



Barristers' Chambers Limited

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**Barristers'
Chambers
Limited**

Annual Report 2017



**Barristers'
Chambers
Limited**

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Level 28, Aickin Chambers, 200 Queen St, Melbourne



Level 14, Castan Chambers, 460 Lonsdale Street Melbourne

Barristers' Chambers Limited (BCL) was first established in 1959 to purchase land and build sustainable property and offices for members of the Victorian Bar.

With the initial objective of supplying accommodation to barristers without the financial impediments found in other states, BCL's ability to offer affordable and well located chambers encouraged a diverse range of individuals to pursue a career in law, not just those from wealth.

Since this time, BCL has grown dramatically to an impressive commercial property portfolio. Coupled with a suite of integrated service solutions including IT and Telecommunications, Facilities Management, Practice Support Services and a Business Centre, BCL has truly evolved to establish itself as a full service provider for the Victorian Bar.

BCL's owned and leased portfolio now encompasses nine buildings of which three are wholly owned, with a total net lettable area of 58,597m². All chambers are rented on a monthly basis, providing clients with a highly flexible offering.

With over 1,300 clients in chambers and an additional number of clients taking IT services, BCL is committed to improving, renewing and investing in its facilities and services to ensure clients are provided with the best experience possible.

The statistics below describe BCL as at 30 June 2017, and the reporting period of this report is the twelve months to 30 June 2017

9 Buildings 84 Floors 1,397 Chambers



\$205.9m

Property asset value for 3 owned buildings



1,369

Total number of clients in chambers



Net lettable area



58,597m²



FY2018 Forecast



61,535m²

\$37.1m

FY2017 Revenue



\$2.1m

Increase on FY2016



Net profit after tax

\$23.8m

FY2017

\$16.3m

Increase on FY2016

Increase due to revaluation gain on investment properties



\$9.7m

Capital investment into improving facilities & services





Ian Whitehead
GAICD
CEO & Managing Director



Level 23, Aickin Chambers, 200 Queen St, Melbourne

Following my commencement with BCL in October 2016 I have been delighted to see many new initiatives come to fruition and to focus on implementing robust and reliable policies and procedures across the business.

It has been a year of company reinvestment and refocus, with key investments in technology and recruitment of the right people to align with my objectives of lifting service levels across the board and strengthening our infrastructure. I am incredibly pleased with the progress and evolution of the business and am excited at the prospect of what is to come.

In October 2016 BCL commissioned an independent review to identify the source of several major outages that had occurred across the phone network, resulting in several key recommendations that would increase

our network reliability and speed. I commenced implementing these in early 2017 with the course of works expected to be completed in December 2017.

This scope of works has included engaging highly reputable DXC Connect to take over the maintenance and management of the phone system, transitioning to Telstra as the tier 1 provider for phone and internet services and a full upgrade to the infrastructure and software used to supply our technology services. Investment in an upgrade that was overdue has resulted in a significant cost of approximately \$1 million to BCL. However, these works are essential as technology advancements and user demands have increased the expectations and cost of providing these vital communication services. As we move towards completing these works, it is great to see the company enter a period of technological stability and significant technical provisions.

Our investment in recruiting the right people has been integral in BCL's journey towards establishing the company as a premium provider of services to the Victorian Bar. In

early 2017, we welcomed Kamran Channa as Chief Information Officer/ General Manager of Customer Service and Julia Cipullo as Marketing and Communications Manager, with these two roles being crucial in raising the voice of client and the introduction of several new initiatives. In July 2017 we also welcomed Glen Plummer to the team as General Manager - Building Services. Glen's skill set will be invaluable as we continue to build our Building Services team and I am very excited to have him on board.

The first of these initiatives was the introduction of monthly CEO and Board lunches in April 2017 with the objective of each lunch to set a relaxed forum for clients to provide feedback and opinions. In June 2017, the BCL Help Desk was rebranded to the BCL Service Desk, with the upgraded offering aiming to ensure our support hours are reflective of the varied hours that barristers work. This also coincided with the recruitment of additional front line team members, proficient in supporting all types of IT devices and products including Apple.

In addition, two quality assurance activities were established to allow

us to monitor our service levels and identify and understand our client's needs. Through each initiative, clients have been given the opportunity to give feedback either online or over the phone. The results have been extremely positive, with our overall satisfaction rate sitting at 95% and 98% of clients' issues being solved at first point of contact as at 30 June 2017.

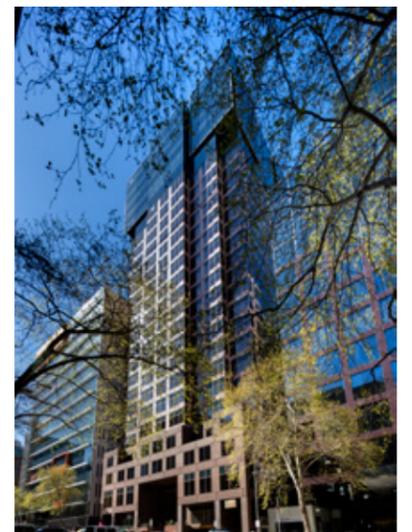
At the beginning of March 2017 we proudly re-opened level 1 at Owen Dixon Chambers East, featuring an A grade fit-out and conferencing facilities. It was fantastic to see the project delivered on time and to overwhelmingly positive feedback. The six level Owen Dixon Chambers West refurbishment programme came to a close in June 2017, after some hard lessons learnt that provided helpful insights for future projects. Another initiative I am proud to have introduced is the Project Management Office (PMO), tasked with delivering all new fit-out and refurbishment projects. Headed up by our Programme Director Mary Hayes, the current programme includes the fit-out of four new floors at Aickin Chambers and four new floors

at Castan Chambers. I am pleased to report that both these projects are on track for October and November completion dates after which refurbishment works will commence on nine floors at Aickin Chambers.

