

The Bar Council

*Annual Report &
Accounts 2009*

**BAR
STANDARDS
BOARD**

REGULATING BARRISTERS



The Bar Council
Annual Report &
Accounts 2009

The Bar Council
Annual Report & Accounts 2009

Contents

| | Page No. |
|---|----------|
| Introduction | 3 |
| Contact Information | 5 |
| Representational and Other Services | 5 |
| Officers and Professional Advisers | 9 |
| Chairman's Statement | 10 |
| Chair – Bar Standards Board's Statement | 21 |
| Treasurer's Report | 24 |
| Statement of Council Members' Responsibilities | 28 |
| Independent Auditor's Report | 29 |
| Consolidated Income Statement | 31 |
| Statement of Total Recognised Gains and Losses | 32 |
| Consolidated Balance Sheets | 33 |
| General Council of the Bar Balance Sheet | 34 |
| Consolidated Cash Flow Statement | 35 |
| Notes to the Accounts | 36 |
| <i>Information not forming part of the audited Accounts:</i> | |
| Statement under s. 46 Access to Justice Act 1999 | 53 |
| Annual Statistics for the Bar 2009 | 55 |

The Bar Council

Annual Report & Accounts 2009

Introduction

The General Council of the Bar (known as the Bar Council) was founded in 1894 to represent the interests of barristers. As the governing body for the Bar its role is to promote and improve the services and functions of the Bar, and to represent the interests of the Bar on all matters relating to the profession, whether trade union, disciplinary, public interest or in any way affecting the administration of justice. The Bar Standards Board (“BSB”) was established in January 2006 when the Bar Council separated its regulatory and representative functions. Although within the structure of the Bar Council, the Bar Standards Board takes decisions independently and in the public interest.

The Role of the Bar Council

The Bar Council’s principal objectives are:

- To represent the Bar as a modern and forward looking profession which seeks to maintain and improve the quality and standard of service to all clients
- To maintain and enhance professional standards
- To maintain effective complaints and disciplinary procedures
- To develop an effective, fair and affordable system for recruiting, and of regulating entry to the profession
- To regulate education and training for the profession
- To combat discrimination and disadvantage at the Bar
- To develop and promote the work of the Bar
- To conduct research and promote the Bar’s views on matters affecting the administration of justice, including substantive law reform
- To provide services for members of the Bar, e.g. Fees Collection, publications, conferences, guidance on practice management and development
- To promote the Bar’s interests with Government, the EC, the Law Society, International Bars and other organisations with common interests

The Bar Council

Annual Report & Accounts 2009

The Bar Standards Board

The Bar Standards Board regulates barristers called to the Bar in England and Wales. It takes its regulatory decisions independently and in the public interest. The Bar Standards Board is responsible for:

- Setting the education and training requirements for becoming a barrister
- Setting continuing training requirements to ensure that barristers' skills are maintained throughout their careers
- Setting standards of conduct for barristers
- Monitoring the service provided by barristers to ensure quality
- Handling complaints against barristers and taking disciplinary or other action where appropriate.

The Bar Council
Annual Report & Accounts 2009

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Representational and Other Services

Under the leadership of the Officers and Executive team, the Bar Council secretariat seeks to represent the interests of the profession and to provide services to the Bar. It would not be possible to achieve these aims without the huge commitment made by barristers who support the Bar Council's work by giving generously of their time and ensuring that the Bar Council meet the needs of all its members, the Self-Employed Bar, the Employed Bar and non-practising barristers. These services are summarised below.

Representing the Bar

Legal Services

The Bar Council promotes the interests of the Bar and makes representations on matters affecting the administration of justice with the Government, the institutions of the EU and with other stakeholders.

Influencing Parliament on behalf of the Bar

The Bar Council works on behalf of the Bar to influence Government and Parliament in the public interest and works closely with the media.

Professional Practice and Training

The Bar Council represents barristers' interests on all professional practice and training-related issues, in particular, the Bar's Code of Conduct, ethics and practice issues as well as training matters such as the Bar Vocational Course (BVC), Pupillage and Continuing Professional Development (CPD) accreditation.

The Bar Council

Annual Report & Accounts 2009

Supporting the Employed Bar

The Bar Council represents and promotes the Employed Bar and advises on matters of concern to employed barristers.

Reforming the Law

The Bar Council considers and develops proposals for law reform, and submits views to the Government and others where appropriate.

Representing ADR Practitioners

The Bar Council promotes the services of individual Alternative Dispute Resolution mediators through a dedicated website and annual booklet.

Representing Public Access Barristers

The Bar Council promotes Public Access Barristers and advises on relevant policy issues.

Representing the Bar Abroad

The Bar Council provides advice on and supports international practice issues, promotes the expertise of the Bar overseas and maintains close links with foreign bars.

Young Bar

The Bar Council represents and promotes the interests of the Young Bar (up to 10 years' Call). It organises the annual Young Bar Conference and produces the Young Bar magazine.

Providing advice and other services for members of the Bar

Bar Handbook

The Bar Handbook is an annual publication published jointly by the Bar Council/BSB and LexisNexis Butterworths; it brings together all the Bar Council and BSB's current guidance and advice, ordered and contextualised by the authors, in a single place for easy reference.

Barmark

BARMARK® was launched on 5 July 1999 to recognise good practice management within chambers. The scheme is voluntary and independently assessed by the British Standards Institution, with the final decision on awards taken by the Bar Council's BARMARK panel.

Bar Quality Advisory Panel

BQAP is a non-disciplinary body that receives referrals about a member of the Bar's performance from judges, solicitors and barristers; and provides advice on how to improve things for the future.

The Bar Council

Annual Report & Accounts 2009

Chambers Vacancies

LexisNexis Butterworths and the Bar Council together provide Barristers and Chambers with the latest in online job-search technology through the website, www.newlaw-jobs.co.uk.

Equality and Diversity Helpline

The Bar Council advises barristers (including pupils), clerks and practice managers on regulatory and legislative equality requirements and best practice.

Ethical Enquiries Line

The Bar Council provides guidance on ethical problems related to the Bar's Code of Conduct from a specially trained team.

Remuneration Advice

The Bar Council provides advice and guidance on private and publicly-funded work, conditional fee agreements, taxation, VAT and any other remuneration or fee issues.

Wasted Costs Orders

The Legal Services Committee of the Bar Council has a small panel of barristers who are ready to offer assistance, advice and representation where appropriate to any barrister under threat of such an Order. The panel consists of civil and criminal practitioners with representatives from the Circuits and London.

Meeting Room Facilities

Brussels Office and Facilities

The Bar Council has a representative office in Brussels, which is conveniently located in the same complex as the Austrian Bar, the French-speaking Belgian Bar, the Czech Bar, the German Federal Bar, the Luxembourg Bar, and the Law Societies of England and Wales; Scotland; and Northern Ireland. These facilities include two well-equipped meeting rooms which are available for hire to members of the Bar.

London Office and Facilities

The Bar Council's London offices are located in Holborn between Chancery Lane and Holborn tube stations. These modern meeting and video-conferencing rooms, some of which overlook the gardens of Lincoln's Inn, are also available to hire at competitive rates.

Additional Support available to those who pay the Members' Services Fee

Arbitration and Mediation Service

An arbitration and mediation service to resolve disputes arising between individual members of chambers, or between a member of chambers and a senior clerk.

The Bar Council

Annual Report & Accounts 2009

The Bar Directory

As part of the Members' Services Fee, barristers are entitled to a free entry to promote their services in the annual Bar Directory.

Fees Collection

This service to members is included in the Members' Services Fee under the Withdrawal of Credit Scheme for fees under two years old. A Joint Tribunal service is also available to resolve fee disputes.

Member Services

Member Services has an expanding portfolio of products and services which are provided through Service Partners who are selected on the basis of their service quality, understanding of the Bar's needs and their commitment to providing services that are tailored to the needs of the Bar.

Bar Council Scholarship Trust

The Bar Council Scholarship Trust is a registered charity, which exists to provide financial assistance to young men and women seeking to become practising members of the Bar in England and Wales. Some of the ways it does this are as follows:

- Provides the prizes for the Law Reform Committee's annual essay competition.
- Offers subsidised places at the Bar Conference.
- Sponsors exchange programmes with overseas Bars.

The Bar Council
Annual Report & Accounts 2009

Officers and Professional Advisers

| | |
|---|--|
| Officers - 2009 | Chairman: Desmond Browne QC Vice-Chairman: Nicholas Green QC Treasurer: Andrew Mitchell QC |
| Officers - 2010 | Chairman: Nicholas Green QC Vice-Chairman: Peter Lodder QC Treasurer: Andrew Mitchell QC |
| Chief Executive | David Hobart |
| Chair, Bar Standards Board | Baroness Ruth Deech |
| Vice-Chair, Bar Standards Board | Sir Geoffrey Nice QC |
| Director – Representation & Policy | Mark Hatcher |
| Director – Bar Standards Board | Mandie Lavin |
| 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 1 Fleet Street, London EC4Y 1BD |
| Investment Portfolio Manager | Cazenove Capital Management Limited 12 Moorgate, London EC2R 6DA |
| Public Relations | Weber Shandwick Fox Court 14 Gray's Inn Road London WC1X 8WS |

The Bar Council

Annual Report & Accounts 2009

Chairman's Statement

Introduction

Every year the Chairman of the Bar says that the past year has been the busiest and most challenging in the Bar Council's history. There is no doubt that each year brings with it both a re-run of old battles and new challenges. This year has been no exception, as the implementation of the Legal Services Act 2007 begins in earnest. The Legal Services Board ('LSB') has taken up its role as the regulator of the regulators. The Legal Ombudsman, a new body that will consider all consumer complaints against lawyers, will become operational towards the end of this year. The Bar Council and the Bar Standards Board ('BSB') have been inundated with more than 50 consultation and discussion papers from the LSB, the Ministry of Justice ('MoJ') and other bodies and there is no sign of this letting up in the near future.

In my first three months as Chairman I travelled the length and breadth of the country to engage with the Bar. I have spoken with over 2,000 barristers, practice managers and clerks about the challenges, as well as the opportunities, facing the Bar in the current economic and regulatory environment. I have visited almost 50 sets of Chambers to discuss in more detail the pressures on individual sets and practitioners, and what they need to do in order both to survive and thrive in the future. It is clear that the Bar is currently experiencing unprecedented pressures. There is an increasing rise in the use of in-house solicitor higher court advocates ('HCAs'); there has been an increase in use by the Crown Prosecution Service ('CPS') of its own in-house advocates; there has been the continuing impact of the recession (the deepest we have experienced in 60 years) and there has been a severe contraction of the legal aid budget; the structure of contracts awarded by the Legal Services Commission ('LSC') has given solicitors an incentive to undertake as much advocacy as they can in-house; there has been the publication of the Jackson Review of civil litigation costs; and last but not least we have the Legal Services Act 2007 which is here to stay.

