

MCMILLAN HOTELS LIMITED

**ABBREVIATED
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
31 MAY 2000**

REGISTERED NUMBER: SCO 73544



MCMILLAN HOTELS LIMITED

**ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2000**

Contents	Pages
<i>Company information</i>	1
Directors' report	2 - 3
Auditor's report	4
Profit and loss account	5
Balance sheet	7
Cash flow statement	8
Notes to the abbreviated financial statements	9 - 17

The following pages do not form part of the statutory financial statements

MCMILLAN HOTELS LIMITED

**COMPANY INFORMATION
AS AT 31 MAY 2000**

DIRECTORS

Hamilton Coats McMillan
Janet Douglas McMillan
Douglas D. McMillan

SECRETARY

Janet Douglas McMillan

REGISTERED OFFICE

North West Castle Hotel
Stranraer
Wigtownshire
DG9 8EH

BUSINESS ADDRESS

North West Castle Hotel
Stranraer
Wigtownshire
DG9 8EH

AUDITOR

William Duncan & Co.
Chartered Accountants
30 Miller Road
Ayr
KA7 2AY

SOLICITORS

Lockharts
Berkeley House
Barnes Street
Ayr

PRINCIPAL BANKERS

Bank of Scotland
Carlisle Business Centre
5 Wavell Drive
Carlisle

MCMILLAN HOTELS LIMITED

DIRECTORS' REPORT

The directors present their annual report with the financial statements of the company for the year ended 31 May 2000.

PRINCIPAL ACTIVITIES

The principal activity of the company in the year under review was that of Hoteliers.

No significant change in the nature of these activities occurred during the year.

REVIEW OF THE BUSINESS

The net profit after providing for taxation amounted to £383,245.

DIVIDENDS

The directors have paid an interim dividend during the year amounting to £100,219.

POST BALANCE SHEET EVENTS

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in financial years subsequent to the financial year ended 31 May 2000.

DIRECTORS AND THEIR INTERESTS

The directors in office in the year and their beneficial interests in the company at the balance sheet date and the beginning of the year (or on appointment if later) were as follows:

		Number of Shares	
		2000	1999
Hamilton Coats McMillan	Ordinary shares	499	499
Janet Douglas McMillan	Ordinary shares	-	-
Douglas D. McMillan	Ordinary shares	167	167

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 as at the end of the financial year 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;
- comply with applicable accounting standards subject to any material departures disclosed and explained in the financial statements; and
- 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 maintaining 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.

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year the company did not make any political contributions nor any charitable contributions.

CLOSE COMPANY

The company is a close company, as defined by the Income and Corporation Taxes Act 1988.

MCMILLAN HOTELS LIMITED

DIRECTORS' REPORT

AUDITOR

The auditor, William Duncan & Co., will be proposed for re-appointment in accordance with section 385 of the Companies Act 1985.

On behalf of the board:

A handwritten signature in black ink, appearing to read 'H.C. McMillan', followed by a small flourish.

Hamilton Coats McMillan
Director

Date: 10 August 2000

MCMILLAN HOTELS LIMITED

**AUDITORS' REPORT TO THE COMPANY
PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985**

'We have audited the financial statements on pages 5 to 17 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and on the basis of accounting policies set out on page 9.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITOR

As described in the directors' report, 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 have carried out the procedures we considered necessary to confirm, by reference to the audited financial statements, that the company is entitled to deliver abbreviated accounts prepared in accordance with the section 246A(3) of the Companies Act 1985 and that the abbreviated accounts have been properly prepared from those financial statements. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 May 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.'



**William Duncan & Co.
Chartered Accountants
& Registered Auditor
30 Miller Road
Ayr
KA7 2AY**

Date signed: 10 August 2000

MCMILLAN HOTELS LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MAY 2000**

	Notes	2000 £	1999 £
GROSS PROFIT		3,909,078	3,591,811
Administrative expenses		3,324,582	3,011,470
OPERATING PROFIT	2	584,496	580,341
Investment income and interest receivable	3	-	35
Interest payable and similar charges	4	(177,860)	(88,853)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		406,636	491,523
Tax on profit on ordinary activities	7	(23,391)	(154,956)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		383,245	336,567
Dividends	8	(100,219)	(100,219)
Transfers to and from reserves		57,036	58,200
RETAINED PROFIT FOR THE FINANCIAL YEAR	20	340,062	294,548

Continuing operations

None of the company's activities were acquired or discontinued during the above two financial years.

