

TURNBULL KEMP

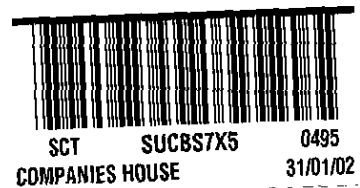
Company Registration No. SC101451 (Scotland)

CORE PRODUCTS LIMITED

ABBREVIATED ACCOUNTS

For the period ended 2 April 2001

IAM



TURNBULL KEMP & CO
CHARTERED ACCOUNTANTS
66 TAY STREET PERTH PH2 8RA

CORE PRODUCTS LIMITED

CONTENTS

	Page
Directors' report	1
Auditors' report	2
Abbreviated profit and loss account	3
Abbreviated balance sheet	4
Cash flow statement	5
Notes to the cash flow statement	6
Notes to the abbreviated accounts	7 - 15

CORE PRODUCTS LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 2 APRIL 2001

The directors present their report and financial statements for the period ended 2 April 2001.

Principal activities and review of the business

The principal activity of the company continued to be the import and distribution of timber based products. The directors are disappointed with the results of the year and are endeavouring to increase sales and decrease overheads.

Results and dividends

The results for the period are set out on page 3.

The directors do not recommend payment of an ordinary dividend.

Directors

The following directors have held office since 4 April 2000:

D B Wallace
M A Doig
R P E Bartoli
S D Wallace
J A Hood

(Appointed 1 January 2001)

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	2 April 2001	4 April 2000
D B Wallace	27,276	24,363
M A Doig	11,154	11,154
R P E Bartoli	3,000	5,913
S D Wallace	5,120	5,120
J A Hood	-	-

Auditors

The company has by elective resolution dispensed with the obligation to appoint auditors annually in accordance with section 386(1) of the Companies Act 1985. Therefore, the auditors, Turnbull Kemp & Co CA, will be deemed to be reappointed for each succeeding financial year.

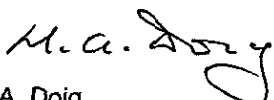
Directors' responsibilities

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 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 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. 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.

ON BEHALF OF THE BOARD

x  x

M A Doig
Director

30 January 2002

CORE PRODUCTS LIMITED

AUDITORS' REPORT TO CORE PRODUCTS LIMITED UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 3 to 15, together with the financial statements of the company for the period ended 2 April 2001 prepared under section 226 of the Companies Act 1985.

Respective responsibilities of directors and 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 that provision 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 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

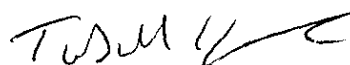
In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated accounts on pages 3 to 15 are properly prepared in accordance with that provision.

Other information

On 30 January 2002 we reported, as auditors of Core Products Limited, to the members on the financial statements prepared under section 226 of the Companies Act 1985 for the period ended 2 April 2001, and our audit report included the following paragraph:

"Fundamental uncertainty

In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements concerning the support of the company's bankers. The financial statements have been prepared on a going concern basis, the validity of which depends upon continued support from the company's bankers. The financial statements do not include any adjustments that would result if this support should not be available. Details of the circumstances relating to this fundamental uncertainty are described in note 10 to the financial statements. Our opinion is not qualified in this respect."



**Turnbull Kemp & Co CA
Chartered Accountants
Registered Auditor**

66 Tay Street
Perth
PH2 8RA

30 January 2002

CORE PRODUCTS LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 2 APRIL 2001

		Period ended 2 April 2001 £	Period ended 3 April 2000 £
	Notes		
Gross profit		1,046,860	1,597,993
Distribution costs		(372,386)	(451,903)
Administrative expenses		(952,763)	(1,032,232)
Other operating income		35	-
Operating (loss)/profit	3	(278,254)	113,858
Interest payable and similar charges	4	(120,802)	(107,615)
(Loss)/profit on ordinary activities before taxation		(399,056)	6,243
Tax on (loss)/profit on ordinary activities	5	5,125	(5,125)
(Loss)/profit on ordinary activities after taxation transferred to reserves	13	(393,931)	1,118

