

**PACE TIMBER SYSTEMS
LIMITED**

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED

31 DECEMBER 2000



PACE TIMBER SYSTEMS LIMITED

FINANCIAL STATEMENTS

For the period ended 31 December 2000

Company registration number: 3875370

Registered office: 198 Silbury Boulevard
Central Milton Keynes
MK9 1LL

Directors: P R Key
J E Pritchard
D Proctor

Secretary: P R Key

Auditors: Grant Thornton
Registered auditors
Chartered accountants
Central Milton Keynes

PACE TIMBER SYSTEMS LIMITED

FINANCIAL STATEMENTS

For the period ended 31 December 2000

INDEX	PAGE
Report of the directors	1 - 2
Report of the auditors	3
Principal accounting policies	4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 - 11

PACE TIMBER SYSTEMS LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with financial statements for the period ended 31 December 2000.

Principal activities

The company principally designs, manufactures and erects timber framed buildings.

Directors

The present membership of the Board is set out below.

The interests of the directors and their families in the shares of the company as at 31 December 2000 and 11 November 1999, the date of incorporation, or later date of appointment, were as follows:

Ordinary "A" shares	
31 December	11 November
2000	1999 or later
	date of
	appointment

MK Company Directors Limited (appointed 11 November 1999;
resigned 14 December 1999)

- 1

P R Key (appointed 14 December 1999)

24 24

J E Pritchard (appointed 14 December 1999)

23 23

D Proctor (appointed 14 December 1999)

3 3

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 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
- 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, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PACE TIMBER SYSTEMS LIMITED

REPORT OF THE DIRECTORS

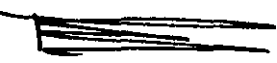
Auditors

Grant Thornton were appointed auditors on 21 December 2000 to fill a casual vacancy in accordance with section 388(1) of the Companies Act 1985. Special notice pursuant to section 388(3) having been given, a resolution to reappoint Grant Thornton as auditors will be proposed at the Annual General Meeting.

Small company exemption

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD



P R Key
Director

03.09.01

**REPORT OF THE AUDITORS TO THE MEMBERS OF
PACE TIMBER SYSTEMS LIMITED**

We have audited the financial statements on pages 4 to 11 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000) and under the accounting policies set out on page 4.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. 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 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 December 2000 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
CENTRAL MILTON KEYNES**

10 September 2001

PACE TIMBER SYSTEMS LIMITED

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention.

The principal accounting policies of the company are set out below.

TURNOVER

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

TANGIBLE FIXED ASSETS AND DEPRECIATION

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets by equal annual instalments over their expected useful lives. The rates generally applicable are:

Tangible fixed assets	20% to 33%
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STOCKS

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

CONTRIBUTIONS TO PENSION FUNDS

Defined contribution scheme

The pension costs charged against profits represent the amount of contributions made by the company to certain employee's personal pension schemes in respect of the accounting period.

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.

PACE TIMBER SYSTEMS LIMITED**PROFIT AND LOSS ACCOUNT**

For the period ended 31 December 2000

	Note	2000 £	2000 £
Turnover			1,966,358
Cost of sales			<u>(1,466,567)</u>
Gross profit			499,791
Administrative expenses - start up costs		105,708	
- other		<u>469,362</u>	
			<u>(575,070)</u>
Operating loss			(75,279)
Net interest	2		<u>(13,295)</u>
Loss on ordinary activities before taxation	1		<u>(88,574)</u>
Tax on loss on ordinary activities			-
Loss transferred from reserves	10		<u><u>(88,574)</u></u>

The accompanying accounting policies and notes form an integral part of these financial statements.

PACE TIMBER SYSTEMS LIMITED

BALANCE SHEET AT 31 DECEMBER 2000

	Note	2000 £	2000 £
Fixed assets			
Tangible assets	4		87,558
Current assets			
Stocks	5	65,349	
Debtors	6	437,322	
Cash at bank and in hand		55,695	
		<u>558,366</u>	
Creditors: amounts falling due within one year	7	<u>(698,392)</u>	
Net current liabilities			<u>(140,026)</u>
Total assets less current liabilities			<u>(52,468)</u>
Creditors: amounts falling due after more than one year	8		<u>(36,004)</u>
			<u>(88,472)</u>
Capital and reserves			
Called up share capital	9		102
Profit and loss account	10		<u>(88,574)</u>
			<u>(88,472)</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective March 2000).

