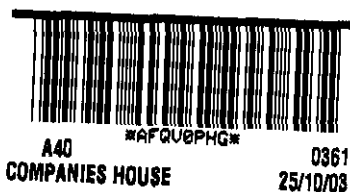


Company Registration No. 2973486 (England and Wales)

BEAUTIFUL WOOD (HOLDINGS) LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2003



BEAUTIFUL WOOD (HOLDINGS) LIMITED

COMPANY INFORMATION

Directors	C J W Lusty M W Lusty P J Enzer C W Stoddart (Appointed 25 September 2002) J Walker
Secretary	C W Stoddart
Company number	2973486
Registered office	6/8 The Old Silk Works Beech Avenue Warminster Wiltshire BA12 8LX
Auditors	Robson Taylor Charter House The Square Lower Bristol Road Bath BA2 3BH
Bankers	Barclays Bank plc Bath & Salisbury Business Centre 1 Manvers Street Bath BA1 1YS
Solicitors	Clarke Willmott & Clarke 6 Hammet Street Taunton Somerset TA1 1RG

BEAUTIFUL WOOD (HOLDINGS) LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Independent auditors' report	3
Profit and loss account	4
Balance sheet	5
Cash flow statement	6
Notes to the cash flow statement	7
Notes to the financial statements	8 - 15

BEAUTIFUL WOOD (HOLDINGS) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 2003

The directors present their report and financial statements for the year ended 30 April 2003.

Principal activities and review of the business

The principal activity of the company continued to be that of a parent undertaking providing management services, financial support and property services to its subsidiaries.

Results and dividends

The results for the year are set out on page 4.

The directors recommend payment of an ordinary dividend amounting to £33,561 .

Directors

The following directors have held office since 1 May 2002:

C J W Lusty

M W Lusty

P J Enzer

C W Stoddart

(Appointed 25 September 2002)

J Walker

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	30 April 2003	1 May 2002
C J W Lusty	104,582	78,582
M W Lusty	16,426	16,426
P J Enzer	-	-
C W Stoddart	-	-
J Walker	13,237	13,237

Auditors

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

BEAUTIFUL WOOD (HOLDINGS) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2003

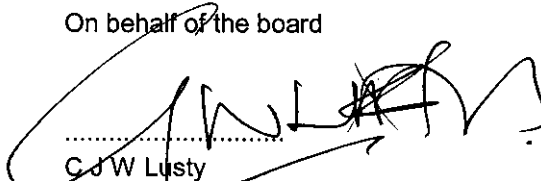
Directors' responsibilities

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 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;
- 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.

On behalf of the board



.....
C. J. W. Lusty

Director

09/09/03

BEAUTIFUL WOOD (HOLDINGS) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BEAUTIFUL WOOD (HOLDINGS) LIMITED

We have audited the financial statements of Beautiful Wood (Holdings) Limited on pages 4 to 15 for the year ended 30 April 2003. These financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the 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 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 with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

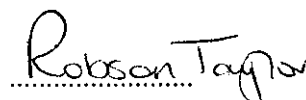
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates 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 affairs as at 30 April 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Robson Taylor



Chartered Accountants
Registered Auditor

Charter House
The Square
Lower Bristol Road
Bath
BA2 3BH

9 September 2003

BEAUTIFUL WOOD (HOLDINGS) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 APRIL 2003

	Notes	2003 £	2002 £
Turnover	2	336,837	273,000
Administrative expenses		(324,109)	(295,339)
Operating profit/(loss)	3	12,728	(22,339)
Investment income	4	33,561	133,000
Interest payable and similar charges	5	(4,959)	(3,200)
Profit on ordinary activities before taxation		41,330	107,461
Tax on profit on ordinary activities	6	(1,106)	-
Profit on ordinary activities after taxation		40,224	107,461
Dividends	7	(33,561)	(27,061)
Retained profit for the year	15	6,663	80,400

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.

