

BAR SERVICES COMPANY LIMITED
ANNUAL REPORT AND ACCOUNTS
YEAR ENDED 31 DECEMBER 2002



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BAR SERVICES COMPANY LIMITED
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YEAR ENDED 31 DECEMBER 2002

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BAR SERVICES COMPANY LIMITED
ANNUAL REPORT AND ACCOUNTS
YEAR ENDED 31 DECEMBER 2002
MANAGEMENT AND PROFESSIONAL ADVISORS

Directors	Bernard Weatherill QC (Chairman) Martin Bowley QC Bruce Houlder QC Stephen Graham Niall Morison Paul Shrubsall MBE Martin Spencer Susan Ward
Secretary	Brian Buck FCA
Registered Number:	3851920
Registered Office	3 Bedford Row London WC1R 4DB Tel: 020 7242 0082 Fax: 020 7831 9217
Commercial Office:	PO Box 6 Lynton Devon EX35 6ZN Tel: 0870 243 0375
Auditors:	Buzzacott 12 New Fetter Lane London EC4A 1AG
Bankers:	Child & Co The Royal Bank of Scotland plc 1 Fleet Street London EC4Y 1BD

BAR SERVICES COMPANY LIMITED

REPORT OF THE DIRECTORS

YEAR ENDED 31 DECEMBER 2002

The directors present their third annual report with the accounts of the company for the year ended 31 December 2002.

Principal Activity

The company continues to enable barristers in England and Wales to exercise their purchasing power in bulk and obtain favourable terms from suppliers of goods and services.

Review of Business

The year was dominated by the requirement for the company to achieve profitability in the year and hence obtain ongoing backing from its parent, the General Council of the Bar.

A major market research survey of the Bar was undertaken, in order to gauge the depth and breadth of need for the company and its products. Encouraged by the support highlighted by the survey's respondents, a paper proposing controlled development of the company was put to the Bar Council for its approval at a meeting in July. The majority vote was in favour of continued trading for at least the next three years, albeit without any additional financial support from the Council.

Subsequent to this, the Board was notified that it would become necessary for the Marketing team to vacate their existing accommodation in Northumberland House, as the space would be required for additional staff joining the Bar Council's Professional Standards and Conduct Department. Accordingly, low-cost premises away from Central London were rented, whilst progress in implementing the approved business strategy took place.

Against this difficult backcloth, the Directors are pleased to be able to post the company's first ever Trading Profit. Commission and royalty income rose by over 70% during the year – a noteworthy achievement. This, in company with a tight control on expenditure, which included an exceptional charge of £10,000 for the research project, yielded a profit for the period of £8,000 (2001 – Loss of £30,000).

Turnover and Results

Accounts for the year to December 2002 show an operating profit of £10,845 (2001 - Loss £26,427). After charging interest of £2,945 (2001 - £3,577), the profit retained becomes £7,900 (2001 - Loss £30,004).

Future Prospects

Activity early in the year will be focussed on development of a customer marketing database and a dedicated website, which will offer fast access to details of our portfolio. In addition, a number of themed brochures will be distributed to the Bar at key times in the year.

The aim of all these initiatives will be to deepen penetration of our target market, by offering quality products at attractive prices.

BAR SERVICES COMPANY LIMITED

REPORT OF THE DIRECTORS

YEAR ENDED 31 DECEMBER 2002

Going Concern

The Directors have negotiated a renewed overdraft facility and have received from the Bar Council, an undertaking to provide appropriate financial assistance for the company to operate as a going concern until 2005.

Directors

The directors in office in the period and their interests in the company's issued share capital were as follows:

	31 December 2002	31 December 2001
Bernard Weatherill QC	-	-
Martin Bowley QC	-	-
Bruce Houlder QC (appointed 19 February 2003)	-	-
Chris Berry (resigned 10 June 2002)	-	-
Stephen Graham	-	-
Niall Morison	1	1
Ingrid Newman (resigned 11 June 2002)	-	-
Paul Shrubsall MBE (appointed 8 October 2002)	-	-
Martin Spencer	-	-
Susan Ward	-	-

Niall Morison is also the Chief Executive of the General Council of the Bar, and holds the share in issue in trust on behalf of the General Council of the Bar.

Directors' Responsibilities

Company law requires the directors to prepare accounts 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 these accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- follow applicable accounting standards, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts 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 accounts 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.

