



**The General Council of the Bar**

**Financial Statements for the year to 31 March 2017**

**The General Council of the Bar**  
**Financial Statements for the year to**  
**31 March 2017**

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**Officers and Professional Advisers**

**The Bar Council**

**Officers**

Chair: Andrew Langdon QC  
Vice Chair: }to March 2017 Andrew Walker QC  
Treasurer: Lorinda Long

Chair: Chantal-Aimée Doerries QC  
Vice Chair: }to December 2016 Andrew Langdon QC  
Treasurer: Lorinda Long

Chief Executive Stephen Crowne

**Bar Standards Board**

Chair: Sir Andrew Burns KCMG

Vice Chair: Naomi Ellenbogen QC

Director-General Dr Vanessa Davies

**Corporate Advisors**

**Independent Auditor** haysmacintyre  
26 Red Lion Square,  
London WC1R 4AG

**Bankers**

Child & Co.,  
The Royal Bank of Scotland Group  
1 Fleet Street,  
London EC4Y 1BD

**Investment Portfolio  
Manager**

Schroders & Co Ltd (trading as Cazenove  
Capital Management Limited)  
12 Moorgate,  
London EC2R 6DA

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**Statement of Council Members' Responsibilities**

The purpose of this statement is to distinguish the responsibilities of the Council Members of the General Council of the Bar from those of the Auditors as stated in their report.

The Constitution of the General Council of the Bar requires that the Council Members of the General Council of the Bar, as a body, shall cause proper books of account to be kept with respect to the affairs of the General Council of the Bar. The Members are required to prepare Accounts for each financial year which give a true and fair view of the state of affairs of the General Council of the Bar and its subsidiaries and of their income and expenditure for the period. The Members of the General Council of the Bar are also responsible for safeguarding the General Council of the Bar's assets, and hence for taking reasonable steps for the prevention and detection of error, fraud and other irregularities.

In preparing the accounts, the Members of the General Council of the Bar will:

- Select suitable accounting policies and then apply them consistently, making judgements and estimates that are reasonable and prudent;
- Follow applicable accounting standards, subject to any material departures disclosed and explained in the accounts; and
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the General Council of the Bar will continue in operation.

The Members are also responsible for the maintenance and integrity of the corporate and financial information included on the Bar Council's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Approved by the Bar Council on *2 August* 2017 and signed on its behalf by:



**Chair of the Bar Council**



**Treasurer of the Bar Council**

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**Independent Auditor's Report to the Members of**  
**The General Council of the Bar**

We have audited the group financial statements ("the financial statements") of the General Council of the Bar for the year ended 31 March 2017, which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Group and Parent Statements of Financial Position, the Consolidated Statement of Cash Flows and the related Notes. The financial reporting framework that has been applied in their preparation is the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the members of the General Council of the Bar, as a body, in accordance with the Council's Constitution. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an Auditor's 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 General Council of the Bar or its members, for our audit work, for this report, or for the opinion we have formed.

**Respective Responsibilities of the Council and the Auditor**

As explained more fully in the Statement of Council Members' responsibilities, set out on page 4, the Council Members of the General Council of the Bar are responsible for the preparation of the financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's ("APB's") Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

**Opinion on the financial statements**

In our opinion, the financial statements:

- Show a true and fair view of the state of the General Council of the Bar's and the Group's affairs as at 31 March 2017 and of the Group's surplus for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

*haysmacintyre*  
haysmacintyre  
Chartered Accountants and Statutory Auditor  
26 Red Lion Square,  
London WC1R 4AG

Date: *2 August* 2017

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## **Treasurer's Report**

I am pleased to report that we have had some significant successes this year despite a poor economic outlook which led to worse than expected results in the valuation of the closed defined benefit pension scheme and lower PCF collections in 2016. Fortunately, we have been able to meet these challenges and adhere to the financial strategy of maintaining a stable PCF level for the operational activities whilst still being able to invest for the future.

We have agreed a new funding plan for the defined benefit pension scheme with the scheme trustees that ensures that we can address the short term needs of meeting the £3.6m deficit identified in the latest triennial valuation, and allows us to begin to build a fund to buy out the liabilities of the scheme in the long term.

These financial statements show the payments made under the previous recovery plan and the accounting valuation of the DB scheme as at year end. Accounting regulations require that we include this valuation, but we and our pension advisor regard this as a less significant indicator of the financial health of an organisation such as the GCB.

The 2017 PCF collections have met the target and this will allow us to fully fund the recovery plan for the first year. We made the first payment under the new recovery plan in April 2017 and the new pension reserve will be reported in next year's accounts.

The GCB together with the trustees, are also exploring how we might reduce the risk of a further increase in deficit through reviewing the investment strategy. Whilst we cannot be certain that the deficit will not rise at the next valuation in 2018 because of the external factors that influence it, we are confident that we have taken the appropriate steps to minimise the financial risk to the organisation.

PCF collections in 2016 were lower than anticipated and the management teams responded quickly to reduce the financial effect of this shortfall. As a result of changes to the spending plans and some windfalls in BSB fees and charges, we have been able to report a small operating surplus. The Bar Representation Fee subscription levels rose during the year as a higher number of renewals and a good level of new subscribers appeared to confirm that we had reversed the trend from earlier years. This income, along with income earned from other services, enabled the Bar Council to offset some PCF requirements and extend our work outside of permitted purposes.

We are already seeing the financial benefit of our investments into replacing the old information systems architecture and we expect further benefits will follow from increased automation of manual processes, better web tools and improving the risk management capabilities of our systems. We invested in a programme, Work Smart, to facilitate flexible working that reduces our future office floor space needs by 40% against the current footprint. We expect to see the financial benefits of this once new facilities are secured in 2018.

## **Financial Commentary**

The financial statements for the General Council of the Bar (GCB) are the group accounts combining the activities of the association and subsidiary entities:

- The Bar Council (BC) acting as: Approved Regulator; the representative body for the profession undertaking permitted purposes activities under s51 of the Legal Services Act 2007 (LSA 2007); and provider of services to the profession;

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- The Bar Standards Board (BSB), the independent regulator;
- The Resources Group which provides back office services to BC and BSB and whose costs are shared;
- The Escrow services of BARCO, the trading name of Bar Services Company Ltd;
- Bar Council Scholarship Trust, a charitable Trust; and
- The Bar Direct Access Portal Limited.
- Bar Properties Ltd is a dormant subsidiary that exists to hold the lease on the office facility only.

The Bar Council and BSB are funded predominantly by practising certificate fees (PCF). Other income is generated within each group and this is used to fund selected activities and used in lieu of PCF.

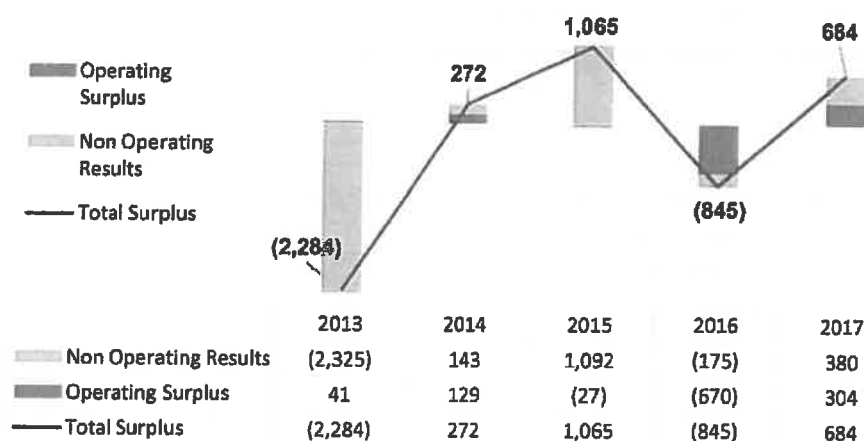
GCB seeks to achieve a broadly balanced budget from year to year and uses its reserves to manage any variations that might arise during any year to maintain a stable practising certificate fee level in the medium term.

## Financial Review

Overall turnover fell to £14,493k from £14,755k in 2015/16. Total costs fell £1,477k, 9.4% to £14,089k (2015/16: £15,566k). The overall results show a surplus of £684k against a prior year deficit of £845k.

Operating results include the in-year operating costs of the BC and BSB. These results improved from a deficit of £670k to a surplus of £304k due to lower expenditure across all areas: non-staffing costs reduced by £850k and staffing costs reduced by £376k. Non-operating results include the actuarial adjustments for the defined benefit pension scheme, the contributions to LSB and legal ombudsman and accounting movements in our investments. These results showed a £380k surplus (2015/16: £175k deficit) after growth in investments.