Financially, BCL remains strong which positions us to continue to support barristers and the Victorian Bar into the future. Profit after Tax increased to \$23.8m, up from \$7.5m in the prior year, however \$17.2m of this increase was due to the non-cash Gain on Revaluation of Investment Properties. Excluding this Revaluation Gain, Profit after Tax reduced to \$6.6m from \$7.5m, representing the additional investment in technology, new leases and our people. I am also pleased to say that a dividend has been declared to be paid to the Shareholder in February 2018. On a final note, we look forward to delivering 8 new floors in Aickin and Castan in early FY2018.

Ian Whitehead resigned from his position with BCL on 8 September 2017 with Jenny Martin (BCL's Chief Financial Officer) taking on the role of Acting CEO on 11 September 2017.

Our investment in recruiting the right people has been integral in BCL's journey towards establishing the company as a premium provider of services to the Victorian Bar.



Owen Dixon Chambers West, 525 Lonsdale St, Melbourne

The past 12 months have seen BCL continue its evolution and aspirations to be the service company of choice for the modern barrister, seeking to compete with the myriad of professional services available to individuals and corporates alike.

In a legal services market which is only growing by approximately 1% per annum, well less than GDP, it is essential that BCL find a way to provide the very best services at a price point which facilitates all members achieving economically viable practices. It is an extraordinary privilege to Chair BCL at this time and have the opportunity to assist in the pursuit of these goals.

October 2016 saw the arrival of Ian Whitehead as CEO and Managing Director bringing to BCL deep experience in retail, financial services and property services across companies such as Commonwealth Bank and Medibank Private. Ian's appointment benefitted BCL immensely. He oversaw vast advances in customer service, particularly in technology, at the same time bringing a methodical approach to the company with the introduction of processes and procedures which have

better equipped BCL to serve both our members and the Bar Council.

The last 12 months has also seen the arrival of Jenny Martin, our Chief Financial Officer, Kamran Channa, our Chief Information Officer/General Manager of Customer Service and Glen Plummer, our General Manager - Building Services. Each of Jenny,

Over the past 12 months we have also invested heavily in our technology offering and this is something that will continue for the next twelve months.

Kamran and Glen bring to BCL skills and professional experience which can only enhance BCL's ability to serve. I very much look forward to working with them and to seeing their careers continue to flourish at BCL.

Service cannot happen in a vacuum and I have driven and continue to drive the team to expand as necessary to ensure that BCL is equipped and ready to serve its barrister clients. There is a direct relationship between our ability to serve and number of employees, all of whom give much beyond what can reasonably be expected. I am also very conscious of the demands which barristers place

on themselves and thus on others including the team at BCL. To continue our ambition of meeting all of these demands, we also need to ensure that we have empowered each of our employees so that they can continue to better serve the Bar.

Over the past 12 months we have also invested heavily in our technology

offering and this is something that will continue for the next twelve months. Ensuring we have fast and reliable phone, internet, data and email services in place is paramount to supporting the evolving needs of barristers in the digital age.

Geoff Bartlett has commenced his move towards retirement. Geoff has been with the company for 23 years in a variety of roles including Chief Financial Officer and Company Secretary. Geoff has been the face of BCL effectively from 1983 to 1986 and then for 20 years from early 1997 until now. Geoff has always displayed a deep love of the Victorian Bar and



I'd like to take this opportunity to thank the Board for their support, advice, enthusiasm and support of Ian Whitehead and the BCL team for all their hard work.

he has worked tirelessly to serve BCL and thereby provide for the Victorian Bar. I'd like to thank Geoff for being a soldier for the company and a well-respected member of the wider Victorian Bar community, he will be truly missed.

I thank Catherine Button for her service to the Bar and our Board. Catherine has made a great contribution to the development and progress of BCL. I also thank Rebecca McGrath, one of our very first non barrister directors. I personally benefitted much from Rebecca's insight and guidance and wish her every success as Chairman of Oz Minerals Limited.

A key focus area for the year has been how BCL will adapt to the ongoing and future changes in new technology. This can be broken down into two projects, one of which is our work with Boston Consulting Digital Ventures (BCDV) and the second being reinvestment in our own technology infrastructure.

Our work with BCDV over the last six months has highlighted the impact future technology will have on the delivery of justice for the community and how this will ultimately change the services BCL provides. It coincides with the foresight of Bathurst CJ in seeking to better use technology in mortgage disputes and that of many other leaders of the profession. All of whom can readily see the impact of Artificial Intelligence and its facility to enable us to provide advice and achieve resolution of disputes in a more timely and cost efficient manner, thus keeping the rule of law and our profession, which is central to it, relevant well into the future. A matter of vital concern to all of us.

The challenges ahead include the urgent need for BCL to use its assets to develop or purchase businesses to relieve the pressure on barristers as our only source of income. I am unabashed in my ambition to grow a business which continues to outperform in serving the Bar and at

the same time reduces the costs to barristers by cross subsidisation from revenues derived beyond barristers.

