



CILEx ANNUAL REPORT & GROUP ACCOUNTS

31 December 2017

COMPANY REGISTRATION NUMBER RC000850



CHARTERED INSTITUTE
OF LEGAL EXECUTIVES

THE CHARTERED INSTITUTE OF LEGAL EXECUTIVES

NOTICE OF ANNUAL GENERAL MEETING – 19 JULY 2018

NOTICE IS GIVEN that the **ANNUAL GENERAL MEETING** of The Chartered Institute of Legal Executives will be held at 3.30pm, on Thursday 19 July 2018, at Norton Park Hotel, Sutton Scotney, Nr Winchester, SO21 3NB to transact the following business:

- 1 To receive the Minutes of the Annual General Meeting held on 13 July 2017.
- 2 The President's Address.
- 3 To receive the Accounts of The Chartered Institute of Legal Executives Group for the period ended 31 December 2017, and the Reports of the Council and of the Auditors.

Ordinary Resolution:

To adopt the Accounts of The Chartered Institute of Legal Executives Group for the year ended 31 December 2017.

- 4 Any Other Business.

Dated: 1 June 2018

By Order of the Council

EXPLANATORY NOTES

The Meeting

Anyone who is registered with The Chartered Institute of Legal Executives (CILEx) may attend the Annual General Meeting and speak on the various items of business, but only Fellows are entitled to vote on the Resolutions.

Voting

Voting on the Resolutions will be taken on the day of the meeting unless Council decides that a postal vote should take place.

The Resolutions

The Council of CILEx recommends Fellows to approve the Resolutions, which are explained below.

Item 3 is the Resolution to adopt the Accounts of The Chartered Institute of Legal Executives Group for the year ended 31 December 2017. The Accounts are set out in the Annual Report with the necessary Auditors' reports. **This is an Ordinary Resolution.**

If the resolution is approved, it will take effect at the end of the AGM on 19 July 2018.

Further Information

Copies of the Charter and Bye-Laws appear on CILEx's website at www.cilex.org.uk.

CILEx is incorporated by Royal Charter – Company Number RC000850

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MESSAGE FROM THE PRESIDENT OF THE CHARTERED INSTITUTE OF LEGAL EXECUTIVES



My presidential term has been an exciting journey full of personal and professional challenges and pleasures, whilst balancing work responsibilities with CILEx and other commitments. The last 12 months have been a flurry of networking, official meetings, and travelling around the country to branches and other events.

Legal Wales conference 2017

In September, I attended this annual conference with CILEx colleagues, joining representatives of all parts of the legal community, with an interest in the law in Wales.

There were several workshops, two of which were sponsored by CILEx: 'Legal education and practice' and 'Modern regulation: flexibility to meet the needs of Wales'. I chaired one of the other workshops, 'Access to justice as a human right', in which presentations were received from Richard Owen, an associate professor in legal studies at Swansea University, and Jo Sidhu, who works on legal partnerships at CrowdJustice.

Lawyers in Local Government conference

Many of our members work in local government and this conference was an opportunity to attend a range of seminars and training sessions covering corporate governance; elections; and management issues, together with information that has relevance in all sectors, such as the EU General Data Protection Regulation and how to reach a position of compliance.

Graduation and Admissions ceremonies

The ceremonies are always joyous occasions, and are one of my favourite events in the CILEx calendar. I delivered my speech at each ceremony, reminding graduates that they were role models and encouraging them to prominently display the photograph taken in their graduation robes to inspire the younger (and perhaps older) members of their families.

CILEx branches

I have attended a number of branch events around the country, to join members and other interested attendees, including employers on some occasions, to discuss current issues and experiences.

I encourage all our members to join a local CILEx branch as a way of receiving support and becoming more involved. The feedback I have received from members, when visiting branches, is that they are

inspired when they see other members doing well and progressing within the profession.

Making contacts and exchanging ideas

Building relationships with membership bodies and organisations - within and outside the legal profession - is one of the presidential duties that I enjoyed most. Networking and representing CILEx and your interests has included the following:

- Attending a roundtable event held by PRIME, an alliance of law firms committed to improving access to the legal profession.
- Being a panellist at the 'Diverse professions: diverse judges?' conference held by Justice, and at the 'Women leaders in law: a 21st Century conversation' conference
- Representing CILEx on the Judicial Diversity Forum.

Judicial activity

CILEx's Judicial Development Programme provides members with information, support, training and encouragement to prepare them for judicial appointment. Ten successful candidates took part in the 2017 pilot to help CILEx fully develop the programme, ensuring it is fit for purpose and meets the objective to increase representation of CILEx members in the Judiciary.

I represent CILEx on the Judicial Appointments Commission (JAC's) Diversity Forum. It is important that the judiciary represents the community it serves, and the JAC is looking to CILEx to encourage eligible Chartered Legal Executives to apply for judicial positions. There is currently a statutory cap on the positions that Chartered Legal Executives can directly apply for, but CILEx is lobbying for the cap to be removed.

The report of the House of Lords Constitution Committee into judicial diversity recommended that Chartered Legal Executives should be considered for positions above that of district judge. Together with representatives from the Bar Council and the Law Society, I gave evidence to the committee which influenced their recommendations.

'CILEx is Changing' campaign

We are undergoing structural reforms to improve the Institute's governance, by separating out its duties to act in the public, professional, and regulatory interests. The Group Board will be at the apex of CILEx's new governance structure. The calibre of individuals we have attracted to CILEx is outstanding, bringing a wealth of experience from the legal sector, public bodies, commerce and industry. They will provide CILEx with the skills, strategic vision and governance needed to enhance the brand, reputation and status of the Chartered Institute and its members for the long term.

MESSAGE FROM THE CHIEF EXECUTIVE OF THE CHARTERED INSTITUTE OF LEGAL EXECUTIVES

CILEx is changing...

CEO **Linda Ford** reviews the highlights of 2017 and the changes coming in 2018.



2017: the highlights

Member services

Much of 2017 has been spent building on the work started in 2016 to strengthen our membership services. The contact centre has gone from strength to strength: dedicated to responding to your individual enquiries; improving our membership processes; and

developing our online tools and web site.

This year we have enhanced our social media channels enabling you to engage with us via Twitter, Facebook, LinkedIn, and Instagram. In December we relaunched our YouTube channel publishing a series of 'How to' videos provide guidance on a range of topics from registering on qualifications to making an application to be a judge.

In April, we launched myCareer, a website dedicated to helping you access support and career tools as you progress through your career. Whether you need help identifying your next job role, creating your CV, practising for interviews or even how to approach a judicial appointment application, myCareer offers tools, tips and guidance to assist.

The site celebrates the fact that our membership is broad and diverse; offering tailored content to reflect the different aspirations, levels of experience, and training opportunities you want. Providing advice and guidance on how you can achieve your goals and realise your ambitions it really is worth a visit. If you haven't already, login to myCILEx and explore this exciting member benefit.

The Branch network has continued to develop during 2017, with local branches collaborating and in the summer three local branches got together to host a Branch Ball in the grounds of the Manor. The event was an opportunity to recognise some of our branch members, who do amazing work as volunteers to support our members locally.

In October, we held another successful graduation event, celebrating the achievements of all of our new Graduates and Fellows. The event provided an opportunity for CILEx staff and Council members to meet

members and their families learning of their inspirational stories and personal journeys.