The financial statements were approved by the Board of Directors on 03.09.01.

P R Key



Director

The accompanying accounting policies and notes form an integral part of these financial statements.

PACE TIMBER SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 December 2000

1 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The loss on ordinary activities is stated after:

	£
Auditors' remuneration	4,000
Depreciation and amortisation:	
Tangible fixed assets, owned	4,660
Tangible fixed assets, held under finance leases and hire purchase contracts	<u>16,687</u>

2 NET INTEREST

	£
Other interest payable and similar charges	14,369
Other interest receivable and similar income	<u>(1,074)</u>
	<u>13,295</u>

3 DIRECTORS

	£
Directors' emoluments	102,597
Payments to third parties for directors' services	<u>11,315</u>
	<u>113,912</u>

PACE TIMBER SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 December 2000

4 TANGIBLE FIXED ASSETS

	Plant and machinery etc £
Cost	
At 11 November 1999	-
Additions	108,905
At 31 December 2000	108,905
Depreciation	
Charged for the period	21,347
At 31 December 2000	21,347
Net book amount at 31 December 2000	87,558

The net book value of plant and machinery includes £64,793 in respect of assets held under finance leases and similar hire purchase contracts.

5 STOCKS

	£
Stocks	65,349

6 DEBTORS

	£
Trade debtors	355,734
Other debtors	81,588
	437,322

Included in other debtors is £22,525 falling due after more than one year.

PACE TIMBER SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 December 2000

7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	£
Bank loan	190,000
Trade creditors	463,564
Social security and other taxes	15,137
Other creditors	5,745
Pension contributions	350
Amounts due under finance leases	23,596
	<u>698,392</u>

The bank loan is secured.

8 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	£
Amounts due under finance leases	<u>36,004</u>

9 SHARE CAPITAL

	£
Authorised	
Ordinary "A" shares	500
Ordinary "B" shares	500
	<u>1,000</u>
Allotted, called up and fully paid	
Ordinary "A" shares	50
Ordinary "B" shares	52
	<u>102</u>

During the period the company allotted 50 ordinary "A" shares at £1 per share and 52 ordinary "B" shares at £1 per share. The company's Articles of Association state that the substance of the different classes of shares is such that the "A" and "B" shares constitute a single class with regard to income and capital distributions and voting rights, provided that the holders of the "A" shares do not confer any right to vote upon a resolution for the removal from office of a director appointed by a majority, in nominal value, of the "B" shareholders.

PACE TIMBER SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 December 2000

10 RESERVES

	Profit and loss account £
At 11 November 1999	-
Retained loss for the period	(88,574)
At 31 December 2000	<u>(88,574)</u>

11 CAPITAL COMMITMENTS

The company had no capital commitments at 31 December 2000.

12 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 2000.

13 LEASING COMMITMENTS

Operating lease payments amounting to £65,408 are due within one year. The leases to which these amounts relate expire as follows:

	£
In one year or less	840
Between one and five years	968
In five years or more	63,600
	<u>65,408</u>

14 TRANSACTIONS WITH RELATED PARTIES

	Sales during the period £	Debtors outstanding as at 31 December 2000 £
Oregon Community Projects Limited	65,620	-
Knight Projects Group Limited	231,673	52,173
	<u>297,293</u>	<u>52,123</u>

PACE TIMBER SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 December 2000

David Proctor, a director of the company, is also a director and shareholder of Oregon Community Projects Limited, with whom the company traded during the period.

Mr S Lancaster is the company's controlling shareholder by virtue of his holding of 52 ordinary "B" shares in the company's issued share capital. He is the nominee shareholder on behalf of Mr S Knight, a director and shareholder of Knight Projects Group Limited, with whom the company traded during the period. Knight Projects Group Limited provide a guarantee for this company's bank loan.

All transactions were on an arms length basis, taking place under normal commercial terms.