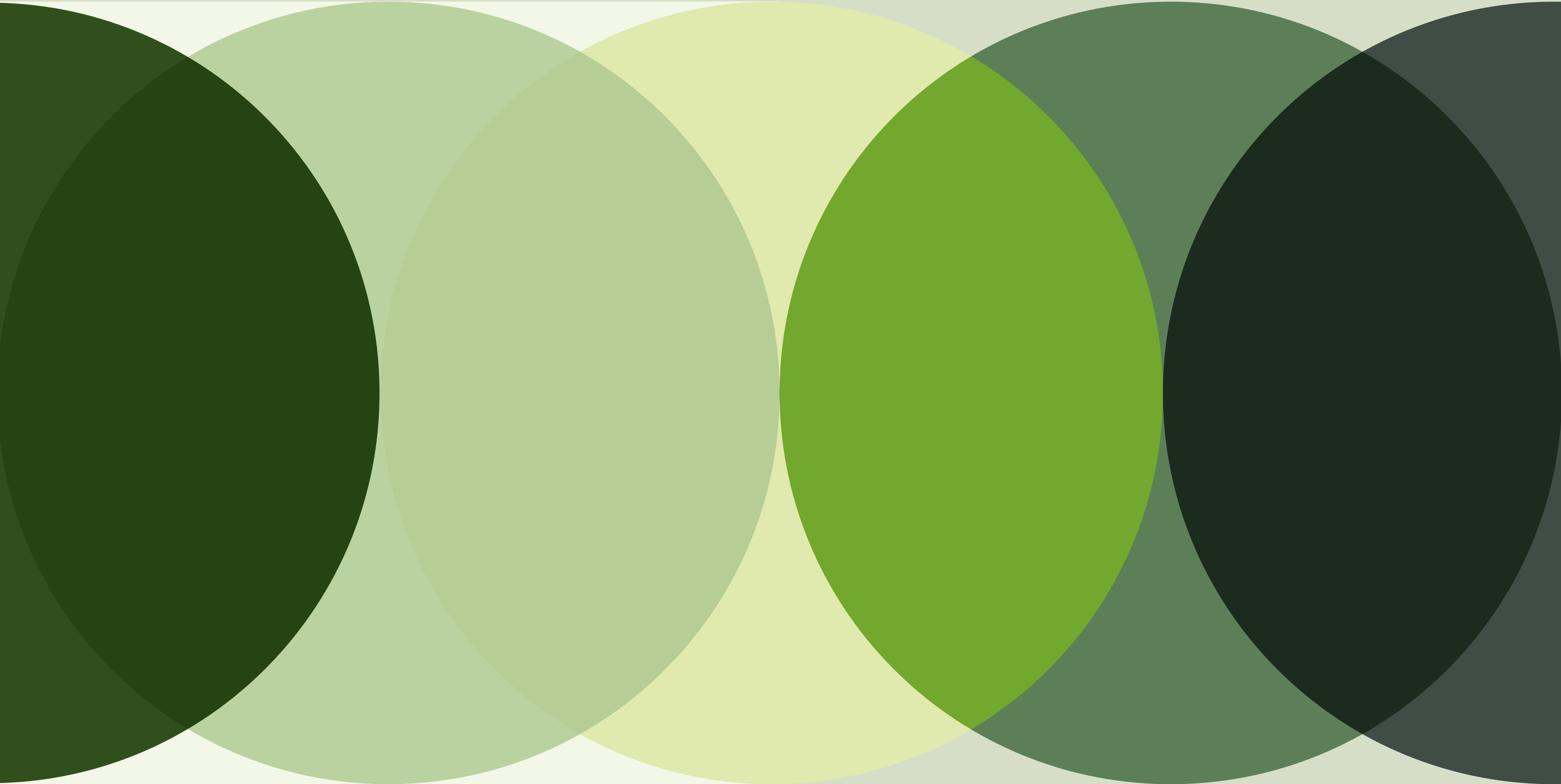


Barristers' Chambers Limited

2021-22
Annual Report
As at 30 June 2022





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Barristers’ Chambers Limited’s (BCL) purpose is to be the home of the Victorian Bar, open to all.

Established in 1959 as a wholly owned subsidiary of the Victorian Bar. BCL provides a broad range of chambers, technology network services, full service desk support and managed floor service to over 1,400 barristers in seven buildings.

