



# CILEx ANNUAL REPORT & GROUP ACCOUNTS

31 December 2018

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COMPANY REGISTRATION NUMBER RC000850



CHARTERED INSTITUTE  
OF LEGAL EXECUTIVES

THE CHARTERED INSTITUTE OF LEGAL EXECUTIVES

# NOTICE OF ANNUAL GENERAL MEETING – 18 JULY 2019

**NOTICE IS GIVEN** that the **ANNUAL GENERAL MEETING** of the Chartered Institute of Legal Executives will be held at 3.30pm, on Thursday 18 July 2019, at DoubleTree by Hilton Hotel, Warrington Road, Chester CH2 3PD to transact the following business:

- 1 Welcome & Address by the Chair of the Chartered Institute of Legal Executives
- 2 To receive the minutes of the Annual General meeting held on 19 July 2018.
- 3 To note the 2018 business reports:
  - CILEx Professional – President Philip Sherwood
  - CILEx Law School – Chair Dr Stephen Lee
  - CILEx Regulation – Chair Sam Younger
  - CILEx Group Services – Chair Doris Olulode
- 4 To receive the Audited Accounts of the Chartered Institute of Legal Executives Group for the period ended 31 December 2018 and accompanying Auditor Report.

## **Ordinary Resolution**

Fellows are invited to: adopt the accounts of the Chartered Institute of Legal Executive Group for the year ended 31 December 2018.

- 5 Tribute to the late Honorary Vice President – Joyce Arram
- 6 Any other business

**CLOSE**



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# MESSAGE FROM THE CHAIR OF THE CHARTERED INSTITUTE OF LEGAL EXECUTIVES

## Different and better



This is the end of my first year as Chair of the CILEx Board, and I commend this report to you on behalf of my colleagues. In recognising the considerable successes and progress made over the period, and the extraordinary hard work put in by everyone who works for the organisation, we as a Board are very conscious that you have given us a significant responsibility to ensure that CILEx is able to face the future with confidence.

We are a sector in change. Change driven from a number of different directions:

- Regulation – the Legal Services Board has laid out a path of change for all professional bodies in the sector that will redefine significantly the relationship between the professional body and its regulator.
- Education – the launch of apprenticeships across the sector and the entry of universities into the apprenticeship market are disrupters and pose challenges to the traditional routes into the profession.
- Competition – legal services are no longer delivered solely through legal firms. The sector is also fragmenting, with specific service providers entering the market – often using online as their route to market. This creates both risk and opportunity as the market develops further.
- Technology – machine learning solutions are already playing a role in transforming the business models of large firms and enabling market entry by non-traditional providers. The implications going forward – as they develop further and are adopted more widely – could be transformational: not just for delivery models, but also for roles and employment.

We believe that CILEx, as an organisation, is far better placed than many other professional bodies to not just weather what could be very choppy waters, but also navigate a course which will enable us to be even more successful over the longer term. Our emergent strategy seeks to do this by:

- Going further and faster in our move to reinforce the independence of our regulator – it is in the public interest, and in our own, that our members are regulated in a structure which is as separate as possible under the current legislation, and we are moving forward to make that happen as quickly as possible.

- Transforming our education and professional development – we are accelerating the launch of our new qualification to ensure that new CILEx members are better prepared for the future of legal services than those who follow alternative routes. We are also looking hard at how we can support current members develop additional capabilities to enable them to continue to be attractive in the job market, run their own businesses effectively and stay competitive, and be best placed to exploit the opportunities to move into senior legal roles.
- Promoting the relevance and positive impact of CILEx lawyers across both providers and consumers of legal services. In this too we will continue to focus on professional equivalence, and work with the government and employers to ensure that all legal professionals are treated with equal respect.

To achieve these goals, and to accelerate the pace at which we are working on them, we have made a number of decisions that have focused on the management of the organisation and its subsidiaries in particular, ensuring that the CEO has direct control of every part of the organisation (excluding the regulator) and that the senior executive team runs CILEx (excluding the regulator) as an integrated entity with a shared strategy and shared goals. We have also led an inclusive programme of activity that is building an integrated strategy to move us forward and strengthen our balance sheet.