Education

Having increased focus on raising the profile of CILEx within schools nationwide this year, we partnered with the Lawyer Portal to promote the benefits of the CILEx route to school leavers. Through the portal 2500 young people have received information on the CILEx route and connected with CILEx employers and practitioners.

2017 has seen our qualifications team busy delivering over 14,000 exams, including the first e-assessments for the Tech Level, a qualification established for young people interested in working in the law and development of our new Trailblazer apprenticeships for qualification as paralegal and Chartered Legal Executive lawyer status. The implementation of the apprenticeship levy in April 2017 has led to significant demand from employers for apprenticeship routes resulting in a positive growth for take up of CILEx qualifications.

We have also invested in research this year to understand how the legal services market is changing and identify the skills and experiences needed for our members to meet future business demands. More than 4,000 CILEx members took part in the member survey and, a dozen key account CILEx employers, educational centres and graduates have also taken part in in-depth qualitative interviews as part of this work. The final report will be published in 2018, and will form a solid evidence basis for subsequent consultation with members and stakeholders in 2018 as to how our qualifications structure and associated membership grades should change.

A huge achievement this year has been the enrolment of the first group of Chartered Legal Executives on our flagship Judicial Development Programme, taking them one step closer towards achieving judicial appointment with the support of judge mentors, access to coaching and support to prepare for the application process.

Policy

The policy and governance team has considered more than 50 consultations issued by CILEx stakeholders in 2017, submitting substantial responses to more than half of those.

MESSAGE FROM THE CHIEF EXECUTIVE OF THE CHARTERED INSTITUTE OF LEGAL EXECUTIVES (CONTINUED)

Through the introduction of our Special Reference Groups (SRGs) we were able to ensure our responses reflected the reality of members' practices and experience. We now have groups covering: crime practitioners, civil practitioners, family practitioners, court users, personal injury practitioners, regulatory affairs, Wales, conveyancing practitioners, private client practitioners, and lesbian, gay, bisexual and transgender practitioners.

As well as dealing with consultations and development of policy positions, SRGs have assisted in engagement with other major initiatives such as HM Courts and Tribunals Service's courts reform programme and we hope participation and range of groups will grow further in 2018.

Governance

This last year has seen significant activity to reform our governance framework. CILEx Council had identified that greater focus was needed if CILEx, as an organisation, was properly to discharge its various roles: as a representative body acting in the interests of its member; as a chartered body acting in the public interest; as a qualification awarding body; as an Approved Regulator under the Legal Services Act (LSA) 2007; and as a commercial education provider through its law school.

During 2017 an independent review was undertaken, which identified where CILEx could make a number of improvements and achieve best practice in corporate governance. Its recommendations suggested areas where, structurally, CILEx could be enhanced, and which competencies that structure should incorporate to meet the challenges of the future.

In November Council approved a new corporate structure with two new subsidiary companies: CILEx Professional dedicated to enhancing the profession and delivering member services and CILEx Group Services Ltd providing infrastructure and support services to all companies within the Chartered Institute group. Council, in recognition of the need to separate out the public interest and regulatory duties of CILEx from its representative and membership functions, approved a new governance framework with a Group Board and independent members to complement the perspectives and experience offered by our professional members providing access to a wider range of knowledge, experience and expertise. The Professional Board will represent the interests of members, focus on promoting and enhancing the profession, delivering member services and qualifications and developing the branch network. B2018 is all about delivering our new strategy, creating a more

responsive member experience, with communications, services and support tailored to individual needs and preferences.

January 2018 will be a significant milestone, with our new governance structure coming into effect through the appointment of an independent Chair and Group Board with oversight of the CILEx brand, the financial wellbeing of the group, its overarching strategy, and discharge of its public interest duty as a chartered body.

The new structure also ensures that we can meet the expectations of government and the public, demonstrating clearer separation between CILEx Regulation (and its Board) - as the ring-fenced regulator of Chartered Legal Executives, discharging its regulatory duties under the LSA - and the Professional Body.

The new governance arrangements will strengthen our ability to respond to future challenges, risks and explore new commercial opportunities in 2018.

Communications and Engagement

During 2018 you can keep up to date with these developments as well as news items, thought-provoking articles and topical features in the *Journal*, now published quarterly in print, complimented by new additional online content linked to individual preferences, interests and needs, along with *Compendium*, a new monthly online information hub offering a comprehensive synopsis of essential legal resources and reference material, with the aim of meeting your research needs.

We are reliant on member views and feedback, to help us understand what you want from your professional association and how we can improve what we offer. 2018 is the time to join one of our Special Reference Groups, apply for a Board or Committee role, get involved with your local branch and attend a CILEx roadshow taking place in your local area.

There will be plenty of opportunities for both members and stakeholders to have your say throughout 2018 and to influence the shape of things to come with consultations on changes to our Bye-Laws, our new qualifications and in particular how we can improve the branch network and its role within the CILEx structure. Look out for details as part of our 'CILEx is Changing' campaign.

I would like to finish by thanking members for their continued support along with the team at CILEx HQ for all of their efforts throughout the year.

MESSAGE FROM THE MANAGING DIRECTOR OF CILEx LAW SCHOOL



For CILEx Law School (CLS) 2017 has been a good year. Enrolments on our distance learning courses at Level 3 and Level 6 have been strong again, which has helped us beat our budget target and the previous year. Surpluses generated by CLS through course sales are retained in the reserves for use by the CILEx group for capital projects such as the replacement for the existing CRM. In this regard, each enrolment with CLS ensures that course fees are used for the membership's ultimate benefit.

Our work as always is divided between core and non-core activities: the former comprises CILEx courses, revision days and manuals, and increasingly, apprenticeships.

Core business performed soundly in 2017, due to CLS's investment in learning facilities such as the extensive provision of web-based materials, the wide use of webinars and more staff to provide learners with help and support by phone.

We continued to build our team, largely through the recruitment of regionally based legal specialists who help us deliver apprenticeships into employers.

One important feature of our annual cycle is the student survey: we're grateful to the very many students (approximately 700) who responded and gave us such positive feedback. A summary of the results demonstrate the dedication of the team at CLS...

	Satisfied overall	Would recommend	Customer service rated
	Strongly agree/agree	Strongly agree/agree	very good/good
Level 3	88%	94%	91%
Level 6	88%	90%	90%

Our ratings have remained high for many years: sample unedited comments from the 2017/18 Level 3 survey question on our customer service include...

- Responses to emails are quick and staff always very helpful.
- I've always had any queries answered very quickly.
- Always answer the telephone promptly and you get answers to your questions
- Your phone operatives were very concise and informative and helpful.
- Always helpful, friendly, don't feel like I'm being a nuisance. Always have the answer.

A feature of our student survey was a deep appreciation of CLS's staff, and in particular their willingness to go out on a limb to help learners.

To do this CLS's staff are expected to be professional and knowledgeable, which is why we are committed to staff development. In 2017 our Customer Service Team demonstrated this commitment by studying and passing a number of CILEx Level 3 units.

We ensure that each member of the CLS Customer Service Team has first-hand experience of what it is to be a CILEx student and pass exams. It means that our students will always speak to someone who understands CLS's courses from a student's perspective, something few if any other educational providers can claim.

Much has been said about apprenticeships, so we are proud to boast about our role in their delivery. Our success rate for apprenticeship completions is very high, which is unsurprising given the levels of support dedicated to learners.