Total recognised gains and losses

The company has no recognised gains or losses other than the profit or loss for the above two financial years.

The notes on pages 9 to 17 form part of these financial statements.

MCMILLAN HOTELS LIMITED**NOTE OF HISTORICAL COST PROFITS AND LOSSES
FOR THE YEAR ENDED 31 MAY 2000**

	2000	1999
	£	£
REPORTED PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	406,636	491,523
Realisation of property revaluation gains in previous years	57,036	58,200
HISTORICAL COST PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	<u>463,672</u>	<u>549,723</u>
Historical cost profit for the year retained after taxation, minority interests, dividends and transfers to reserves	<u>340,062</u>	<u>294,548</u>

The notes on pages 9 to 17 form part of these financial statements.

MCMILLAN HOTELS LIMITED**ABBREVIATED BALANCE SHEET
AT 31 MAY 2000**

	Notes	£	2000 £	£	1999 £
FIXED ASSETS					
Intangible assets	9		22,000		24,000
Tangible assets	10		10,050,159		9,643,962
			<u>10,072,159</u>		<u>9,667,962</u>
CURRENT ASSETS					
Stocks	11	59,533		54,365	
Debtors	12	299,399		216,788	
Cash at bank and in hand		2,087		2,324	
		<u>361,019</u>		<u>273,477</u>	
CREDITORS: amounts falling due within one year	13	(1,604,241)		(1,395,089)	
NET CURRENT LIABILITIES			(1,243,222)		(1,121,612)
TOTAL ASSETS LESS CURRENT LIABILITIES					
			<u>8,828,937</u>		<u>8,546,350</u>
CREDITORS: amounts falling due after more than one year	14		(1,725,410)		(1,725,212)
ACCRUALS AND DEFERRED INCOME					
Deferred government grants	17		(190,353)		(190,990)
NET ASSETS			<u>6,913,174</u>		<u>6,630,148</u>
CAPITAL AND RESERVES					
Called up share capital	18		459,200		459,200
Revaluation reserve	19		3,594,749		3,651,785
Profit and loss account	20		2,859,225		2,519,163
TOTAL SHAREHOLDERS' FUNDS	21		<u>6,913,174</u>		<u>6,630,148</u>

The abbreviated financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

Approved by the board of directors on 10 August 2000 and signed on its behalf by:



Hamilton Coats McMillan
Director

MCMILLAN HOTELS LIMITED**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MAY 2000**

	Notes	2000 £	1999 £
Net cash inflow from operating activities	2	797,200	912,796
Returns on investments and servicing of finance	22	(177,860)	(88,818)
Taxation	22	(128,799)	(203,269)
Capital expenditure	22	(666,596)	(1,432,478)
Equity dividends paid		(100,219)	(100,219)
Cash outflow before use of liquid resources and financing		(276,274)	(911,988)
Financing	22	51,647	710,597
DECREASE IN CASH IN THE YEAR		<u>(224,627)</u>	<u>(201,391)</u>

**RECONCILIATION OF NET CASH FLOW TO
MOVEMENT IN NET DEBT**

23

DECREASE IN CASH IN THE YEAR	(224,627)	(201,391)
Cash outflow from movement in debt and lease financing	(51,647)	(710,597)
Change in net debt resulting from cash flows	<u>(276,274)</u>	<u>(911,988)</u>
Movement in net debt in the year	(276,274)	(911,988)
Net debt at 1 June 1999	<u>(2,255,197)</u>	<u>(1,343,209)</u>
Net debt at 31 May 2000	<u>(2,531,471)</u>	<u>(2,255,197)</u>

The notes on pages 9 to 17 form part of these financial statements.