We have also reviewed the governance structure introduced last year and, as a consequence, we have reduced the number of externals involved, resulting in lower costs and more streamlined decision-making. I will continue to keep this under review, with the objective of taking costs down further.

If I have taken anything away from my first year as Chair of your Board it is this: CILEx lawyers are remarkable. They are the lawyers most likely to provide the core legal services consumed by members of the public; they are far more likely to be reflective of the public who use their services; and they are far more likely to give value for money. They stand out because they understand the practise of law, having learned their professional skills through application as well as through education.

They are different and better. And our job is to ensure that we continue to maintain that, sustain it and make it something sought after by both providers and consumers of legal services.

**Professor Christopher Bones, CCMI, FCIPD, FRSA, MA, Dhc**



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

## A year of progress and achievement, with much to look forward to...

I write this message during a period of continued positive change for CILEx.



This is the first full reporting year under our new governance structure, which is led by the CILEx Board chaired by Professor Christopher Bones. The new Board has brought a wider range of skills and experience to CILEx, and is challenging us to be the 'best in class' in legal education and to lead by example in our model of independent regulation.

I am proud to be able to highlight a number of firsts over the past year. Our inaugural National Awards, held in September 2018, were a huge success. The nominees and winners demonstrated the range of environments CILEx members work in, from large City law firms to thriving high street practices, and from local government to professional institutions. They also showed our diversity, with the winners reflecting that 75% of members are women and 14% are from a Black, Asian or Minority Ethnic background.

At the ceremony, Fieldfisher partner Keith Barrett was given a lifetime achievement award in recognition of his outstanding service to both CILEx and the wider legal community.

Plans for the 2019 Awards are already underway, hosted by Claudia Winkleman at Madame Tussauds in London, we are aiming to attract an even greater number of entries and are confident that, yet again, there will be a wealth of success and achievements to celebrate.

One such achievement is the appointment of Elizabeth Johnson, the first female Chartered Legal Executive member of the judiciary. Personal injury specialist, Elizabeth, was appointed as a Fee-paid Judge of the First-tier Tribunal, assigned to the Social Entitlement Chamber.

In 2017, Elizabeth took part in CILEx's Judicial Development Programme, aimed at providing members with information, support, training, mentoring and encouragement when preparing to make their application for a judicial appointment.

A huge congratulations to Elizabeth, and I hope her appointment inspires many more members to consider the judiciary as a viable career path. Her appointment comes at a time when we are pushing for Chartered Legal Executives to be allowed to apply to all levels of the judiciary, removing the discriminatory restrictions preventing our

members from achieving direct appointment into posts higher than district judge.

### **Members**

During 2018, we carried out a review of our membership services to ensure that CILEx members continue to receive services that meet their needs and offer real value.

As a result, we are now placing even greater emphasis on responding to member feedback through our contact centre and membership support teams. By increasing the number and range of communication we offer, including through social media, we can ensure that members can communicate with us via the channel which best suits their needs.

We have also increased engagement across our 10 Specialist Reference Groups (SRGs). Our SRGs were created to utilise our members' specialist knowledge, which has been particularly helpful in informing our consultation responses. We will be working on the development of further SRGs throughout 2019.

Other highlights for 2018 include the launch of Compendium, an online information hub, providing members with a comprehensive synopsis of essential legal resources and reference material. In addition to the launch of our inaugural National Awards, we delivered another successful graduation and admissions ceremony for 279 members and were delighted to welcome Dana Denis-Smith, founder of the First 100 Years Project, a groundbreaking project charting the journey of women in law since 1919, as a guest speaker.

In 2019, we will be looking to further enhance the membership experience with the implementation of a new CRM system which will offer a more streamlined administration process, access to the full range of CILEx services through a single portal, and give members greater flexibility and self-service options in relation to their CILEx account administration.

We will also be expanding our Corporate Partnership Programme, which will enable CILEx to formally recognise those legal sector organisations whose approach to their business, people, the public and the legal sector align with CILEx vision and values.

