

The Bar Council

Annual Report & Accounts 2011/12

BAR
STANDARDS
BOARD

REGULATING BARRISTERS



The Bar Council
Financial Statements for the 15 months to
31 March 2012

Contents

	Page No.
Officers and Professional Advisers	2
Chairman's Statement	3-4
Chair: Bar Standard Board's Statement	5-6
Treasurer's Report	7-10
Statement of Council Members' Responsibilities	11
Independent Auditor's Report	12-13
Consolidated Income & Expenditure Statement	14
Statement of Total Recognised Gains and Losses	15
Balance Sheets	16
Cash Flow Statements	17
Notes to the Financial Statements	18-37

Information not forming 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	38-39
---	-------

Statement under s.51 Legal Services Act 2007 - PCF	40
--	----

Information on pro-rated Income & Expenditure, not subject to the Independent Auditor's Report on pages 12-13	41-44
---	-------

[Explanation: in order to enable readers of these Financial Statements to better compare the out-turn of the most recent accounting period (one of fifteen months' duration), with the one that precedes it (being of the usual twelve months' duration), a notional income and expenditure account for the year to 31 December 2011 has been constructed, in which revenue and cost items for 2011/12 have been mathematically pro-rated at the level of 80%. The sole exceptions are the following items, which are period specific:

Validation income – specific to October each year

Income received/payments made in respect of the LSB/OLC levy – specific to March each year.]

The Bar Council
Financial Statements for the 15 months to
31 March 2012

Officers and Professional Advisers

Officers - 2011	Chairman: Peter Lodder QC Vice-Chairman: Michael Todd QC Treasurer: Andrew Mitchell QC
Officers – 2012	Chairman: Michael Todd QC Vice-Chairman: Maura McGowan QC Treasurer: Stephen Collier
Chief Executive	David Hobart (Until June 2011)
Chair: Bar Standards Board	Baroness Ruth Deech, DBE
Vice Chair: Bar Standards Board	Sir Geoffrey Nice QC
Director: Representation & Policy	Mark Hatcher
Director: Bar Standards Board	Dr Vanessa Davies
Director: Central Services	Oliver Delany
Independent Auditor	Chantrey Vellacott DFK LLP Russell Square House, 10-12 Russell Square, London WC1B 5LF
Bankers	Child & Co., The Royal Bank of Scotland Group 1 Fleet Street, London EC4Y 1BD
Investment Portfolio Manager	Cazenove Capital Management Limited 12 Moorgate, London EC2R 6DA

The Bar Council
Financial Statements for the 15 months to
31 March 2012

Chairman's Statement

My inaugural address to the Bar Council last year had one clear message: 'invest in the future'. By that I meant that we must marshal, effectively and efficiently, the resources that we have available to us. It is only by investing our time, resources and, of course at times funding, that we can ensure the cost-effective and efficient delivery of the highest quality legal services.

The Bar is demanding, and is entitled to, greater accountability and transparency. 2011 saw the preparation of a three-year Strategic Business Plan for the Bar Council's representative activity which is now being implemented. We are, therefore, in a much better position to measure results against expenditure, and we have a tighter focus on our activities. Just as important is communicating to our members, and our much broader stakeholders, exactly what we do.

Communication with our stakeholders and the outside world is vital. As a result, we have invested heavily in a new Bar Council website and in a new core database so that we can connect with our members and the various audiences we work with in a fast, efficient and modern way. For the first time the Bar Council has produced a separate Annual Report, which accompanies this one, to provide a full account of the results of its key projects. The Bar Council's strategy is to move forward and invest in our future.

As part of the broad agenda, achievements over the past financial year have included:

- The launch of a Social Mobility Committee;
- Greater global awareness of the Bar through international business development missions, and the successful Unlocking Disputes campaign;
- An increase in the number of barristers trained in public access, and the development of an escrow facility to facilitate this development;
- A hugely successful and well attended 2011 Annual Bar Conference; &
- A concerted and high profile lobbying campaign to raise awareness of the detrimental impact of what is now the Legal Aid, Sentencing and Punishment of Offenders Act on access to justice.

I must express my gratitude to a significant number of members of the Bar who support the work of the Bar Council. I give particular thanks to the Treasurer of the Bar Council, Stephen Collier.

I also want to thank my predecessor, Peter Lodder QC, because much of the work undertaken in this accounting period was initiated during his tenure as Chairman of the Bar. Thanks also go to the Bar Council Secretariat for its expertise and commitment, for which the Vice-Chairman, Maura McGowan QC, and I are very grateful.

The Bar Council
Financial Statements for the 15 months to
31 March 2012

Finally, the contribution of the Chairman's Office cannot go unnoticed – the support of Charlotte Hudson and Victoria Carpenter has been invaluable.

Michael Todd QC
Chairman – 2012

The Bar Council
Financial Statements for the 15 months to
31 March 2012

Chair: Bar Standards Board's Statement

Since I was appointed in 2009 I have written each year in these statements that it has been a busy and eventful time. The 2011-12 fifteen month financial period was no different. The pace of change in every aspect of the Bar Standards Board's work is considerable. During the period, we set out to achieve a considerable amount, as detailed in the strategic and business plans we have published each year since our inception. Over this time:

We analysed the second aptitude test pilot and prepared the application for approval by the Legal Services Board (LSB) submitted April 2012 and approved July 2012. We launched the Centralised Exams project, aimed at ensuring consistent standards across all providers in the Bar Professional Training Course (BPTC). The Continuing Professional Development Review was completed by a working group led by Derek Wood QC and presented to the Board.

We submitted applications to the LSB for changes to the Code of Conduct regarding equality and diversity including the Data Collection Rules and Guidance (which were approved and come into force in September 2012). The Authorisation to Practise regime was introduced, along with the Barrister Connect website enabling all barristers to apply for their practising certificate online and correct their own details. We undertook significant development of the Quality Assurance Scheme for Advocates (crime), which was considered by the Board in June.

We have continued to work and consult on offering new opportunities for the way in which barristers might practice in the future. The first Entity Regulation consultation closed and was analysed with responses published on the website. The second Entity Regulation consultation was also published. The first consultation on the new Code of Conduct closed with submissions analysed.

We also made improvements to our complaints handling with new processes introduced. As part of the introduction of the Legal Ombudsman, we had to finish the processing of existing complaints by the transitional cut-off date of 31 March 2011. We completed 28, which meant the BSB made a saving. All service complaints were transferred to the Legal Ombudsman as required. We appointed a new Independent Observer, a lay person who comments on our overall complaints system, giving the Board valuable external perspective and assurance.

We worked jointly with the Bar Council to publish the first Biennial Survey of the Bar 2011, a benchmark report which will provide very useful information to us about the Bar, its practices and perspectives, that we can build on over time.

We launched our new website, our primary means of interacting with the profession and the public. We also increased our use of Twitter, the free social media tool, which is proving very effective in reaching all kinds of people who are interested in the BSB's work. We published our

The Bar Council
Financial Statements for the 15 months to
31 March 2012

new Feedback and Complaints policy, available on the Contact Us page, which shows we are accountable to all for our activities.

Our interaction with the LSB was regular and substantive on all aspects of our work.

The end of 2011 was also a period of change in the Board itself. Several people who had been on the Board since it was created in 2006 reached the end of their maximum six year period of service. We owe a great deal of thanks to Charles Hollander QC, Simon Monty QC, John Carrier and Sarah Brown. Their departure also heralded the beginning of a new era for the Board as we now have a lay majority. Our new members have been successfully inducted and are already making a valuable contribution to our work.

