

**BUCHANAN FOREST PRODUCTS TERMINAL
LIMITED**

REPORTS AND ACCOUNTS

31 DECEMBER 2000



REGISTERED NUMBER 3321092

BUCHANAN FOREST PRODUCTS TERMINAL LIMITED
REPORT AND ACCOUNTS 2000

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BUCHANAN FOREST PRODUCTS TERMINAL LIMITED

DIRECTOR

H Mercer

SECRETARY

A C Rhys-Davies

AUDITORS

Ernst & Young LLP
City Gate West
Toll House Hill
Nottingham NG1 5FY

BANKERS

Bank of Ireland
9 St Michael's Road
Croydon
Surrey CR9 3SA

REGISTERED OFFICE

Cavendish House
40 Goldsworth Road
Woking
Surrey GU21 1JT

BUCHANAN FOREST PRODUCTS TERMINAL LIMITED

DIRECTOR'S REPORT

The Director presents his report and accounts for the year ended 31 December 2000.

CLOSURE

A decision to cease trading was made on 1st March 2000. An orderly wind-down of the business commenced on that date.

RESULTS AND DIVIDENDS

The loss for the year on ordinary activities after taxation is £18,620 (1999 - profit £20,038). The exceptional item for the year amounted to a write-back of £21,320 (1999-costs £70,000) so the net profit after these write-backs amounts to £2,700 (1999-loss £49,962)

PRINCIPAL ACTIVITIES

The Company operated a port terminal for the marketing of timber.

REVIEW OF THE BUSINESS

Market conditions remained difficult for most of the year.

EMPLOYEES

It was the company's policy to give full and fair consideration to applications for employment made by disabled persons, to continue wherever possible the employment of those who become disabled and to provide equal opportunities for them. The company regarded the establishment and maintenance of safe working practices as of the highest importance.

BUCHANAN FOREST PRODUCTS TERMINAL LIMITED

DIRECTOR'S REPORT (continued)

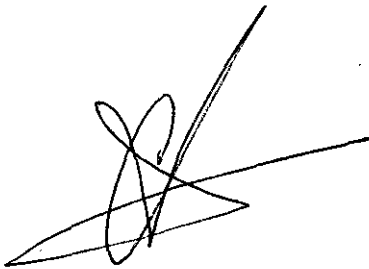
DIRECTOR AND HIS INTERESTS

Mr H Mercer, the sole Director served throughout the period. Mr H Mercer had no interest in the shares of Buchanan Forest Products Terminal Limited or Buchanan Forest Products Limited.

AUDITORS

On 28th June 2001, Ernst & Young, the Company's auditor, transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28th June 2001. A resolution to re-appoint Ernst & Young LLP as the Company's auditor will be put forward to the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD

A handwritten signature in black ink, consisting of a stylized, overlapping loop and a long horizontal stroke extending to the right.

Secretary

21st November 2001

BUCHANAN FOREST PRODUCTS TERMINAL LIMITED

STATEMENT OF DIRECTOR'S RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the Director to prepare accounts 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 accounts, the Director is required to:-

- * select suitable accounting policies and then apply them consistently;
- * make judgements and estimates that are reasonable and prudent;
- * prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business. As a decision has been made to close the company, the accounts have been prepared under the break-up basis.

The Director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the accounts comply with the Companies Act 1985. He is 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.

BUCHANAN FOREST PRODUCTS TERMINAL LIMITED

REPORT OF THE AUDITORS

to the members of Buchanan Forest Products Terminal Limited

We have audited the accounts on pages 6 to 15, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 8 and 9. As explained in note 1 on page 8 the accounts have been prepared under the break-up basis.

Respective responsibilities of the Director and auditors

As described on page 4, the company's Director is responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion on those accounts, based on our audit, and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board, and by our profession's ethical guidance.