While paralegal level apprenticeships have been running since 2012, courses for Chartered Legal Executive apprenticeship standards were launched in 2017. They have attracted a viable and growing cohort, especially amongst those who have already completed some legal qualifications.

Outside of paralegal and Chartered Legal Executive apprenticeships, our partnership with City University for the delivery of solicitor apprenticeships is now in its second year. Recruitment to the programme has exceeded expectations and is proving popular with employers and learners.

It would be remiss not to mention that we have now worked with De Montfort University for over twenty years. The partnership continues to serve those learners who are already Chartered Legal Executives but want to become dual qualified as solicitors. Recruitment has remained high, despite many other providers struggling in the traditional GDL and LPC markets.

Pleasingly, we have also been recognised by others for the quality of our course provision. In 2017 CLS was a winner at the Modern Law Awards for 'supporting the industry.' We also appeared as a finalist in both the British Legal Awards and Legal Innovation Awards and were shortlisted in the Solicitors Journal Awards as Legal Education Provider of the Year.

We are expecting 2018 to be every bit as frantic, productive and rewarding and thank our staff, students and sponsoring employers for their continued support.

MESSAGE FROM THE CHIEF EXECUTIVE OF CILEx REGULATION LIMITED



Financial performance - CRL

2017 was a transitional year for CILEx Regulation, as we moved towards further regulatory independence. We opened our own bank account and began to recognise capital assets. This was also the first year we directly paid for the support services that are provided by CILEx Group Services, such as finance, human resources, information technology and facilities.

The CILEx Regulation Board agreed that in 2017 we should find further savings across all areas of the business to ensure the cost of general regulation is covered by the Practising Certificate Fee (PCF) income, which has remained unchanged in 2017 and 2018 and is planned to remain the same in 2019. This built on the 8% savings which we were able to deliver in our final 2017 budget. Alongside

our PCF work, we have continued our work on unit costing to determine the true cost of regulation.

Although the number of regulated entities remains modest, we have seen an increase in the number of practice rights applications received and this is reflected in our total income for 2017, which is £200,206 more than 2016. This is due, in part, to the increase in the agreed regulatory proportion of the PCF income for CILEx Regulation. Our direct expenditure is £133,207 less than 2016, with the majority of activities achieving a lower spend. Our total overheads increased to better reflect the true cost of regulation through the addition of group services recharges and year end provisions.

Overall, 2017 was a significant improvement over the 2016 actual and 2017 budget expectations, resulting in a pre-tax surplus of £66,017 and reflects the steady increase of our income streams, alongside the cost control measures that we have implemented. In accordance with the Legal Services Board (LSB) cost transparency principles, we commenced the publication of our annual core financial metrics on our company website.



THE CHARTERED INSTITUTE OF LEGAL EXECUTIVES

OFFICERS AND PROFESSIONAL ADVISERS

FOR THE YEAR ENDED 31 DECEMBER 2017

Company Registration Number	RC000850
Council	M Grant (President) P R Sherwood (Vice-President) P M White (Deputy Vice-President) – (until January 2018) M Bowen F Edwards G Findlay M Foster C Jepson F Lister R G Ralph W Rixon R Stevens A Thompson C Tickner D McLaughlin (Resigned 1 June 2017) M N Callan (Retired 13 July 2017) K Barrett (Retired 13 July 2017)
Company Secretary	K Cerski
Registered Office	Kempston Manor Kempston Bedford MK42 7AB
Independent Auditor	haysmacintyre 10 Queen Street Place London EC4R 1AG

REPORT OF THE COUNCIL

FOR THE YEAR ENDED 31 DECEMBER 2017

The Council presents their report and the financial statements of The Chartered Institute of Legal Executives and its subsidiaries (the "Group") for the year ended 31 December 2017. The attached report and financial statements show the members the results of the Group activities for the year ended 31 December 2017 with comparative figures for the year ended 31 December 2016.

CONSTITUTION

The Chartered Institute of Legal Executives ("CILEx", "the Institute" or "the Company") is incorporated by Royal Charter and governed by the Charter and Bye-Laws which outline the internal organisation, constitution and conduct. The Institute is the sole shareholder of two wholly-owned subsidiary companies, which together with the Institute, form the Group.

COUNCIL MEMBERS AND DIRECTORS

The business of the Institute is managed by the Council.

Council consists of not more than 19 Fellows elected as constituency members and 4 Fellows elected as specialist members.

MEMBERSHIP OF THE INSTITUTE

The members of the Institute are Fellows. A Fellow is a person admitted to membership of the Institute in accordance with the provisions of the Bye-Laws. The Council members are therefore also members of the Institute.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the Group during the year was that of being the professional association, awarding body and governing body for

Chartered Legal Executives, other legal practitioners and paralegals, provision of study manuals and courses for examinations in law and performance of duties as the independent regulator of its members and regulated entities.

In the Report of the Council in the 2016 CILEx Group Financial Statements, it was reported that the Trustees of the CILEx Compensation Fund considered that the £1,000,000 loan facility provided by CILEx as a discretionary fund of last resort for consumer redress may not be sufficient in all circumstances. In response to these concerns, the Council and CILEx Regulation Limited began work on revising the arrangements to make them fully insurance-backed, and this work is now at an advanced stage. This will remove the need for the Fund and the loan facility. It is expected that the new arrangements will be in place during 2018.

The net surplus before tax for the Group for the year to 31 December 2017 is £641,981 (2016 – £430,984).

The results for the year include the Group's share of the running costs of the Legal Services Board (LSB) as required under the Legal Services Act 2007 totalling £125,992 (2016 – £143,754).

The trading results for the year and the Group's financial position at the end of the year are shown in the attached financial statements.



REPORT OF THE COUNCIL (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

STATEMENT OF COUNCIL'S RESPONSIBILITIES

The Council are responsible for preparing the financial statements in accordance with applicable law and regulations.

The Institute is incorporated by Royal Charter and therefore is not subject to UK company law. The Council has elected to prepare the financial statements in accordance with International Financial Reporting Standards and to have them audited. The Council are required to ensure that financial statements are prepared for each financial year which give a true and fair view of the state of affairs and of its surplus or deficit for that period. In preparing those financial statements, the Council, in accordance with best practice, is required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- ensure that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Group will continue in business
- provide the external auditor with all information required in order for them to complete the audit.

The Council is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with applicable regulations. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Council is also responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

In so far as the Council are aware:

- there is no relevant audit information of which the Group's auditor is

unaware, and

- the Council have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITORS

haysmacintyre were appointed auditor of the Company by the Council and will be seeking the re-appointment at the Annual General Meeting.

