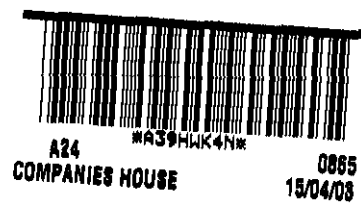

ALEXANDER ASH & CO. LTD.

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
31 AUGUST 2002



ALEXANDER ASH & CO. LTD.

COMPANY INFORMATION

DIRECTORS	P Dell F.C.A. (appointed 16/05/01) P Winship (appointed 310702)
SECRETARY	Mrs J H Dell
COMPANY NUMBER	4217621
REGISTERED OFFICE	Ockway House 41 Stamford Hill London N16 5SR.
AUDITORS	Frost Canover Chartered Certified Accountants & Registered Auditors Tower House High Street Aylesbury Bucks HP20 1SQ
BANKERS	LLoyds TSB Plc 10 Central Parade Hoe Street Walthamstow London E17 4RS

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Detailed profit and loss account and summaries	17 - 19

DIRECTORS' REPORT
For the period ended 31 August 2002

The directors present their report and the financial statements for the period ended 31 August 2002.

STATEMENT OF 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;
- 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 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.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The principal activity of the company has been the operation of a Chartered Accountancy Practice.

The company was incorporated on 16th May 2001. On 1st September 2001, it acquired the Chartered Accountancy practice of Alexander Ash & Co., formerly owned by Mr P Dell, a director of the company. The profit before tax during the period of trading amounted to £80,499 and the state of affairs at the balance sheet date is considered to be satisfactory.

RESULTS AND DIVIDENDS

The profit for the period, after taxation, amounted to £62,575.

Dividends paid during the year amounted to £30,000 on the ordinary A shares and £1,200 on the ordinary B shares.

DIRECTORS

The directors who served during the period and their beneficial interests in the company's issued share capital were:

	ordinary A shares shares of £1 each		ordinary B shares shares of £1 each	
	<u>31/8/02</u>	<u>16/5/01</u>	<u>31/8/02</u>	<u>16/5/01</u>
P Dell F.C.A. (appointed 16/05/01)	40,000	-	50	-
P Winship (appointed 31/07/02)	-	-	50	-

AUDITORS

The auditors, Frost Canover, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

ALEXANDER ASH & CO. LTD.

DIRECTORS' REPORT
For the period ended 31 August 2002

This report was approved by the board on 12 March 2003 and signed on its behalf.



P Dell F.C.A.
Director

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ALEXANDER ASH & CO. LTD.

We have audited the financial statements of Alexander Ash & Co. Ltd. for the period ended 31 August 2002 set out on pages 4 to 17. 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 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 31 August 2002 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Frost, Canover

Frost Canover

Chartered Certified Accountants
Registered Auditors

Tower House
High Street
Aylesbury
Bucks
HP20 1SQ

24 March 2003

15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100

ALEXANDER ASH & CO. LTD.

PROFIT AND LOSS ACCOUNT
For the period ended 31 August 2002

	Note	Period ended 31 August 2002 £
TURNOVER	1, 2	368,139
Cost of sales		(133,406)
GROSS PROFIT		<u>234,733</u>
Administrative expenses		(149,302)
OPERATING PROFIT	3	85,431
Interest receivable		72
Interest payable	6	(5,054)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>80,449</u>
TAX ON PROFIT ON ORDINARY ACTIVITIES	7	(17,875)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		62,574
DIVIDENDS	8	(31,200)
RETAINED PROFIT FOR THE FINANCIAL PERIOD		<u><u>£ 31,374</u></u>

All amounts relate to continuing operations.

On 1st September 2001, the company acquired the Chartered Accountancy business of Alexander Ash & Co.

There were no recognised gains and losses for 2002 other than those included in the profit and loss account.

The notes on pages 7 to 16 form part of these financial statements.

ALEXANDER ASH & CO. LTD.

BALANCE SHEET
As at 31 August 2002

	Note	31 August 2002	
		£	£
FIXED ASSETS			
Intangible fixed assets	9		200,040
Tangible fixed assets	10		27,617
			<u>227,657</u>
CURRENT ASSETS			
Stocks	11	1,000	
Debtors	12	40,520	
Cash at bank and in hand		19,131	
		<u>60,651</u>	
CREDITORS: amounts falling due within one year	13	(75,134)	
NET CURRENT LIABILITIES			<u>(14,483)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>213,174</u>
CREDITORS: amounts falling due after more than one year	14		(141,700)
NET ASSETS			<u><u>71,474</u></u>
CAPITAL AND RESERVES			
Called up share capital	15		40,100
Profit and loss account			31,374
SHAREHOLDERS' FUNDS	16		<u><u>71,474</u></u>

Shareholders' funds include non-equity interests.

