

Company
House

THE SCOTTISH WOOL CENTRE LIMITED

FINANCIAL STATEMENTS

For the period ended

30th January 2004

Registered No. SC098057



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COMPANIES HOUSE 27/11/04

DIRECTORS' REPORT

The Directors present their report and financial statements of the Company for the period ended 30th January 2004.

Principal Activity

The Company operates The Scottish Wool Centre, Aberfoyle, a visitor centre featuring a sheep show together with a retail area and restaurant operated on a concession basis.

Review of Business

The Scottish Wool Centre, Aberfoyle has been operated successfully. Continued support was provided for a related research project, The Scottish Fine Wool Project.

Fixed Assets

The changes in the Company's fixed assets are summarised in the financial statements.

Dividends

During the period the Company declared dividends on ordinary share capital amounting to £30,000.

Directors

The directors during the period were as follows:-

D.D. Stevenson, Chairman
J.F.M. Wood
D.J.S. Reid
D.W. Needham

D.D. Stevenson is a shareholder in Ashleybank Investments Limited, which holds 59,200 ordinary shares and 39,200 deferred shares (2003, 59,200 ordinary shares and 39,200 deferred shares) in the Company.

J.F.M. Wood and D.J.S. Reid are shareholders in Ledard Farm Limited which holds 20,800 ordinary shares and 800 deferred shares (2003, 20,800 ordinary shares and 800 deferred shares) in the Company.

The interests of the directors in the shares of the Company's holding Company, Ashleybank Investments Limited, are disclosed in that Company's financial statements.

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 the affairs of the Company and the profit or loss of the Company for that year. In preparing these financial statements, 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 financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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. 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 DIRECTORS (Contd)

Auditors

In accordance with Section 385 of the Companies Act 1985 a resolution for the re-appointment of Welch & Co., Chartered Accountants, as auditors of the Company will be proposed at the forthcoming Annual General Meeting.

By Order of the Board,



D.W. NEEDHAM,

Secretary.

Registered Office:- Ashley Bank House,
LANGHOLM,
Dumfriesshire, DG13 OAN.

27th July 2004.

**INDEPENDENT AUDITORS REPORT TO THE SHAREHOLDERS OF
THE SCOTTISH WOOL CENTRE LIMITED**

3.

We have audited the Financial Statements of The Scottish Wool Centre Limited for the period ended 30th January 2004 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 17. These Financial Statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the Company's Directors are responsible for the preparation of the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the Financial Statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the Financial Statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the Financial Statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

We conducted our audit in accordance with United Kingdom 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.

THE SCOTTISH WOOL CENTRE LIMITED (Contd)

Opinion

In our opinion the Financial Statements give a true and fair view of the state of the Company's affairs as at 30th January 2004 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



**WELCH & CO.,
Chartered Accountants &
Registered Auditors.**

**19 Buccleuch Street,
HAWICK.**

27th July 2004.

THE SCOTTISH WOOL CENTRE LIMITED

5.

PROFIT AND LOSS ACCOUNT

For the period ended 30th January 2004

	Notes	From 1.2.03 to 30.1.04	From 2.2.02 to 31.1.03
Turnover	2	£ 201,924	£ 210,082
Cost of Sales	2	<u>69,979</u>	<u>69,418</u>
Gross Profit		£ 131,945	£ 140,664
Administrative Expenses		<u>8,775</u>	<u>7,750</u>
Operating Profit		£ 123,170	£ 132,914
Interest Payable & Receivable	3	<u>4,948</u>	<u>8,966</u>
Profit on Ordinary Activities	4	£ 118,222	£ 123,948
Taxation	6	<u>35,000</u>	<u>33,298</u>
Profit for Year		£ 83,222	£ 90,650
Dividends	7	<u>30,000</u>	<u>30,000</u>
		£ 53,222	£ 60,650
Retained Profits brought forward		<u>317,234</u>	<u>256,584</u>
Retained Profits carried forward		£ 370,456 =====	£ 317,234 =====

CONTINUING OPERATIONS

None of the Company's activities were acquired or discontinued during the above two financial periods.

TOTAL RECOGNISED GAINS AND LOSSES

The Company has no recognised gains or losses other than the profit for the above two financial periods.

THE SCOTTISH WOOL CENTRE LIMITED

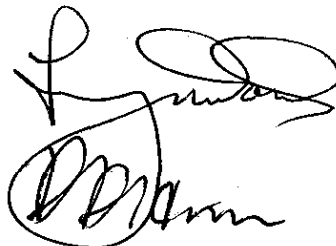
6.

