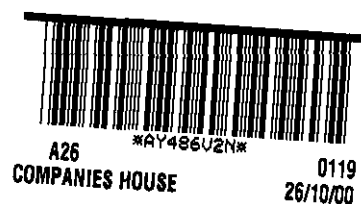


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Consolidated financial statements for
the year ended 31 March 2000

**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 2000

The directors present their report and financial statements for the year ended 31 March 2000.

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 1999:

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 2000

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 2000	1 April 1999
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 2000	1 April 1999
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 2000	1 April 1999
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 2000	1 April 1999
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.

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 2000

Year 2000

The directors have considered whether the company's operations could be adversely affected by malfunctions in computer or other equipment arising from errors in processing dates in the year 2000 and beyond.

No part of the company's current operations are critically dependent on computer or other equipment which could be affected by year 2000 problems.

Auditors

Mazars Neville Russell have signified their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the forthcoming annual general meeting.

Approved by the board on 27 September 2000
and signed on its behalf by

A 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 15 which have been prepared following the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements 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 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 and the group'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 2000 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Marys Neville Russell

CHARTERED ACCOUNTANTS

and Registered Auditors

Poole

27 September 2000

Tanglewood Holdings Limited

Consolidated profit and loss account For the year ended 31 March 2000

	Notes	2000 £	1999 £
Turnover	2	1,313,087	1,650,920
Cost of sales		(819,193)	(1,141,876)
Gross profit		493,894	509,044
Distribution costs		(7,374)	(7,715)
Administrative expenses		(315,336)	(257,906)
Other operating income		27,635	27,977
Operating profit	3	198,819	271,400
Other interest receivable and similar income	4	18,569	18,543
Interest payable and similar charges	5	(57,429)	(96,977)
Profit on ordinary activities before taxation		159,959	192,966
Tax on profit on ordinary activities	7	(20,893)	(19,345)
Profit on ordinary activities after taxation		139,066	173,621

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 2000

	Notes	Group 2000 £	1999 £	Company 2000 £	1999 £
Fixed assets					
Tangible assets	9	386,061	397,964	-	-
Investments	10	1,361,541	1,392,941	73,912	73,912
		<u>1,747,602</u>	<u>1,790,905</u>	<u>73,912</u>	<u>73,912</u>
Current assets					
Stocks	11	1,485,242	1,634,401	-	-
Debtors	12	105,939	119,053	15,720	15,720
Cash at bank and in hand		<u>687,362</u>	<u>346,529</u>	<u>-</u>	<u>-</u>
		2,278,543	2,099,983	15,720	15,720
Creditors: amounts falling due within one year	13	<u>(303,437)</u>	<u>(150,934)</u>	<u>-</u>	<u>-</u>
Net current assets		<u>1,975,106</u>	<u>1,949,049</u>	<u>15,720</u>	<u>15,720</u>
Total assets less current liabilities		3,722,708	3,739,954	89,632	89,632
Creditors: amounts falling due after more than one year	14	<u>(2,791,766)</u>	<u>(2,948,077)</u>	<u>-</u>	<u>-</u>
		<u>930,942</u>	<u>791,877</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	<u>759,253</u>	<u>620,188</u>	<u>(133,880)</u>	<u>(133,880)</u>
Shareholders' funds - equity interests		<u>930,942</u>	<u>791,877</u>	<u>89,632</u>	<u>89,632</u>

The financial statements were approved by the Board on 27 September 2000



A J Beck
Director

Tanglewood Holdings Limited

Consolidated cash flow statement For the year ended 31 March 2000

	Notes	2000 £	1999 £
Net cash inflow from operating activities	18	548,386	1,550,467
Returns on investments and servicing of finance			
Interest received	18,569	18,543	
Interest paid	(57,429)	(96,977)	
Net cash outflow for returns on investments and servicing of finance		(38,860)	(78,434)
Taxation		(18,474)	3,933
Capital expenditure and financial investment			
Payments to acquire tangible assets	(4,430)	(15,811)	
Receipts from sales of tangible assets	600	1,699	
Receipts from sales of investments	31,400	33,297	
Net cash inflow for capital expenditure		27,570	19,185
Net cash inflow before management of liquid resources and financing		518,622	1,495,151
Repayment of long term loans	156,311	1,487,764	
Increase in cash in the year	19	362,311	7,387

Tanglewood Holdings Limited

Notes to the consolidated financial statements For the year ended 31 March 2000

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 2000.