Figure1 - Historic financial results £k

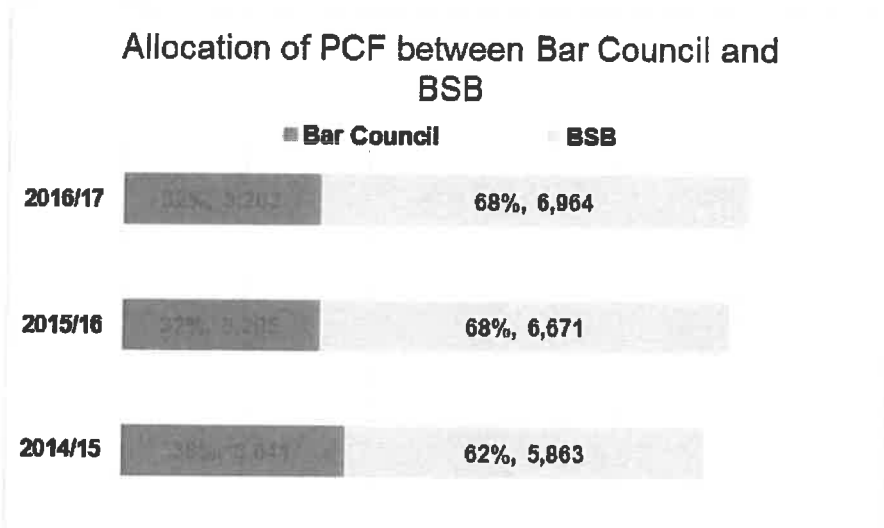


The subsidiaries contributed income of £45k (2015/16: £35k), expenditure of £39k (2015/16: £35k) and a surplus of £6k (2015/16: a loss of £1k).

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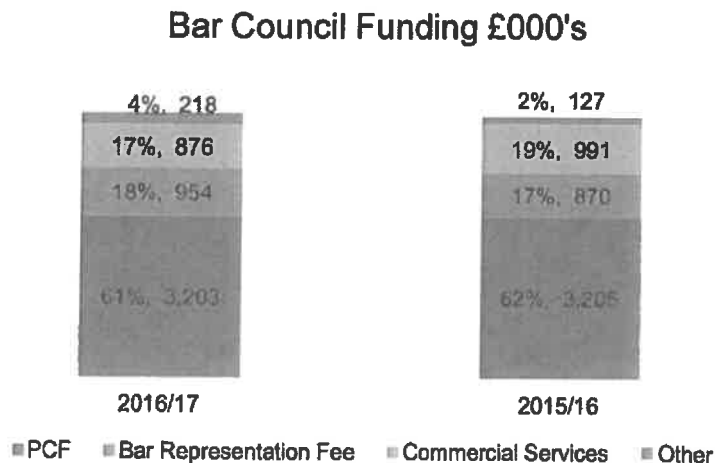
Practising Certificate Fee income of £10,167k (2015/16: £9,876k) was collected from over 15,800 barristers towards the BC's and BSB's operating costs. A further £718k (2015/16: £897k) of PCF was attributed to the operations of the Legal Services Board and the legal ombudsman to cover the charges from these bodies for the 2016/17 financial year.

PCF income is used by both BC and BSB to meet their respective permitted purposes spending plans. GCB distinguishes between the income and expenditure of the two groups in the year to promote visibility and transparency of financial performance. The allocation of PCF to BC and BSB in 2016/17 is consistent with 2015/16's results.



**Bar Council**

BC results combine the activities of the Approved Regulator, non-regulatory s51 activities, all representation activities and commercial services to members. These are funded by Practising





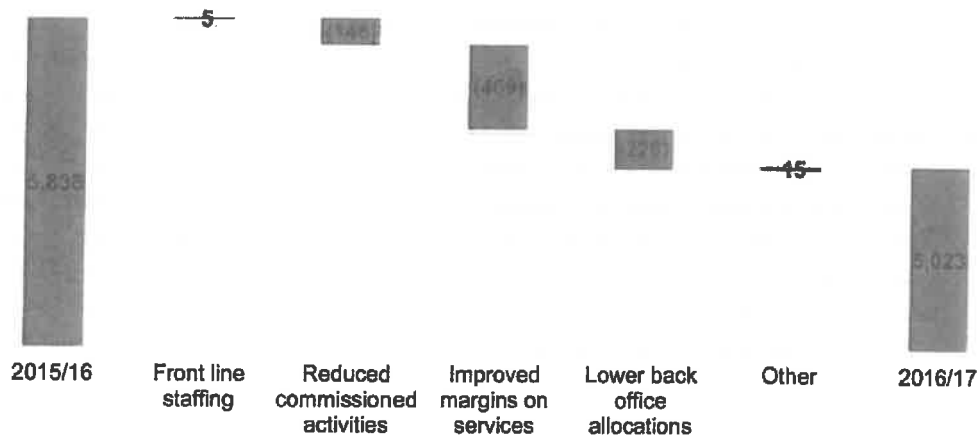
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Certificate Fees, Bar Representation Fee subscriptions and surpluses from commercial activities. Administrative income arising from the Resources Group is also applied.

Total funding rose 1%, £58k to £5,251k (2015/16: £5,193k) from an increase in Bar Representation Fee subscriptions to £954k (2015/16: £870k). Income from services to the profession fell 12% (note 3b).

Total expenditure (note 4a) dropped £815k, 14%, to £5,023k (2015/16: £5,838k) from savings targets sought and achieved in the year. The changes in expenditure between 2015/16 and 2016/17 are shown in figure 4. Bar Council protected the core front line Representation and Policy staffing capability (staff costs rose £5k) and achieved reductions in expenditure with third parties (cost fell £146k). Margins in commercial services grew £469k and the overhead cost allocation fell £220k. Other costs, made up of holiday cost accruals and the costs of the subsidiary organisations rose £15k.

**Figure 4 - Year on year movements in BC spend £000's**



Permitted purposes expenditure fell £142k to £3,063k (2015/16: £3,205k). Spend on other purposes rose £46k. Further details of the cost of BC activities are shown in the s51 analysis on page 37.

The total surplus for BC was £228k (2015/16: £601k deficit) and has been transferred to reserves. LSB require GCB to distinguish between surpluses arising from permitted purposes activities funded by PCF and other surpluses and this is shown in note 5b. £140k has been apportioned to permitted purposes reserves (2015/16: £0) and £88k to other general reserves (2015/16: a deficit of £601k).

**Bar Standards Board**

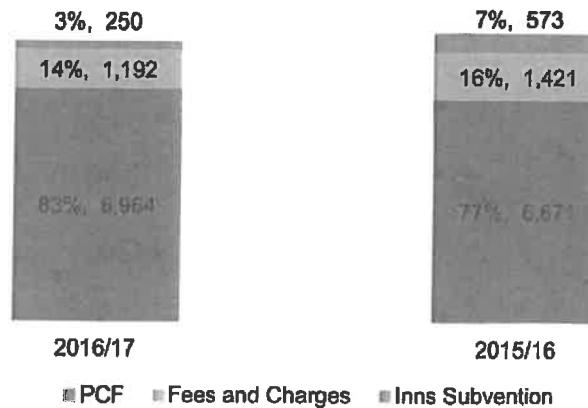
These results include the direct expenditure and funding of the independent regulator and the associated overhead allocations. Funding is drawn from PCF and is topped up by income raised through regulatory fees and charges and a contribution from the Inns of Court, the Inns Subventions.

Total funding was down 3%, £259k to £8,406k ((2015/16: £8,665k). The proportion of PCF allocated was £6,964k remained at 68% of total operational PCF (2015/16: £6,671k). Other income fell (note 3a): Inns Subvention contributions fell £323k to £250k and this was the last year of the phased reduction in

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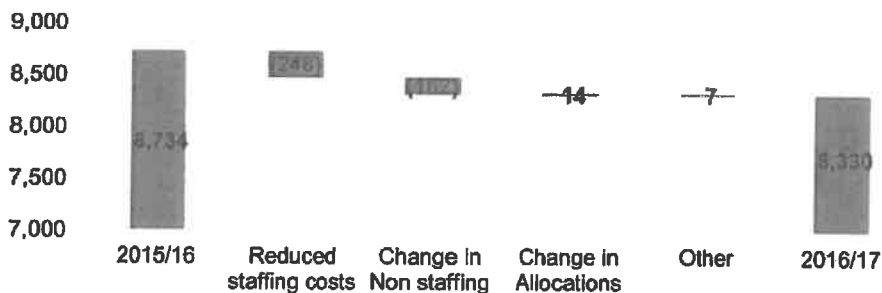
Subventions; fees and charges income fell £229k to £1,192k (2015/16: £1,421k) from expected reductions in the number of students undertaking the BPTC.