As always I must acknowledge the hard work and dedication of our Director, Dr Vanessa Davies and the entire Bar Standards Board staff.

The end of 2011 also saw the end of my first three years as Chair of the Board. I am very pleased to say that I was reappointed as Chair by the independent Appointments Panel. I look forward to the challenges of my next term as Chair. I am privileged to hold this position and will give my utmost to ensure that the regulation the BSB delivers does indeed protect and promote the public interest and the interests of consumers while also encouraging an independent, strong, diverse and effective legal profession. These are regulatory principles in the Legal Services Act 2007 but have been central tenets of the BSB since its inception and we remain committed to them.

Baroness Ruth Deech, DBE
Chair, Bar Standards Board

The Bar Council
Financial Statements for the 15 months to
31 March 2012

Treasurer's Report

It is important to begin this Report with some thanks, both personal and on behalf of the Finance Committee. First, to pay tribute to the exceptional contribution made to the Bar Council by my predecessor, Andrew Mitchell QC, who served as Treasurer for four years – included within which, is the vast majority of the period covered by this Report. Second, thanks are also due to Dr John Carrier, who retired from the Committee this year. He also made a great contribution during his 6 years service on the Committee.

But it is particularly Andrew's energetic leadership as Treasurer that we will recall. During his chairmanship, in addition to its routine scrutiny of budgeted operational activity, the Finance and Audit Committee (as it then was) 'FAC' addressed a wide range of service and support issues critical to members of the Bar, that are not otherwise discernible through a simple scrutiny of the numbers. These include:

- Implementing a new core database for the Authorisation to Practise (AtP) regime;
- Implementing new Bar Council and BSB websites, including the Barrister Connect portal;
- Engaging the HayGroup to advise on a staff salary banding structure;
- Relocating the Free Representation Unit from the 6th floor;
- Supporting the cost of an interim Director of the Advocacy Training Council (ATC);
- Undertaking qualitative research into the present methodology for raising the PCF;
- Pump priming for the proposed Quality Assurance Scheme for Advocates (QASA);
- Commissioning pension advisers to lead on the consultation with staff over the introduction of a revised staff defined pension benefit scheme;
- Initiating a review of the voluntary subvention paid by the Inns to the Bar Council;
- Approving amendments recommended by the Green Review to split FAC into a separate Finance Committee and an Audit Committee; &
- Moving the financial year from 1 January - 31 December to 1 April - 31 March. This was prompted by the desire to ease the cash calls on self-employed practitioners, who are required to settle tax obligations in January each year. Accordingly, the start of the PCF year is now the same for both employed and self-employed barristers, namely 1 April.

We are grateful to Andrew for all this.

Turning to the content of the Accounts ¹ reveals a mixed picture for the 15 month accounting period, 1 January 2011 to 31 March 2012 (*the accounting period*). The headline result, as set out

¹ The Financial Statements in these Accounts cover the 15 month period 1 January 2011 - 31 March 2012. While the observations contained within this report will predominantly deal with the actual 15 month figures for income and expenditure, at pages 41 - 44 are to be found pro-rated figures that allow a 12-month on 12-month comparison of performance.

The Bar Council

Financial Statements for the 15 months to

31 March 2012

in the Consolidated Income & Expenditure Statement (page 14), is positive - a surplus of £188,000 for the 15 month accounting period. However, this is before any consideration of the pensions liabilities of the Bar Council as an employer of staff.

Taking the pensions position into account, the position is unfortunately very much less positive, and 'pensions' is a recurring theme of this report, and a strong contender for future reports. The Statement of Total Recognised Gains and Losses (page 15 of these Accounts) identifies an overall loss for the accounting period of £2,105. This is wholly attributable to the actuarial loss on the defined benefit ('DB') pension fund (as further explained at Note 14 on pages 31 -36). This latter position is echoed in the Balance Sheets (page 16) that show a £2,074 decline in Group Net Assets over the period. This is attributable to a DB pension scheme deficit of £3,346. Although the Bar has, through levies over the last three years, collectively pulled together and contributed a total of £5.9m towards pension scheme assets, the current indications are that this will not be anywhere near sufficient to remove the past service deficit. The challenge for the Bar Council, as employer, and is the case for many other employers – large and small – across the country, is that financial market turmoil has led to falling gilt yields and falling equity values. This will unquestionably translate into a significant rise in the assessed value of the Bar Council's liabilities, when the next triennial funding review of the Defined Benefit (DB) pension scheme is undertaken as at 1 October 2012.

Meeting the cost of the DB pension scheme is a major financial commitment of the Bar Council, and one where there is some potential volatility. Awareness of this, and early planning to address it, will continue to be critical. The comprehensive disclosure at Note 14 merits scrutiny, as it tries to explain in more detail why the deficit has further increased during the accounting period. This has been the prime factor in the Bar Council's determination on 7 July 2012 that the DB pension scheme should close to future accrual. Consultations with the scheme's members and Trustees have been initiated.

On a separate note, the Cash Flow Statements (page 17) show a decrease in the closing cash balance. This is in part attributable to the purchase of tangible fixed assets (predominantly the new core database) but please be aware that the apparent decline is not as dramatic as indicated, as it has much to do with timing of receipts for PCF income associated with the change of financial year-end date.

Examining the accounts in a little more detail, the following will be noted:

Income

A full analysis of income is provided at Note 3 (page 21, but see also page 41 for a notional 12 month comparator). While a combination of the 15 month cycle and 5% increase in the core practising certificate fee ('PCF') is a factor, the Legal Services Board levy, the Office for Legal Complaints/Legal Ombudsman levy, and the pensions levy, collectively account for a significant proportion of the rise in income.

The Bar Council

Financial Statements for the 15 months to

31 March 2012

As to 'other income', it is disappointing to record another year of relative decline in the percentage of practitioners who pay the voluntary Member Services' Fee ('MSF'). While expressing my considerable appreciation to the circa 80% of the self employed Bar and 50% of the employed Bar who do pay the fee, I would urge *all* members of the Bar to support the Bar Council's representational activity. In considering their position on this, members of the Bar should please note that this activity is not covered by the PCF. In fact, the MSF does not pay for the Member Services team's activities – they are entirely self-funding. The Bar Council generates income on both the regulatory side and on the BSB side, and year on year increases have been generated.

Expenditure

The detailed analysis of expenditure is set out at Note 4 (pages 22-24, and see also page 43-44 for 12 month comparator). The circa overall 16% year on year growth in expenditure is attributable, within the Representation side, to the higher costs associated with providing the (profitable) Members Services function referred to above, increased International activity and the demonstrably important and cost-effective decision to improve Bar Council communications by moving this function in-house.

On the BSB side, increased costs were predominantly attributable to the costs associated with Quality monitoring, QASA and preparatory work for Entity regulation. We envisage that the latter two activities will, once established, become self funding.

A feature of the increases in both Representation and BSB costs is the reallocation of Central Services costs (pages 23 and 44 refer) based upon such factors as usage of resources, headcount, and estimated demand on staff time. Central Services supports the achievement of the Bar Council's regulatory and representation objectives. The relationship between the Central Services departments and the BSB is governed by service level agreements. During the period there was an increased demand for HR, IT, Research and Project management and this is reflected in increased expenditure in these areas.