We cannot turn back the clock; we are where we are. So we need to look to the future and think long and hard about how the Bar should define itself according to what it can do (and wants to do), but not (as in the past) by what it does not do. Two things have become very clear to me from so many of the conversations I have had with barristers, self-employed as well as employed. The first is that the Bar has a very low cost base compared with that of solicitors. Secondly, the work the Bar undertakes is of extremely high quality. These two points mean that the Bar has every reason to feel that, however difficult the present economic climate, it will survive both the recession and the ever increasingly competitive legal market.

The Bar Council

Annual Report & Accounts 2009

New business models and the Legal Services Act 2007

The BSB's decisions.

In November 2009, the BSB took the historic decision to amend the Code of Conduct to allow barristers more flexibility in the way they organise their practices. In March 2010 the amendments to the Code of Conduct and the accompanying guidance were approved by the LSB with the result that practitioners now have many more options about how to organise their practices. Some were concerned about the time it took to make the changes but the necessary groundwork had to be undertaken. As a result, barristers can become managers of Legal Disciplinary Practices ('LDPs'), they can work in both a self-employed and employed capacity at the same time, they can hold shares in LDPs, share premises and offices with others, investigate and collect evidence and witness statements, attend at police stations, and conduct correspondence. They do not have to do this but the rule changes we have secured facilitate new forms of practice for those who wish to pursue them. Greater flexibility of practice, in the public interest, must be a benefit to the profession.

Additionally, there has been a significant extension of the Public Access Scheme to private family, private crime, and private immigration work. These changes are facilitative – they allow those who wish to organise their practices differently to do so, but there is no requirement for change. Some barristers and practice managers have expressed to me the importance of these rule changes for their future plans, others are content with their current arrangements and see no need for change. That is for individual barristers and sets of Chambers to decide for themselves. The Bar Council will continue to assist the profession in understanding the changes and provide any assistance that it can in making representations for further options to be opened to the profession.

ProcureCo

As a result of the conflicts rule, most of the barristers I have spoken to around the country have no shown no appetite for transforming their Chambers into partnerships. Partnership would mean that barristers would not be able, as at present they are able to do, to appear in cases against other members of Chambers, thereby potentially reducing the amount of available work by increasing the scope for conflicts. However, many practitioners have expressed the importance of having some sort of corporate vehicle which allows Chambers to tender for block contracts with large purchasers of legal services and the concept has become known, somewhat unimaginatively, as "ProcureCo". Practitioners and Chambers around the country have asked the Bar Council for more information and guidance about how ProcureCo might work in practice. The Bar Council accordingly instructed Field Fisher Waterhouse to help devise model agreements and to prepare guidance for creating a ProcureCo. The guidance is necessarily generic and each set of Chambers will need carefully to consider its own needs and to take appropriate advice to satisfy itself that a ProcureCo might be beneficial.

The Bar Council

Annual Report & Accounts 2009

At the same time the Bar Council is embarking on a campaign to promote the benefits of instructing the Bar to bulk purchasers of legal services, such as Local Authorities. We need practitioners and Chambers to give us their feedback on the ProcureCo model, including what works well, what issues may arise to which insufficient attention may have been given and what additional assistance the Bar Council can provide. This is an important part of our "Member Services" offer (about which I shall say more below).

Entity regulation and future change

The BSB is currently working assiduously to consider the next stage of possible changes to the Code of the Conduct and the future regulation of barristers. The BSB has commissioned a survey of the entire profession to learn whether there is a desire for the Board to regulate entities, such as barrister-only partnerships, and whether there is any interest in having the option to conduct litigation. The results of the survey will inform a more detailed consultation of the profession on these important issues. It is vital that the entire profession engages with these issues and makes its views known to the BSB, since the outcome will have a profound impact on the future of the profession.

Public funding

In 2009, the Bar Council and its representative committees responded to numerous Government consultation documents on legal aid issues. Consultations included proposals to introduce further cuts to family and criminal legal aid; cuts to civil legal aid eligibility; 'best value' tendering; and Crown Court means testing. There is no doubt that successive rounds of cut are deeply discouraging to members of the Bar, especially the young Bar many of whom enter the profession saddled with significant student debt. As a result of the Bar Council's sustained representations to Government and Parliament, which harnessed the views of individual members of the profession as well as those of the SBAs, Circuits and the Inns, many of the Government's proposals were substantially amended. The Bar Council's work in this area is never finished as the legal aid budget is constantly under threat and, however depressing it seems, the Bar's leadership will be confronting the fact that politicians tend to view the legal aid budget as a "soft touch" when it comes to budgetary savings. This is a profoundly misguided view and one we will no doubt be countering for a long time to come.

Family legal aid funding

As a result of the campaigning work of the Bar Council and the Family Law Bar Association, who jointly commissioned an independent research project by King's College, London, and following a heavily critical report of the LSC by the House of Commons Justice Committee, the LSC made substantial improvements to their proposed family legal aid scheme. Their original proposals would have resulted in the most experienced practitioners who undertake difficult cases involving some of the most vulnerable in society, leaving the family Bar and in some cases the profession, which would be neither in the public nor the profession's interest.

The Bar Council

Annual Report & Accounts 2009

Best Value Tendering

The Bar Council's response to the LSC's consultation on Best Value Tendering model included a powerful critique of the economic rationale of the Government's proposals. This was bolstered by research undertaken by Europe Economics, a specialist economic consultancy, which had been commissioned by the Bar Council to support the Criminal Bar Association's representations. The response demonstrated that there was "no economic justification" for the LSC's proposals and that the likely result would simply be to drive down quality of service. The proposals were subsequently shelved. We will monitor this issue closely as the MoJ has indicated that it intends to restructure the market for criminal legal aid.

Civil legal aid funding

The Bar Council response to the MoJ consultation on restricting civil legal aid eligibility led to several changes being made. For example, the MoJ agreed not to restrict legal aid for low-value damage claims following representations from the Bar Council that the level of damages should not be an automatic bar to funding low value claims as they may have wider public interest in addition to being of significant value to the client. We can expect civil legal aid to come under close scrutiny by Government when it comes to budgetary savings. As part of the Bar Council's efforts to support civil access to justice, we have embarked upon a joint project with the Law Society to investigate market-driven funding for civil litigation.

AGFS and VHCC

In December 2009, the MoJ published its consultation paper entitled "Legal Aid: Reforming Advocates Graduated Fees." This offered two options: First, a 17.9% cut in all defence advocates' fees for Crown Court cases, to be introduced in April 2010. Secondly, a 13.5% cut, phased in over three years. A 30%-50% cut in VHCCs was proposed in a separate consultation conducted by the LSC, together with further cuts following the replacement of the current fee scheme with a "single graduated fee". The Bar Council's alternative proposals – the so-called "GFS Plus" scheme - which had been developed over more than a year with officials from the MoJ and the LSC, would have achieved considerable savings for the tax payer, but at the last minute they were dropped at the insistence of Ministers. In the final days before Parliament was dissolved on 12 April 2010, the Government laid a funding Order before the House of Commons to give effect to a phased programme of cuts, marginally reduced from the original proposals. The conduct of the consultations which led to the Order being made was deeply flawed and is currently the subject of possible proceedings for Judicial Review against the MoJ and the LSC, a decision which the Bar Council did not take lightly.

The Bar Council

Annual Report & Accounts 2009

Crown Prosecution Service

I am pleased to report that the Bar Council and the CPS are working together in order to come to an agreement about the amount of advocacy work that is kept in-house as against that which is allocated to the self-employed Bar. The DPP knows our position and we will continue to work hard with the CPS, 800 of whose members are employed barristers, to reach an arrangement that is mutually satisfactory.

Legal Services Commission

Over the past year the LSC has been the subject of criticism from several quarters, including the Commons Justice Committee (whose report on family legal aid reform I have already referred to), the National Audit Office ('NAO') to whose report on the procurement of criminal legal aid the Bar Council contributed, and by the House of Commons Public Accounts Committee ('PAC') which reviewed the NAO report and took oral evidence from senior representatives of the MoJ and the LSC. The PAC shared the Bar Council's concerns about the LSC's performance, as evidenced in their report to the House of Commons which was published on 2 February 2010.

The Bar Council therefore welcomed the publication, on 3 March 2010, of the report of Sir Ian Magee entitled "Review of Legal Aid Delivery and Governance", which the MoJ had commissioned and to which the Bar Council contributed. As a result, the LSC is to be restructured in order to create a new executive agency focused on the administration of legal aid. We hope that this will bring greater clarity to the boundary lines between delivery of services and the formulation of policy where there has been duplication and overlap in the past. We welcome the opportunity to make a fresh start to what has been, at times, a challenging relationship between the Bar Council and the LSC. We look forward to engaging in constructive discussions with the new Acting Chief Executive, Carolyn Downs and her colleagues about the administration of legal aid, and in particular how the Bar can participate fairly and effectively in legal aid tendering exercises in competition with other service providers.

The Bar Council

Annual Report & Accounts 2009

Civil litigation costs

In 2009 the Bar Council assembled a team of specialist practitioners under Michael Todd QC which made a substantial submission to Lord Justice Jackson's Review of Civil Litigation Costs. The Bar Council argued that the ever-increasing costs burden of civil litigation has resulted in a denial of access to justice for the many people who cannot afford those costs. Plainly that is not in the public interest. The Bar Council's response offered suggestions about how savings could be made through more effective case management and argued against referral fees in the interest of increased access to justice and in the client's interest.

Lord Justice Jackson's final report, which ran to over 500 pages, was published in January 2010. The recommendations include the abolition of referral fees and curtailment of conditional fee agreements. A team of specialist practitioners has been established by the Bar Council, under Michael Todd QC, to address issues surrounding the implementation of the Jackson recommendations and to ensure there is an accessible civil justice system which promotes social justice and equity. As I have already mentioned, we have also set up a Joint Working Party with the Law Society, under the joint chairmanship of Guy Mansfield QC and Simon Davis (a partner at Clifford Chance), to consider and report on the possibility of market-driven sources for pooled funds to support civil litigation.

Quality Assurance for Advocates

The Bar competes on the quality of its advocacy. The BSB, the Solicitors Regulation Authority ('SRA') and the Institute of Legal Executives ('ILEX') are in the process of moving ahead with the development of a Quality Assurance for Advocates Scheme, which will set objective and high level standards for all advocates in the field of criminal defence work. The Bar Council is supportive of this initiative, which will give consumers of advocacy services confidence that all advocates, in the first instance in publicly funded work, have reached an objectively set quality standard. This will be an important development for the entire legal profession. I have been heartened by the supportive comments for the proposals from the Bar across the country.

Regulatory independence

The 13th March 2010 will be marked down as an historic day in the relationship between the Bar Council as an "Approved Regulator" under the Legal Services Act 2007, and the BSB as the independent, ring-fenced regulatory arm of the Bar Council. The Bar Council unanimously approved a separate constitution for the BSB, after several months of work by a joint Bar Council and BSB working party, ably led by Nicholas Lavender QC, which considered the detailed arrangements which were needed to reflect and embed the BSB's independence as a regulatory body. The BSB now has the power to create and amend its own Standing Orders and other rules to govern its structure and operation.