BCL is unique. It provides monthly tenancies and the flexibility to move across floors and buildings with technology, facilities management and administrative support with no entry or exit costs.

About us



BCL provides a variety of chambers across 76 floors in seven buildings in the Melbourne CBD legal precinct.

Three buildings are wholly owned: the original home of the Bar Owen Dixon Chambers East, Owen Dixon Chambers West and Douglas Menzies Chambers. The remaining four are leased properties known as Aickin Chambers (including Emmerson Chambers), Castan Chambers (including Gorman, Lonsdale, and Crockett Chambers), Isaacs Chambers and Ninian Stephen Chambers.

Our Locations

Buildings within the court precinct



- 01. Owen Dixon Chambers East**
205 William Street, Melbourne
- 02. Owen Dixon Chambers West**
525 Lonsdale Street, Melbourne
- 03. Douglas Menzies Chambers**
180 William Street, Melbourne
- 04. Isaacs Chambers**
555 Lonsdale Street, Melbourne
- 05. Aickin Chambers**
200 Queen Street, Melbourne
- 06. Ninian Stephen Chambers**
140 William Street, Melbourne
- 07. Castan Chambers**
460 Lonsdale Street, Melbourne



In FY2022 we continued to focus on supporting the Bar during the uncertainty created by the pandemic.

Business Snapshot



Owen Dixon Chambers East

	2021	2022
Buildings	7	7
Floors	77	76
Chambers	1,314	1,306
Barristers in BCL chambers	1,402	1,419
	89% market share of Barristers who have chambers	88% market share of Barristers who have chambers
Property asset value	\$275.8m	\$288.7m
Total investment into improving services	\$5.9m	\$2.7m
Revenue	\$43.0m	\$43.0m
Operating Profit Before Tax	\$4.5m	\$1.2m
Rent Relief	\$1.3m	\$0.7m
	(2,669 applications processed to mid-September 2021 totalling \$3.0 million)	(3,405 applications processed from April 2020 to August 2022 totalling \$3.78 million)

Chairman's Report

The Honourable
John Digby KC



BCL has processed 3,405 barrister rent relief applications since the start of the pandemic in 2020, providing barristers who qualified and those most in need with a total of \$3.78 million in rent relief.

The 2022 financial year continued to present ongoing challenges including those associated with the pandemic including a number of significant restrictions and continuing lock downs. BCL continued to provide services to the Bar and during a difficult operating environment the vast majority of the Bar continued to pay rent (82% of barristers continued to pay their monthly rent). BCL worked hard to support barristers through the pandemic; financially through rent relief and through technology services and support allowing barristers to work remotely.

Over the financial period being reported on BCL responded to 1,000 service requests a month, peaking at over 2,100 calls and emails in November 2021 when with significant easing of restrictions barristers returned to chambers in large numbers. Given the uncertainty created by COVID and BCL's decision not to increase rents but rather absorb significant increases on operational costs, BCL reduced investment to \$2.7 million (55% of the total \$5.9 million investment FY21) to enable it to fund key facilities and services for the Bar in the 2022 financial year.

BCL's focus is now on upgrading its buildings, improving responsiveness to barristers' needs, including more capable technology services. Readers continued to be supported as they joined the Bar, with both reduced accommodation and technology costs. In addition to legislative requirements, BCL continued to provide rent relief retrospectively to those who qualified and were hardest hit financially beyond rent relief expiry of 15 March 2022 through to 30 June 2022.

BCL has processed 3,405 barrister rent relief applications since the start of the pandemic in 2020, providing barristers who qualified and those most in need with a total of \$3.78 million in rent relief. In the 2022 financial year BCL has processed a further 793 rent relief applications and has provided a further \$715,054 in rent relief to barristers.

In the financial year under report, BCL delivered an Operating Profit Before Tax of \$1.2 Million. This profit was appreciably lower than in the previous financial year; down \$3.3 million. The reduced profit was due to increasing contracted costs including rent payable to landlords and building operating costs, supporting barristers to enable them to retain chambers, assisting readers in relation their accommodation and holding rents for the third year in a row. BCL was able to absorb

the financial pressure of increased outgoings, contractor costs and increases in the third party lease outgoings during this period. Further, BCL reinvested profits and reserves for the benefit of the Bar including financial support to the Victorian Bar by way of a dividend of \$200,000 during this financial year.