As I reflect on the progress we have made over the past 12 months it is evident that BCL has experienced a change of pace and a shift in focus towards further improving and extending the service we provide barristers. The company has evolved into a reputable force in the Melbourne CBD office market, particularly within the legal precinct with 58,597m2 of net lettable area across well known and established properties.

In closing, I'd like to take this opportunity to thank the Board for their support, advice, enthusiasm and support of Ian Whitehead and the BCL team for all their hard work. In a year of significant challenges and changes, I am particularly grateful to the BCL team and thank them for their service to our Bar.



Supreme Court of Victoria



Directors Holding Office as at 30 June 2017

Directors who resigned in FY2017:
Rebecca J McGrath, BTP (Hons), MAppSc, FAICD
Catherine Button, LLB/BA, BCL, Dphil

Directors appointed in FY2017:
Michael Malone, BSc, DipEd, FACS, FAICD, FAIM

(1) Michael D Wyles QC (Chairman), FAICD

Sub-committees:

- People and Culture*
- Audit and Risk Management
- Occupational Health, Safety and Sustainability

Directorships:

- Nil

A silk of over 25 years experience, through his appearance in some of Australia's highest profile commercial cases Michael has demonstrated a proven prowess in the areas of law fundamental to commerce. Michael's expertise extends to tax, contracts, trusts, equity, corporate law and trade practices.



(2) Jacob (Jack) I Fajgenbaum QC (Deputy Chairman), BA (Hons), LLB (Hons), JD, LLM

Sub-committees:

- Audit and Risk Management

Directorships:

- Nil

With a broad practice and almost 50 years at the Bar, Jack brings a wealth of experience in litigation and dispute resolution.



(3) Adrian J Finanzio SC, BA, LLB

Sub-committees:

- Audit and Risk Management

Directorships:

- Non-Executive Director Legal Practitioners' Liability Committee Board (2016 to present)
- Non-Executive Director of Assisi Centre Incorporated (2017 to present)

Adrian practices in the field of planning and environment. He has taught extensively at the University of Melbourne in those fields and in advocacy at Monash University. Adrian is Vice Chair of the Readers' Course Committee at the Victorian Bar, and has sat on the Victorian Bar Council between 2011 and 2013.



(4) Alice J M Williams B.Com, FCPA, FAICD, CFA, ASFA, AIF

Sub-committees:

- Audit and Risk Management

Directorships:

- Non-Executive Director of Racing Victoria Limited (2016 to present)
- Non-Executive Director Cooper Energy (2013 to present)
- Non-Executive Director Djerrivarrh Investments (2010 to present)
- Non-Executive Director Defence Health (2010 to present)
- Non-Executive Director Victorian Funds Management Corporation (2008 to present)
- Non-Executive Director Equity Trustees (2007 to present)
- Director Foreign Investment Review Board (2015 to present)

A chartered financial analyst, Alice has specialist experience in capital markets and as an advisor for major Australian and international corporations. She is a director on a range of public, government and private boards including Djerrivarrh Investments Limited, Equity Trustees Limited, Victorian Funds Management Corporation and Defence Health and is a Council Member of the Cancer Council of Victoria.

*People and Culture Sub-Committee was dissolved on 23 June 2017



(5) Daniel J Crennan QC, BA, LLB (Hons), MAICD

Sub-committees:

- Audit and Risk Management

Directorships:

- Non-executive Director of Bounty Mining Limited (2016 to present)
- Chairman, Artists for Kids' Culture (2016 to present; previously non-executive director)
- Director Industrial Systems and Products (2014 to present)
- Member of Victorian Bar Council (2012 to present), current roles:
 - » Honorary Treasurer
 - » Chair, Audit & Finance Committee
- Director of the Law Council of Australia (2017 to present)

Daniel came to the bar in 2002, not long after completing a research internship at the International Criminal Tribunal for the former Yugoslavia in the Hague. Daniel's practice is broad and is complemented by his roles as Honorary Treasurer of the Victorian Bar Council and Chair of the Council's Audit and Finance Committee. He is also a director of the Law Council of Australia.



(6) Penelope A Neskovic QC, BEc, LLB (Hons)

Sub-committees:

- Occupational Health, Safety and Sustainability

Directorships:

- Nil

Penny practices primarily in the areas of corporate and commercial law, bankruptcy and insolvency, trade practices, administrative law and tax and superannuation law. Penny came to the Bar in 2002, having previously been a Senior Associate at Allens Arthur Robinson, and took silk in 2016.



(7) Michael M Malone BSc, DipEd, FACS, FAICD, FAIM

Sub-committees:

- Nil

Directorships:

- Non-Executive Director Dreamscape Limited (2016 to present)
- Non-Executive Director NBN Co (2016 to present)
- Non-Executive Director Seven West Media Limited (2015 to present)
- Non-Executive Director Superloop Limited (2015 to present, Chairman from June 2017)
- Non-Executive Director SpeedCast Limited (2014 to present)
- Founder & Chairman Diamond Cyber Pty Ltd (2014 to present)
- Advisory Board Member Market Eye Pty Ltd (2014 to present)

Michael Malone founded iNet Limited, ASX listed telecommunications company in 1993 and continued as CEO until his retirement in 2014. Michael Malone is an experienced Non-Executive Director holding a number of positions in both private and ASX companies.