Approved by the Council on 1 June 2018 and signed on its behalf by

K E Cerski

Company secretary



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE CHARTERED INSTITUTE OF LEGAL EXECUTIVES

FOR THE YEAR ENDED 31 DECEMBER 2017

Opinion

We have audited the financial statements of The Chartered Institute of Legal Executives for the year ended 31 December 2017 which comprise the Group and Company Statement of Comprehensive Income, Group and Company Statement of Changes in Equity, Group and Company Statement of Financial Position, Group and Company Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent's affairs as at 31 December 2017 and of the group's and the parent's result for the year then ended; and
- have been properly prepared in accordance with IFRS.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Council for the financial statements

As explained more fully in the Statement of Council's Responsibilities, the Members of Council are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Members of Council are responsible for assessing the group's and the parent's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council either intends to liquidate the group or the parent or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 ISAs (UK) 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 these financial statements.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE CHARTERED INSTITUTE OF LEGAL EXECUTIVES

FOR THE YEAR ENDED 31 DECEMBER 2017

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Council Members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Council Members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Members of Council are responsible for the other information. The other information comprises the information included in the Report of the Council. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, 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.

haysmacintyre

Chartered Accountants and Statutory Auditor

01/06/2018

10 Queen Street Place

London

EC4R 1AG



GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	NOTES	2017 £	2016 £
Revenue		10,425,888	9,503,540
Direct costs		(2,384,655)	(2,594,007)
GROSS SURPLUS		8,041,233	6,909,533
Administrative expenses		(7,620,882)	(6,645,364)
Other operating income	5	157,683	166,815
Realised gain on disposal of investments		63,947	-
SURPLUS BEFORE TAX	6	641,981	430,984
Taxation	7	(123,927)	(75,258)
SURPLUS FOR THE YEAR		518,054	355,726
OTHER COMPREHENSIVE INCOME/(EXPENSE)			
Net unrealised gains on available-for-sale financial assets		222,277	484,214
Deferred tax charge on unrealised gains		(123,061)	-
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR		617,270	839,940

All the activities of the Group are classed as continuing.

The Group had no recognised gains and losses other than the results for the year set out above.

The notes on pages 14 to 30 form part of these financial statements.

COMPANY STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	NOTES	2017 £	2016 £
Revenue		4,649,075	4,563,418
Direct costs		(1,251,422)	(1,609,807)
GROSS SURPLUS		3,397,633	2,953,611
Administrative expenses		(3,685,987)	(3,201,150)
Other operating income	5	154,323	238,292
Loss on disposal of investments		(28,820)	-
DEFICIT BEFORE DIVIDENDS RECEIVED & TAX		(162,851)	(9,247)
Dividends received		-	1,997,678
(DEFICIT)/SURPLUS BEFORE TAX	6	(162,851)	1,988,431
Taxation		(3,961)	(6,108)
(DEFICIT)/SURPLUS FOR THE YEAR		(166,812)	1,982,323

OTHER COMPREHENSIVE INCOME/(EXPENSE)

Net unrealised gains on available-for-sale financial assets		91,303	43,352
Deferred tax charge on unrealised gains		26,864	-
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR		(102,373)	2,025,675

All the activities of the Company are classed as continuing.

The Company had no recognised gains and losses other than the results for the year set out above.

The notes on pages 14 to 30 form part of these financial statements.

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Fair value reserve £	Retained funds £	Total equity £
Balance at 1 January 2016	17,395	5,703,458	5,720,853
Net gains on available-for-sale financial assets	484,214	-	484,214
Surplus for the year	-	355,726	355,726
Balance at 31 December 2016	501,609	6,059,184	6,560,793
Net gains on available-for-sale financial assets	222,277	-	222,277
Deferred tax charge on unrealised gains	(123,061)	-	(123,061)
Surplus for the year	-	518,054	518,054
Balance at 31 December 2017	600,825	6,577,238	7,178,063

The notes on pages 14 to 30 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Fair value reserve £	Retained funds £	Total equity £
Balance at 1 January 2016	23,369	121,510	144,879
Net gains on available-for-sale financial assets	43,352	-	43,352
Surplus for the year*	-	1,982,323	1,982,323
Balance at 31 December 2016	66,721	2,103,833	2,170,554
Net gains on available-for-sale financial assets	91,303	-	91,303
Deferred tax charge on unrealised gains	(26,864)		(26,864)
Deficit for the year	-	(166,812)	(166,812)
Balance at 31 December 2017	131,160	1,937,021	2,068,181

*The surplus in 2016 included a dividend received from CILEx Law School Limited amounting to £1,997,678.

The notes on pages 14 to 30 form part of these financial statements.

GROUP STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	NOTES	2017 £	2016 £
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	8	1,863,248	1,914,774
Intangible assets	9	115,407	126,235
Other investments	11	5,854,422	5,609,890
		7,833,077	7,650,899
CURRENT ASSETS			
Inventories	14	-	10,475
Trade and other receivables	15	530,711	354,872
Prepayments and accrued income		418,829	279,293
Cash and cash equivalents	16	2,977,997	2,265,284
		3,927,537	2,909,924
TOTAL ASSETS		11,760,614	10,560,823
EQUITY			
RESERVES			
Other reserves		600,825	501,609
Retained funds		6,577,238	6,059,184
TOTAL EQUITY		7,178,063	6,560,793
NON CURRENT LIABILITIES			
Deferred tax payables	17	161,639	47,351
CURRENT LIABILITIES			
Deferred income		2,995,440	2,521,035
Trade and other payables	18	1,425,472	1,431,644
		4,420,912	3,952,679
TOTAL EQUITY AND LIABILITIES		11,760,614	10,560,823

Approved and authorised for issue by the Council on 01/06/2018 and signed on its behalf by

M Grant
President

P R Sherwood
Chair, Finance & Remuneration Standing Committee

The notes on pages 14 to 30 form part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	NOTES	2017 £	2016 £
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	8	1,003,260	1,020,307
Intangible assets	9	55,859	2,198
Investments in subsidiaries at cost	10	620,398	620,398
Other investments	11	1,278,020	1,224,677
		2,957,537	2,867,580
CURRENT ASSETS			
Trade and other receivables	15	214,335	283,879
Prepayments and accrued income		215,781	90,268
Cash and cash equivalents	16	2,101,710	1,732,489
		2,531,826	2,106,636
TOTAL ASSETS		5,489,363	4,974,216
EQUITY			
RESERVES			
Other reserves		131,160	66,721
Retained funds		1,937,021	2,103,833
TOTAL EQUITY		2,068,181	2,170,554
NON CURRENT LIABILITIES			
Deferred tax payables	17	26,864	-
CURRENT LIABILITIES			
Deferred income		2,339,210	2,129,366
Trade and other payables	18	1,055,108	674,296
		3,394,318	2,803,662
TOTAL EQUITY AND LIABILITIES		5,489,363	4,974,216

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The notes on pages 14 to 30 form part of these financial statements.

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 £	2016 £
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus before tax	641,981	430,984
NON-CASH ADJUSTMENTS		
Depreciation	105,775	110,788
Amortisation of other intangible non-current assets	74,650	82,123
Investment income	(157,683)	(166,815)
Loss on disposal of non-current assets	-	6,683
Gain on disposal of investments	(63,947)	(105,501)
Investment management fees deducted from the portfolio	41,703	-
Other non-cash adjustments	(13)	(10)
NON-CASH ADJUSTMENTS	485	(72,732)
CASH FLOWS BEFORE CHANGES IN WORKING CAPITAL	642,466	358,252
CHANGES IN WORKING CAPITAL		
Increase/(decrease) in inventories	(10,475)	3,689
Decrease/(increase) in trade and other receivables	(175,839)	80,996
(Increase)/(decrease) in prepayments and accrued income	(139,534)	(21,473)
(Decrease) in trade and other payables	(36,735)	(266,903)
Increase/(decrease) in deferred income	474,405	(415,248)
(DECREASE)/INCREASE IN WORKING CAPITAL	111,822	(618,939)
Tax paid	(81,177)	(38,569)
NET CASH FLOWS FROM OPERATING ACTIVITIES	673,111	(299,256)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments to acquire property, plant and equipment	(54,249)	(36,317)
Payments to acquire intangible assets	(63,822)	(14,013)
Payments to acquire available-for-sale investments	(1,103,493)	(1,545,176)
Proceeds from sale of available-for-sale investments	1,103,483	1,562,617
Proceeds from sale of equipment	-	201
Interest received, classified as investing	4,771	15,075
Dividends received, classified as investing	152,912	151,740
NET CASH FLOWS FROM INVESTING ACTIVITIES	39,602	134,127
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	712,713	(165,129)
Cash and cash equivalents as at 1 January 2017	2,265,284	2,430,413
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER 2017	2,977,997	2,265,284

