KADAR DEVELOPMENTS LIMITED

FINANCIAL STATEMENTS

24 MARCH 2000

Company Registration Number 803335



HLB KIDSONS
Chartered Accountants & Registered Auditors
33 Wine Street
Bristol
BS1 2BQ

KADAR DEVELOPMENTS LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 24 MARCH 2000

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KADAR DEVELOPMENTS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	D G Goldberg Mrs S Goldberg Mrs M E Joseph D I Wheeler
Company secretary	K Bovan
Registered office	Maggs House 78 Queens Road Clifton Bristol BS8 1QX
Auditors	HLB Kidsons Chartered Accountants & Registered Auditors 33 Wine Street Bristol BS1 2BQ
Bankers	Barclays Bank

KADAR DEVELOPMENTS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 24 MARCH 2000

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 24 March 2000.

Principal activities

The principal activity of the company during the year was of property investment.

The directors and their interests in shares of the company

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 24 March 2000	At 25 March 1999
D G Goldberg	-	-
Mrs S Goldberg	-	-
Mrs M E Joseph	-	-
D I Wheeler	-	-

Year 2000

As is well known, many computer and digital systems express dates using only the last two digits of the year and will thus require modification or replacement to accommodate the year 2000 and beyond in order to avoid malfunctions and resulting widespread commercial disruption. This is a complex and pervasive issue. The operation of our business depends not only on our own computer systems, but also to some degree on those of our suppliers and customers. This could expose us to further risk in the event that there is a failure by other parties to remedy their own Year 2000 issues.

The impact of Year 2000 on our business has been assessed and new hardware and software has been implemented where considered necessary. Given the complexity of the problem it is not possible for any organisation to guarantee that no Year 2000 problems will remain, because at least some level of failure may still occur. 1 January 2000 passed without incident and the Board continues to monitor the situation to deal with any significant failures or issues that might arise.

Auditors

A resolution to re-appoint HLB Kidsons as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

KADAR DEVELOPMENTS LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 24 MARCH 2000

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Registered office:
Maggs House
78 Queens Road
Clifton
Bristol
BS8 1QX

Signed by order of the directors

David Goldberg

~~K Bovan~~
~~Company Secretary~~

D.G. GOLDBERG
DIRECTOR

Approved by the directors on 14th September 2000

KADAR DEVELOPMENTS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

YEAR ENDED 24 MARCH 2000

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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on page 8, and then apply them consistently;

make judgements and estimates that are reasonable and prudent; 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. The directors 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.

Registered office:
Maggs House
78 Queens Road
Clifton
Bristol
BS8 1QX

Signed by order of the directors

D.H. GOLDBERG

~~K Bovan~~
~~Company Secretary~~ DIRECTOR.

Approved by the directors on 14th September 2000

KADAR DEVELOPMENTS LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 24 MARCH 2000

We have audited the financial statements on pages 6 to 12 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000), under the historical cost convention, as modified by the revaluation of certain fixed assets and the accounting policies set out on page 8.

Respective responsibilities of the directors and the auditors

As described on page 4, the company's directors are responsible for the preparation of the 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 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 as at 24 March 2000 and of the profit of the company for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

HLB Kidsons

HLB KIDSONS
Chartered Accountants
& Registered Auditors

33 Wine Street
Bristol
BS1 2BQ

14/9/00

KADAR DEVELOPMENTS LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 24 MARCH 2000

	Note	2000	1999
		£	£
Turnover		379,648	372,547
Administrative expenses		(77,912)	(58,352)
Operating profit	2	301,736	314,195
Income from participating interests	4	(123,368)	(255,116)
Interest receivable		39,034	12,711
Interest payable		(123,206)	(131,286)
Profit/(loss) on ordinary activities before taxation		94,196	(59,496)
Tax on profit/(loss) on ordinary activities		(18,900)	(10,625)
Retained profit/(loss) for the financial year		75,296	(70,121)

KADAR DEVELOPMENTS LIMITED

BALANCE SHEET

24 MARCH 2000

	Note	2000		1999	
		£	£	£	£
Fixed assets					
Tangible assets	5		3,631,258		3,631,303
Investments	6		50,774		50,774
			3,682,032		3,682,077
Current assets					
Debtors	7	336,322		351,960	
Cash at bank and in hand		777,841		159,603	
		1,114,163		511,563	
Creditors: amounts falling due within one year	8	(1,412,991)		(805,732)	
Net current liabilities			(298,828)		(294,169)
Total assets less current liabilities			3,383,204		3,387,908
Creditors: amounts falling due after more than one year	9		(863,000)		(943,000)
			2,520,204		2,444,908
Provisions for liabilities and charges					
Deferred taxation	10		(47,000)		(47,000)
			2,473,204		2,397,908
Capital and reserves					
Called-up equity share capital	13		1,000		1,000
Revaluation reserve			2,038,291		2,038,291
Other reserves			500		500
Profit and loss account	14		433,413		358,117
Shareholders' funds			2,473,204		2,397,908

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective March 2000).

