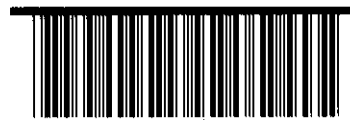


BLACKSTONE CHAMBERS LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2003



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BLACKSTONE CHAMBERS LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2003

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BLACKSTONE CHAMBERS LIMITED

COMPANY INFORMATION

The board of directors

P. L. Baxendale
T. A. G. Beazley
R. Englehart
C. J. R. Flint
I. A. Mill

Company secretary

J. L. Hornor

Date of incorporation

13 March 1998

Registered office

Lynton House
7 - 12 Tavistock Square
London
WC1H 9BQ

Auditors

BSG Valentine
Chartered Accountants
& Registered Auditor
Lynton House
7 - 12 Tavistock Square
London WC1H 9BQ

BLACKSTONE CHAMBERS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2003

The directors present their report and the financial statements of the company for the year ended 31 March 2003.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was that of a service company for barristers.

The company acts as a service company for barristers and is registered as a trade association. The company does not aim to make a profit. Its goal is to provide facilities to members of chambers as economically as possible.

The service charge made to barrister by the company is calculated so as to provide sufficient cash to meet all liabilities as they fall due. This policy has resulted in a balance sheet deficit this year but the directors are confident that the finances of the company are secure and that all debts will be paid as they fall due.

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 31 March 2003	At 1 April 2002
P. L. Baxendale	1	1
T. A. G. Beazley	1	1
R. Englehart	1	1
C. J. R. Flint	1	1
I. A. Mill	1	1

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, as described on page 7, 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.

DONATIONS

During the year the company made the following contributions:

	2003	2002
	£	£
Charitable	818	—

AUDITORS

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

BLACKSTONE CHAMBERS LIMITED

THE DIRECTORS' REPORT *(continued)*

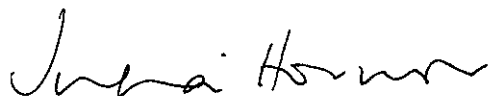
YEAR ENDED 31 MARCH 2003

SMALL COMPANY PROVISIONS

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

Registered office:
Lynton House
7 - 12 Tavistock Square
London
WC1H 9BQ

Signed by order of the directors



J. L. HORNOR
Company Secretary

Approved by the board on 4th December 2003

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 31 MARCH 2003

We have audited the financial statements on pages 5 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 7.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders 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 United Kingdom law and 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 31 March 2003 and of its loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

BSG Valentine

Lynton House
7 - 12 Tavistock Square
London WC1H 9BQ

BSG VALENTINE
Chartered Accountants
& Registered Auditor

11-12-03

BLACKSTONE CHAMBERS LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 2003

	Note	2003 £	2002 £
TURNOVER		2,875,654	2,701,776
Administrative expenses		(2,987,112)	(2,696,326)
OPERATING (LOSS)/PROFIT	2	(111,458)	5,450
Interest receivable		4,854	6,868
Interest payable		(40,197)	(46,916)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(146,801)	(34,598)
Tax on loss on ordinary activities		—	19,985
LOSS FOR THE FINANCIAL YEAR		(146,801)	(14,613)
Balance brought forward		20,241	34,854
Balance carried forward		(126,560)	20,241

The notes on pages 7 to 9 form part of these financial statements.

BLACKSTONE CHAMBERS LIMITED

BALANCE SHEET

AS AT 31 MARCH 2003

	Note	2003 £	£	2002 £	£
FIXED ASSETS					
Tangible assets	3		554,106		712,090
CURRENT ASSETS					
Debtors	4	593,784		238,441	
Cash at bank and in hand		<u>276,185</u>		<u>382,070</u>	
		869,969		620,511	
CREDITORS: Amounts falling due within one year	5	<u>(881,212)</u>		<u>(743,284)</u>	
NET CURRENT LIABILITIES			(11,243)		(122,773)
TOTAL ASSETS LESS CURRENT LIABILITIES			542,863		589,317
CREDITORS: Amounts falling due after more than one year	6		(669,418)		(569,071)
			<u>(126,555)</u>		<u>20,246</u>
CAPITAL AND RESERVES					
Called-up equity share capital	9		5		5
Profit and loss account			<u>(126,560)</u>		<u>20,241</u>
(DEFICIENCY)/SHAREHOLDERS' FUNDS			<u>(126,555)</u>		<u>20,246</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 4th December 2003 and are signed on their behalf by:


.....
C. J. R. FLINT

The notes on pages 7 to 9 form part of these financial statements.

