

* AMENDING *

MCMILLAN HOTELS LIMITED

**ABBREVIATED
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
31 MAY 2001**



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REGISTERED NUMBER: SCO 73544

MCMILLAN HOTELS LIMITED

**ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2001**

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

MCMILLAN HOTELS LIMITED

**COMPANY INFORMATION
AS AT 31 MAY 2001**

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 2001.

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 £156,146.

DIVIDENDS

The directors paid interim dividends 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 2001.

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	
		2001	2000
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 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', written in a cursive style.

Hamilton Coats McMillan
Director

Date: 29th August 2001

MCMILLAN HOTELS LIMITED

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

We have examined the abbreviated accounts on pages 5 to 19 together with the full financial statements of the company prepared under section 226 of the Companies Act 1985 for the year ended 31 May 2001.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITORS

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A to the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985 and whether the abbreviated accounts have been properly prepared in accordance with that Schedule.

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 section 246 A(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 company is entitled to deliver abbreviated accounts prepared in accordance with section 246 A(3) of the Companies Act 1985 and the abbreviated accounts on pages 5 to 19 have been properly prepared in accordance with that provision.



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

Date signed: 29th August 2001

MCMILLAN HOTELS LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MAY 2001**

	Notes	2001 £	2000 £
GROSS PROFIT		3,849,406	3,909,078
Administrative expenses		3,479,525	3,324,582
OPERATING PROFIT	2	369,881	584,496
Interest payable and similar charges	3	(171,758)	(177,860)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		198,123	406,636
Tax on profit on ordinary activities	6	(41,977)	(23,391)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		156,146	383,245
Dividends	7	(100,219)	(100,219)
Transfers to and from reserves		55,895	57,036
RETAINED PROFIT FOR THE FINANCIAL YEAR	19	111,822	340,062

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 19 form part of these financial statements.

MCMILLAN HOTELS LIMITED**NOTE OF HISTORICAL COST PROFITS AND LOSSES
FOR THE YEAR ENDED 31 MAY 2001**

	2001	2000
	£	£
REPORTED PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	198,123	406,636
Realisation of property revaluation gains in previous years	55,895	57,036
HISTORICAL COST PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	<u>254,018</u>	<u>463,672</u>
Historical cost profit for the year retained after taxation, minority interests, dividends and transfers to reserves	<u>111,822</u>	<u>340,062</u>

The notes on pages 9 to 19 form part of these financial statements.

MCMILLAN HOTELS LIMITED**ABBREVIATED BALANCE SHEET
AT 31 MAY 2001**

	Notes	£	2001 £	£	2000 £
FIXED ASSETS					
Intangible assets	8		20,000		22,000
Tangible assets	9		9,893,926		10,050,159
			9,913,926		10,072,159
CURRENT ASSETS					
Stocks	10	66,803		59,533	
Debtors	11	357,925		299,399	
Cash at bank and in hand		3,070		2,087	
		427,798		361,019	
CREDITORS: amounts falling due within one year	12	(1,563,084)		(1,604,241)	
NET CURRENT LIABILITIES			(1,135,286)		(1,243,222)
TOTAL ASSETS LESS CURRENT LIABILITIES			8,778,640		8,828,937
CREDITORS: amounts falling due after more than one year	13		(1,623,006)		(1,725,410)
ACCRUALS AND DEFERRED INCOME					
Deferred government grants	16		(186,533)		(190,353)
NET ASSETS			6,969,101		6,913,174
CAPITAL AND RESERVES					
Called up share capital	17		459,200		459,200
Revaluation reserve	18		3,538,854		3,594,749
Profit and loss account	19		2,971,047		2,859,225
TOTAL SHAREHOLDERS' FUNDS	20		6,969,101		6,913,174

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 29th August 2001 and signed on its behalf by:


Hamilton Coats McMillan
Director

The notes on pages 9 to 19 form part of these financial statements.

MCMILLAN HOTELS LIMITED**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MAY 2001**

	Notes	2001 £	2000 £
Net cash inflow from operating activities	2	759,558	797,200
Returns on investments and servicing of finance	21	(171,758)	(177,860)
Taxation	21	(31,870)	(128,799)
Capital expenditure	21	(211,088)	(666,596)
Equity dividends paid		(100,219)	(100,219)
Cash inflow / (outflow) before use of liquid resources and financing		244,623	(276,274)
Financing	21	(54,452)	51,647
INCREASE / (DECREASE) IN CASH IN THE YEAR		190,171	(224,627)

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

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INCREASE / (DECREASE) IN CASH IN THE YEAR	190,171	(224,627)
Cash (inflow) / outflow from movement in debt and lease financing	54,452	(51,647)
Change in net debt resulting from cash flows	244,623	(276,274)
Movement in net debt in the year	244,623	(276,274)
Net debt at 1 June 2000	(2,531,471)	(2,255,197)
Net debt at 31 May 2001	(2,286,848)	(2,531,471)

The notes on pages 9 to 19 form part of these financial statements.

MCMILLAN HOTELS LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2001

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 the directors estimate of its useful life.

