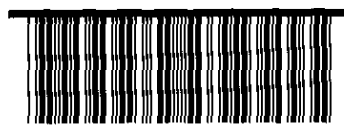


MEARNS SAWMILLS LIMITED
ABBREVIATED FINANCIAL STATEMENTS
FOR
31 MARCH 2000



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COMPANIES HOUSE 05/01/01

IAM.

WILLIAMSON & DUNN
Chartered Accountants & Registered Auditors
3 West Craibstone Street
Aberdeen

AB11 6YW

MEARNS SAWMILLS LIMITED

ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2000

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MEARNS SAWMILLS LIMITED

AUDITORS' REPORT TO THE COMPANY

PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 4 to 13, together with the financial statements of the company for the year ended 31 March 2000 prepared under Section 226 of the Companies Act 1985.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and report our opinion to you.

BASIS OF OPINION

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

OPINION

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act, and the abbreviated accounts on pages 4 to 13

Williamson & Dunn C.A.

WILLIAMSON & DUNN
Chartered Accountants
& Registered Auditors
3 West Craibstone Street
Aberdeen
AB11 6YW

Date: 19.10.00

MEARNS SAWMILLS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2000

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 March 2000.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company is sawmilling and related activities.

The company has had a satisfactory year and the directors anticipate that the company will continue to trade at this level in the foreseeable future.

RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have recommended the following dividends:

	2000 £	1999 £
Dividends paid on ordinary shares	<u>43,750</u>	<u>50,000</u>

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 31 March 2000	At 1 April 1999
Mr W M GORDON	1,020	1,020
Mrs V M GORDON	<u>300</u>	<u>300</u>

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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 8, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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. The directors 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.

MEARNS SAWMILLS LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2000

AUDITORS

A resolution to re-appoint Williamson & Dunn as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
Craig House
Stanley
Perthshire
PH1 4NG

Signed on behalf of the directors



W M GORDON
Director

Approved by the directors on19.10.00.....

MEARNS SAWMILLS LIMITED**ABBREVIATED PROFIT AND LOSS ACCOUNT****YEAR ENDED 31 MARCH 2000**

	Note	2000 £	1999 £
GROSS PROFIT		81,290	101,270
OPERATING COSTS:			
Other operating charges		(2,337)	(3,697)
OPERATING PROFIT	3	78,953	97,573
Interest payable	4	(5,011)	(4,513)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		73,942	93,060
Tax on profit on ordinary activities	5	(14,774)	(19,884)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		59,168	73,176
Dividends	6	(43,750)	(50,000)
RETAINED PROFIT FOR THE FINANCIAL YEAR		15,418	23,176
Balance brought forward		623,273	600,097
Balance carried forward		638,691	623,273

The company has no recognised gains or losses other than the results for the year as set out above.

All of the activities of the company are classed as continuing.

The notes on pages 8 to 13 form part of these financial statements.

MEARNS SAWMILLS LIMITED

ABBREVIATED BALANCE SHEET

31 MARCH 2000

	Note	2000 £	1999 £
FIXED ASSETS			
Tangible assets	7	-	-
Investments	8	104,500	104,500
		<u>104,500</u>	<u>104,500</u>
CURRENT ASSETS			
Debtors	9	1,024,153	930,874
Cash at bank		-	382
		<u>1,024,153</u>	<u>931,256</u>
CREDITORS: Amounts falling due within one year	10	<u>(17,962)</u>	<u>(10,483)</u>
NET CURRENT ASSETS		1,006,191	920,773
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,110,691</u>	<u>1,025,273</u>
CREDITORS: Amounts falling due after more than one year	11	<u>(470,000)</u>	<u>(400,000)</u>
		<u>640,691</u>	<u>625,273</u>
CAPITAL AND RESERVES			
Called-up equity share capital	14	2,000	2,000
Profit and loss account		638,691	623,273
SHAREHOLDERS' FUNDS	15	<u>640,691</u>	<u>625,273</u>

These accounts have been prepared in accordance with the special provisions for medium-sized companies under Part VII of the Companies Act 1985.