**BSB Funding £000's**



Expenditure fell 4.6% to £8,330k (2015/16: £8,734k) (note 4a). Direct costs were down £410k including £248k of lower staffing costs from reduced recruitment spend and £162k non-staffing costs. Allocations of overheads rose £14k and there was a net £7k cost of holiday accruals. These movements are shown in figure 6. Further details on the costs of BSB are included in the s51 analysis on page 37.

**Figure 6 - Year on year BSB cost movements**



The results show a surplus of £76k (2015/16: £69k deficit) which has been transferred to the permitted purposes reserves.

**Resources Group**

The operating costs of Resources Group include the backoffice functions: Human Resources, Finance, Information Services, Office Services, the BC's Project Management Office, the Membership Records function and the facilities and property costs of GCB. These costs are apportioned between BC and BSB (note 4a) and reported as part of the total cost of each group.

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Resources Group costs reduced by £206k due to lower project spend in the period. Staffing costs increased £69k, 4%, to £1,747k (2015/16: £1,678k) and non-staffing costs reduced by £275k to £3,234k (2015/16: £3,509k).

**Assets, Liabilities and Reserves.**

Fixed Assets increased by £686k to £1,968k (2015/16: £1,279k) following continuing investment into GCB's information systems and implementation of Work Smart, a programme to introduce flexible working and minimise the office footprint needed for the 2018/19 office move. In total £1,302k has been spent in developing the organisation's infrastructure during the year.

Investments grew by £280k, 15% to £2,144k (2015/16: £1,864k) from improvements in the underlying asset values and reversing the decline seen in the previous year.

Debtors increased by £636k at the year end to £1,912k (2015/16: £1,276k) with £330k of unpaid education provider invoices, settled early in 2017/18, and £212k higher accrued income for our Affinity partners.

Cash levels climbed slightly to £13,008k (2015/16: £12,716k) with the main contributions coming from:

- Higher PCF fees to allow the GCB to meet its revised DB pension scheme recovery plan.
- A surplus of £684k (2015/16: a £889k deficit);

These were offset by:

- Higher capital spend;
- An increase in debtors;
- The 2016/17 DB scheme recovery plan payment of £493k. The equivalent contribution for 2015/16 had been paid in advance in 2014/15 for the 2015/16 financial year.

Creditors rose £1,806k to £14,631k (2015/16: £12,825k). This was made up of a slight increase in Deferred income to £11,406k (2015/16: £10,901k) following higher levels of PCF collections than the prior year and a £1,300k contribution towards the DB pension scheme recovery strategy.

The actuarial valuation of the DB pension scheme prepared under FRS102 showed a deficit of £1,325k. The actuarial valuation for 2015/16 showed a surplus of £2,871k, which was not recognised in the accounts as explained in note 15. The underlying movement is primarily driven by a change to the discount rate applied in the actuarial assumptions and some improvement in the asset values reported at the year-end (note 15).

**Reserves**

General reserves moved down £184k due to the operating surplus of £304k being offset by the DB pension scheme recovery plan contribution of £493k. There was no equivalent contribution reported in 2015/16 as the contributions had been made in advance in 2014/15.

Pension reserves decreased £1,325k (nil in 2015/16) as a result of the actuarial valuation, reported in note 16.

Revaluation Reserves increased £207k due to unrealised gains in investment assets.

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**Statement of Key Risks**

GCB has a formal risk management process through which the BC and Bar Standards Board separately identify and manage the major risks to which that part of the organisation is exposed. These risks are assessed by likelihood and impact, culminating in a risk control document which is updated on a regular basis. All significant risks, together with current mitigation actions, are reviewed regularly throughout the year by the Audit Committee.

The role of the Audit Committee is to advise the GCB on all corporate governance and risk management matters and to review the effectiveness of all internal controls and audit practises. Its primary mechanism to achieve this is to scrutinise, query and challenge the risk registers of the BC and BSB.

The Audit Committee provides separate oversight of the BSB corporate risk register to that provided by the Governance, Risk and Audit Committee of BSB to ensure that shared or organisational risks are managed as such.

In 2016/17, the management team consider that the following key risks should be noted:

<b>Key Risk</b>	<b>Mitigating actions</b>
Government policy to consult on changes to regulatory arrangements potentially threaten Bar Council status as the Approved Regulator and its main funding source of PCF.	Bar Council is examining the impact of potential scenarios and is exploring alternative funding options within its strategic plan. The Bar Council considers this risk to be receding in the short term as government and Parliament address Brexit and other priorities.
Income from PCF may fall due to a reduction in the size of the Bar.	Bar Council is following a programme of activity that encourages applications to the Bar and growth of new areas of business within the Bar. Economic and other data is reviewed annually to determine the level of the threat.
Risk of failure of cyber and information security safeguards leading to accidental or malicious security breaches.	A comprehensive scheme of safeguarding activities and policies is in place to address the current, anticipated and evolving threats. This programme is monitored by the Chief Information Officer with regular oversight by the senior management and Audit Committee.
Poor stakeholder and public reputation arising from external factors driving the financial valuation of the defined benefit pension scheme cast doubt on the financial resilience of the organisation.	Bar Council has agreed and implemented a financial strategy for addressing the pension scheme deficit in the short term. It anticipates continuing this strategy to eliminate the scheme as a financial risk in the medium to long term. Creation of a visible pension provision in financial reporting will improve the understanding for target groups.

The Bar Council is satisfied that systems have been developed and are in place to mitigate identified risks to an acceptable level.

**Treasurer**  
**August 2017**

**Consolidated Income Statement by Fund Source**

	Divisional Results – Note 4a				Note 4b						
	Bar Standards Board		Bar Council		Subtotal Operating Results		Non-Operating Results		Total GCB		
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
<b>Notes</b>											
Practising Certificate Fees	3c	6,964	6,671	3,203	3,205	10,167	9,876	718	897	10,885	10,773
Inns Contributions		250	573	-	-	250	573	-	-	250	573
Bar Representation Fee Subscriptions		-	-	954	870	954	870	-	-	954	870
Fees, Charges & Services	3a, b	1,192	1,421	1,094	1,118	2,286	2,539	-	-	2,286	2,539
Interest on Pension Assets		-	-	-	-	-	-	118	-	118	-
<b>Total Income</b>		<b>8,406</b>	<b>8,665</b>	<b>5,251</b>	<b>5,193</b>	<b>13,657</b>	<b>13,858</b>	<b>836</b>	<b>897</b>	<b>14,493</b>	<b>14,755</b>
<b>Expenditure</b>											
Operating		8,330	8,734	5,023	5,838	13,353	14,572	-	-	13,353	14,572
Non-Operating Expenditure	4b	-	-	-	-	-	-	736	994	736	994
<b>Total Expenditure</b>		<b>8,330</b>	<b>8,734</b>	<b>5,023</b>	<b>5,838</b>	<b>13,353</b>	<b>14,572</b>	<b>736</b>	<b>994</b>	<b>14,089</b>	<b>15,566</b>
Investment gains/(losses)		-	-	-	-	-	-	280	(78)	280	(78)
<b>Surplus / (Loss) Before Taxation</b>		<b>76</b>	<b>(69)</b>	<b>228</b>	<b>(645)</b>	<b>304</b>	<b>(714)</b>	<b>380</b>	<b>(175)</b>	<b>684</b>	<b>(889)</b>
Taxation	8	-	-	-	44	-	44	-	-	-	44
<b>Surplus / (Loss) After Taxation</b>		<b>76</b>	<b>(69)</b>	<b>228</b>	<b>(601)</b>	<b>304</b>	<b>(670)</b>	<b>380</b>	<b>(175)</b>	<b>684</b>	<b>(845)</b>
<b>Analysis of Surplus by Source:</b>											
Permitted Purposes	5	76	(69)	140	-	216	(69)	380	(97)	596	(166)
Other		-	-	88	(601)	88	(601)	-	(78)	88	(679)

The results for the year are all derived from continuing activities. The Notes on pages 18-35 form an integral part of these Statements.

