

REPORT AND FINANCIAL STATEMENTS
FOR
HIGHLANDER MUSIC LIMITED
FOR THE YEAR ENDED 31st MARCH 2002

COMPANY NO: SC 160421



SCT SZ0P0B7Y 0018
COMPANIES HOUSE 29/05/02

Phipp and Company,
Unit 7A, Muir of Ord Industrial Estate,
Muir of Ord,
Ross-shire.

HIGHLANDER MUSIC LIMITED

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HIGHLANDER MUSIC LIMITED

GENERAL INFORMATION

DIRECTORS: Mr. William Crawford
Mrs. Mairi Crawford

SECRETARY: Mrs. Mairi Crawford

REGISTERED OFFICE: Upper Leanassie,
Kilmorack,
Beauly,
INVERNESS-SHIRE.

COMPANY REGISTRATION NUMBER:
SCO 160421

BANKERS: Bank of Scotland,
High Street,
Beauly,
INVERNESS-SHIRE.

AUDITORS: Messrs. Phipp and Company,
Unit 7A, Muir of Ord Industrial Estate,
Muir of Ord,
ROSS-SHIRE,
IV6 7UA

HIGHLANDER MUSIC LIMITED

REPORT OF THE DIRECTORS

The Directors submit their report and audited accounts of the Company for the year ended 31st March 2002.

RESULTS AND DIVIDENDS

The result for the period is a pre-tax trading profit amounting to £ 5154.42. After adjusting for dis-allowable expenditure and allowances, there is no liability to Corporation Tax. The detail is as shown in the profit and loss account. No dividend is recommended.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS DEVELOPMENTS

The Company is engaged in the production, sale and distribution of compact discs, video and audio cassettes, and books relating to Scottish dance and traditional music. Outlets include tourist offices and shops throughout the United Kingdom, and overseas.

No significant business developments are anticipated in the foreseeable future.

DIRECTORS AND DIRECTORS' INTERESTS

The Directors' interests in the share capital of the Company during the period under review were as follows:

	2002	2001
	-----	-----
William Crawford	5000	5000
Mairi Crawford	5000	5000

DIRECTORS RESPONSIBILITIES

Company law requires the directors to prepare accounts for each financial period, that give a true and fair view of the state of the affairs of the company and of the surplus or deficit of the company for that period. In preparing these accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- follow applicable accounting standards subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on a going concern basis unless it is inappropriate to presume that the company will continue in business.

HIGHLANDER MUSIC LIMITED

REPORT OF THE DIRECTORS (continued)

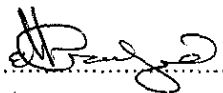
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

Messrs Phipp and Company have expressed their willingness to continue in office and a resolution proposing their re-appointment as auditors will be submitted at the Annual General Meeting.

The report of the directors has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985, relating to small companies.

BY ORDER OF THE BOARD



Secretary

26th May 2002

HIGHLANDER MUSIC LIMITED

REPORT OF THE AUDITOR - to the Members of Highlander Music Limited

We have audited the accounts set out on pages 5 to 11, in accordance with approved auditing standards, and following the accounting policies set out on page 8.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on Page 2, the directors are responsible for the preparation of the accounts.

It is our responsibility to form an independent opinion, based on our audit, on those Accounts and to you.

BASIS OF 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 Accounts. It also includes an assessment of the significant estimates, if any, and judgements made by the directors in the preparation of the Accounts, and 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 Accounts are free from material misstatements, 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 Accounts.

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31st March 2002, and of its profit for the period then ended, and have been properly prepared in accordance with the provisions of the Companies Act 1985, applicable to small companies.



Phipp and Company,
Unit 7A, Muir of Ord Industrial Estate,
Muir of Ord,
Ross-shire.

23rd May 2002

HIGHLANDER MUSIC LIMITED

BALANCE SHEET as at 31st MARCH 2002

	Notes	2002	2001
FIXED ASSETS			
Tangible Assets	1	57674	26518
CURRENT ASSETS			
Stock	3	136971	83997
Debtors		73491	68157
Cash in Hand and at Bank		60	60
	10	210522	152214
CREDITORS: amounts falling due within one year	11	187794	107337
NET CURRENT ASSETS		22728	44877
TOTAL ASSETS LESS CURRENT LIABILITIES		80402	71395
CREDITORS: amounts falling due after more than one year: Highland Prospect Ltd		-10346	-13898
		70056	57497

REPRESENTED BY: CAPITAL AND RESERVES

Share Capital	6	10000	10000
Directors' Loans		72158	64753
Profit & Loss Account	B/Fwd	-17256	-23622
	2002	5154	6366
		-12102	-17256
		70056	57497

Signed

W.R. Gawford
Director

Signed

David
Director

HIGHLANDER MUSIC LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 31st MARCH 2002

	2002	2001
TURNOVER	560578	471192
Change in Stocks of finished goods and work in progress	-52974	-31818
Other Operating Income	-15000	0
Raw Materials and consumables	399061	365759
Other external charges	0	0
Staff Costs	61416	44666
Depreciation and Amortisation	17339	12656
Other Operating Charges	138463	57763
	548305	449026
OPERATING PROFIT (LOSS)	12273	22166
Profit (Loss) on disposal of tangible fixed assets	0	0
Profit (Loss) on disposal of fixed asset investments	0	0
	0	0
Income from Investments	0	0
Bank Interest Receivable	0	0
Interest Payable and similar charges	-7119	-15207
	-7119	-15207
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5154	6959
Tax on profit on ordinary activities	0	-593
PROFIT FOR THE FINANCIAL YEAR	5154	6366
Dividends: preference dividends on non-equity shares	0	0
ordinary dividends on equity shares	0	0
Other appropriations: non-equity shares	0	0
PROFIT (LOSS) RETAINED FOR THE FINANCIAL YEAR	5154	6366