The notes on pages 14 to 30 form part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 £	2016 £
CASH FLOWS FROM OPERATING ACTIVITIES		
(Deficit)/surplus before tax	(162,851)	1,982,431
NON-CASH ADJUSTMENTS		
Depreciation	49,139	56,165
Amortisation of other intangible non-current assets	1,912	2,110
Investment income	(34,323)	(18,292)
Dividends from subsidiary	-	(1,997,678)
(Gain)/loss on disposal of non-current assets	28,820	(6,683)
Investment management fees deducted from the portfolio	9,104	-
NON-CASH ADJUSTMENTS	54,652	(1,964,378)
CASH FLOWS BEFORE CHANGES IN WORKING CAPITAL	(108,199)	18,053
CHANGES IN WORKING CAPITAL		
Decrease in inventories	-	487
(Increase)/decrease in trade and other receivables	69,544	(73,711)
(Increase)/decrease in prepayments and accrued income	(125,513)	(54,975)
Increase/(decrease) in trade and other payables	376,852	(419,292)
(Decrease)/increase in deferred income	209,844	(544,082)
(DECREASE)/INCREASE IN WORKING CAPITAL	530,727	(1,091,573)
NET CASH FLOWS FROM OPERATING ACTIVITIES	422,528	(1,073,520)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments to acquire property, plant and equipment	(32,092)	(3,651)
Payments to acquire intangible assets	(55,573)	(1,321)
Payments to acquire available-for-sale investments	(240,855)	(776,391)
Proceeds from sale of available-for-sale investments	240,890	130,017
Proceeds from sale of equipment	-	201
Interest received, classified as investing	942	18,292
Dividends received, classified as investing	33,381	1,997,678
NET CASH FLOWS FROM INVESTING ACTIVITIES	(53,307)	1,364,825
NET INCREASE IN CASH AND CASH EQUIVALENTS	369,221	291,305
Cash and cash equivalents as at 1 January 2017	1,732,489	1,441,184
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER 2017	2,101,710	1,732,489

The notes on pages 14 to 30 form part of these financial statements.

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1. AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH IFRS'S

The Institute is a body incorporated by Royal Charter. The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations as adopted by the European Union. The financial statements are prepared under the historical cost convention as modified by the revaluation of investments.

Basis of consolidation

The consolidated group financial statements comprise the financial statements of the Chartered Institute of Legal Executives and its trading subsidiary undertakings as described in note 10. Subsidiaries are all entities over which the Group has the power to govern financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which the Group takes control.

Where necessary, adjustments are made to the financial statements of the Institute and subsidiaries to bring the accounting policies used into line with those used by the Group. Inter-company transactions and balances between Group companies are eliminated.

Adoption of new and revised Standards

At the date of authorisation of these financial statements, the following standards and interpretations which have not been applied in these financial statements were in issue but not yet effective.

Standard/Interpretation	Title	Effective date
IFRS 9	Financial Instruments	1 January 2018
IFRS 14	Regulatory Deferral Accounts	1 January 2016
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 16	Leases	1 January 2019

However, the Council does not expect that the adoption of these standards and interpretations in future periods will have a material impact on the financial statements of the Group.

Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Council makes estimates, assumptions and judgements concerning the carrying amount of assets and liabilities on a prudent basis and are satisfied with the accuracy of these estimates.

NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

2. ACCOUNTING POLICIES

Revenue recognition

Subscriptions income is recognised in the period to which it relates and examination fee income is recognised when the examinations to which they relate take place.

Distance learning course revenue is recognised when the course is delivered except when an element of the course is in respect of a revision session to be taken in a future accounting period in which case that element of the revenue is deferred.

Agency commission income is recognised on an arising basis in line with the agreements in place with the principal.

Apprenticeship income is recognised over the duration of the apprenticeship.

Interest and dividend income is accounted for on an arising basis.

All income is recognised net of value added tax.

Foreign currency exchange

Transactions in currencies other than the functional currency of the Group are recorded at the rates of exchange prevailing on the dates of the transactions. At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates

prevailing on that date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Gains and losses arising on retranslation are included in net profit or loss for the period, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognised directly in equity.

Pension costs

The Group operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Group. The annual contributions payable are charged to the income statement.

Taxation

Corporation tax arises on the Group's chargeable gains and investment income less any charitable donations by way of gift aid and trading profits. Provision is made for deferred taxation to the extent that material timing differences are expected to reverse in future periods. Deferred taxation is provided in full in respect of unrealised gains on investments.

Segmental Reporting

A business segment is a group of assets and operations engaged in providing products and services that are subject to risks and returns that are different from those of other business segments.



NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

2. ACCOUNTING POLICIES (continued)**Property, plant and equipment**

Items of property, plant and equipment are stated at cost of acquisition or production cost less accumulated depreciation and impairment losses.

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, on the following bases:

Freehold property	1% on cost
Fixtures and fittings	10% on cost
IT Equipment	25% on cost

Investments

Investments are recognised at cost on the trade date, and are restated on the reporting date at fair value. Unrealised gains and losses (including those arising on translation of investments denominated in foreign currencies) are recognised directly in fair value reserves until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in fair value reserves is included in net surplus or deficit for the period.

Investments in subsidiaries are stated at cost less any impairment deemed necessary.

Intangible assets

Intangible assets acquired separately from a business are capitalised at cost. Intangible assets acquired as part of a

business combination are capitalised separately from goodwill if the fair value can be measured reliably on initial recognition.

The carrying value of intangible assets are reviewed for impairment on an annual basis for events or changes in circumstances that indicate that the carrying value may not be recoverable.

Intangible assets are stated at cost or fair value on recognition less accumulated amortisation and any impairment in value. Amortisation is calculated so as to write off the cost or valuation of intangible assets over their estimated useful lives, on the following bases:

Software	25% on cost
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Inventories

Inventories are valued at the lower of cost and net realisable value.

Trade and other receivables

Trade and other receivables are recognised by the Group and carried at original invoice amount less an allowance for any uncollectible or impaired amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when they are identified as being unrecoverable.

Other receivables are recognised at fair value.



NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

2. ACCOUNTING POLICIES (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short term deposits. Short term deposits are defined as deposits with an initial maturity of three months or less, but can be drawn upon at any time.

Deferred tax

Deferred tax is provided in full, using the statement of financial position liability method, on temporary differences arising between the tax bases of assets and liabilities and the carrying amounts in the financial statements.

Deferred tax liabilities are generally recognised for all material taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than as a business combination) or other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax is charged or credited to the consolidated statement of comprehensive income, except when it relates to

items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax is determined using the tax rates that are expected to apply in the period when the asset is realised or the liability is settled.

