

Contents

**Consolidated financial statements for
the year ended 31 March 2001**

**Tanglewood Holdings
Limited**

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Tanglewood Holdings Limited

Company information

Directors

A J Beck
G J Beck
J G Malikian
S A Malikian
Y L Toukan

Secretary

A J Beck

Company number

1395774

Registered office

Ashley House, Unit 3, Brickfields Business Park
Gillingham
Dorset
SP8 4PX

Registered auditors

Mazars Neville Russell
8 New Fields, 2 Stinsford Road
Poole
Dorset
BH17 0NF

Tanglewood Holdings Limited

Directors' report For the year ended 31 March 2001

The directors present their report and financial statements for the year ended 31 March 2001.

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 group and of the profit or loss of the group 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 group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors

The following directors have held office since 1 April 2000:

A J Beck
G J Beck
J G Malikian
S A Malikian
Y L Toukan

Tanglewood Holdings Limited

Directors' report (continued) For the year ended 31 March 2001

Directors' interests

The directors' beneficial interests in the shares of the company and other group companies were as stated below:

Tanglewood Holdings Limited

	Ordinary shares of 10p each	
	31 March 2001	1 April 2000
A J Beck	500	500
G J Beck	500	500
J G Malikian	0	0
S A Malikian	0	0
Y L Toukan	0	0

Tanglewood Limited

	Ordinary shares of £ 1 each	
	31 March 2001	1 April 2000
A J Beck	0	0
G J Beck	0	0
Y L Toukan	0	0
J G Malikian	0	0
S A Malikian	0	0

Tanglewood Commercial Developments Limited

	Ordinary shares of £ 1 each	
	31 March 2001	1 April 2000
A J Beck	0	0
G J Beck	0	0
Y L Toukan	0	0
S A Malikian	0	0
J G Malikian	0	0

Stour Bowling Limited

	Ordinary shares of £ 1 each	
	4 April 2001	5 April 2000
A J Beck	0	0
G J Beck	0	0
Y L Toukan	0	0
S A Malikian	0	0
J G Malikian	0	0

Principal activities and review of the business

The company did not trade during the year. The group's entire shareholding in Stour Bowling Limited was disposed of in the year for nil profit.

Results and dividends

The results for the year are set out on page 5.

Tanglewood Holdings Limited

Directors' report (continued) For the year ended 31 March 2001

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Mazars Neville Russell be reappointed as auditors of the company will be put to the Annual General Meeting.

Approved by the board on 29 August 2001
and signed on its behalf by



G J Beck
Director

Tanglewood Holdings Limited

Auditors' report

To the shareholders of Tanglewood Holdings Limited

We have audited the financial statements on pages 5 to 13. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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

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. 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 with the company is not disclosed.

We read the other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. Our responsibilities do not extend to any other information.

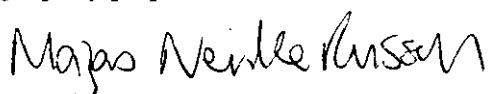
Basis of opinion

We conducted our audit in accordance with United Kingdom 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 and the group's affairs as at 31 March 2001 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



MAZARS NEVILLE RUSSELL
CHARTERED ACCOUNTANTS
and Registered Auditors

Poole

29 August 2001

Tanglewood Holdings Limited

Consolidated profit and loss account For the year ended 31 March 2001

	Notes	2001 £	2000 £
Turnover	2	1,886,598	1,313,087
Cost of sales		(1,324,267)	(819,193)
Gross profit		562,331	493,894
Distribution costs		-	(7,374)
Administrative expenses		(311,917)	(315,336)
Other operating income		125,000	27,635
Operating profit	3	375,414	198,819
Other interest receivable and similar income	4	33,261	18,569
Interest payable and similar charges	5	(49,515)	(57,429)
Profit on ordinary activities before taxation		359,160	159,959
Tax on profit on ordinary activities	7	(22,413)	(20,893)
Profit on ordinary activities after taxation		336,747	139,066

