

WALLACES OF AYR LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2000

Company Registration Number SC081527



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ROBERT J HART & COMPANY
Chartered Accountants & Registered Auditors
Riversleigh
9 Kilwinning Road
Irvine
Ayrshire KA12 8RR

WALLACES OF AYR LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2000

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WALLACES OF AYR LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	D.S. Cosh E. A.Y. Cosh B.J. Calder C. Cosh L. Wardrop
Company secretary	E.A.Y. Cosh
Registered office	17/19 Burns Statue Square Ayr
Auditors	Robert J Hart & Company Chartered Accountants & Registered Auditors Riversleigh 9 Kilwinning Road Irvine Ayrshire KA12 8RR
Bankers	Clydesdale Bank 43 Alloway Street Ayr KA7 1SP
Solicitors	McMillan Kilpatrick 12 Alloway Place Ayr

WALLACES OF AYR LIMITED

THE DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST MARCH 2000

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31st March 2000.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was conducted in the retail and wholesale licensed trade.

The company's balance sheet as detailed on page 7 shows a satisfactory position, the shareholders funds amounting to £9,519,158.

RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

		At 31 March 2000	At 1 April 1999
	Class of share		
D.S. Cosh	Beneficial Interests	287,500	287,500
E. A.Y. Cosh	Beneficial Interests	200,000	200,000
B.J. Calder	As Trustee	12,500	12,500
C. Cosh		-	-
L. Wardrop		-	-
		<hr/>	<hr/>

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on pages 9 to 10, and then apply them consistently;

make judgements and estimates that are reasonable and prudent;

state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

WALLACES OF AYR LIMITED

THE DIRECTORS' REPORT *(continued)*

FOR THE YEAR ENDED 31ST MARCH 2000

DIRECTORS' RESPONSIBILITIES *(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 financial statements comply with the Companies Act 1985. The directors 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

A resolution to re-appoint Robert J Hart & Company as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
17/19 Burns Statue Square
Ayr

Signed by order of the directors



E.A.Y. COSH
Company Secretary

Approved by the directors on 12th May 2000

WALLACES OF AYR LIMITED
AUDITORS' REPORT TO THE SHAREHOLDERS
FOR THE YEAR ENDED 31ST MARCH 2000

We have audited the financial statements on pages 5 to 17 which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 9 to 10.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

As described on pages 2 to 3, the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of 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 financial statements are free from material misstatement, 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 financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st March 2000 and of the profit of the company for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Riversleigh
9 Kilwinning Road
Irvine
Ayrshire KA12 8RR

12th May 2000



ROBERT J HART & COMPANY
Chartered Accountants
& Registered Auditors

WALLACES OF AYR LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 2000

	Note	2000 £	1999 £
TURNOVER	2	37,897,238	30,928,876
Cost of sales		(32,178,116)	(26,256,598)
GROSS PROFIT		<u>5,719,122</u>	<u>4,672,278</u>
Administrative expenses		(4,108,201)	(3,368,238)
Other operating income	3	226,556	281,924
OPERATING PROFIT	4	<u>1,837,477</u>	<u>1,585,964</u>
Interest receivable	7	32,498	29,970
Interest payable	8	(10,941)	(6,320)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>1,859,034</u>	<u>1,609,614</u>
Tax on profit on ordinary activities	9	(575,596)	(518,522)
RETAINED PROFIT FOR THE FINANCIAL YEAR		<u>1,283,438</u>	<u>1,091,092</u>

All of the activities of the company are classed as continuing.

The notes on pages 9 to 17 form part of these financial statements.

WALLACES OF AYR LIMITED
FOR THE YEAR ENDED 31ST MARCH 2000

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2000 £	1999 £
Profit for the financial year attributable to the shareholders	1,283,438	1,091,092
Unrealised profit on revaluation of properties	-	1,559,392
Total gains and losses recognised since the last annual report	<u>1,283,438</u>	<u>2,650,484</u>

NOTE OF HISTORICAL COST PROFITS

	2000 £	1999 £
Reported profit on ordinary activities before taxation	1,859,034	1,609,614
Realisation of gains recognised in previous periods	12,000	-
Historical cost profit on ordinary activities before taxation	<u>1,871,034</u>	<u>1,609,614</u>
Historical cost profit for the year retained after taxation and dividends	<u>1,295,438</u>	<u>1,091,092</u>

The notes on pages 9 to 17 form part of these financial statements.

