

BAR SERVICES COMPANY LIMITED
ANNUAL REPORT AND ACCOUNTS
YEAR ENDED 31 DECEMBER 2001



BAR SERVICES COMPANY LIMITED
ANNUAL REPORT AND ACCOUNTS
YEAR ENDED 31 DECEMBER 2001

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BAR SERVICES COMPANY LIMITED
ANNUAL REPORT AND ACCOUNTS
YEAR ENDED 31 DECEMBER 2001
MANAGEMENT AND PROFESSIONAL ADVISORS

Directors	Bernard Weatherill QC (Chairman) Martin Bowley QC Chris Berry Stephen Graham Niall Morison Ingrid Newman Martin Spencer Susan Ward
Secretary	Brian Buck FCA
Registered Office	3 Bedford Row London WC1R 4DB Tel: 020 7242 0082 Fax: 020 7831 9217
Registered Number:	3851920
Commercial Office:	Northumberland House 304/306 High Holborn London WC1V 7JZ Tel: 020 7841 1182 Fax: 020 7440 4001
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 2001

The directors present their second annual report with the accounts of the company for the year ended 31 December 2001.

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

Following the appointment of Tim Coulson as the new General Manager in March 2001, the Board has instigated the marketing activity promised in last year's Report. In particular, the year 2001 saw the launch of the company's quarterly marketing magazine "Prompt", which is distributed free of charge to all members of the Bar. To further build on awareness of the company's activities, the company was pleased to sponsor the Marketing Workshop and exhibit at, the recent annual Institute of Barristers' Clerks Conference in Birmingham.

Commission income has increased markedly in the year under review, both from existing sources, such as the Bar credit card scheme, as well as new ones, such as pensions and aged debt funding.

Turnover and Results

Accounts for the year to December 2001 show an operating loss of £26,427 (2000 - Loss £63,487). After charging interest of £3,577 (2000 - £1,333), the loss retained becomes £30,004 (2000 - Loss £64,820). Advance commissions received totalling £4,584 (2000 - £28,435) have been carried forward at the year end.

Future Prospects

Although a second successive operating loss has been incurred, albeit more than halved from last year, the Bar Council has indicated its continued financial support for the company until July 2002. The Board will be undertaking a thorough review of future business strategy over the next few months, and a decision on the way forward is expected by mid-year.

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 July 2002.

BAR SERVICES COMPANY LIMITED

REPORT OF THE DIRECTORS

YEAR ENDED 31 DECEMBER 2001

Directors

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

	31 December 2001	31 December 2000
Bernard Weatherill QC	-	-
Martin Bowley QC (appointed 18 July 2001)	-	-
Stephen Hockman QC (resigned 20 February 2001)	-	-
Chris Berry (appointed 19 September 2001)	-	-
Stephen Graham	-	-
Niall Morison	1	1
Ingrid Newman	-	-
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 2001

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

12 March 2002

Bernard Wapner

)
Director
)

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

YEAR ENDED 31 DECEMBER 2001

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 March 2000) and under the historical cost convention and the accounting policies set out on page 10.

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.

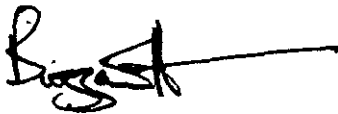
Going Concern

In forming our opinion we have considered the adequacy of the disclosures made in Note 1 to the accounts, concerning the appropriateness of the going concern basis and the uncertainty as to the future of the company. In view of the significance of this uncertainty, we consider that it should be drawn to your attention, but our opinion is not qualified in this respect.

BAR SERVICES COMPANY LIMITED
REPORT OF THE INDEPENDENT AUDITORS
TO THE SHAREHOLDERS
YEAR ENDED 31 DECEMBER 2001

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 December 2001, and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Buzzacott
Chartered Accountants and Registered Auditors

Date: 13 March 2002.

BAR SERVICES COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2001

	<u>Note</u>	Year ended 31 December 2001 £	Period ended 31 December 2000 £
Trading Income	1	85,417	5,640
Operating Expenses:			
Administrative Expenses		(92,379)	(69,127)
Publishing Expenses		<u>(19,465)</u>	—
Operating Loss	2	(26,427)	(63,487)
Interest Payable		<u>(3,577)</u>	<u>(1,333)</u>
Loss on Ordinary Activities,		(30,004)	(64,820)
Retained for the year			
Retained loss at 1 January 2001		<u>(64,820)</u>	—
Retained loss at 31 December 2001		<u>(94,824)</u>	<u>(64,820)</u>

The operating loss derives wholly from continuing operations. The Bar Services Company Limited has no recognised gains or losses other than the loss 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 2001

	<u>Note</u>	2001 £	2000 £
Current Assets			
Debtors	4	10,339	5,943
Creditors: amount falling due within one year	5	<u>(43,002)</u>	<u>(47,848)</u>
Net current liabilities		(32,663)	(41,905)
Creditors: amounts falling due after more than one year	6	<u>(62,160)</u>	<u>(22,914)</u>
Net liabilities		<u>(94,823)</u>	<u>(64,819)</u>
Capital and reserves			
Called up share capital	7	1	1
Profit and loss account	8	<u>(94,824)</u>	<u>(64,820)</u>
Shareholders funds		<u>(94,823)</u>	<u>(64,819)</u>

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 Financial Reporting Standard for Smaller Entities (effective March 2000).