The Bar Council

Annual Report & Accounts 2009

Professional Affairs

This year we reorganised the structure of the Representation and Policy Directorate of the Bar Council to create a Professional Affairs team. This is responsible (with members of the profession) for servicing the Bar's interests in legal services, law reform, professional practice, education and training, and the implementation of the recommendations of Lord Neuberger's report on removing barriers to access to the Bar.

Consultations

The Professional Affairs team plays an important role in ensuring that the Bar Council's responses to the welter of consultations we face are properly co-ordinated and reflect the many different facets of the Bar of England and Wales as well as the interests of those whose practice takes them outside the jurisdiction. Over the past year, the team responded to literally dozens of consultations initiated by the LSB about the implementation of the Legal Services Act 2007 as well as related consultations from the MoJ, SRA and the Office for Legal Complaints. Through the Law Reform Committee and the Legal Services Committee, as well as the European Committee, the Bar Council responded on behalf of the profession to consultations from the UK Government, the Law Commission, European Commission and other bodies. In addition, members of the Law Reform and European Committees gave written as well as oral evidence to Parliamentary Select Committees in both Houses of Parliament, including on Emergency Legislation and on the draft Civil Law Reform Bill (which was subject to pre-legislative scrutiny by the Commons Justice Committee).

Representations to Government and Parliament

The work of responding to consultations described above is in addition to the representational work undertaken by the Representation and Policy Directorate, often in collaboration with the Criminal Bar Association, on parliamentary bills and Orders of particular interest to the profession. Over the past two parliamentary sessions covered by this report the Bar Council successfully lobbied for changes in the reform of Coroners' powers and policing and crime and took a close interest in legislation on constitutional reform, equalities legislation and bribery. The Bar Council succeeded in persuading the Government to withdraw the draft Contingent Fee Agreements (Amendment) Order 2010, following a highly unusual Government defeat in the Commons' Delegated Legislation Committee and a debate on the floor of the House of Lords which followed a critical report of the Lords' Merits of Statutory Instruments Committee to which concerns from the Bar had been represented.

The Bar Council

Annual Report & Accounts 2009

Ethical guidance

The Professional Affairs Team also service the Bar Council's Ethical Enquiries Helpline which is manned by four full-time and one part-time member of staff who, on average, between them spend 60 hours each month dealing with nearly 600 telephone calls from practising barristers seeking guidance on the Code of Conduct and ethical dilemmas related to their practices. I know how much this service is valued by members of the Bar, particularly young barristers, and we are continually looking at ways in which we can improve this frontline service. In addition, the Professional Practice Committee has begun the substantial task of carrying out a complete review of all written guidance available on the Bar Council website. There are currently over 135 guidance documents published on the website and new information is published regularly.

One Bar

The Bar Council continues to champion the principle of 'One Bar'. This is particularly important in the context of the efforts we are making to provide opportunities to change the ways in which barristers may wish to practise, in response to the regulatory and market-driven needs for more flexible practice arrangements. Now that barristers can enter into partnership with solicitors, or be employed and self-employed at the same time (in each case on a part-time basis), the distinction between the employed and self-employed Bar will become increasingly less clear cut. It is therefore necessary for the Bar to redefine itself by its function rather than its form. I was therefore very pleased to learn that the Midland Circuit had decided to allow all members of the profession to become members of the Circuit, whether they are employed or self-employed.

International

In 2009, as part of a 3-year strategic plan, the International Committee (led by James Dingemans QC) and its secretariat significantly expanded the Bar Council's activities in its two primary areas of international work – business development and promoting the rule of law overseas. Delegations of Bar Council, SBA representatives, and members of the profession visited the Gulf, India and China. Their impressive efforts to raise the profile of the profession overseas should increase the flow of instructions from international clients. This activity is not only in the Bar's interest but it is also in the national interest through the contribution which the Bar makes to UK GDP from overseas exports. We recently published a new brochure to promote the Bar in international arbitration which has been widely circulated. In addition, relations with the Russian legal profession were strengthened by a successful seminar at the British Embassy in Moscow on international dispute resolution and international fraud.

The 3rd International Rule of Law Lecture was given earlier this year by Justice Gubbay, a former judge of the Zimbabwe Supreme Court, to an audience of over 150 barristers. This followed a visit to Zimbabwe by my predecessor, Desmond Browne QC, with an international delegation, which explored how best to support the legal profession in this troubled country.

The Bar Council

Annual Report & Accounts 2009

The Bar Council's Brussels office is the eyes and ears as well as the mouthpiece of the Bar at the heart of the EU's institutional base, from where much of our domestic law now originates. 2009 was a year of major change in the EU, with mid-year European Parliament elections, the entry into force in December of the Lisbon Treaty, and adoption of the new 5 year work programme in the Justice, Liberty and Security field. The Bar Council's Representative Office in Brussels, working in close collaboration with the European Committee (co-chaired by Richard Miller QC and Michael Patchett-Joyce), contributed the Bar's views on a large number of legal policy issues originating in Brussels. I am sometimes asked: What is the point of having a Brussels Office? My answer is that there are an ever increasing number of areas of law in which the EU is developing policy and legislation which are likely to have an impact on practitioners and their clients. The criminal Bar, for example, has a direct interest in the outcome of numerous proposals including the establishment of minimum procedural rights for suspects caught up in the criminal justice system in other Member States, facilitating the obtaining of evidence from other Member States and the establishment of minimum standards for the gathering of evidence.

Member Services

Overseen by the Member Services Board led by Richard Atkins, the Member Services Department at the Bar Council has continued to provide access at commercially attractive rates to a wide range of "affinity services" (such as accountancy, financial planning, insurance and health care) as well as access to an increasingly wide range of products that are tailored to the interests of the Bar. These products and services are designed to make barristers' lives, professional as well as personal, easier. The Department also provides a wide range of administrative support and event management services, at cost, for SBAs, as well as the South Eastern Circuit and the Institute of Barristers' Clerks. Last year the Department launched the largest online survey in the Bar's history, to which 4,333 people responded with views on the Bar Council's services and members' experience of dealing with the Bar Council. The first Bar Membership Card was issued to all members who contribute to the Bar Council's representational activity through payment of the Member Services' Fee. The Member Services Department also introduced a "Welcome Pack" at Call Nights in conjunction with the Public Affairs Committee and the Inns.

The Department also manages the Bar Council's website, which in 2009 experienced increased visitor traffic of 7%, amounting to approximately 500,000 visits (an average of 1,355 per day).

In addition, the Bar Council has devised, and is implementing, a new communications strategy (devised by a taskforce led by the Public Affairs Committee Chairman, Charles Hale) in order to improve our communications with the profession so that members of the Bar not only gain a better understanding of the important work we undertake on behalf of the whole profession but also to enable them to become more engaged in this work and thereby help us to shape our future.

The Bar Council

Annual Report & Accounts 2009

Improving our communications with the profession was accompanied by a review of the Bar Council's public relations activity. As a result we are creating an in-house capability which is designed to improve the quality and effectiveness of our communications output and at the same time to manage better our cost base by reducing the cost we spend on external consultants.

Diversity

The Bar Council led the organisation of the Minority Lawyers Conference in May 2009, which was chaired by Kim Hollis QC. The conference attracted over 250 lawyers. One of the main discussion points was the damaging effects on diversity in the profession of proposed legal aid cuts in family and criminal practice areas. In our various meetings with the Government, Parliamentarians and others (including the Judicial Appointments Commission), we have lost no opportunity to press our concerns.

We continue to implement the 57 recommendations of Lord Neuberger's report on entry to the Bar, a number of which relate to diversity within the profession. Our progress is regularly recorded and updated on the Bar Council website as well as being summarised in our report "No Bar to the Bar: Barristers promoting social mobility", which was launched at a Reception at Inner Temple in December 2009, attended by the Minister of State for Higher Education at the Department for Business, Innovation and Skills which has lead responsibility for implementing the recommendations of the Report of the Panel on Fair Access to the Professions. We have issued practical guidelines to Chambers on maternity leave, career breaks and flexible working and we shall be holding another seminar on managing career breaks in the autumn. Circuit Diversity Mentors, appointed by Circuit Leaders, are working through circuit structures to seek out and encourage those with talent irrespective of background to develop their careers with a view to applying for Silk and judicial appointments.

A rolling programme of diversity training and briefing for members of the Bar Council and its committees was attended by over 160 members in 2009 and continues for new members in 2010. A practical diversity training toolkit designed for Chambers and to be delivered by barristers was launched and is being cascaded through the Inns, Circuits and Bar Council.

At the end of 2009, we held a roundtable discussion on disability issues in practice. An action plan has been drawn up to implement recommendations that ranged from seeking improvements to court access for those who sit in a judicial capacity to the pooling and sharing of some electronic library resources in the profession. We will hold another such roundtable discussion later this year.

The Bar Council

Annual Report & Accounts 2009

Conclusion

It is impossible to do justice, even in a lengthy statement such as this, to all the work of the Bar Council with the result that I have inevitably omitted to mention much else with which we have been engaged on your behalf. The work of the Bar Council is contributed to by literally hundreds of members of the Bar. No Chairman's statement should fail to record a huge debt of gratitude to the immense amount of work performed by the Treasurer of the Bar Council, Andrew Mitchell QC, who is in his third year of office. His determined and far-sighted efforts to de-risk the Bar Council pension scheme, and to create the Finance and Audit Committee as the new central feature of the Bar Council/BSB relationship required by the Legal Services Act 2007, have been remarkable. All of the Circuit Leaders and the SBAs have been unstinting in offering their advice. The Criminal Bar Association, the Family Law Bar Association and the Young Barristers' Committee all warrant particular mention and thanks for their perpetual labour. No one can or should underestimate the effects of the turbulence affecting the Bar caused by the economic downturn and regulatory as well as market changes. Nevertheless I remain optimistic about the future of the Bar. I believe it will emerge stronger as a result of the challenges we face. I say that based on the conversations I have had with so many members of the Bar, all over the country. There are undoubtedly some pessimists but on the whole I meet optimists.

At the Bar Council we shall do all that we can to support your profession, whether you are self-employed or employed. I hope I can count on your continuing support and I would like to end by taking this opportunity to thank my predecessor, Desmond Browne QC for the enormous contribution he made to preparing us for the challenges we face today. Without his contribution, and the support of so many at the Bar who give their services willingly, unstintingly and freely, we could not face the future with optimism. To this I want to add my thanks, and those of the Vice Chairman, Peter Lodder QC, for all the valuable, dedicated and skilled support we have received from the Bar Council secretariat led by David Hobart and in particular to acknowledge the help I have received from my Executive Assistant, Ariel Ricci.

