
ALEXANDER ASH & CO. LTD.

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
31 AUGUST 2003**



ALEXANDER ASH & CO. LTD.

COMPANY INFORMATION

DIRECTORS	P Dell F.C.A. P Winship
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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DIRECTORS' REPORT
For the year ended 31 August 2003

The directors present their report and the financial statements for the year ended 31 August 2003.

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 profit before tax during the period of trading amounted to £51,679 (2002 £80,449) and the state of affairs at the balance sheet date is considered to be satisfactory.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £40,229 (2002 - £62,575).

Dividends paid during the year amounted to £22,800 on the ordinary A shares and £14,400 on the ordinary B shares.

DIRECTORS

The directors who served during the year 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>31/8/03</u>	<u>1/9/02</u>	<u>31/8/03</u>	<u>1/9/02</u>
P Dell F.C.A.	40,000	40,000	50	50
P Winship (appointed 31/07/02)	-	-	50	50 *

(* held on date of appointment)

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 year ended 31 August 2003

This report was approved by the board on 28 May 2004 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 year ended 31 August 2003 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 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Frost Canover

Chartered Certified Accountants
Registered Auditors

Tower House
High Street
Aylesbury
Bucks
HP20 1SQ

28 May 2004

ALEXANDER ASH & CO. LTD.

PROFIT AND LOSS ACCOUNT
For the year ended 31 August 2003

	Note	Year ended 31 August 2003 £	Period ended 31 August 2002 £
TURNOVER	1, 2	333,295	368,139
Cost of sales		(111,282)	(133,406)
GROSS PROFIT		<u>222,013</u>	<u>234,733</u>
Administrative expenses		(164,698)	(149,302)
OPERATING PROFIT	3	57,315	85,431
Interest receivable		134	72
Interest payable	6	(5,770)	(5,054)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		51,679	80,449
TAX ON PROFIT ON ORDINARY ACTIVITIES	7	(11,450)	(17,875)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		40,229	62,574
DIVIDENDS - On equity shares	8	(22,800)	(28,800)
- On non-equity shares	8	(14,400)	(2,400)
RETAINED PROFIT FOR THE FINANCIAL YEAR	16	<u>£ 3,029</u>	<u>£ 31,374</u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2003 or 2002 other than those included in the profit and loss account.

The notes on pages 7 to 17 form part of these financial statements.

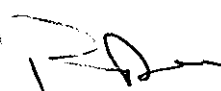
ALEXANDER ASH & CO. LTD.

BALANCE SHEET
As at 31 August 2003

		31 August 2003	31 August 2002
	Note	£	£
FIXED ASSETS			
Intangible fixed assets	9	200,040	200,040
Tangible fixed assets	10	25,315	27,617
		<u>225,355</u>	<u>227,657</u>
CURRENT ASSETS			
Stocks	11	1,000	1,000
Debtors	12	35,791	40,520
Cash at bank and in hand		10,616	19,131
		<u>47,407</u>	<u>60,651</u>
CREDITORS: amounts falling due within one year	13	<u>(65,401)</u>	<u>(75,134)</u>
NET CURRENT LIABILITIES		<u>(17,994)</u>	<u>(14,483)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		207,361	213,174
CREDITORS: amounts falling due after more than one year	14	<u>(132,858)</u>	<u>(141,700)</u>
NET ASSETS		<u>£ 74,503</u>	<u>£ 71,474</u>
CAPITAL AND RESERVES			
Called up share capital	15	40,100	40,100
Profit and loss account	16	34,403	31,374
SHAREHOLDERS' FUNDS	17	<u>£ 74,503</u>	<u>£ 71,474</u>

Shareholders' funds include non-equity interests.

The financial statements were approved by the board on 28 May 2004 and signed on its behalf.


P Dell F.C.A.
Director


P Winship
Director

The notes on pages 7 to 17 form part of these financial statements.

ALEXANDER ASH & CO. LTD.

CASH FLOW STATEMENT
For the year ended 31 August 2003

	Note	Year ended 31 August 2003 £	Period ended 31 August 2002 £
Net cash flow from operating activities	18	63,930	221,281
Returns on investments and servicing of finance	19	(5,636)	(4,982)
Taxation		(17,861)	(14)
Capital expenditure and financial investment	19	(13,153)	(245,857)
Equity dividends paid		(37,200)	(31,200)
CASH OUTFLOW BEFORE FINANCING		<u>(9,920)</u>	<u>(60,772)</u>
Financing	19	1,599	72,402
(DECREASE)/INCREASE IN CASH IN THE PERIOD		<u>£ (8,321)</u>	<u>£ 11,630</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT (NOTE 20)
For the year ended 31 August 2003

	Year ended 31 August 2003 £	Period ended 31 August 2002 £
(Decrease)/Increase in cash in the period	(8,321)	11,630
Cash inflow from decrease in debt and lease financing	(1,599)	(32,302)
MOVEMENT IN NET DEBT IN THE PERIOD	<u>(9,920)</u>	<u>(20,672)</u>
Net (debt)/funds at 1 September 2002	(20,671)	1
NET DEBT AT 31 AUGUST 2003	<u>£ (30,591)</u>	<u>£ (20,671)</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2003

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 services supplied by the company, exclusive of Value Added Tax and trade discounts, and commissions received from financial services work.