Staff costs are analysed at Note 5 (pages 25-26). There was an increase in staff numbers during the accounting period - from 121 to 138. This increase was predominantly within BSB (7 staff), although there were increases also in Representation (5 staff) and Central Services (5 staff). The staff salary increase in April 2011 was held at 2.5% by the FAC, in line with the recommendation of the Emoluments Committee. The cost of the increase to the Bar Council was £118k. However, we decided that given the financial pressures facing the profession, and the Bar Council, there could be no cost of living increase this year. Instead, such resources as can be afforded are being directed to correct inequalities/inequities as identified by the job evaluation and salary banding, following the Hay Group review initiated last year.

The payments made to the Chairman and Vice Chairman of the Bar and the Vice Chair of the BSB remained unchanged year on year. The increased payment made to the Chair of the BSB reflected an additional commitment of working days.

The Bar Council
Financial Statements for the 15 months to
31 March 2012

I have commented above on the position on pensions. Without wishing to be over-pessimistic, it is also sensible to draw specific attention to the Contingent Liability set out in Note 16 (page 37). This relates to the potential future financial impact on the Bar Council of certain apparent irregularities in the management of disciplinary tribunals by the Council of the Inns of Court ('COIC') on behalf of the Bar Standards Board. As yet it is not possible to assess whether a financial liability does arise for the Bar Council and, if so the quantum. However, our insurers have been informed of the risk and I take the opportunity to flag this issue to the reader of these Accounts.

In relation to the Financial Statements, I would draw specific attention to the report made in respect of the 'Statement under s51 of the Legal Services Act 2007' (page 40) as that provides a clear guide as to how expenditure is applied against the different sources of income received.

Finally, may I on behalf of the Bar thank all members of the Finance Committee for their hard work and commitment during the accounting period, and since January of this year during my own tenure as the Treasurer. They have been a delight to work with, and the clearest possible evidence that the different components of the practising Bar and the wider regulatory and representational arms can work collaboratively to the common good. Their service to the Bar should be recognised by all practitioners. Thank you to them for their support of me, and particular thanks to the three Directors, Vanessa Davies, Oliver Delany and Mark Hatcher for tolerating a different way of working; and to Brian Buck, our Head of Finance, whose detailed knowledge of Bar Council processes and mischievous sense of humour helps ensure that the Bar Council's financial management reaches all corners of the organisation.

We have a number of challenges in the year ahead. I am confident that, working collaboratively, we can jointly resolve these – to the benefit of the Bar as a whole.

Stephen Collier
Treasurer - 2012

The Bar Council
Financial Statements for the 15 months to
31 March 2012

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 7 July 2012
and signed on its behalf by:

CHAIRMAN

TREASURER

The Bar Council
Financial Statements for the 15 months to
31 March 2012

**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 period ended 31 March 2012, which comprise the Consolidated Income & Expenditure Statement, Statement of Total Recognised Gains and Losses, Balance Sheets, Cash Flow Statements and the related Notes. The financial reporting framework that has been applied in their preparation is applicable law and 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 11, 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the General Council of the Bar's circumstances and have been consistently applied and adequately disclosed; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

The Bar Council
Financial Statements for the 15 months to
31 March 2012

**Independent Auditor's Report to the Members of
the General Council of the Bar
(Continued)**

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 2012 and of the Group's surplus for the period then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Chantrey Vellacott DFK LLP

Chantrey Vellacott DFK LLP
Chartered Accountants and Statutory Auditor
Russell Square House,
10-12 Russell Square,
London WC1B 5LF

Date: *30 August 2012*

The Bar Council
Financial Statements for the 15 months to
31 March 2012

Consolidated Income & Expenditure Statement

	Notes	15 Mths to 31/03/12 £000	Year to 31/12/10 £000
Income			
Practising Certificate Fees		11,283	7,398
Inns Contributions		1,612	1,370
		-----	-----
		12,895	8,768
Directly attributable: Representation		2,732	1,960
Directly attributable: Regulation		1,649	1,243
		-----	-----
		17,276	11,971
Financial & Other		911	682
		-----	-----
Total: All Sources	3	18,187	12,653
		-----	-----
Expenditure			
Corporate		2,242	1,830
Representation		5,058	3,144
Regulation		7,806	5,421
		-----	-----
		15,106	10,395
Financial		869	612
		-----	-----
Total: Core activities	4	15,975	11,007
LSB/OLC: Funding	4	2,018	678
		-----	-----
Total: All Expenditure		17,993	11,685
		-----	-----
Operating surplus attributable to members	5	194	968
Charitable Trust	8	(6)	(15)
		-----	-----
Surplus for the period	13	188	953
		=====	=====

The results for the period are all derived from continuing activities.

The Notes on pages 18 to 37 form an integral part of these Statements.

The Bar Council
Financial Statements for the 15 months to
31 March 2012

Statement of Total Recognised Gains and Losses

	Note	GCB		Group	
		15 Mths to 31/03/12 £000	Year to 31/12/10 £000	15 Mths to 31/03/12 £000	Year to 31/12/10 £000
Operating Surplus for the period		194	968	188	953
Realised gain on investments		1	7	(8)	8
Unrealised gain on investments	9	17	89	16	130
Actuarial loss on Pension Fund	14	(2,317)	(1,123)	(2,317)	(1,123)
		-----	-----	-----	-----
Total recognised loss for period		(2,105)	(59)	(2,121)	(32)
		=====	=====	=====	=====

The Notes on pages 18 to 37 form an integral part of these Statements.

The Bar Council
Financial Statements for the 15 months to
31 March 2012

Balance Sheets

	Note	GCB		Group	
		31/03/12	31/12/10	31/03/12	31/12/10
		£000	£000	£000	£000
Tangible Fixed Assets	7	1,107	631	1,107	631
Investment in Subsidiaries	8	-	-	-	-
Other Investments	9	955	936	1,521	1,512
		-----	-----	-----	-----
		2,062	1,567	2,628	2,143
		-----	-----	-----	-----
Current Assets:					
Debtors & Prepayments	10	1,026	1,160	1,026	1,160
Cash at Bank		10,620	13,290	10,663	13,339
		-----	-----	-----	-----
		11,646	14,450	11,689	14,499
		-----	-----	-----	-----
Creditors: due within one year	11	(9,428)	(11,886)	(9,428)	(11,886)
		-----	-----	-----	-----
Net Current Assets		2,218	2,564	2,261	2,613
		-----	-----	-----	-----
Total Assets less Current Liabilities/ Net Assets excluding Pensions		4,280	4,131	4,889	4,756
Pensions Liability	14	(3,346)	(1,139)	(3,346)	(1,139)
		-----	-----	-----	-----
Net Assets including Pensions		934	2,992	1,543	3,617
		=====	=====	=====	=====
Represented by:					
Accumulated Fund	13	4,037	3,903	4,037	3,903
Pensions Reserve	13	(3,346)	(1,139)	(3,346)	(1,139)
		-----	-----	-----	-----
		691	2,764	691	2,764
Revaluation Reserve	13	243	228	243	228
Charitable Trust		-	-	609	625
		-----	-----	-----	-----
		934	2,992	1,543	3,617
		=====	=====	=====	=====

The Notes on pages 18 to 37 form an integral part of these Statements.

