



The General Council of the Bar

Financial Statements for the year to 31 March 2016

The General Council of the Bar
Financial Statements for the year to
31 March 2016

Contents

Page No.

Officers and Professional Advisors	3
Statement of Council Members' Responsibilities	4
Independent Auditor's Report	5
Treasurer's Report	6
Financial Commentary	6
Financial Statements	
Consolidated Income Statement by Fund Source	13-14
Consolidated Statement of Comprehensive Income	14
Consolidated Statement of Changes in Equity	15
Statements of Financial Position	16
Consolidated Statement of Cash Flows	17
Notes to the Financial Statements	18-37
Additional Information not part of the audited Financial Statements:	
Independent Report to the General Council of the Bar in respect of the Statement under s.51 Legal Services Act 2007	38-39
Statement under s.51 Legal Services Act 2007 – Permitted Purposes	40

The General Council of the Bar
Financial Statements for the year to
31 March 2016

Officers and Professional Advisers

The Bar Council

Officers

Chairman:		Alistair MacDonald QC
Vice Chairman:	}to December 2015	Chantal-Aimée Doerries QC
Treasurer:		Lorinda Long

Chairman:		Chantal-Aimée Doerries QC
Vice Chairman:	}to March 2016	Andrew Langdon QC
Treasurer:		Lorinda Long

Chief Executive		Stephen Crowne
-----------------	--	----------------

Bar Standards Board

Chair:		Sir Andrew Burns KCGB
		Sir Andrew Burns KCGB
Vice Chair:	to December 2015	Patricia Robertson QC
	to March 2016	Ms Naomi Ellenbogen QC

Director-General		Dr Vanessa Davies
------------------	--	-------------------

Corporate Advisors

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

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

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

The General Council of the Bar
Financial Statements for the year to
31 March 2016

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

We have audited the group financial statements ("the financial statements") of the General Council of the Bar for the year ended 31 March 2016, which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Group and Parent Statements of Financial Position, the Consolidated Statement of Cash Flows and the related Notes. The financial reporting framework that has been applied in their preparation is the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the members of the General Council of the Bar, as a body, in accordance with the Council's Constitution. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the General Council of the Bar or its members, for our audit work, for this report, or for the opinion we have formed.

Respective Responsibilities of the Council and the Auditor

As explained more fully in the Statement of Council Members' responsibilities, set out on page 3, the Council Members of the General Council of the Bar are responsible for the preparation of the financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's ("APB's") Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on the financial statements

In our opinion, the financial statements:

- Show a true and fair view of the state of the General Council of the Bar's and the Group's affairs as at 31 March 2016 and of the Group's surplus for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

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

Date: 2016

The General Council of the Bar
Financial Statements for the year to
31 March 2016

Treasurers Report

2015-2016 has been an interesting yet challenging year for a variety of reasons – some of which are described below.

As part of our drive to help our members and other stakeholders better understand the financial position, we have sought to maintain the insight into the operational results of the two main divisions of the General Council of the Bar and to provide additional supporting information on how funding is applied. I hope you find this useful. In addition, there are several presentational and accounting changes arising from the implementation of new accounting regulations this year which are described in the commentary and notes to the accounts.

Last year I was able to report a surplus, however this year has been a little disappointing. We delivered a loss of £845k overall when we had planned for a small surplus. A number of our income streams delivered less than forecast, and it proved impossible to make commensurate adjustments to spending in year. This is not a sustainable position for any business and we seek to make changes to address this. The results have driven a number of improvements in how we monitor and react to the performance of the business. We are bringing in new information management tools to provide visibility of data and statistics to track income risk and quantitative performance of services; we are investing in procurement tools so that we have greater certainty of our expenditure forecasts at any time during the year and we have reviewed our policies and processes to ensure we can tackle both the causes of staff turnover and the costs that arise from it.

We have implemented changes to how we set the practising certificate fees in 2015 collecting PCF according to fees earned. These changes introduced an element of uncertainty as we had less insight into the potential levels of PCF collections than we had under the previous scheme. In 2015, this change resulted in a one off increase in collections against our target levels due to an underestimation of historic earnings levels across the profession. This increase is unlikely to be repeated in the future but we will continue to seek to improve the quality of our management information which in turn will allow us to more accurately forecast PCF levels to ensure that we need only apply increases that are absolutely necessary to deliver the funding needed. [

The Bar Representation Fee subscriptions for the period between February 2015 and January 2016 have decreased. However, I am pleased to advise that the BRF subscriptions have climbed in 2016 for the first time in three years and we anticipate this trend continuing going forward. This will help us manage PCF levels and to extend our representational work beyond permitted purposes. We will be able to provide more detail about this significant milestone in next year's accounts.

The Defined Benefit Pension Scheme results in these accounts are good but it is important to note that these reflect changes in the actuarial assumptions for the new financial reporting standards rather than a change in the underlying performance of the scheme. The draft results for the triennial valuation of the scheme indicate a deficit of £2.4m, only slightly down on the 2012 valuation of £2.8m deficit. In our scenario modelling for the medium term pre referendum, particularly those scenarios with prolonged periods of low growth and low inflation, the scheme deficit persists or even rises for the medium term. The uncertainty is increased significantly further now following the referendum. However this challenge cannot be deferred indefinitely and

The General Council of the Bar

Financial Statements for the year to

31 March 2016

early action is better than later so we will work with the Trustees of the scheme to agree an affordable recovery plan that ensures the deficit is managed effectively. This may mean that contribution levels need to increase in the medium term and it is crucial that we continue to build on successes of the BRF and to build our other services to ensure we have other means of mitigating this risk.

Details of the proposed government consultation remains unknown at this time and so we are unable to report any impact in the accounts other than to make references within the commentary as to the potential outcomes.

Financial Commentary

Business Model

The General Council of the Bar (GCB) is the overall name for a not-for-profit organisation made up of three operationally separate and independently funded divisions:

- The Bar Council (BC) acting as: Approved Regulator; provider of s51 permitted purposes activities; representative body for the profession; and provider of services for the profession;
- The Bar Standards Board (BSB), the independent regulator.
- The Resources Group which provides back office services to the BC and BSB as a shared cost.

GCB is funded predominately by Practising Certificate Fees (PCF) collected annually in advance of the financial year to which they relate. BC seeks to use commercial and other income to support some representative s51 permitted purposes activity in place of PCF; BSB tops up its PCF funding with regulatory fees and charges income.

We plan for a small surplus each year to meet our strategic needs and set PCF and other income levels on this basis. Financial risks arise from in-year variations of PCF and other income, expenditure overruns or failing to reduce spend in line with reduced funding.

Surpluses or losses arising for each source of funds are split between Other General Reserves and Permitted Purposes Reserves (arising from permitted purposes activities); the reinvestment of the latter is restricted to permitted purposes only. These treatments enable the organisation to demonstrate transparency to the profession and other stakeholders on how it uses and reinvests its resources.

