

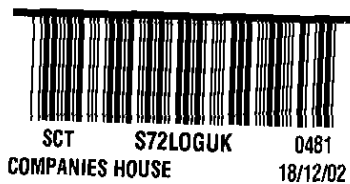
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**MILLENNIUM LINK TRUST
(LIMITED BY GUARANTEE)**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 MARCH 2002



MILLENNIUM LINK TRUST (LIMITED BY GUARANTEE)

FINANCIAL STATEMENTS

For the year ended 31 March 2002

Company Registration number: SC170335

Charity Registration number: SC029043

Registered Office: Canal House
1 Applecross Street
Glasgow
G4 9SP

Directors: J M Stirling
B D Needham
K Aylmer
P M Hills

Secretary: J M Wallace

Bankers: Canadian Imperial Bank of Commerce

Auditors: Grant Thornton
Registered Auditors
Chartered Accountants

MILLENNIUM LINK TRUST (LIMITED BY GUARANTEE)

FINANCIAL STATEMENTS

For the year ended 31 March 2002

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MILLENNIUM LINK TRUST (LIMITED BY GUARANTEE)

REPORT OF THE DIRECTORS

The directors present their report together with financial statements for the year ended 31 March 2002.

Principal activities

The principal activity of the company is to promote, encourage and assist the restoration, development and use of the Forth and Clyde Canal, Union Canal and other canals and navigable waters in Scotland as amenity, recreational and/or commercial waterways.

Business review

The company has received capital funding to enable the restoration of the Forth and Clyde and Union Canals. During the year expenditure of £10.8m was incurred. The revenue deficit for the year amounted to £108,654 (2001 - surplus £4,902) and has been applied to reserves.

A pre-arranged finance lease, covering the restoration expenditure, with National Australia Bank, dated 31 May 2000, came into effect on 12 April 2002. Future years accounts will reflect this arrangement.

Risk management

The directors have assessed the major risks to which the charity is exposed, in particular those related to the operations and finances of the company, and are satisfied that systems are in place to mitigate exposure to the major risks.

Directors

The directors as at 31 March 2002 were as follows:-

J M Stirling
B D Needham
K Aylmer (appointed 11 May 2001)
P M Hills

The company is limited by Guarantee and enjoys charitable status, accordingly the company is exempt from corporation tax.

MILLENNIUM LINK TRUST (LIMITED BY GUARANTEE)

REPORT OF THE DIRECTORS (CONTINUED)

Directors' responsibilities for the financial statements

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 surplus or deficit of the company for the year. In preparing those financial statements, the directors are required to:

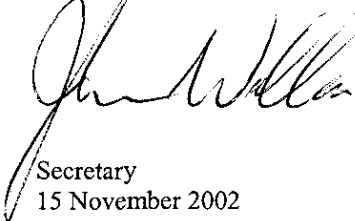
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Grant Thornton have indicated their willingness to continue in office. A resolution to reappoint Grant Thornton will be proposed at the Annual General Meeting.

ON BEHALF OF THE BOARD



Secretary
15 November 2002

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
MILLENNIUM LINK TRUST (LIMITED BY GUARANTEE)**

We have audited the financial statements of Millennium Link Trust (Limited by Guarantee) for the year ended 31 March 2002 which comprise the principal accounting policies, the income and expenditure account, the balance sheet and notes 1 to 11. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of the directors and auditors

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

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 other information contained in the directors' report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

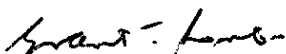
Basis of opinion

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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**REGISTERED AUDITORS
CHARTERED ACCOUNTANTS**

**GLASGOW
15 November 2002**

MILLENNIUM LINK TRUST (LIMITED BY GUARANTEE)

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with applicable accounting standards and the Statement of Recommended Practice for Charities (issued October 2000).

The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

FUND ACCOUNTING

Restricted funds are to be used for specified purposes laid down by the donor. Expenditure for those purposes is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for expenditure on the general objectives of the company.

Designated funds are unrestricted funds, which have been designated for specific purposes by the directors.

DEPRECIATION

Depreciation is calculated to write down the cost or valuation, less estimated residual value of all tangible fixed assets, other than freehold land, over their expected useful lives, in equal annual instalments.

The rates generally applicable are:

Canal works and structures	2%
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LEASED ASSETS

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account, on a straight-line basis, over the lease term.

CAPITAL GRANTS

Grants receivable in respect of capital expenditure are credited to a deferred income account and released to the income and expenditure account by equal annual instalments over the expected useful lives of the relevant assets.

MILLENNIUM LINK TRUST (LIMITED BY GUARANTEE)

INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 March 2002

	Note	2002 £	2001 (15 months) £
Operating income		75,034	62,466
Administrative expenses		<u>(79,400)</u>	<u>(68,466)</u>
Operating deficit	1	(4,366)	(6,000)
Interest receivable		3,632,083	2,401,623
Interest payable and similar charges	2	<u>(3,736,371)</u>	<u>(2,390,721)</u>
(Deficit)/surplus for the financial period	11	<u>(108,654)</u>	<u>4,902</u>

There were no recognised gains or losses other than the deficit for the financial year.

