Registered no: 333593

Salford Investments Limited

Report and financial statements

for the year ended 31 March 2002

Salford Investments Limited

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Directors and advisers

Directors

JAL Tolland
EG Lynch

Secretary

C Walsh

Registered office

Wigan Lane
Duxbury
Chorley
Lancashire
PR7 4BU

Solicitors

L'Estrange & Brett
Arnott House
12/16 Bridge Street
Belfast
BT1 1LS

Bankers

National Westminster Bank plc
PO Box 305
Spring Gardens
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M60 2DB

Registered auditors

PricewaterhouseCoopers
Waterfront Plaza
8 Laganbank Road
Belfast
BT1 3LR

Directors' report for the year ended 31 March 2002

The directors present their report and the audited financial statements for the year ended 31 March 2002.

Principal activities

The principal activities of the company during the period were those of manufacturing and distribution of wooden dowels, mouldings and broomhandles, timber merchanting and importing.

Review of business and future developments

In April 2001 the company disposed of the trade and assets of the business.

Results and dividends

The profit and loss account is set out is shown on page 5. A dividend of £934,542 has been paid.

Directors and their interests

The directors of the company at the date of this report are shown on page 1. WT Hughes, WA Gunn and A Adams resigned on 30 April 2001.

None of the directors who held office at the end of the financial period had an interest in the shares of the company. The interests of the directors in the share capital of the ultimate holding company are disclosed in the directors' report of that company.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

Auditors

PricewaterhouseCoopers have indicated their willingness to continue in office, and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

By order of the Board

C Walsh
Secretary
4 July 2002

Independent auditors' report to the members of Salford Investments Limited

We have audited the financial statements, which comprise the profit and loss account, the balance sheet and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with the relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

Basis of audit 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, 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 financial statements 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 financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 March 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Belfast
4 July 2002

Profit and loss account
for the year ended 31 March 2002

	Notes	2002 £	2001 £
Turnover	2	**654,597**	7,937,509
Cost of sales		**(421,252)**	(6,883,736)
Gross profit		**233,345**	1,053,773
Distribution costs		**(243,310)**	(761,542)
Administrative expenses		**(51,182)**	(268,600)
Other operating income		**10,400**	62,400
Operating (loss)/profit	3	**(50,747)**	86,031
Profit on disposal of operation	4	**848,756**	-
Interest payable	7	**(14,347)**	(192,623)
Profit/(loss) on ordinary activities before taxation		**783,662**	(106,592)
Tax credit	8	**-**	29,711
Profit/(loss) for the financial period		**783,662**	(76,881)
Dividends paid		**(934,542)**	-
Transfer from reserves	14	**(150,880)**	(76,881)

All amounts above relate to discontinued operations of the company.

The company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the profit for the period stated above, and their historical cost equivalents.

Salford Investments Limited

Balance sheet at 31 March 2002

	Notes	2002 £	2001 £
Fixed assets			
Tangible assets	9	-	626,420
Current assets			
Stocks	10	-	1,251,021
Debtors	11	**980**	1,567,147
Cash at bank and in hand		-	1,505
		980	2,819,673
Creditors: amounts falling due within one year	12	-	(3,294,233)
Net current assets/(liabilities)		**980**	(474,560)
Net assets		**980**	151,860
Capital and reserves			
Called up share capital	13	**980**	980
Profit and loss account	14	-	150,880
Equity shareholders' funds	15	**980**	151,860

The financial statements on pages 5 to 12 were approved by the board on 4 July 2002 and were signed on its behalf by:

JAL Tolland

Director

Notes to the financial statements for the year ended 31 March 2002

1 Accounting policies

These financial statements are prepared under the historical cost convention, and in accordance with applicable accounting standards. The significant accounting policies adopted are set out below.

Implementation of FRS 18 'Accounting policies'

The company has adopted FRS 18 in its accounts for the year ended 31 March 2002. Adoption of FRS 18 required a full review of all the company's accounting policies and estimation techniques (the latter being the methods by which accounting policies are implemented). This review was conducted in accordance with FRS 18 which requires that, where a choice of treatment is available, the "most appropriate" accounting policies and estimation techniques shall be used. The four 'fundamental accounting concepts' of SSAP2 (i.e. going concern, accruals, consistency and prudence) are replaced by a framework that requires accounting policies to be selected against the objectives of relevance, reliability, comparability and understandability. Implementation of FRS 18 has not resulted in changes to company accounting policies or estimation techniques.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition. Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used are as follows:

		%
Freehold land	-	0
Buildings	-	3
Plant and machinery	-	15
Commercial vehicles	-	20
Display equipment	-	25
Cars and internal transport	-	25

Stocks and work in progress

Stocks are stated at the lower of cost and net realisable value. Cost is direct cost of materials plus freight and where appropriate includes a proportion of overhead expenses.

Turnover

Turnover represents the invoiced value of goods supplied during the year excluding value added tax.

Deferred taxation

The company has adopted FRS 19 "Deferred taxation" in these financial statements. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profit and its results as stated in the financial statements. Deferred tax assets and liabilities recognised have not been discounted.

The adoption of FRS 19 in the current year has not resulted in a prior year adjustment.

Leased assets

Rentals under operating leases are charged to revenue as incurred.