These financial statements were approved by the directors on the 19.10.00, and are signed on their behalf by:

Mr Murray Gordon
MR W M GORDON

The notes on pages 8 to 13 form part of these financial statements.

MEARNS SAWMILLS LIMITED

CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2000

	2000	1999
	£	£
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES		
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest paid	(5,011)	(4,513)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	(5,011)	(4,513)
TAXATION	(7,383)	(19,887)
EQUITY DIVIDENDS PAID	(43,750)	(50,000)
CASH OUTFLOW BEFORE FINANCING	(70,420)	(49,643)
FINANCING		
Net inflow from other long-term creditors	70,000	50,000
NET CASH INFLOW FROM FINANCING	70,000	50,000
(DECREASE)/INCREASE IN CASH	(420)	357
RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES		
	2000	1999
	£	£
Operating profit	78,953	97,573
Increase in debtors	(93,279)	(73,416)
Increase in creditors	50	600
Net cash (outflow)/inflow from operating activities	(14,276)	24,757

The notes on pages 8 to 13 form part of these financial statements.

MEARNS SAWMILLS LIMITED

CASH FLOW STATEMENT *(continued)*

YEAR ENDED 31 MARCH 2000

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2000		1999	
	£	£	£	£
(Decrease)/Increase in cash in the period	(420)		357	
Net cash inflow from other long-term creditors	<u>(70,000)</u>		<u>(50,000)</u>	
		(70,420)		(49,643)
Change in net debt		(70,420)		(49,643)
Net debt at 1 April 1999		<u>(399,618)</u>		<u>(349,975)</u>
Net debt at 31 March 2000		<u>(470,038)</u>		<u>(399,618)</u>

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Apr 1999	Cash flows	At 31 Mar 2000
	£	£	£
Net cash:			
Cash in hand and at bank	382	(382)	-
Overdrafts	-	(38)	(38)
	<u>382</u>	<u>(420)</u>	<u>(38)</u>
Debt:			
Debt due after 1 year	(400,000)	(70,000)	(470,000)
Net debt	<u>(399,618)</u>	<u>(70,420)</u>	<u>(470,038)</u>

The notes on pages 8 to 13 form part of these financial statements.

MEARNS SAWMILLS LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2000

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a medium-sized group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant and Machinery - over 6 years

Pension costs

The subsidiary companies operate a defined contribution pension scheme on behalf of certain directors. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

2. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2000	1999
	No.	No.
Number of administrative staff	2	2

No salaries or wages have been paid to employees, including the directors, during the year.

MEARNS SAWMILLS LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2000

3. OPERATING PROFIT

Operating profit is stated after charging:

	2000	1999
	£	£
Directors' emoluments	-	-
Auditors' remuneration		
- as auditors	650	500

4. INTEREST PAYABLE

	2000	1999
	£	£
Interest payable on bank borrowing	11	13
Other similar charges payable	5,000	4,500
	<u>5,011</u>	<u>4,513</u>

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000	1999
	£	£
In respect of the year:		
Corporation tax based on the results for the year at 20% (1999 - 21%)	14,774	19,883
Adjustment in respect of previous years:		
Corporation tax	-	1
	<u>14,774</u>	<u>19,884</u>

6. DIVIDENDS

The following dividends have been paid in respect of the year:

	2000	1999
	£	£
Dividends paid on equity shares	<u>43,750</u>	<u>50,000</u>

MEARNS SAWMILLS LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2000

7. TANGIBLE FIXED ASSETS

		Total
		£
COST		
At 1 April 1999 and 31 March 2000		<u>4,000</u>
DEPRECIATION		
At 1 April 1999		<u>4,000</u>
At 31 March 2000		<u>4,000</u>
NET BOOK VALUE		
At 31 March 2000		<u>-</u>
Capital commitments		
	2000	1999
	£	£
Subsidiary companies		
Contracted but not provided for in the accounts	<u>148,217</u>	<u>-</u>