Overall Results

The financial report for the GCB includes the operating results of BC; BSB; subsidiary organisations and non-operating costs relating to funding the Legal Services Board (LSB) and reporting of the effect of the defined benefit pension scheme. The subsidiary organisations include BARCO, Bar Council Scholarship Trust and a new operation, The Bar Direct Access Portal Limited, 50% of which was acquired in the year. Bar Properties Ltd is a dormant subsidiary that exists to hold the lease on the office property.

Impact of Transition to FRS102

The 2015/16 results are the first to be reported under FRS102. The effect of this change in accounting regulation is most clearly seen in the format of the primary statements where additional prior year comparatives are introduced along with a new primary statement on Consolidated Statement of Changes in Equity. FRS102 also requires recognition of the accrual cost of staff holiday earned but not taken at the year-end (£180k, £192k 2014/15) and changes the treatment of deferred taxation (£nil,

The General Council of the Bar
Financial Statements for the year to
31 March 2016

£44k in 2014/15) (note 17). These changes are retrospective and so prior year results are restated (note 17).

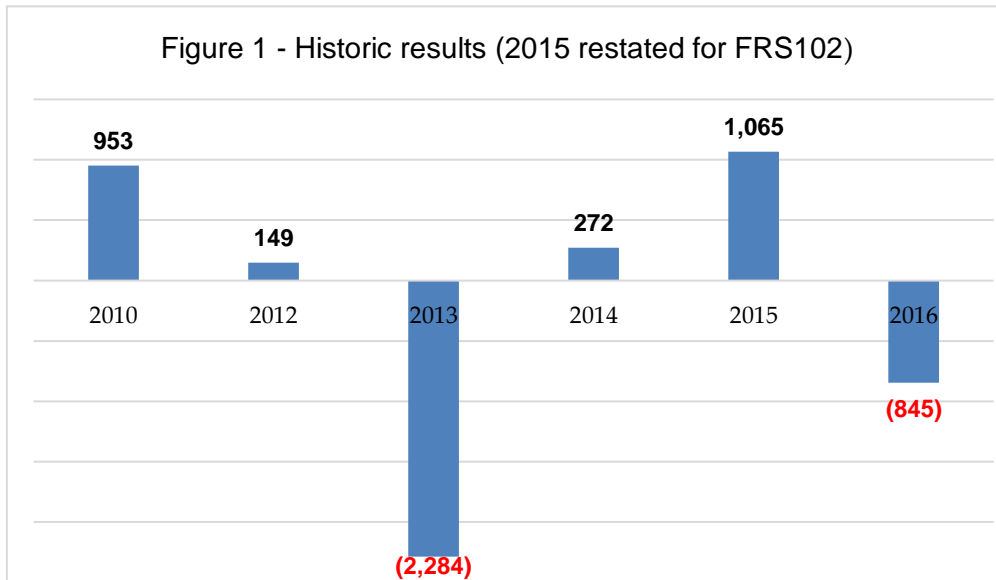
The FRS102 revisions affect the actuarial assumptions used for the defined benefit pension scheme computations and the associated financial reporting disclosure requirements (note 16). The changes in the actuarial assumptions are significant and have created a beneficial gain in the valuation of the scheme at the year end.

Acquisition in the period

50% of share capital of The Bar Direct Access Portal Ltd was acquired on 5th August 2015 for a consideration of £18,000. The operation is consolidated into the group accounts as though it were a subsidiary as it reflects a key component of our ongoing services to barristers.

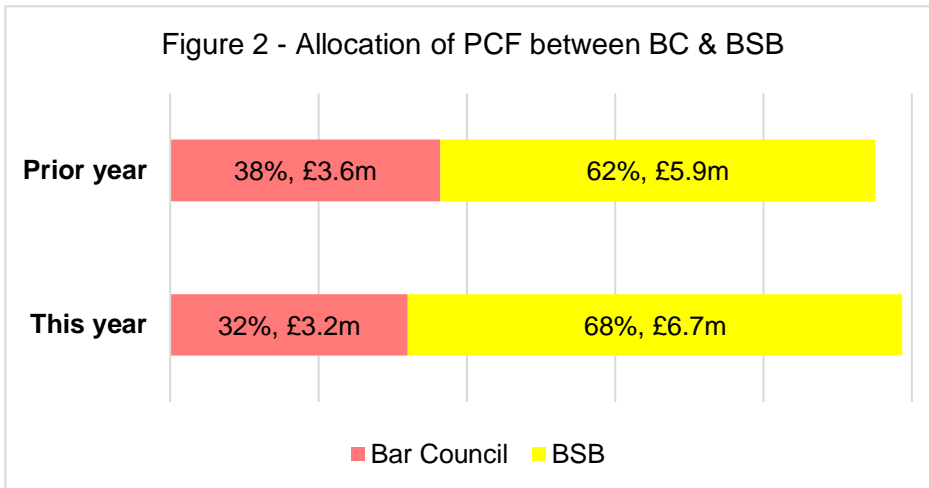
Financial Review

Overall turnover fell to £14,755k from £16,083k in 2014/15. Total costs climbed 2.8% to £15,566k (£15,136k 2014/15). A loss of £845k was made against a £1,065k surplus the previous year. The subsidiaries contributed income of £35k (£32k 2014/15), spend of £35k (£19k 2014/15) and a loss of £1k (surplus of £13k in 2014/15) to these totals. The total loss was split between an operating loss of £670k (£27k loss in 2014/15) and a non-operating loss of £175k (£1,092k surplus in 2014/15).



The General Council of the Bar
Financial Statements for the year to
31 March 2016

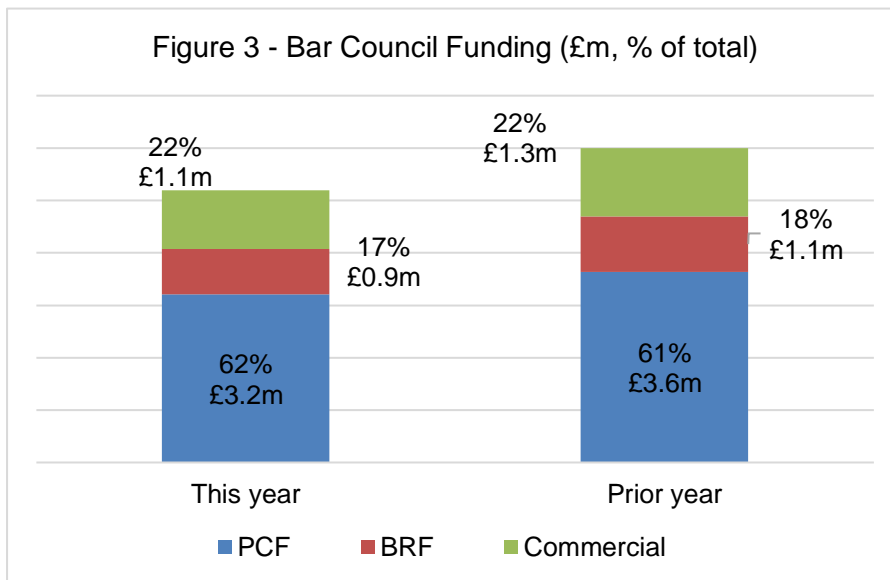
Practising Certificate Fee income of £9,876k (£9,504k in 2014/15) was collected from over 15,600 barristers towards BC's and BSB's operating costs. This income was shared between BSB and BC to meet respective permitted purposes spend as illustrated in figure 2 below. BSB received £6,671k



(£5,863k 2014/15) and BC £3,205k (£3,641 2014/15). A further £897k of PCF collected in the period to March 2016 was recognised to cover the s51 funding obligations towards LSB and OLC costs.