### **Policy and Governance**

The policy and governance team considered over 120 consultations in the last year, more than ever before, and responded to over half of these. Our submissions drew directly from the breadth of experience

*continued on page 6*

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

and expertise of CILEx members, who contributed via surveys disseminated to our 10 SRGs.

During 2018, there was also much activity undertaken with the trustees of our two charities: the CILEx Benevolent Fund and the CILEx Pro Bono Trust, aimed at ensuring that CILEx's support gains greater profile and extended reach to those who are in need. This will come together, in 2019, with the formal launch of the CILEx Foundation, which will continue to build upon the excellent work of these two charities.

Our policy agenda for 2019 is firmly focused on increasing CILEx's contribution to legislative reform. For the first time, we have set out a clear policy agenda for 2019. We will be lobbying for changes to the legal system, demanding that the legal framework recognises that Chartered Legal Executives operate on a par with solicitors and are part of the solution to many current, systemic problems, and calling for changes to the national apprenticeship framework to support successful delivery of its objectives. We have made it quite clear to ministers that they need to stop stalling and act now.

CILEx's policy work has the public interest – and the interests of our members – at heart, and we shall be looking to establish greater dialogue with members on the key policy issues that affect the delivery and development of their careers.

In addition, we hope to develop upon the success of the inaugural 2018 'Justice Week', pushing justice higher up the political agenda, and safeguarding the rule of law and access to justice in the name of our Charter. To do so, we have taken proactive steps to represent CILEx on advisory panels relating to far-reaching changes in the market, including legal aid reviews and HMCTS reforms, and are keen to highlight the unique role of Chartered Legal Executives in securing sustainability in the current market.

## Regulation

It is vital that those we regulate are supported by a framework that is cost effective, proportionate and easy to access. During 2018, we continued to listen and respond to feedback from our regulated community and, as a result, our independent regulator, CILEx Regulation, has made a number of improvements to the way they carry out their functions.

CILEx Regulation have maintained improved turnaround times for authorisation assessments, including work-based learning and qualifying employment, and continued to customise and test software that will streamline assessment and authorisation processes. Recognising the emergence of legal technology and other innovations in the legal services market, in December our regulator consulted on proposals to change the education standards to meet the future needs of the sector by incorporating legal technology and emotional competence.

Two new firms were authorised as CILEx Entities in 2018, and we were pleased to receive the Lord Chancellor's recommendation to Parliament to become an ABS Licensing Authority. Firms aside,

during the year we saw a substantial increase (13%) in the number of members submitting work-based learning applications to become Chartered Legal Executives, which contributed to an increase in income. We also kept a careful eye on our costs, achieving lower spend in most of our activities.

Building on developments in 2017, we are still working towards regulatory independence. We have developed a service delivery model that will not only ensure the independence required by the Legal Services Board (LSB), but will keep costs as low as possible for our regulated community and enable our regulator to perform our duties effectively in the consumer and the public interest. This work will continue into 2019, when we expect the LSB to publish its finalised Internal Governance Rules.

## CILEx Law School

For CILEx Law School (CLS), 2018 has been a year of continued change as the legal sector has taken stock of the introduction of the Apprenticeship Levy. A growing number of learners and employers are choosing the apprenticeship route to achieve qualification as an alternative to our core distance learning courses.

We have secured contracts with several government agencies to supply training and are currently working on other exciting partnerships.

Our student survey received an excellent response rate again this year and, gratifyingly, 93% of Level 3 students and 91% of Level 6 students would recommend CLS to their friends and colleagues. Our thanks go to all those who participated; these surveys always give us valuable insights into how we can improve the service we provide to our students.

The team's hard work was also recognised more widely, winning the Modern Law Awards 2017/18 Supporting the Industry (26+ Employees) Award and the Lexis Nexis Legal Awards 2018 Award for Diversity and Inclusion. CLS was also highly commended at the British Legal Awards 2018 for Supplier of the Year (Business Services).

2019 will see a number of long-standing projects come to fruition, not least the roll-out of a new Virtual Learning Environment (VLE), which will complement our new website launched in 2018. These systems provide a necessary update to our customer-facing interfaces and will make for a better experience for our learners and apprentices.