8. INVESTMENTS

	Subsidiary	Other	Total
	Undertakings	Investments	£
	£	£	
COST			
At 1 April 1999 and 31 March 2000	<u>100,000</u>	<u>4,500</u>	<u>104,500</u>
NET BOOK VALUE			
At 31 March 2000	<u>100,000</u>	<u>4,500</u>	<u>104,500</u>
At 31 March 1999	<u>100,000</u>	<u>4,500</u>	<u>104,500</u>

MEARNS SAWMILLS LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2000

8. INVESTMENTS *(continued)*

Subsidiary Undertakings

The company's investment in its subsidiary companies represents the cost of acquisition of the whole of the ordinary share capital in Tulloch Timber (Nairn) Limited and Perthshire Timber Company Limited, both companies are registered in Scotland and are sawmill operators.

	Profit and Loss		Capital and Reserves	
	At 31.3.00	At 1.4.99	At 31.3.00	At 1.4.99
	£	£	£	£
Perthshire Timber Company Ltd	45,728	38,226	448,369	402,641
Tulloch Timber (Nairn) Ltd	(54,210)	73,200	406,205	460,415

Other Investments

This comprises a property bond which had a surrender value at 31 March 2000 of £2,795 (1999 - £2,704).

9. DEBTORS

	2000	1999
	£	£
Trade debtors	550	275
Amounts owed by group undertakings	1,023,603	930,599
	<u>1,024,153</u>	<u>930,874</u>

10. CREDITORS: Amounts falling due within one year

	2000	1999
	£	£
Bank loans and overdrafts	38	-
Corporation tax	14,774	7,383
Accruals and deferred income	3,150	3,100
	<u>17,962</u>	<u>10,483</u>

MEARNS SAWMILLS LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2000

10. CREDITORS: Amounts falling due within one year *(continued)*

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2000	1999
	£	£
Bank loans and overdrafts	<u>38</u>	<u>-</u>

The bank overdraft is secured by a floating charge over the company assets and by cross guarantee from Perthshire Timber Company Limited and Tulloch Timber (Naim) Limited.

11. CREDITORS: Amounts falling due after more than one year

	2000	1999
	£	£
Other creditors:		
Other creditors	<u>470,000</u>	<u>400,000</u>

Other creditors includes the following:

- a) A loan of £70,000 which bears interest at 7.1% per annum and has no fixed terms for repayment.
- b) A loan of £400,000 which bears no interest and has no fixed terms for repayment.

12. PENSIONS

The subsidiary companies operate a defined contribution scheme on behalf of certain directors. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions are paid based upon the recommendations of a qualified actuary. The annual commitment under the scheme is for contributions of £5,000 (1999 - £5,000). There were no outstanding or prepaid contributions at the year end.

MEARNS SAWMILLS LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2000

13. CONTINGENCIES

- a) The company has guaranteed, without limit, the bank loans and overdrafts of Tulloch Timber (Nairn) Limited and Perthshire Timber Company Limited. At 31 March 2000 this amounted to £219,614 (1999 - £146,388).
- b) The subsidiary companies have a contingent liability in respect of a guarantee in favour of the Forestry Commission:

	2000 £	1999 £
Tulloch Timber (Nairn) Limited	-	-
Perthshire Timber Company Limited	30,000	30,000
	<u>30,000</u>	<u>30,000</u>

14. SHARE CAPITAL

Authorised share capital:

	2000 £	1999 £
2,000 Ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>

Allotted, called up and fully paid:

	2000 £	1999 £
Ordinary share capital	<u>2,000</u>	<u>2,000</u>

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000 £	1999 £
Profit for the financial year	59,168	73,176
Dividends	(43,750)	(50,000)
	<u>15,418</u>	<u>23,176</u>
Opening shareholders' equity funds	625,273	602,097
Closing shareholders' equity funds	<u>640,691</u>	<u>625,273</u>

All of the above funds are attributable to the equity interests.