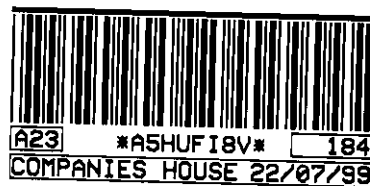


Registration Number 1511340

Grays Inn Square Chambers Limited
Directors' Report and Financial Statements
for the year ended 30 September 1998



Grays Inn Square Chambers Limited

Company Information

Directors	L E Appleby QC	
	R A Barratt QC	Resigned 30th September 1998
	The Hon M J Beloff QC	
	D R P Mole QC	
	G Stone QC	Appointed 29th January 1999
Secretary	D R P Mole	
Company Number	1511340	
Registered Office	4/5 Grays Inn Square Grays Inn London WC1R 5AY	
Auditors	Litchfield & Co (Formerly R Shah & Co) 5 Luke Street London EC2A 4PX	
Business Address	4/5 Grays Inn Square Grays Inn London WC1R 5AY	
Bankers	National Westminster Bank Plc P O Box 159 332 High Holborn London WC1V 7PS	

Grays Inn Square Chambers Limited

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Grays Inn Square Chambers Limited

Directors' Report for the year ended 30 September 1998

The directors present their report and the financial statements for the year ended 30 September 1998.

Principal Activity

The principal activity of the company is to provide a management, secretarial, clerical, accounting and library service for the members of the chambers.

Year 2000

The company does not expect to incur significant costs in relation to year 2000 issues.

European Monetary Union

The company does not expect to incur any costs in relation to the change over to the euro.

Directors and their Interests

The directors who served during the year and their interests in the company are as stated below:

	Ordinary shares	
	1998	1997
L E Appleby QC	2	2
R A Barratt QC Resigned 30th September 1998	1	1
The Hon M J Beloff QC	2	2
D R P Mole QC	2	2
D B W Ouseley QC	2	2
G Stone QC Appointed 29th January 1999	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 the affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to:

- select suitable accounting policies and 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.

Auditors

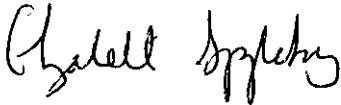
In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Litchfield & Co (Formerly R Shah & Co) be reappointed as auditors of the company will be put to the Annual General Meeting.

Grays Inn Square Chambers Limited

**Directors' Report
for the year ended 30 September 1998**

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

This report was approved by the Board on 19 July 1999 and signed on its behalf by



**L E Appleby QC
Director**

21/7/99

Grays Inn Square Chambers Limited

Auditors' Report to the Shareholders of Grays Inn Square Chambers Limited

We have audited the financial statements on pages 4 to 10 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities, 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 financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to 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 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 30 September 1998 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Litchfield & Co (Formerly R Shah & Co)

**Chartered Accountants and
Registered Auditor**

**5 Luke Street
London
EC2A 4PX**

19 July 1999

Grays Inn Square Chambers Limited

**Profit and Loss Account
for the year ended 30 September 1998**

		1998	1997
	Notes	£	£
Turnover	2	1,187,430	1,150,502
Administrative expenses		(1,246,203)	(1,180,320)
Operating loss	3	(58,773)	(29,818)
Interest receivable and similar income		-	30
Interest payable and similar charges	4	(7,245)	(4,089)
Loss on ordinary activities before taxation		(66,018)	(33,877)
Tax on loss on ordinary activities	6	-	6,520
(Loss) for the year		(66,018)	(27,357)
Retained profit brought forward		221,583	248,939
Retained profit carried forward		<u>155,565</u>	<u>221,582</u>

The notes on pages 6 to 10 form an integral part of these financial statements.

Grays Inn Square Chambers Limited

Balance Sheet as at 30 September 1998

		1998		1997	
	Notes	£	£	£	£
Fixed Assets					
Tangible assets	7		358,231		357,855
Current Assets					
Debtors	8	245,469		183,717	
Cash at bank and in hand		137		192	
		<u>245,606</u>		<u>183,909</u>	
Creditors: amounts falling due within one year	9	<u>(448,211)</u>		<u>(301,371)</u>	
Net Current Liabilities			<u>(202,605)</u>		<u>(117,462)</u>
Total Assets Less Current Liabilities			155,626		240,393
Creditors: amounts falling due after more than one year	10		-		<u>(18,750)</u>
Net Assets			<u>155,626</u>		<u>221,643</u>
Capital and Reserves					
Called up share capital	11		61		61
Profit and loss account			155,565		221,582
Shareholders' Funds			<u>155,626</u>		<u>221,643</u>

The financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities.