NICHOLAS GREEN QC
Chairman of the Bar 2010

Chair - Bar Standards Board's Statement

My first year as Chairman of the Bar Standards Board has been rewarding, challenging and radical. I have met with members of the Bar, judges, law students, legal bodies, other regulators, and journalists as well as many other people and organisations interested in our work. We accomplished a great deal during the year, culminating in the decisions made in November that will have far-reaching implications for the future of the Bar.

Key achievements during the year

In March, we completed the implementation of the Strategic Review of Complaints and Disciplinary Processes recommendations made by Robert Behrens in his report in July 2007. The improvements to the system for handling complaints against barristers were launched in March 2010. The changes were designed to create a highly effective system that would benefit all users. At the heart of the improvements are new procedures to ensure effective remedies for people when things do go wrong and improved efficiency in the administration of the complaints and disciplinary system.

In July the Board received a report from the Bar Vocational Course (BVC) Working Group, chaired by Derek Wood QC. The report made a number of recommendations for improvement to the BVC. Work on the implementation of those recommendations started in 2009 and will be completed in 2010. This includes the creation of an aptitude test for students wishing to enter the BVC, and a wide range of other changes that will update the course and make it better. First class education of barristers is at the heart of our business.

In October we launched a new online Register of barristers. The Register provides basic information on all barristers permitted to offer legal services in England and Wales via a single online database.

On 20 November 2009 we paved the way for fundamental changes in barristers' working practices by giving approval for barristers to supply legal services through the legal structures known as Legal Disciplinary Practices (LDPs). The BSB took significant decisions in order to open up the legal services market so that consumers have access to even wider and more flexible legal services in fulfilment of the Regulatory Objectives of the Legal Services Act 2007.

Equality and Diversity was an area where we also made progress, with the establishment of the Equality and Diversity Committee, and Equality Impact Assessment monitoring.

The Bar Council

Annual Report & Accounts 2009

Talking to the Bar

I had the opportunity to address members of the Bar throughout 2009; giving speeches at the Inns, the Family Law Bar Association, the Personal Injury Bar Association, the Employed Bar Annual Conference, the Institute of Legal Practice Managers, the Ministry of Justice, the annual Bar Conference, the Young Bar Conference and the Council of the Inns of Court. I have spoken about our endeavours in providing wide access and high standards in barrister education; continued development of barristers and the implications of the Legal Services Act 2007.

In doing so, I have been fortunate that the Bar has also spoken to me and I have been listening. I have learned an enormous amount about the integrity and character of the people who have become barristers. I have been to advocacy training courses for young barristers. I have been impressed by their independence, the intellectual rigour they apply to everything they do and the large amount they give to others by upholding the long held tradition of undertaking pro bono work. This has shown me how central these traits are to the character of the Bar itself and the role it plays in upholding the rule of law and ensuring that all people have access to justice. I am very grateful to all those who have been so giving of their time and energy to me personally, to the Bar Standards Board and to the protection of the public interest in general.

This especially includes the Inns of Court, all of which have been supportive of me personally as well as of the work of the BSB. The Inns play a vital role in the life of a barrister, providing collegiality and education to all, reinforcing the central traits of the Bar. Those traits and the contribution of the Inns themselves are world renowned. The Inns will continue to have a considerable role in the future of life at the Bar,

The future

During 2010 we have also started a review of Continuing Professional Development. The review is being undertaken by a working group under the chairmanship of Derek Wood QC. This review will complete the programme of reviews of all stages of a barrister's education undertaken by the BSB under Derek's leadership. We are very grateful for his leadership of this important work.

We will also be undertaking further work in relation to Advocacy Standards for all advocates with other regulators. We will be looking at how barristers are authorised to practise and the regime that ought to apply. The code of conduct review also continues.

2010 will also see the full operation of the Office for Legal Complaints (OLC). We are working closely with the OLC to ensure that the system for dealing with complaints about barristers continues to work effectively for complainants, as well as those small numbers of barristers who are complained about. We have full confidence in the OLC's ability to work in partnership with us to enable a new era of complaints handling.

The Bar Council

Annual Report & Accounts 2009

The decisions made in November were the first major step in implementing the Legal Services Act. The Legal Services Board has approved our submissions for these changes and the rule changes are now in effect. The Legal Services Board has worked tirelessly with us to enable us to allow regulatory change in this way. We are grateful for their efforts. The changes that have been made are by no means the last word. As this report goes to print, we are about to conduct a survey of the profession to see what barristers', clerks' and practice managers' opinions and expectations are in relation to the new business structures permitted under the Legal Services Act 2007. The BSB will also be carrying out consultations during 2010 on whether it should become an entity regulator and the implications of such a decision. We know that many barristers are very interested in these possibilities and all barristers are urged to participate in these consultations so that we fully understand what the profession's views are when making further decisions, especially as we face the degree of change that new business structures may bring about for some.

The BSB regulates in the public interest but understanding the views of the profession is an integral part of our decision making process, in all areas. As I think this summary of some of the areas of work for the coming year shows, change is contemplated in many areas of regulation of barristers' working life. The continued involvement of everyone interested in or affected by our work and their contribution to it is extremely valuable and welcome.

I have enjoyed my first year as Chairman of the Bar Standards Board and look forward to working through the issues to develop the best regulatory system that we can for barristers and the public.

BARONESS RUTH DEECH
Chair, Bar Standards Board

The Bar Council

Annual Report & Accounts 2009

Treasurer's Report

This is my report for 2009 with a look ahead for 2010.

While there are no problems that I need to highlight in the 2009 accounts there are some figures that deserve explanation. The analysis of income is shown at Note 3 on page 38.

The growth in Practising Certificate Fee ("PCF") income in 2009 is a consequence of the 4% increase and a small growth in the total numbers in the profession.

The rise in the Members' Services Fee ("MSF") reflects the increase that was necessary in order better to match income against that element of representational expenditure that did not fall within the 'permitted purposes' for the PCF. I remain hugely appreciative of the fact that the vast majority of the profession continue to support the vital representative work of the Bar Council by paying this voluntary fee. The Bar Standards Board (BSB) has sustained its efforts to maximise regulatory income and that has a direct positive impact on keeping down the PCF.

We are constantly looking at ways to ensure that your PCF is used for the permitted purposes in a proportionate viable and best value way.

An analysis of expenditure is to be found at Note 4 on page 39. The Finance Committee has operated in recent years in a non-partisan way in its rigorous scrutiny of zero based annual budgets as well as the management accounts. The Chief Executive and Directors are required to provide, to the Finance Committee, quarterly reports on the performance of their respective budgets. All significant variations are subject to scrutiny and, as appropriate, approval.

In terms of the day-to-day work of the Finance Committee and its husbandry of your money, we were able to deal with a significant number of issues both anticipated and which developed during the year without breaching our budget limits.

- We reached a new and settled arrangement with the Specialist Bar Associations (SBA's) such as the Criminal Bar Association for the support services that we at the Bar Council supply to them.
- We have reviewed both the cost and scope of our insurance cover.
- We plan to assess whether our external auditors represent best value for money.

There has been a long overdue and full review of our IT systems, which has resulted in the appointment of a Chief Information Officer and the hugely improved management of our IT systems and the use to which that IT is put by both the representative and policy side of the Bar Council, as well as the BSB. There remains nevertheless the need for further heavy

The Bar Council

Annual Report & Accounts 2009

investment in order to optimise the accessibility and utility of our central database with consequent benefits for staff efficiency and for the ease with which personal records can be updated, the PCF and MSF paid on line and CPD recorded.

Dealing with issues that impact on risk to your PCF, we settled (without any adverse impact on the Bar Council finances) a long-running dispute with our landlord on the tiling of the rear of the premises and at about the same time concluded, at reasonable cost, the rent review on our premises in 289-293 High Holborn.

In the face of burgeoning demand, we have had to maximise the use of the space available in our premises. Consequently, we have undertaken some sensible reconfiguration of the space available, some long overdue re-decoration and we have enhanced the reception area on the first floor. We have also installed a new door entry system which, in addition to easing general access, no longer requires people with disabilities to be dependent on others to gain access.

The practical upshot is that, notwithstanding an expansion in activity notably within the BSB, costs have been well contained. After inclusion of the shared overhead represented by Central Services, the annual cost of three main activity areas is as follows:

- Corporate £1,582k (2008 - £1,399k)
- Representation £3,025k (2008 - £2,973k)
- Regulation £4,960k (2008 - £4,448k)

The Consolidated Income Statement on page 31 shows a surplus of £1,779k as compared to £1,334k achieved in 2008. The wisdom of the policy to create reserves has proved demonstrable in order to meet unanticipated major expenditure on both premises and legal fees, as well as to make an additional contribution of £500k to the Bar Council staff defined benefit pension scheme.

Nevertheless, to some degree this progress on the pension front is illusory. Reference to the Statement of Total Recognised Gains and Losses ("STRGL") (see page 32) indicates that, by applying the FRS17 valuation principles, there was an actuarial loss on the pension fund of £3,672k in the year. This figure is predominantly attributable to the effect of changes in the demographic and financial assumptions underlying the present value of scheme liabilities. Therefore the consequent total recognised group loss for the year is £1,697k as compared to the loss of £33k in 2008.

An analogy for the significance of the actuarial loss is that of taking satisfaction in an increase in one's current account while failing to notice that the mortgage balance has risen at a faster rate!

The Bar Council

Annual Report & Accounts 2009

In relation to the foregoing, I have counselled circumspection in the past about the notoriously volatile Financial Reporting Standard (“FRS”) 17 figures – Note 14 on pages 47-52 refers. I have also explained that the Bar Council and DB pension scheme trustees attach far greater importance to the scheme specific funding calculations that are carried out on a triennial basis. The scheme actuary is currently working on the data as at 1 October 2009 and it is expected that there will be a substantial increase in the scheme deficit since the previous valuation in 2006.

The foregoing could create the misapprehension that a combination of the application of the existing assets of the Bar Council added to £2,100k collected in the 2010 pension levy is sufficient to enable us to address the pension scheme past service deficit. Regrettably, de-risking measures such as insurance or buying sufficient long dated gilts to match more accurately our liabilities will, because the goal posts are constantly moving, cost us considerably more. I have previously reported to the Bar Council that for the purposes of planning we have been working on the assumption that the cost of de-risking the accrued liabilities for past service will be between £7,226k and £9,900k. However, we will continue to refine these figures. Moreover, we have recently engaged Bluefin Advisory Services to assist us in actively taking forward a range of measures to de-risk the pension scheme. This will be the subject of further separate reports and recommendations to the Bar Council during 2010 which, if accepted, could mean completion of the de-risking programme by 2012, if not earlier.

During 2009, I set up and chaired a Practising Certificate Fee Working Group that has published a consultation document sent to the whole of the Bar to give you an opportunity to comment on how the fee is raised. We have begun the process of analysing the responses and hope to be able to report soon enough for the results of the consultation to influence the process of practising fee collection in 2011.