**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2000**

1. STATEMENT OF ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention modified to include the revaluation of freehold land and buildings.

Turnover

Turnover represents the total invoice value, excluding value added tax, of goods sold and services rendered during the year.

Goodwill

The company's policy is to write off goodwill evenly over its estimated life of 30 years.

Depreciation of tangible fixed assets

Depreciation is provided using the following rates and basis to reduce by annual instalments the cost, less estimated residual value, of the tangible assets over their estimated useful lives:-

Freehold buildings	Straight line over 50 years
Plant and machinery	15% reducing balance
Motor vehicles	25% reducing balance

Government grants

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

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

Stocks

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

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences to the extent that they are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their estimated useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme. Contributions payable to this scheme are charged to the profit and loss account in the period to which they relate. These contributions are invested separately from the company's assets.

MCMILLAN HOTELS LIMITED**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2000****2. OPERATING PROFIT**

	2000	1999
	£	£
Operating profit		
After charging:		
Depreciation of fixed assets	283,028	234,303
Loss on disposal of tangible assets	-	6,116
Auditors' remuneration	13,500	12,000
	<u> </u>	<u> </u>
After crediting:		
Rent received	-	1,635
Profit on disposal of tangible assets	20,630	-
Government grants released	637	-
	<u> </u>	<u> </u>

**Reconciliation of operating profit to
net cash inflow from operating activities**

	2000	1999
	£	£
Operating profit	584,498	580,339
Government grants released	(637)	-
Depreciation	283,028	234,303
(Profit) / loss on disposal of fixed assets	(20,630)	6,116
Increase in stocks	(5,168)	(8,299)
Increase in debtors	(82,611)	(6,000)
Increase in creditors	38,720	106,337
	<u> </u>	<u> </u>
Net cash inflow from operating activities	797,200	912,796

3. INVESTMENT INCOME AND INTEREST RECEIVABLE

	2000	1999
	£	£
Interest received and receivable		
Bank interest	-	35
	<u> </u>	<u> </u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2000	1999
	£	£
On bank loans and overdrafts	145,234	58,178
On other loans	32,626	30,675
	<u> </u>	<u> </u>
	177,860	88,853

MCMILLAN HOTELS LIMITED**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2000****5. INFORMATION ON DIRECTORS AND EMPLOYEES**

	2000	1999
	£	£
Staff costs		
Wages and salaries	1,545,449	1,515,367
Social security costs	126,419	121,869
Other pension costs	31,492	367
	<u>1,703,360</u>	<u>1,637,603</u>
	2000	1999
	No.	No.
The average number of employees during the year was made up as follows:		
Office and management	24	20
Others	213	197
	<u>237</u>	<u>217</u>
	2000	1999
	£	£
Directors' emoluments		
Emoluments	<u>129,112</u>	<u>145,508</u>

There were 3 directors to whom retirement benefits were accruing under money purchase schemes during the year.

6. PENSION COSTS**Money purchase (defined contribution) pension scheme**

The company operates a money purchase (defined contribution) pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £31,492 (1999:£367).

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000	1999
	£	£
The taxation charge comprises:		
UK corporation tax at 30% (1999 - 30%)	30,757	154,956
Adjustment in respect of prior years	(7,366)	-
	<u>23,391</u>	<u>154,956</u>

MCMILLAN HOTELS LIMITED**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2000****8. DIVIDENDS PAID OR PROPOSED**

	2000 £	1999 £
On ordinary shares:		
Interim dividends paid		
Dividend - ordinary shares	100,219	100,219
	<u>100,219</u>	<u>100,219</u>

9. INTANGIBLE FIXED ASSETS

	Goodwill £
Cost:	
At 1 June 1999 and at 31 May 2000	58,000
Amortisation:	
At 1 June 1999	34,000
Charge for year	2,000
At 31 May 2000	36,000
Net book value:	
At 31 May 2000	22,000
At 31 May 1999	24,000