Bar Council

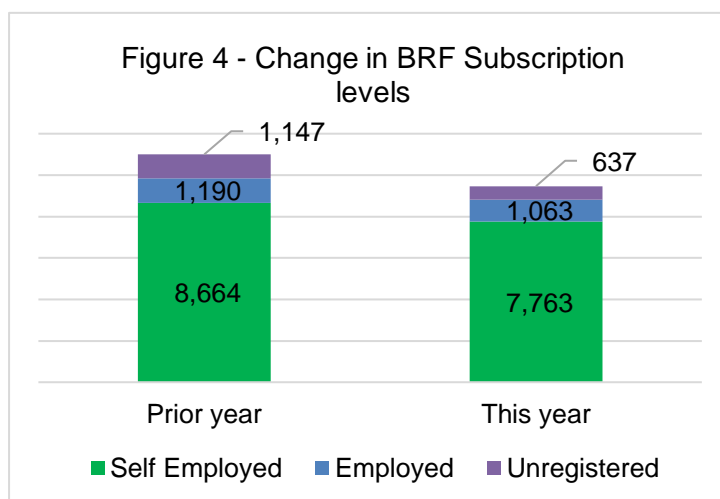
BC results combine the activities of the Approved Regulator, non-regulatory s51 activities, all representation activities and commercial services to members. These are funded by Practising Certificate Fees, Bar Representation Fee subscriptions and surpluses from commercial activities.



Total funding fell 13%, £802k to £5,193k (£5,995k 2014/15) due to a lower PCF contribution driven by a smaller permitted purposes need, lower BRF subscriptions and reduced training event income following the cessation of the popular Public Access top up training activities in November. Total income included a write down of £104k of older debt considered uncollectible; this debt arose through historic transactions being duplicated due to poor information flows as opposed to legitimate debts not being collected.

The General Council of the Bar
Financial Statements for the year to
31 March 2016

Practising Certificate fees of £3,205k (£3,641k 2014/15) were allocated to cover permitted purposes activities only (note 5a). Bar Representation Fee subscriptions fell 17% to £870k as annual subscribers fell 1,538 to 9,463. Commercial income fell £183k to £1,118k primarily due to a £111k reduction in training income (note 3b). Public Access Top Up training events ceased in November 2015 and the 8 month opportunity resulted in 11% fewer bookings than the previous year. Fewer places were taken up on other courses.



Most popular training courses by theme

	2015/16		2014/15	
	Number of events actually held	No of training places taken up	Number of events actually held	No of training places taken up
Public Access	116	1821	137	2045
Litigation	13	156	26	312
Recruitment	15	180	33	396

Expenditure (note 4a) dropped 2% to £5,838k (£5,971k 2014/15) due to lower direct costs (down £90k, 2% to £4,034k). Staffing costs were down £69k, 2% to £2,597k. Average headcount in the period fell to 44 (46 2014/15). Permitted purposes costs fell 17% to £3,205k (£3,839k 2014/15) (note 5a) reflecting the transfer of some administrative and operational activity to the separately funded Services function at the end of the prior year. Further details of the cost of BC activities are shown in the s51 analysis on page 37.

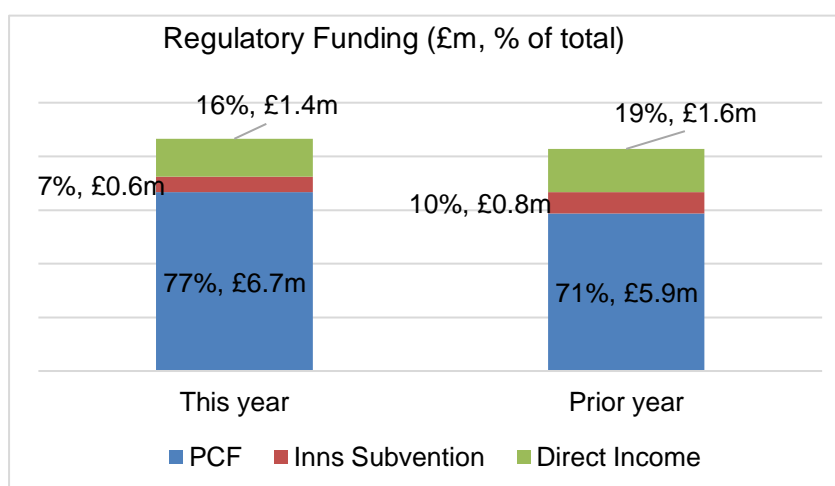
The total loss for BC was (£601k) (2014/15 £60k surplus) including provisions for deferred tax charge (a £44k credit, £36k credit 2014/15) and was transferred to general reserves (2014/15 £17k surplus to Permitted Purposes reserves & £43k surplus to general reserves).

The General Council of the Bar
Financial Statements for the year to
31 March 2016

Bar Standards Board

The results include the cost of the independent regulator and the associated overhead allocations. Funding is drawn from PCF and is topped up by income raised through regulatory fees and charges and donations from the Inns of Court, the Inns Subventions.

Total funding was up 5%, £387k to £8,665k (£8,278k 2014/15). The BSB allocation of PCF increased £808k to £6,671k (£5,863 2014/15) to 68% of total PCF (62% 2014/15). Other income fell: Inns Subvention contributions fell £231k to £573k as part of the agreed phased withdrawal of financial support; Fees and Charges income also unexpectedly fell £190k to £1,421k (note 3a) including a £210k drop in Education and Training fees as fewer students sought places to train for the Bar and partly offset by new income of £28k from the introduction of the Entity Regulation applications in the year.



Expenditure rose 4% to £8,734k (note 4a). Direct costs were up £133k, 2% including staffing cost increases of £174k, 4% to £4,343k. Average headcount over the year climbed slightly from 78.5 to 79.5 but was within expectations. Further details on the costs of BSB are included in note 5a and the s51 analysis in page 37.

The results show a loss of £69k (£87k loss in 2014/15) transferred to Permitted Purposes reserves.