1.3 Intangible fixed assets and amortisation

Goowill 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. The directors have carried out an impairment review at the balance sheet date and do not consider it necessary to amortise goodwill further. During the period to 31 August 2002, amortisation was provided at the rate of 4%.

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 payable by the company to the schemes during the year.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2003

2. TURNOVER

An analysis of turnover by class of business is as follows:

	Year ended 31 August 2003 £	Period ended 31 August 2002 £
General accountancy services	284,143	324,964
Financial services	49,152	43,175
	<u>£ 333,295</u>	<u>£ 368,139</u>

All turnover arose within the United Kingdom.

3. OPERATING PROFIT

The operating profit is stated after charging:

	Year ended 31 August 2003 £	Period ended 31 August 2002 £
Amortisation - intangible fixed assets	-	8,335
Depreciation of tangible fixed assets:		
- owned by the company	1,538	2,533
- held under finance leases	7,413	6,673
Auditors' remuneration	950	950
Operating lease rentals:		
- other operating leases	17,455	13,890
	<u>17,455</u>	<u>13,890</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2003

4. STAFF COSTS

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

	Year ended 31 August 2003 £	Period ended 31 August 2002 £
Wages and salaries	140,359	141,150
Social security costs	12,229	13,023
Other pension costs	2,325	2,700
	<u>£ 154,913</u>	<u>£ 156,873</u>

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

	Year ended 31 August 2003	Period ended 31 August 2002
Fee earners	6	6
Administration	3	3
	<u>9</u>	<u>9</u>

5. DIRECTORS' REMUNERATION

	Year ended 31 August 2003 £	Period ended 31 August 2002 £
Emoluments	<u>£ 16,426</u>	<u>£ 6,135</u>

6. INTEREST PAYABLE

	Year ended 31 August 2003 £	Period ended 31 August 2002 £
On bank loans and overdrafts	2,466	2,261
On other loans	98	496
On finance leases and hire purchase contracts	3,206	2,297
	<u>£ 5,770</u>	<u>£ 5,054</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2003

7. TAXATION

	Year ended 31 August 2003	Period ended 31 August 2002
	£	£
UK corporation tax on profits of the year	£ 11,450	£ 17,875

Factors affecting tax charge for year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (19%). The differences are explained below:

	Year ended 31 August 2003	Period ended 31 August 2002
	£	£
Profit on ordinary activities before tax	51,679	80,449
Profit on ordinary activities multiplied by the relevant standard rate of corporation tax in the UK of 19% (2002 - 19.6%)	9,819	15,768
Effects of:		
Expenses not deductible for tax purposes	232	1,855
Depreciation for period in excess of capital allowances	1,399	252
Current tax charge for year (see note above)	£ 11,450	£ 17,875

Factors that may affect future tax charges

There are no factors that may affect future tax charges.

8. DIVIDENDS

	Year ended 31 August 2003	Period ended 31 August 2002
	£	£
On equity shares		
Total dividends paid	22,800	28,800
On non-equity shares		
Total dividends paid	14,400	2,400
	£ 37,200	£ 31,200

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2003

9. INTANGIBLE FIXED ASSETS

	Goodwill £	Total £
Cost		
At 1 September 2002 and 31 August 2003	208,375	208,375
Amortisation		
At 1 September 2002 and 31 August 2003	8,335	8,335
Net book value		
At 31 August 2003	£ 200,040	£ 200,040
At 31 August 2002	£ 200,040	£ 200,040

Goodwill has not been amortised during the year in accordance with the impairment review carried out by the directors.

10. TANGIBLE FIXED ASSETS

	Motor vehicles £	Furniture, fittings and equipment £	Total £
Cost			
At 1 September 2002	26,692	10,131	36,823
Additions	29,653	-	29,653
Disposals	(26,692)	(3,980)	(30,672)
At 31 August 2003	29,653	6,151	35,804
Depreciation			
At 1 September 2002	6,673	2,533	9,206
Charge for the year	7,413	1,538	8,951
On disposals	(6,673)	(995)	(7,668)
At 31 August 2003	7,413	3,076	10,489
Net book value			
At 31 August 2003	£ 22,240	£ 3,075	£ 25,315
At 31 August 2002	£ 20,019	£ 7,598	£ 27,617

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2003

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

	2003 £	2002 £
Motor vehicles	£ 22,240	£ 20,019

11. STOCKS

	2003 £	2002 £
Work in progress	£ 1,000	£ 1,000

12. DEBTORS

	2003 £	2002 £
Due within one year		
Trade debtors	32,647	39,207
Prepayments and accrued income	3,144	1,313
	£ 35,791	£ 40,520