WALLACES OF AYR LIMITED

BALANCE SHEET

AS AT 31ST MARCH 2000

	Note	2000	1999
		£	£
FIXED ASSETS			
Intangible assets	10	120,000	135,000
Tangible assets	11	6,008,743	5,656,754
		<u>6,128,743</u>	<u>5,791,754</u>
CURRENT ASSETS			
Stocks	12	3,081,381	2,879,479
Debtors	13	4,292,002	3,749,366
Cash at bank and in hand		1,259,496	322,161
		<u>8,632,879</u>	<u>6,951,006</u>
CREDITORS: Amounts falling due within one year	14	<u>(5,073,828)</u>	<u>(4,382,417)</u>
NET CURRENT ASSETS		<u>3,559,051</u>	<u>2,568,589</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>9,687,794</u>	<u>8,360,343</u>
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	15	(168,636)	(124,623)
		<u>9,519,158</u>	<u>8,235,720</u>
CAPITAL AND RESERVES			
Called-up equity share capital	16	500,000	500,000
Share premium account		97,377	97,377
Revaluation reserve	17	1,547,392	1,559,392
Profit and loss account	18	7,374,389	6,078,951
SHAREHOLDERS' FUNDS	19	<u>9,519,158</u>	<u>8,235,720</u>

These financial statements were approved by the directors on the 12th May 2000 and are signed on their behalf by:

D.S. COSH
Director

The notes on pages 9 to 17 form part of these financial statements.

WALLACES OF AYR LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH 2000

	Note	2000	1999
		£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	20	2,448,887	840,228
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		32,498	29,970
Interest paid		(11,827)	(5,434)
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		20,671	24,536
TAXATION		(651,769)	(461,383)
CAPITAL EXPENDITURE			
Payments to acquire intangible fixed assets		-	(150,000)
Payments to acquire tangible fixed assets		(802,867)	(1,629,276)
Receipts from sale of fixed assets		112,976	247,409
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE		(689,891)	(1,531,867)
INCREASE/(DECREASE) IN CASH	21	<u>1,127,898</u>	<u>(1,128,486)</u>

The notes on pages 9 to 17 form part of these financial statements.

WALLACES OF AYR LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2000

1. ACCOUNTING POLICIES *(continued)*

(g) Deferred taxation

Provision is made, under the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may arise.

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2000	1999
	£	£
United Kingdom	<u>37,897,238</u>	<u>30,928,876</u>

3. OTHER OPERATING INCOME

	2000	1999
	£	£
Profit on disposal of fixed assets	9,096	106,876
Other operating income	<u>217,460</u>	<u>175,048</u>
	<u>226,556</u>	<u>281,924</u>

4. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2000	1999
	£	£
Amortisation	15,000	15,000
Depreciation	346,997	222,964
Profit on disposal of fixed assets	(9,096)	(106,876)
Auditors' remuneration		
- as auditors	4,250	4,000
- accountancy	<u>3,907</u>	<u>7,046</u>

WALLACES OF AYR LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2000

5. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2000	1999
	No.	No.
Number of retail and distribution staff	212	201
Number of administrative staff	20	18
	<u>232</u>	<u>219</u>

The aggregate payroll costs of the above were:

	2000	1999
	£	£
Wages and salaries	2,436,581	1,908,331
Social security costs	179,252	145,549
Other pension costs	17,995	7,447
	<u>2,633,828</u>	<u>2,061,327</u>

6. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2000	1999
	£	£
Emoluments receivable	291,887	261,100
Value of company pension contributions to money purchase schemes	15,177	4,857
	<u>307,064</u>	<u>265,957</u>

Emoluments of highest paid director:

	2000	1999
	£	£
Total emoluments (excluding pension contributions):	95,480	85,090
Value of company pension contributions to money purchase schemes	500	1,000
	<u>95,980</u>	<u>86,090</u>