BEAUTIFUL WOOD (HOLDINGS) LIMITED

BALANCE SHEET AS AT 30 APRIL 2003

	Notes	2003 £	£	2002 £	£
Fixed assets					
Tangible assets	8	168,654		75,000	
Investments	9	155,008		55,008	
		<u>323,662</u>		<u>130,008</u>	
Current assets					
Debtors	10	106,840		403,970	
Cash at bank and in hand		14,518		-	
		<u>121,358</u>		<u>403,970</u>	
Creditors: amounts falling due within one year	11	<u>(54,013)</u>		<u>(202,554)</u>	
Net current assets		<u>67,345</u>		<u>201,416</u>	
Total assets less current liabilities		<u>391,007</u>		<u>331,424</u>	
Creditors: amounts falling due after more than one year	12	<u>(135,640)</u>		<u>(147,720)</u>	
		<u>255,367</u>		<u>183,704</u>	
Capital and reserves					
Called up share capital	14	134,245		108,245	
Share premium account	15	93,963		54,963	
Revaluation reserve	15	20,125		20,125	
Profit and loss account	15	7,034		371	
Shareholders' funds - equity interests	16	<u>255,367</u>		<u>183,704</u>	

The financial statements were approved by the Board on

09-09-03

C J W Lusty
Director

M W Lusty
Director

BEAUTIFUL WOOD (HOLDINGS) LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 APRIL 2003

	2003		2002	
	£	£	£	£
Net cash inflow/(outflow) from operating activities		319,701		(122,748)
Returns on investments and servicing of finance				
Interest paid	(4,959)		(3,200)	
Dividends received	33,561		-	
Net cash inflow/(outflow) for returns on investments and servicing of finance		28,602		(3,200)
Capital expenditure and financial investment				
Payments to acquire tangible assets	(96,808)		-	
Payments to acquire investments	(100,000)		-	
Net cash outflow for capital expenditure		(196,808)		-
Equity dividends paid		(27,061)		-
Net cash inflow/(outflow) before management of liquid resources and financing		124,434		(125,948)
Financing				
Issue of ordinary share capital	65,000		-	
New long term bank loan	-		30,121	
Other new long term loans	95,000		-	
Repayment of long term bank loan	(2,204)		-	
Repayment of other long term loans	(102,376)		(71,041)	
Net cash inflow/(outflow) from financing		55,420		(40,920)
Increase/(decrease) in cash in the year		179,854		(166,868)

BEAUTIFUL WOOD (HOLDINGS) LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 30 APRIL 2003

1	Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities	2003	2002
		£	£
	Operating profit/(loss)	12,728	(22,339)
	Depreciation of tangible assets	3,154	1,218
	Decrease/(increase) in debtors	297,130	(10,386)
	Increase/(decrease) in creditors within one year	6,689	(91,241)
	Net cash inflow/(outflow) from operating activities	319,701	(122,748)

2	Analysis of net debt	1 May 2002	Cash flow	Other non-cash changes	30 April 2003
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	-	14,518	-	14,518
	Bank overdrafts	(165,336)	165,336	-	-
		<u>(165,336)</u>	<u>179,854</u>	<u>-</u>	<u>14,518</u>
	Debt:				
	Debts falling due within one year	-	(2,500)	-	(2,500)
	Debts falling due after one year	(147,720)	12,080	-	(135,640)
		<u>(147,720)</u>	<u>9,580</u>	<u>-</u>	<u>(138,140)</u>
	Net debt	(313,056)	189,434	-	(123,622)

3	Reconciliation of net cash flow to movement in net debt	2003	2002
		£	£
	Increase/(decrease) in cash in the year	179,854	(166,868)
	Cash outflow from decrease in debt	9,580	40,920
	Movement in net debt in the year	189,434	(125,948)
	Opening net debt	(313,056)	(187,108)
	Closing net debt	(123,622)	(313,056)

BEAUTIFUL WOOD (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2003

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 Turnover

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

1.3 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:

Freehold property	2% straight line method
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1.4 Investments

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

1.5 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS 17.

