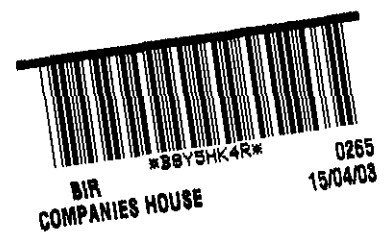


ST. PHILIP'S CHAMBERS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST DECEMBER 2002

Company Registration Number 3647591



BLOOMER HEAVEN
Chartered Accountants & Registered Auditors
33 Lionel Street
BIRMINGHAM
B3 1AB

ST. PHILIP'S CHAMBERS LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2002

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ST. PHILIP'S CHAMBERS LIMITED

DIRECTORS' REPORT

YEAR ENDED 31ST DECEMBER 2002

The directors present their report and the financial statements of the company for the year ended 31st December 2002.

Principal Activity and Review of the Business

The principal activity of the company is the provision of services and facilities for barristers chambers.

As reported in the financial statements for the year ended 31st December 2001 the company incurred some exceptional costs due to the relocation of the business to St. Philip's Chambers. The directors planned and budgeted to recover these in the current year and are pleased to report therefore that the deficit of £59,274 reported in 2001 was recovered by a pre tax trading profit in 2002 of £71,267.

During the early part of the current financial year an opportunity arose to merge with No.1 Fountain Court chambers and therefore to further expand St. Philip's Chambers. The merger was effected in September 2002 and is already proving to be successful and beneficial for the company. In the short term however further exceptional costs of £54,669 were incurred which could not be funded out of current profit reserves.

In addition to the above the change in the accounting treatment to deferred taxation introduced in Financial Reporting Standard 19 and specifically applied to this company by the Financial Reporting Standard for Smaller Entities, (effective June 2002), has resulted in a charge of £10,882 to the profit and loss account. Deferred taxation is a timing difference resulting from the charging of depreciation compared to capital allowances allowed for tax purposes.

The cumulative effects of the above are that at the balance sheet date the company is showing an excess of liabilities over assets of £49,908. The company does however have significant monies in the bank and has secured a loan from its parent company so that it is well able to settle all current liabilities as they fall due. After the year end a decision was made by the directors of the company to increase the authorised share capital in order that the parent company could purchase a further £49,993 of ordinary shares in its subsidiary which will address this temporary deficit.

Directors and their Interests in Shares of the Company

The directors who served the company during the year none of whom had any beneficial interests in the shares of the company were as follows:

W.E. Davis	
L.D. Messling	
J.Y. Randall	
D.G. Readings	
A. Wyvill	
G.H. Cliff	
A.A. Young	
E.B. Pepperall	
P. Wilson	
D.A. Hershman	
J.E. Sarginson	
M. Kushner	
T.A. Jones	(Appointed 11th February 2002)
A.A.S. Khangure	(Appointed 15th May 2002)
D.J.S. Worster	(Appointed 15th May 2002)
A.J. Verduyn	(Resigned 15th May 2002)

All the directors, with the exception of P. Wilson, are directors and shareholders in the parent company, St. Philip's Holdings Limited and their interests in the shares of that company are disclosed in that company's financial statements.

ST. PHILIP'S CHAMBERS LIMITED

DIRECTORS' REPORT

YEAR ENDED 31ST DECEMBER 2002

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 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 and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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.

Auditors

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

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

Signed by order of the board

E.B. Pepperall
Company Secretary



Approved by the directors on 3rd April 2003

ST. PHILIP'S CHAMBERS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 31ST DECEMBER 2002

We have audited the financial statements of St. Philip's Chambers Limited for the year ended 31st December 2002 on pages 4 to 9 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out on page 6.

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 auditors' 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 the Auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities on page 2.

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. Our responsibilities do not extend to any other information.

Basis of Audit Opinion

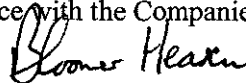
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates 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 31st December 2002 and of the profit of the company for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Bloomer Heaven



Chartered Accountants and

Registered Auditors

33 Lionel Street

Birmingham

B3 1AB

3rd April 2003

ST. PHILIP'S CHAMBERS LIMITED**PROFIT AND LOSS ACCOUNT****YEAR ENDED 31ST DECEMBER 2002**

	Note	2002 £	2001 £
Turnover		2,025,089	1,715,358
Cost of sales		<u>61,426</u>	<u>41,011</u>
Gross Profit		1,963,663	1,674,347
Administrative expenses		1,889,761	1,660,891
Other operating income		<u>(12,000)</u>	<u>—</u>
Operating Profit	2	85,902	13,456
Cost of reorganisation or restructuring		<u>(54,669)</u>	<u>(62,378)</u>
		31,233	(48,922)
Interest receivable		35	200
Interest payable		<u>(14,670)</u>	<u>(11,619)</u>
Profit/(Loss) on Ordinary Activities Before Taxation		16,598	(60,341)
Tax on profit/(loss) on ordinary activities	4	<u>10,845</u>	<u>(1,067)</u>
Retained Profit/(Loss) for the Financial Year		<u>5,753</u>	<u>(59,274)</u>