The number of directors who are accruing benefits under company pension schemes were as follows:

	2000	1999
	No.	No.
Money purchase schemes	<u>5</u>	<u>5</u>

WALLACES OF AYR LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2000

7. INTEREST RECEIVABLE

	2000	1999
	£	£
Bank interest receivable	<u>32,498</u>	<u>29,970</u>

8. INTEREST PAYABLE

	2000	1999
	£	£
Interest payable on bank borrowing	<u>10,941</u>	<u>6,320</u>

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000		1999
	£	£	£
In respect of the year:			
Corporation tax based on the results for the year at 30% (1999 - 31%)	532,527		502,632
Increase in deferred tax provision (Note 15):			
Capital allowances	39,338		23,780
Other	<u>4,675</u>		<u>(8,811)</u>
	44,013		14,969
	<u>576,540</u>		<u>517,601</u>
Adjustment in respect of previous years:			
Corporation tax	(944)		922
	<u>575,596</u>		<u>518,523</u>

WALLACES OF AYR LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2000

10. INTANGIBLE FIXED ASSETS

	Goodwill £
COST	
At 1st April 1999 and 31st March 2000	<u>150,000</u>
AMORTISATION	
At 1st April 1999	15,000
Charge for the year	<u>15,000</u>
At 31st March 2000	<u>30,000</u>
NET BOOK VALUE	
At 31st March 2000	<u>120,000</u>
At 31st March 1999	<u>135,000</u>

11. TANGIBLE FIXED ASSETS

	Freehold & Leasehold Property £	Fixtures & Equipment £	Motor Vehicles £	Total £
COST OR VALUATION				
At 1st April 1999	4,888,000	945,926	943,431	6,777,357
Additions	548,139	30,851	223,877	802,867
Disposals	(87,000)	(1,251)	(97,923)	(186,174)
At 31st March 2000	<u>5,349,139</u>	<u>975,526</u>	<u>1,069,385</u>	<u>7,394,050</u>
DEPRECIATION				
At 1st April 1999	-	609,972	510,632	1,120,604
Charge for the year	63,754	96,498	186,745	346,997
On disposals	-	(1,250)	(81,044)	(82,294)
At 31st March 2000	<u>63,754</u>	<u>705,220</u>	<u>616,333</u>	<u>1,385,307</u>
NET BOOK VALUE				
At 31st March 2000	<u>5,285,385</u>	<u>270,306</u>	<u>453,052</u>	<u>6,008,743</u>
At 31st March 1999	<u>4,888,000</u>	<u>335,954</u>	<u>432,799</u>	<u>5,656,753</u>

The company has adopted FRS 15 and has followed the transitional provisions to retain the book value of land and buildings, which were revalued in 1999.

In previous years the company stated that properties are maintained to a standard such that any depreciation charge was immaterial. The company recognises that property has a finite life and has charged depreciation against the book value of its properties this year amounting to £63,754.

WALLACES OF AYR LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2000

11. TANGIBLE FIXED ASSETS *(continued)*

Revaluation of fixed assets

The directors carried out a valuation of the company's properties as at 31st March 1999 in conjunction with Chris Hart & Co. The valuation, which was incorporated in the financial statements, was on an open market basis for existing use.

In respect of assets stated at valuations, the comparable historical cost and depreciation values are as follows:

	2000 £	1999 £
Historical cost:		
At 1st April 1999	3,328,608	-
Cost of assets revalued for the first time in year	Nil	3,383,608
Disposals in year	(75,000)	(55,000)
At 31st March 2000	<u>3,253,608</u>	<u>3,328,608</u>
Depreciation:		
Charge for year	(65,072)	-
At 31st March 2000	<u>(66,572)</u>	<u>-</u>
Net historical cost value:		
At 31st March 2000	<u>3,187,036</u>	<u>3,328,608</u>
At 1st April 1999	<u>3,328,608</u>	<u>-</u>
NBV of revalued tangible fixed assets:		
Net book value at end of year	<u>4,737,246</u>	<u>4,888,000</u>
Capital commitments		
	2000 £	1999 £
Contracted but not provided for in the accounts	<u>-</u>	<u>146,169</u>

12. STOCKS

	2000 £	1999 £
Goods for resale	<u>3,081,381</u>	<u>2,879,479</u>

In the opinion of the directors, the replacement cost of stocks is not materially different from the value at which they are stated in the accounts.