CORE PRODUCTS LIMITED

ABBREVIATED BALANCE SHEET AS AT 2 APRIL 2001

	Notes	2001 £	£	2000 £	£
Fixed assets					
Tangible assets	6		173,102		213,357
Investments	7		801		801
			<u>173,903</u>		<u>214,158</u>
Current assets					
Stocks	8	927,368		1,101,756	
Debtors	9	1,223,370		1,007,055	
Cash at bank and in hand		1,972		3,489	
		<u>2,152,710</u>		<u>2,112,300</u>	
Creditors: amounts falling due within one year	10	<u>(2,095,768)</u>		<u>(1,685,698)</u>	
Net current assets			<u>56,942</u>		<u>426,602</u>
Total assets less current liabilities			<u>230,845</u>		<u>640,760</u>
Creditors: amounts falling due after more than one year	11		<u>(5,632)</u>		<u>(21,616)</u>
			<u>225,213</u>		<u>619,144</u>
Capital and reserves					
Called up share capital	12		46,550		46,550
Profit and loss account	13		178,663		572,594
Shareholders' funds	14		<u>225,213</u>		<u>619,144</u>

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

The financial statements were approved by the Board on 30 January 2002


D B Wallace
Director

CORE PRODUCTS LIMITED

CASH FLOW STATEMENT FOR THE PERIOD ENDED 2 APRIL 2001

	Period ended 2 April 2001 £	Period ended 3 April 2000 £
Net cash inflow/(outflow) from operating activities	140,514	(119,268)
Returns on investments and servicing of finance		
Interest paid	(120,802)	(107,615)
Net cash outflow for returns on investments and servicing of finance	(120,802)	(107,615)
Taxation	-	(20,153)
Capital expenditure		
Payments to acquire tangible assets	(4,951)	(51,766)
Receipts from sales of tangible assets	320	-
Net cash outflow for capital expenditure	(4,631)	(51,766)
Acquisitions and disposals		
Purchase of subsidiary undertakings	-	(801)
Net cash outflow for acquisitions and disposals	-	(801)
Net cash inflow/(outflow) before management of liquid resources and financing	15,081	(299,603)
Increase/(decrease) in cash in the period	15,081	(299,603)

CORE PRODUCTS LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE PERIOD ENDED 2 APRIL 2001

1	Reconciliation of operating (loss)/profit to net cash inflow/(outflow) from operating activities	2001	2000
		£	£
	Operating (loss)/profit	(278,254)	113,858
	Depreciation of tangible assets	44,396	51,546
	Loss on disposal of tangible assets	490	-
	Decrease/(increase) in stocks	174,388	(94,489)
	(Increase)/decrease in debtors	(216,315)	38,927
	Increase/(decrease) in creditors within one year	415,809	(229,110)
	Net cash inflow/(outflow) from operating activities	140,514	(119,268)
2	Analysis of net debt	4 April 2000	Cash flow Other non-cash changes 2 April 2001
		£	£ £ £
	Net cash:		
	Cash at bank and in hand	3,489	(1,517) - 1,972
	Bank overdrafts	(1,049,061)	(9,129) - (1,058,190)
		<u>(1,045,572)</u>	<u>(10,646)</u> <u>-</u> <u>(1,056,218)</u>
	Debt:		
	Finance leases	(46,885)	25,727 - (21,158)
	Net debt	(1,092,457)	15,081 - (1,077,376)
3	Reconciliation of net cash flow to movement in net debt	2001	2000
		£	£
	Decrease in cash in the period	(10,646)	(315,615)
	Cash outflow from decrease in debt and lease financing	25,727	16,012
	Movement in net debt in the period	15,081	(299,603)
	Opening net debt	(1,092,457)	(792,854)
	Closing net debt	(1,077,376)	(1,092,457)

CORE PRODUCTS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE PERIOD ENDED 2 APRIL 2001

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Short leasehold property	over the remaining lease term
Equipment	15% reducing balance
Fixtures & fittings	15% reducing balance
Motor vehicles	25% reducing balance

1.4 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.5 Stock

Stock is valued at the lower of cost and net realisable value.

1.6 Pensions

The company operates a defined contribution pension scheme for certain of its senior employees, contributions are charged to the profit and loss account as incurred.

1.7 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.8 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

1.9 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a medium-sized group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts.

CORE PRODUCTS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE PERIOD ENDED 2 APRIL 2001

1 Accounting policies

(continued)

1.10 Factoring of debts

Debts factored with recourse are given a separate presentation in accordance with the provisions of Financial Reporting Standard 5.

2 Turnover

Turnover represents the amounts receivable for goods sold during the year, exclusive of value added tax.