1.3 Turnover

Turnover represents the amounts invoiced, excluding value added tax, in respect of the sale of goods and services to customers.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets 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 2000

3 Operating profit	2000	1999
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	15,732	18,279
Operating lease rentals	37,241	-
Auditors' remuneration (company £-; 1999 : £-)	6,700	6,700
Remuneration of auditors for non-audit work	203	-
	<u> </u>	<u> </u>
4 Other interest receivable and similar income	2000	1999
	£	£
Bank interest	18,569	18,543
	<u> </u>	<u> </u>
5 Interest payable	2000	1999
	£	£
On bank loans and overdrafts	57,429	96,977
	<u> </u>	<u> </u>
6 Employees		
Number of employees		
There were no employees during the year apart from the directors		
Employment costs	2000	1999
	£	£
Wages and salaries	175,724	155,097
	<u> </u>	<u> </u>
7 Taxation		
	£	£
U.K. current year taxation		
U.K. corporation tax at 21% (1999 - 21%)	21,764	19,345
Prior years		
U.K. corporation tax	(871)	-
	<u> </u>	<u> </u>
	20,893	19,345
	<u> </u>	<u> </u>

Tanglewood Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 March 2000

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:

	2000 £	1999 £
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 1999	318,267	172,721	182,689	29,772	703,449
Additions	-	594	3,835	-	4,429
Disposals	-	-	(4,200)	-	(4,200)
At 31 March 2000	318,267	173,315	182,324	29,772	703,678
Depreciation					
At 1 April 1999	-	158,410	132,734	14,341	305,485
On disposals	-	-	(3,600)	-	(3,600)
Charge for the year	-	3,115	8,759	3,858	15,732
At 31 March 2000	-	161,525	137,893	18,199	317,617
Net book value					
At 31 March 2000	318,267	11,790	44,431	11,573	386,061
At 31 March 1999	318,267	14,312	49,954	15,431	397,964

Tanglewood Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 March 2000

10 Fixed asset investments Group

	Shared ownerships £	Investment properties £	Equity mortgages £	Total £
Cost or valuation				
At 1 April 1999	80,250	1,205,841	106,850	1,392,941
Disposals	-	-	(31,400)	(31,400)
At 31 March 2000	80,250	1,205,841	75,450	1,361,541

10 Fixed asset investments (continued) Company

	Shares in subsidiary undertakings £
Cost or valuation	
At 1 April 1999 & at 31 March 2000	73,912

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 2000

11 Stocks and work in progress

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
Work in progress	1,477,394	1,627,222	-	-
Finished goods and goods for resale	7,848	7,179	-	-
	<u>1,485,242</u>	<u>1,634,401</u>	<u>-</u>	<u>-</u>

12 Debtors

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
Trade debtors	2,096	4,517	-	-
Amounts owed by group undertakings	-	-	15,720	15,720
Corporation tax	37,783	37,783	-	-
Other debtors	57,739	59,275	-	-
Prepayments and accrued income	8,321	17,478	-	-
	<u>105,939</u>	<u>119,053</u>	<u>15,720</u>	<u>15,720</u>

