

1671921

ARAB INVESTMENTS LIMITED

Report and Accounts

31 March 2000

 ERNST & YOUNG



Arab Investments Limited

Registered No. 1671921

DIRECTORS

Mrs M Affara
M S Affara
K M Affara
Mrs F M Affara
Miss A Affara
Mr T Affara

SECRETARY

Mrs F M Affara

AUDITORS

Ernst & Young
Rolls House
7 Rolls Buildings
Fetter Lane
London EC4A 1NH

BANKERS

Barclays Bank PLC
South Kensington Branch
77 Gloucester Road
London SW7 4SS

SOLICITOR

Messrs Marriott Harrison
34 Bedford Row
London WC1R 4JH

REGISTERED OFFICE

Management Office
Campbell Court
Gloucester Road
London SW7 4PD

DIRECTORS' REPORT

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

RESULTS AND DIVIDENDS

The loss for the year after taxation amounted to £13,669 (1999 loss - £9,642) and will be added to the reserves brought forward. The financial results are set out in the profit and loss account on page 5.

The directors do not recommend a dividend.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activities of the company are those of business and property managers.

DIRECTORS AND THEIR INTERESTS

The directors during the year and their interests in the share capital of the company were as follows:

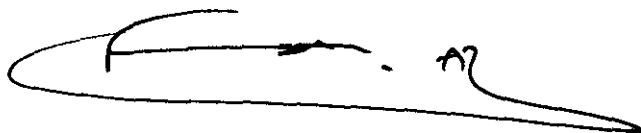
	At 31 March 2000 ordinary shares	At 31 March 1999 ordinary shares
Mrs M Affara (Chairman)	1	1
M S Affara	1	1
K M Affara	-	-
Miss F M Affara	-	-
Miss A Affara	-	-
Mr T Affara	-	-

At the end of the year none of the directors had any right to subscribe for shares in, or debentures of, the company.

AUDITORS

A resolution to reappoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By order of the board



Secretary

30 March 2001

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the accounts 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 accounts 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.

REPORT OF THE AUDITORS
to the shareholders of Arab Investments Limited

We have audited the accounts on pages 5 to 10, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by Statute, the Auditing Practices Board and by our profession's ethical guidance.

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 March 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young
Ernst & Young
Registered Auditor
London

30 March 2001

Arab Investments Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 March 2000

	Notes	2000 £	1999 £
TURNOVER	2	449,481	401,112
Cost of sales		(58,582)	(35,490)
Gross profit		390,899	365,622
Administrative expenses		(385,063)	(382,057)
Amount written off investment	6	(20,500)	-
Interest receivable		995	828
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2	(13,669)	(15,607)
Taxation	4	-	5,965
LOSS FOR THE FINANCIAL YEAR		(13,669)	(9,642)
STATEMENT OF RETAINED PROFIT			
Accumulated profits brought forward at 1 April 1999		99,767	109,409
Loss for the year		(13,669)	(9,642)
ACCUMULATED PROFITS CARRIED FORWARD AT 31 MARCH 2000		86,098	99,767

All transactions arise from continuing operations.

The company had no recognised gains or losses other than the profit or loss for the above two financial years.

Arab Investments Limited

BALANCE SHEET

at 31 March 2000

	Notes	2000 £	1999 £
FIXED ASSETS			
Tangible assets	5	77,457	53,775
Investments	6	50,000	70,500
		<u>127,457</u>	<u>124,275</u>
CURRENT ASSETS			
Debtors	7	22,097	42,302
Cash at bank		87,924	59,417
		<u>110,021</u>	<u>101,719</u>
CREDITORS: amounts falling due within one year	8	(151,378)	(126,225)
NET CURRENT LIABILITIES		<u>(41,357)</u>	<u>(24,506)</u>
TOTAL NET ASSETS		<u>86,100</u>	<u>99,769</u>
CAPITAL AND RESERVES			
Called up share capital	9	2	2
Profit and loss account		86,098	99,767
		<u>86,100</u>	<u>99,769</u>
Shareholders' funds	10	<u>86,100</u>	<u>99,769</u>

ERNST & YOUNG

Director



30 March 2001

Arab Investments Limited

NOTES TO THE ACCOUNTS

at 31 March 2000

1. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention. The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

Depreciation

Depreciation on tangible fixed assets is charged at a rate calculated to reduce such assets to their residual values at the end of their useful lives. The rates used for the main classes of assets are as follows:

Office equipment	-	20% on cost
Furniture and fittings	-	20% on cost
Motor vehicles	-	20% on cost

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Foreign currencies

Transactions involving foreign currency during the year are translated at the rate ruling at the transaction date. Current assets and liabilities are translated at the rate ruling at the balance sheet date. All exchange differences arising on translations are dealt with in arriving at the pre-tax result.