Resources Group

The operating costs of Resources Group include HR, Finance, Information Services, Project Management Office, the Membership Records function, Facility and Office Services and all investment project revenue costs of GCB. These costs are apportioned between BC and BSB (note 4a) and reported in the total cost of each division.

Resources Group costs increased £382k due to increased project activity in the period. Staffing costs increased £68k, 4% to £1,678k (£1,610k 2014/15) and non-staffing costs increased £314k to £3,509k (£3,195k 2014/15).

Net Assets & Reserves

General Reserves moved down £569k to £3,204k as a result of losses in the year. PCF reserves moved down £152k to a £90k deficit. Free Reserves stand at £3,294k (£3,711k in 2014/15), down £417k.

The General Council of the Bar
Financial Statements for the year to
31 March 2016

Cash levels increased significantly to £12,716k (£8,508k 2014/15) following a successful PCF collection period in February and March 2016. This contrasted with 2014/15 where the PCF collection process was extended into April due to technical problems that year. The increase in cash collected also causes a rise in deferred income reported at the year-end for PCF and BRF (note 13).

Net Assets increased £3,398k to £4,310k (£912k 2014/15) driven primarily by the decrease in pension liability.

Pension Asset

The actuarial valuation of the DB pension scheme prepared under FRS102 showed a surplus of £2,871k against a deficit of £4,104k the previous year. This positive movement is primarily driven by a change to the discount rate applied in the actuarial assumptions and a smaller benefit arises from removing the prudence margins in the mortality assumptions (note 16). As there are no cash benefits arising from the surplus in the form of reduced contribution requirements or a refund of past contributions, the GCB has adopted a nil net asset position as required under FRS102.

Statement of Key Risks

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

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

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

During 2015/16, the Bar Council, the senior governance body for the organisation, revised and implemented a new corporate risk register for BC activities, managed by the Risk Management Group of senior managers. This risk register is reported to the General Management Committee of the Bar Council quarterly and twice each year to the Bar Council itself. The development of this risk register was supported by haysmacintyre.

The Audit Committee welcomed this development as a significant improvement in risk management and visibility.

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

Treasurer
June 2016

Consolidated Income Statement by Fund Source

Divisional Results – Note 4a

Note 4b

	Notes	Bar Standards Board		Bar Council		Subtotal Operating Results		Non- Operating Results		Total GCB	
		2016 £000's	2015 £000's	2016 £000's	2015 £000's	2016 £000's	2015 £000's	2016 £000's	2015 £000's	2016 £000's	2015 £000's
Practising Certificate Fees	3c	6,671	5,863	3,205	3,641	9,876	9,504	897	1,786	10,773	11,290
Inns Contributions		573	804	-	-	573	804	-	-	573	804
Bar Representation Fee		-	-	870	1,053	870	1,053	-	-	870	1,053
Subscriptions											
Fees, Charges & Services	3a, b	1,421	1,611	1,118	1,301	2,539	2,912	-	-	2,539	2,912
Interest on Pension Assets		-	-	-	-	-	-	-	24	-	24
Total Income		8,665	8,278	5,193	5,995	13,858	14,273	897	1,810	14,755	16,083
Expenditure											
Operating		8,734	8,365	5,838	5,971	14,572	14,336	-	-	14,572	14,336
Non-Operating Expenditure	4b	-	-	-	-	-	-	994	800	994	800
Total Expenditure		8,734	8,365	5,838	5,971	14,572	14,336	994	800	15,566	15,136
Investment gains/(losses)		-	-	-	-	-	-	(78)	82	(78)	82
Surplus / (Loss) Before Taxation		(69)	(87)	(645)	24	(714)	(63)	(175)	1,092	(889)	1,029
Taxation	8	-	-	44	36	44	36	-	-	44	36
Surplus / (Loss) After Taxation		(69)	(87)	(601)	60	(670)	(27)	(175)	1,092	(845)	1,065
Analysis of Surplus by Source:											
PCF		(69)	(87)	0	17	(69)	(70)	(97)	-	(166)	(70)
Other		-	-	(601)	43	(601)	43	(78)	1,092	(679)	1,135

The results for the year are all derived from continuing activities. The Notes on pages 18-37 form an integral part of these Statements.

Consolidated Income Statement by Fund Source (continued)

Surplus / (Loss) for the year ending Attributable to:	2016	2015
	£000's	£000's
Surplus / (Loss) for the Year After Taxation	(845)	1,065
	-----	-----
General Council of the Bar Group	(842)	1,065
Non-Controlling Interest	(3)	-
	-----	-----

Consolidated Statement of Comprehensive Income

	Note	Year to	Year to
		31/03/16	31/03/15
		£000's	£000's
(Deficit)/Surplus for the period		(845)	1,065
Actuarial (loss)/gain on Pension Fund	15	4,249	(5,188)
		-----	-----
Total Comprehensive Income		3,404	(4,123)
		=====	=====

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

The General Council of the Bar
Financial Statements for the year to
31 March 2016

Consolidated Statement of Changes in Equity

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

Year ended 31 March 2015	General Reserves						
	Permitted Purposes Reserves	Other General Reserves	Pension Reserve	Revaluation Reserve	Charity Reserves	Non- Controlling Interest	Group Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Balance: 1 Apr 2014	94	3,728	92	427	694	-	5,035
Changes in year:							
Operating surplus	(32)	(17)	1,010	58	46	-	1,065
Pension scheme:							
Actuarial Gain/(Loss)	-	-	(5,188)	-	-	-	(5,188)
	-----	-----	-----	-----	-----	-----	-----
Balance: 31 Mar 2015	62	3,711	(4,086)	485	740	-	912
	=====	=====	=====	=====	=====	=====	=====

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

The General Council of the Bar
Financial Statements for the year to
31 March 2016

Statements of Financial Position

		Parent		Group	
		31/03/2016	31/03/2015	31/03/2016	31/03/2015
		£000's	£000's	£000's	£000's
Tangible Fixed Assets					
Property, plant and equipment	9	1,264	1,489	1,279	1,489
Investment in Subsidiaries	10	334	316	-	-
Listed Investments	11	1,204	1,252	1,864	1,942
		<u>2,802</u>	<u>3,057</u>	<u>3,143</u>	<u>3,431</u>
Current Assets					
Debtors & Prepayments	12	1,277	1,601	1,276	1,600
Cash and cash equivalents Bank		12,621	8,428	12,716	8,508
		<u>13,897</u>	<u>10,029</u>	<u>13,992</u>	<u>10,108</u>
Creditors: due within one year	13	<u>(12,790)</u>	<u>(8,487)</u>	<u>(12,825)</u>	<u>(8,497)</u>
Net Current Assets		<u>1,108</u>	<u>1,542</u>	<u>1,167</u>	<u>1,611</u>
Total Assets less Current Liabilities		3,910	4,599	4,310	5,042
Pensions Liability	15	-	(4,086)	-	(4,086)
Deferred taxation		-	(44)	-	(44)
Net Assets including Pensions		<u>3,910</u>	<u>469</u>	<u>4,310</u>	<u>912</u>
Represented by:					
General Reserve		3,508	4,070	3,204	3,773
Pensions Reserve		-	(4,086)	-	(4,086)
		<u>3,508</u>	<u>(16)</u>	<u>3,204</u>	<u>(313)</u>
Revaluation Reserve		402	485	402	485
Charitable Trust		-	-	713	740
Non-Controlling Interest		-	-	(9)	-
		<u>3,910</u>	<u>469</u>	<u>4,310</u>	<u>912</u>

