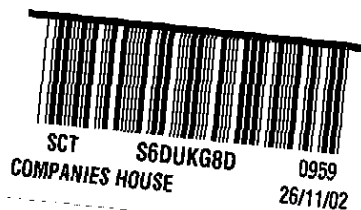


Report of the Directors and
Financial Statements for the Period Ended 30th June 2002
For
ALLIED TIMBER MANUFACTURING LIMITED

Company No: SC 094079



J. S. Mackie & Co
Chartered Management Accountants
8 Douglas Street Hamilton ML3 0BP

Ref No: IW 3564

ALLIED TIMBER MANUFACTURING LIMITED

Report of the Directors **For the Period Ended 30th June 2002**

The directors submit their report and financial statements for the year ended 30th June 2002.

STATEMENT OF 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 accounts, 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 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.

PRINCIPAL ACTIVITY

The principal activity of the company is the manufacture of timber and chipboard products.

REVIEW OF THE BUSINESS

Trading was better than the previous year albeit still difficult.

DIRECTORS

The directors who served throughout the year are noted below and their interest in the company's ordinary £1 shares were as follows:

	<u>2002</u>	<u>2001</u>
J.B. Shanks	1	1
A.F. Shanks	1	1
B.B. Shanks	1	1
D.T. Shanks	1	1
G.S. Shanks	1	1

Mr G.S. Shanks retires from the board by rotation and being eligible offers himself for re-election.

REPORTING ACCOUNTANTS

J.S. Mackie and Co will continue in office.

SMALL COMPANY RULES

The financial statements have been prepared in accordance with the special provisions of Part V11 of the Companies Act 1985 applicable to small companies.

Registered Office:

**ROCHSOLLOCK WORKS,
ROCHSOLLOCH ROAD,
AIRDRIE
ML6 9B**

BY ORDER OF THE BOARD

D.T. SHANKS
Secretary



Independent Accountants Report To The Shareholders Of

ALLIED TIMBER MANUFACTURING LIMITED

I have examined, without carrying out an audit, the accounts for the year ended 30th June 2002 set out on pages 3 to 8.

Respective Responsibilities Of Directors And Reporting Accountant

As described on page 4 the company's directors are responsible for the preparation of the accounts, and they believe that the company is exempt from an audit. It is my responsibility to examine the accounts and, based on my examination, to report my opinion, as set out below, to the shareholders.

Basis Of Opinion

I conducted my examination in accordance with the appropriate standards for reporting accounts issued by the Auditing Practices Board. This examination consisted of comparing the accounts with the accounting records kept by the company, and making such limited enquiries of the officers of the company as I considered necessary for the purposes of this report.

The examination was not an audit conducted in accordance with Auditing Standards. Accordingly I do not express an audit opinion of the accounts. Therefore my examination does not provide any assurance that the accounting records and the accounts are free from material mis-statements.

Opinion

In my opinion:

- a) the accounts are in agreement with those accounting records kept by the company under section 221 of the Companies Act 1985;
- b) having regard only to and on the basis of the information contained in those accounting records, the accounts have been drawn up in a manner consistent with the accounting requirements specified in section 249(6) of the Act; and
- c) having regard only to, and on the basis of, the information contained in those accounting records, the company satisfied the conditions for exemption from an audit of the accounts for the year specified in section 249A(4) of the Act {as modified by section 249A(5)} and did not, at any time within that year, fall within any of the categories of companies not entitled to the exemption specified in section 249B(1).



J.S. Mackie & Co
Chartered Management Accountants

8 Douglas Street
Hamilton, ML3 0BP

ALLIED TIMBER MANUFACTURING LIMITED

Profit and Loss Account
For the Year Ended 30th June 2002

		<u>2002</u>	<u>2001</u>
	Notes		£
TURNOVER	2	576750	625675
Cost of Sales		456238	532733
GROSS PROFIT		120512	92942
Administrative Expenses		79865	95296
Distribution Costs		36433	37375
		(116298)	(132671)
OPERATING PROFIT /(LOSS)	3	4214	(39729)
Loss on Disposal of Tangible Fixed Assets		-	(3133)
PROFIT /(LOSS) ON ORDINARY ACTIVITIES BEFORE INTEREST		4214	(42862)
Interest Receivable		3	2
Interest Payable	4	(6663)	(4326)
		(6660)	(4324)
PROFIT /(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		(2446)	(47186)
Tax on Profit/(Loss) on Ordinary Activities	5	-	-
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		(2446)	(47186)
Dividends	6	-	-
RETAINED PROFITS FOR THE YEAR		(2446)	(47186)
RETAINED PROFIT BROUGHT FORWARD		190218	237405
RETAINED PROFITS CARRIED FORWARD		<u>187772</u>	<u>190219</u>

The notes on pages 5 to 8 form part of these Financial Statements.