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 accounts. It also includes an assessment of the significant estimates and judgements made by the Director in the preparation of the accounts, 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 accounts are free from material misstatement, whether caused by fraud, other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

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

Ernst & Young UK

Registered Auditor 27 November 2001
Nottingham

BUCHANAN FOREST PRODUCTS TERMINAL LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2000

	<i>Note</i>	2000 £	1999 £
TURNOVER	2	959,787	3,710,147
Cost of sales		924,641	3,512,373
GROSS PROFIT		<u>35,146</u>	<u>197,774</u>
Administrative expenses		41,755	146,034
OPERATING (LOSS)/ PROFIT	3	(6,609)	51,740
Interest receivable		172	-
Interest payable	6	(12,183)	(31,702)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(18,620)	20,038
EXCEPTIONAL ITEM			
Termination of an operation	7	21,320	(70,000)
PROFIT/(LOSS) AFTER EXCEPTIONAL ITEM		<u>2,700</u>	<u>(49,962)</u>
Tax on ordinary activities		-	-
RETAINED PROFIT/(LOSS) FOR THE YEAR 14		<u>2,700</u>	<u>(49,962)</u>

There are no recognised gains or losses other than the profit for the period.

BUCHANAN FOREST PRODUCTS TERMINAL LIMITED

BALANCE SHEET

at 31 December 2000

	Notes	2000	1999
		£	£
CURRENT ASSETS			
Tangible assets	9	-	1,240
Stocks	10	-	484,307
Debtors	11	-	728,908
Cash at bank		3,621	-
		<u>3,621</u>	<u>1,214,455</u>
CREDITORS:- amounts falling due within one year	12	213,762	1,427,296
		<u> </u>	<u> </u>
NET CURRENT LIABILITIES		<u>(210,141)</u>	<u>(212,841)</u>
CAPITAL AND RESERVES			
Called up share capital	13	50,000	50,000
Profit and loss account	14	(260,141)	(262,841)
		<u> </u>	<u> </u>
		<u>(210,141)</u>	<u>(212,841)</u>

These accounts were approved by the Director on 21st November 2001 and signed by:

H Mercer



BUCHANAN FOREST PRODUCTS TERMINAL LIMITED

NOTES TO THE ACCOUNTS at 31 December 2000

1. ACCOUNTING POLICIES

Fundamental Accounting Concept

The accounts have been prepared on a break-up basis reflecting the decision to wind-down the business on 1st March 2000. Accordingly, adjustments have been made to provide for the diminution in value of all fixed assets so as to reduce their carrying value to their estimated realisable amount, to provide for any further liabilities which will arise, and to reclassify fixed assets and long term liabilities as current assets and liabilities.

Accounting convention

The accounts have been prepared under the historical cost convention, in accordance with the Companies Act 1985 and applicable accounting standards.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset evenly over its expected useful life as follows:-

Office equipment - over 5 to 10 years

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes transport and handling charges. Net realisable value is the estimated selling price at which the stocks can be sold in the normal course of business, after allowing for the cost of realisation.

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.

BUCHANAN FOREST PRODUCTS TERMINAL LIMITED

NOTES TO THE ACCOUNTS

at 31 December 2000

1. ACCOUNTING POLICIES (continued)

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward exchange contract.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or if appropriate at the forward contract rate. All differences are taken to the profit and loss account.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the assets have passed to the company, are capitalised in the balance sheet and are depreciated over their expected useful lives.

The interest element of rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the term of the lease.

Pensions

The Company operates a defined contribution scheme which requires contributions to be made to a separately administered fund for each employee. Contributions to this fund are charged to the profit and loss account as they become due.

Cash Flow Statement

The Company has taken advantage of the exemption permitted under FRS 1 revised from preparing a cashflow statement as it qualifies as a small company.

BUCHANAN FOREST PRODUCTS TERMINAL LIMITED

NOTES TO THE ACCOUNTS at 31 December 2000

2. TURNOVER

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties with respect to merchanting and related businesses.

The company operates in one main area of activity, that of trading in forest products.

All turnover by origin and destination is within the UK & Eire.

3. OPERATING (LOSS) / PROFIT

	2000 £	1999 £
This is stated after charging:		
Auditors' remuneration - audit services	2,000	2,500
Depreciation of tangible fixed assets	567	2,268
Operating lease rentals		
- motor vehicles	2,601	6,765

4. DIRECTOR'S EMOLUMENTS

The Director received no remuneration from the company in 2000 or in 1999.

