

CAIRNGORM CHAIRLIFT COMPANY LIMITED

REPORT AND FINANCIAL STATEMENTS

31 OCTOBER 1993

COMPANY REGISTRATION NUMBER : 43599



CAIRNGORM CHAIRLIFT COMPANY LIMITED

REPORT AND FINANCIAL STATEMENTS

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CAIRNGORM CHAIRLIFT COMPANY LIMITED

REPORT AND FINANCIAL STATEMENTS

COMPANY INFORMATION

Directors

H D P Brown CA ATII (Chairman)
The Earl of Leven & Melville
M Holton
D H Houldsworth WS
J H Hunter Gordon BSc Dip BA (CEI)
Mrs A G Laing
T Paul
A Stewart
C Sutton
R D Crammond CBE

Secretary

Frame Kennedy & Forrest

Auditors

Coopers & Lybrand
32 Albyn Place
Aberdeen

Bankers

The Royal Bank of Scotland plc
59 High Street
Grantown on Spey

Solicitors

Cuthbertson Riddle & Graham
21 Melville Street Lane
Edinburgh

Registered Office

Albyn House
37A Union Street
Inverness

CAIRNGORM CHAIRLIFT COMPANY LIMITED

REPORT OF THE DIRECTORS
for the year ended 31 October 1993

The directors submit their annual report and financial statements for the year ended 31 October 1993.

Results and Dividends

The loss for the year after taxation amounted to £53,338 (1992 - £586,797), which is deducted from the balance brought forward leaving £741,590 to be carried forward as retained profits. The directors recommend that no dividend be paid on the issued ordinary share capital of the company.

Review of the Business

The company's principal activity during the year was furthering the development of recreational activities, principally skiing, in the Cairngorm area.

Turnover increased during the year by 93% to £2,085,798 due to more favourable snow conditions in the 1992/93 skiing season, and consequently the loss for the year was greatly reduced. Since the year end the financial performance of the company has improved due to a further period of favourable snow conditions. However the business is heavily dependent on the weather and therefore future results can not be predicted with any degree of accuracy.

Changes in the Presentation of the Financial Statements

Following the introduction of Financial Reporting Standard No 3 'Reporting Financial Performance', the presentation of the financial statements has been amended to conform with the new requirements.

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 judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

CAIRNGORM CHAIRLIFT COMPANY LIMITED

REPORT OF THE DIRECTORS
for the year ended 31 October 1993 (cont'd)

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.

The directors have complied with all the foregoing requirements.

Fixed Assets

Information relating to changes in tangible fixed assets is given in note 8 to the financial statements. The freehold properties in the balance sheet have been valued informally at amounts substantially in excess of the stated book value.

Future Developments

The directors aim to maintain the management policies which have resulted in the company's growth in recent years and further develop the recreational activities in the Cairngorms to the benefit of the local community. The directors of the company are progressing their review of the proposed Funicular Development and further announcements will be made in 1994.

Directors and their Interests

The directors during the year were as follows:

H D P Brown
The Earl of Leven & Melville
M Holton
D H Houldsworth
J H Hunter Gordon
Mrs A G Laing
T Paul
A Stewart
C Sutton
R D Crammond

Mr J H Hunter Gordon, Mr D H Houldsworth, and The Earl of Leven & Melville retire by rotation and being eligible offer themselves for re-election.

No director had any interest in the Ordinary Share Capital of the company during the year.

On 14 May 1993 Mr H D P Brown resigned as Secretary and was appointed as Chairman, Frame Kennedy & Forrest were appointed as Secretary, and The Earl of Leven & Melville resigned as Chairman.

Political and Charitable Contributions

The company made no charitable contributions during the year (1992 - £ Nil). No political contributions were made.

CAIRNGORM CHAIRLIFT COMPANY LIMITED

REPORT OF THE DIRECTORS
for the year ended 31 October 1993 (cont'd)

Shareholders

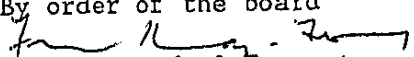
The shareholders of the company and their interests in the share capital of the company were as follows:

	Ordinary Shares of £1 each fully paid	
	31 October 1993	31 October 1992
Cairngorm Recreation Trust Limited	<u>115,000</u>	<u>115,000</u>

Auditors

A resolution to re-appoint Coopers & Lybrand as the company's auditors will be proposed at the annual general meeting.