ALLIED TIMBER MANUFACTURING LIMITED**Balance Sheet**
As at 30th June 2002

		<u>2002</u>	<u>2001</u>
		£	£
	Notes		
FIXED ASSETS			
Tangible assets	7	250613	237440
Investment	8	1482	1482
		<u>252095</u>	<u>238922</u>
CURRENT ASSETS			
Bank & Cash		1810	2330
Stocks		61500	75000
Debtors	9	124391	124844
		<u>187701</u>	<u>202174</u>
CREDITORS: amount falling due within one year	10	<u>(207791)</u>	<u>(243061)</u>
NET CURRENT LIABILITIES		<u>(20090)</u>	<u>(40887)</u>
		<u>232005</u>	<u>198035</u>
CREDITORS: amounts falling due after one year	11	<u>(41627)</u>	<u>(4500)</u>
		<u>190378</u>	<u>193535</u>
ACCRUALS & DEFERRED INCOME			
Deferred Government Grants		(2601)	(3311)
		<u>187777</u>	<u>190224</u>
SHARE CAPITAL AND RESERVES			
Share Capital	12	5	5
Profit & Loss Account		187772	190219
		<u>187777</u>	<u>190224</u>

The company is entitled to exemption from audit under Section 249A(1) of the Companies Act 1985 for the year ending 30th June 2002. No notice has been deposited under Section 249B(2) of the Companies Act 1985 in relation to its financial statements for the financial year.

The directors acknowledge their responsibilities for:-

- ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985; and
- preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Section 226 and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company.

In preparing these financial statements, the directors have taken advantage of special exemptions applicable to small companies conferred by Part 1 of Schedule 8 to Companies Act 1985. The directors have done so on the grounds that, in their opinion, the company is entitled to the benefit of those exemptions because it meets the qualifying conditions for small companies as stated in section 247 of the Companies Act 1985.

David T. Shanks

Director *D.T. Shanks*

Gavin B. Shanks

Director *Gavin Shanks*

[Signature]

The notes on pages 5 to 8 form part of these Financial Statements.

ALLIED TIMBER MANUFACTURING LIMITED

Notes to the Financial Statements **For Year Ended to 30th June 2002**

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered to be material to the financial statements.

(a) Accounting Convention

The financial statements have been prepared under the historical cost convention and disclose the results of the company's operations, all of which are continuing.

(b) Depreciation

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

Motor Vehicles	25% Written Down Value
Plant and Machinery	15% Written Down Value
Office Equipment & Fittings	20% Written Down Value
Leasehold Improvements	10% Straight Line
Investment Properties –Furniture & Fittings	5% Written Down Value

Investment Properties are valued on an open market value basis. The directors are of the opinion that at the year end the open market value was not materially different from the cost.

(c) Deferred Government Grants

Government Grants received in respect of capital expenditure are credited to a deferred income account and are released to the Profit and Loss Account over the expected useful lives of the relevant assets.

(d) Stock & Work in Progress

Stocks & Work in Progress have been valued at the lower of cost or net realisable value.

Work in Progress represents the cost of work commenced but not invoiced at the year end and includes all direct costs and an appropriate proportion of attributable overheads.

(e) Leasing and Hire Purchase Commitments

Assets held under finance leases and hire purchase contracts are capitalised in the Balance Sheet as tangible fixed assets and are depreciated over their useful lives. Rentals paid under operating leases are charged to Profit and Loss Account on a straight line basis over the lease term, as incurred.

(f) Deferred Taxation

Provision is made, using the liability method, at current rates on all material timing differences except for those where in the directors' opinion, there is a reasonable probability that the liability will not arise in the foreseeable future.

(g) Pensions

The company operates defined contribution pension schemes for certain executives. Additionally the company contributes to personal pension schemes for certain employees. Contributions in both cases are charged to the Profit and Loss Account as they become payable.

ALLIED TIMBER MANUFACTURING LIMITED

Notes to the Financial Statements **For the Period Ended 30th June 2002 (Contd.)**

2 TURNOVER

Turnover represents the invoiced amount of goods sold within the United Kingdom stated net of Value Added Tax.