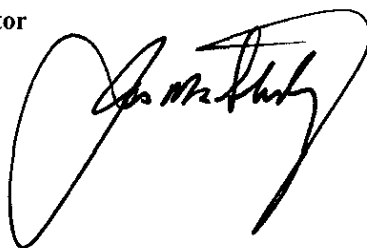
The accompanying accounting policies and notes form an integral part of these financial statements.

MILLENNIUM LINK TRUST (LIMITED BY GUARANTEE)**BALANCE SHEET AT 31 MARCH 2002**

	Note	2002 £	2001 £
Fixed assets			
Tangible assets	4	<u>78,425,000</u>	<u>67,666,411</u>
Current assets			
Debtors	5	63,606	3,663,618
Cash at bank and in hand		<u>84,458,707</u>	<u>66,466,882</u>
		84,522,313	70,130,500
Creditors: amounts falling due within one year	6	<u>(84,626,064)</u>	<u>(70,125,598)</u>
Net current assets		<u>(103,751)</u>	<u>4,902</u>
Total assets less current liabilities		78,321,249	67,671,313
Deferred capital grants	7	<u>(78,425,001)</u>	<u>(67,666,411)</u>
		<u>(103,752)</u>	<u>4,902</u>
Reserves			
Revenue deficit	11	<u>(103,752)</u>	<u>4,902</u>
Shareholders' funds		<u>(103,752)</u>	<u>4,902</u>

The financial statements were approved by the Board of Directors on 15 November 2002

Director



The accompanying accounting policies and notes form an integral part of these financial statements.

MILLENNIUM LINK TRUST (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2002

1 OPERATING DEFICIT

Operating deficit is stated after charging:

	2002 £	2001 15 months £
Auditors' remuneration	3,916	6,000
Operating lease charges - canals	75,034	62,466
Auditor' remuneration –other services	250	-
Admin expenses	200	-
	<u>79,400</u>	<u>68,466</u>

2 INTEREST PAYABLE AND SIMILAR CHARGES

	2002 £	2001 15 months £
On bank loans and overdrafts	<u>3,736,371</u>	<u>2,390,721</u>

3 DIRECTORS AND EMPLOYEES

Other than the directors the company does not have any employees. The directors do not receive any remuneration.

4 TANGIBLE FIXED ASSETS

	Canal works & structures
Cost	
At 31 March 2001	67,666,411
Additions	<u>10,758,589</u>
At 31 March 2002	<u>78,425,000</u>

The tangible fixed assets were in the course of construction at 31 March 2002 and accordingly no depreciation has been charged in the year.

All tangible fixed assets were used for charitable purposes.

MILLENNIUM LINK TRUST (LIMITED BY GUARANTEE)**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31 March 2002

5 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £	2001 £
Accrued Income	62,500	62,466
Other taxes-value added tax	1,106	-
Grants receivable	-	3,601,152
	<u>63,606</u>	<u>3,663,618</u>

6 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £	2001 £
Bank overdraft	84,552,092	66,455,980
Trade Creditors	-	3,601,152
Accruals	73,972	68,466
	<u>84,626,064</u>	<u>70,125,598</u>

A pre-arranged finance lease, covering the restoration expenditure, with National Australia Bank, dated 31 May 2000, came into effect on 12 April 2002. The above overdraft was then replaced by an obligation under the finance lease.

7 DEFERRED INCOME**Capital Grants**

	£
At 1 April 2001	67,666,411
Received in year	<u>10,758,590</u>
At 31 March 2002	<u>78,425,001</u>

8 CAPITAL COMMITMENTS

	2002 £	2001 £
Capital commitments for which contracts have been placed and which are not provided for in these financial statements	-	<u>16,834,000</u>

9 LIABILITY OF MEMBERS

The company was incorporated as one Limited by Guarantee and not having a Share Capital. In the event of the winding up of the company a member is liable to contribute a sum not exceeding £1. At 31 March 2002 there were 3 members. (2001: 3 members).

MILLENNIUM LINK TRUST (LIMITED BY GUARANTEE)**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31 March 2002

10 FINANCIAL COMMITMENTS

At 31 March 2002, the company had annual commitments under operating leases as follows:

	2002	Canals
	£	2001
		£
Expiry after five years	<u>75,000</u>	<u>75,000</u>

11 SUMMARY OF STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Total 2002 £	Total 2001 £
Income resources				
Grants receivable	-	10,758,590	10,758,590	67,666,411
Less: deferred income	-	(10,758,590)	(10,758,590)	(67,666,411)
Interest received	3,632,083	-	3,632,083	2,401,623
Other income	75,034	-	75,034	62,466
Total incoming resources	<u>3,707,117</u>	<u>-</u>	<u>3,707,117</u>	<u>2,464,089</u>
Resources expended				
Interest paid	3,736,371	-	3,736,371	2,390,721
Management and administration	79,400	-	79,400	68,466
Total resources expended	<u>3,815,771</u>	<u>-</u>	<u>3,815,771</u>	<u>2,459,187</u>
Net (outgoing)/incoming resources for the year	(108,654)	-	(108,654)	4,902
Fund balances at 1 April 2001	4,902	-	4,902	-
Fund balances at 31 March 2002	<u>(103,752)</u>	<u>-</u>	<u>(103,752)</u>	<u>4,902</u>