13. CREDITORS:**Amounts falling due within one year**

	2003 £	2002 £
Bank loans and overdrafts	13,362	13,834
Net obligations under finance leases and hire purchase contracts	4,653	3,934
Trade creditors	5,474	2,630
Corporation tax	11,450	17,861
Social security and other taxes	17,805	18,635
Other creditors	6,331	6,496
Accruals and deferred income	6,326	11,744
	£ 65,401	£ 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 £1,579 (2002 £5,655), which is interest free.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2003

14. CREDITORS:

Amounts falling due after more than one year

	2003 £	2002 £
Bank loans	1,249	7,305
Net obligations under finance leases and hire purchase contracts	21,943	14,729
Other creditors	109,666	119,666
	<u>£ 132,858</u>	<u>£ 141,700</u>

Included within the above are amounts falling due as follows:

	2003 £	2002 £
Between two and five years		
Bank loans	1,249	7,305
	<u> </u>	<u> </u>

Other creditors include amounts not wholly repayable within 5 years as follows:

	2003 £	2002 £
Repayable by instalments	£ 99,666	£ 119,666
	<u> </u>	<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:

	2003 £	2002 £
Between two and five years	£ 21,943	£ 14,729
	<u> </u>	<u> </u>

Included within other creditors is a directors loan account balance due to P Dell of £10,000. (2002 £Nil)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2003

15. SHARE CAPITAL

	2003 £	2002 £
Authorised		
900,000 ordinary A shares shares of £1 each	900,000	900,000
100,000 ordinary B shares shares of £1 each	100,000	100,000
	<u>£ 1,000,000</u>	<u>£ 1,000,000</u>
Allotted, called up and fully paid		
40,000 ordinary A shares shares of £1 each	40,000	40,000
100 ordinary B shares shares of £1 each	100	100
	<u>£ 40,100</u>	<u>£ 40,100</u>

16. RESERVES

Profit and loss account	£
At 1 September 2002	31,374
Profit retained for the year	3,029
	<u>£ 34,403</u>
At 31 August 2003	

17. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2003 £	2002 £
Profit for the year	40,229	62,574
Dividends	(37,200)	(31,200)
	<u>3,029</u>	<u>31,374</u>
Shares issued during the year	-	40,100
	<u>3,029</u>	<u>71,474</u>
Opening shareholders' funds	71,474	-
Closing shareholders' funds	<u>£ 74,503</u>	<u>£ 71,474</u>
Analysis of shareholders' funds		
Non-equity interests	100	100
Equity interests	74,403	71,374
	<u>£ 74,503</u>	<u>£ 71,474</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2003

18. NET CASH FLOW FROM OPERATING ACTIVITIES

	Year ended 31 August 2003 £	Period ended 31 August 2002 £
Operating profit	57,315	85,431
Amortisation of intangible fixed assets	-	8,335
Depreciation of tangible fixed assets	8,951	9,206
Loss on disposal of tangible fixed assets	6,504	659
Increase in stocks	-	(1,000)
Decrease/(increase) in debtors	4,793	(40,587)
(Decrease)/increase in creditors	(13,633)	159,237
NET CASH INFLOW FROM OPERATIONS	£ 63,930	£ 221,281

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

	Year ended 31 August 2003 £	Period ended 31 August 2002 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	134	72
Interest paid	(2,564)	(2,757)
Hire purchase interest	(3,206)	(2,297)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	£ (5,636)	£ (4,982)

	Year ended 31 August 2003 £	Period ended 31 August 2002 £
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of intangible fixed assets	-	(208,375)
Purchase of tangible fixed assets	(29,653)	(37,482)
Sale of tangible fixed assets	16,500	-
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE	£ (13,153)	£ (245,857)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2003

	Year ended 31 August 2003 £	Period ended 31 August 2002 £
FINANCING		
Issue of ordinary shares	-	40,100
New secured loans	-	13,639
Repayment of loans	(6,334)	-
Net addition to finance leases	7,933	18,663
NET CASH INFLOW FROM FINANCING	£ 1,599	£ 72,402

20. ANALYSIS OF CHANGES IN NET DEBT

	1 September 2002 £	Cash flow £	Other non-cash changes £	31 August 2003 £
Cash at bank and in hand:	19,131	(8,515)	-	10,616
Bank overdraft	(7,501)	194	-	(7,307)
	<u>11,630</u>	<u>(8,321)</u>	<u>-</u>	<u>3,309</u>
DEBT :				
Finance leases	(18,663)	(7,933)	-	(26,596)
Debts due within one year	(6,333)	6,334	(6,056)	(6,055)
Debts falling due after more than one year	(7,305)	-	6,056	(1,249)
NET DEBT	£ (20,671)	£ (9,920)	£ -	£ (30,591)

21. 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 £2,325 (2002 £2,700). There were no outstanding contributions due at the balance sheet date.

22. OPERATING LEASE COMMITMENTS

At 31 August 2003 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2003 £	2002 £
Expiry date:		
Between 2 and 5 years	<u>15,750</u>	<u>15,750</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2003

23. 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.

24. CONTROLLING PARTY

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