WALLACES OF AYR LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2000

13. DEBTORS

	2000 £	1999 £
Trade debtors	3,922,984	3,453,952
Other debtors	136,110	23,211
Prepayments and accrued income	232,908	272,203
	<u>4,292,002</u>	<u>3,749,366</u>

14. CREDITORS: Amounts falling due within one year

	2000 £	1999 £
Bank loans and overdrafts	471,354	661,918
Trade creditors	3,458,462	2,859,664
Corporation tax	382,527	502,713
Other taxation and social security	276,437	161,258
Other creditors	361,110	100,165
Accruals and deferred income	123,938	96,699
	<u>5,073,828</u>	<u>4,382,417</u>

The bank overdrafts are secured by a Floating Charge over the assets and undertakings of the company.

15. DEFERRED TAXATION

The movement in the deferred taxation provision during the year was:

	2000 £	1999 £
Provision brought forward	124,623	109,654
Increase in provision	44,013	14,969
Provision carried forward	<u>168,636</u>	<u>124,623</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2000 Provided £	Unprovided £	1999 Provided £	Unprovided £
Excess of taxation allowances over depreciation on fixed assets	161,790	-	122,452	-
Other timing differences	6,846	150,000	2,171	467,818
	<u>168,636</u>	<u>150,000</u>	<u>124,623</u>	<u>467,818</u>

WALLACES OF AYR LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2000

16. SHARE CAPITAL

Authorised share capital:

	2000	1999
	£	£
500,000 Ordinary shares of £1 each	500,000	500,000

Allotted, called up and fully paid:

	2000	1999
	£	£
Ordinary share capital	500,000	500,000

17. REVALUATION RESERVE

	2000	1999
	£	£
Balance brought forward	1,559,392	-
Revaluation of fixed assets	-	1,559,392
Transfer to the profit and loss account on realisation	(12,000)	-
	<u>1,547,392</u>	<u>1,559,392</u>

18. PROFIT AND LOSS ACCOUNT

	2000	1999
	£	£
Balance brought forward	6,078,951	4,987,859
Retained profit for the financial year	1,283,438	1,091,092
Transfer from revaluation reserve	12,000	-
Balance carried forward	<u>7,374,389</u>	<u>6,078,951</u>

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000	1999
	£	£
Profit for the financial year	1,283,438	1,091,092
Other net recognised gains and losses	-	1,559,392
Net addition to funds	1,283,438	2,650,484
Opening shareholders' equity funds	8,235,720	5,585,236
Closing shareholders' equity funds	<u>9,519,158</u>	<u>8,235,720</u>

WALLACES OF AYR LIMITED
NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 2000

	2000 £	1999 £
20. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES		
	2000 £	1999 £
Operating profit	1,837,477	1,585,964
Amortisation	15,000	15,000
Depreciation	346,997	222,964
Profit on disposal of fixed assets	(9,096)	(106,876)
Increase in stocks	(201,902)	(891,887)
Increase in debtors	(542,636)	(1,508,676)
Increase in creditors	1,003,047	1,523,739
Net cash inflow from operating activities	<u>2,448,887</u>	<u>840,228</u>

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

	2000 £	1999 £
Increase/(Decrease) in cash in the period	1,127,898	(1,128,486)
Change in net funds	<u>1,127,898</u>	<u>(1,128,486)</u>
Net debt at 1st April 1999	(339,757)	788,728
Net funds at 31st March 2000	<u>788,142</u>	<u>(339,757)</u>

22. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Apr 1999 £	Cash flows £	At 31 Mar 2000 £
Net cash:			
Cash in hand and at bank	322,161	937,335	1,259,496
Overdrafts	(661,918)	190,564	(471,354)
Net funds	<u>(339,757)</u>	<u>1,127,899</u>	<u>788,142</u>