HIGHLANDER MUSIC LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS as at 31st MARCH 2002

	2002	2001
	-----	-----
SOURCE OF FUNDS		
From Operations	5154	6366
Share Capital Issued	0	0
Directors' Loans	7405	9852
Loans Received: Highland Prospect	0	0
ADD: Items not involving movement of funds:		
Depreciation	17339	12656
	-----	-----
	29898	28874
APPLICATION OF FUNDS		
Purchase of Fixed Assets	-48495	-6495
Repayment of Loans	-3552	-3552
	-----	-----
	-52047	-10047
	-----	-----
	-22149	18827
	=====	=====
MOVEMENT IN WORKING CAPITAL		
Increase/(Decrease) in Stock	52974	31818
Increase/(Decrease) in Debtors	5334	16353
Increase/(Decrease) in Net Cash Balances	-41766	-18561
(Increase)/Decrease in Creditors	-46854	-12262
(Increase)/Decrease in Taxation	8163	1479
(Increase)/Decrease in Loans	0	0
	-----	-----
	-22149	18827
	=====	=====

NOTES TO THE ACCOUNTS for the year ended 31st MARCH 2002

1. FIXED ASSETS

	Goodwill	Office Equipment	Fixtures & Equipment	Motor Vehicles	Plant & Equipment	Land & Buildings
COST						
Opening Balance	4000	20622	702	27656	9751	0
Additions	0	39495	0	0	0	9000
Disposals	0	0	0	0	0	0
	4000	60117	702	27656	9751	9000
DEPRECIATION						
Opening Balance	0	18262	702	13829	3420	0
Charge for the period	400	8074	0	6913	1952	0
Withdrawn	0	0	0	0	0	0
	400	26336	702	20742	5372	0
NET BOOK VALUE						
31.3.2002	3600	33781	0	6914	4379	9000
NET BOOK VALUE						
31.3.2001	4000	2360	0	13827	6331	0

2. ACCOUNTING POLICIES

a) Basis of Accounting

The Accounts are prepared under the historical cost accounting convention, and in accordance with applicable accounting standards.

b) Turnover

Turnover represents the invoice value of goods supplied by the Company, stated net of Value Added Tax. All turnover is generated from within Scotland.

c) Depreciation

Depreciation is provided on tangible assets, to write off the cost of the assets over their expected useful lives, at the following rates, on a straight-line basis:

Office Equipment	20% per annum
Fixtures, Fittings & Equipment	20% per annum
Motor Vehicles	25% per annum
Land & Buildings	Nil

HIGHLANDER MUSIC LIMITEDNOTES TO THE ACCOUNTS for the year ended 31st MARCH 20023. STOCK

Stock is stated at the lower of cost and net realisable value, with due allowance for any obsolete and slow-moving items.

4. STAFF COSTS

The average number of employees during the period under review was 6 (Six).

5. TAXATION

	2002	2001
	-----	-----
Charge on Profit for the Year (10%)	-	593
Provision for deferred taxation	-----	-----
	-	593
	=====	=====

6. CALLED UP SHARE CAPITAL

Authorised, Issued and Fully Paid.

	2002	2001
	-----	-----
10,000 Ordinary Shares of £1 each	£10,000	£10,000
	=====	=====

7. CONTINGENT LIABILITIES

There were no contingent liabilities at the Balance Sheet date.

8. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION is stated after charging:

	2002	2001
	-----	-----
Directors' Remuneration	20411	20477
Auditor's Remuneration	1000	1000
Depreciation	17339	12656
	=====	=====

HIGHLANDER MUSIC LIMITEDNOTES TO THE ACCOUNTS for the year ended 31st MARCH 20029. EMOLUMENTS OF THE DIRECTORS

	2002	2001
	-----	-----
Remuneration	20411	20477
Ex-Gratia Payments	-	-
	-----	-----
	20411	20477
	=====	=====

The emoluments of the Directors of the Company were as follows:

	2002	2001
	-----	-----
Chairman and Highest Paid Director	10206	10243
	=====	=====
Other Directors in scale:	Number of Directors	
£ 1 to £ 5000	0	0
£ 5001 to £ 10000	2	2

10. CURRENT ASSETS

	2002	2001
	-----	-----
Stock	136971	83997
Trade Debtors	72663	67671
Other Debtors & Prepayments	828	486
Cash in Hand	60	60
	-----	-----
	210522	152214
	=====	=====

HIGHLANDER MUSIC LIMITED

NOTES TO THE ACCOUNTS for the 9 months ended 31st DECEMBER 2001

11. CURRENT LIABILITIES

	2002	2001
Bank Overdraft	67971	26205
Trade Creditors	117356	69323
Other Creditors & Accruals	1981	3160
Inland Revenue - PAYE/NIC	1508	1261
H.M.Customs - VAT	-6165	1652
Loan Account - Highland Prospect	5143	5143
Corporation Tax	0	593
	<u>187794</u>	<u>107337</u>