Inverness

By order of the board

Frame Kennedy & Forrest

11/2/94

AUDITOR'S REPORT
TO THE SHAREHOLDERS OF CAIRNGORM CHAIRLIFT COMPANY LIMITED

We have audited the financial statements on pages 6 to 17.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with 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 at 31 October 1993 and of its loss and total recognised losses for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

11 February 1994.
Aberdeen

Coopers & Lybrand
Coopers & Lybrand
Chartered Accountants &
Registered Auditors

CAIRNGORM CHAIRLIFT COMPANY LIMITED

ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards in the UK and under the Historical Cost Accounting Convention.

Depreciation

Depreciation is provided on all tangible assets, other than freehold land, at rates calculated to write off the cost of each asset over its expected useful life, as follows:

Buildings	2.5% per annum on cost
Chairlift, roads etc	Major works - 5% per annum on cost
	Minor works - 100% per annum on cost
General plant	10% - 25% per annum on cost
Vehicles	25% per annum on written down value
Leased assets	over the period of the agreement

Deferred Government Grants

Government grants on capital expenditure are credited to a deferred income account and are released to revenue over the expected useful life of the relevant asset by equal annual instalments.

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

Stocks

Stocks are stated at the lower of cost and net realisable value.

Taxation

The charge for taxation is based on the results for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred Taxation

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

CAIRNGORM CHAIRLIFT COMPANY LIMITED

ACCOUNTING POLICIES (cont'd)

Leasing and Hire Purchase Commitments

Assets acquired under finance leases and hire purchase contracts are capitalised and outstanding instalments are included in creditors.

Rentals paid under operating leases are charged against profit in the year in which they are incurred.

Pensions

The company operates a defined benefit pension scheme. The funds are valued every three years by a professionally qualified independent actuary, the rates of the contributions payable being determined by the actuary. In the intervening years the actuary reviews the continuing appropriateness of the rates. Pension costs are accounted for on the basis of charging the expected cost of providing pensions over the period during which the company benefits from the employees' services. The effect of variations from regular cost are spread over the expected average remaining service lives of members of the scheme.

The company also operates a defined contribution scheme. The amounts of contribution payable to the pension scheme in the year are charged to the profit and loss account.

Cash Flow Statement

The company is a wholly owned subsidiary of Cairngorm Recreation Trust Limited and the cash flows of the company are included in the consolidated group cash flow statement of Cairngorm Recreation Trust Limited. Consequently the company is exempt under the terms of Financial Reporting Standard No. 1 from publishing a cash flow statement.

Funicular Project Costs

Costs incurred by the company in connection with the proposed Funicular Project are written off in the year in which they are incurred.

CAIRNGORM CHAIRLIFT COMPANY LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 31 October 1993

	Notes	1993 £	1992 £
Turnover	1	2,085,798	1,079,815
Cost of sales		(1,141,292)	(944,305)
Gross profit		944,506	135,510
Administrative expenses		(993,548)	(945,896)
		(49,042)	(810,386)
Other operating income		41,390	43,212
Operating profit/(loss)	2 3 4	(7,652)	(767,174)
Interest receivable	5	145	221
Interest payable	6	(58,293)	(83,697)
Loss on ordinary activities before taxation		(65,800)	(850,650)
Tax on ordinary activities	7	12,462	263,853
Retained Loss for year	17	(53,338)	(586,797)

The company has made no acquisitions nor discontinued any operations within the meaning of Financial Reporting Standard No. 3 during either 1993 or 1992. Therefore turnover and operating profit/(loss) are derived from continued activities.

The company made no recognised gains or losses in 1993 or 1992 other than the loss for the year.

There is no difference between the loss on ordinary activities before taxation and the loss for the year stated above, and their historical cost equivalents.

