

CORE PRODUCTS LIMITED

ABBREVIATED ACCOUNTS

For the year ended 31st March 1996

REGISTERED NUMBER: SC101451

DIRECTORS

DB Wallace (Chairman)

MA Doig

RPE Bartoli

SD Wallace

SECRETARY

MA Doig

BANKERS

Bank of Scotland

St John Street Branch

50 St John Street

PERTH PH1 5SL

SOLICITORS

Macnab Gordon & Douglas

10 Barossa Place

PERTH PH1 5JX

Skene Edwards WS

5 Albyn Place

EDINBURGH EH2 4NJ

AUDITORS

Turnbull Kemp & Co CA

66 Tay Street

PERTH PH2 8RA

REGISTERED OFFICE

Unit 3

Arran House

Arran Road

North Muirton Industrial Estate

PERTH PH1 3DZ

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CORE PRODUCTS LIMITED

DIRECTORS REPORT

The Directors submit their Report and Accounts for the year ended 31st March 1996.

RESULTS AND DIVIDENDS

The Trading Profit for the year, after taxation, amounted to £103,699 (1995:£156,201). The Directors do not recommend paying a dividend.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the Company continues to be the wholesale import and distribution of timber based products. The Directors are encouraged by the increase in turnover. They recognise the difficult trading conditions which have put margins under considerable pressure against a background of rising costs. They remain confident that turnover can be increased.

FIXED ASSETS

Details of the Company's fixed assets are in Note 5 to the Accounts.

DIRECTORS AND THEIR INTERESTS

The Directors and their interests in the Company, during the year, were as follows:-

| | Ordinary Shares at 31:3:96 | Ordinary Shares at 31:3:95 |
|-----------------------------|----------------------------------|----------------------------------|
| Duncan B Wallace (Chairman) | 24,363 | 24,363 |
| Mary A Doig | 11,154 | 11,154 |
| Richard P Bartoli | 5,913 | 5,913 |
| Stuart D Wallace | 5,120 | 5,120 |

DIRECTORS' RESPONSIBILITIES

Company law requires the Directors 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 Directors are required to:-

- select suitable accounting policies and then apply them consistently;
- make judgments 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.

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 accounts 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.

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CORE PRODUCTS LIMITED

DIRECTORS REPORT continued

AUDITORS

A resolution to re-appoint Turnbull Kemp & Co CA as Auditors of the Company will be put to the Members at the Annual General Meeting.

BY ORDER OF THE BOARD

X M. A. Doig X
Mary A Doig
SECRETARY

Arran House, Arran Road,
North Muirton Industrial Estate
PERTH PH1 3DZ

15th November 1996

AUDITORS' REPORT TO THE DIRECTORS OF CORE PRODUCTS LIMITED
PURSUANT TO PARAGRAPH 24 OF SCHEDULE 8 TO THE COMPANIES ACT 1985

We have examined the Abbreviated Accounts on pages 4 to 9 together with the full accounts of Core Products Limited for the year ended 31st March 1996. The scope of our work for the purpose of this report was limited to confirming that the Company is entitled under Section 246 and 247 of the Companies Act 1985 to the exemptions conferred by Schedule 8 of that Act, and that the Abbreviated Accounts have been properly prepared from the full accounts.

In our opinion the Company is entitled to the exemptions set out in the Directors statement on page 5 and the Abbreviated Accounts have been properly prepared in accordance with Schedule 8, Part III of the Companies Act 1985.

On 15th November 1996 we reported to the members on the full statutory accounts of the company prepared under Section 226 of the Companies Act 1985 for the year ended 31st March 1996. Our report under Section 235 of the Companies Act 1985 was as follows:-

"We have audited the accounts on pages 4 to 12 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

Respective responsibilities of directors and auditors

As described on page 1, the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

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 judgments made by the directors 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 or 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 the company's affairs as at 31st March 1996 and of its Profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985."



TURNBULL KEMP & CO
Chartered Accountants
& Registered Auditors

66 Tay Street
PERTH PH2 8RA

15th November 1996

CORE PRODUCTS LIMITED

ABBREVIATED PROFIT & LOSS ACCOUNT
For the Year ended 31st March 1996

| 1995 | | NOTE | 1996 | |
|-----------|---------|--|---------|-----------|
| £ | £ | | £ | £ |
| 1,431,018 | | GROSS PROFIT | | 1,439,294 |
| | 311,647 | Distribution Costs | 357,511 | |
| | 812,920 | Administrative Expenses | 858,604 | |
| | <hr/> | | <hr/> | |
| 1,124,567 | | | | 1,216,115 |
| <hr/> | | | | <hr/> |
| 306,451 | | OPERATING PROFIT | | 223,179 |
| | | | | <hr/> |
| 2,159 | | Loss on Sale of Assets | | 2,567 |
| <hr/> | | | | <hr/> |
| 304,292 | | | | 220,612 |
| | | | | <hr/> |
| 73,928 | | Interest Payable | 2 | 80,074 |
| <hr/> | | | | <hr/> |
| 230,364 | | PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 140,538 |
| | | | | <hr/> |
| 74,163 | | TAX ON PROFIT ON ORDINARY ACTIVITIES | 4 | 37,062 |
| <hr/> | | | | <hr/> |
| 156,201 | | PROFIT RETAINED FOR THE FINANCIAL YEAR | | 103,476 |
| <hr/> | | | | <hr/> |

The Company made no recognised gains or losses in the year ended 31st March 1996 (1995:nil) other than the Profit for the year.


