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KIELDER FOREST PRODUCTS LIMITED

ACCOUNTS FOR THE YEAR ENDED

28th FEBRUARY 1995

GREAVES, WEST & AYRE

CHARTERED ACCOUNTANTS

BERWICK UPON TWEED



KIELDER FOREST PRODUCTS LIMITED

DIRECTORS REPORT FOR THE YEAR ENDED 28th FEBRUARY 1995

Responsibility for the Preparation of 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 as at the end of the year and of its profit or loss for the financial year. In preparing the financial statements, the directors are required to select suitable accounting policies and apply them consistently, make judgements and estimates that are reasonable and prudent, state whether applicable accounting standards have been followed, and 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.

Principal Activities

During the year the company traded in chipping forestry residues at Kielder Forest.

Results

	1995	1994
Loss after taxation	(4338)	(148)

The directors recommend that no dividend be paid, and the loss be absorbed by the company.

Future Developments

The company will continue to expand its operation in the Kielder Forest and to increase the diversity of products produced from the chipping residue retrieved from the forest.

KIELDER FOREST PRODUCTS LIMITED

DIRECTORS REPORT CONTINUED

Directors Interests

	<u>1995</u>	<u>1994</u>
In Shares of the Company	Ordinary £1	Ordinary £1
A.G. Waugh	1	1
S.G. Waugh	1	1

During the year the company traded in conjunction with A.G. Waugh and Sons Limited, a company with which A.G. Waugh and S.G. Waugh are directors. As at 28th February 1995 Kielder Forest Products Limited owed A.G. Waugh and Sons Limited £49910.

By Order of the Board

E.D. Waugh
.....
E.D. Waugh

DATE.....*19.12.95*.....

Secretary

ACCOUNTANTS REPORT TO THE SHAREHOLDERS

ON THE UNAUDITED ACCOUNTS OF

KIELDER FOREST PRODUCTS LIMITED

We report on the accounts for the year ended 28th February 1995 as set out on pages 4 to 7.

Respective Responsibilities of Directors and Auditors

As described on page 1 the company's directors are responsible for the preparation of the accounts, and they consider that the company is exempt from an audit. It is our responsibility to carry out procedures designed to enable us to report our opinion.

Basis of Opinion

We conducted our work in accordance with the Statement of Standards for Reporting Accountants, and so our procedures 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 we considered necessary for the purposes of this report. These procedures provide only the assurance expressed in our opinion.

Opinion

In our opinion :

a) the accounts are in agreement with the 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:

i) the accounts have been drawn up in a manner consistent with the accounting requirements specified in section 249(c)6 of the Act; and

ii) the company satisfied the conditions for exemption from an audit of the accounts for the year specified in section 249(a)4 of the Act 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 249(b)1 of the Act.

Greaves West & Ayre

**GREAVES, WEST & AYRE
CHARTERED ACCOUNTANTS
BERWICK UPON TWEED**

DATE..19/12/1995..

KIELDER FOREST PRODUCTS LIMITED
BALANCE SHEET AS AT 28th FEBRUARY 1995

<u>1994</u>		<u>Notes</u>	
	CURRENT ASSETS		
27,500	Stocks		34,954
7,250	Debtors	2	42,361
<u>34,750</u>			<u>77,315</u>
	Less : CREDITORS		
32,471	Amounts due within one year	3	<u>79,373</u>
<u>2,279</u>	NET CURRENT ASSETS		(2,058)
 <u>2,279</u>	NET ASSETS		 <u>(2,058)</u>
	CAPITAL AND RESERVES		
2	Share capital	4	2
2,277	Profit and loss account		(2,060)
<u>2,279</u>			<u>(2,058)</u>

For the year ended 28th February 1995 the company was entitled to exemption under subsection 2 of section 249(a) of the Companies Act 1985.

No notice has been deposited under subsection 2 of section 249(b) of the Act.

The directors acknowledge their responsibility for :

- i) ensuring that the company keeps proper accounting records which comply with section 221, and
- ii) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its loss for the financial year in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Act relating to accounts, so far as applicable to the company.