In September 2021 I was appointed Chairman of the BCL Board and Frank Parry KC, Benjamin Murphy and Romauld Andrew were welcomed as new Directors joining Sam Hay KC and Eugene Wheelahan KC. Catherine Walter AM and Mick Brennan were re-appointed as external Directors.

I thank my fellow Directors, BCL's CEO, Mr Paul Clark and BCL's capable and dedicated Officers and Staff for their hard work and support during this financial year.

The Honourable John Digby KC
Chairman



Douglas Menzies Chambers

Key Initiatives

BCL have recently constructed a new video conferencing room on our floor. It is very impressive and already I have found it extremely useful in conferencing with clients both virtually and in person. It is pleasing to see BCL providing new solutions for barristers now needing to operate online. The BCL team were great to deal with during the renovations and it was a seamless process.

Barrister, Douglas Menzies Chambers

Property

BCL focused the reduced cash available on much needed upgrades in our owned buildings, most of which have been completed in the latter part of FY22 and will be completed in the first half of FY23. Some highlighted improvements made in the last half of FY22:

- All floors at Owen Dixon Chambers East had a level of upgrades including new modern kitchenettes, established utility areas for large communal printers, dedicated bin areas and updated furniture. Many vacant chambers were converted where suitable to common area space and/or new video conferencing rooms to provide a mutual space for gathering or the ability to run online trials.
- Douglas Menzies Chambers had essential upgrades to the base building, floor upgrades including new furniture, expanded common areas on some floors and where possible new shared video conferencing rooms to run remote trials and meetings.
- Essential upgrades will be completed on a few floors at Owen Dixon Chambers West this year with a plan to upgrade more floors over time.
- Ongoing review of chamber vacancies for continual improvement and to ensure optimal use of space such as room subdivisions, creation of meeting rooms with video conferencing facilities and removal and installation of new joinery.
- Continuing to provide Readers with support as they take their own chambers with discounts on selected chambers and at Opus Workspaces along with six months complimentary email, internet, and telephone (Rainbow) services.

Healthy Building Improvements

As we continued to react to changes throughout the pandemic we worked with our contractors and leased building managers to review what else we could do to provide barristers a healthy working environment. In the last quarter of FY22 and into FY23 we:

- Upgraded the air filtration systems in Owen Dixon Chambers West and Douglas Menzies Chambers from 40-45% efficiency to 90-95% efficiency. These more efficient filters provide better protection against virus survival conditions which are temperature and humidity dependent in chambers on our floors in our buildings.
- Installed indoor air quality monitoring systems in Owen Dixon Chambers East, Owen Dixon Chambers West, and Douglas Menzies Chambers. This allows the ongoing monitoring of air quality so that air flow can be rectified in real time.
- Worked with the building managers for Aickin Chambers, Castan Chambers, Ninian Stephen Chambers, and Isaacs Chambers to ensure all air filtration systems either met or exceeded the Well Building Standards minimum requirements.
- As part of our continued focus of compliance and investing in healthy building improvements across the BCL buildings we own, new LED (Light-emitting diode) lighting is going to replace old lighting assemblies throughout Owen Dixon Chambers East, Owen Dixon Chambers West, and Douglas Menzies Chambers in 2022 and in to 2023.

Technology and Network Services and Support

FY22 saw continued investment into technology solutions and services to support barristers working remotely, in chambers or between both locations. With some form of lockdown regulations still in place for much of 2021, demand for cloud services, data hosting and video conferencing support remained steady whilst barristers in chambers had a greater dependency on internet services, virtual conference rooms and flexible desktop solutions.

The year has redefined the new baseline for many technology solutions and services including:

- 10 new video conferencing rooms were installed in FY22.
- Over 40% increase in usage and reliance on the BCL internet network, due to demand for online trials and improved performance and security.
- Greater demand for Wi-Fi guest services with solicitors now needing high speed internet for virtual hearings.
- Introduction of international restrictions and multi-factor authentication (MFA) to cater for barristers traveling again. Over 2,600 email accounts now have MFA enabled.
- The BCL network now provides connectivity to more than 6,000 devices in chambers compared to 3,500 in 2019.
- The introduction of the BCL Managed Printer Service, adding value and providing better printer support to 30% of BCL floors.
- In FY23 the BCL technology team will be focused on the delivery of desktop solutions for barristers such as the BCL Managed Printer Service and enterprise grade managed desktop systems to provide barristers with even more security and better support. BCL will also be working closely with our vendors to assess new mobility network solutions to provide even more flexibility for barristers working both in chambers and remotely.