CAIRNGORM CHAIRLIFT COMPANY LIMITED

BALANCE SHEET
as at 31 October 1993

	Notes	1993 £	1992 £
FIXED ASSETS			
Tangible assets	8	2,396,134	2,578,720
Investments	9	<u>12,500</u>	<u>-</u>
		<u>2,408,634</u>	<u>2,578,720</u>
CURRENT ASSETS			
Stocks	10	57,819	53,480
Debtors	11	58,026	46,285
Cash at bank and in hand		<u>4,821</u>	<u>6,780</u>
		120,666	106,545
CREDITORS			
Amounts falling due within one year	12	<u>(951,217)</u>	<u>(949,941)</u>
NET CURRENT LIABILITIES		<u>(830,551)</u>	<u>(843,396)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,578,083	1,735,324
CREDITORS			
Amounts falling due after more than one year	13	(57,234)	(67,051)
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	14	(38,000)	(49,539)
ACCRUALS AND DEFERRED INCOME	15	<u>(551,259)</u>	<u>(633,806)</u>
		<u>931,590</u>	<u>984,928</u>
CAPITAL AND RESERVES			
Called up share capital	16	115,000	115,000
Capital redemption reserve	17	75,000	75,000
Profit and loss account	17	<u>741,590</u>	<u>794,928</u>
		<u>931,590</u>	<u>984,928</u>

The financial statements on pages 6 to 17 were approved by the board of directors on 11 February 1994 and were signed on its behalf.

ix-wen Lord Leven Director

C Sutton C Sutton Director

CAIRNGORM CHAIRLIFT COMPANY LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 October 1993

1. Turnover

Turnover is wholly derived from the provision of goods and services which fall within the company's sole activity within the United Kingdom.

2. Operating Loss

This is stated after charging:-

	1993 £	1992 £
Depreciation on tangible assets	216,921	257,031
Auditors remuneration	8,000	8,000
Loss on sale of tangible fixed assets	500	-
Operating lease rentals	4,380	5,153
Funicular costs	<u>7,944</u>	<u>-</u>

and after crediting:-

Deferred income release	<u>29,690</u>	<u>31,690</u>
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3. Directors' Remuneration

	1993 £	1992 £
Fees	-	-
Other emoluments (including pension contributions)	<u>78,860</u>	<u>81,803</u>

The emoluments excluding pension contributions of the chairmen and the highest paid director are as follows:

	£	£
The Earl of Leven & Melville, Chairman, 1 November 1992 to 14 May 1993	3,660	7,150
Mr H D P Brown, Chairman, 15 May 1993 to 31 October 1993	8,384	-
Highest paid director	<u>33,208</u>	<u>35,883</u>

The emoluments excluding pension contributions of all directors (including the Chairmen and the Highest paid director) fell within the following ranges:-

CAIRNGORM CHAIRLIFT COMPANY LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 October 1993 (cont'd)

3. Directors' Remuneration (cont'd)

	1993 No	1992 No
Nil - £5,000	6	6
£5,001 - £10,000	1	1
£10,001 - £15,000	-	1
£15,001 - £20,000	2	-
£20,001 - £25,000	-	1
£25,001 - £30,000	-	-
£30,001 - £35,000	1	-
£35,001 - £40,000	-	1

4. Staff Costs

	1993 £	1992 £
Wages and salaries	878,689	753,217
Redundancy costs	-	48,194
Social security costs	81,137	81,991
Staff pension costs	63,731	43,632
	<u>1,023,557</u>	<u>927,034</u>

The average weekly number of employees during the year was made up as follows:-

	1993 No	1992 No
Office and management	10	10
Operational	<u>71</u>	<u>54</u>
	<u>81</u>	<u>64</u>

5. Interest Receivable

	1993 £	1992 £
Employee loans	145	221
Bank interest	<u>-</u>	<u>-</u>
	<u>145</u>	<u>221</u>

6. Interest Payable

	1993 £	1992 £
Bank overdraft wholly repayable within five years	(46,904)	(69,490)
Finance lease charges	<u>(9,389)</u>	<u>(14,207)</u>
	<u>(58,293)</u>	<u>(83,697)</u>