1.6 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.7 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertakings comprise a medium-sized group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts.

2 Turnover

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

3 Operating profit/(loss)

	2003	2002
	£	£
Operating profit/(loss) is stated after charging:		
Depreciation of tangible assets	3,154	1,218
Auditors' remuneration	2,237	1,648
	<u> </u>	<u> </u>

BEAUTIFUL WOOD (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2003

4	Investment income	2003	2002
		£	£
	Income from shares in group undertakings	33,561	133,000
5	Interest payable	2003	2002
		£	£
	On bank loans and overdrafts	264	1,039
	On other loans wholly repayable within 5 years	4,695	2,161
		4,959	3,200
6	Taxation	2003	2002
		£	£
	Domestic current year tax		
	U.K. corporation tax	1,106	-
	Current tax charge	1,106	-
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	41,330	107,461
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00 % (2002 : 20.00 %)	7,853	21,492
	Effects of:		
	Non deductible expenses	154	484
	Depreciation add back	599	244
	Capital allowances	(736)	-
	Tax losses utilised	(134)	-
	Dividends and distributions received	(6,377)	(26,600)
	Other tax adjustments	(253)	4,380
		(6,747)	(21,492)
	Current tax charge	1,106	-
7	Dividends	2003	2002
		£	£
	Ordinary final proposed	33,561	27,061

BEAUTIFUL WOOD (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2003

8 Tangible fixed assets

	Freehold property £
Cost or valuation	
At 1 May 2002	75,000
Additions	96,808
	<hr/>
At 30 April 2003	171,808
	<hr/>
Depreciation	
At 1 May 2002	-
Charge for the year	3,154
	<hr/>
At 30 April 2003	3,154
	<hr/>
Net book value	
At 30 April 2003	168,654
	<hr/>
At 30 April 2002	75,000
	<hr/>

Comparable historical cost for the land and buildings included at valuation:

	£
Cost	
At 1 May 2002	60,972
Additions	96,808
	<hr/>
At 30 April 2003	157,780
	<hr/>
Depreciation based on cost	
At 1 May 2002	6,097
Charge for the year	3,154
	<hr/>
At 30 April 2003	9,251
	<hr/>
Net book value	
At 30 April 2003	148,529
	<hr/>
At 30 April 2002	54,875
	<hr/>

BEAUTIFUL WOOD (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2003

9 Fixed asset investments

	Shares in subsidiary undertakings £
Cost or valuation	
At 1 May 2002	55,008
Additions	100,000
	<hr/>
At 30 April 2003	155,008
	<hr/>

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	Class	Shares held %
Subsidiary undertakings			
Beautiful Wood Reproductions Limited	United Kingdom	Ordinary	100
Linked Resourcing Limited	United Kingdom	Ordinary	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves 2003 £	Profit for the year 2003 £
Beautiful Wood Reproductions Limited	48,732	(18,213)
Linked Resourcing Limited	304,013	90,700
	<hr/>	<hr/>

The principal activity of Beautiful Wood Reproductions Limited was the manufacture and distribution of pine furniture. The principal activity of Linked Resourcing Limited was the sourcing and distribution of wooden products.

10 Debtors

	2003 £	2002 £
Amounts owed by subsidiary undertakings	68,652	269,640
Other debtors	38,188	133,400
Prepayments and accrued income	-	930
	<hr/>	<hr/>
	106,840	403,970
	<hr/>	<hr/>

BEAUTIFUL WOOD (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2003

11 Creditors: amounts falling due within one year	2003 £	2002 £
Bank loans and overdrafts	2,500	165,336
Corporation tax	1,106	-
Other taxes and social security costs	7,935	3,366
Other creditors	61	-
Accruals and deferred income	8,850	6,791
Proposed dividend	33,561	27,061
	<u>54,013</u>	<u>202,554</u>

Bank borrowings are secured by a charge over the company's freehold property. The company and its subsidiary undertakings are also party to a cross guarantee and debenture in favour of the company's bankers.