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

Approved by the Bar Council on 2016 and signed on its behalf by:

Chairman

Treasurer

The General Council of the Bar
Financial Statements for the year to
31 March 2016

Consolidated Statement of Cash Flows

	Year to 31/03/16 £000's	Year to 31/03/15 £000's
Reconciliation of Operating surplus to Net Cash Flow from operating activities:		
Operating (Deficit)/Surplus	(889)	1,019
Loss on Disposal of Assets	-	-
Investments (Gain)/Loss	78	(82)
Pension scheme administration costs	15c 18	18
Net Pension scheme contributions	-	(986)
Pension scheme net interest cost/(income)	15c,4b 127	(24)
Depreciation charge	573	508
(Increase)/Decrease in Debtors	324	(59)
Increase/(Decrease) in Creditors	4,328	(2,581)
	-----	-----
Net Cash Flow from Operating Activities	4,559	(2,187)
Investing activities:		
Purchase of Tangible Fixed Assets	(351)	(263)
Purchase of Listed Investments	(569)	(535)
Sale of Listed Investments	569	533
	-----	-----
Cash Flow from Investing Activities	(351)	(261)
Increase/(Decrease) in Cash and cash equivalents	4,208	(2,448)
Cash and cash equivalents at 1 April	8,508	10,956
	-----	-----
Cash and cash equivalents at 31 March	12,716	8,508
	=====	=====

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

The General Council of the Bar
Financial Statements for the year to
31 March 2016

Notes to the Financial Statements

1. Basis of accounting

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

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

Information on the impact first-time adoption of FRS 102 is given in note 17.

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

The following principal accounting policies have been applied:

Transition to FRS102

This is the first year that the Bar Council has presented its results under FRS 102. The last financial statements under previous UK GAAP were for the year ended 31 March 2015. The date of transition to FRS 102 was 1 April 2014. Reconciliations of the Bar Council's reserves from the amounts previously stated in the 2015 financial statements following changes in accounting policy required to comply with FRS102, along with a reconciliation of the surplus for the comparative year as previously reported to the surplus for the comparative year as restated, are presented in Note 17.

2. Accounting policies

Basis of consolidation

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

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

Income recognition

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

Operating activities

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

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

The General Council of the Bar
Financial Statements for the year to
31 March 2016

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

Levies

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

Property, plant and equipment

Property, plant and equipment is measured at historical cost.

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

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

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

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

Listed investments

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

Investments in subsidiaries

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

Investment in joint venture

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

Debtors

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

Cash and cash equivalents

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

Creditors

Short term creditors are measured at the transaction price.

Financial Instruments

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

The General Council of the Bar
Financial Statements for the year to
31 March 2016

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

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

Judgements in applying accounting policies

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

Pension scheme

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

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

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

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

Taxation

Current tax

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

Deferred tax

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

The General Council of the Bar
Financial Statements for the year to
31 March 2016

Operating leases

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

Employee Termination Payments and Employee Benefits

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

The General Council of the Bar
Financial Statements for the year to
31 March 2016

3. Income

	Year to 31/03/16 £000's	Year to 31/03/15 £000's
3a BSB Regulatory Fees and Charges		
Enforcement & Disciplinary Fines	32	38
Education & Training (including Exams and Assessments)	1,108	1,318
Qualifications	253	252
Entity Regulation	28	-
Other	-	3
	-----	-----
Total	1,421	1,611
	=====	=====
3b Bar Council Income		
Training and Seminars	399	510
Conferences	121	117
Commission	247	222
SBA Administration	-	76
Pupillage Gateway	33	31
Other Services	83	117
Counsel Magazine Royalties	73	69
Investment Income	27	29
Other Income	100	98
	-----	-----
Sub-Total	1,083	1,269
Income from Subsidiaries	35	32
	-----	-----
Total	1,118	1,301
	=====	=====

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

	<u>LSB/OLC Levy</u>		<u>Pension Levy</u>		<u>Total</u>	
3c) Non-Operating Income	Year to 31/03/16 £000's	Year to 31/03/15 £000's	Year to 31/03/16 £000's	Year to 31/03/15 £000's	Year to 31/03/16 £000's	Year to 31/03/15 £000's
Balance at the 1st April	(195)	5	(140)	846	(335)	851
Amounts Collected in year	1,232	600	-	-	1,232	600
Recognised in Non-Operating Income	(1,037)	(800)	140	(986)	(897)	(1,786)
	-----	-----	-----	-----	-----	-----
Balance at the 31st March	-	(195)	-	(140)	-	(335)
	-----	-----	-----	-----	-----	-----

The General Council of the Bar
Financial Statements for the year to
31 March 2016

4a Expenditure – Divisional Expenditure

	Bar Standards Board		Bar Council		Resources Group Overheads		Total GCB	
	2016 £000's	2015 £000's	2016 £000's	2015 £000's	2016 £000's	2015 £000's	2016 £000's	2015 £000's
Direct Staffing	4,343	4,169	2,597	2,666	1,678	1,610	8,618	8,445
Other Direct Costs	985	1,026	1,437	1,458	3,509	3,195	5,931	5,679
Direct Costs	5,328	5,195	4,034	4,124	5,187	4,805	14,549	14,124
Overhead Allocation	3,410	3,049	1,777	1,756	(5,187)	(4,805)	-	-
Subsidiary Ops	-	-	35	20	-	-	35	20
2014/15 Holiday Pay Accrual	(121)	121	(71)	71	-	-	(192)	192
2015/16 Holiday Pay Accrual	117	-	63	-	-	-	180	-
Divisional Operating Costs	8,734	8,365	5,838	5,971	-	-	14,572	14,336

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

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

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

4b Non-Operating Expenditure

	Year to 31/03/16 £000's	Year to 31/03/15 £000's
Payments:		
LSB Running Costs	327	423
OLC Running Costs	459	377
Subtotal	786	800
Pension scheme net interest cost	127	-
Other Pension Costs	81	-
	994	800
Recorded as Operating Costs	-	-
Non-Operating Costs	994	800

The General Council of the Bar
Financial Statements for the year to
31 March 2016

5a Analysis of Permitted Purpose activity (Representation only)

Cost area	Permitted Purposes £000's	Non Permitted Purpose £000's	Total £000's	2014/15 Comparatives £000's
Corporate	1,421	132	1,553	1,242
Professional Affairs	567	63	630	1,009
Remuneration	260	29	289	905
International	293	32	325	516
Communications	327	82	409	513
Other Permitted Purposes	337	-	337	323
Total	3,205	338	3,543	4,508
Total 2014/15	3,839	669	4,508	

All BSB activity is considered as within permitted purposes.