3 OPERATING PROFIT/(LOSS)

This is stated after charging/ (crediting):

	<u>2002</u>	<u>2001</u>
	£	£
Directors Remuneration	37260	41996
Depreciation of Owned Fixed Assets	14768	14262
Depreciation of Assets held under Finance Leases and Hire Purchase Contracts	4431	3536
Pension Costs	8431	13663
Government Grant Release	(709)	(709)
	<u>6663</u>	<u>4326</u>

4 INTEREST PAYABLE

	<u>2002</u>	<u>2001</u>
	£	£
Bank Overdraft	3812	3255
Hire Purchase and Finance Lease Contracts	2002	900
Loan Interest	786	-
Other Interest	63	171
	<u>6663</u>	<u>4326</u>

5 TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

Corporation tax charge	-	-
	<u>6663</u>	<u>4326</u>

6 DIVIDENDS

Final Dividend on Equity Shares	-	-
	<u>6663</u>	<u>4326</u>

ALLIED TIMBER MANUFACTURING LIMITED

Notes to the Financial Statements
For the Period Ended 30th June 2002

6 **TANGIBLE FIXED ASSETS**

	<u>Office Equipment & Fittings</u>	<u>Motor Vehicles</u>	<u>Plant & Machinery</u>	<u>Leasehold Improve</u>	<u>Invest Properties</u>	<u>Invest Properties F & Fittings</u>	<u>Total</u>
	£	£	£	£	£	£	£
COST:							
As at 30/6/01	3403	49377	130135	2910	148771	10787	345383
Additions	784	-	29540	-	2000	-	32324
Disposals	-	-	-	-	-	-	-
As at 30/6/02	<u>4187</u>	<u>49377</u>	<u>159675</u>	<u>2910</u>	<u>150771</u>	<u>10787</u>	<u>377707</u>
DEPRECIATION:							
As at 01/6/01	2005	30823	72629	437	-	2049	107943
Charge for year	436	4638	13057	146	-	874	19151
Disposals	-	-	-	-	-	-	-
As at 31/3/02	<u>2441</u>	<u>35461</u>	<u>85686</u>	<u>583</u>	<u>-</u>	<u>2923</u>	<u>127094</u>
NET BOOK VALUE							
As at 31/6/02	<u>1746</u>	<u>13916</u>	<u>73989</u>	<u>2327</u>	<u>150771</u>	<u>7864</u>	<u>250613</u>
Net Book Value As at 31/6/01	<u>1398</u>	<u>18554</u>	<u>57506</u>	<u>2473</u>	<u>148771</u>	<u>8738</u>	<u>237440</u>

2002 2001

7 **INVESTMENT**

Participating Interest	1482	1482
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8 **DEBTORS**

Due within one year

Trade Debtors	80075	100973
Other Debtors & Prepayments	44316	23871
	<u>124391</u>	<u>124844</u>

9 **CREDITORS:**

Due within one year

Bank Loan	1039	-
Bank Overdraft	33817	44893
Trade Creditors	83803	120497
Directors Loan Accounts	24846	12761
Social Security Costs & Other Taxes	24396	31771
Net Obligations under Finance Lease & Hire Purchase Contracts	8575	3778
Current Corporation Tax	29115	29115
Accruals & Other Creditors	2200	246
	<u>207791</u>	<u>243061</u>

ALLIED TIMBER MANUFACTURING LIMITED

Notes to the Financial Statements
For the Period Ended 30th June 2002 (Contd.)

	2002	2001
10 CREDITORS		
Due after more than one year:		
Net Obligations under Finance Lease & Hire Purchase Contracts	18080	4500
Bank Loan	23547	-
	<u> </u>	<u> </u>

All of these obligations are repayable within Two to Five Years
The Bank Loan is secured by a standard security over the property at 142 Stoneylee Road.

11 SHARE CAPITAL		
Authorised:		
1000 Ordinary Share of £1 Each	10000	10000
	<u> </u>	<u> </u>
Allotted, Issued & Fully paid:		
5 Ordinary Shares of £1 Each	5	5
	<u> </u>	<u> </u>

12 **RELATED PARTY**

Mr James. B. Shanks, is also a director of Gavin Shanks & Sons Ltd, and two other directors of Allied Timber Manufacturing Limited are employed in key management positions within that same company.