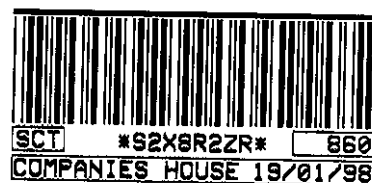


TRUSTATREE LIMITED
REPORT and ACCOUNTS
For the year ended 5 April 1997

Ch



TRUSTATREE LIMITED

DIRECTORS

M D Clarke
J M G Galbraith

SECRETARY

A S Millar

BANKERS

The Royal Bank of Scotland PLC
36 St Andrew Square
Edinburgh
EH2 7YB

Bank of Scotland
63 Drumlanrig Street
Thornhill
DG3 5LY

SOLICITORS

Anderson Strathern WS
48 Castle Street
Edinburgh
EH2 3LX

REGISTERED OFFICE

Thornhall House
Dalkeith
Midlothian
EH22 2NQ

Directors' Report

The directors present their report and accounts for the year ended 5 April 1997.

Results and dividends

The profit for the year ended 5 April 1997, after taxation, amounted to £18,268 (1996: Loss for period £39). The directors do not recommend the payment of a dividend.

Principal activity and review of the business

The company's principal activity during the year was the owning, growing and managing of commercial woodlands.

Future developments

The directors plan to develop the activities of the company taking into account such conditions as exist in the forthcoming year.

Fixed assets

Fixed assets purchased during the year are summarised in the notes to the accounts.

Directors and their interests

The directors who served during the year were:

M D Clarke

J M G Galbraith

The directors at 5 April 1997 held no interest in the share capital of the company.

Small company provisions

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act applicable to small companies.

BY ORDER OF THE BOARD



A S MILLAR
Secretary

31 December 1997

TRUSTATREE LIMITED

PROFIT and LOSS ACCOUNT

For the year ended 5 April 1997

	Notes	1997 £	12 June 1995 to 5 April 1996 £
Turnover		46,086	53,150
Cost of sales		26,753	53,150
		-----	-----
Gross profit		19,333	-
Administrative expenses		1,263	375
		-----	-----
Operating profit/(loss)	3	18,070	(375)
Bank interest receivable		260	448
		-----	-----
Profit on ordinary activities before taxation		18,330	73
Tax on profit on ordinary activities	4	62	112
		-----	-----
Profit/(loss) on ordinary activities after taxation		18,268	(39)
Retained losses brought forward		(39)	-
		-----	-----
Retained profits/(losses) carried forward		18,229	(39)
		=====	=====

A statement of recognised gains and losses is not shown as all gains and losses are recognised in the profit and loss account.

The notes on pages 5 and 6 form part of these accounts

TRUSTATREE LIMITED

BALANCE SHEET

As at 5 April 1997

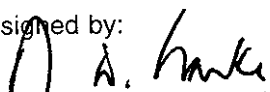
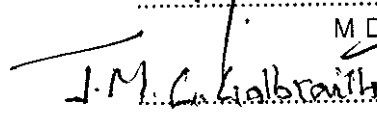
	Notes	£	1997 £	£	1996 £
Fixed assets					
Tangible assets	5		95,557		95,557
Current assets					
Stock	6	491,535		496,510	
Debtors	7	21,369		17,736	
Cash at bank and in hand		25,061		1,669	
		537,965		515,915	
Creditors: Amounts falling due within one year	8	7,291		3,509	
Net current assets			530,674		512,406
Total assets less current liabilities			626,231		607,963
Creditors: Amounts falling due after more than one year					
Unsecured loan stock	9		198,000		198,000
			428,231		409,963
Capital and reserves					
Called up share capital	10		410,002		410,002
Profit and loss account			18,229		(39)
Equity shareholder's funds	11		428,231		409,963

The directors:-

- confirm that for the year ended 5 April 1997 the company was entitled to the exemption under subsection (1) of section 249A;
- confirm that no notice requiring an audit had been deposited under subsection (2) of section 249B in relation to the accounts for the financial period; and
- acknowledge their responsibilities for:-
 - ensuring that the company keeps accounting records which comply with section 221; and
 - preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial period and of its profit or loss for the financial period in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Companies Act 1985 relating to accounts, so far as applicable to the company.

These accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act applicable to small companies.

Approved by the Board of Directors and signed by:


 M D Clarke Director

 J M G Galbraith Director

31 December 1997

The notes on pages 5 and 6 form part of these accounts

TRUSTATREE LIMITED

NOTES to the ACCOUNTS

For the year ended 5 April 1997

1. Accounting policies

Accounting convention

The accounts are prepared under the historical cost convention.

Fixed assets

All fixed assets are initially recorded at cost. Freehold land is not depreciated.

Depreciation

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value based on prices prevailing at the date of acquisition or revaluation, of each asset evenly over its expected useful life as follows:

Fencing - over 10 years

Stock

Stock is valued at the lower of cost and net realisable value.

Cash flow statement

The company is a small company as defined by S247 of the Companies Act 1985 and is entitled to exemption from the preparation of a cash flow statement as required under FRS1. Consequently a cash flow statement has not been prepared.

Government grants

Grants of a revenue nature are credited to turnover in the period to which they relate.

	1997	12 June 1995 to 5 April 1996
2. Operating profit/(loss)	£	£
This is stated after (crediting):		
Government grants of a revenue nature	(2,239)	-
	=====	=====

3. Directors' remuneration

The directors received no remuneration in the year (1996 £Nil).

4. Tax on profit on ordinary activities

Based on the results for the period:

Corporation tax at 24% (1996: 25%)

62	112
=====	=====

TRUSTATREE LIMITED

NOTES to the ACCOUNTS

For the year ended 5 April 1997

	Freehold Land	
	1997	1996
	£	£
5. Tangible fixed assets		
Cost		
At 6 April 1996	95,557	-
Purchased during period	-	95,557
	-----	-----
At 5 April 1997	95,557	95,557
	=====	=====
6. Stock	1997	1996
	£	£
Standing timber	491,535	496,510
	=====	=====
7. Debtors		
Trade debtors	7,643	17,726
Other debtors	170	10
	-----	-----
	7,813	17,736
	=====	=====
8. Creditors: Amounts falling due within one year		
Trade creditors	21,199	-
Accruals	850	300
Other taxes	2,470	3,097
Current corporation tax	62	112
	-----	-----
	21,369	3,509
	=====	=====
9. Loans		
Unsecured loan stock	198,000	198,000
	=====	=====

The unsecured loan stock is interest free and there is no fixed repayment date.

TRUSTATREE LIMITED

NOTES to the ACCOUNTS

For the year ended 5 April 1997

10. Share capital	Authorised		Allotted, called up and fully paid	
	No.	£	No.	£
Ordinary shares of £1 each	1,000,000	1,000,000	410,002	410,002
	=====	=====	=====	=====

The issued share capital is held by His Grace, The Duke of Buccleuch.

11. Reconciliation of movements in shareholder's funds	1997	1996
	£	£
Shareholder's funds at 6 April 1996	409,963	-
Equity shares issued	-	410,002
Profit/(loss) for the period	18,268	(39)
	-----	-----
Shareholder's funds at 5 April 1997	428,231	409,963
	=====	=====

TRUSTATREE LIMITED

DETAILED PROFIT and LOSS ACCOUNT

For the year ended 5 April 1997

	1997	12 June 1995 to 5 April 1996
	£	£
Turnover		
Sales of standing timber	14,092	53,150
Other timber sales	29,756	-
Grants received	2,238	-
	-----	-----
	46,086	53,150
Cost of sales		
Transfer from stock	4,975	53,150
Extraction costs	16,743	-
Maintenance costs	5,035	-
	-----	-----
	26,753	53,150
Gross profit	-----	-----
	19,333	-
Administrative expenses		
Legal fees	695	-
Accountancy and tax fees	550	300
Companies House fees	18	20
Bank charges	-	12
Formation expenses	-	43
	-----	-----
	1,263	375
Operating profit/(loss)	-----	-----
	18,070	(375)
Bank interest receivable	260	448
Profit on ordinary activities before tax	-----	-----
	18,330	73
	=====	=====