5b Use of Funds

	Permitted Purposes		Other Purposes		Total	
	2016 £000's	2015 £000's	2016 £000's	2015 £000's	2016 £000's	2015 £000's
PCF	9,876	9,504	-	-	9,876	9,504
Inns Subventions	573	804	-	-	573	804
Fees, Charges & Services	1,421	1,710	1,988	2,354	3,409	4,064
Income Sub-Total	11,870	12,018	1,988	2,354	13,858	14,372
BSB	8,734	8,365	-	-	8,734	8,365
Bar Council	3,205	3,839	2,633	2,132	5,838	5,971
Expenditure Sub-Total	11,939	12,204	2,633	2,132	14,572	14,336
Operating Surplus/(Loss)	(69)	(186)	(645)	222	(715)	36
Non Operating Income	897	1,810	-	82	897	1,892
Non Operating Expenditure	(994)	(800)	(78)	0	(1,072)	(800)
Non-Operating Surplus/(Loss)	(97)	1,010	(78)	82	(175)	1,092
Deferred Tax Provision	0	0	44	36	44	36
Total Surplus/(Loss)	(166)	824	(679)	340	(845)	1,164

The General Council of the Bar
Financial Statements for the year to
31 March 2016

6. Operating result

The Operating Result has been arrived at after charging:

	Year to 31/03/16 £000's	Year to 31/03/15 £000's
Auditors' remuneration:		
Audit fees	32	32
Non-audit services	5	9
Taxation compliance	4	4
Depreciation	573	508
Operating lease property rentals	612	611

7. Employment costs

	Year to 31/03/16 £000's	Year to 31/03/15 £000's
Salaries	6,794	6,499
National Insurance	732	698
DC Pension Contribution	471	493
Other Staff Costs, Temporary Staff & Recruitment	546	368
Termination payments	152	199
Total Costs of Employment	8,695	8,257

Office Holders & Key Management Personnel

Number of Key Management Personnel by total remuneration

	2016			2015		
	Bar Council	BSB	Total	Bar Council	BSB	Total
Total Remuneration level						
160,000 or greater	2	-	2	2	-	2
140,000-159,000	-	1	1	-	1	1
120,000-139,999	-	-	-	-	-	-
100,000-119,000	2	-	2	1	-	1
80,000-99,999	4	6	10	4	3	7
Less than 80,000	1	1	2	2	4	6
Total Remuneration of Key Management Personnel (£000's)	1,061	699	1,760	914	669	1,583

The General Council of the Bar
Financial Statements for the year to
31 March 2016

7. Employment costs (continued)

Office Holders & Key Management Personnel (continued)

The Chairman of the Bar was paid £179,288 (2015 - £199,806) and the Chair of BSB was paid £89,264 pro rata (2015 - £89,264).

The Vice-Chairman of the Bar was paid £89,644 (2015 - £88,113). The Vice-Chair of the BSB received £35,858 (2015 - £35,525).

Treasurer received no remuneration in the year (nil 2014/15).

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

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

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

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

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

8. Taxation

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

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

The General Council of the Bar
Financial Statements for the year to
31 March 2016

9. Property, plant and equipment

GCB/Group	Leasehold Impr'ment £000's	Office Furniture £000's	IT Equipment £000's	Database £000's	Total £000's
Cost					
Balance: 1 April 2015	405	336	332	1,343	2,416
Additions	4	45	94	219	362
	-----	-----	-----	-----	-----
Balance: 31 March 2016	409	381	426	1,562	2,778
	=====	=====	=====	=====	=====
Depreciation					
Balance: 1 April 2015	81	112	222	511	926
Charge for the year	81	123	89	280	573
	-----	-----	-----	-----	-----
Balance: 31 March 2016	162	235	311	791	1,499
	=====	=====	=====	=====	=====
Net Book Value					
At 31 March 2016	247	146	115	771	1,279
	=====	=====	=====	=====	=====
At 31 March 2015	324	224	109	833	1,490
	=====	=====	=====	=====	=====

The Group fixed asset values differ to the Parent by £15,000 due to Property, plant and equipment held by Subsidiary undertakings.

10. Subsidiaries & associated bodies

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

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

			334
			=====

Bar Council Properties Limited

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

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

The General Council of the Bar
Financial Statements for the year to
31 March 2016

Bar Services Company Limited

The company continued trading during the year as the vehicle through which the Bar Council provides an escrow facility to barristers. The Bar Council has advanced a total of £316,000 to the company as working capital in prior periods. This loan is due for review in March 2017. The directors and Bar Council consider this operation a going concern.

The results of the company for the year ending 31 March 2016 are as follows:

	Year to 31/03/16 £000's	Year to 31/03/15 £000's
Trading Income	10	5
Administration Expenses	(7)	(14)
	-----	-----
Operating (Loss)/Profit	3	(9)
	=====	=====
 Balance Sheet as at 31 March	 2016	 2015
	£000's	£000's
Tangible Fixed Assets	-	1
Debtors	-	-
Cash at Bank	37	29
Current Liabilities	(18)	(9)
	-----	-----
Net Current Assets	19	20
Intercompany Loan	(316)	(316)
	-----	-----
Net Liabilities	(297)	(296)
	=====	=====

Bar Council Scholarship Trust

The General Council of the Bar appoints the Trustees of a charity, The Bar Council Scholarship Trust (BCST). BCST provides funding to young men and women seeking to become practising members of the Bar in England and Wales. At 31 March 2016, the net assets of the Trust stood at £713,000 (2015 - £741,000).

The results of the charity for the year ending 31 March 2016 are as follows:

	Year to 31/03/16 £000's	Year to 31/03/15 £000's
Incoming resources	24	27
Charitable activities	(21)	(5)
	-----	-----
Net incoming resources, Before other recognised (losses)/gains	3	22
	=====	=====

The General Council of the Bar
Financial Statements for the year to
31 March 2016

10. Subsidiaries & associated bodies (continued)

	2016	2015
Bar Council Scholarship Trust	£000's	£000's
Balance Sheet as at 31 March		
Investments	660	691
Cash at Bank	53	50
Accruals	-	-
Net Current Assets	53	50
	----	----
Net Assets	713	741
	====	====
The Bar Direct Access Portal Limited	11mths to	Year to
(50% acquired August 2015)	31/03/16	30/04/15
	£000's	£000's
Trading Income	-	-
Administration Expenses	(11)	(7)
	----	----
Operating (Loss)/Profit	(11)	(7)
	====	====

The Bar Council consider this operation a going concern.

