Wages and Salaries	279,249	327,960
Social Security Costs	15,668	17,052
	<u>294,917</u>	<u>345,012</u>

7. TAXATION

	2002	2001
	£	£
No taxation is payable due to the utilization of loss relief	<u>-</u>	<u>-</u>

Factors Affecting Tax Charge for the Year

The Corporation Tax assessed for the year is different from the standard small companies rate of Corporation Tax in the United Kingdom of 20% (2001 – 20%). The differences are explained below:

	2002	2001
	£	£
Profit/(Loss) on Ordinary Activities before tax	<u>36,210</u>	<u>(223,713)</u>
Profit/(Loss) on ordinary activities multiplied by the standard small companies rate of Corporation Tax in the United Kingdom of 20% (2001 – 20%)	7,242	(44,743)
Effects of: - Expenses not deductible for tax purposes	2,383	338
- Non taxable dividend income	-	(890)
- Capital allowances for year in excess of depreciation	(516)	-
- Depreciation for year in excess of capital allowances	-	12,766
- Losses created in year	-	32,529
- Utilization of trading losses brought forward	(9,109)	-
	<u>-</u>	<u>-</u>

8. TANGIBLE FIXED ASSETS

	Land & Buildings	Heritable Property Premium and Expenditure on Short Leases	Plant & Machinery & Motor Vehicles	Fixtures & Fittings	Total
	£	£	£	£	£
Cost					
As at 31st January 2001	317,967	136,395	10,550	75,326	540,238
Additions	1,396	-	-	26,026	27,422
Disposals	-	-	-	(11,416)	(11,416)
At 31st January 2002	319,363	136,395	10,550	89,936	556,244
Depreciation					
As at 31st January 2001	6,364	25,750	9,616	31,154	72,884
Charge for year	2,121	13,639	934	7,291	23,985
Disposals	-	-	-	(6,293)	(6,293)
At 31st January 2002	8,485	39,389	10,550	32,152	90,576
Net Book Value					
At 31st January 2002	310,878	97,006	-	57,784	465,668
At 31st January 2001	311,603	110,645	934	44,172	467,354

9. INVESTMENTS

	2002	2001
	£	£
Shares in Group Undertakings	620,167	620,167

The above interest represents 111,549 (2001 - 111,549) Ordinary Shares, being 98.8% (2001 - 51.1%) of the Issued Ordinary Share Capital, of Hector Russell Limited, a company registered in Scotland. During the year ended 31st January 2002 following an Extraordinary General Meeting the Issued Share Capital of Hector Russell Limited was reorganised. 105,114 Issued Ordinary Shares were re-classified as Cumulative Redeemable Preference Shares, and a further 315,342 Cumulative Redeemable Preference Shares were issued by way of bonus to the holders of these re-classified shares from reserves.

During the year the company received no dividend (2001 - £4,452) from its shareholding in Hector Russell (Highland Industries) Ltd.

As stated in Note 1(b), the accounts of Hector Russell Limited have not been consolidated at 31st January 2002 as permitted under Section 248 of the Companies Act 1985.

The retained profit of Hector Russell Limited for the year ended 31st January 2002 was £13,007 (2001 - £38,820) and the aggregate of capital and reserves at 31st January 2002 was £1,209,364 (2001 - £1,196,357).

10. STOCKS

	2002	2001
	£	£
Goods for Re-sale	476,258	587,134

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11. DEBTORS

	2002	2001
	£	£
Trade Debtors	15,777	99,657
Other Debtors	460,767	113,278
Prepayments	26,527	43,635
	<u>503,071</u>	<u>256,570</u>

12. CREDITORS: Amounts falling due within one year

	2002	2001
	£	£
Bank Overdraft and Loans	172,174	171,989
Bank Term Loan	95,431	95,431
Trade Creditors	10,160	260,918
Amounts owed to Group Undertaking (Note 22)	439,600	-
Social Security and Other Taxes	50,969	39,937
Other Creditors	725,728	725,846
Accruals	24,672	76,666
	<u>1,518,734</u>	<u>1,370,787</u>

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

	2002	2001
	£	£
Bank Term Loan		
Amounts repayable:-		
Between one and two years	95,432	95,432
Between two and five years	286,297	286,297
After five years	107,253	158,103
	<u>488,982</u>	<u>539,832</u>

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.

14. 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.

15. SHARE CAPITAL

	2002	2001
	£	£
Authorised		
Ordinary Shares of £1 each	10,000	10,000
Allotted, Called Up and Fully Paid		
Ordinary Shares of £1 each	<u>10,000</u>	<u>10,000</u>

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16. RESERVES

	Profit and Loss Account
	£
At 31st January 2001	12,741
Retained profit for the year	36,210
At 31st January 2002	48,951

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002	2001
	£	£
Profit for the financial year	36,210	(223,713)
Equity Shareholders' Funds at 31st January 2001	22,741	246,454
Equity Shareholders' Funds at 31st January 2002	58,951	22,741

18. FINANCIAL COMMITMENTS

At 31st January 2002, the company had annual commitments under non-cancellable operating leases as follows:-

	2002	2001
	£	£
Land and Buildings (i.e. Shop Properties)		
Operating Leases which expire:-		
In over five years	192,750	294,255

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

	2002	2001
	£	£
Operating Profit/(Loss)	74,033	(108,704)
Depreciation Charges	23,985	33,701
Loss on Disposal of Fixed Assets	-	3,786
Decrease in Stock	110,876	67,628
(Increase) in Debtors	(246,501)	(56,273)
Increase in Creditors	147,762	14,703
Net Cash Inflow/(Outflow) from Operating Activities	110,155	(45,159)

20. RECONCILIATION OF NET CASHFLOW IN MOVEMENT IN NET DEBT

	2002	2001
	£	£
(Decrease)/Increase in Cash	(817)	523,384
Cash Inflow/(Outflow) from Debt and Hire Purchase Agreements	50,850	(635,264)
Change in Net Debt Resulting from Cashflows	50,033	(111,880)
Net Debt at Start of Year	(805,117)	(693,237)
Net Debt at End of Year	(755,084)	(805,117)

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21. ANALYSIS OF NET DEBT

	At 1st February 2001	Cashflow	Other Non-Cash Changes	At 31st January 2002
	£	£	£	£
Cash	2,135	(632)		1,503
Overdrafts	(171,989)	(185)		(172,174)
Loans Due Within One Year	(95,431)	50,850	(50,850)	(95,431)
Loans Due After One Year	(539,832)		50,850	(488,982)
	(805,117)	50,033	-	(755,084)

22. RELATED PARTY TRANSACTIONS

The company and Hector Russell Limited are related parties due to the common involvement of Mr. M. Cantlay. During the year the company purchased goods to the value of £1,464,195 from Hector Russell Limited. At 31st January 2002 there was a balance due to Hector Russell Limited of £439,600.

The company and William Glen and Son Limited are related parties due to the common involvement of Mr. M. Cantlay. During the year the company was charged £250,000 (2001 - £45,040) in management charges by William Glen and Son Limited. During the year William Glen & Son Ltd advanced a loan of £600,000 to the company. At 31st January 2002 the total amount due to William Glen and Son Limited was £196,078.

The company and Glencarr Holdings Limited are related parties due to the common involvement of Mr. M. Cantlay. At 31st January 2002 there was a balance due to Glencarr Holdings Limited of £95,728.

Mr. M. Cantlay is the ultimate controlling party.