

39 ESSEX CHAMBERS (SERVICES) LIMITED

UNAUDITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

39 ESSEX CHAMBERS (SERVICES) LIMITED
REGISTERED NUMBER: 07385894

BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	4	4,424,508	4,950,819
		<u>4,424,508</u>	<u>4,950,819</u>
Current assets			
Debtors: amounts falling due within one year	5	7,727,639	9,509,492
Cash at bank and in hand	6	1,946,072	219,105
		<u>9,673,711</u>	<u>9,728,597</u>
Creditors: amounts falling due within one year	7	(12,142,302)	(12,693,513)
Net current liabilities		<u>(2,468,591)</u>	<u>(2,964,916)</u>
Total assets less current liabilities		<u>1,955,917</u>	<u>1,985,903</u>
Creditors: amounts falling due after more than one year	8	(1,484,564)	(1,484,564)
Provisions for liabilities			
Deferred tax	10	(234,454)	(264,440)
		<u>(234,454)</u>	<u>(264,440)</u>
Net assets		<u><u>236,899</u></u>	<u><u>236,899</u></u>
Capital and reserves			
Called up share capital	11	1	1
Share premium account	12	2,774,999	2,774,999
Profit and loss account	12	(2,538,101)	(2,538,101)
		<u><u>236,899</u></u>	<u><u>236,899</u></u>

39 ESSEX CHAMBERS (SERVICES) LIMITED
REGISTERED NUMBER: 07385894

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2020

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of income and retained earnings in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Mr R Harwood
Director

Date: 28 June 2021

The notes on pages 3 to 10 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. General information

39 Essex Chambers (Services) Limited is a private company limited by shares and incorporated in England and Wales within the United Kingdom. The company registered number is 07385894. The address of the registered office is 81 Chancery Lane, London, WC2A 1DD. This company is part of a group.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Going concern

During the year and following the year end the company has been affected by restrictions imposed by the UK and overseas Governments in response to the COVID-19 pandemic. The result of this is that the company has continued to operate but it has resulted in a loss of income for the company.

The loss of income and cashflow has been partially offset by the furloughing of part of the workforce under the government's furlough scheme, the deferral of VAT payments and agreements with suppliers to spread large cash outflows over a number of additional months.

The directors consider that the resources available to the company will be sufficient for it to be able to continue as a going concern during the restrictions and once the restrictions are lifted. However, there is a high level of uncertainty about how long the restrictions will last and the level of demand once the restrictions have ended which could affect this assessment. The financial statements do not contain any adjustments that would be required if the company were not able to continue as a going concern.

2.3 Revenue

Turnover comprises revenue recognised by the company in respect of services supplied during the year, exclusive of Value Added Tax

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)**2.4 Tangible fixed assets (continued)**

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

S/Term Leasehold Property	-	Over length of the lease
Fixtures & fittings	-	15% reducing balance
Office equipment	-	15% reducing balance
Computer equipment	-	25% reducing balance
Computer Software	-	15% reducing balance

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.5 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.6 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.7 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Income and Retained Earnings.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.8 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.9 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Income and Retained Earnings in the same period as the related expenditure.

2.10 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.11 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.12 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.13 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.14 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.16 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3. Employees

The average monthly number of employees, including directors, during the year was 39 (2019 - 45).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

4. Tangible fixed assets

	S/Term Leasehold Property £	Fixtures & fittings £	Office equipment £	Computer equipment £	Computer software £	Total £
Cost or valuation						
At 1 January 2020	5,339,030	1,411,563	6,815	432,428	170,428	7,360,264
Additions	-	1,565	-	28,118	-	29,683
Disposals	-	(41,028)	-	(101,056)	(42,918)	(185,002)
At 31 December 2020	<u>5,339,030</u>	<u>1,372,100</u>	<u>6,815</u>	<u>359,490</u>	<u>127,510</u>	<u>7,204,945</u>
Depreciation						
At 1 January 2020	1,416,854	669,579	3,252	279,033	40,727	2,409,445
Charge for the year on owned assets	355,737	111,477	540	42,574	19,476	529,804
Disposals	-	(32,172)	-	(94,384)	(32,256)	(158,812)
At 31 December 2020	<u>1,772,591</u>	<u>748,884</u>	<u>3,792</u>	<u>227,223</u>	<u>27,947</u>	<u>2,780,437</u>
Net book value						
At 31 December 2020	<u>3,566,439</u>	<u>623,216</u>	<u>3,023</u>	<u>132,267</u>	<u>99,563</u>	<u>4,424,508</u>
At 31 December 2019	<u>3,922,176</u>	<u>741,984</u>	<u>3,563</u>	<u>153,395</u>	<u>129,701</u>	<u>4,950,819</u>