Prompted in part by the Internal Governance Rules as issued by the Legal Services Board (“LSB”), the Finance Committee (which has been renamed the Finance and Audit Committee (“FAC”), as it takes on a bifurcated Approved Regulator role in May 2010) has been re-organised. I am delighted to report that an early decision was taken that the Vice-Chairman of the Committee will always be the Vice-Chairman of the Bar Standards Board (“BSB”) and in that regard I have been pleased to work with Sir Geoffrey Nice QC during 2009 and into 2010.

We have also revised the terms of reference for the Emoluments Committee, which is the sub-committee of the FAC that deals with senior Officer salaries and reviews the payments to the lay members as well as the senior officials of both Bar Council and the BSB. This Committee, which I chair, has two lay members who each bring vast experience and advice to us in determining these issues and assist us in setting the appropriate salary and fee levels.

The Bar Council

Annual Report & Accounts 2009

In the light of the new and important position of the FAC in the Bar Council, we started work in 2009 on a Finance Manual that I intend will define for the future, how we will exercise financial control in accordance with best practice for budgeting, income and expenditure. I am also pleased to report that I have begun a process of dialogue with the LSB to agree the structure of our PCF that will ensure that there is appropriate consultation as to the level of the PCF each year against the backdrop of the permitted purposes, as set out in the Legal Services Act and the Practising Fee Rules, which the LSB have promulgated.

Whilst it might be said that the work of being Treasurer to the Bar is a thankless task it is one that is made easier by the unstinting support that I receive from the staff in the Bar Council. A special mention is appropriate for Smita Shah and her staff in the Records Office, who have handled inquiries from the profession over the new PCF arrangements with the Pension, OLC and LSB levy issues with great tact and diplomacy as well as being the great persuaders in seeking to collect as many MSF contributions as possible. Brian Buck our Chief Accountant and his team in the Finance Department remain dedicated, hard working and so very loyal to our profession. They are all to be thanked for the work that they do to ensure that the Bar Council finances are so well managed. I must also thank Oliver Delany, the Director of Central Services, who it would be right to say does not miss a trick and keeps the balance between the representation and policy side of the work and the BSB appropriate and correct, recognising the reasonably practicable test for resourcing the BSB as required by the Legal Services Act is to be welded into the culture of the Bar Council. Of course the whole organisation including its finances would not be robust without the attention to detail of the chief accounting officer - the Chief Executive - David Hobart, who I thank for all his time and support in helping me deliver in the interests of the profession a fair and balanced budget that allows the BSB to carry out its regulatory obligations for you but always in the public interest.

ANDREW MITCHELL QC

Treasurer

The Bar Council
Annual Report & Accounts 2009

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 8 May 2010
and signed on its behalf by:



CHAIRMAN



TREASURER

The Bar Council
Annual Report & Accounts 2009

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

We have audited the Group Accounts of the General Council of the Bar for the year ended 31 December 2009, which comprise the Consolidated Income Statement, Statement of Total Recognised Gains and Losses, Consolidated Balance Sheets, the General Council of the Bar Balance Sheet, Consolidated Cash Flow Statement and related Notes. These Accounts have been prepared in accordance with the accounting policies set out therein.

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 and the members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Council members of the General Council of the Bar and the Auditor

The responsibilities of Council Members of the General Council of the Bar for the preparation of the Annual Report & Accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Council Members' Responsibilities.

Our responsibility as Auditors is to audit the Accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the Accounts give a true and fair view. We also report to you if, in our opinion, the General Council of the Bar has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited Accounts. This other information comprises the Chairman's Statement, the Chair of the Bar Standard Board's Statements and the Treasurer's Report. We consider the implications for our Report if we become aware of any apparent misstatements or material inconsistencies with the Accounts. Our responsibilities do not extend to any other information.

The Bar Council
Annual Report & Accounts 2009

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

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Accounts. It also includes an assessment of the significant estimates and judgements made by the Council Members of the General Council of the Bar in the preparation of the Accounts, and of whether the accounting policies are appropriate to the General Council of the Bar's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of the information in the Accounts.

Opinion

In our opinion, the Accounts give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the General Council of the Bar's and the Group's affairs as at 31 December 2009 and of the surplus for the year then ended.

Chantrey Vellacott DFK LLP

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

Date: *10 May 2010*

The Bar Council
Annual Report & Accounts 2009

Consolidated Income Statement

| | Notes | 2009 £000 | 2008 (Restated) £000 |
|--|-------|--------------|----------------------------|
| Income | | | |
| From professional activities: | | | |
| Practising Certificate Fees | | 6,501 | 6,098 |
| Inns Contributions | | 1,379 | 1,309 |
| | | ----- | ----- |
| | | 7,880 | 7,407 |
| Directly attributable: Representation | | 1,952 | 1,222 |
| Directly attributable: Regulation | | 1,308 | 1,022 |
| | | ----- | ----- |
| | | 11,140 | 9,651 |
| Financial & Other | | 665 | 932 |
| | | ----- | ----- |
| Total | 3 | 11,805 | 10,583 |
| | | ----- | ----- |
| Expenditure | | | |
| Corporate | | 1,582 | 1,399 |
| Representation | | 3,025 | 2,973 |
| Regulation | | 4,960 | 4,448 |
| | | ----- | ----- |
| | | 9,567 | 8,820 |
| Financial | | 460 | 417 |
| | | ----- | ----- |
| Total | 4 | 10,027 | 9,237 |
| | | ----- | ----- |
| | | 1,778 | 1,346 |
| Provision for liabilities | | - | (5) |
| | | ----- | ----- |
| Operating surplus attributable to members | 5 | 1,778 | 1,341 |
| Charitable Trust | 8 | 1 | (7) |
| | | ----- | ----- |
| Surplus for the year | 13 | 1,779 | 1,334 |
| | | ===== | ===== |

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

The Notes on pages 36 to 52 form an integral part of these Accounts.

The Bar Council
Annual Report & Accounts 2009

Statement of Total Recognised Gains and Losses

| | Note | Group excluding charity | | Group including charity | |
|--|-----------|----------------------------|----------------------------|----------------------------|----------------------------|
| | | 2009 £000 | 2008 (Restated) £000 | 2009 £000 | 2008 (Restated) £000 |
| Operating Surplus for the year | | 1,778 | 1,341 | 1,779 | 1,334 |
| Realised loss on investments | | - | - | - | (8) |
| Unrealised gain/(loss) on investments | 9 | 138 | (187) | 196 | (296) |
| Actuarial loss on Pension Fund | 14 | (3,672) | (1,063) | (3,672) | (1,063) |
| Total recognised (loss)/gain for year | | (1,756) | 91 | (1,697) | (33) |

The Notes on pages 36 to 52 form an integral part of these Accounts.

The Bar Council
Annual Report & Accounts 2009

Consolidated Balance Sheets

| | Note | Group exc. charity | | Group inc. charity | |
|---|------|-----------------------|---------|-----------------------|---------|
| | | 2009 | 2008 | 2009 | 2008 |
| | | £000 | £000 | £000 | £000 |
| Tangible Fixed Assets | 7 | 640 | 511 | 640 | 511 |
| Investment in Subsidiaries | 8 | - | - | - | - |
| Other Investments | 9 | 840 | 702 | 1,373 | 1,178 |
| | | ----- | ----- | ----- | ----- |
| | | 1,480 | 1,213 | 2,013 | 1,689 |
| | | ----- | ----- | ----- | ----- |
| Current Assets: | | | | | |
| Debtors & Prepayments | 10 | 1,191 | 857 | 1,192 | 865 |
| Cash at Bank | | 9,714 | 3,566 | 9,778 | 3,621 |
| | | ----- | ----- | ----- | ----- |
| | | 10,905 | 4,423 | 10,970 | 4,486 |
| | | ----- | ----- | ----- | ----- |
| Creditors: amounts falling due within one year | 11 | (8,956) | (2,975) | (8,956) | (2,975) |
| | | ----- | ----- | ----- | ----- |
| Net Current Assets | | 1,949 | 1,448 | 2,014 | 1,511 |
| | | ----- | ----- | ----- | ----- |
| Total Assets less Current Liabilities/ Net Assets excluding Pensions | | 3,429 | 2,661 | 4,027 | 3,200 |
| Pensions (Liability)/Asset | 14 | (378) | 2,146 | (378) | 2,146 |
| | | ----- | ----- | ----- | ----- |
| Net Assets including Pensions | | 3,051 | 4,807 | 3,649 | 5,346 |
| | | ===== | ===== | ===== | ===== |
| Represented by: | | | | | |
| Accumulated Fund | | 3,276 | 2,597 | 3,276 | 2,597 |
| Pensions Reserve | | (378) | 2,146 | (378) | 2,146 |
| | | ----- | ----- | ----- | ----- |
| | | 2,898 | 4,743 | 2,898 | 4,743 |
| Revaluation Reserve | | 153 | 64 | 153 | 64 |
| Charitable Trust | | - | - | 598 | 539 |
| | | ----- | ----- | ----- | ----- |
| | 13 | 3,051 | 4,807 | 3,649 | 5,346 |
| | | ===== | ===== | ===== | ===== |

The Notes on pages 36 to 52 form an integral part of these Accounts.
Approved by the Bar Council on 8 May 2010 and signed on its behalf by:



Chairman



Treasurer

The Bar Council
Annual Report & Accounts 2009

The General Council of the Bar Balance Sheet

| | Note | 2009 £000 | 2008 £000 |
|---|------|--------------|--------------|
| Tangible Fixed Assets | 7 | 640 | 511 |
| Investment in Subsidiaries | 8 | - | - |
| Other Investments | 9 | 840 | 702 |
| | | ----- | ----- |
| | | 1,480 | 1,213 |
| | | ----- | ----- |
| Current Assets: | | | |
| Debtors & Prepayments | 10 | 1,191 | 857 |
| Cash at Bank | | 9,714 | 3,566 |
| | | ----- | ----- |
| | | 10,905 | 4,423 |
| | | ----- | ----- |
| Creditors: amounts falling due within one year | 11 | (8,956) | (3,080) |
| | | ----- | ----- |
| Net Current Assets | | 1,949 | 1,343 |
| | | ----- | ----- |
| Total Assets less Current Liabilities/ Net Assets excluding Pensions | | 3,429 | 2,556 |
| Pensions (Liability)/Asset | 14 | (378) | 2,146 |
| | | ----- | ----- |
| Net Assets including Pensions | | 3,051 | 4,702 |
| | | ===== | ===== |
| Represented by: | | | |
| Accumulated Fund | | 3,276 | 2,492 |
| Pensions Reserve | | (378) | 2,146 |
| | | ----- | ----- |
| | | 2,898 | 4,638 |
| Revaluation Reserve | | 153 | 64 |
| | | ----- | ----- |
| | 13 | 3,051 | 4,702 |
| | | ===== | ===== |

The Notes on pages 36 to 52 form an integral part of these Accounts.