Deferred tax assets and liabilities are offset when they relate to income taxed levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

Trade and other payables

Trade and other payables are not interest bearing and are stated at their nominal value.

Operating lease commitments

Operating leases payments are recognised as an expense in the consolidated income statement on a straight line basis over the lease term.

Other reserves

The other reserve relates to the fair value reserve which comprises the cumulative net change in the fair value of available-for-sale financial assets until the assets are derecognised or impaired.



NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

3. SEGMENT INFORMATION

Year ended 31 December 2017

	Membership and Awarding body £	Regulation £	Law School £	Intercompany adjustments £	Total £
REVENUE					
Sales to external customers	4,649,075	1,434,063	4,342,750	-	10,425,888
GROSS SURPLUS	3,397,634	1,190,846	3,452,754	-	8,041,234

RESULTS					
OTHER INCOME AND EXPENDITURE					
Depreciation	(49,139)	(57)	(56,579)	-	(105,775)
Amortisation	(1,912)	-	(72,738)	-	(74,650)
Operating lease rentals	(58,397)	(11,812)	(53,038)	-	(123,247)
Other admin expenses	(3,576,539)	(1,191,079)	(2,747,676)	198,084	(7,317,210)
Other income	154,323	78,118	123,360	(198,118)	157,683
(Loss)/gain on disposal of investments	(28,820)	-	92,767	-	63,947
Taxation	(3,961)	(12,335)	(107,631)	-	(123,927)
SURPLUS/(DEFICIT) FOR THE YEAR	(166,812)	53,681	631,219	(34)	518,054

ASSETS AND LIABILITIES					
Non-current assets	2,957,537	1,925	5,494,014	(620,398)	7,833,077
Current assets	2,531,826	233,826	1,511,664	(349,780)	3,927,537
Liabilities	(3,421,182)	(182,069)	(1,329,080)	349,780	(4,582,551)
TOTAL EQUITY	2,068,181	53,682	5,676,598	(620,398)	7,178,063

NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

3. SEGMENT INFORMATION (continued)

Year ended 31 December 2016

	Membership and Awarding body £	Regulation £	Law School £	Intercompany adjustments £	Total £
REVENUE					
Revenue – sales to external customers	4,563,418	1,233,857	3,920,908	(214,643)	9,503,540
GROSS SURPLUS	2,953,611	889,609	3,066,313	-	6,909,533

RESULTS					
OTHER INCOME AND EXPENDITURE					
Depreciation	(56,165)	-	(54,623)	-	(110,788)
Amortisation	(2,110)	-	(80,013)	-	(82,123)
Operating lease rentals	(60,108)	-	(51,539)	-	(111,647)
Other admin expenses	(3,082,767)	(968,563)	(2,591,645)	302,169	(6,340,806)
Other income	2,235,970	78,954	151,740	(2,299,849)	166,815
Taxation	(6,108)	-	(69,150)	-	(75,258)
SURPLUS/DEFICIT FOR THE YEAR	1,982,323	-	371,083	(1,997,680)	355,726

ASSETS AND LIABILITIES					
Non-current assets	2,867,580	-	5,403,719	(620,398)	7,650,899
Current assets	2,106,636	115,653	967,908	(280,575)	2,909,924
Liabilities	(2,803,662)	(115,652)	(1,361,024)	280,309	(4,000,030)
TOTAL EQUITY	2,170,554	1	5,010,603	(620,364)	6,560,793

NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

4. EMPLOYEE EXPENSES

	2017 £	2016 £
Wages and salaries	4,423,505	4,073,908
Social security costs	416,934	401,035
Post-employment expense for defined contribution plans	333,683	423,329
Restructure costs	-	104,865
Other employee benefits	54,605	28,796
	5,228,727	5,031,933

The average monthly number of employees during the year was made up as follows:

	2017 No.	2016 No.
Administration	146	140

KEY MANAGEMENT COMPENSATION

	2017 £	2016 £
Wages and salaries	194,996	234,446
Post-employment benefits: Defined contribution	15,501	24,646
Social security costs	24,271	35,388
Benefits in kind	13,116	21,646
	247,884	316,126

5. OTHER OPERATING INCOME

	Group		Company	
	2017 £	2016 £	2017 £	2016 £
Interest earned on investments	4,771	5,075	942	2,435
Dividends earned on investments	152,912	151,740	33,381	15,857
Group management charges	-	-	120,000	220,000
	157,683	166,815	154,323	238,292

NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

6. PROFIT/(LOSS) BEFORE TAX

Profit/(loss) before tax is stated after charging the following:

	Group		Company	
	2017 £	2016 £	2017 £	2016 £
Cost of inventories recognised as expenses	10,475	199,259	-	-
Depreciation of property, plant and equipment	105,775	110,788	49,139	56,165
Amortisation	74,650	82,123	1,912	2,110
Operating lease rentals	123,347	111,647	58,397	60,108
Auditor's remuneration - audit services	34,000	38,900	18,000	18,600
Auditor's remuneration - tax compliance services	4,450	-	1,975	-

7. TAXATION

Components of taxation - Group

	2017 £	2016 £
CURRENT TAX EXPENSE		
Current tax expense	132,569	81,177
Under/(Over) provision in the prior year	131	(3,757)

DEFERRED TAX EXPENSE		
Relating to origination and reversal of temporary differences	114,288	(2,162)
Taxation for the year	246,988	75,258

RECONCILIATION OF TAX EXPENSE TO ACCOUNTING PROFIT - GROUP		
Tax at the domestic income tax rate of 19.25% (2016: 20.25%)	123,587	86,197
Expenses not deductible for tax purposes	908,957	1,299,683
Non-taxable income	(896,260)	(1,288,969)
Deferred tax charge on unrealised investment gains	123,061	-
Capital gains less profit on sale of investments	-	4,277
Tax losses not recognised	(12,488)	(22,286)
Tax effect of other tax rates	-	113
Under/(Over) provision in the prior tax year	131	(3,757)
	246,988	75,258

The majority of the Company's financial results relate to Membership activities which are not subject to corporation tax. Accordingly, the tax charge for the Company relates to its non-Membership trading activity and its investment activity.

NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

8. PROPERTY, PLANT AND EQUIPMENT

Group

At 31 December 2017

	Freehold property £	Fixtures and fittings £	IT Equipment £	Total £
COST				
At 1 January 2017	2,037,158	737,443	79,137	2,853,738
Additions	-	16,063	38,186	54,249
At 31 December 2017	2,037,158	753,506	117,323	2,907,987

DEPRECIATION				
At 1 January 2017	475,909	416,489	46,566	938,964
Charge for year	20,585	66,476	18,714	105,775
At 31 December 2017	496,494	482,965	65,280	1,044,739

NET BOOK VALUE				
At 1 January 2017	1,561,249	320,954	32,571	1,914,774
At 31 December 2017	1,540,664	270,541	52,043	1,863,248

At 31 December 2016

	Freehold property £	Fixtures and fittings £	IT Equipment £	Total £
COST				
At 1 January 2016	2,039,833	773,846	69,111	2,887,790
Additions	-	25,624	10,693	36,317
Disposals	(2,675)	(62,027)	(5,667)	(70,369)
At 31 December 2016	2,037,158	737,443	79,137	2,853,738