### Consolidated Income Statement by Fund Source (continued)

Surplus / (Deficit) for the year ending Attributable to:	2017 £000's	2016 £000's
Surplus / (Deficit) for the Year After Taxation	684	(845)
General Council of the Bar Group	689	(842)
Non-Controlling Interest	(5)	(3)
	-----	-----

### Consolidated Statement of Comprehensive Income

	Note	Year to 31/03/17 £000's	Year to 31/03/16 £000's
(Deficit)/Surplus for the period		684	(845)
Actuarial (loss)/gain on Pension Fund	15	(1,918)	4,249
Total Comprehensive Income		(1,234)	3,404
		=====	=====

The Notes on pages 18-35 form an integral part of these Statements.

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**Consolidated Statement of Changes in Equity**  
**Year ended 31 March 2017**

	General Reserves						Group Total £000's
	PCF Reserves	Other General Reserves	Pension Reserve	Revaluation Reserve	Charity Reserves	Non- Controlling Interest	
	£000's	£000's	£000's	£000's	£000's	£000's	
Balance: 1 Apr 2016	(90)	3,294	-	402	713	(9)	4,310
Changes in year:							
Operating surplus	216	93	100	207	73	(5)	684
Pension Reserves	(493)	-	493	-	-	-	-
Transfer Pension scheme:							
Actuarial Gain/(Loss)	-	-	(1,918)	-	-	-	(1,918)
	-----	-----	-----	-----	-----	-----	-----
Balance: 31 Mar 2017	(367)	3,387	(1,325)	609	786	(14)	3,076
	=====	=====	=====	=====	=====	=====	=====

**Year ended 31 March 2016**

	General Reserves						Group Total £000's
	PCF Reserves	Other General Reserves	Pension Reserve	Revaluation Reserve	Charity Reserves	Non- Controlling Interest	
	£000's	£000's	£000's	£000's	£000's	£000's	
Balance: 1 Apr 2015	62	3,711	(4,086)	485	740	-	912
Changes in year:							
Operating surplus	(152)	(417)	(163)	(83)	(27)	(3)	(845)
Pension scheme:							
Actuarial Gain/(Loss)	-	-	4,249	-	-	-	4,249
NCI at Acquisition						(6)	(6)
	-----	-----	-----	-----	-----	-----	-----
Balance: 31 Mar 2016	(90)	3,294	-	402	713	(9)	4,310
	=====	=====	=====	=====	=====	=====	=====

The Notes on pages 18-35 form an integral part of these Statements.

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**Statements of Financial Position**

		Parent		Group	
		31/03/2017	31/03/2016	31/03/2017	31/03/2016
		£000's	£000's	£000's	£000's
<b>Tangible Fixed Assets</b>					
Property, plant and equipment	9	1,956	1,264	1,968	1,279
Investment in Subsidiaries	10	334	334	-	-
Listed Investments	11	1,411	1,204	2,144	1,864
		-----	-----	-----	-----
		3,701	2,802	4,112	3,143
		-----	-----	-----	-----
<b>Current Assets</b>					
Debtors & Prepayments	12	1,964	1,277	1,912	1,276
Cash and cash equivalents Bank		12,873	12,621	13,008	12,716
		-----	-----	-----	-----
		14,837	13,897	14,920	13,992
		-----	-----	-----	-----
<b>Creditors: due within one year</b>					
Deferred Income	13	(11,406)	(10,901)	(11,406)	(10,901)
PCF funded pension contribution		(1,300)	-	(1,300)	-
Other Creditors		(1,901)	(1,889)	(1,925)	(1,924)
		-----	-----	-----	-----
<b>Net Current Assets</b>		230	1,108	289	1,167
		-----	-----	-----	-----
<b>Total Assets less Current Liabilities</b>		3,931	3,910	4,401	4,310
		-----	-----	-----	-----
Pensions Liability	15	(1,325)	-	(1,325)	-
Deferred taxation		-	-	-	-
		-----	-----	-----	-----
<b>Net Assets including Pensions</b>		2,606	3,910	3,076	4,310
		=====	=====	=====	=====
<b>Represented by:</b>					
General Reserve		3,322	3,508	3,020	3,204
Pensions Reserve		(1,325)	-	(1,325)	-
		-----	-----	-----	-----
		1,997	3,508	1,695	3,204
Revaluation Reserve		609	402	609	402
Charitable Trust		-	-	786	713
Non-Controlling Interest		-	-	(14)	(9)
		-----	-----	-----	-----
		2,606	3,910	3,076	4,310
		=====	=====	=====	=====

Approved by the Bar Council on 2 August 2017 and signed on its behalf by:

Chair



Treasurer





**The General Council of the Bar**  
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**Consolidated Statement of Cash Flows**

	Year to 31/03/17 £000's	Year to 31/03/16 £000's
<b>Reconciliation of Operating surplus to Net Cash Flow from operating activities:</b>		
Operating (Deficit)/Surplus	684	(889)
Investments (Gain)/Loss	(280)	78
Pension scheme administration costs	15c 18	18
Net Pension scheme contributions	(493)	-
Pension scheme net interest cost/(income)	15c,4b (118)	127
Depreciation charge	616	573
(Increase)/Decrease in Debtors	(639)	324
Increase/(Decrease) in Creditors	1,806	4,328
	-----	-----
<b>Net Cash Flow from Operating Activities</b>	<b>1,594</b>	<b>4,559</b>
<b>Investing activities:</b>		
Purchase of Tangible Fixed Assets	(1,302)	(351)
Purchase of Listed Investments	(326)	(569)
Sale of Listed Investments	326	569
	-----	-----
<b>Cash Flow from Investing Activities</b>	<b>(1,302)</b>	<b>(351)</b>
<b>Increase/(Decrease) in Cash and cash equivalents</b>	<b>292</b>	<b>4,208</b>
Cash and cash equivalents at 1 April	12,716	8,508
	-----	-----
Cash and cash equivalents at 31 March	<b>13,008</b>	12,716
	=====	=====

The Notes on pages 18-35 form an integral part of these Statements.

**The General Council of the Bar**  
**Financial Statements for the year to**  
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**Notes to the Financial Statements**

**1. Basis of accounting**

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of freehold land and buildings and of listed investments, and in accordance with FRS102 *the financial reporting standard applicable in the UK and Ireland*.

The members of Council consider the Bar Council to be a going concern and have prepared the financial statements on that basis.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Bar Council's accounting policies (see note 2).

The following principal accounting policies have been applied:

**2. Accounting policies**

**Basis of consolidation**

The group accounts comprise the accounts of the General Council of the Bar, a subsidiary company (the Bar Services Company Limited and The Bar Direct Access Portal Ltd, 50% owned by GCB), a charitable trust (the Bar Council Scholarship Trust). The charitable trust has been consolidated as the Bar Council has the power of appointment over the Trustees and is therefore deemed in control of its funds. A third subsidiary company (the Bar Council Properties Limited) has been excluded on the grounds of immateriality. All of these accounts are made up to 31 March.

Separate non-consolidated statements have not been prepared for the GCB and this omission is considered immaterial to an understanding of these accounts. The separate results of the subsidiaries and the charitable trust are shown in Note 10.

**Income recognition**

Income is recognised when the three criteria of entitlement, probability of receipt and reliability of measurement have been satisfied.

**Operating activities**

All income from the Bar is accounted for in the period to which it relates. Practising Certificate Fees and the Bar Representation Fee are usually collected in the financial years prior to the year in which they are applied.

Income from courses and events is recognised in the period in which the course or event takes place.

Other Income is recognised when goods or services have been supplied.

**Levies**

In addition to funding core activities, The Bar Council makes a separate levy on the profession towards the running costs of the Legal Services Board and the Office of Legal Complaints. These levies are treated as restricted funds and presented as a non-operating cost. Amounts recognised are those amounts charged in the year. Any residual balances from collections are carried forward.

**Property, plant and equipment**

Property, plant and equipment is measured at historical cost.

**The General Council of the Bar**  
**Financial Statements for the year to**  
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**Property, plant and equipment (continued)**

Depreciation is provided on all classes of Property, plant and equipment and is calculated on a straight-line basis over their estimated useful economic lives. The rates of depreciation per annum are as follows:

Leasehold improvements: Over the remaining period of the lease  
Office furniture: 33.3%  
IT equipment: 33.3%  
Database and Computer Software: 20.0%

Computer software is written off in the year in which the expenditure is incurred, unless it can be demonstrated that the software has a useful economic life longer than one year.

Depreciation is usually charged from the date that an asset is first brought into use. In respect of databases, depreciation commences once the asset is fully functional: see Note 9.