The BCL network now provides connectivity to more than 6,000 devices in chambers compared to 3,500 in 2019.

Owen Dixon Chambers



Barrister Engagement Survey
In May 2022 we conducted our annual Barrister Engagement survey. Your feedback is important as it helps determine where we invest and what changes we need to make to improve our service to the Bar. This year we conducted two separate surveys – one for barristers in chambers and one for barristers who only used BCL technology services.

Barristers’ top 3 considerations when taking chambers:



	83%	of barristers were satisfied with BCL’s overall performance (75% in FY21).
	79%	of barristers were likely to recommend BCL (71% in FY21).
	96%	of barristers were satisfied with BCL’s technology services and support whilst working remotely.
	96%	of barristers intend to retain chambers for the next 12 months.
	25%	of barristers now share chambers with a potential increase of 15%.

- We have continued to use Barrister feedback to determine our investment plans and initiatives for 2022 and FY23 such as:
- Refurbishment and improving the quality of the floors and the chambers across floors at Owen Dixon Chambers West.
 - Reviewing vacancies, size of rooms and efficient use of space for the Bar.
 - Opportunities to continue to adapt and provide Property, Technology and BCL Managed Floor services that are unique to only members of the Victorian Bar.
 - In addition to the 10 newly established AV meeting rooms, continue to review opportunities to provide Video Conferencing facilities on floors in all buildings to assist with the hybrid way of working with face to face and online trials across our buildings.
 - Delivery and management of new BCL Managed Printer service to floors including configuration to the BCL desktop technology services and support.
 - Ongoing focus on technology solutions that provide a greater level of security benefits.



Owen Dixon Chambers

Snapshot of our Services

Service Desk

A Service Desk at Owen Dixon Chambers and remotely as required to continue to be present and support barristers through one point of contact.

- Service Desk at Owen Dixon Chambers East.
- Managed 33,753 service requests.
- Answered 15,700 phone calls.
- Responded to 18,053 emails received.
- Average of 67% of requests resolved on the spot with 33% logged as a service request for additional support.

Chamber Management

A Chamber Management team managing moves across the 76 floors and 1306 chambers in 7 Buildings on 30-day occupancy rules.

- Assisted 550 barristers moving and taking up new chambers.
- Responded to 9,104 emails received in relation to chamber applications, moves and overall chamber management.
- 350 barristers (increase of 4% from FY21) are sharing chambers.
- 92% of chambers are occupied.
- An additional 800 rent relief applications processed, totalling \$715,054. We have now processed 3,405 Rent Relief Applications totalling \$3.87 million.

Property

A Property team that manages a range of repairs and maintenance, operational services and fit-out programmes.

- Administered and co-ordinated 3,395 property related work orders.
- Facilitated 200 room preparations including access, signage, joinery, and improvements for incoming barristers.
- 70% of all high priority or urgent work orders fulfilled within 24 hours.
- Facilitated essential maintenance and regulatory compliance across all BCL chambers and buildings.
- Implemented COVID-19 Safety Management Plans and commenced Healthy Building Improvement initiatives in BCL owned buildings.

Technology

A Technology team providing reliable, safe, competitive, innovative technology and network solutions and services

- 7,733 IT service requests fulfilled with 86% same day completion.
- 845 Phone service requests fulfilled with 71% same day completion.
- 41.5 million emails processed.
- 40% suspect messages and over 50,000 impersonation attempts blocked. Up 4% from FY21, indicating scammers are working harder to steal your information.
- Over 1,800 00 Multi-Factor Authentication (MFA) users added
- Delivery of 10 new video conference rooms.

BCL Managed Floor Practice Support Services (PSS)

- 13 BCL employees supporting 282 barristers on 11 floors of chambers through the managed floor services.

Our Board Members



**The Honourable John Digby KC
(Chairman)**
LLB (Melb)



**Sam Hay KC
(Deputy Chairman)**
BA, LLM



Eugene Wheelahan KC
BA, LLB, LLM, FTI



Frank Parry KC
B Sc (Hons), LLB



Benjamin Murphy
BA, LLB (Hons)



Romauld Andrew
BA (Hons), LLB, LLM



Catherine Walter AM
LLB (Hons), LLM, MBA (Melb)



Mick Brennan
B Com (Qld), CA



Paul Clark
B Bus (Acc) FCA, EMBA (AGSM),
SFFinsia, GAICD

Financial Statements

Statement of Comprehensive Income

Our operating profit before tax has fallen from \$4.5 million to \$1.2 million in FY2022. This fall is attributable to increased property management costs and increasing rents payable to the landlords of rented buildings whilst revenue remained the same with BCL not increasing rents.