CAIRNGORM CHAIRLIFT COMPANY LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 October 1993 (cont'd)

7. Taxation

Taxation is made up as follows:-

	1993 £	1992 £
Based on the loss for the year	-	83,000
Corporation tax recoverable	-	180,853
Deferred taxation	<u>11,539</u>	<u>180,853</u>
	11,539	263,853
Taxation over-provided in previous years	<u>923</u>	<u>-</u>
	<u>12,462</u>	<u>263,853</u>

8. Tangible Fixed Assets

	Land and buildings Freehold £	Long Leasehold £	Plant & Machinery £	Total £
Cost				
At start of year	46,105	2,119,670	3,304,566	5,470,341
Additions in year	-	-	37,063	37,063
Disposals in year	<u>-</u>	<u>-</u>	<u>(12,640)</u>	<u>(12,640)</u>
At end of year	<u>46,105</u>	<u>2,119,670</u>	<u>3,328,989</u>	<u>5,494,764</u>
Depreciation				
At start of year	24,885	446,946	2,419,790	2,891,621
On disposals	-	-	(9,912)	(9,912)
Charge for year	<u>804</u>	<u>52,992</u>	<u>163,125</u>	<u>216,921</u>
At end of year	<u>25,689</u>	<u>499,938</u>	<u>2,573,003</u>	<u>3,098,630</u>
Net book value				
At end of year	<u>20,416</u>	<u>1,619,732</u>	<u>755,986</u>	<u>2,396,134</u>
At end of year	<u>21,220</u>	<u>1,672,724</u>	<u>884,776</u>	<u>2,578,720</u>

CAIRNGORM CHAIRLIFT COMPANY LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 31 October 1993 (cont'd)

8. Tangible Fixed Assets (cont'd)

Included in the net book value of plant and machinery of £755,926 are assets acquired under finance leases amounting to £84,160 (1992 - £88,867).

Analysis of depreciation charge:

	1993 £	1992 £
Finance lease assets	22,332	41,948
Owned assets	<u>194,589</u>	<u>215,083</u>
	<u>216,921</u>	<u>257,031</u>

9. Investment in subsidiary undertakings

	1993 £
At start of year	-
Additions in year	<u>12,500</u>
At end of year	<u>12,500</u>

a) Details of the subsidiary are shown below:					Proportion of nominal value
Name of Undertaking	Country of Incorporation	Nature of Business	Description of shares held	of issued shares held	
Cairngorm 2000+PLC	Scotland	Recreation	Ordinary £1 shares	100%	

During the year the company paid 25p per Ordinary £1 share. The balance of 75p has not yet been called.

b) Group accounts have not been prepared as the company is a wholly owned subsidiary of another company incorporated in Great Britain.

10. Stocks

	1993 £	1992 £
Catering stock	6,980	6,684
Shop stock	<u>50,839</u>	<u>46,796</u>
	<u>57,819</u>	<u>53,480</u>

CAIRNGORM CHAIRLIFT COMPANY LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 October 1993 (cont'd)

11. Debtors

	1993 £	1992 £
Trade debtors	12,195	5,762
Loan	1,589	1,875
Other debtors	39,342	27,667
Prepaid charges	4,900	10,981
	<u>58,026</u>	<u>46,285</u>

The loan is due by an employee of the company. It includes an amount of £1,277 (1992 - £1,563) which is payable after more than one year.

12. Creditors

Amounts falling due within one year

	1993 £	1992 £
Bank overdraft	(690,787)	(710,527)
Trade creditors	(48,569)	(53,676)
Amounts due to subsidiary undertaking	(29,990)	-
Current corporation tax	166	(793)
Other taxes and social security	(28,640)	(44,525)
Other creditors	(124,780)	(117,806)
Current instalments due on finance lease creditors	<u>(28,617)</u>	<u>(22,614)</u>
	<u>(951,217)</u>	<u>(949,941)</u>

The bank overdraft is secured by a standard security and bond and floating charge.

