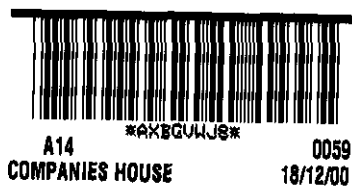


BLACKSTONE CHAMBERS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2000



BLACKSTONE CHAMBERS LIMITED

COMPANY INFORMATION

Directors	Presiley Lamorna Baxendale Thomas Alan George Beazley Charles John Raffles Flint Ian Alexander Mill Robert Englehart
Secretary	Julia Lucinda Hornor
Company number	03526717
Date of incorporation	13 March 1998
Registered office	Lynton House 7 - 12 Tavistock Square London WC1H 9BQ
Auditors	BSG Valentine Lynton House 7 - 12 Tavistock Square London WC1H 9BQ

BLACKSTONE CHAMBERS LIMITED

CONTENTS

	Page
Directors' report	1 to 2
Auditors' report	3
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	6 to 8
<i>The following pages do not form part of the statutory financial statements</i>	
Management profit and loss account	9

BLACKSTONE CHAMBERS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2000

The directors present their report and the audited financial statements for the company for the year ended 31 March 2000.

Principal activities

The company's principal activity is that of a service company for barristers .

Results

The directors consider the loss achieved on ordinary activities before taxation to be £33,001.

The directors consider the state of the company's affairs to be satisfactory.

The directors and their interests

The directors who held office during the year and their beneficial interests in the company's issued share capital are given below:

	Ordinary shares of £1 each	
	31 March 2000	1 April 1999
Presley Lamorna Baxendale	1	1
Thomas Alan George Beazley	1	1
Charles John Raffles Flint	1	1
Ian Alexander Mill	1	1
Robert Englehart	1	1

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 for that year. 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 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.

BLACKSTONE CHAMBERS LIMITED

DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2000

Auditors

The auditors, BSG Valentine, Chartered Accountants, will be proposed for reappointment in accordance with Section 385 of the Companies Act 1985.

Small company exemptions

The report of the directors has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985, relating to small companies, and was approved by the board on *30th November 2000*, and signed on its behalf.

By order of the Board



Lynton House
7 - 12 Tavistock Square
London
WC1H 9BQ



Julia Lucinda Hornor
SECRETARY

Date:

1/12/00

**AUDITORS' REPORT TO THE
SHAREHOLDERS OF BLACKSTONE CHAMBERS LIMITED**

We have audited the financial statements on pages 4 to 8 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 1 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with 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 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 the 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 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Lynton House
7 - 12 Tavistock Square
London
WC1H 9BQ

Date: 11/12/00

BSG Valentine

**BSG Valentine
Chartered Accountants
Registered Auditor**

BLACKSTONE CHAMBERS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2000

	Notes	2000 £	1999 £
TURNOVER	2	2,143,204	2,090,413
GROSS PROFIT		2,143,204	2,090,413
Administrative expenses		(2,130,036)	(1,948,549)
OPERATING PROFIT	4	13,168	141,864
Interest receivable		9,605	5,741
Interest payable and similar charges	5	(55,774)	(32,224)
(LOSS)/PROFIT on ordinary activities before taxation		(33,001)	115,381
Tax on (loss)/profit on ordinary activities	6	(1,921)	-
(LOSS)/PROFIT for the financial year		(34,922)	115,381
Retained profit brought forward		115,381	-
Retained profit carried forward		80,459	115,381

All amounts relate to continuing activities.

There were no recognised gains or losses for 2000 or 1999 other than those included in the profit and loss account.

The notes on pages 6 to 8 form part of these financial statements.

BLACKSTONE CHAMBERS LIMITED

BALANCE SHEET

AS AT 31 MARCH 2000

	Notes	2000	1999
		£	£
FIXED ASSETS			
Tangible assets	7	765,950	903,468
CURRENT ASSETS			
Debtors	8	205,161	86,689
Cash at bank and in hand		454,037	229,059
		659,198	315,748
CREDITORS: Amounts falling due within one year	9	(602,877)	(279,508)
NET CURRENT ASSETS		56,321	36,240
TOTAL ASSETS LESS CURRENT LIABILITIES		822,271	939,708
CREDITORS: Amounts falling due after more than one year	10	(741,807)	(824,322)
		80,464	115,386
CAPITAL AND RESERVES			
Share capital	13	5	5
Profit and loss account		80,459	115,381
SHAREHOLDERS' FUNDS	14	80,464	115,386

The financial statements have been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985.

Signed on behalf of the board



Charles John Raffles Flint
Director

Date:

1/12/00

The notes on pages 6 to 8 form part of these financial statements.

BLACKSTONE CHAMBERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2000

1 ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention.

The company has taken advantage of the exemptions in Financial Reporting Standard No. 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

Turnover

Turnover is the total amount receivable by the company for services provided, excluding VAT and trade discounts.