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

Tanglewood Holdings Limited

Balance sheets As at 31 March 2001

	Notes	Group 2001 £	2000 £	Company 2001 £	2000 £
Fixed assets					
Tangible assets	9	54,380	386,061	-	-
Investments	10	1,615,558	1,361,541	73,912	73,912
		<u>1,669,938</u>	<u>1,747,602</u>	<u>73,912</u>	<u>73,912</u>
Current assets					
Stocks	11	1,158,968	1,485,242	-	-
Debtors	12	151,350	105,939	15,720	15,720
Cash at bank and in hand		308,332	687,362	-	-
		<u>1,618,650</u>	<u>2,278,543</u>	<u>15,720</u>	<u>15,720</u>
Creditors: amounts falling due within one year	13	<u>(163,644)</u>	<u>(303,437)</u>	<u>-</u>	<u>-</u>
Net current assets		<u>1,455,006</u>	<u>1,975,106</u>	<u>15,720</u>	<u>15,720</u>
Total assets less current liabilities		<u>3,124,944</u>	<u>3,722,708</u>	<u>89,632</u>	<u>89,632</u>
Creditors: amounts falling due after more than one year	14	<u>(1,862,470)</u>	<u>(2,791,766)</u>	<u>-</u>	<u>-</u>
		<u>1,262,474</u>	<u>930,942</u>	<u>89,632</u>	<u>89,632</u>
Capital and reserves					
Called up share capital	15	230	230	230	230
Share premium account	16	149,970	149,970	149,970	149,970
Revaluation reserve	16	21,489	21,489	73,312	73,312
Profit and loss account	16	1,090,785	759,253	(133,880)	(133,880)
Shareholders' funds - equity interests		<u>1,262,474</u>	<u>930,942</u>	<u>89,632</u>	<u>89,632</u>

The financial statements were approved by the Board on 29 August 2001



G J Beck
Director

Tanglewood Holdings Limited

Notes to the consolidated financial statements For the year ended 31 March 2001

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings.

1.2 Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings made up to 31 March 2001.

1.3 Turnover

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

1.4 Tangible fixed assets and depreciation

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

Plant and machinery	15%/25% reducing balance
Fixtures, fittings & equipment	15% reducing balance
Motor vehicles	25% reducing balance
Computers	33% straight line

1.5 Leasing

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

1.6 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.7 Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value.

1.8 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.

2 Turnover

The total turnover of the group for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

Tanglewood Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 March 2001

3 Operating profit	2001	2000
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	7,524	15,732
Operating lease rentals	-	37,241
Auditors' remuneration (company £500; 2000 :£500)	5,700	6,700
	<u> </u>	<u> </u>
4 Other interest receivable and similar income	2001	2000
	£	£
Bank interest	33,203	18,569
Other interest	58	-
	<u> </u>	<u> </u>
	33,261	18,569
	<u> </u>	<u> </u>
5 Interest payable	2001	2000
	£	£
On bank loans and overdrafts	49,515	57,429
Other interest	-	-
	<u> </u>	<u> </u>
6 Employees		
Number of employees		
There were no employees during the year apart from the directors		
Employment costs	2001	2000
	£	£
Wages and salaries	102,295	175,724
	<u> </u>	<u> </u>
7 Taxation	2001	2000
	£	£
U.K. current year taxation		
U.K. corporation tax at 20% (2000 - 21%)	22,413	21,764
Prior years		
U.K. corporation tax	-	(871)
	<u> </u>	<u> </u>
	22,413	20,893
	<u> </u>	<u> </u>

Tanglewood Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 March 2001

8 Loss for the financial year

As permitted by section 230 of the Companies Act 1985, the holding company's profit and loss account has not been included in these financial statements. The loss for the financial year is made up as follows:

	2001 £	2000 £
Holding company's loss for the financial year	-	-

9 Tangible fixed assets Group

	Land and buildings Freehold £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost or valuation					
At 1 April 2000	318,267	159,160	80,639	29,772	587,838
Additions	-	1,583	260	-	1,843
Disposals	(291,667)	-	-	-	(291,667)
At 31 March 2001	26,600	160,743	80,899	29,772	298,014
Depreciation					
At 1 April 2000	-	151,237	66,675	18,199	236,111
Charge for the year	-	2,244	2,386	2,893	7,523
At 31 March 2001	-	153,481	69,061	21,092	243,634
Net book value					
At 31 March 2001	26,600	7,262	11,838	8,680	54,380
At 31 March 2000	318,267	11,790	44,431	11,573	386,061

Tanglewood Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 March 2001

10 Fixed asset investments Group

	Shared ownerships £	Investment properties £	Equity mortgages £	Total £
Cost or valuation				
At 1 April 2000	80,250	1,205,941	75,450	1,361,641
Additions	-	291,667	-	291,667
Disposals	(26,750)	(100)	(10,900)	(37,750)
At 31 March 2001	<u>53,500</u>	<u>1,497,508</u>	<u>64,550</u>	<u>1,615,558</u>