Approved by the Board on 12 March 2002
and signed on its behalf by:

Bernard Wrenn

)
Director.
)

BAR SERVICES COMPANY LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 DECEMBER 2001

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 March 2000). The directors have considered the appropriateness of the going concern basis for the preparation of the accounts. In forming their view they have considered the period to July 2002, a period of less than 12 months from the date of approval of the accounts. The directors will be undertaking a thorough review of future business strategy over the next few months and a decision on the future of the company is expected by mid-2002. Given the undertaking of the Bar Council to provide relevant financial assistance until July 2002 (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 income

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

Advertising revenue

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

Pension costs

Members of staff who qualify for pension benefits are allowed to become members of the General Council of the Bar's pension scheme. This scheme is non-contributory and provides benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Bar Services Company Limited and the Bar Council, being invested with an insurance company.

Contributions to the Scheme are charged to the Profit and Loss Account so as to spread the cost of pensions over employees' working lives with the company.

BAR SERVICES COMPANY LIMITED
NOTES TO THE ACCOUNTS (continued)
YEAR ENDED 31 DECEMBER 2001

2. Operating loss

The operating loss is stated after charging:

	2001 £	2000 £
Auditors' remuneration	3,819	1,763
Pension costs	2,800	3,017
Directors emoluments	Nil	Nil

3. Taxation

As the company has not yet earned a trading profit, no provision for taxation has been made in these accounts.

4. Debtors

	2001 £	2000 £
Trade Debtors	2,188	-
Prepayments	-	4,163
Other debtors	<u>8,151</u>	<u>1,780</u>
	<u>10,339</u>	<u>5,943</u>

5. Creditors: Amounts falling due within one year

	2001 £	2000 £
Bank overdraft (unsecured)	30,304	26,051
Deferred income	4,584	15,875
Accruals	4,000	3,882
Taxation and Social Security	1,532	2,040
General Council of the Bar	<u>2,582</u>	-
	<u>43,002</u>	<u>47,848</u>

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

	2001 £	2000 £
Loan from parent and accrued interest thereon	62,160	10,354
Deferred income	-	12,560
	<u>62,160</u>	<u>22,914</u>

BAR SERVICES COMPANY LIMITED
NOTES TO THE ACCOUNTS (continued)
YEAR ENDED 31 DECEMBER 2001

7. Called up share capital

As at 31 December 2001 and December 2000:

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

8. Profit and loss account

	2001 £	2000 £
Loss for the year	(30,004)	(64,820)
Retained loss at 1 January 2001	<u>(64,820)</u>	-
Retained loss at 31 December 2001	<u>(94,824)</u>	<u>(64,820)</u>

9. General Council of the Bar Pension Scheme

Contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method with a 20 year control period. The most recent valuation was carried out as at 1 October 2000. The assumptions having most effect on the results of the valuation are those relating to the rates of return on investments and the rates of increases in salaries. It was assumed that the rate of return on investments would be 7% per annum and that pensionable earnings of members would increase at the rate of 5% per annum. The most recent actuarial valuation on an ongoing basis showed that the market value of the scheme's assets was £2,967,000 and that the actuarial value of those assets represented 107% of benefits that had accrued to members, after allowing for expected increases in earnings.

No current member of staff is a scheme member and therefore the additional disclosures required by FRS17 are not deemed necessary.

The pension charge for the period was £2,800.

BAR SERVICES COMPANY LIMITED
NOTES TO THE ACCOUNTS (continued)
YEAR ENDED 31 DECEMBER 2001

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 undertaken to provide appropriate financial assistance for the company to continue to operate as a going concern until July 2002.

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 2001, amounts due to the General Council of the Bar are shown in Notes 5 and 6.

FOR MANAGEMENT INFORMATION ONLY

BAR SERVICES COMPANY LIMITED

DETAILED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2001

	2001 £	2000 £
Commission Income	75,260	5,640
Advertising Revenue	<u>10,157</u>	<u>-</u>
Trading Income	<u>85,417</u>	<u>5,640</u>
Administrative expenses:		
Salaries and benefits in kind	61,261	49,662
National insurance	6,563	4,692
Pension contributions	2,800	3,017
Recruitment	-	2,322
Severance	6,616	-
Temporary Staff	<u>510</u>	<u>-</u>
Staff costs	77,750	59,693
Travel and entertaining	380	548
Stationery	43	515
Promotions and advertising	6,475	771
Audit and accountancy	3,819	1,763
Consultancy	2,056	4,112
Insurances	1,384	798
Miscellaneous	<u>472</u>	<u>927</u>
	<u>92,379</u>	<u>60,127</u>
Publishing expenses	<u>19,465</u>	<u>-</u>
Interest payable		
Bank overdraft	1,771	979
Loan from parent	<u>1,806</u>	<u>354</u>
	<u>3,577</u>	<u>1,333</u>
Loss on Ordinary Activities	<u>(30,004)</u>	<u>(64,820)</u>