BALANCE SHEET

At 30th January 2004

	Notes	30.1.04	31.1.03
Fixed Assets			
Tangible Assets	8	£ <u>653,203</u>	£ <u>653,365</u>
Current Assets			
Debtors	9	£ <u>18,444</u>	£ <u>9</u>
Creditors: Amounts falling due within one year	10	£ <u>161,191</u>	£ <u>(148,140)</u>
Net Current Liabilities		£ <u>(142,747)</u>	£ <u>(148,131)</u>
Total Assets less Current Liabilities		£ 510,456	£ 505,234
Creditors: Amounts falling due after more than one year	11	<u> </u>	<u>(48,000)</u>
		£ 510,456 =====	£ 457,234 =====
Capital and Reserves			
Called Up Share Capital (including non-equity interests)	12	£ 120,000	£ 120,000
Share Premium Account	13	20,000	20,000
Profit and Loss Account		<u>370,456</u>	<u>317,234</u>
Shareholders' Funds	14	£ 510,456 =====	£ 457,234 =====

The Financial Statements were approved by the Board of Directors on 27th July 2004 and were signed on its behalf by



J.F.M. WOOD - Director

D.D. STEVENSON - Director

NOTES TO THE FINANCIAL ACCOUNTS

For the period ended 30th January 2004

1. ACCOUNTING POLICIES**(a) Basis of Accounting**

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards and the Companies Act 1985.

(b) Fixed Assets

Depreciation is provided at the annual rate shown below to write off the cost of each asset evenly over its estimated useful life. Provision for depreciation on heritable buildings is not considered necessary as their estimated useful life exceeds fifty years and it is the Company's policy to maintain its properties in good condition which prolongs their useful life and any depreciation involved would not be material. Costs of repairs and maintenance are charged to profit and loss account in the year in which they are incurred.

Equipment	-	25%
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(c) Deferred Taxation

Deferred taxation is provided using the liability method at current rates in respect of the taxation effect of all material timing differences to the extent that it is probable that liabilities will crystallise in the foreseeable future.

2. TURNOVER AND COST OF SALES

Turnover represents visitor centre entrance fees, concession income and other services net of Value Added Tax. Cost of sales represents the direct operating expenses of the visitor centre.

3. INTEREST PAYABLE & RECEIVABLE

	2004	2003
Parent Undertaking Loan	£ 3,289	£ 7,582
Bank Overdraft repayable within five years	1,659	1,439
Bank Interest received	-	(55)
	£ 4,948	£ 8,966
	=====	=====

4. PROFIT ON ORDINARY ACTIVITIES

is stated after charging

Auditors Remuneration	£ 675	£ 650
Depreciation	162	85
	=====	=====

5. STAFF COSTS

There were no staff costs (2003, £Nil).

Payments in respect of the services of J.F.M. Wood are referred to in note 17.

THE SCOTTISH WOOL CENTRE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Contd)

8.

For the period ended 30th January 2004

6. TAXATION

Analysis of the tax charge.

The tax charge on the profit on ordinary activities for the period was as follows:-

	2004	2003
Current Tax		
UK Corporation Tax	£ 5,000	£ 34,085
Group Relief – Current Period	30,000	-
Group Relief – Prior Period	25,873	-
Under/(Over) provision in previous Period	<u>(25,873)</u>	<u>(787)</u>
Total Current Tax	£ 35,000 =====	£ 33,298 =====
Factors affecting the tax charge:		
Profit on Ordinary Activities before Tax	£ 118,222 =====	£ 123,948 =====
Profit on Ordinary Activities multiplied by the rate of Corporation Tax in the UK of 30% (2003, 28%)	£ 35,466	£ 34,705
Effects of:		
Capital Allowances in excess of Depreciation	(376)	(530)
Rounding in Provision	(90)	(90)
Adjustment to tax charge in respect of prior Period	<u>-</u>	<u>(787)</u>
Current Tax Charge	£ 35,000 =====	£ 33,298 =====

7. DIVIDENDS

Paid in Period, 37.5p (2003 37.5p), per Ordinary Share.	£ 30,000 =====	£ 30,000 =====
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8. FIXED ASSETS

	Heritable Property	Equipment	TOTAL
Cost			
At 31st January 2003 & 30th January 2004	£ 652,802	£ 144,202	£ 797,004
Depreciation			
At 31st January 2003	£ -	£ 143,639	£ 143,639
Charge for period	-	162	162
At 30th January 2004	£ -	£ 143,801	£ 143,801
Net Book Value			
At 30th January 2004	£ 652,802	£ 401	£ 653,203 =====
At 31st January 2003	£ 652,802	£ 563	£ 653,365 =====

THE SCOTTISH WOOL CENTRE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Contd)

9.

