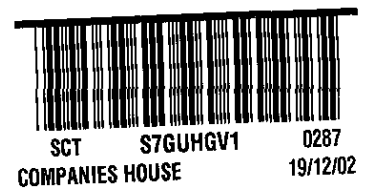


SE 161833

LOCHS & GLENS (TRANSPORT) LIMITED

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2002**



GARTOCHARN, ALEXANDRIA, DUNBARTONSHIRE G83 8SB

**Report of the Directors
For the Year ended 31 March 2002**

The directors present their report and audited financial statements for the year ended 31 March 2002.

Principal Activity

The principal activity of the company is a supplier of tour transport.

Review of the Business

The directors consider the profit achieved in the year to be satisfactory.

Future Prospects

The directors are confident that the company can continue to earn satisfactory profits in the future.

Fixed Assets

The company purchased five new coaches in the year and sold four.

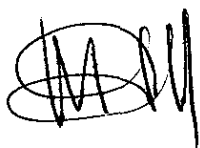
Directors and Their Interests

The directors who served during the year are listed below together with their interest in the ordinary shares of the company.

	31 March 2002	31 March 2001
N S Wells	4	4
I M Wells	4	4
M F Wells	2	2

Auditors

The auditors, James Anderson & Co C.A., have indicated their willingness to continue in office and a resolution proposing their re-appointment will be put to the annual general meeting.

By Order of the Board

**M F Wells
Secretary**

13 November 2002

Statement of 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 and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- 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.

By Order of the Board

A handwritten signature in black ink, appearing to be 'M F Wells', enclosed within a hand-drawn oval.

M F Wells
Secretary

13 November 2002

**INDEPENDENT AUDITORS REPORT TO THE SHAREHOLDERS OF
LOCHS & GLENS (TRANSPORT) LIMITED**

3.

We have audited the financial statements of Lochs & Glens (Transport) Limited for the year ended 31 March 2002 on pages 4 to 13. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

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 Audit 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 judgments made by the directors in the preparation of the financial statements, 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 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 at 31 March 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

James Anderson & Co.

James Anderson & Co
Chartered Accountants
Pentland Estate
LOANHEAD
Midlothian
EH20 9QH

13 November 2002

Registered Auditors

Profit and Loss Account
For the Year ended 31 March 2002

	Notes	2002 £	2001 £
Turnover	2	3,985,778	3,831,819
Cost of sales		2,115,348	1,992,617
Gross Profit		1,870,430	1,839,202
Administrative expenses		1,543,053	1,524,835
Operating Profit	3	327,377	314,367
Interest receivable		4,879	11,450
Profit Before Taxation		332,256	325,817
Taxation	5	56,503	51,294
Profit for the Year		275,753	274,523
Statement of Retained Profits			
Profit and loss account brought forward		964,412	689,889
Profit for the year		275,753	274,523
Profit and loss account carried forward		1,240,165	964,412

The results set out in the profit and loss account above derive wholly from the continuing operations of the company.

The company has no recognised gains or losses other than those shown in the profit and loss account above.

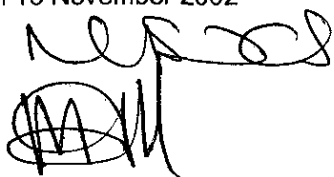
**Reconciliation of Movement In Shareholders Funds
For the Year ended 31 March 2002**

	2002 £	2001 £
Opening shareholders funds	964,422	689,899
Retained profit for the year	<u>275,753</u>	<u>274,523</u>
Closing shareholders funds	<u>1,240,175</u>	<u>964,422</u>