**Listed investments**

Listed investments are stated at market value. Unrealised gains and losses are recognised in the Revaluation Reserve until the investment is disposed of, at which time the cumulative gain or loss previously recognised in the Revaluation Reserve is transferred between reserves.

**Investments in subsidiaries**

Investments in subsidiaries are measured at cost less provision for impairment in the Bar Council's own financial statements.

**Investment in joint venture**

The investment in Direct Access Portal Limited is measured at cost less provision for impairment in the Bar Council's own financial statements. In the consolidated financial statements, the investment is measured at the transaction price less accumulated losses since the date of acquisition, to a minimum value of £0 in accordance with Sections 14 and 15 of FRS102.

**Debtors**

Short term debtors are measured at transaction price, less any impairment.

**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.

**Creditors**

Short term creditors are measured at the transaction price.

**Financial Instruments**

The Bar Council only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable.

Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

Financial assets that are measured at cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment is recognised in the Income statement. Any impairment is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the union would receive for the asset if it were to be sold at the reporting date.

**The General Council of the Bar**  
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**Judgements in applying accounting policies**

Management considers that the main area of judgement in the application of accounting policies relates to the valuation of the defined benefit pension scheme. Judgement has been applied in the selection of the key financial assumptions which underpin the calculation of the defined benefit asset or liability and also in limiting the recognition of the defined benefit asset in the comparative year as set out in note 15.

**Pension scheme**

The Bar Council operates two pension schemes for staff: a defined contribution scheme and a defined benefit scheme now closed to accrual.

For the defined contribution scheme, the cost recognised for the year is the employer contributions paid during the year recognised in Staff Costs.

For the defined benefit scheme, the amounts charged for pension costs are the service costs, the gains or losses on settlements and curtailments and the net interest cost on the scheme deficit. Actuarial gains and losses are recognised immediately in the Statement of Comprehensive Income.

The defined benefit scheme is funded, with the assets of the scheme held separately from those of the Bar Council, in a Trustee-administered Fund. Scheme assets are measured at fair value, while liabilities are measured on an actuarial basis, using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The resulting pension scheme asset or liability is presented separately after other net assets on the face of the Statement of Financial Position.

**Taxation**

**Current tax**

The Bar Council is subject to corporation tax on investment gains and certain income streams, comprising non-membership non-regulatory activities and income from investments. Regulatory activities are not subject to tax because they relate to the Bar Council's legal duty to act as a regulator and membership activities are not subject to corporation tax because they represent mutual trading.

**Deferred tax**

Deferred tax is provided on all timing differences where the ultimate crystallization of a gain is expected to give rise to a tax liability, primarily being unrealised gains on listed equity and unit trust investments. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or the reduction of other future tax liabilities.

**Operating leases**

Operating lease rentals payable are charged to the Income Statement in equal annual amounts over the lease term. Any rent-free period is amortised evenly over the period to which it relates and the balance is carried forward in Other Creditors.

**Employee Termination Payments and Employee Benefits**

Employee termination payments and employee benefits are accounted for on an accruals basis.

**The General Council of the Bar**  
**Financial Statements for the year to**  
**31 March 2017**

**3. Income**

	Year to 31/03/17 £000's	Year to 31/03/16 £000's
<b>3a BSB Regulatory Fees and Charges</b>		
Enforcement & Disciplinary Fines	27	32
Education & Training (including Exams and Assessments)	952	1,108
Qualifications	212	253
Entity Regulation	1	28
Other	-	-
	-----	-----
Total	<b>1,192</b>	<b>1,421</b>
	=====	=====
<b>3b Bar Council Income</b>		
Training and Seminars	229	399
Conferences	159	121
Commission	245	247
Pupillage Gateway	27	33
Other Services	101	83
Counsel Magazine Royalties	70	73
Investment Income	11	27
Other Income	207	100
	-----	-----
Sub-Total	<b>1,049</b>	<b>1,083</b>
Income from Subsidiaries	45	35
	-----	-----
Total	<b>1,094</b>	<b>1,118</b>
	=====	=====

Other Income includes fee income arising from financial administration, printing and meeting room services to third parties.

	<u>LSB/OLC Levy</u>		<u>*Pension Levy</u>		<u>Total</u>	
3c) Non-Operating Income	Year to 31/03/17 £000's	Year to 31/03/16 £000's	Year to 31/03/17 £000's	Year to 31/03/16 £000's	Year to 31/03/17 £000's	Year to 31/03/16 £000's
Balance at the 1 <sup>st</sup> April	-	(195)	-	(140)	-	(335)
Amounts Collected in year	718	1,232	-	-	718	1,232
Recognised in Non-Operating Income	(718)	(1,037)	-	140	(718)	(897)
	-----	-----	-----	-----	-----	-----
Balance at the 31 <sup>st</sup> March	-	-	-	-	-	-
	-----	-----	-----	-----	-----	-----

\*The Pension levy refers to the separate levy applied to selected members of the Bar up until 2013.

**The General Council of the Bar**  
**Financial Statements for the year to**  
**31 March 2017**

**4a Expenditure – Divisional Expenditure**

	Bar Standards Board		Bar Council		Resources Group Overheads		Total GCB	
	2017 £000's	2016 £000's	2017 £000's	2016 £000's	2017 £000's	2016 £000's	2017 £000's	2016 £000's
Direct Staffing	4,094	4,343	2,401	2,597	1,747	1,678	8,242	8,618
Other Direct Costs	824	985	1,023	1,437	3,234	3,509	5,081	5,931
<b>Direct Costs</b>	<b>4,918</b>	<b>5,328</b>	<b>3,424</b>	<b>4,034</b>	<b>4,981</b>	<b>5,187</b>	<b>13,323</b>	<b>14,549</b>
Overhead Allocation	3,424	3,410	1,557	1,777	(4,981)	(5,187)	-	-
Subsidiary Ops	-	-	39	35	-	-	39	35
Holiday Pay Accrual - Prior Year Reversal	(117)	(121)	(63)	(71)	-	-	(180)	(192)
2016/17 Holiday Pay Accrual	105	117	66	63	-	-	171	180
<b>Divisional Operating Costs</b>	<b>8,330</b>	<b>8,734</b>	<b>5,023</b>	<b>5,838</b>	<b>-</b>	<b>-</b>	<b>13,353</b>	<b>14,572</b>

Direct Staff costs include salaries, wages and employment related costs (note 7).

FRS102 Holiday pay accrual is included as a prior year adjustment with the corresponding movement in accrual shown in the current year. Each year's accrual is allocated between divisions according to average headcount.

Resources Group costs are allocated to business areas where business specific costs arise otherwise are apportioned according to average headcount.

**4b Non-Operating Expenditure**

	Year to 31/03/17 £000's	Year to 31/03/16 £000's
Payments:		
LSB Running Costs	287	327
OLC Running Costs	431	459
<b>Subtotal</b>	<b>718</b>	<b>786</b>
Pension scheme net interest cost	-	127
Other Pension Costs	18	81
	<b>736</b>	<b>994</b>
Recorded as Operating Costs	-	-
Non-Operating Costs	<b>736</b>	<b>994</b>

**The General Council of the Bar**  
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**5 Generation of permitted purposes reserves (Bar Council)**

	2016/17			2015/16		
	Permitted purposes	Other	Total	Permitted purposes	Other	Total
PCF	3,203	-	3,203	3,205	-	3,205
Other Funding	-	2,003	2,003	-	1,954	1,954
<b>Total Funding</b>	<b>3,203</b>	<b>2,003</b>	<b>5,206</b>	<b>3,205</b>	<b>1,954</b>	<b>5,159</b>
Spend	(3,063)	(1,921)	(4,984)	(3,205)	(2,598)	(5,803)
<b>Surplus / (Deficit) on Principal Activities</b>	<b>140</b>	<b>82</b>	<b>222</b>	<b>-</b>	<b>(644)</b>	<b>(644)</b>
Contribution from Subsidiary organisations	-	6	6	-	(1)	(1)
Operating Surplus / (Deficit)	140	88	228	-	(645)	(645)
Taxation	-	-	-	-	44	-
<b>Contribution to Reserves:</b>	<b>140</b>	<b>88</b>	<b>228</b>	<b>-</b>	<b>(601)</b>	<b>(601)</b>
By source:						
Permitted Purposes	140	-	140	-	-	0
Other General	-	88	88	-	(601)	(601)

All BSB activity is considered as within permitted purposes.