DEPRECIATION				
At 1 January 2016	462,815	401,213	34,193	898,221
Disposals	(6,633)	(59,324)	(4,088)	(70,045)
Charge for year	19,727	74,600	16,461	110,788
At 31 December 2016	475,909	416,489	46,566	938,964

NET BOOK VALUE				
At 1 January 2016	1,577,018	377,633	34,918	1,989,569
At 31 December 2016	1,561,249	320,954	32,571	1,914,774

NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

8. PROPERTY, PLANT AND EQUIPMENT

Company

At 31 December 2017

	Freehold property £	Fixtures and fittings £	IT Equipment £	Total £
COST				
At 1 January 2017	1,188,151	334,128	41,825	1,564,104
Additions	-	7,515	24,577	32,092
At 31 December 2017	1,188,151	341,643	66,402	1,596,196

DEPRECIATION				
At 1 January 2017	259,804	256,954	27,039	543,797
Charge for year	11,881	26,778	10,480	49,139
At 31 December 2017	271,685	283,732	37,519	592,936

NET BOOK VALUE				
At 1 January 2017	928,347	77,174	14,786	1,020,307
At 31 December 2017	916,466	57,911	28,883	1,003,260

At 31 December 2016

	Freehold property £	Fixtures and fittings £	IT Equipment £	Total £
COST				
At 1 January 2016	1,190,826	396,155	43,841	1,630,822
Additions	-	-	3,651	3,651
Disposals	(2,675)	(62,027)	(5,667)	(70,369)
At 31 December 2016	1,188,151	334,128	41,825	1,564,104

DEPRECIATION				
At 1 January 2016	249,039	281,198	21,282	551,519
Charge for year	11,240	35,080	9,845	56,165
Disposals	(475)	(59,324)	(4,088)	(63,887)
At 31 December 2016	259,804	256,954	27,039	543,797

NET BOOK VALUE				
At 1 January 2016	941,787	114,957	22,559	1,079,303
At 31 December 2016	928,347	77,174	14,786	1,020,307

NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

9. INTANGIBLE ASSETS

Group

31 December 2017

	Software £	Total £
COST		
At 1 January 2017	390,398	390,398
Additions	63,822	63,822
At 31 December 2017	454,220	454,220

AMORTISATION		
At 1 January 2017	264,163	264,163
Charge for the year	74,650	74,650
At 31 December 2017	338,813	338,813

CARRYING VALUE		
At 1 January 2017	126,235	126,235
At 31 December 2017	115,407	115,407

31 December 2016

	Software £	Total £
COST		
At 1 January 2016	376,826	376,826
Additions	14,013	14,013
Disposals	(441)	(441)
At 31 December 2016	390,398	390,398

AMORTISATION		
At 1 January 2016	181,665	181,665
Charge for the year	82,123	82,123
Disposals	375	375
At 31 December 2016	264,163	264,163

CARRYING VALUE		
At 1 January 2016	195,161	195,161
At 31 December 2016	126,235	126,235

NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

9. INTANGIBLE ASSETS (continued)

Company

31 December 2017

	Software £	Total £
COST		
At 1 January 2017	8,222	8,222
Additions	55,573	55,573
At 31 December 2017	63,795	63,795

AMORTISATION		
At 1 January 2017	6,024	6,024
Charge for the year	1,912	1,912
At 31 December 2017	7,936	7,936

CARRYING VALUE		
At 1 January 2017	2,198	2,198
At 31 December 2017	55,859	55,859

31 December 2016

	Software £	Total £
COST		
At 1 January 2016	7,342	7,342
Additions	1,321	1,321
Disposals	(441)	(441)
At 31 December 2016	8,222	8,222

AMORTISATION		
At 1 January 2016	3,541	3,541
Charge for the year	2,110	2,110
Disposals	373	373
At 31 December 2016	6,024	6,024

At 1 January 2016	3,801	3,801
At 31 December 2016	2,198	2,198

NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

10. INVESTMENTS IN SUBSIDIARIES

	2017 £	2016 £
Cost at 1 January	620,398	620,398
Cost at 31 December	620,398	620,398

The Institute's investments in 100% of the ordinary share capital of unlisted companies incorporated in the United Kingdom at the year end comprise the following:

Name	Principal activity
CILEx Law School Limited	Provision of study manuals and courses for examinations in law
CILEx Regulation Limited	Independent regulator of members of the Institute

11. OTHER INVESTMENTS

	Group		Company	
Market value	2017 £	2016 £	2017 £	2016 £
At 1 January	5,609,890	5,039,620	1,224,677	403,170
Additions	942,830	1,545,176	205,820	776,391
Disposals	(1,103,483)	(1,562,617)	(240,890)	(130,017)
Realised gain/(loss) on disposal	63,947	103,497	(28,820)	9,617
Unrealised gain on changes on market value	222,277	484,214	91,303	43,352
Fees deducted from the portfolio	(41,703)	-	(9,104)	-
Increase in investment cash	160,664	-	35,035	122,164
At 31 December	5,854,422	5,609,890	1,278,020	1,224,677

Other investments are in respect of a pooled investment fund managed by Barclays Wealth. The investment is stated at its market value in the statement of financial position and any change in market value is reflected in the fair value reserve.

NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

12. FINANCIAL RISK MANAGEMENT

Liquidity risk is managed in the short term by ensuring that there are available Group reserves to cover one years' worth of membership income. This is in line with the Reserves policy. The Group has invested sums in a managed medium to long term investment portfolio in order to protect its cash reserves.

Foreign currency is not deemed a high risk area for the Group. Very few transactions take place in anything other than sterling, however, foreign currency denominated bank accounts are held in order to minimise the risk of foreign exchange losses.

The Group carries out regular and thorough budgeting to ensure that both short and long term liquidity risks are managed.

13. RELATED PARTY TRANSACTIONS

Trading activities

During the year the Institute received income from CILEx Law School Limited totalling £132,544 (2016: £197,347) in relation to expenditure the Institute had incurred on its behalf and later recharged at cost to them. In addition the Institute sold journal advertising and course

books to CILEx Law School Limited totalling £18,246 (2016: £17,258). The Institute was charged £150,231 (2016: £168,668) by CILEx Law School Limited for expenditure it had incurred on the Institute's behalf, which was also recharged at cost. The Institute also purchased manuals and courses for members totalling £275 (2016: £16) from CILEx Law School Limited.

At the year end, amounts due to CILEx Law School Limited totalled £115,696 (2016: £178,091).

During the year the company paid expenses of £35,810 (2016: £39,432) on behalf of the CILEx Compensation Fund.

During the period, the Institute contributed to the operating costs of CILEx Regulation Limited totalling £78,118 (2016: £78,954). Amount due to CILEx Regulation Limited at the year end was £163,232 (2016: £105,846).

Reimbursement of expenditure

During the period the Institute reimbursed out of pocket expenses to Council members in respect of travel and other necessary expenses incurred in performing their council duties of £61,108 (2016: £74,998).



NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

14. INVENTORIES

	Group		Company	
	2017 £	2016 £	2017 £	2016 £
Course books and promotional material	-	10,026	-	-
Stationery	-	449	-	-
	-	10,475	-	-

15. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017 £	2016 £	2017 £	2016 £
Trade receivables	505,059	354,872	116,938	115,038
VAT	25,652	-	97,397	20,631
Amounts due from subsidiaries	-	-	-	148,210
	530,711	354,872	214,335	283,879

Amounts receivable from trade customers are non-interest bearing and are generally on 30 - 45 day terms.