Michael's industry recognitions include 2012 Australian Entrepreneur of the Year, CEO of the Year in the Australian Telecom Awards and National Customer Service CEO of the Year in the CSIA's Australian Service Excellence Awards.

Resigned September 2017.



(8) Ian Whitehead CEO and Managing Director, BBUS, PGradDip, GAICD

Sub-committees:

- Occupational Health, Safety and Sustainability

Directorships:

- Nil

Ian joined BCL in October 2016 as CEO and Managing Director. Prior to joining BCL, Ian worked for companies such as the Commonwealth Bank, Medibank Private and British Petroleum in Executive and CEO roles. Ian was a Board Member of the Indonesia Australia Business Council for four years and is member of the Australian Institute of Company Directors.

Ian holds deep experience in Retail, Financial Services, Distribution and Property Services.

Ian has completed Executive Education programs at INSEAD (France) and Harvard (USA) and is a Graduate and Member of the Australian Institute of Company Directors. He also holds a Masters and a Post Graduate in Marketing from the Royal Melbourne Institute of Technology and a Bachelor of Business in Marketing/Economics from Swinburne University of Technology.

Resigned September 2017.



Ian Whitehead

CEO & Managing Director

Ian joined BCL in October 2016 as CEO and Managing Director.

Prior to joining BCL, Ian worked for companies such as the Commonwealth Bank, Medibank Private and British Petroleum in Executive and CEO roles. Ian was a Board Member of the Indonesia Australia Business Council for four years and is member of the Australian Institute of Company Directors.

Ian holds deep experience in Retail, Financial Services, Distribution and Property Services.

Ian has completed Executive Education programs at INSEAD (France) and Harvard (USA) and is a Graduate and Member of the Australian Institute of Company Directors. He also holds a Masters and a Post Graduate in Marketing from the Royal Melbourne Institute of Technology and a Bachelor of Business in Marketing/Economics from Swinburne University of Technology.

Ian resigned from BCL on 8 September 2017.

Jenny Martin

Chief Financial Officer and Company Secretary

Jenny joined BCL in 2016 as Chief Financial Officer, and was later appointed Company Secretary.

Prior to joining BCL, Jenny was Chief Financial Officer and Company Secretary for Money3 Corporation Limited, an ASX listed company, and prior to that Group Financial Controller of Southern Cross Media Group Limited, an ASX 200 company.

Jenny has deep financial experience working in large and complex environments, with particular expertise in strategy development and execution, corporate governance, risk mitigation and stakeholder management.

Jenny is a Member of the Australian Institute of Company Directors, is a Chartered Accountant, and holds a Bachelor of Accounting Degree from Monash University.

Jenny was appointed Acting CEO on 11 September 2017.

Mary Hayes

Programme Director

Mary joined BCL in 2012 and has held roles in projects, as General Manager of Marketing/People and Culture and is now Programme Director of the Project Management Office.

Prior to joining BCL, Mary worked as a Senior Project Manager in post-merger integration for Perpetual Limited.

Mary is an experienced senior manager with a track record across human resources, marketing and project management gained through her work in financial and professional services.

Mary is currently studying a Bachelor of Business from Griffith University.

The Executive Leadership Team works directly with clients to drive innovation, implement growth strategies and build a positive team environment.

Kamran Channa

Chief Information Officer & General Manager of Customer Service

Kamran joined BCL in May 2017 as Chief Information Officer & General Manager of Customer Service.

Prior to joining BCL, Kamran was Chief Technology Officer at Entity Solutions Group and prior to that was Consultant Project Manager at DWS Limited.

Kamran is a passionate technologist with an astute understanding of business and customer service. An adherent of the power of digital, Kamran helps companies redefine customer connections, interactions and transactions. Over the past eight years, Kamran has achieved an impeccable delivery record through sharing his vision with clarity, developing strong cross functional teams and exemplary technology and business leadership.

Kamran holds a Master of Information Technology from Deakin University and MBA for Technology Executives from Boston University.

Glen Plummer

General Manager - Building Services

Glen joined BCL in July 2017 as General Manager – Building Services.

Prior to joining BCL, Glen worked across a wide range of industry leaders including Ventia, Latitude Financial Services (formally GE Money), Virgin Australia and JLL.

Glen brings to BCL over 15 years of experience in real estate and strategic facilities and building management, his key specialties include, but are not limited to strategic portfolio planning, tactical negotiation and operational planning. Proficient in influencing and dealing with key business leaders and stakeholders, readily building team spirit and engendering a collaborative and supportive environment for his staff is also a skillset and focus.

Glen holds a Bachelor of Architecture and a Masters of Finance from RMIT University and a Masters of Corporate Real Estate from Corenet Global.

Julia Cipullo

Marketing & Communications Manager

Julia joined BCL in January 2017 as Marketing & Communications Manager.

Prior to joining BCL, Julia worked for Deague Group, a multi-national property developer, overseeing the marketing and communications for their commercial property and serviced office businesses.

Julia brings to BCL over ten years of extensive marketing and communications experience across the commercial property, property development and tourism industries. A driven and passionate marketing professional, Julia's areas of expertise include strategy development and execution, voice of client, branding and digital marketing.

Julia holds a Bachelor of Tourism in Marketing/Management from the University of Canberra.