For the period ended 30th January 2004

8. FIXED ASSETS (CONTD)

Heritable Property consists of:-

	Net Book Value 2004	Net Book Value 2003
Land	£ 141,530	£ 141,530
Buildings	<u>511,272</u>	<u>511,272</u>
	£ 652,802	£ 652,802
	=====	=====
Capital Commitments		
Authorised, but not contracted	£ -	£ -
Contracted, but not provided in these Accounts	<u>-</u>	<u>-</u>
	£ -	£ -
	=====	=====

9. DEBTORS

	2004	2003
Trade Debtors	£ 18,444	£ -
Sundry Debtors and Prepayments	<u>-</u>	<u>9</u>
	£ 18,444	£ 9
	=====	=====

10. CREDITORS: Amounts falling due within one year

Bank Overdraft	£ 45,276	£ 38,474
Social Security & Other Taxes	5,666	3,751
Loan from Parent Undertaking	50,873	50,000
Other Amounts owed to Parent Undertaking	31,444	1,839
Corporation Tax	5,000	34,085
Other Creditors & Accruals	<u>22,932</u>	<u>19,991</u>
	£ 161,191	£ 148,140
	=====	=====

The Bank Overdraft is secured by a Bond and Floating Charge over all the Company's Assets and by a guarantee by the Parent Undertaking.

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

	2004	2003
Loan from Parent Undertaking	£ -	£ 48,000
	=====	=====

The Loan from Ashleybank Investments Limited is secured by a floating charge over all the assets of the Company. It carries interest at bank base rate + 2% and is undated.

THE SCOTTISH WOOL CENTRE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Contd)

10.

For the period ended 30th January 2004

12. SHARE CAPITAL

	2004	2003
Authorised		
Ordinary Shares of £1 each	£ 200,000	£ 200,000
Deferred Shares of £1 each	<u>40,000</u>	<u>40,000</u>
	£ 240,000	£ 240,000
	=====	=====
Allotted, Issued and Fully Paid		
80,000 Ordinary Shares of £1 each, fully paid	£ 80,000	£ 80,000
40,000 Deferred Shares of £1 each, fully paid	<u>40,000</u>	<u>40,000</u>
	£ 120,000	£ 120,000
	=====	=====

The Deferred Shares do not participate in profits and their entitlement to £1 per share on a winding up is deferred to the payment of £1 to the Ordinary Shares.

13. SHARE PREMIUM ACCOUNT

	2004	2003
Premium on Shares Issued	£ 20,000	£ 20,000
	=====	=====

14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS

Shareholders Funds at 31st January 2003	£ 457,234	£ 396,584
Profit for Period	83,222	90,650
Dividends Paid	<u>(30,000)</u>	<u>(30,000)</u>
Shareholders Funds at 30th January 2004	£ 510,456	£ 457,234
	=====	=====
Analysis of Shareholders Funds:-		
Non-Equity Interests - Deferred Shares	£ 40,000	£ 40,000
Equity Interests	<u>470,456</u>	<u>417,234</u>
	£ 510,456	£ 457,234
	=====	=====

15. FINE WOOL PROJECT LIMITED

The Company, jointly with other parties, supports a research project called The Scottish Fine Wool Project operated by Fine Wool Project Limited. The Company's share of costs was £7,000. This project aims to breed sheep with a fine wool suitable for the Scottish Woollen Industry. The work of the project is featured in the visitor centre operated by the Company. The Directors consider that the Company's share in this project has no quantifiable commercial value at 30th January 2004.

16. PARENT UNDERTAKING AND DIRECTORS INTERESTS IN TRANSACTIONS

The Scottish Wool Centre Limited is controlled by Ashleybank Investments Limited, a Company incorporated in Scotland.

Copies of the financial statements of Ashleybank Investments Limited which incorporate the results of the Company can be obtained from Companies House, 37 Castle Terrace, Edinburgh. These financial statements summarise the interests of D.D. Stevenson in transactions of the Group.

17. RELATED PARTY TRANSACTIONS

J.F.M. Wood is a Director and shareholder of Ledard Farms Limited which received fees of £62,797 (2003 £61,557) from the Company during the period for services in connection with the provision of livestock for a "Sheep Show" which is a tourist attraction at the Scottish Wool Centre.