BUCHANAN FOREST PRODUCTS TERMINAL LIMITED

NOTES TO THE ACCOUNTS

at 31 December 2000

5. STAFF COSTS	2000	1999
	£	£
Wages and salaries	18,621	62,567
Social security costs	2,049	6,511
Other pension costs	1,734	5,682
	<u>22,404</u>	<u>74,760</u>

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

	2000	1999
	No.	No.
Management and sales	1	1
Administrative	-	1
	<u>1</u>	<u>2</u>

6. INTEREST PAYABLE

	2000	1999
	£	£
Bank overdraft	197	1,006
Related company	11,986	30,696
	<u>12,183</u>	<u>31,702</u>

7. EXCEPTIONAL ITEM-TERMINATION OF AN OPERATION

	2000	1999
	£	£
Fixed assets	(561)	4,300
Stocks	87	27,000
Debtors	(909)	9,000
Other provisions	(19,937)	29,700
	<u>(21,320)</u>	<u>70,000</u>

BUCHANAN FOREST PRODUCTS TERMINAL LIMITED

NOTES TO THE ACCOUNTS

at 31 December 2000

8. PENSION SCHEME COSTS AND COMMITMENTS

The Company operates a defined contribution scheme for its employees which requires contributions to be made to separately administered funds for each employee.

An amount of £1,734 was charged in the profit and loss account in 2000 in respect of contributions made by the Company to the scheme. (£5,682 - 1999)

9. TANGIBLE ASSETS

	£
Cost	
At 1 January 2000	11,341
Disposals	<u>(11,341)</u>
At 31 December 2000	-
Depreciation	
At 1 January 2000	10,101
Provided during the year	567
Disposals	<u>(10,668)</u>
At 31 December 2000	-
Net Book Value	
At 31 December 2000	<u>-</u>
At 31 December 1999	<u>1,240</u>

In accordance with the accounting policy on page 8 tangible assets have been reclassified as current assets.

10. STOCK	2000	1999
	£	£
Goods for resale	-	511,307
Provision to realisable amount	-	<u>(27,000)</u>
At 31 December	<u>-</u>	<u>484,307</u>

BUCHANAN FOREST PRODUCTS TERMINAL LIMITED

NOTES TO THE ACCOUNTS

at 31 December 2000

11. DEBTORS

	2000 £	1999 £
Trade debtors	-	705,859
Prepayments and accrued income	-	4,375
VAT recoverable	-	27,674
Provision to realisable amount	-	(9,000)
	<u>-</u>	<u>728,908</u>

12. CREDITORS

	2000 £	1999 £
Trade creditors	568	34,261
Amounts owed to immediate parent undertaking	105,597	293,597
Amounts owed to related company	105,597	1,050,150
Bank overdraft	-	12,892
Accruals and deferred income	2,000	6,696
Post year-end losses	-	19,900
Provisions for redundancies	-	9,800
	<u>213,762</u>	<u>1,427,296</u>

13. SHARE CAPITAL

	2000 £	1999 £
Authorised, allotted and fully paid: 50,000 ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

BUCHANAN FOREST PRODUCTS TERMINAL LIMITED

NOTES TO THE ACCOUNTS

at 31 December 2000

14. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	<i>Share capital £</i>	<i>Profit and loss account £</i>	<i>Total shareholders funds £</i>
At 1 January 1999	50,000	(212,879)	(162,879)
Loss for the period	-	(49,962)	(49,962)
At 31 December 1999	50,000	(262,841)	(212,841)
Profit for the year	-	2,700	2,700
At 31 December 2000	50,000	(260,141)	(210,141)

15. OPERATING LEASE COMMITMENTS

At 31 December 2000 the company had annual commitments under non-cancellable operating leases for motor vehicles as set out below:

Operating leases which expire:

	2000	1999
within 1 year	-	6,765
within 2 to 5 years	-	-
	-	6,765

BUCHANAN FOREST PRODUCTS TERMINAL LIMITED

NOTES TO THE ACCOUNTS

at 31 December 2000

16. RELATED PARTY TRANSACTIONS

The Company purchased timber in 2000 with a value of £378,127 (1999-£2,662,848) in the normal course of business and at arms length from Price & Pierce Ltd, a subsidiary of Price & Pierce (Holding Company)Ltd who is a shareholder in the Company.

17. CAPITAL COMMITMENTS

Capital commitments contracted for at 31 December 2000 amounted to Nil. (1999 - Nil). There were no capital commitments authorised but not contracted for at 31 December 2000 (1999 - Nil).

18. ULTIMATE HOLDING COMPANY

The ultimate parent undertaking and the largest group of undertakings of which the company is a member and for which group accounts are prepared, is Buchanan Forest Products Ltd, a company incorporated in Canada. Copies of its group accounts are available from the company secretary, McIntyre Centre, Thunder Bay, Ontario, Canada.