Approved by the Bar Council on 7 July 2012 and signed on its behalf by:

Chairman

Treasurer

The Bar Council
Financial Statements for the 15 months to
31 March 2012

Cash Flow Statements

	GCB		Group	
	15 Mths to 31/03/12 £000	Year to 31/12/10 £000	15 Mths to 31/03/12 £000	Year to 31/12/10 £000
Reconciliation of Operating Surplus to Net Cash-flow:				
Operating Surplus	194	968	188	953
Pension scheme service cost	605	450	605	450
Pension scheme contributions	(842)	(854)	(842)	(854)
Pension scheme finance cost	127	42	127	42
Depreciation charge	350	228	350	228
Decrease in Debtors	134	31	134	32
(Decrease)/Increase in Creditors	(2,411)	2,930	(2,412)	2,930
	-----	-----	-----	-----
Net Cash (Outflow)/Inflow from Operating Activities	(1,843)	3,795	(1,850)	3,781
	=====	=====	=====	=====
Cash-flow Statement:				
Net Cash (Outflow)/Inflow from Operating Activities	(1,843)	3,795	(1,850)	3,781
	-----	-----	-----	-----
Capital Expenditure & Financial Investment:				
Purchase of Tangible Fixed Assets	(826)	(219)	(826)	(219)
Purchase of Other Investments	(115)	(186)	(251)	(275)
Sale of Other Investments	123	141	267	183
(Increase)/Decrease in Inv. Cash	(9)	45	(16)	91
	-----	-----	-----	-----
Net Cash Outflow from Investing Activities	(827)	(219)	(826)	(220)
	-----	-----	-----	-----
(Decrease)/Increase in Cash in the period	(2,670)	3,576	(2,676)	3,561
	=====	=====	=====	=====
Analysis of change in Cash:				
Cash at Bank: 1 January 2011	13,290	9,714	13,339	9,778
Cash-flow (above)	(2,670)	3,576	(2,676)	3,561
	-----	-----	-----	-----
Cash at Bank: 31 March 2012	10,620	13,290	10,663	13,339
	=====	=====	=====	=====

The Bar Council
Financial Statements for the 15 months to
31 March 2012

Notes to the Financial Statements

1. BASIS OF ACCOUNTING

These accounts have been prepared under the historic cost convention, modified by the revaluation of investments to fair value and in accordance with applicable United Kingdom Generally Accepted Accounting Practice.

The preparation of the accounts requires the Council Members to make estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities at the date of the financial statements. If in the future such estimates and assumptions, which are based on the Council Members' best judgement at the date of the accounts, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change.

As a consequence of changing the accounting reference date from 31 December to 31 March, these accounts cover the 15 month period to 31 March 2012.

2. ACCOUNTING POLICIES

Basis of consolidation

The group accounts comprise the accounts of the General Council of the Bar and 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. Two subsidiaries (the Bar Services Company Limited and the Bar Council Properties Limited) have been excluded on the grounds of immateriality. All of these accounts are now made up to 31 March each year, following the lead of the Bar Council.

No separate non-consolidated Income & Expenditure Statement has been presented for the General Council of the Bar, as it is considered that the effect of this omission is not material to an understanding of these accounts. The separate results of the charitable trust are shown in Note 8.

Income recognition

Practising Certificate Fee & Members Services' Fee

Core activities

All income from the Bar is accounted for in the period to which it relates. Following the change in accounting date, the Practising Certificate Fee year now runs from 1 April to 31 March for all barristers.

The Bar Council
Financial Statements for the 15 months to
31 March 2012

2. ACCOUNTING POLICIES (Continued)

Practising Certificate Fee & Members Services' Fee (Continued)

Levies

In addition to funding core activities, additional amounts have been levied on the profession by means of the Practising Certificate Fee in order to meet the Council's obligation to contribute to both the establishment and running costs of the Legal Services Board and the Office of Legal Complaints and for the purpose of de-risking the staff defined benefit pension scheme. The sums so collected are ring-fenced and can only be applied for the purpose for which the levies have been made. Any sums not so applied in year are deferred for application for the same purpose in subsequent accounting years.

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

Depreciation

Depreciation is provided on all tangible Fixed Assets 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%

Member database: 20.0% (With effect from 1 June 2012)

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. The useful economic life of the membership database is taken to be five years.

Depreciation is usually charged from the date that an asset is first brought into use. In respect of the membership database, depreciation will commence once the asset is deemed to be fully functional: see above.

Other investments

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 included in the result for the year.

Pension scheme

The Bar Council operates two pension schemes for staff, a defined benefit scheme, now closed to new members, and a defined contribution scheme.

The Bar Council
Financial Statements for the 15 months to
31 March 2012

2. ACCOUNTING POLICIES (Continued)

Pension scheme (continued)

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

For the defined benefit scheme, the amounts charged for pension costs are the service costs and the gains and losses on settlements and curtailments. They are included as part of Staff Costs. The interest cost and the expected return on assets are shown separately within Income and Expenditure. Actuarial gains and losses are recognised immediately in the Statement of Total Recognised Gains and Losses.

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 FRS17 valuation is obtained at each Balance Sheet date. The resulting pension scheme asset or liability is presented separately after other net assets on the face of the Balance Sheet.

Operating leases

Operating lease rentals payable/(receivable) are charged/(credited) to the Income & Expenditure 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.

The Bar Council
Financial Statements for the 15 months to
31 March 2012

3. ANALYSIS OF INCOME	15 Mths to 31/03/12 £000	Year to 31/12/10 £000
Practising Certificate Fees: Core activities	9,265	6,720
: LSB/OLC Levy rec'd	2,028	862
: Pensions Levy rec'd	3,218	2,250
	-----	-----
	14,511	9,832
LSB/OLC Levy deferred to 2012/13	(10)	(184)
Pension Fund Levy deferred to 2012/13	(3,218)	(2,250)
	-----	-----
	11,283	7,398
Inns Contributions	1,612	1,370
	-----	-----
Total: General Activities	12,895	8,768
	-----	-----
Members Services Fee	1,692	1,561
Affinity Portfolio	251	172
SBA Administration	164	129
<i>Counsel</i> magazine	112	74
Conferences/Courses/other	513	24
	-----	-----
Total: Representation	2,732	1,960
	-----	-----
Education & Training: Validation	576	583
Accreditation	332	180
Bar Prof. Training Course	209	115
Joint Regulations	252	161
Academic Stage/Other	146	76
	-----	-----
	1,515	1,115
Disciplinary: Fines & Cost Recoveries	134	128
	-----	-----
Total: Regulation	1,649	1,243
	-----	-----
Investment Income	109	60
Expected Return on pension assets	742	570
Other	60	52
	-----	-----
Total: Financial & Other	911	682
	-----	-----
Total: All Sources	18,187	12,653
	=====	=====

The Bar Council
Financial Statements for the 15 months to
31 March 2012

4. ANALYSIS OF EXPENDITURE

	Direct: Staff £000	Direct: Other £000	Alloc.: Prem. £000	Alloc.: Manage. £000	Alloc.: C.Serv. £000	15 Mths to 31/03/12 £000	Year to 31/12/10 £000
Core activities							
Corporate (see page 23)	740	469	572	-	461	2,242	1,830
	-----	-----	-----	-----	-----	-----	-----
Representation							
Professional Affairs	480	78	81	97	425	1,161	912
Remuneration	446	124	71	85	372	1,098	800
International/Europe	239	358	40	61	213	911	580
Member Services	400	387	35	85	372	1,279	557
Communications	189	108	50	49	213	609	295
	-----	-----	-----	-----	-----	-----	-----
	1,754	1,055	277	377	1,595	5,058	3,144
	-----	-----	-----	-----	-----	-----	-----
Regulation							
Disciplinary	1,379	123	272	444	1,020	3,238	2,665
Education Standards	540	393	67	166	382	1,548	1,172
Qualifications	420	27	44	111	255	857	528
Professional Standards	270	18	81	204	468	1,041	1,056
Entity Regulation	125	219	-	-	-	344	-
Quality	234	6	77	74	170	561	-
QA Scheme for Advocates	30	52	74	19	42	217	-
	-----	-----	-----	-----	-----	-----	-----
	2,998	838	615	1,018	2,337	7,806	5,421
	-----	-----	-----	-----	-----	-----	-----
	5,492	2,362	1,464	1,395	4,393	15,106	10,395
	-----	-----	-----	-----	-----	-----	-----
Financial							
Interest on pension liabilities						869	612
						-----	-----
Total						15,975	11,007
						=====	=====