Driving the Voice of Client

In early 2017, BCL commenced its client service transformation journey with the objective of capturing client's needs and wants to have their voice at the forefront of all business decisions. This transformation is a result of CEO and Managing Director Ian Whitehead's vision to elevate BCL to a true service culture and to ensure BCL's service aligns with the true nature of what the company aims to deliver.

BCL held its inaugural CEO and Board lunch in April 2017, giving clients the opportunity to express their feedback in a relaxed environment. With five lunches held to date, these have proved very successful with clients who have been delighted at the opportunity to provide feedback and hear about BCL's latest initiatives.

In order to keep up with barristers' varied needs and hours of work, BCL introduced extended hours of on-site

support and 24/7 remote support in June 2017. This formed part of the transition from BCL Help Desk to the BCL Service Desk. The transition also included training of team members on both Apple and PC products, the introduction of a team uniform and a detailed review of the customer service and delivery management system.

In order to keep up with barristers' varied needs and hours of work BCL introduced extended hours of on-site support and 24/7 remote support in June 2017.

The review uncovered a number of opportunities to improve efficiency and enhance service delivery. These opportunities were realised by simplifying the structure of the Service Desk team and increasing the use of the ticket management tool. This allowed BCL to monitor and manage work flow effectively and thereby improve customer service.

This increased focus on service has seen a notable shift upwards regarding client's perception of and satisfaction with BCL. This has been measured by two initiatives introduced to monitor the quality of the service clients received. One initiative obtains feedback from clients over the phone, whilst the second is in the form of an online survey that is sent when a

client's request has been completed. At the close of the financial year the customer satisfaction rating was at 95% with the survey receiving an overwhelming response rate of 34%, well above industry standards.

Technology

During FY2017 BCL made significant investments in upgrading its Information Technology and Telecommunication (IT&T) infrastructure. The year started with consolidation of BCL's server farm from 40 physical servers to 18 virtualised servers which are now hosted in two of BCL's locations inside state-of-the-art and purpose-built data centre facilities. As part of the upgrade, BCL migrated its services to the latest version of software running on the servers.

BCL has undertaken significant steps in 2017 to address telecommunications service reliability, making it a key deliverable for the business.



In March 2017, BCL undertook major works in uplifting its capability around dealing with cyber security threats, and upgraded its network firewall infrastructure and email spam filters. This enabled BCL to remain unharmed in the event of global outbreaks of viruses and malware, including the Wannacry and Petya attacks in early 2017.

BCL has undertaken significant steps in 2017 to address telecommunications service reliability, making it a key deliverable for the business.

An independent review into the cause of the extended phone outage in October 2016 resulted in a number of key recommendations. BCL started implementing these recommendations in early 2017 and as a result, engaged DXC Connect to take over

the maintenance and end-to-end management of the phone system (software and hardware included). Since this engagement, DXC has completed commissioning an in-depth network monitoring service enabling BCL to pre-empt network traffic issues before they become problems for clients. In June 2017, DXC completed the upgrade of BCL's phone system software to the latest version.

BCL also engaged Telstra to take over the provision of internet and phone services. Telstra has since taken over the delivery of the internet service and is in the process of taking over the delivery of fixed voice phone services in early FY2018.

Over FY2018, BCL will continue to invest in its IT&T infrastructure and bolster its cyber security resilience.

Key highlights of FY2018 will be:

1. Enhanced phone call experience through migration of fixed voice phone services to Telstra
2. Increased resilience through a robust data protection and disaster recovery strategy
3. Improved network performance through upgrades to network equipment and simplification of network design



Aickin Chambers New Floors – Artist's Impression



Castan Chambers New Floors – Artist's Impression

Projects

The level 1 refurbishment of Owen Dixon Chambers East was completed on schedule in March 2017. This was an exciting time for both BCL and the Victorian Bar with the space opened up and given a contemporary, fresh and inviting feel, in keeping with the Victorian Bar's professional standards and values.

The floor has been designed to serve the changing needs of the members of the Victorian Bar with new, state-of-the-art technology which includes video conferencing, live streaming and recording capabilities.

The scope and size of the delivery of the refurbishment of levels 6, 9, 10, 11, 13 and 15 at Owen Dixon Chambers West coupled with the new demands of the modern barrister clearly displayed the need for BCL to create a Project Management Office (PMO). Established in April 2017, the PMO was tasked with the execution and delivery of large scale projects.

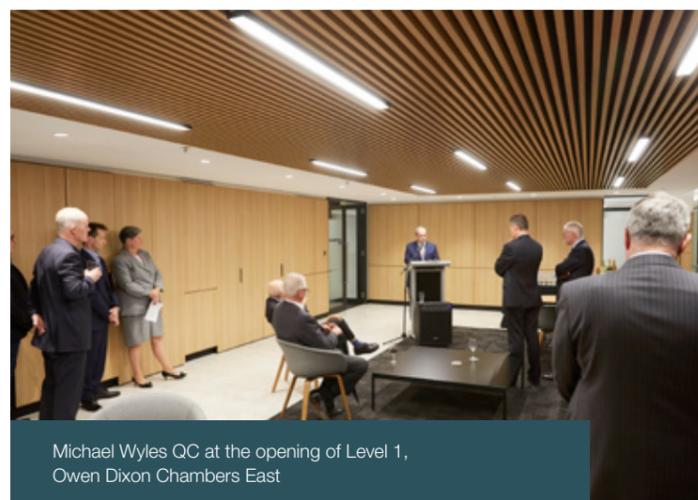
This will include eight new floors at Aickin Chambers and Castan Chambers due to be completed late 2017, as well as the refurbishment of nine floors at Aickin Chambers. The programme of work across both Aickin and Castan Chambers is the largest in BCL's history and is equivalent to approximately 25% of our current portfolio.