Approved by the Bar Council on 8 May 2010 and signed on its behalf by:

Chairman

Treasurer

The Bar Council
Annual Report & Accounts 2009

Consolidated Cash Flow Statement

| | Group exc. charity | | Group inc. charity | |
|--|--------------------|------------|--------------------|------------|
| | 2009 | 2008 | 2009 | 2008 |
| | | (Restated) | | (Restated) |
| | £000 | £000 | £000 | £000 |
| Reconciliation of Operating Surplus to Net Cash-flow: | | | | |
| Operating Surplus | 1,778 | 1,341 | 1,779 | 1,334 |
| Pension scheme service cost | 280 | 359 | 280 | 359 |
| Pension scheme contributions | (1,368) | (942) | (1,368) | (942) |
| Pension scheme finance cost | (60) | (201) | (60) | (201) |
| Depreciation charge | 155 | 109 | 155 | 109 |
| Increase in Debtors | (334) | (174) | (327) | (147) |
| Increase in Creditors | 5,981 | 66 | 5,981 | 66 |
| | ----- | ----- | ----- | ----- |
| Net Cash Inflow from Operating Activities | 6,432 | 558 | 6,440 | 578 |
| | ===== | ===== | ===== | ===== |
| Cash-flow Statement: | | | | |
| Net Cash Inflow from Operating Activities | 6,432 | 558 | 6,440 | 578 |
| | ----- | ----- | ----- | ----- |
| Capital Expenditure & Financial Investment: | | | | |
| Acquisition of Tangible Fixed Assets | (284) | (143) | (284) | (143) |
| Purchase of Other Investments | (116) | (13) | (137) | (121) |
| Sale of Other Investments | 141 | - | 175 | 104 |
| (Increase)/Decrease in Inv. Cash | (25) | 13 | (37) | 17 |
| | ----- | ----- | ----- | ----- |
| Net Cash Outflow from Investing Activities | (284) | (143) | (283) | (143) |
| | ----- | ----- | ----- | ----- |
| Increase in Cash in the year | 6,148 | 415 | 6,157 | 435 |
| | ===== | ===== | ===== | ===== |
| Analysis of change in Cash: | | | | |
| Cash at Bank: 1 January 2009 | 3,566 | 3,151 | 3,621 | 3,186 |
| Cash-flow (above) | 6,148 | 415 | 6,157 | 435 |
| | ----- | ----- | ----- | ----- |
| Cash at Bank: 31 December 2009 | 9,714 | 3,566 | 9,778 | 3,621 |
| | ===== | ===== | ===== | ===== |

The Bar Council
Annual Report & Accounts 2009

Notes to the Accounts

1. BASIS OF ACCOUNTING

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

2. ACCOUNTING POLICIES

Basis of consolidation

The group accounts comprise the accounts of the General Council of the Bar and its wholly owned subsidiary (the Bar Services Company Limited), together with 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. One other subsidiary (the Bar Council Properties Limited) has been excluded on the grounds of immateriality. All the accounts are made up to 31 December each year.

No separate non-consolidated Income 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 trading subsidiary and the charitable trust are shown in Note 8.

Income recognition

Practising Certificate Fee & Members Services Fee

All income from the self-employed Bar is accounted for in the calendar year to which it relates. Payments of the practising certificate fee by the employed Bar have been received for the year ending 5 April 2010. Accordingly, in respect of these members, an appropriate amount has been carried forward as Deferred Income in the accounts.

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 period of the lease
Office furniture: 33.3%
IT equipment: 33.3%

The Bar Council

Annual Report & Accounts 2009

2. ACCOUNTING POLICIES (Continued)

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 charged from the date that an asset is first brought into use.

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.

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 Financial 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 actuarial valuations are obtained at least triennially and are updated 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 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
Annual Report & Accounts 2009

3. ANALYSIS OF INCOME

| | 2009 £000 | 2008 £000 |
|--|---------------|---------------|
| Practising Certificate Fees | 6,501 | 6,098 |
| Inns Contributions | 1,379 | 1,309 |
| | ----- | ----- |
| | 7,880 | 7,407 |
| | ----- | ----- |
| Representation | | |
| Members Services Fee | 1,570 | 880 |
| Affinity Portfolio (inc. Bar Services Company Ltd) | 170 | 170 |
| SBA Administration | 137 | 100 |
| <i>Counsel</i> magazine | 75 | 72 |
| | ----- | ----- |
| | 1,952 | 1,222 |
| | ----- | ----- |
| Regulation | | |
| Education & Training: Validation | 677 | 601 |
| Accreditation | 175 | 134 |
| Bar Prof. Training Course | 81 | - |
| Joint Regulations | 145 | 137 |
| Academic Stage/Other | 66 | 63 |
| | ----- | ----- |
| | 1,144 | 935 |
| Disciplinary: Fines & Cost Recoveries | 164 | 87 |
| | ----- | ----- |
| | 1,308 | 1,022 |
| | ----- | ----- |
| Financial & Other | | |
| Investment Income | 75 | 255 |
| Expected Return on pension assets | 520 | 618 |
| Videoconferencing & Printing | 54 | 59 |
| Other | 16 | - |
| | ----- | ----- |
| | 665 | 932 |
| | ----- | ----- |
| Total | 11,805 | 10,583 |
| | ===== | ===== |

The Bar Council
Annual Report & Accounts 2009

4. ANALYSIS OF EXPENDITURE

| | Direct: Staff | Direct: Other | Alloc.: Prem. | Alloc.: Manage. | Alloc.: C.Serv. | Total 2009 | Total 2008 Restated |
|---------------------------------|------------------|------------------|------------------|--------------------|--------------------|---------------|---------------------------|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Corporate (see page 40) | 491 | 442 | 267 | | 382 | 1,582 | 1,399 |
| | ----- | ----- | ----- | ----- | ----- | ----- | ----- |
| Representation | | | | | | | |
| Professional Practice | 220 | 64 | 36 | 31 | 168 | 519 | 526 |
| Legal Services | 129 | 319 | 19 | 18 | 101 | 586 | 530 |
| Remuneration | 307 | 176 | 49 | 50 | 268 | 850 | 784 |
| International/Europe | 148 | 278 | 18 | 18 | 101 | 563 | 569 |
| Member Services | 231 | 47 | 31 | 31 | 167 | 507 | 564 |
| | ----- | ----- | ----- | ----- | ----- | ----- | ----- |
| | 1,035 | 884 | 153 | 148 | 805 | 3,025 | 2,973 |
| | ----- | ----- | ----- | ----- | ----- | ----- | ----- |
| Regulation | | | | | | | |
| Disciplinary | 971 | 186 | 183 | 417 | 697 | 2,454 | 2,391 |
| Education Standards | 368 | 279 | 53 | 170 | 285 | 1,155 | 865 |
| Qualifications | 167 | 22 | 24 | 76 | 126 | 415 | 444 |
| Standards & Quality | 380 | 48 | 53 | 170 | 285 | 936 | 748 |
| | ----- | ----- | ----- | ----- | ----- | ----- | ----- |
| | 1,886 | 535 | 313 | 833 | 1,393 | 4,960 | 4,448 |
| | ----- | ----- | ----- | ----- | ----- | ----- | ----- |
| | 3,412 | 1,861 | 733 | 981 | 2,580 | 9,567 | 8,820 |
| | ----- | ----- | ----- | ----- | ----- | ----- | ----- |
| Financial | | | | | | | |
| Interest on pension liabilities | | | | | | 460 | 417 |
| | | | | | | ----- | ----- |
| Total | | | | | | 10,027 | 9,237 |
| | | | | | | ===== | ===== |
| Central Services | | | | | | | |
| Finance | 182 | 189 | 16 | 16 | - | 403 | 561 |
| Print & Distribution | 141 | 233 | 85 | 27 | - | 486 | 435 |
| Office Services | 152 | 32 | 337 | 22 | - | 543 | 471 |
| IT | 143 | 206 | 25 | 16 | - | 390 | 309 |
| Diversity | 195 | 62 | 44 | 27 | - | 328 | 232 |
| Member Records | 154 | - | 58 | 22 | - | 234 | 216 |
| Human Resources | 79 | - | 12 | 11 | - | 102 | 91 |
| Registry | 38 | - | 50 | 6 | - | 94 | 68 |
| | ----- | ----- | ----- | ----- | ----- | ----- | ----- |
| | 1,084 | 722 | 627 | 147 | - | 2,580 | 2,383 |
| | ===== | ===== | ===== | ===== | ===== | ===== | ===== |
| Allocated, as above: | | | | | | | |
| Corporate | | | | | | (382) | (330) |
| Representation | | | | | | (805) | (786) |
| Regulation | | | | | | (1,393) | (1,267) |
| | | | | | | ===== | ===== |

The Bar Council
Annual Report & Accounts 2009

4. ANALYSIS OF EXPENDITURE (Continued)

Corporate expenses relate to the Chairman, Vice-Chairman and Chief Executive of the Bar Council and include events, such as the Bar Conference, 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.

5. OPERATING RESULT

The Operating Result has been arrived at after charging:

| | 2009 | 2008 |
|--|-------------|------|
| | £000 | £000 |
| Auditors' remuneration: | | |
| Audit fees | 34 | 34 |
| Non-audit services | 8 | 17 |
| Depreciation | 155 | 109 |
| Operating lease property rentals (net of recoveries) | 657 | 443 |

Staff Costs

The aggregate remuneration and associated costs of Group employees were:

| | 2009 | 2008 |
|--|--------------|-------|
| | £000 | £000 |
| Salaries | 4,034 | 3,621 |
| National Insurance | 444 | 409 |
| Pension Costs, including Life Assurance Premiums | 393 | 608 |
| Other Staff Costs, including Temporary Staff & Recruitment | 342 | 499 |
| | ----- | ----- |
| | 5,213 | 5,137 |
| | ===== | ===== |

Total defined contributions paid in the year were £131,459 (2008- £92,214).

The average number of employees in the year was 110 (2008 – 101).

The Bar Council

Annual Report & Accounts 2009

5. OPERATING RESULT (Continued)

The Chairman of the Bar was paid £170,200 (2008 - £169,125) and the Chair – BSB was paid £60,000 (2008 - £75,000).

The Vice-Chairman of the Bar elected to receive no remuneration (2008 - £Nil). The Vice-Chair of the BSB received £35,000 (2008 - £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:

| | 2009 | 2008 |
|---------------------|------|------|
| £170,001 - £180,000 | 1 | - |
| £160,001 - £170,000 | - | 1 |
| £120,001 - £130,000 | 1 | 1 |
| £100,001 - £110,000 | 1 | - |
| £80,001 - £90,000 | 3 | 2 |
| £70,001 - £80,000 | - | 1 |
| £60,001 - £70,000 | 4 | 3 |

Pension contributions paid in the year for the provision of defined contribution benefits for senior employees was £51,400 (2008 - £37,500).

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

Defined Benefit: 3 (2008 – 2) & Defined Contribution: 5 (2008 – 4).

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 s.505 ICTA 1988.