ST. PHILIP'S CHAMBERS LIMITED

BALANCE SHEET

31ST DECEMBER 2002

	Note	2002 £	2001 £
Fixed Assets			
Tangible assets	5	313,799	335,893
Current Assets			
Debtors	6	211,070	138,856
Cash at bank and in hand		149,730	23,564
		<u>360,800</u>	<u>162,420</u>
Creditors: Amounts Falling due Within One Year	7	<u>280,312</u>	<u>321,860</u>
Net Current Assets/(Liabilities)		<u>80,488</u>	<u>(159,440)</u>
Total Assets Less Current Liabilities		<u>394,287</u>	<u>176,453</u>
Creditors: Amounts Falling due after More than One Year	8	<u>433,313</u>	<u>232,114</u>
		<u>(39,026)</u>	<u>(55,661)</u>
Provisions for Liabilities and Charges			
Deferred taxation	9	<u>10,882</u>	<u>-</u>
		<u>(49,908)</u>	<u>(55,661)</u>
Capital and Reserves			
Called-up equity share capital	11	7	7
Profit and Loss Account	12	<u>(49,915)</u>	<u>(55,668)</u>
		<u>(49,908)</u>	<u>(55,661)</u>

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 June 2002).

These financial statements were approved by the directors on the 3rd April 2003 and are signed on their behalf by:

W.E. Davis

Director

ST. PHILIP'S CHAMBERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 2002

1. Accounting Policies

Basis of Accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

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:

Plant and machinery etc.	- 10% - 33.3% straight line basis
Library	- no depreciation

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

Deferred taxation is provided on the liability method in respect of tax effects arising from all timing differences.

2. Operating Profit

Operating profit is stated after charging:

	2002	2001
	£	£
Depreciation	74,398	50,090
Auditors' remuneration	4,000	3,750

3. Directors' Emoluments

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

	2002	2001
	£	£
Aggregate emoluments	97,090	90,000
Pension	6,150	-
	<u>103,240</u>	<u>90,000</u>

There is one director (2001: nil) for whom pension benefits are accruing.

ST. PHILIP'S CHAMBERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 2002

4. Tax on Loss on Ordinary Activities

	2002	2001
	£	£
Current tax:		
(Over) provision in prior year	(37)	(1,067)
Total current tax	(37)	(1,067)
Deferred tax:		
Increase in deferred tax provision (note 9)		
Accelerated capital allowances	(374)	20,600
Losses	11,256	(20,600)
Total deferred tax (note 9)	10,882	-
Tax on profit/(loss) on ordinary activities	10,845	(1,067)

The company has corporation tax losses of approximately £45,000 which are available to carry forward against future profits of the same trade.

5. Tangible Fixed Assets

	Plant and machinery etc.
	£
Cost	
At 31st December 2001	409,158
Additions	52,304
At 31st December 2002	461,462
Depreciation	
At 31st December 2001	73,265
Charge for the year	74,398
At 31st December 2002	147,663
Net Book Value	
At 31st December 2002	313,799
At 31st December 2001	335,893

6. Debtors

	2002	2001
	£	£
Trade debtors	144,588	105,969
Other debtors	66,482	32,887
	211,070	138,856

ST. PHILIP'S CHAMBERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 2002

7. Creditors: Amounts Falling due Within One Year

	2002	2001
	£	£
Bank loans and overdraft	20,823	214,186
Trade creditors	45,212	31,140
Amounts owed to group undertaking	116,688	4,694
Corporation tax	-	2,133
Other taxation	70,415	23,916
Other creditors	27,174	45,791
	<u>280,312</u>	<u>321,860</u>

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

	2002	2001
	£	£
Bank loans and overdraft	<u>20,823</u>	<u>214,186</u>

8. Creditors: Amounts Falling due after More than One Year

	2002	2001
	£	£
Bank loans	33,321	232,114
Amounts owed to group undertaking	399,992	-
	<u>433,313</u>	<u>232,114</u>

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

	2002	2001
	£	£
Bank loans	<u>33,321</u>	<u>232,114</u>

9. Deferred Taxation

	2002	2001
	£	£
The movement in the deferred taxation provision during the year was:		
Profit and Loss Account movement arising during the year	10,882	-
Provision carried forward	<u>10,882</u>	<u>-</u>

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

	2002	2001
	£	£
Accelerated capital allowances	20,226	20,600
Tax losses available	(9,344)	(20,600)
	<u>10,882</u>	<u>-</u>

ST. PHILIP'S CHAMBERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 2002

10. Related Party Transactions

Parent undertaking

The company is a wholly owned subsidiary of St. Philip's Holdings Limited, a company registered in England and Wales

Transactions with directors

All the directors who are barristers receive support services from the company for which they are charged on an arms length basis.

During the year the company paid £192,000 (2001: £385,000) in rent to its parent undertaking and received management recharges of £12,000 (2001: £nil). At the year end creditors included an amount of £516,680 (2001: £4,694) due to St. Philip's Holdings Limited.

11. Share Capital

Authorised share capital:

	2002	2001
	£	£
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid:

	2002	2001
	£	£
7 Ordinary shares of £1 each	<u>7</u>	<u>7</u>

12. Profit and Loss Account

	2002	2001
	£	£
Balance brought forward	(55,668)	3,606
Retained profit/(loss) for the financial year	<u>5,753</u>	<u>(59,274)</u>
Balance carried forward	<u>(49,915)</u>	<u>(55,668)</u>

13. Post Balance Sheet Event

After the year end, the company increased its authorized and issued share capital which will enable the parent company, St. Philip's Holdings Limited, to purchase a further 49,993 ordinary shares of £1 each.