

LOCHS & GLENS (TRANSPORT) LIMITED

Company No: SC 161833

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2004**



GARTOCHARN, ALEXANDRIA, DUNBARTONSHIRE G83 8SB

**Report of the Directors
For the Year ended 31 March 2004**

The directors present their report and audited financial statements for the year ended 31 March 2004.

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.

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 2004	31 March 2003
N S Wells	4	4
I M Wells	4	4
M F Wells	-	2

Share Buy Back

During the year the company completed the buy back and cancellation of 2 ordinary shares of £1 each at a price of £250,000. The holding represented 20% of the called up share capital. Mr M F Wells continued as a non executive director.

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.

On Behalf of the Board

N Wells
Director

29 October 2004

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.

On Behalf of the Board



N Wells
Director

29 October 2004

We have audited the financial statements of Lochs & Glens (Transport) Limited for the year ended 31 March 2004 on pages 5 to 14. 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 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 (Continued/....)

Opinion (Continued/..)

In our opinion, the financial statements give a true and fair view of the state of the company's affairs at 31 March 2004 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
EH20 9QH

29 October 2004

Registered Auditors

Profit and Loss Account
For the Year ended 31 March 2004

	Notes	2004 £	2003 £
Turnover	2	4,745,819	4,452,111
Cost of sales		<u>2,541,364</u>	<u>2,421,934</u>
Gross Profit		2,204,455	2,030,177
Administrative expenses		<u>1,909,719</u>	<u>1,620,468</u>
Operating Profit	3	294,736	409,709
Interest receivable		<u>845</u>	<u>1,078</u>
Profit Before Taxation		295,581	410,787
Taxation	5	<u>72,191</u>	<u>46,872</u>
Profit for the Year	6	<u>223,390</u>	<u>363,915</u>

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

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

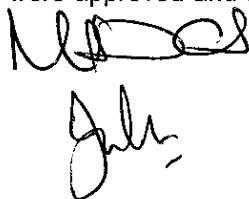
**Reconciliation of Movement In Shareholders Funds
For the Year ended 31 March 2004**

	2004 £	2003 £
Opening shareholders funds	1,604,090	1,240,175
Shares cancelled	(2)	-
Share buy back	(251,248)	-
Retained profit for the year	<u>223,390</u>	<u>363,915</u>
Closing shareholders funds	<u>1,576,230</u>	<u>1,604,090</u>

Balance Sheet
As at 31 March 2004

	Notes	2004 £	2003 £
Fixed Assets			
Tangible assets	7	2,128,334	2,336,875
Current Assets			
Debtors	8	201,418	95,168
Bank & cash		338,120	132,562
		539,538	227,730
Creditors			
Amounts falling due within one year	9	171,128	121,329
Net Current Assets		368,410	106,401
Total Assets Less Current Liabilities		2,496,744	2,443,276
Creditors			
Amounts falling due outwith one year	10	651,526	575,708
		1,845,218	1,867,568
Provisions for Liabilities and Charges	11	268,988	263,478
		1,576,230	1,604,090
Capital and Reserves			
Called up share capital	12	8	10
Profit and loss account	6	1,576,222	1,604,080
Shareholders Funds		1,576,230	1,604,090

The financial statements on pages 5 to 14 were approved and signed on behalf of the board of directors on 29 October 2004.



N Wells

Director

I Wells

Director

Cash Flow Statement
For the Year ended 31 March 2004

Reconciliation of operating
Profit to net cash inflow from operations

	2004	2003
	£	£
Operating profit	294,736	409,709
Depreciation charges	208,541	236,174
(Increase)/Decrease in debtors	(106,251)	40,060
Increase in creditors	10,091	19,023
	<hr/>	<hr/>
Net cash inflow from operating activities	407,117	704,966
	<hr/>	<hr/>

CASH FLOW STATEMENT

Net cash inflow from operating activities	407,117	704,966
Returns on investments and		
Servicing of finance (Note 1)	845	1,078
Taxation	(26,974)	(21,833)
Capital expenditure (Note 1)	-	(572,400)
	<hr/>	<hr/>
	380,988	111,811
Financing (Note 1)	(175,430)	456,267
	<hr/>	<hr/>
Increase in cash	205,558	568,078
	<hr/>	<hr/>

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

Increase in cash in period	205,558	568,078
Payment of intercompany loan	(75,818)	(456,267)
	<hr/>	<hr/>
Changes in net funds	129,740	111,811
Net funds at 31 March 2003	(443,146)	(554,957)
	<hr/>	<hr/>
Net funds at 31 March 2004	(313,406)	(443,146)
	<hr/>	<hr/>