BLACKSTONE CHAMBERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2003

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:

Office equipment	- Over 3 years (straight line Method)
Fixtures and fittings	- 15% Straight line method
Computer equipment	- Over 3 years (straight line Method)
Leasehold property	- Over the term of the lease
Library	- 20% Straight line method

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

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 tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

BLACKSTONE CHAMBERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2003

2. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after charging/(crediting):

	2003 £	2002 £
Directors' emoluments	–	–
Staff pension contributions	11,720	13,220
Depreciation of owned fixed assets	202,051	217,572
Profit on disposal of fixed assets	–	(2,427)
Auditors' fees	<u>4,600</u>	<u>5,000</u>

3. TANGIBLE FIXED ASSETS

	Office equipment £	Computer equipment £	Fixtures and Fittings £	Leasehold property £	Library £	Total £
COST						
At 1 Apr 2002	135,267	189,506	627,904	472,786	23,555	1,449,018
Additions	<u>–</u>	<u>25,504</u>	<u>14,501</u>	<u>4,062</u>	<u>–</u>	<u>44,067</u>
At 31 Mar 2003	<u>135,267</u>	<u>215,010</u>	<u>642,405</u>	<u>476,848</u>	<u>23,555</u>	<u>1,493,085</u>
DEPRECIATION						
At 1 Apr 2002	96,704	155,565	359,310	107,317	18,032	736,928
Charge for the year	<u>23,546</u>	<u>31,458</u>	<u>96,360</u>	<u>45,976</u>	<u>4,711</u>	<u>202,051</u>
At 31 Mar 2003	<u>120,250</u>	<u>187,023</u>	<u>455,670</u>	<u>153,293</u>	<u>22,743</u>	<u>938,979</u>
NET BOOK VALUE						
At 31 Mar 2003	<u>15,017</u>	<u>27,987</u>	<u>186,735</u>	<u>323,555</u>	<u>812</u>	<u>554,106</u>
At 31 Mar 2002	<u>38,563</u>	<u>33,941</u>	<u>268,594</u>	<u>365,469</u>	<u>5,523</u>	<u>712,090</u>

4. DEBTORS

	2003 £	2002 £
Trade debtors	527,210	190,609
Other debtors	<u>66,574</u>	<u>47,832</u>
	<u>593,784</u>	<u>238,441</u>

5. CREDITORS: Amounts falling due within one year

	2003 £	2002 £
Bank loans and overdrafts	94,919	90,185
Trade creditors	40,361	34,483
Corporation tax	1	13,809
Other taxation and social security	125,783	103,389
Other creditors	<u>620,148</u>	<u>501,418</u>
	<u>881,212</u>	<u>743,284</u>

BLACKSTONE CHAMBERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2003

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

	2003	2002
	£	£
Bank loans and overdrafts	<u>669,418</u>	<u>569,071</u>

Bank borrowings are supported by guarantees from four of the Directors which are in turn supported by cross guarantees ~~by all the~~ barristers who use the facilities provided by the company.

7. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2003 the company had aggregate annual commitments under non-cancellable operating leases as set out below.

	2003	2002
	£	£
Operating leases which expire:		
After more than 5 years	<u>616,475</u>	<u>591,402</u>

8. RELATED PARTY TRANSACTIONS

The company was not under the control of one controlling party but was under the control of the board of directors as a whole throughout the current and previous year.

No material transactions with related parties were undertaken such as are required to be disclosed under the Financial Reporting Standard for Smaller Entities.

9. SHARE CAPITAL

Authorised share capital:

	2003	2002
	£	£
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Allotted, called up and fully paid:

	2003		2002	
	No	£	No	£
Ordinary shares of £1 each	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>