The financial statements were approved by the Board on 19 July 1999 and signed on its behalf by

L E Appleby QC
Director

L E Appleby
21/7/99

The notes on pages 6 to 10 form an integral part of these financial statements.

Grays Inn Square Chambers Limited

Notes to the Financial Statements for the year ended 30 September 1998

1. Accounting Policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Turnover

Turnover represents the total fees receivable from members of the chambers, excluding value added tax.

1.3 Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Leasehold properties	-	Straight Line over the life of the lease
Fixtures, fittings and equipment	-	20% Straight Line
Law Library	-	2% Straight Line

1.4 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.5 Pensions

The pension costs charged in the financial statements represent the contribution payable by the company during the year.

1.6 Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to materialise.

2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK.

Grays Inn Square Chambers Limited

Notes to the Financial Statements for the year ended 30 September 1998

..... continued

3. Operating loss	1998	1997
	£	£
Operating loss is stated after charging:		
Depreciation of tangible assets	75,672	68,490
Auditors' remuneration	2,490	2,155
	<u>78,162</u>	<u>70,645</u>
4. Interest payable and similar charges	1998	1997
	£	£
On loans and overdrafts	6,281	2,804
Hire purchase interest	964	1,285
	<u>7,245</u>	<u>4,089</u>
5. Pension costs		
The company operates a defined contribution pension scheme in respect of the staff. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £14,887 (1997 - £11,850).		
6. Taxation	1998	1997
	£	£
UK current year taxation		
UK Corporation Tax	-	(2,683)
Prior years		
UK Corporation Tax	-	(3,837)
	<u>-</u>	<u>(6,520)</u>

There is no charge for corporation tax as a result of the losses incurred. At 30th September 1998 losses carried forward amount to £50,490

Grays Inn Square Chambers Limited

**Notes to the Financial Statements
for the year ended 30 September 1998**

..... continued

7. Tangible fixed assets

	Short leasehold property	Fixtures, fittings equipment	Law	Total
	£	£	£	£
Cost				
At 1 October 1997	147,582	139,190	303,310	590,082
Additions	-	39,668	36,380	76,048
At 30 September 1998	147,582	178,858	339,690	666,130
Depreciation				
At 1 October 1997	104,175	88,300	39,752	232,227
Charge for the year	34,725	34,153	6,794	75,672
At 30 September 1998	138,900	122,453	46,546	307,899
Net book values				
At 30 September 1998	8,682	56,405	293,144	358,231
At 30 September 1997	43,407	50,890	263,558	357,855

Included above are assets held under finance leases or hire purchase contracts as follows:

Asset description	1998		1997	
	Net	Depreciation	Net	Depreciation
	book value £	charge £	book value £	charge £
Fixtures, fittings and equipment	-	-	8,295	4,146

Grays Inn Square Chambers Limited

**Notes to the Financial Statements
for the year ended 30 September 1998**

..... continued

8. Debtors

	1998	1997
	£	£
Trade debtors	164,342	107,573
Other debtors	2,683	2,683
Prepayments and accrued income	78,444	73,461
	<u>245,469</u>	<u>183,717</u>

9. Creditors: amounts falling due within one year

	1998	1997
	£	£
Bank overdraft	205,816	29,570
Bank loan	18,750	37,500
Net obligations under finance leases and hire purchase contracts	-	5,629
Trade creditors	28,476	24,264
Corporation tax	-	11,219
Other taxes and social security costs	57,199	55,219
Other creditors	137,970	137,970
	<u>448,211</u>	<u>301,371</u>

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

	1998	1997
	£	£
Bank loan	-	18,750
	<u>-</u>	<u>18,750</u>

11. Share capital

	1998	1997
	£	£
Authorised		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
61 Ordinary shares of £1 each	<u>61</u>	<u>61</u>

Grays Inn Square Chambers Limited

**Notes to the Financial Statements
for the year ended 30 September 1998**

..... continued

12. Financial commitments

At 30 September 1998 the company had annual commitments under non-cancellable operating leases as follows:

	1998 £	1997 £
Expiry date:		
Within one year	68,447	-
Between one and five years	14,614	284,704
	<u>83,061</u>	<u>284,704</u>