The Bar Council
Financial Statements for the 15 months to
31 March 2012

Core activities	Direct:	Direct:	Alloc.:	Alloc.:	Alloc.:	15 Mths	Year to
	Staff	Other	Prem.	Manage.	C.Serv.	to	31/12/10
	£000	£000	£000	£000	£000	31/03/12	£000
Central Services							
Member Records	297		36	41	-	374	288
Finance	301	420	30	33	-	784	653
Human Resources	125	43	19	25	-	212	139
Office Services	213	34	501	33	-	781	598
Print & Distribution	173	207	40	33	-	453	479
IT	189	485	38	25	-	737	314
Diversity	334	37	27	49	-	447	366
Research	202	159	24	25	-	410	208
Project Support	162		17	16	-	195	74
	-----	-----	-----	-----	-----	-----	-----
	1,996	1,385	732	280	-	4,393	3,119
	=====	=====	=====	=====	=====	=====	=====
Allocated: Corporate						(461)	(468)
Representation						(1,595)	(978)
Regulation						(2,337)	(1,673)
						-----	-----
						(4,393)	(3,119)
						=====	=====

Corporate expenses relate to the Chairman, Vice-Chairman and Chief Executive of the Bar Council and include events, such as the Garden Party and AGM, and also charitable donations, such as to the Free Representation Unit and the Bar Pro Bono Unit.

Premises costs have been apportioned on the basis of floor area occupied. Department Management costs have been allocated on a headcount basis. Central Services costs have been allocated on a usage/headcount basis. Management costs allocated above comprise staff costs, other direct costs plus share of premises costs.

The aggregate figure for staff costs is:

	15 Mths to	Year to
	31/03/12	31/12/11
	£000	£000
Staff directly engaged in operations	7,488	5,254
Management costs allocated to operations	1,165	875
	-----	-----
	8,653	6,129
	-----	-----

The Bar Council
Financial Statements for the 15 months to
31 March 2012

4. ANALYSIS OF EXPENDITURE (Continued)

See Note 5 for an analysis of Staff Costs by type.

LSB/OLC: Funding

	15 Mths to 31/13/12 £000	Year to 31/12/11 £000
Excess of Receipts over Payments: 1 January 2011	184	-
LSB/OLC Levy Received: 2011	1,535	862
: 2012	309	-
	-----	-----
	2,028	862
	-----	-----
Payments:		
LSB Establishment costs	153	358
LSB Running costs (2012 = 2 years; 2010 = 3 months)	1,005	123
OLC Establishment costs	138	197
OLC Running costs (2012 = 1year)	722	-
	-----	-----
	2,018	678
	-----	-----
Excess of Receipts over Payments: 31 March 2012	10	184
	-----	-----

There are no further amounts to be paid in respect of Establishment costs for either the LSB or the OLC.

The sum deferred is included in Creditors: due within one year (see Note 11).

The Bar Council
Financial Statements for the 15 months to
31 March 2012

5. OPERATING RESULT

The Operating Result has been arrived at after charging:

	15 Mths to 31/03/12 £000	Year to 31/12/10 £000
Auditors' remuneration:		
Audit fees	34	35
Non-audit services	19	25
Depreciation	350	228
Operating lease property rentals (net of recoveries)	997	738

Staff Costs:

Employees

The aggregate remuneration and associated costs of Group employees were:

	15 Mths to 31/03/12 £000	Year to 31/12/10 £000
Salaries	6,364	4,567
National Insurance	726	506
Pension Costs, including Life Assurance Premiums	1,066	633
Other Staff Costs, including Temporary Staff & Recruitment	497	423
	----- 8,653 =====	----- 6,129 =====

Total defined contributions paid in the 15 month period were £281,500 (Year 2010 - £155,700).

The average number of employees in the 15 month period was 138 (Year 2010 – 121).

Office Holders & Key Management Personnel

The Chairman of the Bar was paid £217,000 in the 15 month period (Year 2010 - £172,700) and the Chair – BSB was paid £110,000 in the 15 month period (Year 2010 - £75,000).

The Vice-Chairman of the Bar was paid £108,300 in the 15 month period (Year 2010 - £86,400). The Vice Chair of the BSB received £43,800 in the 15 month period (Year 2010 - £35,000).

The Bar Council
Financial Statements for the 15 months to
31 March 2012

5. OPERATING RESULT (Continued)

Office Holders & Key Management Personnel (Continued)

The Treasurer was paid £Nil in the 15 month period (Year 2010 - £Nil).

Remuneration, excluding pension scheme contributions, paid to senior employees, including the Chairman of the Bar and the Chair of the Bar Standards Board, fell within the following ranges:

	15 Mths to 31/13/12 Nos.	Year to 31/12/10 Nos.
£210,001 – £220,000	1	-
£170,001 - £180,000	-	1
£130,001 - £140,000	-	1
£110,001 - £120,000	4	-
£100,001 - £110,000	1	1
£80,001 - £90,000	3	4
£70,001 - £80,000	3	2
£60,001 - £70,000	1	5

Pension contributions paid in the 15 month period for the provision of defined contribution benefits for senior employees was £75,100 (Year 2010 - £66,000).

The numbers of these staff for whom retirement benefits are accruing under the two pension schemes are:

Defined Benefit: 1 (2010 – 4) & Defined Contribution: 7 (2010 – 7).

6. TAXATION

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

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

The Bar Council
Financial Statements for the 15 months to
31 March 2012

7. TANGIBLE FIXED ASSETS

GCB/Group	Leasehold Improve. £000	Office Furniture £000	IT Equipment £000	Member Database £000	Total £000
Cost					
Balance: 1 January 2011	694	448	384	-	1,526
Additions	91	58	39	638	826
	----	----	----	----	-----
Balance: 31 March 2012	785	506	423	638	2,352
	====	====	====	====	=====
Depreciation					
Balance: 1 January 2011	419	226	250	-	895
Charge for the period	121	127	102	-	350
	----	----	----	----	-----
Balance: 31 March 2012	540	353	352	-	1,245
	====	====	====	====	=====
Net Book Value					
At 31 March 2012	245	153	71	638	1,107
	====	====	====	=====	=====
At 31 December 2010	275	222	134	-	631
	====	====	====	=====	=====

8. SUBSIDIARIES & ASSOCIATED BODIES

The group accounts consolidate the accounts of the General Council of the Bar and its wholly owned subsidiaries, together with the charity under the Council's control. Following the change of accounting reference date to 31 March, both the subsidiaries and the charity have made their accounting periods co-terminous.

The General Council of the Bar has two subsidiaries:

Bar Council Properties Limited

This company is dormant and has undertaken no transactions since its incorporation. Its sole purpose is to act as nominee for the Bar Council and, in this capacity, has vested in it the leases of the various floors occupied at Celcon House, 289-293 High Holborn, London.

The company's Balance Sheet has not been included within these accounts on the grounds of immateriality.