The Bar Council
Annual Report & Accounts 2009

7. TANGIBLE FIXED ASSETS

| Group/GCB | Leasehold Improve. £000 | Office Furniture £000 | IT Equip. £000 | Total £000 |
|---------------------------|--|--------------------------------------|-------------------------------|-----------------------|
| Cost | | | | |
| Balance: 1 January 2009 | 653 | 160 | 210 | 1,023 |
| Additions | 3 | 159 | 122 | 284 |
| | ---- | ---- | ---- | ----- |
| Balance: 31 December 2009 | 656 | 319 | 332 | 1,307 |
| | ==== | ==== | ==== | ===== |
| Depreciation | | | | |
| Balance: 1 January 2009 | 278 | 148 | 86 | 512 |
| Charge for the year | 66 | 14 | 75 | 155 |
| | ---- | ---- | ---- | ----- |
| Balance: 31 December 2009 | 344 | 162 | 161 | 667 |
| | ==== | ==== | ==== | ===== |
| Net Book Value | | | | |
| At 31 December 2009 | 312 | 157 | 171 | 640 |
| | ==== | ==== | ==== | ===== |
| At 31 December 2008 | 375 | 12 | 124 | 511 |
| | ==== | ==== | ==== | ===== |

All of the assets above belong to the General Council of the Bar.

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, made up to 31 December each year.

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 lease of the property occupied by Queen's Counsel Appointments ("QCA"), which is not a related entity, is also in the company's name. This agreement expired in February 2010, whereupon QCA became the tenant under a new lease.

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

The Bar Council
Annual Report & Accounts 2009

8. SUBSIDIARIES & ASSOCIATED BODIES (Continued)

Bar Services Company Limited

This company ceased trading on 30 June 2008. During 2009, the company paid a dividend of £104,800 to the General Council of the Bar, the amount being equal to its Accumulated Reserves. The company is now dormant.

There was no movement in the investment in the company in the year: Net Book Value £Nil (2008 - £Nil).

The results of the company for the year ending 31 December 2009 were as follows:

| | 2009 | 2008 | 2008 |
|-----------------------------|-------------|-------|-------|
| | £000 | £000 | £000 |
| Trading Income | - | | 92 |
| Marketing Expenses | - | (57) | |
| Administration Expenses | - | (44) | |
| | | ----- | (101) |
| | ---- | | ---- |
| Operating Loss | - | | (9) |
| Interest Received | - | | 3 |
| | ---- | | ---- |
| Loss on Ordinary Activities | - | | (6) |
| | ==== | | ==== |

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 December 2009, the net assets of the Trust stood at £597,800 (2008 - £539,700).

The results of the charity for the year ending 31 December 2009 are as follows:

| | 2009 | 2008 |
|--|-------------|------|
| | £000 | £000 |
| Incoming resources | 15 | 19 |
| Charitable activities | (14) | (26) |
| | ---- | ---- |
| Net incoming/(outgoing) resources, Before other recognised gains/(losses) | 1 | (7) |
| | ==== | ==== |

The Bar Council
Annual Report & Accounts 2009

9. OTHER INVESTMENTS

| | Group exc. charity | | Group inc. charity | | GCB | |
|------------------------------|-----------------------|-------|-----------------------|-------|-------|-------|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Market Value | | | | | | |
| Balance: 1 January 2009 | 676 | 850 | 1,108 | 1,395 | 676 | 850 |
| Additions at cost | 116 | 13 | 137 | 121 | 116 | 13 |
| Disposals at open mkt. value | (141) | - | (175) | (112) | (141) | - |
| Revaluation | 138 | (187) | 196 | (296) | 138 | (187) |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| | 789 | 676 | 1,266 | 1,108 | 789 | 676 |
| Cash | 51 | 26 | 107 | 70 | 51 | 26 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Balance: 31 December 2009 | 840 | 702 | 1,373 | 1,178 | 840 | 702 |
| | ===== | ===== | ===== | ===== | ===== | ===== |
| Historic Cost | 687 | 638 | 1,221 | 1,170 | 687 | 638 |

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

| | Group exc. charity | | Group inc. charity | | GCB | |
|---------------|-----------------------|-------|-----------------------|-------|-------|-------|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Trade Debtors | 651 | 351 | 651 | 351 | 651 | 351 |
| Prepayments | 467 | 277 | 467 | 277 | 467 | 277 |
| Other Debtors | 73 | 229 | 74 | 237 | 73 | 229 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| | 1,191 | 857 | 1,192 | 865 | 1,191 | 857 |
| | ===== | ===== | ===== | ===== | ===== | ===== |

A provision of £10,400 (2008 - £10,400) has been made against certain Trade Debtors in the event that they prove to be irrecoverable. In addition, a general provision of £10,000 (2008 - £Nil) has been set up, in the light of continuing economic uncertainties.

The figures for Other Debtors includes £2,400 (2008 - £2,900) of stationery stocks.

The Bar Council
Annual Report & Accounts 2009

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | Group exc. charity | | Group inc. charity | | GCB | |
|------------------------|-----------------------|--------------|-----------------------|--------------|--------------|--------------|
| | 2009 £000 | 2008 £000 | 2009 £000 | 2008 £000 | 2009 £000 | 2008 £000 |
| Trade Creditors | 252 | 228 | 252 | 228 | 252 | 228 |
| Accruals & Def. Income | 8,546 | 2,314 | 8,546 | 2,314 | 8,546 | 2,310 |
| Other Creditors | - | 273 | - | 273 | - | 382 |
| PAYE & Social Security | 138 | 134 | 138 | 134 | 138 | 134 |
| VAT | 20 | 26 | 20 | 26 | 20 | 26 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| | 8,956 | 2,975 | 8,956 | 2,975 | 8,956 | 3,080 |
| | ===== | ===== | ===== | ===== | ===== | ===== |

The amount of deferred income included above is £8,174,000 (2008 - £1,926,000). This increase is accounted for both by the need to accelerate the Practising Certificate Fee/Member Services Fee ("PCF/MSF") collection process, as a result of s.14 of the Legal Services Act 2007 coming in to force on 1 January 2010, (whereby it will be a criminal offence to undertake a reserved legal activity, including exercising a right of audience, without having in force a valid practising certificate) and the need to make two levies on the profession – the first, for deficit funding of the Staff Defined Benefit Pension Scheme and the second to cover the General Council of the Bar's share of the start-up costs for both the Legal Services Board ("LSB") and the Office for Legal Complaints ("OLC"). Of the year-end total, approximately £6,000,000 relates to the PCF/MSF, £600,000 to the LSB/OLC Levy and £1,600,000 to the Pensions Levy. Since the year-end, all the income relating to the Pensions Levy has been credited to a separate bank account.

The amount included in Other Creditors in respect of building repairs was £Nil (2008 - £225,000).

The Bar Council
Annual Report & Accounts 2009

12. COMMITMENTS

(a) As at 31 December 2009, the Bar Council had non-cancellable commitments for operating leases as follows:

| | Land & Buildings | |
|----------------------------|-----------------------------|-------------|
| | 2009 | 2008 |
| | £000 | £000 |
| Expiring: Within 1 year | 5 | - |
| Expiring: Within 2-5 years | - | 31 |
| Expiring: After 5 years | 849 | 725 |
| | ----- | ----- |
| | 854 | 756 |
| | ===== | ===== |

The gross property rental charge for the year is £742,800 (2008 - £603,100).

(b) As at 31 December 2009, the Bar Council had capital expenditure commitments of £2,100 (2008 - £Nil).

13. FUNDS

| Group | Acc. Fund | Pension Reserve | Acc. Fund/ Pens. Res. | Rev. Res. | Total exc. Charity | Charity | Total inc. Charity |
|----------------------|----------------------|----------------------------|--|----------------------|-----------------------------------|----------------|-----------------------------------|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Balance: 1 Jan 2009 | 2,597 | 2,146 | 4,743 | 64 | 4,807 | 539 | 5,346 |
| Changes in year: | | | | | | | |
| Operating surplus | 1,778 | | 1,778 | | 1,778 | 1 | 1,779 |
| Pension Res. Adjust. | (1,148) | 1,148 | - | | - | | - |
| Actuarial loss | | (3,672) | (3,672) | | (3,672) | | (3,672) |
| Gain on investments: | | | | | | | |
| - Unrealised | | | | 138 | 138 | 58 | 196 |
| Rev.Res. transfer | 49 | - | 49 | (49) | - | - | - |
| | ----- | ----- | ----- | ----- | ----- | ----- | ----- |
| Balance: 31 Dec 2009 | 3,276 | (378) | 2,898 | 153 | 3,051 | 598 | 3,649 |
| | ===== | ===== | ===== | ===== | ===== | ===== | ===== |

The Bar Council
Annual Report & Accounts 2009

13. FUNDS (Continued)

| GCB | Acc. Fund | Pension Reserve | Acc. Fund/ Pens. Res. | Rev. Res. | Total |
|----------------------|--------------|--------------------|--------------------------------|--------------|---------|
| | £000 | £000 | £000 | £000 | £000 |
| Balance: 1 Jan 2009 | 2,492 | 2,146 | 4,638 | 64 | 4,702 |
| Operating surplus | 1,883 | | 1,883 | | 1,883 |
| Pension Res. Adjust. | (1,148) | 1,148 | - | | - |
| Actuarial loss | | (3,672) | (3,672) | | (3,672) |
| Gain on investments: | | | | | |
| - Unrealised | | | | 138 | 138 |
| Rev. Res. transfer | 49 | | 49 | (49) | - |
| | ----- | ----- | ----- | ----- | ----- |
| Balance: 31 Dec 2009 | 3,276 | (378) | 2,898 | 153 | 3,051 |
| | ===== | ===== | ===== | ===== | ===== |

The revenue reserve transfer of £49k 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 valuation of the scheme was carried out as at 1 October 2006, under the new scheme specific funding regulations.

Using assumptions agreed by the scheme Trustees, the valuation revealed a funding shortfall of £1,650,000. To eliminate this shortfall, the scheme Trustees and the Bar Council have agreed that additional contributions will be paid to the scheme at the level of £372,000 per annum, in equal monthly instalments for a period of 5 years and 11 months, commencing in 1 February 2008. The Pensions Regulator has accepted this recovery plan. For future benefit accrual, the actuary recommended an increase in the funding rate from 25.8% to 26.3% of pensionable salary, also effective from 1 February 2008.

In the light of current economic uncertainties, the scheme Trustees agreed with the General Council of the Bar to commission an interim scheme valuation, as at 1 October 2008. The scheme actuary produced a preliminary report, which showed that the deficit had worsened. Although the existing recovery plan has not been disturbed, the employer made

The Bar Council

Annual Report & Accounts 2009

14. PENSION SCHEME (Continued)

an additional voluntary contribution of £500,000 into the scheme in December 2009. The next triennial valuation (as at 1 October 2009) is awaited.

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.