Statement of Financial Position

The net asset position of the group improved this year in the amount of \$12.7 million as a result of the increased property valuations. These increases at Owed Dixon West (\$4.8m) and Owen Dixon East (\$7.9m) reflect an improving economic outlook and market for mid cap property assets such as those owned by BCL.

Cash at 30 June represents prepaid rent for barristers who paid their FY2023 rent prior to 30 June and is refundable should any prepaid Barristers leave chambers.

Borrowings of \$37.8m is down from the prior year (\$45m) and has been classed as a current liability as the debt facility falls due in May 2023. BCL management have commenced renewing the debt facility and expect this to be finalised during the first quarter of 2023.

Statement of Cashflows

The business commenced the year with \$9 million in cash and generated an operating cashflow of \$5.8 million for the FY2022 year (\$4.8 million prior year). This increase in operating cashflow compared to the prior year is the result of reduced rent payments made to landlords as we exited the lease at Isaacs levels 8 and 9 lease at 30 June 2021 which reduced our rent expense by \$1.2 million p.a.

Of this operating cashflow \$2.7 million was reinvested into providing services to the Bar (\$5.9 prior year) through property improvements with expenditure (focused on our owned buildings) and improved technology services.

Additionally, repayment of \$7.2 million of debt and the payment of a \$200,000 dividend to the Bar occurred during the year.

As a result, net cash outflows for the year were \$4.2 million, resulting in a reduced closing cash balance of \$4.8 million.

Statement of Comprehensive Income

Financial Results 2022 extracted from the signed Financial Statements for the year ended 30 June 2022

	2022	2021		Note
Continuing operations				
Revenue from contracts with customers	43,033	43,003	30	1
Employee benefits expense	(4,936)	(4,883)	(53)	2
Depreciation and amortisation expense	(15,896)	(15,046)	(850)	3
Utilities and taxes	(2,883)	(2,594)	(289)	4
Other expenses	(4,778)	(4,409)	(369)	5
Building management expenses	(9,818)	(7,903)	(1,915)	6
Technology expenses	(1,825)	(1,779)	(46)	7
Finance expenses	(1,693)	(1,845)	152	8
Operating profit before tax	1,204	4,544	(3,340)	
Income tax (expense)/benefit	(1,118)	486	(1,604)	
Operating profit after tax	86	5,030	(4,944)	

Add (subtract) movement in asset values				
Gain (loss) on revaluation of investment properties	12,489	(4,656)	17,145	9
Fair value gain (loss) on interest rate hedges	332	292	40	10
Dividend Paid	(200)			
Net movement in Shareholder equity	12,707	666	12,241	

Statement of Comprehensive Income Notes

1. Revenue consistent with prior year with stable vacancy levels.
2. Total employment costs including accrued annual and long service leave.
3. Depreciation of Right of Use Asset (capitalised leases) and plant and equipment. Slightly higher than prior year due to Aickin level 10 new lease and costs.
4. Increased utilities as a result of higher use of chambers and increasing utility costs.
5. Increased other expenses attributable to increased provision for makegood.
6. Increases include doubtful debts \$484k, Outgoings \$74k, Cleaning \$242k, rates and takes \$206k, Make good \$371k, Room preparations costs \$116k, Security \$110k.
7. Increase the result of further security upgrades, cloud services and improved internet services.
8. Reduced finance costs due to lower debt levels.
9. Property valuation increase the result of increased market value for BCL buildings.
10. Recognition of movement in interest rates and shortening length of fixed hedge contract (ceased May 2022).