The Bar Council
Financial Statements for the 15 months to
31 March 2012

8. SUBSIDIARIES & ASSOCIATED BODIES (Continued)

Bar Services Company Limited

The company is dormant. The company's Balance Sheet has not been included within these accounts on the grounds of immateriality.

There was no movement in the investment in the company in the 15 month period: Net Book Value £Nil (Year 2010 - £Nil).

The General Council of the Bar appoints the Trustees of a charity:

Bar Council Scholarship Trust

The Bar Council Scholarship Trust provides funding to young men and women seeking to become practising members of the Bar in England and Wales. At 31 March 2012, the net assets of the Trust stood at £609,000 (2010 - £625,000).

The results of the charity for the period ending 31 March 2012 are as follows:

	15 Mths to 31/03/12 £000	Year to 31/12/10 £000
Incoming resources	21	17
Charitable activities	(27)	(32)
	----	----
Net outgoing resources, Before other recognised gains/(losses)	(6) ====	(15) ====

The Bar Council
Financial Statements for the 15 months to
31 March 2012

9. OTHER INVESTMENTS

	GCB		Group	
	2012 £000	2010 £000	2012 £000	2010 £000
Market Value				
Balance: 1 January 2011	930	789	1,496	1,266
Additions at cost	115	186	251	275
Disposals at open mkt. value	(122)	(134)	(274)	(175)
Revaluation	17	89	16	130
	-----	-----	-----	-----
	940	930	1,489	1,496
Cash	15	6	32	16
	-----	-----	-----	-----
Balance: 31 March 2012	955	936	1,521	1,512
	=====	=====	=====	=====
Historic Cost	711	708	1,252	1,241

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

10. DEBTORS & PREPAYMENTS

	GCB/Group	
	2012 £000	2010 £000
Trade Debtors	64	559
Prepayments	911	532
Other Debtors	51	69
	-----	-----
	1,026	1,160
	=====	=====

A provision of £Nil (2010 - £13,800) has been made against certain Trade Debtors in the event that they prove to be irrecoverable. In addition, a general provision of £10,000 (2010 - £10,000) has been set up, in the light of continuing economic uncertainties.

The Bar Council
Financial Statements for the 15 months to
31 March 2012

11. CREDITORS: DUE WITHIN ONE YEAR

	GCB/Group	
	2012	2010
	£000	£000
Trade Creditors	592	152
Accruals & Deferred Income	3,121	9,096
Pensions Levy	5,468	2,250
LSB/OLC Levy	10	184
PAYE & Social Security	213	173
VAT	24	31
	-----	-----
	9,428	11,886
	=====	=====

Deferred income represents amounts received by the end of the year that relate to the following accounting period.

Accruals includes an amount of £181,600 (2010 - £Nil) in respect of unpaid pension contributions.

The Pensions Levy represents sums collected in 2010-2012 but which have not yet been applied for de-risking the pension scheme (see Note 14). These sums have been credited to a separate bank account especially set up for the purpose, and are included within Cash at Bank. The interest earned on this money has been added to the amount of levy raised.

LSB/OLC Levy represents the excess of receipts from members of the Bar over the amounts actually demanded by the regulator. They will be applied against further demands to be raised by the LSB in 2013 (see Note 4).

12. COMMITMENTS

(a) As at 31 March 2012, the Bar Council had non-cancellable commitments for operating leases as follows:

	Land & Buildings	
	2012	2010
	£000	£000
Expiring: Within 2-5 years	866	866
	-----	-----

The gross property rental charge for the 15 month period is £1,070,300 (Year 2010 - £859,000).

The Bar Council
Financial Statements for the 15 months to
31 March 2012

12. COMMITMENTS (Continued)

(b) As at 31 March 2012, the Bar Council had capital expenditure commitments of £Nil (2010 - £Nil).

13. FUNDS

GCB/Group	Acc. Fund	Pension Reserve	Rev. Res.	Total exc. Charity	Charity	Total inc. Charity
	£000	£000	£000	£000	£000	£000
Balance: 1 Jan 2011	3,903	(1,139)	228	2,992	625	3,617
PYA	47			47		47
Changes in period:						
Operating surplus	194			194	(6)	188
Pension Res. Adjust.	(110)	110				
Actuarial loss		(2,317)		(2,317)		(2,317)
Gain on investments:						
- Realised	1			1	(9)	(8)
- Unrealised			17	17	(1)	16
Rev.Res. transfer	2		(2)	0		
	-----	-----	-----	-----	-----	-----
Balance: 31 Mar 2012	4,037	(3,346)	243	934	609	1,543
	=====	=====	=====	=====	=====	=====

The Revenue Reserve transfer of £2,000 relates to the realisation of profits on sales of investments.

14. PENSION SCHEME

The Bar Council sponsors the General Council of the Bar Pension and Life Assurance Fund, which is a defined benefit (final salary) scheme. Contributions are determined by the scheme actuary on the basis of triennial valuations, using the projected unit method, with a control period equal to the term to retirement for each member for the ongoing valuation results. The most recent triennial valuation of the scheme was carried out as at 1 October 2009, under the scheme specific funding regulations.

Using assumptions agreed by the Trustees, the valuation revealed a funding deficit of £6,077,000. It was agreed between the Trustees and the Bar Council to aim to eliminate the funding shortfall by 30 September 2019. The monthly deficit removal payment will continue at the previous level of £31,000 until December 2013, after which they are due to increase to £116,000 per month through to 30 September 2019.

The Bar Council
Financial Statements for the 15 months to
31 March 2012

14. PENSION SCHEME (Continued)

In practice, however, both the Trustees and the Bar Council are looking to eliminate the shortfall much sooner than 2019. By making a levy on the profession in 2010 - 2012, it has been possible to raise £5.5 million by March 2012 in order to “de-risk” the scheme.

For future benefit accrual, the funding rate for contributions remains at 26.3% of salary.

Following the closure of this scheme to new members from July 2006, the Council now offers pension provision to members of staff through a defined contribution (stakeholder) arrangement.

The Trustees and the Bar Council have continued to monitor the position of the scheme and, as set out in Note 17, a decision has been taken since the period end that the defined benefit scheme should be closed to future accrual.

Financial Reporting Standard 17 – Retirement Benefits

(a) Assumptions:

The major financial assumptions agreed with the Bar Council and used by the Actuary were:

Rates per annum:	2012	2010
	%	%
Inflation	2.50(CPI)	3.50(RPI)
Salary increases	2.50	4.00
Rate of discount	4.70	5.40
Pension in payment increases	3.00(CPI)	3.50(RPI)
Revaluation rate for deferred pensions	5.00	5.00

The mortality assumptions adopted imply the following life expectancies:

	2012	2010
Male retiring at age 65 in 2010	24.2	24.0
Female retiring at age 65 in 2010	26.6	26.4
Male retiring at age 65 in 2030	26.2	26.0
Female retiring at age 65 in 2030	28.5	28.3

The Bar Council
Financial Statements for the 15 months to
31 March 2012

14. PENSION SCHEME (Continued)

Expected rate of return per annum on scheme assets:

	15 Mths commencing 01/01/2011 % pa	Year commencing 01/01/2010 % pa	Year commencing 01/01/2009 % pa
Equity	8.00	6.50	7.20
Bonds	4.50	4.25	3.70
Property	6.25	6.00	6.70
Cash	3.50	3.75	0.00
With Profits Fund	5.50	5.25	5.50
Overall for scheme	5.17	5.00	5.36