The primary objectives of the PMO are to create a consistent, structured and standardised project process with a focus on the client experience and reducing exposure to risks. The client engagement approach and policy is especially critical, with the key objective to sell the benefits and manage client expectations. Managing clients' expectations is critical throughout the project process to mitigate risks such as cost overruns, occupancy delays and poor client experiences.

A Steering Committee made up of Executive Leadership Team members was also created to monitor the progress of all new BCL fit-out and refurbishment programmes of work, make decisions as required and provide guidance on key issues and risks.



Level 1, Owen Dixon Chambers East



Michael Wyles QC at the opening of Level 1, Owen Dixon Chambers East

What to Expect in FY2018

Aickin Chambers, 200 Queen Street, Melbourne

New Floors

- Delivery of four new floors across levels 18, 19, 20 and 21 accommodating 65 clients
- Project currently underway with a target completion date of October 2017

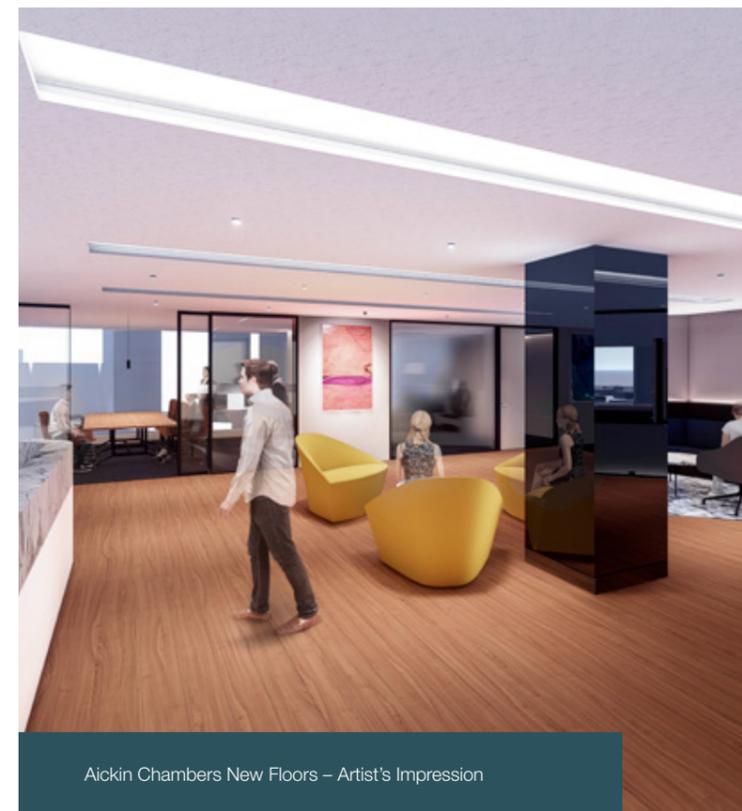
Renewal Programme

- Refurbishment of levels 16, 22, 23, 27, 29, 30, 31, 32 and 33 accommodating 150 clients
- Project to commence November 2017 with a target completion date of March 2019
- Level 18 to be used as a relocation floor for the Renewal Programme
- One floor of clients to be relocated at a time as the refurbishment is completed to minimise disruption to clients

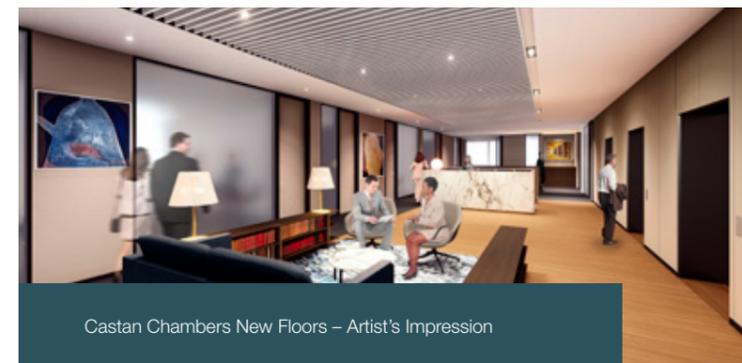
Castan Chambers, 460 Lonsdale Street, Melbourne

New Floors

- Delivery of four new floors across levels 9, 10, 11 and 18 accommodating 110 clients
- Project currently underway with a target completion date of November 2017



Aickin Chambers New Floors – Artist's Impression



Castan Chambers New Floors – Artist's Impression



Jenny Martin
CA, B. Acc
Chief Financial Officer

BCL has continued its focus on delivering high quality, affordable accommodation and related services to a client base that is continually evolving and adapting to a changing environment.

This year has seen significant investment in developing improved technology and facilities management capability, and an extensive capital works program that included a major refurbishment of Owen Dixon Chambers West and Level 1 of Owen Dixon Chambers East. Projects also commenced to fit-out eight new floors in Aickin Chambers and Castan Chambers.