	2016	2015
Balance Sheet as at 31 March	£000's	£000's
Tangible Fixed Assets	15	12
Debtors	2	-
Cash at Bank	5	-
Current Liabilities	(40)	(19)
	----	----
Net Current Liabilities	(18)	(7)
	====	====

11. Listed investments

	Parent		Group	
	2016	2015	2016	2015
	£000's	£000's	£000's	£000's
Market Value				
Balance: 1 April	1,252	1,194	1,942	1,860
Additions at cost	435	318	569	535
Disposals at open mkt. value	(400)	(318)	(526)	(535)
Unrealised gain/(Loss)	(83)	58	(121)	82
	-----	-----	-----	-----
Balance: 31 March 2016	1,204	1,252	1,864	1,942
	=====	=====	=====	=====
Analysis: Investments	1,192	1,203	1,841	1,874
Cash	12	49	23	68
	=====	=====	=====	=====
Historical Cost	1,287	1,014	1,985	1,630

The General Council of the Bar
Financial Statements for the year to
31 March 2016

11. Listed investments continued.

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

12. Debtors & prepayments

	Parent		Group	
	2016	2015	2016	2015
	£000's	£000's	£000's	£000's
Trade Debtors	133	456	133	456
Accrued Income	101	222	101	222
Prepayments	875	568	875	568
Other Debtors	168	355	167	354
	-----	-----	-----	-----
	1,277	1,601	1,276	1,600
	=====	=====	=====	=====

The amount of trade debtors is stated net after deducting a bad debt provision of £123,481 (2015 - £10,000).

13. Creditors: due within one year

	Parent		Group	
	2016	2015	2016	2015
	£000's	£000's	£000's	£000's
Trade Creditors	693	508	693	508
Accruals	549	592	553	605
Deferred Income: PCF	10,011	6,456	10,011	6,456
BRF	890	565	890	565
Pension contributions	52	54	52	54
PAYE & Social Security	204	206	204	206
VAT	47	16	47	16
Other Creditors	344	90	375	87
	-----	-----	-----	-----
	12,790	8,487	12,825	8,497
	=====	=====	=====	=====

The General Council of the Bar
Financial Statements for the year to
31 March 2016

14. Commitments

(a) As at 31 March 2016, the Bar Council had non-cancellable commitments for operating leases as follows:

	Land & Buildings	
	2016	2015
	£000's	£000's
Expiring: Within 1 year	741	741
Expiring: Within 2-4 years	1,482	2,223
	-----	-----

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

(b) As at 31 March 2016, the Bar Council had capital expenditure commitments of £Nil (2015 - £Nil).

15. Defined Benefit Pension Scheme

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

A full actuarial valuation of the defined benefit scheme was carried out as at 1 October 2015, under scheme specific funding regulations. This has been updated to 31 March 2016 and to the revised FRS102 standards by a qualified independent actuary.

This update shows the scheme to be in surplus at £2,871k (£4,104k) and this is primarily due to the change in actuarial assumptions required under FRS102:

- The discount rate applied is more closely aligned with the profile of expected liabilities and has resulted in a reduction in the valuation of those liabilities. FRS 102 and IAS 19 specify that the discount rate used to value future benefit payments should reflect the return on a high quality corporate bond of equivalent currency and term to the liabilities. A single discount rate has been proposed, based on a yield point selected from the AA1–AA3 corporate bond spot yield curve produced by Bank of America Merrill Lynch as at 31 March 2016, to reflect the average term of the liabilities of the scheme (approximately 28.5 years for The General Council of the Bar Pension and Life Assurance Fund). A simplified approach, basing the discount rate assumption on the long-term (over 15 year) AA corporate bond yield index published by Bank of America Merrill Lynch, was adopted for convenience at previous FRS 17 valuations. The change in discount rate was from 3.1% to 3.8%
- The mortality tables available from the Continuous Mortality Investigation Committee have been updated to reflect the latest version of the tables. In addition, the prudence assumptions, which state the long term improvements in mortality probability incorporated into the mortality assumptions in the triennial valuation model for funding purposes, have been adjusted to remove the actuarial margin. The long term improvement in mortality rates is therefore set at 1% rather than at 2%. The effect of these changes are estimated to reduce liabilities by £1.3m.

The GCB paid the 2015/16 contributions to the defined benefit pension fund of £493,200 in 2014/15 in advance. No additional contribution was made in the 2015/16 year.

The General Council of the Bar
Financial Statements for the year to
31 March 2016

15. Defined Benefit Pension Scheme (continued)

(a) Assumptions:

The major financial assumptions used by the actuary were:

	2016	2015
Rates per annum:	%	%
Inflation (CPI)	2.40	2.40
Salary increases	N/A	N/A
Discount Rate	3.80	3.10
Pension in payment increases (CPI, max 5%, Min 3%)	3.00	3.00
Proportion of employees opting for early retirement	Nil	Nil
Revaluation rate for deferred pensions	5.00	5.00

The mortality assumptions adopted imply the following life expectancies:

	2016	2015
Male retiring at age 65 today	22.8	24.7
Female retiring at age 65 today	25.2	26.7
Male retiring at age 65 in 20 years	24.1	27.9
Female retiring at age 65 in 20 years	26.6	29.9

Pre-retirement mortality rates

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

Age x	Male	Female
- 30	0.0008	0.0006
- 40	0.0020	0.0013
- 50	0.0035	0.0022
- 60	0.0052	0.0034

The General Council of the Bar
Financial Statements for the year to
31 March 2016

15. Defined Benefit Pension Scheme (continued)

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

	2016	2015
	£000's	£000's
Fair value of scheme assets: see (e) below	21,615	23,906
Present value of scheme liabilities: see (d) below		(28,010)
	(18,744)	
	-----	-----
(Deficit)/Surplus in scheme	2,871	(4,104)
	-----	-----
(Liability)/Asset to be recognised	Nil	(4,104)
	-----	-----

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

	2016	2015
	£000's	£000's
Income		
Interest Income	(703)	(860)
	=====	=====
Expenditure		
Interest Cost	830	836
	-----	-----
Total recognised in Consolidated Income Statement	127	(24)
	=====	=====
Actual return/(loss) on scheme assets	186	3,244

Administration expenses of £18,000 (£18,000) were paid from scheme assets during the accounting period to 31 March 2016.