13 Creditors : amounts falling due within one year

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
Bank loans and overdrafts	9,602	31,080	-	-
Payments received on account	111,252	-	-	-
Trade creditors	118,856	62,603	-	-
Corporation tax	21,764	19,345	-	-
Taxes and social security costs	18,819	9,240	-	-
Accruals and deferred income	23,144	28,666	-	-
	<u>303,437</u>	<u>150,934</u>	<u>-</u>	<u>-</u>

Tanglewood Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 March 2000

14 Creditors : amounts falling due after more than one year

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
Bank loans	596,500	758,000	-	-
Other loans	1,842,848	1,837,080	-	-
Shareholders and members loans	311,406	311,506	-	-
Directors loans	41,012	41,491	-	-
	<u>2,791,766</u>	<u>2,948,077</u>	<u>-</u>	<u>-</u>

Analysis of loans

Not wholly repayable within five years
other than by instalments:

1,842,848	1,837,080	-	-
-----------	-----------	---	---

Wholly repayable within five years

596,500	758,000	-	-
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<u>2,439,348</u>	<u>2,595,080</u>	<u>-</u>	<u>-</u>
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<u>2,439,348</u>	<u>2,595,080</u>	<u>-</u>	<u>-</u>
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Loan maturity analysis

Between one and two years

429,666	514,516	-	-
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Between two and five years

178,240	254,990	-	-
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In five years or more

<u>2,223,350</u>	<u>2,217,747</u>	<u>-</u>	<u>-</u>
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15 Share capital

	2000	1999
	£	£
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 2000

16 Statement of movements on reserves

Group

	Share premium account £	Revaluation reserve £	Profit and loss account £
Balance at 1 April 1999	149,970	21,489	620,187
Retained profit for the year	-	-	139,066
Balance at 31 March 2000	<u>149,970</u>	<u>21,489</u>	<u>759,253</u>

Company

	Share premium account £	Revaluation reserve £	Profit and loss account £
Balance at 1 April 1999	149,970	73,312	(133,880)
Balance at 31 March 2000	<u>149,970</u>	<u>73,312</u>	<u>(133,880)</u>

17 Reconciliation of movements in shareholders' funds

Group

	2000 £	1999 £
Profit for the financial year	139,066	173,621
Other recognised gains and losses	-	21,089
Net addition to shareholders' funds	<u>139,066</u>	<u>194,710</u>
Opening shareholders' funds	<u>791,877</u>	<u>597,167</u>
Closing shareholders' funds	<u>930,942</u>	<u>791,877</u>

Company

	2000 £	1999 £
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>

Tanglewood Holdings Limited

Notes to the consolidated financial statements (continued) For the year ended 31 March 2000

18 Reconciliation of operating loss to net cash inflow from operating activities	2000	1999
	£	£
Operating profit	198,819	271,400
Depreciation of tangible assets	15,732	18,279
Profit on disposal of tangible assets	-	(294)
Decrease in stocks	149,159	261,045
Decrease in debtors	13,114	1,083,618
Increase/(decrease) in creditors within one year	171,562	(83,581)
Net cash inflow from operating activities	<u>548,386</u>	<u>1,550,467</u>

19 Analysis of net debt	1 April 1999	Cash flow	31 March 2000
	£	£	£
Net cash:			
Cash at bank and in hand	346,529	340,833	687,362
Bank overdrafts	(31,080)	21,478	(9,602)
	<u>315,449</u>	<u>362,311</u>	<u>677,760</u>
Debt:			
Debts falling due after one year	(2,948,077)	156,311	(2,791,766)
Net debt	<u>(2,632,628)</u>	<u>518,622</u>	<u>(2,114,006)</u>

20 Reconciliation of net cash flow to movement in net debt	2000	1999
	£	£
Increase in cash in the year	362,311	7,387
Cash outflow from decrease in debt	156,311	1,487,764
Movement in net debt in the year	<u>518,622</u>	<u>1,495,151</u>
Opening net debt	(2,632,628)	(4,127,779)
Closing net debt	<u>(2,114,006)</u>	<u>(2,632,628)</u>