**6. Operating result**

The Operating Result has been arrived at after charging:

	Year to 31/03/17 £000's	Year to 31/03/16 £000's
<b>Auditors' remuneration:</b>		
Audit fees	32	32
Non-audit services	-	5
Taxation compliance	5	4
Depreciation	616	573
Operating lease property rentals	612	612

**The General Council of the Bar**  
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**7. Employment costs**

	<b>Year to 31/03/17 £000's</b>	<b>Year to 31/03/16 £000's</b>
Salaries	6,562	6,794
National Insurance	725	732
DC Pension Contribution	450	471
DB Pension Contribution	493	-
Other Staff Costs, Temporary Staff & Recruitment	269	546
Termination payments	73	152
	-----	-----
Total Costs of Employment	<b>8,572</b>	<b>8,695</b>
	=====	=====

**Office Holders & Key Management Personnel**

**Number of Key Management Personnel by total remuneration**

	<b>2017</b>			<b>2016</b>		
	<b>Bar Council</b>	<b>BSB</b>	<b>Total</b>	Bar Council	BSB	Total
<b>Total Remuneration level</b>						
£160,000 or greater	2	-	2	2	-	2
£140,000-£159,999	-	1	1	-	1	1
£100,000-£119,999	2	-	2	2	-	2
£80,000-£99,999	4	5	9	4	6	10
Less than £80,000	2	1	3	1	1	2
	=====	=====	=====	=====	=====	=====
<b>Total Remuneration of Key Management Personnel (£000's)</b>	<b>1,114</b>	<b>651</b>	<b>1,765</b>	1,061	699	1,760

The Chair of the Bar was paid £179,768 (2015/16: £179,288) and the Chair of BSB was paid £89,264 pro rata (2015/16: £89,264).

The Vice-Chair of the Bar was paid £89,884 (2015/16: £89,644). The Vice-Chair of the BSB received £35,598 (2015/16: £35,525).

Treasurer received no remuneration in the year (2015/16: £0).

The Chair of the Young Bar Committee was paid £20,000 (2015/16: £20,000)

No other Bar Council member received remuneration in the year and all gave their time freely.

Key management personnel includes Directors, Executive and Officers of Bar Council and BSB. Total remuneration includes salaries, allowances and employer pension contributions.



**The General Council of the Bar**  
**Financial Statements for the year to**  
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**7. Employment costs (continued)**

**Office Holders & Key Management Personnel (continued)**

The GCB considers the Officers and senior management teams of the Bar Council and BSB to comprise the Key Management Personnel as they are in charge of directing and controlling, running and operating their respective organisations on a day to day basis.

The pay of all staff, Officers and Key Management Personnel above are reviewed annually and is increased subject to performance related appraisals and regard to changes in average earnings and affordability. The joint Emoluments Committee review, benchmark and approve the pay of all key management personnel benchmark and staff.

Details of related party transactions are disclosed in note 16 to the accounts.

**8. Taxation**

No provision for Corporation Tax has been made in these accounts. Taxable income arising within the Bar Council is offset by tax-deductible expenditure and Gift Aid payment to charities.

The Bar Council Scholarship Trust is a registered charity and all its income is exempt from tax under ss. 521-536 ITA 2007.

**9. Property, plant and equipment**

GCB/Group	Leasehold Impr'ment	Office Furniture	IT Equipment	Database & Computer Software	Total
	£000's	£000's	£000's	£000's	£000's
<b>Cost</b>					
Balance: 1 April 2016	409	381	426	1,562	2,778
Additions	15	24	119	1,147	1,305
	-----	-----	-----	-----	-----
Balance: 31 March 2017	424	405	545	2,709	4,083
	=====	=====	=====	=====	=====
<b>Depreciation</b>					
Balance: 1 April 2016	162	235	311	791	1,499
Charge for the year	85	133	86	312	616
	-----	-----	-----	-----	-----
Balance: 31 March 2017	247	368	397	1,103	2,115
	=====	=====	=====	=====	=====
<b>Net Book Value</b>					
At 31 March 2017	177	37	148	1,606	1,968
	=====	=====	=====	=====	=====
At 31 March 2016	247	146	115	771	1,279
	=====	=====	=====	=====	=====

The Group fixed asset values differ to the Parent by £12,000 due to Property, plant and equipment held by Subsidiary undertakings. Included within the Net Book Value are assets under construction amounting to £783,000 (2015/16: £85,000). £522k of assets purchased in the year were capitalised at the balance sheet date.

**The General Council of the Bar**  
**Financial Statements for the year to**  
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**10. Subsidiaries & associated bodies**

The group accounts consolidate the accounts of the General Council of the Bar and two subsidiary companies together with the charity under the Council's control.

<b>GCB Subsidiary Investments</b>			<b>Statement of Financial Position</b>
<b>Company</b>	<b>Loan £'s</b>	<b>Shares £'s</b>	<b>£000's</b>
Bar Council Properties Ltd	-	1	-
Bar Services Company Ltd	315,999	1	316
The Bar Direct Access Portal Ltd	18,000	4	18
			-----
			<b>334</b>
			=====

**Bar Council Properties Limited**

This company is dormant and has undertaken no transactions since its incorporation. It acts as nominee for the Bar Council and holds the leases of the various floors occupied at Celcon House, 289-293 High Holborn, London.

The company's Balance Sheet is not material and so is not included within these accounts.

**Bar Services Company Limited**

Bar Services Company Ltd is the vehicle by which the Bar Council provides an escrow facility to barristers, trading as BARCO. This vehicle was set up for commercial and FCA regulatory administrative convenience. However, BARCO's expenditure is fully integrated into Bar Council's own operations and the operating costs are partly subsidised by Bar Council using non PCF funding. Only a portion of those total operating costs are allocated to the limited company to show a small margin, consistent with the management agreement between Bar Council and BARCO.

The Bar Council has advanced a total of £316,000 to the company as working capital in prior periods. The directors and Bar Council consider this combined arrangement and operation as a going concern and a strategic utility tool from Bar Council for the Bar.

The results of the company for the year ending 31 March 2017 are as follows:

	<b>Year to 31/03/17</b>	<b>Year to 31/03/16</b>
	<b>£000's</b>	<b>£000's</b>
Trading Income	21	10
Administration Expenses	(15)	(7)
	-----	-----
Operating (Loss)/Profit	<b>6</b>	<b>3</b>
	=====	=====

**The General Council of the Bar**  
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**10. Subsidiaries & associated bodies (continued)**

**Bar Services Company Limited continued**

<b>Balance Sheet as at 31 March</b>	<b>2017</b>	<b>2016</b>
	<b>£000's</b>	<b>£000's</b>
Tangible Fixed Assets	-	-
Debtors	-	-
Cash at Bank	57	37
Current Liabilities	(31)	(18)
	-----	-----
Net Current Assets	26	19
Intercompany Loan	(316)	(316)
	-----	-----
Net Liabilities	(290)	(297)
	=====	=====

**Bar Council Scholarship Trust**

The General Council of the Bar appoints the Trustees of a charity, The Bar Council Scholarship Trust (BCST). BCST provides funding to young men and women seeking to become practising members of the Bar in England and Wales. At 31 March 2017, the net assets of the Trust stood at £786,000 (2015/16: £713,000).

The results of the charity for the year ending 31 March 2017 are as follows:

	<b>Year to</b>	<b>Year to</b>
	<b>31/03/17</b>	<b>31/03/16</b>
	<b>£000's</b>	<b>£000's</b>
Incoming resources	24	24
Charitable activities	(24)	(21)
	-----	-----
Net incoming resources, Before other recognised (deficit)/surplus	-	3
	===	===

	<b>2017</b>	<b>2016</b>
	<b>£000's</b>	<b>£000's</b>
<b>Bar Council Scholarship Trust</b>		
<b>Balance Sheet as at 31 March</b>		
Investments	733	660
Cash at Bank	74	53
Accruals	(21)	-
Net Current Assets	53	53
	-----	-----
Net Assets	786	713
	=====	=====

**The General Council of the Bar**  
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**10. Subsidiaries & associated bodies (continued)**

<b>The Bar Direct Access Portal Limited</b> (50% acquired August 2015)	<b>31/03/17</b> <b>£000's</b>	11mths to <b>31/03/16</b> <b>£000's</b>
Administration Expenses	(9)	(11)
	----	----
<b>Operating (Loss)/Profit</b>	<b>(9)</b>	<b>(11)</b>
	====	====

The Bar Council consider this operation a going concern.