The Council considers that the carrying amount of these assets approximates their fair value.

16. CASH AND CASH EQUIVALENTS

	Group		Company	
	2017 £	2016 £	2017 £	2016 £
Cash in hand	1,019	1,523	948	1,000
Cash at bank	2,976,978	2,263,761	2,100,762	1,731,489
	2,977,997	2,265,284	2,101,710	1,732,489

NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

17. DEFERRED TAX

	Statement of financial position		Income statement	
	2017 £	2016 £	2017 £	2016 £
DEFERRED TAX LIABILITIES				
Relating to depreciation	(38,578)	(47,351)	8,773	2,162
Relating to investments	(123,061)	-	(123,061)	-

18. TRADE AND OTHER PAYABLES

	Group		Company	
	2017 £	2016 £	2017 £	2016 £
Payable to trade suppliers	96,846	121,793	61,677	67,559
Other payables	244,393	566,889	201,702	57,520
Social security and other taxes	146,346	167,642	90,350	72,508
Accruals	805,318	494,143	437,145	364,756
Tax payable	132,569	81,177	3,542	6,108
Amounts owed to subsidiary	-	-	260,692	105,846
	1,425,472	1,431,644	1,055,108	674,296

The Council considers that the carrying amount of these assets approximates their fair value.

19. OPERATING LEASE COMMITMENTS

At 31 December the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases relating to motor vehicles which fall due as follows:

	2017 £	2016 £
Less than one year	69,101	61,859
Later than one year but less than five years	63,595	63,026
	132,696	124,885

NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

20. CONTINGENT LIABILITY

On 5th January 2016, the Institute entered into an agreement to provide a draw-down loan facility of up to £1,000,000 to the CILEx Compensation Fund ('the Fund') for the purpose of establishing a compensation fund in accordance with the provisions of the Legal Services Act 2007 (Chartered Institute of Legal Executives) (Modification of Functions) Order 2014 made on 8 December 2014. The Compensation Fund is an independent legal entity and is limited by guarantee.

CILEx Regulation Ltd, a subsidiary of CILEx, carries out the regulation of authorised entities. At the date of signing the accounts, there were 12 authorised entities (2016: 8) being regulated and no claims have been received.

The Fund is a discretionary fund of last resort and will consider eligible claims for compensation from clients of entities regulated by CILEx

Regulation who have suffered loss or hardship as a result of the regulated entity having misappropriated or failed to account for the client's money.

For a claim to be considered by the Fund, it must have exhausted all other means of redress, including any insurance the regulated entity has in place. The claim will be put to the Fund's indemnity insurance, if eligible, for settlement. The cover provides for £1,000,000 per claim, £2,000,000 per authorised entity and £10,000,000 in the aggregate.

The Trustees of the Fund may call on the loan facility to pay eligible claims that have exhausted all other means of redress, including the Fund's own indemnity insurance.

Work on making the compensation arrangements fully insurance-backed is at an advanced stage. This will remove the need for the Fund and the loan facility. It is expected that the new arrangements will be in place during 2018.



BENEVOLENT FUND

YEAR ENDED 31 DECEMBER 2017



Registered Charity Name:

The Chartered Institute of Legal Executives Benevolent Fund

Charity registration number: 295527

Objective and Activities

The primary objective of the Charity is to provide assistance to persons in need who are, or who have been, members of The Institute and their families or dependants. Assistance is given by payment of grants or providing advice and information. Grants are made to help persons in financial difficulties due to unemployment, illness or other misfortune.

Income is generated by way of donations, gifts and from investments.

The Trustees would like to encourage more CILEx members to consider directing some of their charitable giving to the Fund to ensure that it can continue to meet calls for assistance from disadvantaged members, former members and their dependants. Applications to the Fund are increasing. In 2017, payments exceeding £9,000 were made. Applications from qualifying members are encouraged and further information can be found on the CILEx website.



UNAUDITED STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED 31 DECEMBER 2017

Income and Expenditure Account 1 January 2017 to 31 December 2017

	2017 £
Income	
Donation from CILEx	5,000
Donations-Branch and Non-members	165
Interest (Direct Reserve)	27
CILEx Member Donations	462
Legal Charities Garden Party	-
	5,654
Expenditure	
Grants	9,002
Professional Fees	1,570
Insurance	144
Bank Charges	68
Sundry-Travel	1,160
	11,943
Net Profit / (Loss)	(6,289)

Balance sheet as at 31 December 2017

Current Assets	
Current Account	40,099
Direct Reserves Account	148,983
Legal Charities Garden Party London	2,619
Total Assets	191,701

Current Liabilities	
Amounts owing to CILEx	8,956
Total Liabilities	182,745

Net Current Assets Represented by:	182,745
Trading surplus/ (deficit)	(6,289)
Reserves brought forward	189,034
	182,745

Pro Bono Trust

YEAR ENDED 31 DECEMBER 2017



Registered Charity Name: The CILEX Pro Bono Trust

Charity registration number: 1145776

Objective and Activities

The primary objective of the Charity is to work in partnership with other facilitators and providers of pro bono legal services in order to raise awareness and support the pro bono work of CILEX members and other lawyers.

Each year the CILEX Pro Bono Trust awards the CILEX Pro Bono Award to recognise the dedication and commitment of an outstanding individual who, in addition to their daily work, has contributed to the

community through giving their time without charge to help others by providing work of a legal nature. Kindly sponsored by Kings Court Trust, the winner receives a commemorative trophy, certificate, the winner's logo and a cheque for £500 to be donated to the winner's choice. The winner of the 2017 award was Nazmin Akthar, the vice chair of Muslim Women Network UK. The medal was presented at the 2017 CILEX Graduation and Admission Ceremony.

The Trustees are working on several initiatives which include a Pro Bono Volunteers Handbook and promotion for the CILEX Advocacy Support Scheme.



Pro Bono Award Winner: Nazmin Akthar

UNAUDITED STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED 31 DECEMBER 2017

Income and Expenditure Account 1 January 2017 to 31 December 2017

	2017 £
Income	
Donations	5,000
Income from CAF Cash Account	8,378
Prior Year Adjustment	(12,734)
Interest earned	-
	644
Expenditure	
Insurance	(8,297)
Meetings & NH reclaim	5,047
Promotional material	-
Law Works Ball	(510)
NPBW	(4,368)
Bank Charges	-
Sundry	(838)
Surplus/ (Deficit)	(8,966)
Net Surplus / (Deficit)	9,610

Balance sheet as at 31 December 2017

Current Assets	
Prepayments and accrued income	-
Other Debtors	-
CAF Cash account	-
CAF Gold account	-
Amount owing to CILEx	23,468
Total Assets	23,468
Current Liabilities	
Other Creditors	-
Accruals and deferred income	-
Total Liabilities	23,468
Net Current Assets Represented by:	
Trading surplus/ (deficit)	9,610
Reserves brought forward	13,858
	23,467

THE CHARTERED INSTITUTE OF LEGAL EXECUTIVES

Kempston Manor, Kempston, Bedford MK42 7AB

T +44 (0)1234 845777 F +44 (0)1234 840373 E membership@cilex.org.uk W www.cilex.org.uk

 CILEx  @CILExLawyers  CILExfan  @CILExHQ  youtube.com/cilexlawyers