## Our staff

Finally, I want to take this opportunity to thank the staff that work for CILEx, both at our Kempston head office and regionally, for their hard work and commitment. They work tirelessly in the interests of both our members and the wider public to deliver excellent customer service, high-quality products and services, and to further our strategic aims and objectives. It is thanks to them that CILEx continues to go from strength to strength.

**Linda Ford, CILEx Chief Executive Officer**

THE CHARTERED INSTITUTE OF LEGAL EXECUTIVES

# OFFICERS AND PROFESSIONAL ADVISERS

FOR THE YEAR ENDED 31 DECEMBER 2018

<b>Company Registration Number</b>	RC000850
<b>Board of Directors</b>	<p>C Bones (Chair) (Appointed 19 July 2018)</p> <p>P R Sherwood (President)</p> <p>M Foster (Vice-President)</p> <p>C Tickner (Deputy Vice-President)</p> <p>P M White (Deputy Vice-President) – (until January 2018)</p> <p>M Bowen (Retired 19 July 2018)</p> <p>F Edwards (Retired 19 July 2018)</p> <p>G Findlay (Retired 19 July 2018)</p> <p>M Grant (Retired 19 July 2018)</p> <p>C Jepson (Retired 19 July 2018)</p> <p>F Lister (Retired 19 July 2018)</p> <p>R G Ralph (Retired 19 July 2018)</p> <p>W Rixon (Retired 19 July 2018)</p> <p>R Stevens (Retired 19 July 2018)</p> <p>A Thompson (Retired 19 July 2018)</p> <p>J Dosanjh-Elton (Appointed 19 July 2018)</p> <p>E Filkin CBE (Appointed 19 July 2018)</p> <p>S Lee (Appointed 19 July 2018)</p> <p>D Olulode (Appointed 19 July 2018)</p>
<b>Company Secretary</b>	K Cerski
<b>Registered Office</b>	<p>Kempston Manor</p> <p>Kempston</p> <p>Bedford</p> <p>MK42 7AB</p>
<b>Independent Auditor</b>	<p>Haysmacintyre LLP</p> <p>10 Queen Street Place</p> <p>London</p> <p>EC4R 1AG</p>



# REPORT OF THE BOARD

FOR THE YEAR ENDED 31 DECEMBER 2018

The Board 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 2018. The attached report and financial statements show the results of the activities for the year ended 31 December 2018 with comparative figures for the year ended 31 December 2017.

## 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 provide the internal organisation, constitution and conduct of the organisation. The Institute is the sole shareholder of four wholly-owned subsidiary companies, which deliver activities on behalf of the Institute.

## COUNCIL MEMBERS AND DIRECTORS – GOVERNANCE REVIEW

In July 2018, following a review of its governance structure, the previously elected Council formally handed over responsibility for overseeing the business of the Institute to a newly appointed Board of Directors.

## MEMBERSHIP OF THE INSTITUTE

The voting 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.

## PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the Group during the year was that of: being the professional association and governing body for Chartered Legal Executives, other legal practitioners and paralegals; the delivery

of legal qualifications as an awarding body; provision of study manuals and courses in law; and the performance of duties as the independent regulator of its members and regulated entities.

As part of the review of the governance structure, the Board considered that all the pooled investment fund managed by Barclays Wealth should be held directly by the Institute. The transfer of assets was achieved by the payment of a dividend in the form of the investment portfolio held by CILEx Law School at fair value as at 30 June 2018. The distribution was valued at £4,507,206.

During the year, the freehold land and property at Kempston Manor, which is the principal place of business and headquarters of the CILEx Group, was revalued producing a gain of £812,335.

In 2017, the CILEx Group began a programme of upgrading its main business system (customer relationship management system) and during 2018 the build phases were completed. The final phases of the programme are system-testing and user-training. The new system is planned to go-live in 2019.

The net surplus before tax for the Group for the year to 31 December 2018 is £842,955 (2017 – £641,981).

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 £135,418 (2017 – £125,992).