10. TANGIBLE FIXED ASSETS

	Land and buildings £	Plant and machinery £	Motor vehicles £	Total £
Cost:				
At 1 June 1999	9,013,332	1,779,658	183,685	10,976,675
Additions	89,152	604,244	24,700	718,096
Disposals	(31,500)	-	-	(31,500)
At 31 May 2000	9,070,984	2,383,902	208,385	11,663,271
Depreciation:				
At 1 June 1999	148,549	1,133,798	50,368	1,332,715
Charge for year	112,908	129,129	38,990	281,027
On disposals	(630)	-	-	(630)
At 31 May 2000	260,827	1,262,927	89,358	1,613,112
Net book value:				
At 31 May 2000	8,810,157	1,120,975	119,027	10,050,159
At 31 May 1999	8,864,784	645,861	133,317	9,643,962

MCMILLAN HOTELS LIMITED**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2000****10. TANGIBLE FIXED ASSETS - (continued)**

	2000 £	1999 £
Analysis of net book value of land and buildings:		
Freehold	8,810,157	8,864,784

On 19 September 1997, two of the freehold properties were revalued on the basis of open market value for current use to £5,500,000. The remaining three freehold properties are carried at historic cost.

The historical cost of assets included at valuation at the balance sheet date is £2,204,572 (1999 £2,235,442), and the accumulated depreciation based on historical cost would be £517,820 (1999 £485,116).

The cost/valuation of depreciable assets held in Land and Buildings at 31st May 2000 was £7,231,616 (1999 £7,173,964).

11. STOCKS

	2000 £	1999 £
Raw materials and consumables	59,533	54,365

There is no material difference between the replacement cost of stocks and their balance sheet amounts.

12. DEBTORS

	2000 £	1999 £
Trade debtors	93,609	49,504
Loans to directors	711	711
Other debtors	32,136	12,722
Prepayments and accrued income	172,943	153,851
	299,399	216,788

13. CREDITORS: amounts falling due within one year

	2000 £	1999 £
Bank loans and overdrafts	808,148	532,309
Payments received on account	127,498	117,154
Trade creditors	352,781	333,421
Corporation tax	30,757	136,165
Other taxes and social security costs	187,796	182,911
Other creditors	30,553	2,507
Accruals and deferred income	66,709	90,623
	1,604,242	1,395,090

MCMILLAN HOTELS LIMITED**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2000****14. CREDITORS: amounts falling due after more than one year**

	2000	1999
	£	£
Loans	1,725,410	1,725,212
Instalments not due within five years	512,535	714,271

15. BORROWINGS

	2000	1999
	£	£
The company's borrowings are repayable as follows		
Up to one year and on demand	808,148	532,309

Borrowings: amounts due after 5 years

Repayable by instalments		
Repayable between one and two years	178,500	189,550
Repayable between two and five years	846,375	513,391
Repayable outwith five years	512,535	714,271
Not repayable by instalments		
Pension scheme loan due 31/07/2000	158,000	120,000
Pension scheme loan due 03/06/2004	30,000	158,000
Pension scheme loan	-	30,000
	1,725,410	1,725,212
Instalments not due within five years	512,535	714,271

The company holds three term loans at the financial year end. Amounts are repayable on the first term loan of £11,625 in quarterly instalments with an interest rate set at 1.75% above the bank's base rate. Amounts are repayable on the second term loan of £16,667 in quarterly instalments with an interest rate set at 1.5% above the bank's base rate. Amounts are repayable on the third term loan of £20,833 in quarterly instalments with an interest rate set at 1.5% above the bank's base rate. Interest was charged on the pension scheme loans at an average rate of 8.9%.

Details of security:-

The Bank of Scotland hold standard securities over North West Castle Hotel, Stranraer, and Cally Palace Hotel, Gatehouse-of-Fleet, in security of all the company's bank borrowings.