The Notes on pages 6 to 9 form an integral part of these accounts.

CORE PRODUCTS LIMITED

ABBREVIATED BALANCE SHEET as at 31st March 1996

| 1995 | | NOTE | 1996 |
|-----------|---|------|-----------|
| £ | £ | | £ |
| 165,112 | FIXED ASSETS | | |
| | Tangible Assets | 5 | 178,436 |
| | CURRENT ASSETS | | |
| 464,551 | Stocks | 6 | 683,621 |
| 970,658 | Debtors | 7 | 935,520 |
| 49 | Cash at Bank and in Hand | | 417 |
| 1,435,258 | | | 1,619,558 |
| 1,113,051 | CREDITORS: amounts falling due within one year | 8 | 1,213,993 |
| 322,207 | Net Current Assets | | 405,565 |
| 487,319 | TOTAL ASSETS LESS CURRENT LIABILITIES | | 584,001 |
| 24,011 | CREDITORS: amounts falling due after more than one year | 8 | 17,217 |
| 463,308 | | | 566,784 |
| | CAPITAL AND RESERVES | | |
| 46,550 | CALLED UP SHARE CAPITAL | 12 | 46,550 |
| 416,758 | PROFIT AND LOSS ACCOUNT | 13 | 520,234 |
| 463,308 | SHAREHOLDERS' FUNDS | 13 | 566,784 |

Approved by the Board of Directors on 15th November 1996 and signed on their behalf by:-

 DB Wallace, Director

The Notes on pages 6 to 9 form an integral part of these accounts.

CORE PRODUCTS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 31st March 1996

1 ACCOUNTING POLICIES

a) Basis of Accounting

The accounts have been prepared under the historical cost convention.

b) Depreciation

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

| | |
|--------------------------|--------------------------------|
| Short Leasehold Property | over the remaining lease term |
| Equipment | 15% per annum reducing balance |
| Fixtures & Fittings | 15% per annum reducing balance |
| Motor Vehicles | 25% per annum reducing balance |

c) Stocks

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

d) Deferred Taxation

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

e) Foreign Currency Transactions

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

Transactions in foreign currencies are recorded at the date of transaction. All differences are dealt with through the profit and loss account.

f) Pension Costs

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.

g) Leasing and Hire Purchase Commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their useful lives.

The interest element of the obligations is charged to the profit and loss account over the period of the lease or hire purchase contract.

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

h) Factoring of Debts

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

CORE PRODUCTS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS continued

2 INTEREST PAYABLE

| | 1996 | 1995 |
|---|----------|----------|
| Bank overdraft | £ 22,489 | £ 21,008 |
| Factoring | 53,493 | 48,259 |
| Finance charges payable under hire purchase contracts | 4,092 | 4,661 |
| | £ 80,074 | £ 73,928 |

3 STAFF COSTS

| | | |
|-----------------------|-----------|-----------|
| Wages and salaries | £ 405,620 | £ 374,551 |
| Social security costs | 35,432 | 33,929 |
| Other pension costs | 20,705 | 19,775 |
| | £ 461,757 | £ 428,255 |

The average weekly number of employees during the year was 27 (1995:23).

4 TAX ON PROFIT ON ORDINARY ACTIVITIES

| | | |
|--|----------|----------|
| UK corporation tax | £ 37,062 | £ 74,163 |
| Provision for year at 25% (1995:30.8%) | | |

Had full provision been made for deferred tax the total charge for taxation would have been increased by £4,066 (1995:£1,638) for capital allowances in advance of depreciation.

5 TANGIBLE FIXED ASSETS

| | Land & Buildings Short Lease | Vehicles | Motor Fittings | Fixtures & Equipment | Office Total |
|-----------------|---------------------------------|----------|-------------------|-------------------------|-----------------|
| Cost at 1.4.95 | £ 45,150 | 91,548 | 50,180 | 87,286 | £ 274,164 |
| Additions | 23,326 | 16,788 | 1,667 | 17,125 | 58,906 |
| Disposals | - | (27,500) | - | (220) | (27,720) |
| At 31.3.96 | £ 68,476 | 80,836 | 51,847 | 104,191 | £ 305,350 |
| Depreciation | | | | | |
| At 1.4.95 | £ 16,419 | 39,657 | 20,936 | 32,040 | £ 109,052 |
| Charge for year | 7,436 | 15,395 | 4,636 | 10,828 | 38,295 |
| On disposals | - | (20,400) | - | (33) | (20,433) |
| At 31.3.96 | £ 23,855 | 34,652 | 25,572 | 42,835 | £ 126,914 |
| NET BOOK VALUE | | | | | |
| At 31.3.96 | £ 44,621 | 46,184 | 26,275 | 61,356 | £ 178,436 |
| At 1.4.95 | £ 28,731 | 51,891 | 29,244 | 55,246 | £ 165,112 |

The net book value of tangible fixed assets for the Company includes £55,301 (1995:£82,591) in respect of assets held under hire purchase contracts.