<b>Balance Sheet as at 31 March</b>	<b>2017</b> <b>£000's</b>	2016 <b>£000's</b>
Tangible Fixed Assets	12	15
Debtors	1	2
Cash at Bank	4	5
Current Liabilities	(44)	(40)
	----	----
<b>Net Current Liabilities</b>	<b>(27)</b>	<b>(18)</b>
	====	====

**11. Listed investments**

	<b>Parent</b>		<b>Group</b>	
	<b>2017</b>	2016	<b>2017</b>	2016
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
<b>Market Value</b>				
Balance: 1 April	1,204	1,252	1,864	1,942
Additions at cost	200	435	326	569
Disposals at open mkt. value	(252)	(400)	(400)	(526)
Unrealised Gain/(Loss)	259	(83)	354	(121)
	-----	-----	-----	-----
Balance: 31 March 2017	1,411	1,204	2,144	1,864
	=====	=====	=====	=====
Analysis: Investments	1,348	1,192	2,050	1,841
Cash	63	12	94	23
	=====	=====	=====	=====
<b>Historical Cost</b>	<b>1,236</b>	<b>1,287</b>	<b>1,857</b>	<b>1,985</b>

The investments held comprise units in a number of Cazenove Capital Management Limited investment funds, and some direct holdings of UK Government Bonds.

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**12. Debtors & prepayments**

	<b>Parent</b>		<b>Group</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
Trade Debtors	<b>555</b>	133	<b>555</b>	133
Accrued income	<b>347</b>	101	<b>347</b>	101
Prepayments	<b>839</b>	875	<b>839</b>	875
Other Debtors	<b>223</b>	168	<b>171</b>	167
	<b>-----</b>	<b>-----</b>	<b>-----</b>	<b>-----</b>
	<b>1,964</b>	1,277	<b>1,912</b>	1,276
	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>

The amount of trade debtors is stated net after deducting a bad debt provision of £66,060 (2015/16: £123,481).

**13. Creditors: due within one year**

	<b>Parent</b>		<b>Group</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
Deferred Income: PCF	<b>10,540</b>	10,011	<b>10,540</b>	10,011
BRF	<b>866</b>	890	<b>866</b>	890
	<b>-----</b>	<b>-----</b>	<b>-----</b>	<b>-----</b>
Deferred Income	<b>11,406</b>	10,901	<b>11,406</b>	10,901
	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>
PCF funded pension contribution	<b>1,300</b>	-	<b>1,300</b>	-
	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>
Trade Creditors	<b>397</b>	693	<b>397</b>	693
Accruals	<b>834</b>	549	<b>835</b>	553
Pension contributions	<b>46</b>	52	<b>46</b>	52
PAYE & Social Security	<b>196</b>	204	<b>196</b>	204
VAT	<b>74</b>	47	<b>74</b>	47
Sundry Creditors	<b>354</b>	344	<b>377</b>	375
	<b>-----</b>	<b>-----</b>	<b>-----</b>	<b>-----</b>
Other Creditors	<b>1,901</b>	1,889	<b>1,925</b>	1,924
	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>

The PCF funded pension contribution represents that element of PCF collected in the 2017 fees collection process to be allocated to fund the DB pension scheme recovery plan contributions from April 2017.

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**14. Commitments**

(a) As at 31 March 2017, the Bar Council had non-cancellable commitments for operating leases as follows:

	Land & Buildings	
	2017	2016
	£000's	£000's
Expiring: Within 1 year	741	741
Expiring: Within 2-4 years	741	1,482
	-----	-----

The gross property rental charge for the period was £612,000 (2015/16: £612,000).

(b) As at 31 March 2017, the Bar Council had capital expenditure commitments of £Nil (2015/16: £Nil).

**15. Defined Benefit Pension Scheme**

The GCB operated a final salary defined benefit pension plan through The General Council of the Bar Pension and Life Assurance Fund. The scheme closed to new members in July 2006 and closed to accrual for current service on 28 February 2013. The Council now only offers pension provision to members of staff through a defined contribution (stakeholder) arrangement.

A full actuarial valuation of the defined benefit scheme was carried out as at 1 October 2015, under scheme specific funding regulations. This has been updated to 31 March 2017 and to the revised FRS102 standards by a qualified independent actuary.

This update shows the scheme to be in deficit at £1,325k (2015/16: £2,871k surplus). This is primarily due to a reduction in the discount rate which was partially offset by a greater than expected return on assets:

- The discount rate applied has been closely aligned with the profile of expected liabilities and has resulted in a reduction in the valuation of those liabilities. FRS 102 and IAS 19 specify that the discount rate used to value future benefit payments should reflect the return on a high quality corporate bond of equivalent currency and term to the liabilities. A single discount rate has been proposed, based on a yield point selected from the AA1–AA3 corporate bond spot yield curve produced by Bank of America Merrill Lynch as at 31 March 2017, to reflect the average term of the liabilities of the scheme. The change in discount rate was from 3.8% to 2.7%
- The actual return on assets has been higher than the interest income.
- Changes in membership of the Scheme have had a beneficial financial outcome.

The GCB paid the 2016/17 contributions to the defined benefit pension fund of £493,200 in 2016. In 2016 the GCB and the scheme Trustees agreed to amend the payment schedule for GCB to pay £1m annually until 2020/21. The first payment under this new payment plan has been made in 2017/18 and will be reported in 2017/18 financial accounts.

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**15. Defined Benefit Pension Scheme (continued)**

(a) Assumptions:

The major financial assumptions used by the actuary were:

	<b>2017</b>	<b>2016</b>
<b>Rates per annum:</b>	<b>%</b>	<b>%</b>
Inflation (CPI)	<b>2.60</b>	<b>2.40</b>
Salary increases	<b>N/A</b>	<b>N/A</b>
Discount Rate	<b>2.70</b>	<b>3.80</b>
Pension in payment increases (CPI, max 5%, Min 3%)	<b>3.30</b>	<b>3.00</b>
Proportion of employees opting for early retirement	<b>-</b>	<b>-</b>
Revaluation rate for deferred pensions	<b>5.00</b>	<b>5.00</b>

The mortality assumptions adopted imply the following life expectancies:

	<b>2017</b>	<b>2016</b>
Male retiring at age 65 today	<b>22.9</b>	<b>22.8</b>
Female retiring at age 65 today	<b>25.3</b>	<b>25.2</b>
Male retiring at age 65 in 20 years	<b>24.2</b>	<b>24.1</b>
Female retiring at age 65 in 20 years	<b>26.7</b>	<b>26.6</b>

Pre-retirement mortality rates

The following rates represent the probability of a person aged x exactly dying within one year.

Age x	<b>Male</b>	<b>Female</b>
- 30	<b>0.0008</b>	<b>0.0006</b>
- 40	<b>0.0020</b>	<b>0.0013</b>
- 50	<b>0.0035</b>	<b>0.0022</b>
- 60	<b>0.0051</b>	<b>0.0034</b>

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**15. Defined Benefit Pension Scheme (continued)**

(b) The amounts recognised in the Balance Sheet are as follows:

	2017 £000's	2016 £000's
Fair value of scheme assets: see (e) below	22,966	21,615
Present value of scheme liabilities: see (d) below	(24,291)	(18,744)
	-----	-----
(Deficit)/Surplus in scheme	(1,325)	2,871
	-----	-----
(Liability)/Asset to be recognised	(1,325)	-
	-----	-----

(c) The amounts recognised in the Income & Expenditure Statement are as follows:

	2017 £000's	2016 £000's
<b>Income</b>		
Interest Income	(800)	(703)
	=====	=====
<b>Expenditure</b>		
Interest Cost	682	830
	-----	-----
Total recognised in Consolidated Income Statement	(118)	127
	=====	=====
Actual return/(loss) on scheme assets	2,458	186

Administration expenses of £18,000 (2015/16: £18,000) were paid from scheme assets during the accounting period to 31 March 2017.



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**15. Defined Benefit Pension Scheme (continued)**

(d) Amounts reported under the Statement of Other Comprehensive income are as follows:	<b>2017</b>	2016
	<b>£000's</b>	£000's
Return on Scheme Assets excluding amounts included in interest expense/income	<b>1,658</b>	(517)
Re-measurement gains/(losses) on the defined benefit obligation - experience	<b>296</b>	(356)
Re-measurement gains/(losses) on the defined benefit obligation – changes in assumptions	<b>(6,743)</b>	7,993
Surplus Withheld – no cash benefit arising from reduction in or return of contributions	<b>2,871</b>	(2,871)
	-----	-----
Re-measurement gains/(losses) recognised in other comprehensive income	<b>(1,918)</b>	4,249
	=====	=====

(e) Changes in the present value of the defined benefit obligation in the period are as follows:

	<b>2017</b>
	<b>£000's</b>
Scheme Liabilities: 1 April	<b>18,744</b>
Interest expense	<b>682</b>
Actuarial (gain)/loss	<b>6,447</b>
Benefits paid & Life Assurance Premium	<b>(1,582)</b>
	-----
Scheme Liabilities: 31 March	<b>24,291</b>
	=====

FRS 102 states that the reconciliation of changes in the present value of the defined benefit obligation need not be presented for prior periods.