10 Fixed asset investments (continued) Company

	Shares in subsidiary undertakings £
Cost or valuation	
At 1 April 2000 & at 31 March 2001	<u>73,912</u>

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

Holdings of more than 20%

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

Company	Country of registration or incorporation	Shares held Class	%
Subsidiary undertakings			
Tanglewood Limited	England and Wales	Ordinary	100

The principal activity of these undertakings for the last relevant financial year was as follows:

	Principal activity
Tanglewood Limited	Housebuilding and letting of investment properties

Tanglewood Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 March 2001

11 Stocks and work in progress

	Group		Company	
	2001	2000	2001	2000
	£	£	£	£
Work in progress	1,158,968	1,477,394	-	-
Finished goods and goods for resale	-	7,848	-	-
	<u>1,158,968</u>	<u>1,485,242</u>	<u>-</u>	<u>-</u>

12 Debtors

	Group		Company	
	2001	2000	2001	2000
	£	£	£	£
Trade debtors	2,117	2,096	-	-
Amounts owed by group undertakings	-	-	15,720	15,720
Corporation tax	37,783	37,783	-	-
Other debtors	106,503	57,739	-	-
Prepayments and accrued income	4,947	8,321	-	-
	<u>151,350</u>	<u>105,939</u>	<u>15,720</u>	<u>15,720</u>

13 Creditors : amounts falling due within one year

	Group		Company	
	2001	2000	2001	2000
	£	£	£	£
Bank loans and overdrafts	33,729	9,602	-	-
Payments received on account	3,000	111,252	-	-
Trade creditors	54,708	118,856	-	-
Corporation tax	22,413	21,764	-	-
Taxes and social security costs	25,269	18,819	-	-
Accruals and deferred income	24,525	23,144	-	-
	<u>163,644</u>	<u>303,437</u>	<u>-</u>	<u>-</u>

Tanglewood Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 March 2001

14 Creditors : amounts falling due after more than one year

	Group		Company	
	2001	2000	2001	2000
	£	£	£	£
Bank loans	378,610	596,500	-	-
Other loans	1,142,848	1,842,848	-	-
Shareholders and members loans	300,000	311,406	-	-
Directors loans	41,012	41,012	-	-
	<u>1,862,470</u>	<u>2,791,766</u>	<u>-</u>	<u>-</u>
Analysis of loans				
Not wholly repayable within five years other than by instalments:	1,142,848	1,842,848	-	-
Wholly repayable within five years	<u>378,610</u>	<u>596,500</u>	<u>-</u>	<u>-</u>
	<u>1,521,458</u>	<u>2,439,348</u>	<u>-</u>	<u>-</u>
	<u>1,521,458</u>	<u>2,439,348</u>	<u>-</u>	<u>-</u>
Loan maturity analysis				
Between one and two years	378,610	429,666	-	-
Between two and five years	-	138,750	-	-
In five years or more	<u>1,483,860</u>	<u>2,223,350</u>	<u>-</u>	<u>-</u>

15 Share capital

	2001	2000
	£	£
Authorised		
23,000 Ordinary shares of 10p each	<u>2,300</u>	<u>2,300</u>
Allotted, called up and fully paid		
2,300 Ordinary shares of 10p each	<u>230</u>	<u>230</u>

Tanglewood Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 March 2001

16 Statement of movements on reserves

Group

	Share premium account £	Revaluation reserve £	Profit and loss account £
Balance at 1 April 2000	149,970	21,489	754,038
Retained profit for the year	-	-	336,747
Balance at 31 March 2001	<u>149,970</u>	<u>21,489</u>	<u>1,090,785</u>

Company

	Share premium account £	Revaluation reserve £	Profit and loss account £
Balance at 1 April 2000	149,970	73,312	(133,880)
Balance at 31 March 2001	<u>149,970</u>	<u>73,312</u>	<u>(133,880)</u>

17 Reconciliation of movements in shareholders' funds

Group

	2001 £	2000 £
Profit for the financial year	336,747	139,066
Opening shareholders' funds	<u>930,942</u>	<u>791,876</u>
Closing shareholders' funds	<u>1,262,474</u>	<u>930,942</u>

Company

	2001 £	2000 £
Loss for the financial year	-	-
Opening shareholders' funds	<u>89,632</u>	<u>89,632</u>
Closing shareholders' funds	<u>89,632</u>	<u>89,632</u>