Notes to the Cash Flow Statement
For the Year ended 31 March 2004

1. Gross Cash Flows	2004 £	2003 £
Returns on investments and Servicing of finance		
Interest received	845	1,078
	<hr/>	<hr/>
Capital Expenditure		
Payments to acquire tangible fixed assets	-	(941,400)
Receipts from sales of tangible fixed assets	-	369,000
	<hr/>	<hr/>
	-	(572,400)
	<hr/>	<hr/>
Financing		
Re-purchase of company shares	(251,248)	-
Intercompany loan	75,818	456,267
	<hr/>	<hr/>
	(175,430)	456,267
	<hr/>	<hr/>

2. Analysis of changes in net funds

	Balance 1.04.03	Cash Flows	Other Changes	Balance 31.03.04
Cash at bank and In hand	132,562	205,558	-	338,120
Debt due within one year	-	-	-	-
Debt due after more than one year	(575,708)	(75,818)	-	(651,526)
	<hr/>	<hr/>	<hr/>	<hr/>
Total	(443,146)	129,740	-	(313,406)
	<hr/>	<hr/>	<hr/>	<hr/>

Notes to the Financial Statements
For the year ended 31 March 2004

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	2004	2003
This is stated after charging	£	£
Auditors remuneration	3,100	2,940
Depreciation – owned assets	208,541	236,174
	<hr/>	<hr/>

Notes to the Financial Statements (Continued)

4. Staff Costs	2004	2003
Average monthly number of employees	No	No
Working directors	2	3
Coach drivers	40	32
	—	—
	42	35
	—	—
Staff costs were as follows	£	£
Wages & salaries	376,525	340,882
Social security costs	27,082	22,737
	—	—
	403,607	363,619
	—	—

5. Taxation

Current corporation tax at 25.01% (2003 – 19%)	66,682	26,974
Transferred to deferred taxation	5,509	19,898
	—	—
	72,191	46,872
	—	—

The tax assessed for the year is lower than the standard rate of UK taxation applicable to the company 25.01% (2003 – 19%). The differences are explained below:

Profit on ordinary activities before tax	295,581	410,787
	—	—
Profit on ordinary activities multiplied by applicable rate of corporation tax of 25.01% (2003 – 19%)	73,925	78,050
	—	—
Timing differences between depreciation and capital allowances	(7,243)	(51,076)
	—	—
Current tax charge for the year	66,682	26,974
	—	—

6. Profit & loss account

Balance 31 March 2003	1,604,080	1,240,165
Buy back of shares	(251,248)	-
Retained profit for the year	223,390	363,915
	—	—
Balance 31 March 2004	1,576,222	1,604,080
	—	—

Notes to the Financial Statements (Continued)

7. Tangible Fixed Assets

	Coaches £
Cost	
At 31 March 2003 & at 31 March 2004	2,606,763
	<hr/>
Depreciation	
At 31 March 2003	269,888
Charge for the year	208,541
	<hr/>
At 31 March 2004	478,429
	<hr/>
Net Book Value	
At 31 March 2004	2,128,334
At 31 March 2003	2,336,875
	<hr/>

Notes to the Financial Statements (Continued)

8. Debtors	2004 £	2003 £
Trade debtors	93,245	54,069
Other debtors	108,173	41,099
	<u>201,418</u>	<u>95,168</u>
9. Creditors		
Amounts falling due within one year		
Trade creditors	34,278	13,824
Corporation tax	66,682	26,974
Other taxation & social security costs	9,082	14,545
Accruals	61,086	65,986
	<u>171,128</u>	<u>121,329</u>
10. Creditors		
Amounts falling due outwith one year		
Other creditors	<u>651,526</u>	<u>575,708</u>
11. Deferred Taxation		
Balance 31 March 2003	263,479	243,581
Transfer for the year	<u>5,509</u>	<u>19,898</u>
Balance 31 March 2004	<u>268,988</u>	<u>263,479</u>

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)

12. Called Up Share Capital	2004 £	2003 £
Authorised 1000 Ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid 8 (2003 – 10) Ordinary shares of £1 each	8	10

13. Related Party Transactions

The following related party transactions took place during the year:

With M F Wells (Hotels) Limited, a company under the control of Mr M F Wells (director).

	£	£
Tour income	4,737,499	4,444,682
Management charge	1,900,000	1,600,000