

Co No: SC 095 585

THE NATIONAL TRUST FOR SCOTLAND
TRADING COMPANY LIMITED

DIRECTORS' REPORT & ACCOUNTS

Year Ended 31 October 1997



THE NATIONAL TRUST FOR SCOTLAND

TRADING COMPANY LIMITED

Directors' Report

The Directors submit their Report and Accounts for the year ended 31 October 1997.

Review of the Business

The share capital of the Company is owned and controlled by The National Trust for Scotland.

The Company's principal activities are the running of souvenir shops, catering facilities, holiday cottages, cruising and tour programmes and other sundry trading activities at The National Trust for Scotland properties.

Results for the Year

The Company's profitability showed an increase on last year, largely reflecting an improvement in cruise results.

Directors

The Directors during the year were as follows:-

S C Gibbs
D M Dow
N D Fairhead
B Mackie
B R Grainge

No Director holds any shares of the company.

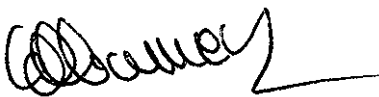
Deed of Covenant

In accordance with the company's memorandum and articles of association, the whole of the profits of the company have been paid under a deed of covenant to The National Trust for Scotland.

Auditors

A resolution to re-appoint the auditors, Ernst & Young, will be put to the Annual General Meeting.

By order of the Board.



E D CAMERON
Secretary

23 January 1998

STATEMENT OF DIRECTORS' RESPONSIBILITIES

IN RESPECT OF THE ACCOUNTS

Company law requires the Directors to have accounts prepared for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In having those accounts prepared, the Directors are required to:

- * select suitable accounting policies and then ensure they are applied consistently;
- * ensure that judgements and estimates made are reasonable and prudent;
- * ensure that the accounts are prepared on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for having proper accounting records kept 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.

REPORT OF THE AUDITORS

To the Members of The National Trust for Scotland Trading Company Limited

We have audited the accounts on Pages 4 to 7, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on Page 6.

Respective responsibilities of Directors and Auditors

As described on Page 2 the Company's 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 report our opinion to you.

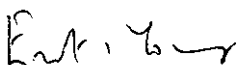
Basis of Opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the Company's affairs as at 31 October 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Chartered Accountants
Registered Auditor
EDINBURGH

23 January 1998

THE NATIONAL TRUST FOR SCOTLAND TRADING COMPANY LIMITED

Trading Account

For the Year ended 31 October 1997

	<u>Notes</u>	<u>1997</u> £	<u>1996</u> £
Turnover	2	5,206,543	4,968,012
Cost of sales		<u>2,567,779</u>	<u>2,580,934</u>
Gross Profit		<u>2,638,764</u>	<u>2,387,078</u>
Operating Costs			
Staff Costs	4	708,497	612,584
Other operating charges		<u>474,981</u>	<u>511,462</u>
		<u>1,183,478</u>	<u>1,124,046</u>
Operating Profit	3	1,455,286	1,263,032
Interest Received	5	22,167	18,367
Other Income		<u>14,754</u>	<u>10,976</u>
Net Contribution		1,492,207	1,292,375
NTS Management charge	6	<u>560,756</u>	<u>576,001</u>
Profit on Ordinary Activities		931,451	716,374
Amount payable to the National Trust for Scotland under a Deed of Covenant dated 30 June 1997		<u>931,451</u>	<u>716,374</u>

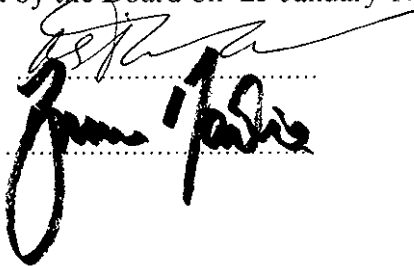
THE NATIONAL TRUST FOR SCOTLAND TRADING COMPANY LIMITED

Balance Sheet at 31 October 1997

	<u>Notes</u>	<u>1997</u> £	<u>1996</u> £
Current Assets			
Stock	1	1,002,201	953,070
Debtor		<u>2</u>	<u>2</u>
		1,002,203	953,072
Creditors			
Amounts falling due within one year	7	<u>1,002,201</u>	<u>953,070</u>
Net Current Assets		<u>2</u>	<u>2</u>
Capital and Reserves			
Called up share capital,	8	2	2
Profit and Loss Account		<u>-</u>	<u>-</u>
		<u>2</u>	<u>2</u>

Approved by the Board on 23 January 1998

Directors



THE NATIONAL TRUST FOR SCOTLAND TRADING COMPANY LIMITED

Notes to the Accounts at 31 October 1997

1. Accounting Policies

- a) The accounts are prepared under the historical cost convention.
- b) Stocks are valued at the lower of cost and net realisable value.

2. Turnover

Turnover represents amounts received from the provision of goods and services falling within the Company's activities and is stated net of value added tax as follows:-

	<u>1997</u>	<u>1996</u>
	£	£
Shops Trading	2,973,900	3,090,921
Holiday Cottage	188,120	182,187
Catering	896,508	797,821
Cruises	907,785	722,216
Other	<u>240,230</u>	<u>174,867</u>
	<u>5,206,543</u>	<u>4,968,012</u>

3. Operating Profit

Auditors Remuneration of £1,100 (1996 £1,075) has been charged in these accounts. No Directors received any remuneration in respect of services to the Company during the year.

4. Staff Costs

The staff of the Company are employed by the National Trust for Scotland.

5. Interest

Interest is received on monies held by independent Trustees under the requirements of Package Travel Regulations, pending successful completion of cruising activities. Otherwise the Company does not have a bank account and all banking activities are passed through the National Trust for Scotland.

6. Management Charge

The National Trust for Scotland charges the Company a management fee based on the time spent by the National Trust for Scotland employees on Company business.

7. Creditors: Amounts falling due within one year

Current account with the National Trust for Scotland.

199719961,002,201953,0708. Share Capital1997 & 1996

	<u>Authorised</u>		<u>Allocated Issued & not paid</u>	
	<u>No</u>	<u>£</u>	<u>No</u>	<u>£</u>
Ordinary shares of £1 each	100	100	2	2