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**15. Defined Benefit Pension Scheme (continued)**

(f) Changes in the fair value of scheme assets in the year are as follows:

	<b>2017</b>
	<b>£000's</b>
Scheme Assets: 1 April	21,615
Interest Income	800
Return on Scheme assets excluding amounts included under interest expense/income	1,658
Employer Contributions	493
Administration fee paid from Scheme assets	(18)
Benefits paid & Life Assurance Premium	(1,582)
	-----
Scheme Assets: 31 March	22,966
	=====

FRS 102 states that the reconciliation of changes in the present value of the scheme assets need not be presented for prior periods.

(g) The major categories of the scheme's assets as a percentage of the total scheme assets are:

	<b>2017</b>	<b>2016</b>
	<b>%</b>	<b>%</b>
Equities	20.3	29.3
Bonds	73.9	61.1
Cash	5.6	2.2
With Profits Fund	0.2	7.4
	----	----
Total Assets	100.0	100.0
	----	----

**16. Related party transactions**

The General Council of the Bar appoints the Trustees of the Pension and Life Assurance Fund, the Bar Council Scholarship Trust and the Directors of Bar Council Properties Limited and the Bar Services Company Limited. The Bar Council has borne administration expenses for these four bodies of £42,093 (2015 - £51,955).

The General Council of the Bar is the sole shareholder in the Bar Services Company Limited and the Bar Council Properties Limited. The Chief Executive of the Bar Council holds the one share in issue from each company on trust on behalf of the Council.

**The General Council of the Bar**  
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**16. Related party transactions (continued)**

At 31 March 2017, there was an amount due to the Bar Council from the Bar Services Company of £316,000 in the form of a working capital loan (2015/16: £316,000).

The General Council of the Bar and the Law Society are the sole members of Queen's Counsel Appointments ("QCA"). The Chief Executive of the Bar Council and the Chief Executive of the Law Society have been appointed as Directors of QCA.

The General Council of the Bar provides accounting and secretarial services to QCA at a charge of £7,000, plus VAT per annum. In addition, both of the members of QCA received a management fee in 2017 of £25,000 plus VAT (2015/16: £25,000 plus VAT).

Information on the honorarium paid to the Chairman of the Bar is shown in Note 7. Expenses paid in respect of members of the Bar Council, including the Chairman, when acting on the Bar Council's business totalled £1,992 (2015/16: £14,644).

**The General Council of the Bar**  
**Financial Statements for the year to**  
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**For information only: this report does not form part of the audited Financial Statements**

**Independent Report to the General Council of the Bar**  
**In respect of the Statement under s.51 Legal Services Act 2007**

**Scope**

In accordance with our engagement letter, we report on the procedures that we have performed on the accompanying Statement under section 51 of the Legal Services Act 2007 ("LSA Statement") for the year ended 31 March 2016, the preparation of which is the responsibility of the General Council of the Bar.

We have carried out the procedures set out below, as agreed with you, and as specified in our engagement letter. These procedures performed do not constitute an audit and therefore we do not express any opinion on the allowable expenditure met by other income on the LSA Statement. This report does not extend to any financial statements of the General Council of the Bar.

**Purpose of procedures**

The specific procedures that you have requested that we perform are required by you to assist in enabling you to demonstrate, if required, that income from practising certificate fees has been used for the purposes set out in section 51 of the Legal Services Act 2007.

**Procedures performed**

We have carried out the following procedures:

- Confirmed the arithmetical accuracy of the LSA Statement;
- Verified that the PCF income and expenses, as categorised on the LSA Statement, has been accurately derived from the accounting records used in the preparation of the audited financial statements: and
- For a sample of items of expenditure, agreed the amount to supporting documentation, verified that the expenditure has been incurred and that it is properly chargeable as an expense in respect of the year in question.

**Findings**

No errors or exceptions were identified in our work.

**The General Council of the Bar  
Financial Statements for the year to  
31 March 2017**

**For information only: this report does not form part of the audited Financial Statements**

**Independent Report to the General Council of the Bar  
In respect of the Statement under s.51 Legal Services Act 2007 (Continued)**

**Use of this report**

Our report is prepared solely for the use of the General Council of the Bar and solely for the purpose of assisting you in demonstrating that income from practising certificate fees has been used for the purposes set out in section 51 of the Legal Services Act 2007. It may not be relied upon by the General Council of the Bar for any other purpose whatsoever. Our report must not be recited or referred to in whole or in part in any other document without our prior written approval. We confirm that access to our report may be given to representatives of the Ministry of Justice for the purposes set out in section 51 of the Legal Services Act 2007 although, as our report is addressed to you as our client, Haysmacintyre neither owes nor accepts any duty to any party other than yourselves and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by their reliance on our report.

*haysmacintyre*

**haysmacintyre  
Chartered Accountants and Statutory Auditor  
26 Red Lion Square,  
London WC1R 4AG**

**Date:** *2 August* 2017

## Statement under s.51 Legal Services Act 2007

	2016/17 Spend		Analysis of Spend		Funded By			Total Income £000	Surplus / (Deficit) £000			
	Direct Spend £000	Allocated Costs* £000	Total Spend £000	Permitted Purposes £000	Other Purpose £000	Direct Income £000	Inns Subtn £000			BRF £000	Other £000	PCF (P.P. only) £000
<b>Expenditure/Costs:</b>												
<b>(A) Regulation (BSB)</b>												
Regulatory Assurance	(1,824)	(1,180)	(3,004)	(3,004)		1,165				1,862	3,027	23
Professional Conduct	(1,522)	(1,329)	(2,851)	(2,851)		27	250			2,607	2,884	33
Strategy & Policy	(1,232)	(731)	(1,963)	(1,963)						1,979	1,979	16
Comms and Public Engagement	(340)	(172)	(512)	(512)						516	516	4
	(4,918)	(3,412)	(8,330)	(8,330)	0	1,192	250	0	0	6,964	8,406	76
<b>(B) Representation (BC)</b>												
Approved Regulator: Corp.	(902)	(276)	(1,178)	(1,059)	(119)	215				1,120	1,335	157
Donations:	(226)		(226)	(226)	0					226	226	0
<b>Representation &amp; Policy:</b>												
Legal Affairs, Practice, Ethics	(275)	(119)	(394)	(355)	(39)			39		360	399	5
Reg Issues & Law Reform	(120)	(178)	(298)	(298)	0					290	290	(8)
E&D	(120)	(99)	(219)	(197)	(22)	26				210	258	39
Remuneration	(174)	(79)	(253)	(253)	0					242	242	(11)
International	(227)	(79)	(306)	(245)	(61)	10		61		291	362	56
Brussels	(135)	0	(135)	(135)	0					130	130	(5)
Communications	(233)	(138)	(371)	(297)	(74)			74		334	408	37
	(2,412)	(968)	(3,380)	(3,065)	(315)	251	0	196	0	3,203	3,650	270
<b>(C) Services to the Bar:</b>												
	(1,011)	(593)	(1,604)	0	(1,604)	799		758			1,557	(47)
	(3,423)	(1,561)	(4,984)	(3,065)	(1,919)	1,050	0	954	0	3,203	5,207	223
<b>Principal Activities</b>												
Subsidiary organisations	(8,341)	(4,973)	(13,314)	(11,395)	(1,919)	2,242	250	954	0	10,167	13,613	298
	(39)		(39)		(39)	45					45	6
<b>GCB Operating Activities</b>												
	(8,380)	(4,973)	(13,353)	(11,395)	(1,958)	2,286	250	954	0	10,167	13,657	304
<b>Non Operating Activities</b>												
			(736)	(736)					398	718	1,116	380
<b>Total as per Income Statement (before Tax)</b>			(14,089)	(12,131)	(1,968)	2,286	250	954	398	10,885	14,773	684

\* Allocated Costs include the movement in Holiday Cost Accrual. \*\* Other income includes £280k unrealised investment income gains.