Revenue is up 5.9% to \$37.1m, with the majority of the increase coming from the full year impact of the original floors at Castan Chambers which

were completed in FY2016. Rental increases across the board were kept relatively modest at around 2.5%, which is significantly below market rental increases. Profit after Tax is \$23.8m, up from \$7.5m in the prior year, however this includes the non-cash Gain on Revaluation of Investment Properties. Excluding the Revaluation Gain, Profit before Tax decreased to \$8.3m, down from \$10.3m in the prior year, and Profit after Tax decreased to \$6.6m, down from \$7.5m in the prior year. The decrease in profit resulted from an increased investment spend in bolstering our operational capabilities, including the continued build of a strong, capable team, the full year impact of the new lease for Castan Chambers and a significant investment in the BCDV work looking at the future trends that will impact the barrister community.

BCL revalues its investment properties at least every two years, and this resulted in a non-cash Gain on Revaluation of Investment Properties of \$21.8m before tax (\$17.2m after tax). The company adopted AASB 140 Investment Properties during the year to more accurately reflect the

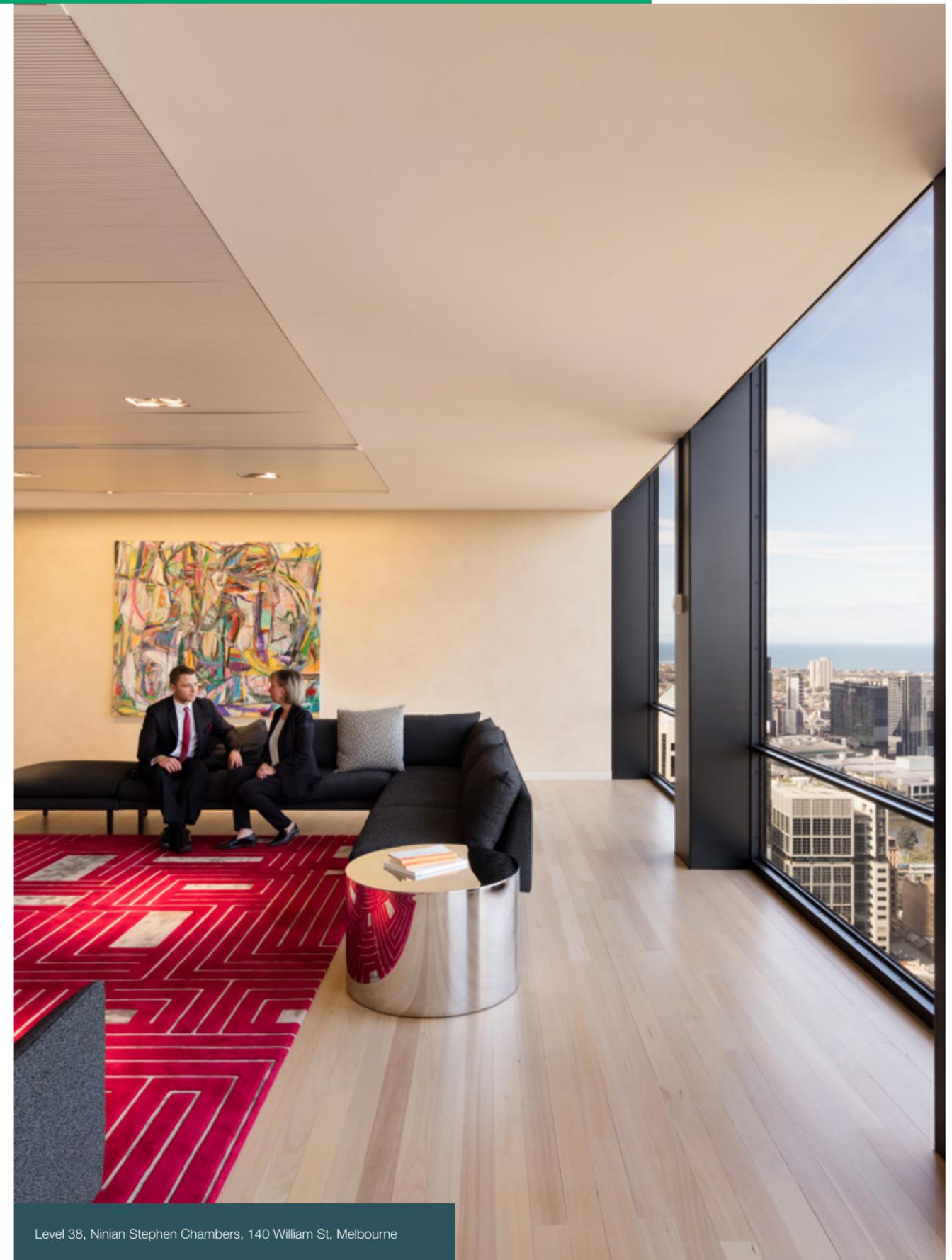
use of the properties which is to earn rentals and gain capital appreciation, rather than under the previously adopted accounting standard AASB 116 Property, Plant and Equipment. This accounting policy change necessitated a restatement of the prior year depreciation, flowing through to a restatement of Profit after Tax to \$7.5m (from \$4.4m previously reported), as well as a restatement of the prior year and opening Balance Sheets.

Net assets have increased from \$137.1m in FY2016 to \$160.9m in FY2017, largely as a result of the revaluation of investment properties. Despite a current liability deficiency to current assets, \$5.2m of current liabilities represents prepaid rental income which will amortise over the course of FY2018. In addition, BCL has \$15.5m of undrawn debt capacity at 30 June 2017.

