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**ALEXANDER & LAW (CONSTRUCTION)
LIMITED**

Report and Financial Statements

31 March 2003

**Deloitte & Touche LLP
Crawley**



ALEXANDER & LAW (CONSTRUCTION) LIMITED

REPORT AND FINANCIAL STATEMENTS 2003

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ALEXANDER & LAW (CONSTRUCTION) LIMITED

DIRECTORS' REPORT

The directors present their first annual report and the audited financial statements for the period from 11 December 2001 to 31 March 2003.

INCORPORATION AND ISSUE OF SHARE CAPITAL

The company was incorporated on 11 December 2001. During the period the company issued 102 Ordinary Shares of £1 each to provide initial working capital.

ACTIVITIES

The company undertakes general building works, concentrating on structural and underpinning works related to insurance claims.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The company commenced trading on 1 April 2002.

The company has had a slow start to the development of its business as a result of tight controls on expenditure by insurance companies and major restructuring within the industry.

This specialist business was transferred from Alexander & Law Limited. In its first year of operation the activity has not been able to recover the increased cost of overheads incurred as a result of operating independently.

The directors plan to extend their range of services and anticipate improved profitability in the coming year.

RESULTS AND DIVIDENDS

The results of the company for the period are set out in the profit and loss account on page 4 and its position at the period end on page 5. The directors do not recommend the payment of a dividend.

DIRECTORS

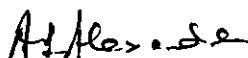
The directors who served throughout the period and the beneficial interests of the directors at 31 March 2003 in the £1 ordinary shares of the company at the beginning of the period and the end of the year were:

	£1 Ordinary Shares	
	31 March 2003 No.	11 December 2001 No.
A D Alexander	34	-
J P Alexander	34	-
S Richards	34	-

AUDITORS

On 1 August 2003, Deloitte & Touche, the company's auditors transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the Companies Act 1989. A resolution to re-appoint Deloitte & Touche LLP as the company's auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board
A D Alexander



Secretary

4 Nov 2003

ALEXANDER & LAW (CONSTRUCTION) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 as at the end of the financial year 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALEXANDER & LAW (CONSTRUCTION) LIMITED

We have audited the financial statements of Alexander & Law (Construction) Limited for the period from 11 December 2001 to 31 March 2003 which comprise the profit and loss account, the balance sheet and the related notes 1 to 14. These financial statements have been prepared under 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 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 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 United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 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 for the above period and consider the implications for our report if we become aware of any apparent misstatements.

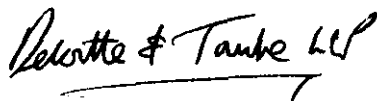
Basis of audit opinion

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 March 2003 and of its loss for the period from 11 December 2001 to 31 March 2003 and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Crawley

6 November 2003

ALEXANDER & LAW (CONSTRUCTION) LIMITED

PROFIT AND LOSS ACCOUNT

Period from 11 December 2001 to 31 March 2003

	Note	Period from 11 December 2001 to 31 March 2003 £
TURNOVER	1	306,818
Cost of sales		(220,359)
GROSS PROFIT		86,459
Administrative expenses		(99,191)
OPERATING LOSS	4	(12,732)
Interest receivable		56
Interest payable and similar charges	5	(2,288)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION AND RETAINED LOSS FOR THE FINANCIAL YEAR	13	(14,964)
RETAINED LOSSES CARRIED FORWARD		(14,964)

The result for the current financial period is derived entirely from the company's continuing operations.

There have been no recognised gains or losses attributable to shareholders other than the loss for the period, and accordingly, no separate statement of total recognised gains and losses is shown.

ALEXANDER & LAW (CONSTRUCTION) LIMITED

BALANCE SHEET

31 March 2003

	Note	£	2003 £
FIXED ASSETS			
Tangible assets	7		12,582
CURRENT ASSETS			
Debtors	8	88,369	
		<u>88,369</u>	
CREDITORS: amounts falling due within one year	9	(103,044)	
NET CURRENT LIABILITIES			<u>(14,675)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			(2,093)
CREDITORS: amounts falling due after more than one year	10		<u>(12,769)</u>
			<u>(14,862)</u>
CAPITAL AND RESERVES			
Called up share capital	12		102
Profit and loss account			<u>(14,964)</u>
TOTAL EQUITY SHAREHOLDERS' DEFICIT	13		<u>(14,862)</u>

These financial statements were approved by the Board of Directors on

4 Nov 2003.

Signed on behalf of the Board of Directors



A D Alexander
Director

ALEXANDER & LAW (CONSTRUCTION) LIMITED

NOTES TO THE ACCOUNTS

For the period from 11 December 2001 to 31 March 2003

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Turnover

Turnover is the amount derived from the provision of goods and services falling within the company's ordinary activities and is net of Value Added Tax. All turnover represents sales within the United Kingdom.

Tangible fixed assets

Depreciation is calculated to write off the cost less the estimated residual value of fixed assets by equal annual instalments over their estimated useful lives which are considered to be as follows:

Motor vehicles	-	three years
Plant and machinery	-	between two to three years

Leases

Assets held under finance leases and hire purchase contracts and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the leases. The amounts by which the lease payments exceed the recorded leased obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge over the remaining balance of the obligations.

Operating lease rentals are charged to profit and loss in equal annual amounts over the lease term.

Pensions

The company contributes to a defined contribution pension scheme. Contributions are charged to the profit and loss account as incurred. There were no material amounts in respect of pension schemes prepaid or outstanding at the year end.