These financial statements were approved by the directors on the 14th September and are signed on their behalf by:

D G Goldberg

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures & Fittings - 10% to 33% on reducing balance

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Deferred taxation

Provision is made, under the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may arise.

2. Operating profit

Operating profit is stated after charging:

	2000	1999
	£	£
Staff pension contributions	3,224	3,011
Depreciation	45	180
Auditors' fees	9,000	8,000

3. Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	2000 £	1999 £
Aggregate emoluments	24,438	18,461

4. Income from participating interests

	2000 £	1999 £
Share of associated undertaking	(123,368)	(255,116)

5. Tangible fixed assets

	Freehold Property £	Fixtures & Fittings £	Total £
Cost or valuation			
At 25 March 1999 and 24 March 2000	3,630,853	5,166	3,636,019
Depreciation			
At 25 March 1999	-	4,716	4,716
Charge for the year	-	45	45
At 24 March 2000	-	4,761	4,761
Net book value			
At 24 March 2000	3,630,853	405	3,631,258
At 24 March 1999	3,630,853	450	3,631,303

In respect of assets stated at valuations, the comparable historical cost and depreciation values are as follows:

	2000 £	1999 £
NBV of revalued tangible fixed assets:		
Historical cost	1,592,562	1,592,562

The freehold investment land and buildings are leased to third parties.

6. Investments

Fixed assets investment

	£
Cost	
At 25 March 1999 and 24 March 2000	50,774
Net book value	
At 24 March 2000	50,774
At 24 March 1999	50,774

The amount represents the capital which the company has introduced to the Tychon Partnership, a limited partnership which is registered in England , in which the company is a general partner. The Tychon Partnership's principal activities are to deal in and refurbish and develop property.

7. Debtors

	2000	1999
	£	£
Trade debtors	6,008	11,093
Amounts owed by group undertakings	327,479	327,479
Corporation Tax repayable	-	11,145
Other debtors	2,835	2,243
	336,322	351,960

8. Creditors: amounts falling due within one year

	2000	1999
	£	£
Bank loans and overdrafts	80,000	80,000
Amounts owed to group undertakings and undertakings in which the company has a participating interest	1,095,512	495,655
Corporation Tax	7,755	-
Other taxation and social security	752	967
Other creditors	228,972	229,110
	1,412,991	805,732

The bank term facility is secured on freehold property and has been granted until 31 January 2002.

9. Creditors: amounts falling due after more than one year

	2000	1999
	£	£
Bank loans and overdrafts	863,000	943,000

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	2000	1999
	£	£
Bank loans and overdrafts	863,000	943,000

The bank loans are all secured on the freehold property.

Included within creditors falling due after more than one year is an amount of £543,000 (1999 - £623,000) in respect of liabilities which fall due for payment after more than five years from the balance sheet date.

10. Deferred taxation

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2000	1999
	£	£
Excess of taxation allowances over depreciation on fixed assets	47,000	47,000

11. Ultimate parent undertaking

The ultimate parent company is Plyflow Limited, a company incorporated in England and Wales.

12. Related party transactions

Mr D G Goldberg has a 15% interest in a freehold property, the remaining 85% of which is included in the balance sheet of the company at a valuation of £1,296,250.

Mr D G Goldberg is a limited partner in the Tychon Partnership. At 24 March 2000, his contribution to the capital of that partnership was £40,000 (1999 £40,000).

The company has taken advantage of the exemptions contained in Financial Reporting Standard 8, not to disclose transactions between group companies.

13. Share capital

Authorised share capital:

	2000	1999
	£	£
1,000 Ordinary shares of £1 each	1,000	1,000
500 Preference shares of £1 each	500	500
	1,500	1,500

Allotted, called up and fully paid:

	2000	1999
	£	£
Ordinary share capital	1,000	1,000

14. Profit and loss account

	2000	1999
	£	£
Balance brought forward	358,117	428,238
Retained profit/(loss) for the financial year	75,296	(70,121)
Balance carried forward	433,413	358,117

15. Guarantees and other financial commitments

The company has guaranteed the bank facility of The Tychon Partnership, there is a joint credit facility to The Tychon Partnership and Kadar Developments Limited of £2,610,000 as at 24 March 2000 (1999 £2,690,000).

The company is jointly and severally liable for the financial commitments of The Tychon Partnership.