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

	2012 £000	2010 £000	2009 £000
Fair value of scheme assets: see (e) below	12,551	11,798	10,617
Present value of scheme liabilities: see (d) below	(15,897)	(12,937)	(10,995)
Deficit in scheme	(3,346)	(1,139)	(378)
Liability to be recognised	(3,346)	(1,139)	(378)

The Bar Council
Financial Statements for the 15 months to
31 March 2012

14. PENSION SCHEME (Continued)

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

	15 Mths to 31/03/12 £000	Year to 31/12/10 £000
Current service cost	605	450
Interest cost	869	612
Expected return on scheme assets	(742)	(570)
	-----	-----
Recognised in the Income Statement	732	492
	=====	=====

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

	15 Mths to 31/03/12 £000	Year to 31/12/10 £000
Scheme Liabilities: 1 January 2011	12,937	10,995
Current service cost	605	450
Interest cost	869	612
Actuarial loss	2,216	1,608
Benefits paid & Life Assurance Premium	(730)	(728)
	-----	-----
Scheme Liabilities: 31 March 2012	15,897	12,937
	=====	=====

The Bar Council
Financial Statements for the 15 months to
31 March 2012

14. PENSION SCHEME (Continued)

(e) Changes in the fair value of scheme assets in the period are as follows:

	15 Mths to 31/13/12 £000	Year to 31/12/10 £000
Scheme Assets: 1 January 2011	11,798	10,617
Expected return on scheme assets	742	570
Actuarial (losses)/gains	(101)	485
Contributions by employer	842	854
Benefits paid & Life Assurance Premium	(730)	(728)
	-----	-----
Scheme Assets: 31 March 2012	12,551	11,798
	=====	=====

The most important assumptions underlying the present value of the scheme liabilities are the rates of interest applied to discount the estimated cash-flows arising under the increases in pensionable salaries and the pensions in payment. The assumptions used, especially in the discount rate, are influenced by market conditions and can change dramatically, causing the value of scheme liabilities to vary substantially in subsequent accounting periods. The valuation of the assets in the scheme is not affected by the actuarial assumptions because assets are measured at fair value.

(f) History of experience gains and losses:

	2012	2010	2009	2008	2007
	£000	£000	£000	Restated £000	£000
Fair value of scheme assets	12,551	11,798	10,617	9,270	9,447
Present value of scheme liabilities	15,897	12,937	10,995	7,124	7,022
(Deficit)/surplus in the scheme	(3,346)	(1,139)	(378)	2,146	2,425
Experience adjustment on assets	(101)	485	(478)	(1,267)	539
Experience adjustment on liabilities	89	(1,168)	69	(1,010)	(47)

The Bar Council
Financial Statements for the 15 months to
31 March 2012

14. PENSION SCHEME (Continued)

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

	2012	2010	2009
	%	%	%
Equities	12	12	12
Bonds	19	17	17
Property	9	9	10
Cash	26	20	15
With Profits Fund	34	42	46
	-----	-----	-----
Total Assets	100	100	100
	-----	-----	-----

15. RELATED PARTY TRANSACTIONS

The General Council of the Bar appoints the Trustees of the Pension and Life Assurance Fund and 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 in the 15 month period of £35,100 (Year 2010 - £56,900).

The General Council of the Bar is the sole shareholder in the Bar Services Company Limited. The Director of Central Services of the Bar Council holds the one share in issue on trust on behalf of the Council.

At 31 March 2012, there was an amount due from the Bar Council to the Bar Services Company of £1 (2010 - £1). There were no other amounts due to/from any of the other related parties (2010 - £Nil).

The General Council of the Bar and the Law Society are the sole members of Queens Counsel Appointments ("QCA"). The Director of Central Services 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 per annum. In addition, both of the members of QCA received a management fee in July 2011 of £25,000 (Year 2010 - £Nil).

Information on the honorarium paid to the Chairman of the Bar is shown in Note 5. Expenses paid in respect of members of the Bar Council, including the Chairman, when acting on the Bar Council's business in the 15 month period totalled £105,100 (Year 2010 - £129,800).

The Bar Council
Financial Statements for the 15 months to
31 March 2012

16. CONTINGENT LIABILITY

Disciplinary tribunals are conducted by the Inns of Court. The Bar Council has recently been made aware that a number of decisions made at some tribunal hearings may be found to be invalid because of technical irregularities in the composition of the tribunal panels. As a consequence, staff and financial resources may be required to deal with re-hearings and consequences arising from the flaws within the existing system. As the Bar Council carries appropriate insurance cover, it is not possible to quantify at this time the cost, if any, of this situation.

17. POST BALANCE SHEET EVENTS

Since the Balance Sheet date, and as stated in Note 14, the Bar Council has considered the ongoing position of the defined benefit pension scheme.

At the meeting of the Bar Council held on 7 July 2012, it was determined that the defined benefit scheme should be closed to future accrual and, accordingly, a consultation process has been initiated with the active members of the scheme and the scheme Trustees.

The Bar Council
Financial Statements for the 15 months to
31 March 2012

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 period ended 31 March 2012, 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.

The Bar Council
Financial Statements for the 15 months to
31 March 2012

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)

Findings

No errors or exceptions were identified in our work.

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, Chantrey Vellacott DFK LLP 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.

Chantrey Vellacott DFK LLP
Chartered Accountants and Statutory Auditor
Russell Square House
10-12 Russell Square,
London WC1B 5LF

Date:

The Bar Council
Financial Statements for the 15 months to
31 March 2012

Statement under s.51 Legal Services Act 2007 - PCF

Reference	Total 2011/12 Expend. £000	Sub.- Analysis £000	Directly Attribut. (Income) £000	Inns Contribs. (Income) £000	Permitted Purposes ("P.P.") %	Recoup P.P. via PCF £000	PCF: LSB Levy (Income) £000	Finance/ Other (Income) £000	Total 2011/12 (Income) £000	Recog. Loss for Year £000
Expenditure/Costs:										
(A) Regulation:										
<i>Disciplinary</i>	3,238		-134	-1,247		-1,857				0
<i>Educ. Stds.</i>	1,548		-1,183	-365						0
<i>Qualifications</i>	857		-332			-525				0
<i>Professional Standards</i>	1,041					-1,041				0
<i>Entity Regulation</i>	344					-344				0
<i>Quality/Quality Assurance</i>	778					-778				0
I. & E.	7,806		-1,649		100					
(B) Permitted Purposes:										
Approved Regulator: Corp.	2,242	-398	-369		80	-1,475				0
Advocacy Training Council		81			100	-81				0
Donations: FRU/BPBU/BHRC		317			100	-317				0
I. & E.	2,242	0								
Representation:										
<i>Professional Affairs</i>	1,161	-1,161								
<i>Training for the Bar</i>		264			100	-264				0
<i>Young Bar</i>		125	-25		80	-100				0
<i>Professional Practice/Ethics</i>		137			100	-137				0
<i>Alternative Disputes Resolution</i>		74	-11		85	-63				0
<i>IT Panel</i>		98	-15		85	-83				0
<i>Employed Bar</i>		80	-16		80	-64				0
<i>Social Mobility</i>		126			100	-126				0
<i>Legal Services</i>		89	-18		80	-71				0
<i>Law Reform</i>		94			100	-94				0
<i>Direct Access</i>		74	-4		95	-70				0
<i>International/Europe</i>	911		-182		80	-729				0
<i>Remuneration</i>	1,098	-1,098								
Remun.(Policy)		612	-122		80	-490				0
<i>Communications</i>	609		-152		75	-457				0
	3,779	-486								
(C) Member Services:										
Remun.(Fees Collection)		486	-486		0					0
<i>Member Services</i>	1,279		-1,279		0					0
I. & E.	5,058	0								
Financial	I. & E.	869	-53					-816		0
Total: Core activities	I. & E.	15,975								
LSB/OLC Start-up	I. & E.	2,018					-2,018			0
Realised Gain: Investments	STRGL	-1						1		0
Unrealis. Gain: Investments	STRGL	-17						17		0
Actuarial loss: P. Fund	STRGL	2,317				-99		-103		2,115
		20,292	-2,732							2,115
Income	I. & E.		-4,381	-1,612		-9,265	-2,018	-901	-18,177	