The financial statements were approved by the board on 12 March 2003 and signed on its behalf.



P Dell F.C.A.
Director

The notes on pages 7 to 16 form part of these financial statements.

ALEXANDER ASH & CO. LTD.

CASH FLOW STATEMENT
For the period ended 31 August 2002

	Note	Period ended 31 August 2002 £
Net cash flow from operating activities	17	221,281
Returns on investments and servicing of finance	18	(4,982)
Taxation		(14)
Capital expenditure and financial investment	18	(245,857)
Equity dividends paid		(31,200)
CASH OUTFLOW BEFORE FINANCING		(60,772)
Financing	18	72,402
INCREASE IN CASH IN THE PERIOD		£ 11,630

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT (NOTE 19)
For the period ended 31 August 2002

	Period ended 31 August 2002 £
Increase in cash in the period	11,630
Cash inflow from decrease in debt and lease financing	(32,302)
MOVEMENT IN NET DEBT IN THE PERIOD	(20,672)
Net funds at 16 May 2001	-
NET DEBT AT 31 AUGUST 2002	£ (20,672)

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 31 August 2002

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and are prepared in accordance with applicable accounting standards.

1.2 Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, exclusive of Value Added Tax and trade discounts.

1.3 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to profit and loss account over its estimated economic life. Amortisation has been provided at the rate of 4% per annum.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Motor vehicles	-	25% reducing balance
Office equipment	-	25% straight line

1.5 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.6 Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account on the straight line basis over the lease term.

1.7 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.8 Pensions

The company operates defined contribution pension schemes and the pension charge represents the amounts paid by the company to the schemes during the period.

2. TURNOVER

The whole of the turnover is attributable to general practice accountancy services.

All turnover arose within the United Kingdom.

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 31 August 2002

3. OPERATING PROFIT

The operating profit is stated after charging:

	Period ended 31 August 2002 £
Amortisation - intangible fixed assets	8,335
Depreciation of tangible fixed assets:	
- owned by the company	2,533
- held under finance leases	6,673
Auditors' remuneration	950
Operating lease rentals:	
- other operating leases	13,890
	<u> </u>

4. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	Period ended 31 August 2002 £
Wages and salaries	141,150
Social security costs	13,023
Other pension costs	2,700
	<u> </u>
	£ 156,873
	<u> </u>

The average monthly number of employees, including directors, during the period was as follows:

	Period ended 31 August 2002
Fee earners	6
Administration	3
	<u> </u>
	9
	<u> </u>

5. DIRECTORS' REMUNERATION

	Period ended 31 August 2002 £
Emoluments	£ 6,135
	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 31 August 2002

6. INTEREST PAYABLE

	Period ended 31 August 2002 £
On bank loans and overdrafts	2,261
On other loans	496
On finance leases and hire purchase contracts	2,297
	<u>£ 5,054</u>

7. TAXATION

	Period ended 31 August 2002 £
UK corporation tax on profits of the period	<u>£ 17,875</u>

Factors affecting tax charge for period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (19.6%). The differences are explained below:

	Period ended 31 August 2002 £
Profit on ordinary activities before tax	<u>80,449</u>
Profit on ordinary activities multiplied by the relevant standard rate of corporation tax in the UK of 19.6%	15,768
Effects of:	
Expenses not deductible for tax purposes	1,855
Capital allowances for period in excess of depreciation	252
	<u>£ 17,875</u>

Factors that may affect future tax charges

There are no factors that may affect future tax charges.

8. DIVIDENDS

	Period ended 31 August 2002 £
On equity shares	
Total dividends paid	<u>£ 31,200</u>

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 31 August 2002

9. INTANGIBLE FIXED ASSETS

	Goodwill £	Total £
Cost		
At 16 May 2001	-	-
Additions	208,375	208,375
At 31 August 2002	208,375	208,375
Amortisation		
At 16 May 2001	-	-
Charge for the period	8,335	8,335
At 31 August 2002	8,335	8,335
Net book value		
At 31 August 2002	£ 200,040	£ 200,040

10. TANGIBLE FIXED ASSETS

	Motor vehicles £	Furniture, fittings and equipment £	Total £
Cost			
Additions	26,692	10,790	37,482
Disposals	-	(659)	(659)
At 31 August 2002	26,692	10,131	36,823
Depreciation			
Charge for the period	6,673	2,533	9,206
At 31 August 2002	6,673	2,533	9,206
Net book value			
At 31 August 2002	£ 20,019	£ 7,598	£ 27,617

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	31 August 2002 £
Motor vehicles	£ 20,019

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 31 August 2002

11. STOCKS

	31 August 2002 £
Work in progress	£ 1,000

12. DEBTORS

	31 August 2002 £
Due within one year	
Trade debtors	39,207
Prepayments and accrued income	1,313
	£ 40,520

13. CREDITORS:
Amounts falling due within one year

	31 August 2002 £
Bank loans and overdrafts	13,834
Net obligations under finance leases and hire purchase contracts	3,934
Trade creditors	2,630
Corporation tax	17,861
Social security and other taxes	18,635
Other creditors	6,496
Accruals and deferred income	11,744
	£ 75,134

The net obligations under finance leases are secured on the assets concerned.

