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170335

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

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
31 MARCH 2003**



MILLENNIUM LINK TRUST (LIMITED BY GUARANTEE)

FINANCIAL STATEMENTS

For the year ended 31 March 2003

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
J M Wallace (Appointed 18/3/03)
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 2003

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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 2003.

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

The revenue surplus for the year amounted to £245,972 (2002 - deficit £108,654) and has been applied to reserves.

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 2003 were as follows:-

J M Stirling
B D Needham
J M Wallace
P M Hills

Mr K Aylmer retired on 10 March 2003 and was replaced by J M Wallace

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:

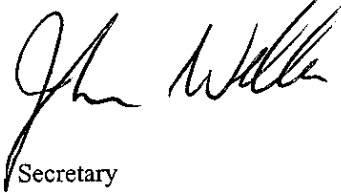
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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
9 January 2004

**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 2003 which comprise the principal accounting policies, the income and expenditure account, the balance sheet and notes 1 to 12. These financial statements have been prepared under 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 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.

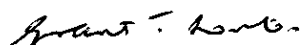
Basis of opinion

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 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**REGISTERED AUDITORS
CHARTERED ACCOUNTANTS**

**GLASGOW
9 January 2004**

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 2003

	Note	2003 £	2002 £
Operating income		75,000	75,034
Administrative expenses		<u>(78,547)</u>	<u>(79,400)</u>
Operating deficit	1	(3,547)	(4,366)
Interest receivable		3,375,475	3,632,083
Interest payable and similar charges	2	<u>(3,125,956)</u>	<u>(3,736,371)</u>
Surplus/(deficit) for the financial year	12	<u>245,972</u>	<u>(108,654)</u>

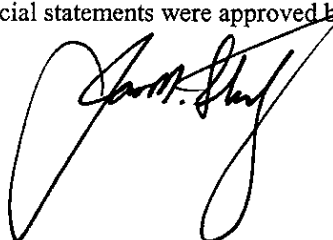
There were no recognised gains or losses other than the surplus for the financial year.

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 2003**

	Note	2003 £	2002 £
Fixed assets			
Tangible assets	4	<u>76,908,067</u>	<u>78,425,000</u>
Current assets			
Debtors	5	62,500	63,606
Cash at bank and in hand		<u>85,899,796</u>	<u>84,458,707</u>
		85,962,296	84,522,313
Creditors: amounts falling due within one year	6	<u>(4,370,647)</u>	<u>(84,626,064)</u>
Net current assets		<u>81,591,649</u>	<u>(103,751)</u>
Total assets less current liabilities		158,499,716	78,321,249
Creditors: amounts falling due after one year	7	(81,449,428)	-
Deferred capital grants	9	<u>(76,908,068)</u>	<u>(78,425,001)</u>
		<u>142,220</u>	<u>(103,752)</u>
Reserves			
Revenue	12	<u>142,220</u>	<u>(103,752)</u>
Shareholders' funds		<u>142,220</u>	<u>(103,752)</u>

The financial statements were approved by the Board of Directors on 9 January 2004.

 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 2003

1 OPERATING DEFICIT

Operating deficit is stated after charging:

	2003 £	2002 £
Auditors' remuneration	3,715	3,916
Operating lease charges - canals	75,000	75,034
Depreciation	1,516,933	-
Deferred capital grant release	(1,516,933)	-
Auditor' remuneration –other services	-	250
Admin expenses	(168)	200
	<u>78,547</u>	<u>79,400</u>

2 INTEREST PAYABLE AND SIMILAR CHARGES

	2003 £	2002 £
Finance Charges on Finance Leases	3,125,956	-
Interest on Bank Loans and Overdrafts	-	3,736,371
	<u>3,125,956</u>	<u>3,736,371</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 2002	78,425,000
Depreciation charged in the year	<u>1,516,933</u>
At 31 March 2003	<u>76,908,067</u>

All tangible fixed assets were the subject of a finance lease and are held for charitable purposes.

MILLENNIUM LINK TRUST (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2003

5 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003	2002
	£	£
<i>Accrued Income</i>	62,500	62,500
Other taxes-value added tax	-	1,106
	<u>62,500</u>	<u>63,606</u>

6 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003	2002
	£	£
Bank overdraft	-	84,552,092
Amounts due under finance leases	3,815,406	-
Accruals	555,241	73,972
	<u>4,370,647</u>	<u>84,626,064</u>

Amounts due under finance lease contracts are secured on the assets to which they relate.

7 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2003	2002
	£	£
Amounts due under finance leases	<u>81,449,428</u>	<u>-</u>

MILLENNIUM LINK TRUST (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2003

8 BORROWINGS

	2003 £	2002 £
Within one year		
Bank and other borrowings	-	84,552,092
Finance leases	3,815,406	-
After one and within two years		
Finance leases	3,815,406	-
After two and within five years		
Finance leases	11,446,218	-
After five years		
Finance leases	<u>66,187,804</u>	<u>-</u>
	<u>85,264,834</u>	<u>84,552,092</u>

9 DEFERRED INCOME

Capital Grants

	2003 £
At 31 March 2002	78,425,001
Released in the year	<u>1,516,933</u>
At 31 March 2003	<u>76,908,068</u>

10 LEASING COMMITMENTS

Financial

At 31 March 2003, the company had annual commitments under operating leases as follows:

	2003 £	2002 £
Expiry after five years	<u>75,000</u>	<u>75,000</u>

11 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 2003 there were 3 members. (2002: 3 members).

MILLENNIUM LINK TRUST (LIMITED BY GUARANTEE)**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**For the year ended 31 March 2003

12 SUMMARY OF STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted Funds £	Total 2003 £	Total 2002 £
Income resources			
Grants receivable	-	-	10,758,590
Less: deferred income	1,516,933	1,516,933	(10,758,590)
Interest received	3,375,475	3,375,475	3,632,083
Other income	75,000	75,000	75,034
Total incoming resources	4,967,408	4,967,408	3,707,117
Resources expended			
Interest paid	3,125,956	3,125,956	3,736,371
Depreciation of fixed assets	1,516,933	1,516,933	-
Management and administration	78,547	78,547	79,400
Total resources expended	4,721,436	4,721,436	3,815,771
Net incoming/(outgoing) resources for the year	245,972	245,972	(108,654)
Fund balances at 1 April 2002	(103,752)	(103,752)	4,902
Fund balances at 31 March 2003	142,220	142,220	(103,752)

A Funding agreement requires that, if Surplus cash becomes available, the first £4m of the 'surplus' is to be paid to a third party. This is considered to be unlikely within the next five years.