Statement of Financial Position

Financial Results 2022 extracted from the signed
Financial Statements for the year ended 30 June 2022

	2022	2021	Note
Current assets			
Cash and cash equivalents	4,859	9,083	1
Trade and other receivables	4,314	4,293	2
Current tax receivables	607	719	3
Total current assets	9,780	14,095	
Non-current assets			
Property, plant and equipment	30,755	34,486	4
Intangible assets	–	153	5
Right-of-use asset	55,369	59,827	6
Investment properties	288,700	275,800	7
Total non-current assets	374,824	370,266	
Total assets	384,604	384,361	
Current liabilities			
Trade and other payables	1,457	1,649	8
Lease Liabilities	12,596	12,207	9
Contract Liabilities	6,716	7,357	10
Derivative financial instruments	–	333	11
Provisions	478	1,157	12
Borrowings	37,800	–	13
Total current liabilities	59,047	22,703	
Non-current liabilities			
Contract Liabilities	540	673	14
Borrowings	–	45,000	15
Lease Liabilities	64,121	70,151	16
Deferred tax liabilities	23,882	23,509	17
Provisions	6,227	4,245	18
Total non-current liabilities	94,770	143,578	
Total liabilities	153,817	166,281	
Net assets	230,787	218,080	
Contributed equity	10,187	10,187	
Other Reserves	–	(332)	19
Dividend Paid	(200)	–	
Retained earnings	220,800	208,225	20
Total equity	230,787	218,080	

Statement of Cash Flows

Financial Results 2022 extracted from the signed
Financial Statements for the year ended 30 June 2022

	2022	2021	Note
Cash flow from operating activities			
Receipts from customers	46,461	45,345	1
Payments to suppliers and employees	(27,042)	(23,782)	2
	19,419	21,563	
Interest received	–	2	
Interest and other costs of finance paid	(1,693)	(1,845)	3
Income taxes paid	(634)	(2,648)	4
Net cash inflow from operating activities	17,092	17,072	
Cash flows from investing activities			
Payments for property, plant and equipment	(2,276)	(2,891)	5
Payments for investment property improvements	(411)	(3,056)	6
Net cash (outflow) from investing activities	(2,687)	(5,947)	
Cash flows from financing activities			
Repayment of borrowings	(7,200)	–	7
Principal elements of lease payments	(11,229)	(12,246)	8
Dividends paid to Shareholders	(200)	–	
Net cash inflow from financial activities	(18,629)	(12,246)	
Net (decrease) increase in cash and cash equivalents	(4,224)	(1,121)	
Cash and cash equivalents at the beginning of the financial year	9,083	10,204	
Cash and cash equivalents at the end of the financial year	4,859	9,083	9