Fixed asset investments

Investments are included at cost and provision is made for any permanent diminution in value:

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Turnover

Turnover is the total amount receivable for services supplied excluding VAT.

2. TURNOVER

Turnover comprises amounts arising from the principal activities of the company. All turnover is generated in the United Kingdom.

	2000 £	1999 £
The profit/(loss) before taxation is stated after charging:		
Depreciation on tangible fixed assets	30,453	20,957
Auditors' remuneration	2,750	2,350

3. STAFF COSTS

	2000 £	1999 £
Wages and salaries	177,648	167,859
Social security costs	15,498	14,639
	<u>193,146</u>	<u>182,498</u>

Arab Investments Limited

NOTES TO THE ACCOUNTS at 31 March 2000

3. STAFF COSTS (continued)

The average monthly number of employees during the year was as follows:

	2000 No.	1999 No.
Management and administration	15	14

	2000 £	1999 £
Directors' remuneration: Emoluments (including benefits-in-kind)	100,548	105,216

4. TAXATION

	2000 £	1999 £
Corporation tax recoverable in respect of trading losses	-	(6,905)
Adjustments in respect of prior years	-	940
	-	(5,965)

5. TANGIBLE FIXED ASSETS

	Fixtures fittings and equipment £	Motor vehicles £	Total £
Cost:			
At 1 April 1999	46,361	146,774	193,135
Additions	2,798	51,339	54,137
Disposals	(10,870)	(45,450)	(56,320)
At 31 March 2000	38,289	152,663	190,952
Depreciation:			
At 1 April 1999	25,085	114,275	139,360
Charge for the year	7,419	23,034	30,453
Disposals	(10,870)	(45,448)	(56,318)
At 31 March 2000	21,634	91,861	113,495
Net book value:			
At 31 March 2000	16,655	60,802	77,457
At 31 March 1999	21,276	32,499	53,775

Arab Investments Limited

NOTES TO THE ACCOUNTS

at 31 March 2000

6. INVESTMENTS

	2000	1999
	£	£
Valuation (1999 - cost)	70,500	70,500
Amount written off	(20,500)	-
	<u>50,000</u>	<u>70,500</u>

The investment is a classic motor vehicle.

7. DEBTORS

	2000	1999
	£	£
Trade debtors	5,932	21,962
Other debtors	-	4,700
Prepayments and accrued income	16,165	15,640
	<u>22,097</u>	<u>42,302</u>

8. CREDITORS: amounts falling due within one year

	2000	1999
	£	£
Payments received on account	4,147	4,147
Trade creditors	30,123	336
Other taxes and social security costs	19,786	17,763
Other creditors	93,208	86,823
Accruals and deferred income	4,114	17,156
	<u>151,378</u>	<u>126,225</u>

Included in other creditors are amounts due to directors M S Affara £28,328 (1999 - £9,828) and K M Affara £6,140 (1999 - £1,500). These balances are interest free and have no fixed repayment date.

9. SHARE CAPITAL

	Authorised	
	2000	1999
	£	£
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
	Allotted, called up and fully paid	
	2000	1999
	No.	No.
	£	£
Ordinary shares of £1 each	<u>2</u>	<u>2</u>

Arab Investments Limited

NOTES TO THE ACCOUNTS at 31 March 2000

10. RECONCILIATION OF SHAREHOLDERS' FUNDS

	2000	1999
	£	£
Shareholders' funds at 1 April 1999	99,769	109,411
Loss for the year	(13,669)	(9,642)
Shareholders' funds at 31 March 2000	<u>86,100</u>	<u>99,769</u>

11. RELATED PARTY TRANSACTIONS

Mr M S Affara is a director of Carpets of Worth Limited and T M Hotels Limited. Car rental services of £7,800 (1999 - £7,800) and £8,850 (1999 - £8,400) respectively, were provided to these companies on normal commercial terms. Commission and management services provided to Carpets of Worth Limited for the year were £4,510 (1999 - £26,111). The company was owed £nil (1999 - £15,021) from Carpets of Worth Limited, as at 31 March 2000.

During the year, £33,920 (1999 £29,115) was paid for financial consultancy services to B A Link Limited, a company in which Mrs F M Affara is a director.