Balance Sheet
As at 31 March 2002

	Notes	2002 £	2001 £
Fixed Assets			
Tangible assets	6	2,000,649	1,761,293
Current Assets			
Debtors	7	135,228	405,578
Bank & cash		3,410	1,310
		138,638	406,888
Creditors			
Amounts falling due within one year	8	536,090	273,407
Net Current (Liabilities)/Assets		(397,452)	133,481
Total Assets Less Current Liabilities		1,603,197	1,894,774
Creditors			
Amounts falling due outwith one year	9	119,441	721,441
		1,483,756	1,173,333
Provisions for Liabilities and Charges	10	243,581	208,911
		1,240,175	964,422
Capital and Reserves			
Called up share capital	11	10	10
Profit and loss account		1,240,165	964,412
Shareholders Funds		1,240,175	964,422

The financial statements on pages 4 to 13 were approved and signed on behalf of the board of directors on 13 November 2002



N S Wells

Director

M F Wells

Director

Cash Flow Statement
For the Year ended 31 March 2002

Reconciliation of operating
Profit to net cash inflow from operations

	2002	2001
	£	£
Operating profit	327,377	314,367
Depreciation charges	227,119	138,160
Decrease/(increase) in debtors	270,350	(226,091)
(Decrease)/increase in creditors	(30,765)	21,775
	<hr/>	<hr/>
Net cash inflow from operating activities	794,081	248,211
	<hr/>	<hr/>

CASH FLOW STATEMENT

Net cash inflow from operating activities	794,081	248,211
Returns on investments and		
Servicing of finance (Note 1)	4,879	11,450
Taxation	(11,934)	-
Capital expenditure (Note 1)	(466,475)	(350,498)
	<hr/>	<hr/>
	320,551	(90,837)
Financing (Note 1)	(602,000)	(91,754)
	<hr/>	<hr/>
Decrease in cash	(281,449)	(182,591)
	<hr/>	<hr/>

Reconciliation of net cash flow to
Movement in net funds (Note 2)

Decrease in cash in period	(281,449)	(182,591)
Repayment of intercompany loan	602,000	91,754
	<hr/>	<hr/>
Changes in net funds	320,551	(90,837)
Net funds at 31 March 2001	(875,508)	(784,671)
	<hr/>	<hr/>
Net funds at 31 March 2002	(554,957)	(875,508)
	<hr/>	<hr/>

Notes to the Cash Flow Statement
For the Year ended 31 March 2002

1. Gross Cash Flows	2002 £	2001 £
Returns on investments and Servicing of finance		
Interest received	4,879	11,450
	<hr/>	<hr/>
Capital Expenditure		
Payments to acquire tangible fixed assets	(946,475)	(350,498)
Receipts from sales of tangible fixed assets	480,000	-
	<hr/>	<hr/>
	(466,475)	(350,498)
	<hr/>	<hr/>
Financing		
Intercompany loan	(602,000)	(91,754)
	<hr/>	<hr/>

2. Analysis of changes in net funds

	Balance 1.04.01	Cash Flows	Other Changes	Balance 31.03.02
Cash at bank and In hand	(154,067)	(281,449)	-	(435,516)
Debt due within one year	-	-	-	-
Debt due after more than one year	(721,441)	602,000	-	(119,441)
	<hr/>	<hr/>	<hr/>	<hr/>
Total	(875,508)	320,551	-	(554,957)
	<hr/>	<hr/>	<hr/>	<hr/>

Notes to the Financial Statements
For the year ended 31 March 2002

1. Accounting Policies

(a) Basis of Preparation of Financial Statements

The financial statements have been prepared on the historical cost basis of accounting.

(b) Depreciation

Depreciation is calculated to write off the cost of tangible fixed assets over their estimated useful lives on the undernoted basis.

Coaches 8% straight line

(c) Leasing and Hire Purchase Commitments

Assets obtained under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of the rental obligations is charged to profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

(d) Deferred Tax

The charge for taxation takes into account taxation deferred as a result of timing differences between the treatment of certain items for taxation and accounting purposes. In general, deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. However, deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred taxation is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

2. Turnover

Turnover represents the amounts derived from the provision of goods and services which fall within the company's ordinary activities and is stated net of value added tax.