Turnover in respect of continuing activities is set out below:

Geographical market

	2001 £	2000 £
United Kingdom	4,167,702	5,669,940
Rest of European Union	385,991	-
	<u>4,553,693</u>	<u>5,669,940</u>

3 Operating (loss)/profit

Operating (loss)/profit is stated after charging:

	2001 £	2000 £
Depreciation of tangible assets	44,396	51,546
Loss on disposal of tangible fixed assets	490	-
Operating lease rentals		
- Land & buildings	104,652	105,515
- Plant and machinery	2,322	2,136
Auditors' remuneration	5,900	6,660
Foreign exchange gains	35	-
	<u>157,795</u>	<u>165,857</u>

4 Interest payable

	2001 £	2000 £
On bank loans and overdrafts	91,947	65,911
Hire purchase interest	2,344	2,696
On amounts payable to factors	26,511	39,008
	<u>120,802</u>	<u>107,615</u>

CORE PRODUCTS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE PERIOD ENDED 2 APRIL 2001

5	Taxation	2001 £	2000 £
	U.K. corporation tax at 20% (2000 - 20%)	(5,125)	5,125
		<u><u>(5,125)</u></u>	<u><u>5,125</u></u>

If provision were to be made for deferred taxation on the basis of the full potential liability, the tax charge for the period would increase by £nil (2000 - £11,859) due to the losses incurred.

CORE PRODUCTS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE PERIOD ENDED 2 APRIL 2001

6 Tangible fixed assets

	Short leasehold property	Equipment	Fixtures & fittings	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 4 April 2000	82,178	232,179	72,356	99,822	486,535
Additions	-	2,505	2,446	-	4,951
Disposals	-	(120)	-	(5,310)	(5,430)
	<u>82,178</u>	<u>234,564</u>	<u>74,802</u>	<u>94,512</u>	<u>486,056</u>
At 2 April 2001	82,178	234,564	74,802	94,512	486,056
Depreciation					
At 4 April 2000	61,420	111,021	46,681	54,056	273,178
On disposals	-	(18)	-	(4,602)	(4,620)
Charge for the period	10,379	18,535	4,218	11,264	44,396
	<u>71,799</u>	<u>129,538</u>	<u>50,899</u>	<u>60,718</u>	<u>312,954</u>
At 2 April 2001	71,799	129,538	50,899	60,718	312,954
Net book value					
At 2 April 2001	<u>10,379</u>	<u>105,026</u>	<u>23,903</u>	<u>33,794</u>	<u>173,102</u>
At 3 April 2000	<u>20,758</u>	<u>121,158</u>	<u>25,675</u>	<u>45,766</u>	<u>213,357</u>

Included above are assets held under finance leases or hire purchase contracts as follows:

	Motor vehicles £
Net book values	
At 2 April 2001	<u>42,111</u>
At 3 April 2000	<u>66,611</u>
Depreciation charge for the period	
2 April 2001	<u>10,277</u>
3 April 2000	<u>17,148</u>

CORE PRODUCTS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE PERIOD ENDED 2 APRIL 2001

7 Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 4 April 2000 & at 2 April 2001	<u>801</u>

Holdings of more than 20%

The company holds more than 20% of the share capital of the following company:

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertakings			
Eastfield Manufacturing Limited	Scotland	Ordinary	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves	Loss for the year
Eastfield Manufacturing Limited	<u>51,433</u>	<u>(319,368)</u>

8	Stocks	2001 £	2000 £
	Finished goods and goods for resale	<u>927,368</u>	<u>1,101,756</u>
9	Debtors	2001 £	2000 £
	Trade debtors	<u>1,223,370</u>	<u>1,007,055</u>
	Included in trade debtors are factored debts outstanding as follows	<u>723,317</u>	<u>702,938</u>

CORE PRODUCTS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE PERIOD ENDED 2 APRIL 2001

10 Creditors: amounts falling due within one year	2001 £	2000 £
Bank loans and overdrafts	1,058,190	1,049,061
Net obligations under hire purchase contracts	15,526	25,269
Trade creditors	892,174	549,191
Corporation tax	-	5,125
Other taxes and social security costs	18,885	31,059
Directors' current accounts	110,993	25,993
	<u>2,095,768</u>	<u>1,685,698</u>

The bank overdraft is secured by a bond and floating charge over the whole assets of the company. The company bankers also hold letters of postponement from DB Wallace and MA Doig over the whole of the directors current accounts. It is anticipated that ongoing discussions with the company's bankers will provide the level of borrowings shown as required by projected cash flows prepared by the directors. The financial statements have been prepared on a going concern basis, the validity of which depends upon continued support of the company's bankers. Should this support not be available, adjustments would have to be made to reduce the value of assets to their recoverable amount, to provide for further liabilities which might arise and to reclassify fixed assets as current assets.