Included within other creditors is a directors loan account amounting to £5,855, which is interest free.

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 31 August 2002

14. CREDITORS:
Amounts falling due after more than one year

	31 August 2002 £
Bank loans	7,305
Net obligations under finance leases and hire purchase contracts	14,729
Other creditors	119,666
	<u>£ 141,700</u>

Included within the above are amounts falling due as follows:

	31 August 2002 £
Between two and five years	
Bank loans	7,305
	<u> </u>

Creditors include amounts not wholly repayable within 5 years as follows:

	31 August 2002 £
Repayable by instalments	£ 119,666
	<u> </u>

This represents the liability in respect of the purchase of the Practice of Alexander Ash & Co. The liability is repayable at the rate of £20,000 per annum.

Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

	31 August 2002 £
Between two and five years	£ 14,729
	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 31 August 2002

15. SHARE CAPITAL

	31 August 2002 £
Authorised	
900,000 ordinary A shares shares of £1 each	900,000
100,000 ordinary B shares shares of £1 each	100,000
	<u>£ 1,000,000</u>
Allotted, called up and fully paid	
40,000 ordinary A shares shares of £1 each	40,000
100 ordinary B shares shares of £1 each	100
	<u>£ 40,100</u>

During the period, 40,000 ordinary A shares of £1.00 each were issued at par.

During the period, 100 Ordinary B shares of £1.00 each were issued at par. These shares carry no voting rights. The shares rank for dividends as declared from time to time by the directors.

16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	31 August 2002 £
Profit for the period	62,574
Dividends	(31,200)
	<u>31,374</u>
Shares issued during the period	40,100
	<u>£ 71,474</u>
Closing shareholders' funds	
Analysis of shareholders' funds	
Non-equity interests	100
Equity interests	71,374
	<u>£ 71,474</u>

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 31 August 2002

17. NET CASH FLOW FROM OPERATING ACTIVITIES

	Period ended 31 August 2002 £
Operating profit	85,431
Amortisation of intangible fixed assets	8,335
Depreciation of tangible fixed assets	9,206
Loss on disposal of tangible fixed assets	659
Increase in stocks	(1,000)
Increase in debtors	(40,587)
Increase in creditors	159,237
NET CASH INFLOW FROM OPERATIONS	£ 221,281

18. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	Period ended 31 August 2002 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	
Interest received	72
Interest paid	(2,757)
Hire purchase interest	(2,297)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	£ (4,982)

	Period ended 31 August 2002 £
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	
Purchase of intangible fixed assets	(208,375)
Purchase of tangible fixed assets	(37,482)
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE	£ (245,857)

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 31 August 2002

	Period ended 31 August 2002 £
FINANCING	
Issue of ordinary shares	40,000
Issue of non-equity shares	100
New secured loans	13,639
Principal payment under finance lease	18,663
NET CASH INFLOW FROM FINANCING	£ 72,402

19. ANALYSIS OF CHANGES IN NET DEBT

	16 May 2001 £	Cash flow £	Other non-cash changes £	31 August 2002 £
Cash at bank and in hand:	-	19,131	-	19,131
Bank overdraft	-	(7,501)	-	(7,501)
	-	11,630	-	11,630
DEBT :				
Finance leases	-	(18,663)	-	(18,663)
Debts due within one year	-	(13,639)	7,305	(6,334)
Debts falling due after more than one year	-	-	(7,305)	(7,305)
NET	£ -	£ (20,672)	£ -	£ (20,672)

20. PENSION COMMITMENTS

The company operates defined contribution pension schemes for certain members of the team. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions paid by the company to the funds during the period and amounted to £2,700. There were no outstanding contributions due at the balance sheet date.

21. OPERATING LEASE COMMITMENTS

At 31 August 2002 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 31 August 2002 £
Expiry date:	
Between 2 and 5 years	15,750

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 31 August 2002

22. DIRECTORS' PERSONAL GUARANTEES

Mr P Dell, a director of the company, has given a personal guarantee to Lloyds TSB plc in support of the company's overdraft facilities.

23. CONTROLLING PARTY

Mr P Dell controls the company by virtue of holding directly or indirectly 100% of the company's voting shares.