Deferred taxation

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

ALEXANDER & LAW (CONSTRUCTION) LIMITED

NOTES TO THE ACCOUNTS

For the period from 11 December 2001 to 31 March 2003

2. EMPLOYEES

	2003 No.
The average number employed by the company, including directors, was:	<u>4</u>

	2003 £
The costs incurred in respect of these employees were:	
Wages and salaries	46,374
Social security costs	4,528
Pensions	<u>1,267</u>
	<u>52,169</u>

3. DIRECTORS

	2003 £
Directors' emoluments (including benefits in kind)	43,268
Pension contributions	<u>1,267</u>
	<u>44,535</u>

The numbers of directors to whom retirement benefits are accruing under a defined contribution pension scheme is one.

4. OPERATING LOSS

	2003 £
Operating loss is arrived at after charging:	
Depreciation	
Owned assets	1,000
Assets held under finance leases and hire purchase contracts	9,662
Auditors' remuneration	<u>325</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2003 £
Bank interest	542
Interest payable under finance leases and hire purchase contracts	<u>1,746</u>
	<u>2,288</u>

ALEXANDER & LAW (CONSTRUCTION) LIMITED

NOTES TO THE ACCOUNTS

For the period from 11 December 2001 to 31 March 2003

6. TAX CHARGE ON LOSS ON ORDINARY ACTIVITIES

2003
£

i) Analysis of tax charge on ordinary activities

United Kingdom corporation tax at 19% based on loss for the period

-

ii) Factors affecting tax charge for the current period

The tax assessed for the period is lower than that resulting from applying standard rate of corporation tax in the United Kingdom.

The differences are explained below:

2003
%

Standard tax rate for period as a percentage of profits

19

Effects of:

Expenses not deductible for tax purposes

(2)

Depreciation in excess of capital allowances

(9)

Utilisation of tax losses

(8)

Current tax charge for period

-

A deferred tax asset has not been recognised in respect of timing differences relating to accelerated depreciation and trading losses as there is insufficient evidence that the asset will be recovered. The amount of asset not recognised is £2 602. The asset would be recovered if the company were to make suitable profits in the future against which the asset can reverse.

7. TANGIBLE FIXED ASSETS

	Motor vehicles £	Total £
Cost		
At 11 December 2001	-	-
Transferred from related party (note 14)	28,995	28,995
Additions	1,500	1,500
At 31 March 2003	30,495	30,495
Accumulated depreciation		
At 11 December 2001	-	-
Transferred from related party (note 14)	7,251	7,251
Charge for the period	10,662	10,662
At 31 March 2003	17,913	17,913
Net book value		
At 31 March 2003	12,582	12,582

The net book value of motor vehicles held under finance leases and hire purchase contracts is £12,082.

ALEXANDER & LAW (CONSTRUCTION) LIMITED

NOTES TO THE ACCOUNTS

For the period from 11 December 2001 to 31 March 2003

8. DEBTORS

	2003 £
Trade debtors	64,793
Amounts owed by related parties (note 14)	1,679
Other debtors	4,131
Prepayments and accrued income	17,766
	<u>88,369</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 £
Bank overdraft	7,363
Obligations under finance leases and hire purchase contracts (note 11)	3,866
Trade creditors	59,090
Accruals	9,342
Amounts owed to related parties (note 14)	16,855
Other taxes and social security	6,528
Corporation tax	-
	<u>103,044</u>

The bank overdraft is secured by a fixed and floating charge over the assets of the company. Obligations under finance leases and hire purchase contracts are secured on the related leased assets.

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2003 £
Obligations under finance leases and hire purchase contracts (note 11)	<u>12,769</u>

11. BORROWINGS

	2003 £
Bank overdraft	7,363
Obligations under finance leases and hire purchase contracts	16,635
	<u>23,998</u>
Less amounts falling due within one year	<u>11,229</u>
Amounts falling due within one to two years	<u>12,769</u>

Finance lease and hire purchase contracts are secured on the related assets.

ALEXANDER & LAW (CONSTRUCTION) LIMITED

NOTES TO THE ACCOUNTS

For the period from 11 December 2001 to 31 March 2003

12. CALLED UP SHARE CAPITAL

	Ordinary Shares
Authorised:	No.
At 31 March 2003	1,000
	<u>£</u>
At 31 March 2003	1,000
	<u>£</u>
Called up, allotted and fully paid:	No.
At 31 March 2003	102
	<u>£</u>
At 31 March 2003	102

During the period 102 Ordinary Shares of £1 each were issued to provide initial working capital. These shares were issued at par for cash consideration.

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	2003 £
Opening shareholders' funds	-
Issue of share capital	102
Loss for the year	(14,964)
Closing shareholders' deficit	<u>(14,862)</u>

ALEXANDER & LAW (CONSTRUCTION) LIMITED

NOTES TO THE ACCOUNTS

For the period from 11 December 2001 to 31 March 2003

14. RELATED PARTY TRANSACTIONS

Alastair and John Alexander are both directors of Alexander & Law Limited and Alexander & Law (Construction) Limited. They are also partners of Alexander & Co.

	2003 £
Amounts owed by related parties	
Alexander & Law Limited	1,679

	2003 £
Amounts owed to related parties	
Alexander & Law Limited	6,855
Alastair Alexander	5,000
John Alexander	5,000
	<u>16,855</u>

Transactions with related parties

Construction services of £10,431 were sold to Alexander & Law Limited. Facilities management services and administration costs were recharged from Alexander & Law Limited of £14,849.

Following commencement of trading, a building contract with a gross value estimated at £88,238 was transferred at £nil from Alexander & Law Limited. This contract was not complete at year's end and the final profit is uncertain.

At the start of the year a car of net book value of £21,744 was transferred at book value from Alexander & Law Limited. Additionally, the related hire purchase creditor was transferred, also at book value of £16,635.