11 Creditors: amounts falling due after more than one year	2001 £	2000 £
Net obligations under finance leases and hire purchase agreements	<u>5,632</u>	<u>21,616</u>
Net obligations under finance leases and hire purchase contracts		
Repayable within one year	18,082	29,118
Repayable between one and five years	6,861	25,487
	<u>24,943</u>	<u>54,605</u>
Finance charges and interest allocated to future accounting periods	(3,785)	(7,720)
	<u>21,158</u>	<u>46,885</u>
Included in liabilities falling due within one year	(15,526)	(25,269)
	<u>5,632</u>	<u>21,616</u>

12 Share capital	2001 £	2000 £
Authorised		
500,000 Ordinary shares of £ 1 each	<u>500,000</u>	<u>500,000</u>
Allotted, called up and fully paid		
46,550 Ordinary shares of £ 1 each	<u>46,550</u>	<u>46,550</u>

CORE PRODUCTS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE PERIOD ENDED 2 APRIL 2001

13 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 4 April 2000	572,594
Retained loss for the period	(393,931)
Balance at 2 April 2001	<u>178,663</u>

14 Reconciliation of movements in shareholders' funds

	2001 £	2000 £
(Loss)/Profit for the financial period	(393,931)	1,118
Opening shareholders' funds	<u>619,144</u>	<u>618,026</u>
Closing shareholders' funds	<u>225,213</u>	<u>619,144</u>

15 Contingent liabilities

There were no contingent liabilities at 2 April 2001.

16 Financial commitments

At 2 April 2001 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2001	2000	2001	2000
	£	£	£	£
Expiry date:				
In over five years	<u>89,944</u>	<u>89,944</u>	<u>2,136</u>	<u>2,136</u>

17 Capital commitments

There were no capital commitments at 2 April 2001.

18 Directors' emoluments

	2001 £	2000 £
Emoluments for qualifying services	<u>167,542</u>	<u>171,214</u>

Four directors of the company are in defined contribution pension schemes. The total premiums paid in the year amounted to £36,000 (2000 :£36,000).

CORE PRODUCTS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE PERIOD ENDED 2 APRIL 2001

19 Transactions with directors

Directors' current accounts are interest free and repayable on demand.
Sales commission of £15,940 has been paid to Mr JA Hood since his appointment as a director.

20 Employees

Number of employees

The average monthly number of employees (including directors) during the period was:

	2001 Number	2000 Number
	36	42
	<u>36</u>	<u>42</u>
Employment costs		
	£	£
Wages and salaries	375,300	480,164
Social security costs	40,394	46,206
Other pension costs	42,089	36,000
	<u>457,783</u>	<u>562,370</u>
	<u>457,783</u>	<u>562,370</u>

CORE PRODUCTS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE PERIOD ENDED 2 APRIL 2001

21 Related party transactions

Fairmount Trading Company Limited, Arran Estates Limited and Danscot Print Limited are considered related parties on the basis of their common control.

Eastfield Manufacturing Limited is a wholly owned subsidiary.

During the period ended 2 April 2001 Core Products Limited had the following transactions with these companies:

	Fairmount Trading Company Limited £	Danscot Print Limited £	Arran Estates Limited £	Eastfield Manufacturing Limited £
Sales	130,354	5,651	1,139	292,109
Management service charges	-	-	22,600	-
Purchases	43,558	55,295	847	242,790
Lease payments on property	77,048	-	-	-
Lease payments on equipment	-	2,136	-	-
	<u>22,534</u>	<u>236</u>	<u>1,338</u>	<u>146,195</u>
The amounts owing to and from the companies are as follows:				
Debtors	<u>10,869</u>	<u>47,589</u>	<u>847</u>	<u>111,673</u>
Creditors	<u>-</u>	<u>4,007</u>	<u>-</u>	<u>-</u>
Loan	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>