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 BOARD (continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors 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 Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards and to have them audited. The Directors 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 Directors, in accordance with best practice, are 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 Directors are 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 Directors are 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 Directors are aware:

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

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

Approved by the Directors on 12 April 2019 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 2018

## Opinion

We have audited the financial statements of The Chartered Institute of Legal Executives for the year ended 31 December 2018 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 2018 and of the group's and the parent's result for the year then ended; and
- have been properly prepared in accordance with IFRS.

## 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 the Directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the Directors 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 Directors 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 Directors either intend to liquidate the group or the parent or to cease operations, or have 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.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.





# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE CHARTERED INSTITUTE OF LEGAL EXECUTIVES (continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

## 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 Directors use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors 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 Directors are responsible for the other information. The other information comprises the information included in the Report of the Board. 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.

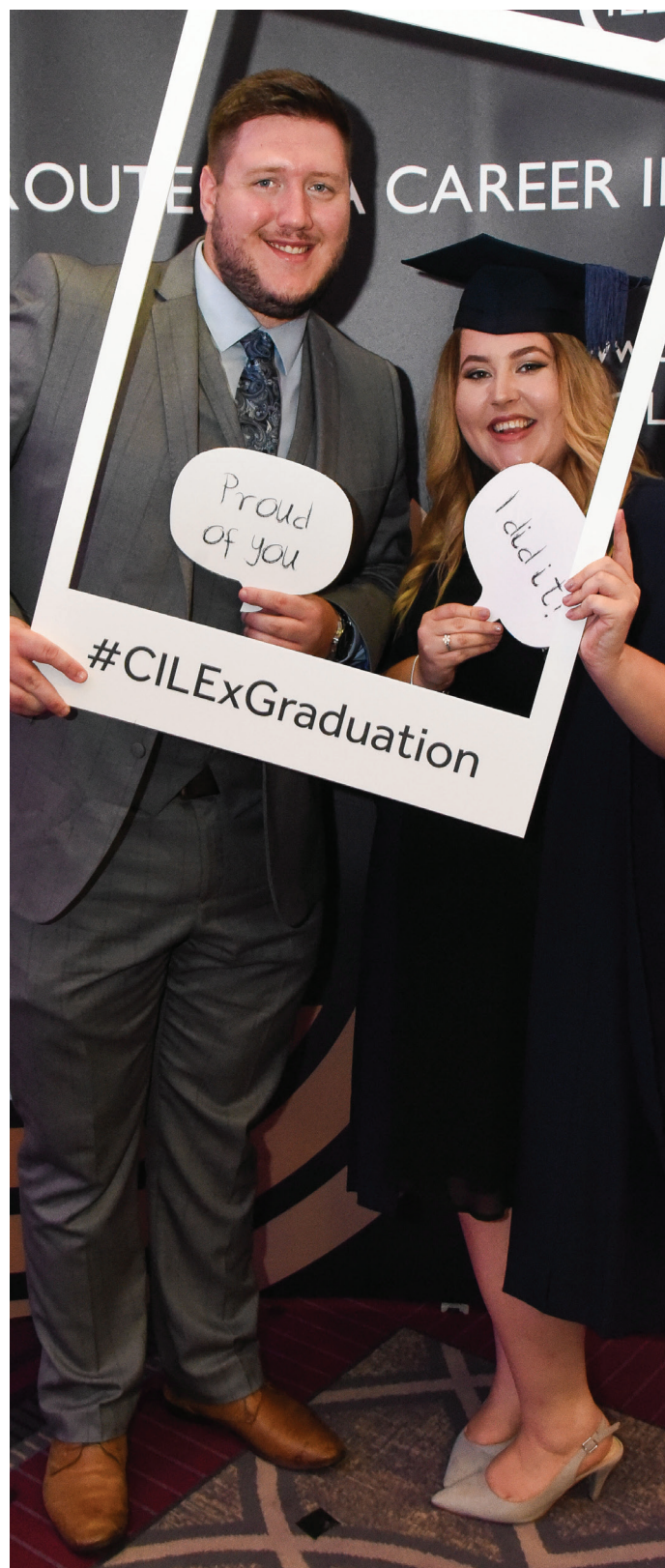
In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially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

## Use of our report

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.