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: | 2009 | 2008 |
|--|-------------|-------------|
| | % | % |
| Inflation | 3.70 | 2.90 |
| Salary increases | 4.00 | 3.00 |
| Rate of discount | 5.65 | 6.40 |
| Pension in payment increases | 3.70 | 3.30 |
| Revaluation rate for deferred pensions | 5.00 | 5.00 |

The mortality assumptions adopted imply the following life expectancies:

| | 2009 | 2008 |
|-----------------------------------|-------------|-------------|
| Male retiring at age 65 in 2009 | 22.0 | 22.0 |
| Female retiring at age 65 in 2009 | 24.9 | 24.8 |
| Male retiring at age 65 in 2029 | 23.1 | 23.1 |
| Female retiring at age 65 in 2029 | 25.9 | 25.9 |

The Bar Council
Annual Report & Accounts 2009

14. PENSION SCHEME (Continued)

Expected rate of return per annum on scheme assets:

| | Year commencing 01/01/2009 % pa | Year commencing 01/01/2008 % pa | Year commencing 01/01/2007 % pa |
|--------------------|--|--|--|
| Equity | 7.20 | 7.50 | 7.50 |
| Bonds | 3.70 | 5.00 | 5.00 |
| Property | 6.70 | 7.00 | 7.00 |
| Cash | 0.00 | 0.00 | 0.00 |
| With Profits Fund | 5.50 | 6.50 | 6.50 |
| Overall for scheme | 5.36 | 6.39 | 6.30 |

As part of the process of agreeing the 2009 FRS17 assumptions with the Actuary, some minor adjustments have been made in respect of the 2008 assumptions, resulting in a restatement of the comparative figures in the Accounts.

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

| | 2009 £000 | 2008 £000 | 2007 £000 |
|--|-----------------|--------------|--------------|
| Fair value of scheme assets: see (e) below | 10,617 | 9,270 | 9,447 |
| Present value of scheme liabilities: see (d) below | (10,995) | (7,124) | (7,022) |
| | ----- | ----- | ----- |
| (Deficit)/Surplus in scheme | (378) | 2,146 | 2,425 |
| | ----- | ----- | ----- |
| (Liability)/Asset to be recognised | (378) | 2,146 | 2,425 |
| | ----- | ----- | ----- |

The Bar Council
Annual Report & Accounts 2009

14. PENSION SCHEME (Continued)

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

| | 2009 | 2008 |
|---|-------|------------------|
| | £000 | Restated £000 |
| Current service cost | 280 | 359 |
| Interest cost | 460 | 417 |
| Expected return on scheme assets | (520) | (618) |
| | ----- | ----- |
| Amount recognised in the Income Statement | 220 | 158 |
| | ==== | ==== |

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

| | 2009 | 2008 |
|---|--------|------------------|
| | £000 | Restated £000 |
| Defined Benefit Obligation: 1 January | 7,124 | 7,022 |
| Current service cost | 280 | 359 |
| Interest cost | 460 | 417 |
| Actuarial loss/(gains) | 3,194 | (205) |
| Benefits paid and Life Assurance premiums | (63) | (469) |
| | ----- | ----- |
| Defined Benefit Obligation: 31 December | 10,995 | 7,124 |
| | ==== | ==== |

The Bar Council
Annual Report & Accounts 2009

14. PENSION SCHEME (Continued)

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

| | 2009 £000 | 2008 £000 |
|---|---------------|--------------|
| Fair value of scheme assets: 1 January | 9,270 | 9,447 |
| Expected return on scheme assets | 520 | 618 |
| Actuarial losses | (478) | (1,268) |
| Contributions by employer | 1,368 | 942 |
| Benefits paid and Life Assurance premiums | (63) | (469) |
| | ----- | ----- |
| Fair value of scheme assets: 31 December | 10,617 | 9,270 |
| | ===== | ===== |

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:

| | 2009 £000 | 2008 Restated £000 | 2007 £000 | 2006 £000 | 2005 £000 |
|---|--------------|--------------------------|--------------|--------------|--------------|
| Fair value of scheme assets | 10,617 | 9,270 | 9,447 | 7,870 | 6,743 |
| Present value of scheme liabilities | 10,995 | 7,124 | 7,022 | 8,259 | 8,004 |
| Surplus/(deficit) in the scheme | (378) | 2,146 | 2,425 | (389) | (1,261) |
| Experience adjustment on scheme assets | (478) | (1,267) | 539 | 277 | (245) |
| Experience adjustment on scheme liabilities | 69 | (1,010) | (47) | (162) | 248 |

The Bar Council
Annual Report & Accounts 2009

14. PENSION SCHEME (Continued)

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

| | 2009 | 2008 | 2007 |
|-------------------|-------|-------|-------|
| | % | % | % |
| Equity | 12 | 11 | 11 |
| Bonds | 17 | 18 | 17 |
| Property | 10 | 11 | 10 |
| Cash | 15 | 2 | - |
| With Profits Fund | 46 | 58 | 62 |
| | ----- | ----- | ----- |
| 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. The Bar Council has borne administration expenses for these three bodies of £50,900 (2008 - £140,800).

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

At 31 December 2009, there was an amount due from the Bar Council to the Bar Services Company of £1(2008 - £109,000). There were no other amounts due to/from any of the other related parties (2008 - £Nil).

The General Council of the Bar and the Law Society are the sole members of QCA. The Chief Executives of both organisations 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.

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 totalled £72,700 (2008 - £95,200).

The Bar Council
Annual Report & Accounts 2009

For information only: this statement does not form part of the audited Accounts
STATEMENT UNDER s.46 ACCESS TO JUSTICE ACT 1999 – BAR PRACTISING
CERTIFICATE

| | 2009 Costs exc. Int. £000 | £000 | FRU/ BPBU/ BHRC £000 | Not eligible: s. 46 £000 | Eligible: s.46 £000 | Allow. %: s.46 % | Allow.: s.46 £000 |
|------------------------------|--|-------------|---|---|------------------------------------|---------------------------------|----------------------------------|
| Corporate: | 1,582 | | -166 | | 1,416 | | 1,183 |
| FRU/BPBU/BHRC | | | 166 | | 166 | 100 | 166 |
| | 1,582 | | 0 | | 1,582 | | 1,349 |
| Representation: | | | | | | | |
| <i>Professional Practice</i> | 519 | -519 | | | | | |
| Training for the Bar | | 179 | | | 179 | 100 | 179 |
| Professional Practice | | 114 | | | 114 | 100 | 114 |
| Young Bar | | 114 | | | 114 | 60 | 68 |
| Employed | | 53 | | | 53 | 70 | 37 |
| IT Panel | | 30 | | | 30 | 60 | 18 |
| ADR | | 29 | | | 29 | 80 | 23 |
| <i>Legal Services</i> | 586 | -586 | | | | | |
| Legal Services | | 112 | | | 112 | 80 | 90 |
| Law Reform | | 71 | | | 71 | 100 | 71 |
| Direct Access | | 86 | | | 86 | 80 | 69 |
| Public Affairs | | 317 | | | 317 | 30 | 95 |
| <i>Remuneration</i> | 850 | -850 | | | | | |
| Remuneration (Policy) | | 515 | | | 515 | 80 | 412 |
| Remuneration (Fees) | | 335 | | 335 | | | |
| <i>International/Europe</i> | 563 | | | | 563 | 90 | 507 |
| <i>Member Services</i> | 507 | | | 507 | | | |
| | 3,025 | 0 | 0 | 842 | 2,183 | | 1,683 |
| Regulation: | | | | | | | |
| Disciplinary | 2,454 | | | | 2,454 | 100 | 2,454 |
| Education Standards | 1,155 | | | | 1,155 | 100 | 1,155 |
| Qualifications | 415 | | | | 415 | 100 | 415 |
| Standards & Quality | 936 | | | | 936 | 100 | 936 |
| | 4,960 | | | | 4,960 | | 4,960 |
| | 9,567 | 0 | 0 | 842 | 8,725 | | 7,992 |

The Bar Council
Annual Report & Accounts 2009

**STATEMENT UNDER s.46 ACCESS TO JUSTICE ACT 1999 – BAR PRACTISING
CERTIFICATE (Continued)**

S. 46 of the Act requires that the Bar Council may not set fees with a view to raising a total amount in excess of that applied by the Council for the purposes of the regulation, education and training of barristers and those wishing to become barristers. Accordingly, the total income received by way of the practising certificate fee must be no more than the sums expended on the purposes described, if the Bar Council is not to be in breach of this provision.

| | |
|---|----------------|
| | £000 |
| Allowable expenditure, as defined by the Act and amended by statutory instrument | 7,992 |
| Practising Certificate Fee | (6,501) |
| Allowable expenditure met by other income | 1,491 |

This statement is the last to be prepared under the provisions of s.46 of the Access to Justice Act 1999. With effect from 1 January 2010, all future statements will be prepared in accordance with s. 51 of the Legal Services Act 2007.

The Bar Council
Annual Report & Accounts 2009

For information only: this statement does not form part of the audited Accounts

Annual Statistics for the Bar: 2009

As at December 2009

| Number of Barristers | Total | Men | Women | |
|--|---------------|--|-------------|-----------|
| <i>Self Employed Bar</i> | | | | |
| England and Wales | 12241 (12136) | 8381 (8364) | 3860 (3772) | |
| London | 7758 (7681) | 5371 (5348) | 2387 (2333) | |
| Provinces | 4461 (4433) | 2996 (3003) | 1465 (1430) | |
| Overseas | 22 (22) | 14 (13) | 8 (9) | |
| <i>Self Employed Queen's Counsel</i> | | | | |
| England and Wales | 1318 (1273) | 1179 (1146) | 139 (127) | |
| London | 1105 (1064) | 984 (954) | 121 (110) | |
| Provinces | 213 (209) | 195 (192) | 18 (17) | |
| <i>Employed Bar</i> <i>(including CPS, GLS etc)</i> | 3029 (3046) | 1630 (1635) | 1399 (1411) | |
| <i>Non-Practising</i> | 3637 (3721) | 1877 (1911) | 1760 (1810) | |
| <i>Overseas & Retired</i> | 1409 (1575) | 880 (1026) | 529 (549) | |
| Number of Chambers | | | | |
| | Total | Barristers' Chambers Practitioners | | Sole |
| England and Wales | 734 (690) | 343 (339) | | 391 (351) |
| London | 347 (342) | 204 (203) | | 143 (139) |
| Provinces | 387 (348) | 139 (136) | | 247 (212) |
| <i>Called to the Bar 2008/9</i> | | | | |
| | Men | Women | UK | Overseas |
| Total | 851 (832) | 921 (910) | 1255 (1196) | 517 (546) |

(Figures in brackets relate to 2008)

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.

It represents the Bar by:

- Promoting the specialist advocacy and advisory services of barristers;
- Ensuring access to justice;
- Advancing high quality advocacy;
- Working for the efficient administration of justice;
- Encouraging diversity within the profession;
- Serving the community through pro-bono work; and
- Strengthening the Bar's work overseas.



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