BAR SERVICES COMPANY LIMITED

REPORT OF THE DIRECTORS

YEAR ENDED 31 DECEMBER 2002

Political and Charitable Donations

During the year, the company made no donations to any political party or charitable institution.

Auditors

The auditors, Buzzacott, are deemed to be reappointed in accordance with s.386 of the Companies Act 1985.

The above report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Approved by the Directors on
and signed on their behalf by

19 February 2003

Bernard W. W. W. W.

)
Director
)

BAR SERVICES COMPANY LIMITED
REPORT OF THE INDEPENDENT AUDITORS
TO THE SHAREHOLDERS

YEAR ENDED 31 DECEMBER 2002

We have audited the accounts on pages 8 to 13 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002) and under the historical cost convention and the accounting policies set out on page 10.

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 on page 4, the company's directors are responsible for the preparation of accounts in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts 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 accounts, 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.

Basis of 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

BAR SERVICES COMPANY
REPORT OF THE INDEPENDENT AUDITORS
TO THE SHAREHOLDERS
YEAR ENDED 31 DECEMBER 2002

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 December 2002, and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Buzzacott
Chartered Accountants and Registered Auditors

Date: 20 February 2003.

BAR SERVICES COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2002

	<u>Note</u>	2002 £	2001 £
Trading Income	1	148,382	85,417
Operating Expenses:			
Marketing Expenses		(128,145)	(104,070)
Administration Expenses		<u>(9,392)</u>	<u>(7,774)</u>
		<u>(137,537)</u>	<u>(111,844)</u>
Operating Profit/(Loss)	2	10,845	(26,427)
Interest Payable		<u>(2,945)</u>	<u>(3,577)</u>
Profit /(Loss) on Ordinary Activities		7,900	(30,004)
Retained for the year			
Retained loss at 1 January 2002		<u>(94,824)</u>	<u>(64,820)</u>
Retained loss at 31 December 2002		<u>(86,924)</u>	<u>(94,824)</u>

The operating profit derives wholly from continuing operations. The Bar Services Company Limited has no recognised gains or losses other than the profit shown above, and therefore no separate statement of Total Recognised Gains or Losses has been presented.

BAR SERVICES COMPANY LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2002

	<u>Note</u>	2002 £	2001 £
Fixed Assets			
Tangible assets	4	12,104	-
		-----	-----
Current Assets			
Debtors	5	26,084	10,339
Cash at bank		8,469	-
		-----	-----
		34,553	10,339
Creditors: amounts falling due within one year	6	(18,775)	(43,002)
		-----	-----
Net current assets/(liabilities)		15,778	(32,663)
		-----	-----
Total assets less current liabilities		27,882	(32,663)
		=====	=====
Creditors: amount falling due after more than one year	7	114,805	62,160
		-----	-----
Capital and reserves			
Called up share capital	8	1	1
Profit and loss account	9	(86,924)	(94,824)
		-----	-----
Shareholders funds		(86,923)	(94,823)
		-----	-----
		27,882	(32,663)
		=====	=====

These accounts have been prepared in accordance with the special provisions relating to small companies within part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Approved by the Board on
And signed on its behalf by:

19 February 2003

Bernard Wetherill

) Director.
)

BAR SERVICES COMPANY LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 DECEMBER 2002

1. Accounting policies

Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002). Given the undertaking of the Bar Council to provide relevant financial assistance until 2005 (see Note 10), the accounts continue to be prepared on a going concern basis.

Cash flow

The accounts do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement.

Trading Income

Income comprises:

Commission and royalty income

This represents amounts earned from third parties providing goods and services to members of the Bar in England and Wales. Income is accounted for in the period in which it is earned. Any income received in advance is carried forward as deferred income.

Advertising revenue

This is generated from the company's marketing magazines. Income is attributed to the period in which each issue is published.

Depreciation

Depreciation is provided on a straight-line basis to write off fixed assets over their useful working lives. The rates of depreciation per annum are as follows:

IT Equipment – 33.3%
IT Software - 100%

Depreciation is charged from the date an asset is first brought into use.

Pension costs

The company does not operate a staff pension scheme. Any member of staff who might become entitled to pension benefits will be offered membership of a defined contribution personal pension plan. Contributions to such a scheme will be charged to the Profit and Loss Account as they are incurred.