..... A.G. Waugh

..... S.G. Waugh

DATE. 19.12.95

KIELDER FOREST PRODUCTS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 28th FEBRUARY 1995

<u>1994</u>	<u>Notes</u>	
62,442	Turnover	148,936
		1b
38,644	Cost of sales	119,027
23,798	Gross profit	29,909
23,995	Administrative expenses	34,247
(197)	Operating loss	(4,338)
		5
	<u>Loss from ordinary operations</u>	
(197)	<u>before taxation</u>	(4,338)
(49)	Taxation	-
		7
(148)	<u>Loss for the year after taxation</u>	(4,338)
2,425	Profit and loss account brought forward	2,278
2,277	Profit and loss account carried forward	(2,060)

There were no further gains or losses during the period other than those shown above.

KIELDER FOREST PRODUCTS LIMITED
NOTES FORMING PART OF THE ACCOUNTS FOR THE
YEAR ENDED 28th FEBRUARY 1995

1. Accounting Policies

a) Basis of Accounting

The accounts are prepared under the historical cost convention, in accordance with accounting standards.

b) Turnover

Turnover represents all goods and services sold or provided net of V.A.T.

	<u>1995</u>	<u>1994</u>
2. Debtors		
Trade debtors	42310	7115
Corporation tax	49	49
Directors loan account	2	2
Other debtors	-	84
	<u>42361</u>	<u>7250</u>

3. Creditors: Amounts Falling Due Within One Year

Trade creditors	23152	8857
Accruals	1750	1200
Other taxes and social security costs	4561	917
A.G. Waugh and Sons Limited	49910	21497
	<u>79373</u>	<u>32471</u>

4. Share Capital

Authorised

1000 Ordinary £1 shares	<u>1000</u>	<u>1000</u>
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Issued and Fully Paid

2 Ordinary £1 shares	<u>2</u>	<u>2</u>
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KIELDER FOREST PRODUCTS LIMITED
NOTES FORMING PART OF THE ACCOUNTS CONTINUED

1995 1994

5. Operating Profit

Operating profit is stated after charging the following items :-

Auditors remuneration	1500	1200
	<u> </u>	<u> </u>

6. Employee Costs

The following employee costs have been charged in the accounts :-

Wages and salaries	28859	13333
Social security costs	2682	1353
	<u> </u>	<u> </u>
	31541	14686
	<u> </u>	<u> </u>

Included within the above are directors salaries of £20000.

Average number of employees during the year was 2 (1994 2), made up as shown below :-

Non-executive directors	1	1
Production	1	1
	<u> </u>	<u> </u>
	2	2
	<u> </u>	<u> </u>

7. Taxation

Corporation tax : Current year at 25%	-	(49)
	<u> </u>	<u> </u>

8. Capital Commitments

There were no capital commitments as at 28th February 1995.

9. Contingent Liabilities

There were no contingent liabilities as at 28th February 1995.

KIELDER FOREST PRODUCTS LIMITED
TRADING AND PROFIT AND LOSS ACCOUNT FOR THE
YEAR ENDED 28th FEBRUARY 1995

1994		
37,442	Sales and work done	126,436
27,500	Closing stock	34,954
64,942		161,390
483	Purchases	25,195
-	Opening stock	27,500
483		52,695
64,459		108,695
Direct Costs		
11,621	Wages and work done	34,342
27,046	Plant hire	13,871
16,126	Haulage	32,192
4,861	Repairs and spares	11,804
59,654		92,209
4,805	Gross Margin	16,486
Other Income		
25,000	D.T.I. grant received	22,500
29,805		38,986
Overhead Expenses		
4,241	Motor and travel expenses	4,520
1,766	Heat and light	2,265
-	Rent	2,292
2,748	Postage, stationery, advertising and telephone	5,305
1,363	Accountancy and audit charges	2,050
4,758	Sundry expenses	395
2,250	Professional fees	4,456
17,126		21,283
12,876	Directors salaries	22,041
(197)	Net Loss For The Year	(4,338)