The net book value of land and buildings may be further analysed as follows:

	2020 £	2019 £
Short leasehold	3,566,439	3,922,176
	<u>3,566,439</u>	<u>3,922,176</u>

5. Debtors

	2020 £	2019 £
Trade debtors	782,336	841,237
Other debtors	1,204,425	1,169,997
Prepayments and accrued income	5,740,878	7,498,258
	<u>7,727,639</u>	<u>9,509,492</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

6. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	1,946,072	219,105
Less: bank overdrafts	-	(1,450,930)
	<u>1,946,072</u>	<u>(1,231,825)</u>

7. Creditors: Amounts falling due within one year

	2020 £	2019 £
Bank overdrafts	-	1,450,930
Bank loans	184,696	184,696
Trade creditors	497,774	561,110
Amounts owed to group undertakings	4,052,492	4,081,636
Corporation tax	81,005	74,290
Other taxation and social security	904,527	320,760
Obligations under finance lease and hire purchase contracts	-	30,610
Other creditors	697,542	536,921
Accruals and deferred income	5,724,266	5,452,560
	<u>12,142,302</u>	<u>12,693,513</u>

8. Creditors: Amounts falling due after more than one year

	2020 £	2019 £
Bank loans	1,484,564	1,484,564
	<u>1,484,564</u>	<u>1,484,564</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

9. Loans

Analysis of the maturity of loans is given below:

	2020 £	2019 £
Amounts falling due within one year		
Bank loans	184,696	184,696
	<u>184,696</u>	<u>184,696</u>
Amounts falling due 2-5 years		
Bank loans	1,484,564	1,484,564
	<u>1,484,564</u>	<u>1,484,564</u>
	<u><u>1,669,260</u></u>	<u><u>1,669,260</u></u>

The outstanding bank loans, included within creditors, are secured by a fixed and floating charge over the fixed assets of the Company.

10. Deferred taxation

	2020 £	2019 £
At beginning of year	(264,440)	(185,838)
Utilised in year	29,986	(78,602)
At end of year	<u><u>(234,454)</u></u>	<u><u>(264,440)</u></u>

The provision for deferred taxation is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	(244,429)	(266,287)
Pension surplus	9,975	1,847
	<u><u>(234,454)</u></u>	<u><u>(264,440)</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

11. Share capital

	2020 £	2019 £
Authorised, allotted, called up and fully paid		
1 (2019 - 1) Ordinary share of £1.00	<u>1</u>	<u>1</u>

12. Reserves**Share premium account**

Share premium account include any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Profit & loss account

The profit and loss account represents cumulative profits and losses net of dividends and other adjustments.

13. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £207,233 (2019 - £123,027). Contributions totalling £Nil (2019 - £15,742) were payable to the fund at the balance sheet date and are included in creditors.

14. Related party transactions

During the year the company was charged £294,529 (2019 - £303,539) for services provided and £2,253,436 (2019 - £2,266,092) for premises provided by 39 Essex Chambers LLP, the parent entity.

The amount due to them at the year end was £4,052,492 (2019 - £4,081,636). This amount is repayable on demand.

During the year the company paid expenses totalling £329,618 (2019 - £677,399) on behalf of 39 Essex Chambers (International) Pte. Ltd., a fellow subsidiary incorporated in Singapore. The company was charged £329,618 (2019 - £677,399) for services provided.

15. Controlling party

The parent and ultimate controlling party is 39 Essex Chambers LLP. Their financial statements are available from the UK Companies House.

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