BAR SERVICES COMPANY LIMITED
NOTES TO THE ACCOUNTS (continued)
YEAR ENDED 31 DECEMBER 2002

2. Operating Profit

The operating profit is stated after charging:

	2002 £	2001 £
Auditors' remuneration :		
Audit Fee	2,137	3,819
Consultancy	2,000	Nil
Pension costs	Nil	2,800
Directors emoluments	Nil	Nil

Operating expenses in 2002 include an Exceptional cost of £9,521 (2001-Nil) for a market research project.

3. Taxation

As the company has excess trading losses brought forward, no provision for taxation has been made in these accounts.

4. Tangible Fixed Assets

	2002 £
Additions : IT Equipment	4,104
: IT Software	8,000
Cost/Net Book Value at 31 December 2002	<u>12,104</u>
Cost/Net Book Value at 31 December 2001	Nil

No depreciation has been charged in the Profit and Loss Account as none of the items purchased had been brought into use by 31 December 2002.

5. Debtors

	2002 £	2001 £
Trade Debtors	2,323	2,188
Prepayments	1,000	-
Other debtors	<u>22,761</u>	<u>8,151</u>
	<u>26,084</u>	<u>10,339</u>

BAR SERVICES COMPANY LIMITED
NOTES TO THE ACCOUNTS (continued)
YEAR ENDED 31 DECEMBER 2002

6. Creditors: Amounts falling due within one year

	2002 £	2001 £
Bank overdraft (unsecured)	-	30,304
Deferred income	-	4,584
Accruals	13,711	4,000
Taxation and Social Security	3,440	1,532
General Council of the Bar	<u>1,624</u>	<u>2,582</u>
	<u>18,775</u>	<u>43,002</u>

7. Creditors: amounts falling due after more than one year

	2002 £	2001 £
Loan from parent and accrued interest thereon	<u>114,805</u>	<u>62,160</u>

See also Note 10.

8. Called up share capital

As at 31 December 2002 and December 2001:

	Authorised £	Allotted, Called Up and Fully Paid £
Ordinary shares of £1 each	<u>1,000</u>	<u>1</u>

9. Profit and loss account

	2002 £	2001 £
Profit/(Loss) for the year	7,900	(30,004)
Retained loss at 1 January 2002	<u>(94,824)</u>	<u>(64,820)</u>
Retained loss at 31 December 2002	<u>(86,924)</u>	<u>(94,824)</u>

BAR SERVICES COMPANY LIMITED
NOTES TO THE ACCOUNTS (continued)
YEAR ENDED 31 DECEMBER 2002

10. Related party transactions

The General Council of the Bar is the parent body of the Bar Services Company. The Chief Executive of the Bar Council has been nominated as its representative on the Board of the company. All the other directors are appointed from amongst the members of the Bar themselves.

The General Council of the Bar has agreed not to seek repayment of its loan, including the accrued interest, until at least 2005.

The accounts do not disclose transactions between the company and the Bar Council because, as a 100% controlled subsidiary, the company is exempt from the requirement to disclose such transactions under FRS 8 'Related Party Disclosures'. At 31 December 2002, amounts due to the General Council of the Bar are shown in Notes 6 and 7.

FOR MANAGEMENT INFORMATION ONLY

BAR SERVICES COMPANY LIMITED

DETAILED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2002

	2002 £	2001 £
Commission Income	129,425	75,260
Advertising Revenue	<u>18,957</u>	<u>10,157</u>
Trading Income	<u>148,382</u>	<u>85,417</u>
Marketing expenses:		
Salaries and benefits in kind	72,348	61,261
National insurance	7,541	6,563
Pension funding	0	2,800
Severance	2,500	6,616
Temporary Staff	<u>204</u>	<u>510</u>
Staff costs	82,593	77,750
Travel and entertaining	554	380
Publishing	30,137	19,465
Promotions and advertising	(285)	6,475
Market research	<u>15,146</u>	<u>0</u>
	<u>128,145</u>	<u>104,070</u>
Administration expenses		
Insurances	1,355	1,384
Consultancy	2,000	2,056
Legal fees	2,500	0
Audit fees	2,137	3,819
Relocation Costs	836	0
Premises costs	219	0
Miscellaneous	345	515
	<u>9,392</u>	<u>7,774</u>
Operating expenses	<u>137,537</u>	<u>111,844</u>
Interest payable:		
Bank overdraft	300	1,771
Loan from parent	<u>2,645</u>	<u>1,806</u>
	<u>2,945</u>	<u>3,577</u>
Profit/(Loss) on Ordinary Activities	<u>7,900</u>	<u>(30,004)</u>