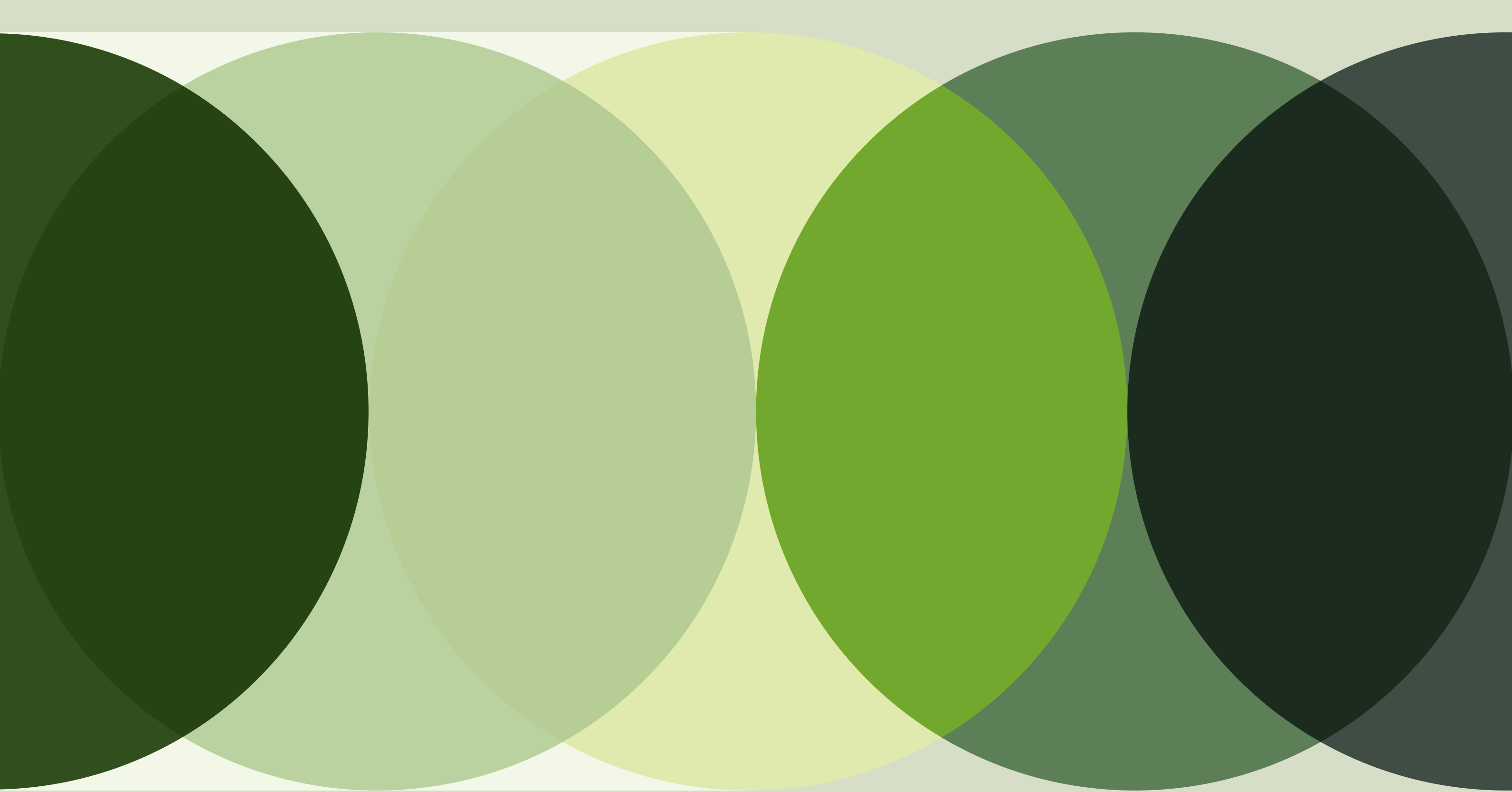
Statement of Financial Position Notes

1. Fall in cash reflects reduced operational performance and repayment of debt compared to the prior year.
2. Receivables continuing to increase as a result of the impact of COVID19.
3. Prepaid company tax.
4. Reduction reflects depreciation of assets in excess of new capital expenditure. Capital expenditure reduced for FY 22 as a result of COVID19.
5. Intangible costs written off for FY22 and represented setup costs of Opus serviced offices business.
6. Capitalised value of the external leases BCL has entered into at Castan, Ninian Stephens, Aickin and Isaacs chambers. Value reduces each year as the leases cessation date nears.
7. Market value of Douglas Menzies, Owen Dixon West and Owen Dixon East properties as valued externally by Colliers. Property values increasing in line with the market.
8. Amounts owed to suppliers including landlords.
9. Value of lease payments owed the next 12 months.
10. Amounts owed to Barristers for prepaid rent for the period ending June 2023.
11. Interest rate hedge contract amounts owing as at 30 June. Nil as at 30 June 2022 as hedged contact ceased in May 2022.
12. Employee entitlements owed as at year end.
13. Borrowings classified as current liability as facility ends in May 2023. Renewals discussion commencing in November 2022.
14. Amounts owed to Barristers for prepaid rent for the period extending beyond June 2023.

15. Borrowings classified as current liability as facility ends in May 2023. Renewals discussion commencing in November 2022.
16. Value of lease payments owed beyond June 2023.
17. Recognition of potential tax payable resulting from property revaluations.
18. Progressive recognition of costs to make good leased properties. Full liability recognised by end of each lease.
19. Refer to note 10 of the Profit and Loss for movement details.
20. Movement represents FY22 profit (including building valuations) less \$200k dividend paid.

Statement of Cash Flows Notes

1. Increased receipts from Barristers compared to prior year resulting in reduction in bad debt provision compared to FY21.
2. Increased payments due to timing of July rents paid in July 22 combined with generally increasing costs.
3. Reduced interest due to less debt and reducing Lease cost interest.
4. Payment of income tax for the 2022 Year. Reduced compared to FY21 as a result of reduced taxable profit.
5. Reduced capital expenditure during FY22 due to the reduced funds available for reinvesting back into technology, Plan and Equipment.
6. Reduced capital expenditure during FY22 due to the reduced fuds available for reinvesting back into the properties.
7. Debt reduction during FY22. No reduction in the prior year.
8. Lease payments made to Landlords.
9. Fall in cash the result of debt repayment offset by less capital expenditure during the FY22 year.



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