MCMILLAN HOTELS LIMITED**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2000****16. DEFERRED TAXATION**

	Not provided		Provided	
	2000	1999	2000	1999
	£	£	£	£
Deferred tax is calculated at 30% (1999 - 30%) analysed over the following timing differences:				
On the excess of capital allowances over depreciation	230,000	150,000	-	-
On other timing differences	572,000	602,000	-	-
	<u>802,000</u>	<u>752,000</u>	<u>-</u>	<u>-</u>

17. GOVERNMENT GRANTS

	2000	1999
	£	£
Balance as at 1 June 1999	190,990	140,074
Receivable during the year	-	50,916
	<u>190,990</u>	<u>190,990</u>
Released to Profit and Loss Account	637	-
	<u>190,353</u>	<u>190,990</u>

18. SHARE CAPITAL

	2000	1999
	£	£
Authorised:		
Equity interests:		
1,000 Ordinary shares of £1 each	1,000	1,000
499,000 'A' Ordinary shares of £1 each	499,000	499,000
	<u>500,000</u>	<u>500,000</u>
Allotted, called up and fully paid:		
Equity interests:		
1,000 Ordinary shares of £1 each	1,000	1,000
458,200 'A' Ordinary shares of £1 each	458,200	458,200
	<u>459,200</u>	<u>459,200</u>

MCMILLAN HOTELS LIMITED**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2000****19. REVALUATION RESERVE**

	2000 £	1999 £
Balance at beginning of year	3,651,785	3,709,985
Released during the year	(57,036)	(58,200)
Balance at end of year	<u>3,594,749</u>	<u>3,651,785</u>

20. PROFIT AND LOSS ACCOUNT

	2000 £	1999 £
Retained profit at 1 June 1999	2,519,163	2,224,615
Profit at 31 May 2000	283,026	236,348
Transfer from revaluation reserve	57,036	58,200
Retained profit at 31 May 2000	<u>2,859,225</u>	<u>2,519,163</u>

21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000 £	1999 £
Profit for the financial year	383,245	336,567
Dividends	(100,219)	(100,219)
Net addition to shareholders' funds	283,026	236,348
Opening shareholders' funds	6,630,148	6,393,800
Closing shareholders' funds	<u>6,913,174</u>	<u>6,630,148</u>
Represented by:-		
Equity interests	<u>6,913,174</u>	<u>6,630,148</u>

22. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2000 £	1999 £
Returns on investments and servicing of finance		
Interest received	-	35
Interest paid	(177,860)	(88,853)
Net cash outflow from returns on investments and servicing of finance	<u>(177,860)</u>	<u>(88,818)</u>
Taxation		
Corporation tax paid	(128,799)	(203,269)

MCMILLAN HOTELS LIMITED**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2000****22. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW
STATEMENT - (continued)**

	2000 £	1999 £
Capital expenditure		
Purchase of tangible fixed assets	(718,096)	(1,483,894)
Receipts from sale of tangible fixed assets	51,500	500
Receipt of government grants	-	50,916
Net cash outflow from capital expenditure	<u>(666,596)</u>	<u>(1,432,478)</u>
Financing		
New long-term loans	466,177	750,000
Repayments of long term loans	(414,530)	(39,403)
Net cash inflow from financing	<u>51,647</u>	<u>710,597</u>

23. ANALYSIS OF CHANGES IN NET DEBT

	1999 £	Cash flow £	Other movements £	2000 £
Cash at bank and in hand	2,324	(237)	-	2,087
Bank overdraft	(405,258)	(224,390)	-	(629,648)
		(224,627)		
Debt due within one year	(127,051)	(51,449)	-	(178,500)
Debt due after one year	(1,725,212)	(51,647)	51,449	(1,725,410)
	<u>(2,255,197)</u>	<u>(327,723)</u>	<u>51,449</u>	<u>(2,531,471)</u>

24. RELATED PARTY DISCLOSURES

The company purchased goods for resale from Andrew McMillan (Stranraer) Limited during the year to the value of £203,032. These transactions were at 'arms length'. This company is controlled by a trust. Mr H C McMillan acts as a trustee and also as a director of the company. A total of £18,762 is outstanding as at 31st May 2000.

25. CONTROL

The company is ultimately controlled by the directors.