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 2001****2. OPERATING PROFIT**

Operating profit for the year is stated...	2001	2000
	£	£
After charging:		
Depreciation of fixed assets	352,040	283,028
Loss on disposal of tangible assets	16,622	-
Auditors' remuneration	13,600	13,500
	<u> </u>	<u> </u>
After crediting:		
Profit on disposal of tangible assets	-	20,630
Government grants released	3,820	637
	<u> </u>	<u> </u>

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

	2001	2000
	£	£
Operating profit	369,881	584,498
Government grants released	(3,820)	(637)
Depreciation	352,040	283,028
Loss / (profit) on disposal of fixed assets	16,622	(20,630)
Increase in stocks	(7,270)	(5,168)
Increase in debtors	(58,526)	(82,611)
Increase in creditors	90,631	38,720
	<u> </u>	<u> </u>
Net cash inflow from operating activities	759,558	797,200
	<u> </u>	<u> </u>

3. INTEREST PAYABLE AND SIMILAR CHARGES

	2001	2000
	£	£
On bank loans and overdrafts	170,193	145,234
On other loans	1,565	32,626
	<u> </u>	<u> </u>
	171,758	177,860
	<u> </u>	<u> </u>

MCMILLAN HOTELS LIMITED**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2001****4. INFORMATION ON DIRECTORS AND EMPLOYEES**

	2001 £	2000 £
Staff costs		
Wages and salaries	1,556,163	1,545,449
Social security costs	104,209	126,419
Other pension costs	26,784	31,492
	<u>1,687,156</u>	<u>1,703,360</u>
	2001 No.	2000 No.
The average number of employees during the year was made up as follows:		
Office and management	22	24
Others	160	213
	<u>182</u>	<u>237</u>
	2001 £	2000 £
Directors' emoluments		
Emoluments	<u>112,091</u>	<u>129,112</u>

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

5. 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 £26,784 (2000:£31,492).

MCMILLAN HOTELS LIMITED**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2001****6. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	2001 £	2000 £
The taxation charge comprises:		
UK corporation tax at 20% (2000 - 20%)	40,205	30,757
Adjustment in respect of prior years	1,772	(7,366)
	<u>41,977</u>	<u>23,391</u>

7. DIVIDENDS PAID OR PROPOSED

	2001 £	2000 £
On ordinary shares:		
Interim dividends paid		
Dividend - ordinary shares	100,219	100,219
	<u>100,219</u>	<u>100,219</u>

8. INTANGIBLE FIXED ASSETS

	Goodwill £
Cost:	
At 1 June 2000 and at 31 May 2001	58,000
Amortisation:	
At 1 June 2000	36,000
Charge for year	2,000
At 31 May 2001	<u>38,000</u>
Net book value:	
At 31 May 2001	<u>20,000</u>
At 31 May 2000	<u>22,000</u>

MCMILLAN HOTELS LIMITED**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2001****9. TANGIBLE FIXED ASSETS**

	Land and buildings £	Plant and machinery £	Motor vehicles £	Total £
Cost:				
At 1 June 2000	9,070,984	2,383,902	208,385	11,663,271
Additions	66,959	56,752	103,521	227,232
Disposals	-	(1,044)	(86,363)	(87,407)
At 31 May 2001	9,137,943	2,439,610	225,543	11,803,096
Depreciation:				
At 1 June 2000	260,827	1,262,927	89,358	1,613,112
Charge for year	145,499	175,100	30,100	350,699
On disposals	-	-	(54,641)	(54,641)
At 31 May 2001	406,326	1,438,027	64,817	1,909,170
Net book value:				
At 31 May 2001	8,731,617	1,001,583	160,726	9,893,926
At 31 May 2000	8,810,157	1,120,975	119,027	10,050,159
			2001 £	2000 £

Analysis of net book value of land and buildings:

Freehold	8,731,617	8,810,157
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On 19th 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 transitional provisions of FRS 15 are being followed and the valuation has not been updated. If these assets had not been revalued, they would have been included at the following amounts :

The historical cost of assets included at valuation at the balance sheet date is £2,203,941 (2000 £2,204,572), and the accumulated depreciation based on historical cost would be £550,511 (2000 £517,820).

The cost/valuation of depreciable assets held in Land and Buildings at 31st May 2001 was £7,298,575 (2000 £7,231,616).

10. STOCKS

	2001 £	2000 £
Raw materials and consumables	66,803	59,533

MCMILLAN HOTELS LIMITED**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2001****10. STOCKS - (continued)**

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

11. DEBTORS

	2001	2000
	£	£
Trade debtors	150,009	93,609
Loans to directors	758	711
Other debtors	32,141	32,136
Prepayments and accrued income	175,017	172,943
	<u>357,925</u>	<u>299,399</u>

12. CREDITORS: amounts falling due within one year

	2001	2000
	£	£
Bank loans and overdrafts	666,912	808,148
Payments received on account	132,870	127,498
Trade creditors	368,526	352,781
Corporation tax	40,205	30,757
Other taxes and social security costs	208,883	187,796
Other creditors	50,153	30,553
Accruals and deferred income	95,536	66,709
	<u>1,563,085</u>	<u>1,604,242</u>

Bank overdrafts amounting to £440,460 (2000 £629,648) are secured by a floating charge on all the assets of the company.