Turnover is attributable to one continuing activity – supplier of tour transport.

3. Operating Profit	2002	2001
This is stated after charging	£	£
Auditors remuneration	2,800	2,500
Depreciation – owned assets	227,119	138,160
	<hr/>	<hr/>

Notes to the Financial Statements (Continued)

4. Staff Costs	2002	2001
Average monthly number of employees	No	No
Working directors	3	3
Coach drivers	26	21
	—	—
	29	24
	—	—
Staff costs were as follows	£	£
Wages & salaries	274,044	187,947
Social security costs	18,276	13,062
	—	—
	292,320	201,009
	—	—

5. Taxation

Corporation tax current year at 20% (2001 – 20%)	21,833	11,934
Transferred to deferred taxation	34,670	39,360
	—	—
	56,503	51,294
	—	—

The tax assessed for the year is lower than the standard rate of UK taxation applicable to the company 20% (2001 – 20%). The differences are explained below:

Profit on ordinary activities before tax	332,256	325,817
	—	—
Profit on ordinary activities multiplied by small company rate of corporation tax in the UK of 20% (2001 – 20%)	66,451	65,163
Timing differences between depreciation and Capital allowances	(44,618)	(37,486)
Utilisation of tax losses	-	(15,743)
	—	—
Current tax charge for the Year	21,833	11,934
	—	—

Notes to the Financial Statements (Continued)

6. Tangible Fixed Assets

	Coaches £
Cost	
At 31 March 2001	1,989,873
Additions	946,475
Disposals	(718,400)
	<hr/>
At 31 March 2002	2,217,948
	<hr/>
Depreciation	
At 31 March 2001	228,580
Charge for the year	227,119
Depreciation on disposals	(238,400)
	<hr/>
At 31 March 2002	217,299
	<hr/>
Net Book Value	
At 31 March 2002	2,000,649
At 31 March 2001	1,761,293
	<hr/>

Notes to the Financial Statements (Continued)

7. Debtors	2002 £	2001 £
Trade debtors	99,161	57,833
Other debtors	36,067	347,745
	<u>135,228</u>	<u>405,578</u>
8. Creditors		
Amounts falling due within one year		
Bank overdraft	438,926	155,377
Trade creditors	22,022	60,617
Corporation tax	21,833	11,934
Other taxation & social security costs	6,995	5,185
Accruals	46,314	40,294
	<u>536,090</u>	<u>273,407</u>
9. Creditors		
Amounts falling due outwith one year		
Loan from M F Wells (Hotels) Limited (note 12)	119,441	721,441
	<u>119,441</u>	<u>721,441</u>
10. Deferred Taxation		
Balance 31 March 2001	208,911	169,551
Transfer for the year	34,670	39,360
	<u>243,581</u>	<u>208,911</u>
Balance 31 March 2002	243,581	208,911

Deferred taxation is fully provided at the current rate of corporation tax on the excess of the net book value of those assets qualifying for taxation allowances over their written down values for taxation purposes.

Notes to the Financial Statements (Continued)

11. Called Up Share Capital	2002 £	2001 £
Authorised		
1000 Ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid		
10 Ordinary shares of £1 each	10	10
	<hr/>	<hr/>

12. Related Party Transactions

The company provides tour transport for M F Wells (Hotels) Limited, a company under the control of Mr M F Wells (director). During the year income of £3,985,778 (2001 - £3,826,413) was derived from this source.

A management and administration charge of £1,500,000 (2001 - £1,500,000) was raised by M F Wells (Hotels) Limited to cover the various head office and tour expenses incurred by Lochs & Glens (Transport) Limited.

The amount owed by Lochs & Glens (Transport) Limited to M F Wells (Hotels) Limited at 31 March 2002 on the intercompany loan account amounted to £119,441 (2001 - £721,441).

The trade debtors figure of £99,161 at 31 March 2002 (2001 - £57,833) was in respect of M F Wells (Hotels) Limited.