Pension costs

The company is a member of the RK Timber Limited Group Pension and Life Assurance Scheme. Contributions to the scheme are made by both employees and the company as fixed by independent actuaries. The contributions are based on pension costs across the group as a whole. The cost of these are charged against profits on systematic basis over the service lives of the employees.

1 Accounting policies (continued)

Cash flow statement

The company is exempt from the requirements to prepare a statement under Financial Reporting Standard 1 "Cash Flow Statements".

2 Turnover

All sales were made in the United Kingdom.

3 Operating (loss)/profit

	2002	2001
	£	£
This is stated after charging/(crediting)		
Operating leases		
– plant and vehicles	26,631	158,700
Depreciation	12,729	142,618
Group rents received	(10,400)	(62,400)
Auditors' remuneration	-	15,000

4 Profit on disposal of operation

This relates to the profit on disposal of the company's business and related assets. There is no taxation in relation to the disposal.

5 Employee information

	2002	2001
	£	£
Staff costs		
Wages and salaries	143,093	1,254,374
Social security costs	7,961	74,532
Other pension costs	-	34,554
	151,054	1,363,460

	Number	Number
Average monthly number of persons employed by the company (including directors) during the period by activity:		
Production	3	35
Distribution	2	26
Administration	1	10
	6	71

6 Directors' emoluments

	2002	2001
	£	£
Aggregate emoluments	-	78,130

Retirement benefits are accruing to no directors under defined benefit schemes.

7 Interest payable and similar charges

	2002	2001
	£	£
Bank interest payable	14,347	192,623

8 Taxation

	2002	2001
	£	£
Current tax:		
UK corporation tax at 30%	-	-
Deferred tax		
Accelerated capital allowances and other timing differences	-	29,711
Total deferred tax	-	29,711
Taxation credit	-	29,711

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2002	2001
	£	£
Profit/(loss) on ordinary activities before tax	783,662	(106,592)
Profit/(loss) on ordinary activities multiplied by standard rate in the UK (30%)	235,099	(31,978)
Effects of:		
Expenses not deductible for tax purposes	238	3,228
Non-taxable gain on fixed asset disposals	(238,983)	-
Accelerated capital allowances and other timing differences	-	29,711
Group relief not paid	24,432	9,862
Deferred tax asset not recognised	(20,786)	12,176
Adjustments in respect of previous periods	-	(22,999)
Current tax charge for the period	-	-

9 Tangible fixed assets

	Freehold land and buildings £	Plant, equipment and vehicles £	Total £
Cost			
At 1 April 2001	681,072	1,157,186	1,838,258
Disposals	(681,072)	(1,157,186)	(1,838,258)
At 31 March 2002	-	-	-
Depreciation			
At 1 April 2001	271,544	940,294	1,211,838
Charge for the period	2,012	10,717	12,729
Eliminated on disposal	(273,556)	(951,011)	(1,224,567)
At 31 March 2002	-	-	-
Net book value			
At 31 March 2002	-	-	-
At 31 March 2001	409,528	216,892	626,420

10 Stocks

The stock consists wholly of goods for resale.

11 Debtors

	2002 £	2001 £
Trade debtors	-	1,530,179
Amounts owed by group undertakings	**980**	9,809
Prepayments and accrued income	-	27,159
	980	1,567,147

12 Creditors: amounts falling due within one year

	2002 £	2001 £
Bank overdraft	-	1,081,549
Trade creditors	-	492,773
Amounts owed to group undertakings	-	1,343,333
Group relief payable	-	109,314
Other taxes and social security costs	-	87,634
Accruals	-	179,630
	-	3,294,233

13 Called up share capital

	2002	2001
	£	£
Authorised		
1,000 ordinary shares of £1 each	**1,000**	1,000
Allotted and fully paid		
980 ordinary shares of £1 each	**980**	980

14 Profit and loss account

	£
Balance at 1 April 2001	150,880
Transfer to current year	(150,880)
Balance at 31 March 2002	-

15 Reconciliation of movements in shareholders' funds

	2002	2001
	£	£
Profit/(loss) for the financial year	**783,662**	(76,881)
Dividends	**(934,542)**	-
Net movement during the year	**(150,880)**	-
Opening shareholders' funds	**151,860**	228,741
Closing shareholders' funds	**980**	151,860

16 Future capital commitments

	2002	2001
	£	£
Capital expenditure		
Contracted for but not provided in the financial statements	**Nil**	Nil

17 Financial commitments

At 31 March 2002 the company had annual commitments under non-cancellable operating leases expiring as follows:

	2002	2001
	£	£
Plant and vehicles		
Within one year	-	10,458
Within two to five years	-	174,667
	-	185,125

18 Pension commitments

The group scheme is a funded, defined benefit pension scheme providing benefits based on final pensionable salary. The assets of the scheme are held in an independent trust. An independent actuarial valuation was carried out on 6 April 2000 which disclosed that the scheme was in excess of funding.

As it is not possible for subsidiaries of RK Timber Limited to identify their share of the underlying assets and liabilities of the scheme, the disclosures required by FRS 17 are not appropriate for these financial statements and in accordance with the Standard, disclosures have been made as if the scheme was a defined contribution scheme.

19 Related party disclosures

The company has taken advantage of the exemption in Financial Reporting Standard 8 and has not disclosed related party transactions between group companies.

20 Ultimate holding company

The ultimate holding company is JP Corry Group Limited, a company registered in Northern Ireland.

The immediate holding company is RK Timber Limited, a company incorporated in England and Wales.