Depreciation

Depreciation has been provided at the following rates in order to write down the cost or valuation, less estimated residual value, of all tangible fixed assets over their expected useful lives. The rates and methods generally applicable are:

Leasehold properties	12 Years over the term of the lease
Office equipment	20% Straight line
Fixtures and fittings	15% Straight line
Computer equipment	Over three years on a straight line basis
Library	20% Straight line

Deferred taxation

Deferred tax is provided for under the liability method using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

2 TURNOVER

The turnover was derived from the company's principal activity which was carried out wholly in the UK.

3 CONTROL

In the directors' opinion the company is controlled by the shareholders who are also the directors of the company.

4 OPERATING PROFIT

The operating profit (1999: profit) is stated after charging or (crediting):

	2000 £	1999 £
Depreciation of tangible fixed assets:		
-owned assets	175,256	155,041
(Profit) on disposal of fixed assets	-	(987)
Hire of equipment	-	35,137
Auditors' remuneration	6,300	3,000
	<u> </u>	<u> </u>

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2000 £	1999 £
Interest payable on bank loans and overdrafts	55,774	32,224
	<u> </u>	<u> </u>

BLACKSTONE CHAMBERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2000

6 TAXATION

	2000 £	1999 £
Based on the loss (1999: profit) for the year:		
UK corporation tax at small companies rate	1,921	-
	<u>1,921</u>	<u>-</u>

7 TANGIBLE FIXED ASSETS

	Improvements £	Office equipment £	Fixtures and fittings £	Computer equipment £	Library £	Total £
Cost						
At 1 April 1999	247,127	85,976	587,025	117,112	21,271	1,058,511
Additions	9,801	679	19,700	5,273	2,285	37,738
At 31 March 2000	<u>256,928</u>	<u>86,655</u>	<u>606,725</u>	<u>122,385</u>	<u>23,556</u>	<u>1,096,249</u>
Depreciation						
At 1 April 1999	18,878	15,764	80,716	35,785	3,900	155,043
Charge for the year	21,411	17,331	91,008	40,795	4,711	175,256
At 31 March 2000	<u>40,289</u>	<u>33,095</u>	<u>171,724</u>	<u>76,580</u>	<u>8,611</u>	<u>330,299</u>
Net book value						
At 31 March 2000	<u>216,639</u>	<u>53,560</u>	<u>435,001</u>	<u>45,805</u>	<u>14,945</u>	<u>765,950</u>
At 31 March 1999	<u>228,249</u>	<u>70,212</u>	<u>506,309</u>	<u>81,327</u>	<u>17,371</u>	<u>903,468</u>

8 DEBTORS

	2000 £	1999 £
Due from members of chambers	165,232	26,912
Other debtors	19,396	17,792
Prepayments and accrued income	20,533	41,985
	<u>205,161</u>	<u>86,689</u>

9 CREDITORS: Amounts falling due within one year

	2000 £	1999 £
Bank loan and overdrafts	81,225	75,678
Trade creditors	151	16,001
Corporation tax	1,921	-
Other taxes and social security	82,778	20,218
Accruals and deferred income	436,802	167,611
	<u>602,877</u>	<u>279,508</u>

BLACKSTONE CHAMBERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2000

10	CREDITORS: Amounts falling due after more than one year	2000	1999
		£	£
	Bank loans and overdrafts (Note 11)	<u>741,807</u>	<u>824,322</u>
	The bank overdrafts are secured by a fixed and floating charge over all of the company's assets.		
11	LOANS AND BORROWINGS	2000	1999
		£	£
	Analysis of loans		
	Bank loans and overdraft	<u>823,032</u>	<u>900,000</u>
	Maturity of debt		
	In one year or less, or on demand	81,225	75,678
	In more than two years, but not more than five years	383,067	359,022
	In more than five years	<u>358,740</u>	<u>465,300</u>
		<u>823,032</u>	<u>900,000</u>
12	DEFERRED TAXATION		
	No provision for deferred taxation has been made during the year.		
	The amount unprovided is set out below and represents a contingent liability at the balance sheet date and is calculated using a tax rate of 20 % .		
	The contingent liability in respect of accelerated capital allowances at 31 March 2000 is £41,697 (1999: £ 26,654)		
13	SHARE CAPITAL	2000	1999
		£	£
	Authorised		
	100 Ordinary shares of £1.00 each	<u>100</u>	<u>100</u>
	Allotted		
	5 Allotted, called up and fully paid ordinary shares of £1.00 each	<u>5</u>	<u>5</u>
14	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	2000	1999
		£	£
	(Loss)/Profit for the financial year	(34,922)	115,381
	Issue of share capital	-	5
	(Decrease)/Increase in the shareholders' funds	<u>(34,922)</u>	<u>115,386</u>
	Opening shareholders' funds	115,386	-
	Closing shareholders' funds	<u>80,464</u>	<u>115,386</u>