The Bar Council
Financial Statements for the 15 months to
31 March 2012

Information on pro-rated Income & Expenditure, not subject to the Independent Auditor's Report on pages 12-13

Consolidated Income & Expenditure Statement

	15 Mths to 31/03/12 £000	12 Mths pro-rated to 31/12/11 £000	Year to 31/12/10 £000
Income			
Practising Certificate Fees	11,283	9,430	7,398
Inns Contributions	1,612	1,290	1,370
	-----	-----	-----
	12,895	10,720	8,768
Directly attributable: Representation	2,732	2,185	1,960
Directly attributable: Regulation	1,649	1,435	1,243
	-----	-----	-----
	17,276	14,340	11,971
Financial & Other	911	729	682
	-----	-----	-----
Total: All Sources	18,187	15,069	12,653
	-----	-----	-----
Expenditure			
Corporate	2,242	1,794	1,830
Representation	5,058	4,046	3,144
Regulation	7,806	6,245	5,421
	-----	-----	-----
	15,106	12,085	10,395
Financial	869	695	612
	-----	-----	-----
Total: Core activities	15,975	12,780	11,007
LSB/OLC: Funding	2,018	2,018	678
	-----	-----	-----
Total: All Expenditure	17,993	14,798	11,685
	-----	-----	-----
Operating surplus attributable to members	194	271	968
Charitable Trust	(6)	(5)	(15)
	-----	-----	-----
Surplus for the period	188	266	953
	=====	=====	=====

The Bar Council
Financial Statements for the 15 months to
31 March 2012

EXPANDED ANALYSIS OF INCOME	15 Mths to 31/03/12 £000	12 Mths pro-rated to 31/12/11 £000	Year to 31/12/10 £000
Practising Certificate Fees: Core activities	9,265	7,412	6,720
: LSB/OLC Levy rec'd	2,028	2,028	862
: Pensions Levy rec'd	3,218	2,574	2,250
	-----	-----	-----
	14,511	12,014	9,832
LSB/OLC Levy deferred to 2012/13	(10)	(10)	(184)
Pension Fund Levy deferred to 2012/13	(3,218)	(2,574)	(2,250)
	-----	-----	-----
	11,283	9,430	7,398
Inns Contributions	1,612	1,290	1,370
	-----	-----	-----
Total: General Activities	12,895	10,720	8,768
	-----	-----	-----
Members Services' Fee	1,692	1,353	1,561
Affinity Portfolio	251	201	172
SBA Administration	164	131	129
<i>Counsel</i> magazine	112	90	74
Conferences/Courses/other	513	410	24
	-----	-----	-----
Total: Representation	2,732	2,185	1,960
	-----	-----	-----
Education & Training: Validation	576	576	583
Accreditation	332	266	180
Bar Prof. Training Course	209	167	115
Joint Regulations	252	202	161
Academic Stage/Other	146	117	76
	-----	-----	-----
	1,515	1,328	1,115
Disciplinary: Fines & Cost Recoveries	134	107	128
	-----	-----	-----
Total: Regulation	1,649	1,435	1,243
	-----	-----	-----
Investment Income	109	87	60
Expected Return on pension assets	742	594	570
Other	60	48	52
	-----	-----	-----
Total: Financial & Other	911	729	682
	-----	-----	-----
Total: All Sources	18,187	15,069	12,653

The Bar Council
Financial Statements for the 15 months to
31 March 2012

EXPANDED ANALYSIS OF EXPENDITURE

	Direct:	Direct:	Alloc.:	Alloc.:	Alloc.:	15 Mths to 31/13/12	12 Mths pro- rated 31/12/11	Year to 31/12/10
	Staff £000	Other £000	Prem. £000	Manage. £000	C.Serv. £000	£000	£000	£000
Core activities								
Corporate	740	469	572	-	461	2,242	1,794	1,830
	----	----	----	----	-----	-----	-----	-----
Representation								
Professional Affairs	480	78	81	97	425	1,161	929	912
Remuneration	446	124	71	85	372	1,098	878	800
International/Europe	239	358	40	61	213	911	729	580
Member Services	400	387	35	85	372	1,279	1,023	557
Communications	189	108	50	49	213	609	487	295
	-----	-----	-----	-----	-----	-----	-----	-----
	1,754	1,055	277	377	1,595	5,058	4,046	3,144
	-----	-----	-----	-----	-----	-----	-----	-----
Regulation								
Disciplinary	1,379	123	272	444	1,020	3,238	2,590	2,665
Education Standards	540	393	67	166	382	1,548	1,238	1,172
Qualifications	420	27	44	111	255	857	686	528
Professional Standards	270	18	81	204	468	1,041	833	1,056
Entity Regulation	125	219	-	-	-	344	275	-
Quality	234	6	77	74	170	561	449	-
QA Scheme for Advocates	30	52	74	19	42	217	174	-
	-----	-----	-----	-----	-----	-----	-----	-----
	2,998	838	615	1,018	2,337	7,806	6,245	5,421
	-----	-----	-----	-----	-----	-----	-----	-----
	5,492	2,362	1,464	1,395	4,393	15,106	12,085	10,395
	-----	-----	-----	-----	-----	-----	-----	-----
Financial								
Interest on pension liabilities						869	695	612
						-----	-----	-----
Total						15,975	12,780	11,007
						=====	=====	=====

The Bar Council
Financial Statements for the 15 months to
31 March 2012

EXPANDED ANALYSIS OF EXPENDITURE (Continued)

	Direct:	Direct:	Alloc.:	Alloc.:	15 Mths to	12 Mths pro- rated	Year to
Core activities	Staff	Other	Prem.	Manage.	31/03/12	31/12/11	31/12/10
	£000	£000	£000	£000	£000	£000	£000
Central Services							
Member Records	297		36	41	374	299	288
Finance	301	420	30	33	784	627	653
Human Resources	125	43	19	25	212	170	139
Office Services	213	34	501	33	781	625	598
Print & Distribution	173	207	40	33	453	362	479
IT	189	485	38	25	737	590	314
Diversity	334	37	27	49	447	358	366
Research	202	159	24	25	410	328	208
Project Support	162		17	16	195	155	74
	-----	-----	-----	-----	-----	-----	-----
	1,996	1,385	732	280	4,393	3,514	3,119
	=====	=====	=====	=====	=====	=====	=====
Allocated: Corporate					(461)	(369)	(468)
Representation					(1,595)	(1,276)	(978)
Regulation					(2,337)	(1,869)	(1,673)
					-----	-----	-----
					(4,393)	(3,514)	(3,119)
					=====	=====	=====

289-293 High Holborn
London WC1V 7HZ
Tel: 020 7242 0082
DX: 240 LDE

www.barcouncil.org.uk

The General Council of the Bar is the Approved Regulator of the Bar of England and Wales. It discharges its regulatory functions through the independent Bar Standards Board.