12 Creditors: amounts falling due after more than one year	2003 £	2002 £
Bank loans	25,417	30,121
Other loans	110,223	117,599
	<u>135,640</u>	<u>147,720</u>
Analysis of loans		
Wholly repayable within five years	138,140	147,720
	<u>138,140</u>	<u>147,720</u>
Included in current liabilities	(2,500)	-
	<u>135,640</u>	<u>147,720</u>
Loan maturity analysis		
In more than two years but not more than five years	135,640	147,720
	<u>135,640</u>	<u>147,720</u>

Bank borrowings are secured by a charge over the company's freehold property. The company and its subsidiary undertakings are also party to a cross guarantee and debenture in favour of the company's bankers.

BEAUTIFUL WOOD (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2003

13 Pension costs

Defined contribution

	2003 £	2002 £
Contributions payable by the company for the year	7,577	36,866

14 Share capital

	2003 £	2002 £
Authorised		
1,000,000 Ordinary shares of £ 1 each	1,000,000	1,000,000
Allotted, called up and fully paid		
134,245 Ordinary shares of £ 1 each	134,245	108,245

On 25 September 2002, the company issued 26,000 £1 ordinary shares at a price of £2.50 per share. This created a premium on shares issued during the year of £39,000.

15 Statement of movements on reserves

	Share premium account £	Revaluation reserve £	Profit and loss account £
Balance at 1 May 2002	54,963	20,125	371
Retained profit for the year	-	-	6,663
Premium on shares issued during the year	39,000	-	-
Balance at 30 April 2003	93,963	20,125	7,034

BEAUTIFUL WOOD (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2003

16 Reconciliation of movements in shareholders' funds	2003	2002
	£	£
Profit for the financial year	40,224	107,461
Dividends	(33,561)	(27,061)
	<hr/>	<hr/>
	6,663	80,400
Other recognised gains and losses	-	20,125
Proceeds from issue of shares	65,000	-
	<hr/>	<hr/>
Net addition to shareholders' funds	71,663	100,525
Opening shareholders' funds	183,704	83,179
	<hr/>	<hr/>
Closing shareholders' funds	255,367	183,704
	<hr/>	<hr/>
17 Directors' emoluments	2003	2002
	£	£
Emoluments for qualifying services	220,583	196,833
Company pension contributions to money purchase schemes	7,577	36,866
	<hr/>	<hr/>
	228,160	233,699
	<hr/>	<hr/>
Emoluments disclosed above include the following amounts paid to the highest paid director:		
Emoluments for qualifying services	101,000	73,000
Company pension contributions to money purchase schemes	7,577	7,880
	<hr/>	<hr/>
18 Employees		
Number of employees		
There were no employees during the year apart from the directors.		
Employment costs	2003	2002
	£	£
Wages and salaries	239,333	207,153
Social security costs	25,141	20,365
Other pension costs	7,577	36,866
	<hr/>	<hr/>
	272,051	264,384
	<hr/>	<hr/>

BEAUTIFUL WOOD (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2003

19 Control

The company is controlled by C J W Lusty by virtue of his directorship of and shareholding in the company.

20 Related party transactions

During the year, management fees of £264,000 (2002 - £240,000) were recharged to its subsidiary companies.

At 30 April 2003 the company was owed £3,903 (2002: £112,056) by its subsidiary undertaking Beautiful Wood Reproductions Limited and £64,749 (2002: £157,584) by its subsidiary undertaking Linked Resourcing Limited.

During the year the company also invoiced management fees and costs of £72,837 to a connected company, Aspace Limited. The company is connected by virtue the shareholding and directorship of C J W Lusty. During the year the company also purchased £52 of goods from Aspace Limited. As at 30 April 2003 the net amount due from Aspace Limited was £38,127.

The directors C J W Lusty and M W Lusty have made long term loans to the company. As at 30 April 2003 these amounted to £74,001 (2002: £81,377) and £36,222 (2002: £36,222) respectively. These loans are interest free and have no fixed repayment terms.