Haysmacintyre LLP  
Chartered Accountants and Statutory Auditor  
26 April 2019

10 Queen Street Place  
London  
EC4R 1AG



## GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

	NOTES	2018 £	2017 £
Revenue		11,250,252	10,425,888
Direct costs		(2,424,832)	(2,384,655)
<b>GROSS SURPLUS</b>		<b>8,825,420</b>	<b>8,041,233</b>
Administrative expenses		(8,236,814)	(7,620,882)
Other operating income	5	172,764	157,683
Realised gain on disposal of investments		81,585	63,947
<b>SURPLUS BEFORE TAX</b>	6	<b>842,955</b>	<b>641,981</b>
Taxation	7	(45,990)	(123,927)
<b>SURPLUS FOR THE YEAR</b>		<b>796,965</b>	<b>518,054</b>

OTHER COMPREHENSIVE INCOME/(EXPENSE)			
Net unrealised (losses)/gains on available-for-sale financial assets		(425,956)	222,277
Deferred tax credit/(charge) on unrealised gains/(losses)	16	85,513	(123,061)
Gain on revaluation of property, plant and equipment		812,335	-
<b>TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR</b>		<b>1,268,857</b>	<b>617,270</b>

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 20 to 36 form part of these financial statements.

## COMPANY STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

	NOTES	2018 £	2017 £
Revenue		4,763,677	4,649,075
Direct costs		(1,237,872)	(1,251,442)
<b>GROSS SURPLUS</b>		<b>3,525,805</b>	<b>3,397,633</b>
Administrative expenses		(3,350,513)	(3,685,987)
Other operating income	5	96,574	154,323
Gain/(loss) on disposal of investments		11,717	(28,820)
<b>SURPLUS/(DEFICIT) BEFORE DIVIDENDS RECEIVED &amp; TAX</b>		<b>283,583</b>	<b>(162,851)</b>
Dividends received		4,507,206	-
<b>SURPLUS/(DEFICIT) BEFORE TAX</b>	6	<b>4,790,789</b>	<b>(162,851)</b>
Taxation		3,542	(3,961)
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>4,794,331</b>	<b>(166,812)</b>

OTHER COMPREHENSIVE INCOME/(EXPENSE)			
Net unrealised (losses)/gains on available-for-sale financial assets		(296,650)	91,303
Deferred tax charge on unrealised gains	16	(10,684)	(26,864)
Gain on revaluation of property, plant and equipment		456,125	-
<b>TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR</b>		<b>4,943,122</b>	<b>(102,373)</b>

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 20 to 36 form part of these financial statements.



## GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Fair value reserve £	Revaluation reserve £	Retained funds £	Total equity £
Balance at 1 January 2017	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
<b>Balance at 31 December 2017</b>	<b>600,825</b>	<b>-</b>	<b>6,577,238</b>	<b>7,178,063</b>
Net losses on available-for-sale financial assets	(425,956)	-	-	(425,956)
Deferred tax credit on unrealised losses	85,513	-	-	85,513
Unrealised gain on revaluation of property, plant and equipment	-	812,335	-	812,335
Surplus for the year	-	-	796,965	796,965
<b>Balance at 31 December 2018</b>	<b>260,382</b>	<b>812,335</b>	<b>7,374,203</b>	<b>8,446,920</b>

The notes on pages 20 to 36 form part of these financial statements.

## COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Fair value reserve £	Revaluation reserve £	Retained funds £	Total equity £
Balance at 1 January 2017	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)
Surplus for the year	-	-	(166,812)	(166,812)
<b>Balance at 31 December 2017</b>	<b>131,160</b>	<b>-</b>	<b>1,937,021</b>	<b>2,068,181</b>
Net losses on available-for-sale financial assets	(296,650)	-	-	(296,650)
Deferred tax charge on unrealised gains	(10,684)	-	-	(10,684)
Unrealised gain on revaluation of property, plant and equipment	-	456,125	-	456,125
Surplus for the year	-	-	4,794,331	4,794,331
<b>Balance at 31 December 2018</b>	<b>(176,174)</b>	<b>456,125</b>	<b>6,731,352</b>	<b>7,011,303</b>

The notes on pages 20 to 36 form part of these financial statements.