The General Council of the Bar
Financial Statements for the year to
31 March 2016

15. Defined Benefit Pension Scheme (continued)

(d) Amounts reported under the Statement of Other Comprehensive income are as follows:	2016	2015
	£000's	£000's
Return on Scheme Assets excluding amounts included in interest expense/income	(517)	2,384
Re-measurement gains/(losses) on the defined benefit obligation - experience	(356)	(152)
Re-measurement gains/(losses) on the defined benefit obligation – changes in assumptions	7,993	(7,420)
Surplus withheld – no cash benefit arising from reduction in or return of contributions	(2,871)	-
	-----	-----
Re-measurement gains/(losses) recognised in other comprehensive income	4,249	(5,188)
	=====	=====

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

	2016
	£000's
Scheme Liabilities: 1 April	28,010
Interest expense	830
Actuarial (gain)/loss	(7,637)
Benefits paid & Life Assurance Premium	(2,459)

Scheme Liabilities: 31 March	18,744
	=====

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

The General Council of the Bar
Financial Statements for the year to
31 March 2016

15. Defined Benefit Pension Scheme (continued)

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

	2016
	£000's
Scheme Assets: 1 April	23,906
Interest Income	703
Return on Scheme assets excluding amounts included under interest expense/income	(517)
Administration fee paid from Scheme assets	(18)
Benefits paid & Life Assurance Premium	(2,459)

Scheme Assets: 31 March	21,615
	=====

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

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

	2016	2015
	%	%
Equities	29.3	25.2
Bonds	61.1	52.7
Property	0	1.5
Cash	2.2	4.2
With Profits Fund	7.4	16.4
	-----	-----
Total Assets	100.0	100.0
	-----	-----

16. Related party transactions

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

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

The General Council of the Bar
Financial Statements for the year to
31 March 2016

16. Related party transactions continued

At 31 March 2016, there was an amount due to the Bar Council from the Bar Services Company of £316,000 in the form of a working capital loan (2015 - £316,000).

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

The General Council of the Bar provides accounting and secretarial services to QCA at a charge of £7,000, plus VAT per annum. In addition, both of the members of QCA received a management fee in 2016 of £25,000 plus VAT (2015 - £25,000 plus VAT).

Information on the honorarium paid to the Chairman of the Bar is shown in Note 7. Expenses paid in respect of members of the Bar Council, including the Chairman, when acting on the Bar Council's business totalled £14,644 (2015 - £13,817).

17. Transition to FRS102

The reconciliations required by s35 of FRS102 on first time adoption of the standard are set out below.

Reconciliation of reserves as at 1 April 2014	Permitted Purposes reserves	Other general reserves	Pension reserve	Revaluation reserve	Charity reserves	Total
	£000's	£000's	£000's	£000's	£000's	£000's
Reserves as previously stated	94	3,808	92	427	694	5,115
Holiday pay accrual	-	-	-	-	-	-
Provision for deferred tax	-	(80)	-	-	-	(80)
Reserves as restated	94	3,728	92	427	694	5,035
Reconciliation of reserves as at 31 March 2015						
Reserves as previously stated	183	3,826	(4,104)	485	740	1,130
Holiday pay accrual	(121)	(71)	-	-	-	(192)
Provision for deferred tax	-	(44)	-	-	-	(44)
Pension Restatement			18			18
Reserves as restated	62	3,711	(4,086)	485	740	912

The General Council of the Bar
Financial Statements for the year to
31 March 2016

17. Transition to FRS102 (continued)

Reconciliation of result for the year ended 31 March 2015

Surplus as previously stated	1,214
Movement in holiday pay accrual	(192)
Deferred tax credit for the year	(36)
Movement on Pension Deficit Restatement	8
Net Movement on Pension Restatement	(9)
Unrealised Gains/(Loss) Recognised in Income Statement	2
	<hr/>
Surplus as restated	1,065
	<hr/> <hr/>

As we do not have sufficient information for the year ending March 2014 to calculate the Holiday accrual accurately, The General Council of the Bar has decided to make the transitional adjustment for the Holiday accrual in the year ending March 2015 and has adjusted the comparatives to reflect this.

The General Council of the Bar
Financial Statements for the year to
31 March 2016

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

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

Scope

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

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

Purpose of procedures

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

Procedures performed

We have carried out the following procedures:

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

Findings

No errors or exceptions were identified in our work.

The General Council of the Bar
Financial Statements for the year to
31 March 2016

Statement under s.51 Legal Services Act 2007

Expenditure/Costs:	2015/16 Spend			Analysis of Spend		Funded By					Total Income £000	Gain / (Loss) £000
	Direct Spend £000	Allocated Costs £000	Total Spend £000	Permitted Purposes £000	Other Purpose £000	Direct Income £000	Inns Sub'tn £000	BRF £000	Other £000	PCF (P.P. only) £000		
(A) Regulation (BSB)												
<i>Professional Conduct (Disciplinary)</i>	(2,062)	(1,549)	(3,611)	(3,611)		32	573			2,905	3,510	(101)
<i>Education and Training</i>	(656)	(249)	(905)	(905)		995				0	995	90
<i>Future Bar Training</i>	(185)	(46)	(231)	(231)						230	230	(1)
<i>Assessments</i>	(336)	(232)	(568)	(568)		113				447	560	(8)
<i>Qualifications</i>	(514)	(358)	(872)	(872)		253				610	863	(9)
<i>Regulatory Policy</i>	(818)	(457)	(1,275)	(1,275)						1,245	1,245	(30)
<i>Entity Regulation</i>	(191)	(106)	(297)	(297)		28				264	292	(5)
<i>Supervision</i>	(562)	(413)	(975)	(975)		0				970	970	(5)
	(5,324)	(3,410)	(8,734)	(8,734)	0	1,421	573	0	0	6,671	8,665	(69)
(B) Permitted Purposes:												
Approved Regulator: Corp.	(992)	(326)	(1,318)	(1,186)	(132)	1		0	131	1,186	1,318	0
Donations: exc. Representative	(235)		(235)	(235)						235	235	0
	(1,227)	(326)	(1,553)	(1,421)	(132)	1	0	0	131	1,421	1,553	0
Representation:												
Professional Affairs	(357)	(274)	(631)	(568)	(63)			56		568	624	(7)
Remuneration	(191)	(98)	(289)	(260)	(29)			29		260	289	0
International	(248)	(78)	(326)	(293)	(33)	33				293	326	0
Europe	(108)	0	(108)	(108)	0					108	108	0
Communications	(292)	(116)	(408)	(327)	(81)			81		327	408	0
Equality and Diversity	(130)	(98)	(228)	(228)	(0)					228	228	0
	(2,553)	(990)	(3,543)	(3,205)	(338)	34	0	166	131	3,205	3,536	(7)
(C) Member Services:												
<i>Member Services</i>	(1,471)	(789)	(2,260)	0	(2,260)	919		704			1,623	(637)
Principal Activities	(9,348)	(5,189)	(14,537)	(11,939)	(2,598)	2,374	573	870	131	9,876	13,824	(713)
Subsidiary organisations	(35)		(35)		(35)	34					34	(1)
Bar Council Operating Activities	(9,383)	(5,189)	(14,572)	(11,939)	(2,633)	2,408	573	870	131	9,876	13,858	(714)
Non Operating Activities			(994)	(994)					(78)	897	819	(175)
Total as per Income Statement (before Tax)			(15,566)	(12,933)	(2,633)	2,408	573	870	53	10,773	14,677	(889)
Taxation												44 (845)