CORE PRODUCTS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS continued

6 STOCKS

| | 1996 | 1995 |
|------------------|-----------|-----------|
| | ----- | ----- |
| Goods for resale | £ 683,621 | £ 464,551 |
| | ===== | ===== |

7 DEBTORS

| | | |
|-------------------------|-----------|-----------|
| Trade debtors (Note 11) | £ 935,520 | £ 970,658 |
| | ===== | ===== |

8 CREDITORS

a) amounts falling due within one year

| | | |
|---|------------|------------|
| Obligations under hire purchase contracts (Note 9) | £ 24,634 | £ 27,162 |
| Trade creditors and accruals | 403,840 | 333,279 |
| Current corporation tax | 37,062 | 74,163 |
| Other taxes and social security costs | 48,532 | 123,200 |
| Bank overdraft (Note 10) | 304,211 | 124,440 |
| Directors' current account | 50,098 | 72,882 |
| Amounts received on debts assigned to factors (Notes 10 & 11) | 345,616 | 357,925 |
| | £1,213,993 | £1,113,051 |
| | ===== | ===== |

b) amounts falling due after more than one year

| | | |
|---|----------|----------|
| Obligations under hire purchase contracts (Note 12) | £ 17,217 | £ 24,011 |
| | ===== | ===== |

9 OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS

| | | |
|---|----------|----------|
| Total payments outstanding | £ 49,392 | £ 58,446 |
| Less: Finance charges allocated to future periods | 7,541 | 7,273 |
| | £ 41,851 | £ 51,173 |
| | ===== | ===== |

| | | |
|---|----------|----------|
| Amounts payable within one year | £ 24,634 | £ 27,162 |
| Amounts payable in the second to fifth year inclusive | 17,217 | 24,011 |
| | £ 41,851 | £ 51,173 |
| | ===== | ===== |

10 BANK OVERDRAFT

The bank overdraft is secured by a bond and floating charge over the whole assets of the Company, postponed to a bond and floating charge over the Company's debtors in favour of the factors employed by the Company.

CORE PRODUCTS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS continued

11 DEBTS ASSIGNED TO FACTORS

| | 1996 | 1995 |
|----------------------------|-----------|-----------|
| | ----- | ----- |
| Factored debts outstanding | £ 884,178 | £ 964,190 |
| | ===== | ===== |

12 SHARE CAPITAL

| | Authorised | | Allotted, Called Up & Fully Paid | |
|----------------------------|------------|---------|-------------------------------------|--------|
| | 1996 | 1995 | 1996 | 1995 |
| | ----- | ----- | ----- | ----- |
| Ordinary Shares of £1 each | 500,000 | 500,000 | 46,550 | 46,550 |
| | ===== | ===== | ===== | ===== |

13 RECONCILIATION OF SHAREHOLDERS FUNDS AND MOVEMENTS ON RESERVES

| | Share Capital | Profit and Loss Account | Total |
|---------------------|------------------|----------------------------|-----------|
| | ----- | ----- | ----- |
| At 1st April 1994 | £ 46,550 | £ 260,557 | £ 307,107 |
| Profit for the year | - | 156,201 | 156,201 |
| | ----- | ----- | ----- |
| At 1st April 1995 | £ 46,550 | £ 416,758 | £ 463,308 |
| Profit for the year | - | 103,476 | 103,476 |
| | ----- | ----- | ----- |
| At 31st March 1996 | £ 46,550 | £ 520,234 | £ 566,784 |
| | ===== | ===== | ===== |

14 CONTINGENT LIABILITIES

There were no significant contingent liabilities at 31st March 1996 (1995:£Nil).

15 CAPITAL COMMITMENTS

| | | |
|--|----------|-------|
| Authorised by the directors but not contracted | £ 10,000 | £ - |
| | ===== | ===== |

16 PENSION COMMITMENTS

The Company operates a defined contribution pension scheme for its directors and senior employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

17 OTHER FINANCIAL COMMITMENTS

| | Land & Buildings | Other |
|--|------------------|---------|
| | ----- | ----- |
| Annual commitments in respect of operating leases which expire:- | | |
| Within two to five years | £ - | £ 3,725 |
| In over five years | 68,780 | - |
| | ===== | ===== |