Net cash increased \$4.7m during the year, with \$4.0m coming from a debt draw down in November 2016 to fund refurbishment work at Owen Dixon Chambers West and Level 1 at Owen Dixon Chambers East. BCL invested a total of \$9.7m cash in capital expenditure across investment properties, and plant and equipment. This represents a significant increase compared to \$3.2m invested in FY2016, with \$1m being invested in technology improvements and \$8.7m invested in the continued upgrade in both owned and leased properties.

The directors have declared a dividend of \$550k to be paid to the Shareholder in February 2018.

The company remains financially well-positioned to deliver on its strategic objectives into the future.



Level 38, Ninian Stephen Chambers, 140 William St, Melbourne

Financial report extract for the financial year ended 30 June 2017.

Financial report extract for the financial year ended 30 June 2017.

	2017 \$'000	2016 \$'000 Restated
Continuing operations		
Revenue from continuing operations	37,129	35,055
Gain on revaluation of investment properties	21,779	0
Employee benefits expense	(4,409)	(3,122)
Depreciation and amortisation expense	(1,493)	(1,366)
Write-off of fixed assets	(181)	(544)
Lease expenses	(9,372)	(8,854)
Utilities	(2,149)	(2,128)
Administrative expenses	(3,390)	(1,706)
Building management expenses	(5,303)	(4,113)
Technology expenses	(705)	(882)
Finance expenses	(1,782)	(2,022)
Profit before income tax	30,124	10,318
Income tax expense	(6,363)	(2,808)
Profit after income tax	23,761	7,510
Total comprehensive income for the year	23,761	7,510
Profit is attributable to:		
Owners of Barristers' Chambers Limited	23,761	7,510
Total comprehensive income for the year is attributable to:		
Owners of Barristers' Chambers Limited	23,761	7,510

A signed copy of the Financial Report is available on request for members of the Victorian Bar. Please contact BCL on 03 9225 8888

	2017 \$'000	2016 \$'000 Restated
Current assets		
Cash and cash equivalents	7,744	3,027
Trade and other receivables	1,611	1,191
Current tax receivables	52	-
Other current assets	655	633
Total current assets	10,062	4,851
Non-current assets		
Property, plant and equipment	10,889	10,022
Investment properties	205,900	176,932
Other non-current assets	5,535	5,954
Total non-current assets	222,324	192,908
Total assets	232,386	197,759
Current liabilities		
Trade and other payables	5,757	3,623
Deferred revenue	5,234	4,740
Current tax liabilities	-	729
Provisions	466	144
Total current liabilities	11,457	9,236
Non-current liabilities		
Trade and other payables	6,107	5,954
Borrowings	44,492	40,492
Deferred tax liabilities	9,432	4,894
Provisions	14	60
Total non-current liabilities	60,045	51,400
Total liabilities	71,502	60,636
Net assets	160,884	137,123
Contributed equity	10,187	10,187
Retained earnings	150,697	126,936
Total equity	160,884	137,123

Financial report extract for the financial year ended 30 June 2017.

	2017 \$'000	2016 \$'000
Cash flows from operating activities		
Receipts from customers	40,374	38,635
Payment to suppliers and employees	(26,034)	(25,185)
Interest received	14	16
Interest and other costs of finance paid	(1,784)	(2,034)
Income taxes paid	(2,124)	(2,066)
Net cash inflow from operating activities	10,446	9,366
Cash flows from investing activities		
Payments for property, plant and equipment	(2,540)	(825)
Payments for investment property improvements	(7,189)	(2,432)
Net cash (outflow) from investing activities	(9,729)	(3,257)
Cash flows from financing activities		
Proceeds from borrowings	4,000	1,000
Repayment of borrowings	0	(6,500)
Net cash inflow (outflow) from financial activities	4,000	(5,500)
Net increase in cash and cash equivalents	4,717	609
Cash and cash equivalents at the beginning of the financial year	3,027	2418
Cash and cash equivalents at end of year	7,744	3,027

Financial report extract for the financial year ended 30 June 2017



Independent auditor's report

To the shareholders of Barristers' Chambers Limited

Our opinion

In our opinion:

The accompanying financial report of Barristers' Chambers Limited (the Company) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Company's financial position as at 30 June 2017 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards to the extent described in Note 1 and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the statement of financial position as at 30 June 2017
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

PricewaterhouseCoopers, ABN 52 780 433 757
 2 Riverside Quay, SOUTH BANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
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Independent auditor's report (continued)

Emphasis of matter - basis of accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report comprises the Directors' report included in the Annual financial report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of *Corporations Act 2001* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

* Note 1 on pages 23 and 24 refers to the basis of preparation commentary included in the full Financial Report. A signed copy of the Financial Report is available on request for members of the Victorian Bar. Please contact BCL on 03 9225 8888.



Independent auditor's report (continued)

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

PricewaterhouseCoopers

David Kennett
Partner

Melbourne
24 August 2017

During FY2017 BCL made significant investments into a number of key capital projects:



\$1.83m

Level 1 @ Owen
Dixon Chambers East
Refurbishment



\$4.41m

Levels 6, 9, 10, 11, 13 and
15 @ Owen Dixon Chambers
West Refurbishment



\$0.63m

Douglas Menzies
Chambers Upgrades



\$0.98m

Technology
Upgrades



\$1.85m Various Projects



\$9.7m Total