13. Creditors

Amounts falling due after more than one year

	1993 £	1992 £
Instalments due on finance lease creditors	<u>(57,234)</u>	<u>(67,051)</u>
Analysis:		
Amounts repayable between 2 and 5 years	<u>(57,234)</u>	<u>(67,051)</u>

CAIRNGORM CHAIRLIFT COMPANY LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 October 1993 (cont'd)

14. Deferred Taxation

Deferred taxation provided in the accounts and amounts not provided are as follows:-

	Provided 1993 £	1992 £	Not provided 1993 £	1992 £
Capital allowances in advance of depreciation	(193,816)	(207,622)	-	-
Short term differences	170	264	-	-
Unutilised losses	<u>155,646</u>	<u>157,819</u>	-	-
	(38,000)	(49,539)	-	-
Taxation on chargeable gain eligible for roll-over relief	-	-	(54,171)	(54,171)
	<u>(38,000)</u>	<u>(49,539)</u>	<u>(54,171)</u>	<u>(54,171)</u>

The movement on the provision for deferred taxation is as follows:
£

Provision at start of year	(49,539)
Released in the year	<u>11,539</u>
Provision at end of year	<u>(38,000)</u>

15. Accruals and Deferred Income

	1993 £	1992 £
<u>Government Grants</u>		
Balance at start of year	(465,060)	(496,750)
Released to profit and loss account	29,690	31,690
Adjustment relating to grant receivable in previous year	<u>4,720</u>	-
Balance at end of year	(430,650)	(465,060)
<u>Prepaid Sales</u>		
Income received in advance	<u>(120,609)</u>	<u>(168,746)</u>
	<u>(551,259)</u>	<u>(633,806)</u>

CAIRNGORM CHAIRLIFT COMPANY LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 October 1993 (cont'd)

16. Called up Share Capital

	1993 £	1992 £
Authorised Ordinary shares of £1 each	<u>230,000</u>	<u>230,000</u>
Allotted, called up and fully paid Ordinary shares of £1 each	<u>115,000</u>	<u>115,000</u>

17. Reserves

	Capital redemption reserve £	Profit and loss account £
At start of year	75,000	794,928
Loss for the year	<u>-</u>	<u>(53,338)</u>
At end of year	<u>75,000</u>	<u>741,590</u>

18. Capital Commitments

There were no tangible fixed asset capital commitments at the beginning or end of the year. As stated in Note 9(a) the company has uncalled share capital in Cairngorm 2000+ plc amounting to £37,500.

19. Operating Leases

At 31 October 1993 the company had annual commitments under non-cancellable operating leases as set out below:-

	1993		1992	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire:				
Within one year	-	-	-	-
In the second to fifth year inclusive	4,380	-	5,153	-
After five years	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>4,380</u>	<u>-</u>	<u>5,153</u>	<u>-</u>

CAIRNGORM CHAIRLIFT COMPANY LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 October 1993 (cont'd)

20. Contingent Liabilities

There is a contingent liability to repay special grants amounting to £70,343 (1992 - £101,616) in the event of the discontinuance or material alteration in the company's business.

21. Parent Company

The company is a subsidiary of Cairngorm Recreation Trust Limited a company limited by guarantee, which is registered in Scotland.

22. Pension Costs

The company operates two pension schemes:

- a) The defined benefit pension scheme which the company operates provides benefits for its employees based on final pensionable pay. The assets of the scheme are held separately from those of the company being invested with an insurance company. Contributions to the pension scheme are determined by a qualified actuary on the basis of triennial valuations using the projected credit method. The most recent valuation of the scheme's assets was carried out at November 1990. The most significant assumption was that investment returns would exceed salary increases by 1 %.

The pension charge for the year was £46,306 (1992 - £32,194).

The most recent actuarial valuation indicated that the market value of the schemes assets was £232,000 and that the actuarial value of those assets represented 113% of the benefits that had accrued to members, after allowing for expected future increases in pensionable salaries.

- b) The pension charge for the defined contribution scheme represents contributions payable by the company to the fund and amounted to £17,425 (1992 - £12,685).

23. Transactions with Directors

The Chairman of the company Mr H D P Brown is a partner in Frame Kennedy & Forrest, a firm of Chartered Accountants which provides accounting, secretarial, insurance and other services to the company.