13. CREDITORS: amounts falling due after more than one year

	2001	2000
	£	£
Loans	<u>1,623,006</u>	<u>1,725,410</u>
Instalments not due within five years	<u>687,198</u>	<u>512,535</u>

MCMILLAN HOTELS LIMITED**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2001****14. BORROWINGS**

	2001 £	2000 £
The company's borrowings are repayable as follows		
Up to one year and on demand	666,912	808,148
Borrowings: amounts due after 5 years		
Repayable by instalments		
Repayable between one and two years	226,452	178,500
Repayable between two and five years	679,356	846,375
Repayable outwith five years	687,198	512,535
Not repayable by instalments		
Pension scheme loan due 31/07/2000	-	158,000
Pension scheme loan due 03/06/2004	30,000	30,000
	<u>1,623,006</u>	<u>1,725,410</u>
 Instalments not due within five years	 <u>687,198</u>	 <u>512,535</u>

The company holds four 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. Amounts are repayable on the fourth term loan of £7,500 in quarterly instalments with an interest rate set at 1.75% 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 2001****15. DEFERRED TAXATION**

	Not provided		Provided	
	2001	2000	2001	2000
	£	£	£	£
Deferred tax is calculated at 30% (2000 - 30%) analysed over the following timing differences:				
On the excess of capital allowances over depreciation	270,000	230,000	-	-
On other timing differences	572,000	572,000	-	-
	<u>842,000</u>	<u>802,000</u>	<u>-</u>	<u>-</u>

16. GOVERNMENT GRANTS

	2001	2000
	£	£
Balance as at 1 June 2000	190,353	190,990
Released to Profit and Loss Account	<u>3,820</u>	<u>637</u>
Balance as at 31 May 2001	<u>186,533</u>	<u>190,353</u>

17. SHARE CAPITAL

	2001	2000
	£	£
Authorised:		
Equity interests:		
1,000 Ordinary shares of £1 each	1,000	1,000
499,000 'A' Ordinary shares of £1 each	<u>499,000</u>	<u>499,000</u>
	<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	<u>458,200</u>	<u>458,200</u>
	<u>459,200</u>	<u>459,200</u>

MCMILLAN HOTELS LIMITED**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2001****18. REVALUATION RESERVE**

	2001	2000
	£	£
Balance at beginning of year	3,594,749	3,651,785
Released during the year	(55,895)	(57,036)
Balance at end of year	<u>3,538,854</u>	<u>3,594,749</u>

19. PROFIT AND LOSS ACCOUNT

	2001	2000
	£	£
Retained profit at 1 June 2000	2,859,225	2,519,163
Profit at 31 May 2001	55,927	283,026
Transfer from revaluation reserve	55,895	57,036
Retained profit at 31 May 2001	<u>2,971,047</u>	<u>2,859,225</u>

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2001	2000
	£	£
Profit for the financial year	156,145	383,245
Dividends	(100,219)	(100,219)
Net addition to shareholders' funds	<u>55,926</u>	<u>283,026</u>
Opening shareholders' funds	6,913,174	6,630,148
Closing shareholders' funds	<u>6,969,100</u>	<u>6,913,174</u>
Represented by:-		
Equity interests	<u>6,969,100</u>	<u>6,913,174</u>

MCMILLAN HOTELS LIMITED**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2001****21. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT**

	2001 £	2000 £
Returns on investments and servicing of finance		
Interest paid	(171,758)	(177,860)
Net cash outflow from returns on investments and servicing of finance	<u>(171,758)</u>	<u>(177,860)</u>
Taxation		
Corporation tax paid	(31,870)	(128,799)
	<u>(31,870)</u>	<u>(128,799)</u>
Capital expenditure		
Purchase of tangible fixed assets	(227,232)	(718,096)
Receipts from sale of tangible fixed assets	16,144	51,500
Net cash outflow from capital expenditure	<u>(211,088)</u>	<u>(666,596)</u>
Financing		
New long-term loans	300,000	466,177
Repayments of long term loans	(354,452)	(414,530)
Net cash outflow from financing	<u>(54,452)</u>	<u>51,647</u>

22. ANALYSIS OF CHANGES IN NET DEBT

	2000 £	Cash flow £	Other movements £	2001 £
Cash at bank and in hand	2,087	983	-	3,070
Bank overdraft	(629,648)	189,188	-	(440,460)
		190,171		
Debt due within one year	(178,500)	(47,952)	-	(226,452)
Debt due after one year	(1,725,410)	54,452	47,952	(1,623,006)
	<u>(2,531,471)</u>	<u>196,671</u>	<u>47,952</u>	<u>(2,286,848)</u>

MCMILLAN HOTELS LIMITED

**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2001**

23. RELATED PARTY DISCLOSURES

The company purchased goods for resale from Andrew McMillan (Stranraer) Limited during the year to the value of £206,869. 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 £23,868 is outstanding as at 31st May 2001.

24. CONTROL

The company is ultimately controlled by the directors.