## GROUP STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	NOTES	2018 £	2017 £
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	2,711,464	1,863,248
Intangible assets	9	425,797	115,407
Other investments	11	5,479,112	5,854,422
		<b>8,616,373</b>	<b>7,833,077</b>
<b>CURRENT ASSETS</b>			
Trade and other receivables	14	427,037	530,711
Prepayments and accrued income		382,487	418,829
Cash and cash equivalents	15	3,191,436	2,977,997
		<b>4,000,960</b>	<b>3,927,537</b>
<b>TOTAL ASSETS</b>		<b>12,617,333</b>	<b>11,760,614</b>
<b>EQUITY</b>			
<b>RESERVES</b>			
Other reserves		1,072,717	600,825
Retained funds		7,374,203	6,577,238
<b>TOTAL EQUITY</b>		<b>8,446,920</b>	<b>7,178,063</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax payables	16	71,700	161,639
<b>CURRENT LIABILITIES</b>			
Deferred income		2,436,526	2,643,738
Trade and other payables	17	1,662,187	1,777,174
		<b>4,098,713</b>	<b>4,420,912</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>12,617,333</b>	<b>11,760,614</b>

Approved and authorised for issue by the Board of Directors on 12 April 2019 and signed on its behalf by

C Bones

Chair

P R Sherwood

President

The notes on pages 20 to 36 form part of these financial statements.



## COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	NOTES	2018 £	2017 £
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	1,492,473	1,003,260
Intangible assets	9	395,673	55,859
Investments in subsidiaries at cost	10	620,400	620,398
Other investments	11	5,479,112	1,278,020
		<b>7,987,658</b>	<b>2,957,537</b>
<b>CURRENT ASSETS</b>			
Trade and other receivables	14	622,618	214,335
Prepayments and accrued income		131,121	215,781
Cash and cash equivalents	15	1,507,715	2,101,710
		<b>2,261,454</b>	<b>2,531,826</b>
<b>TOTAL ASSETS</b>		<b>10,249,112</b>	<b>5,489,363</b>
<b>EQUITY</b>			
<b>RESERVES</b>			
Other reserves		279,951	131,160
Retained funds		6,731,352	1,937,021
<b>TOTAL EQUITY</b>		<b>7,011,303</b>	<b>2,068,181</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax payables	16	37,548	26,864
<b>CURRENT LIABILITIES</b>			
Deferred income		2,179,481	2,339,210
Trade and other payables	17	1,020,780	1,055,108
		<b>3,200,261</b>	<b>3,394,318</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>10,249,112</b>	<b>5,489,363</b>

Approved and authorised for issue by the Board of Directors on 12 April 2019 and signed on its behalf by

C Bones

Chair

P R Sherwood

President

Company Registration number RC000850

The notes on pages 20 to 36 form part of these financial statements.

## GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 £	2017 £
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Surplus before tax	842,955	641,981
<b>NON-CASH ADJUSTMENTS</b>		
Depreciation	113,168	105,775
Amortisation of other intangible non-current assets	47,680	74,650
Investment income	(172,764)	(157,683)
Gain on disposal of investments	(81,585)	(63,947)
Investment management fees deducted from the portfolio	12,621	41,703
Other non-cash adjustments	-	(13)
<b>NON-CASH ADJUSTMENTS</b>	<b>(80,880)</b>	<b>485</b>
<b>CASH FLOWS BEFORE CHANGES IN WORKING CAPITAL</b>	<b>762,075</b>	<b>642,466</b>
<b>CHANGES IN WORKING CAPITAL</b>		
Increase/(decrease) in inventories	-	(10,475)
Decrease/(increase) in trade and other receivables	103,674	(175,839)
Decrease/(increase) in prepayments and accrued income	36,342	(139,534)
(Decrease)/increase in trade and other payables excluding tax	(36,084)	314,967
(Decrease)/increase in deferred income	(207,212)	122,703
<b>(DECREASE)/INCREASE IN WORKING CAPITAL</b>	<b>(103,280)</b>	<b>111,822</b>
Tax paid	(129,316)	(81,177)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>529,479</b>	<b>673,111</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments to acquire property, plant and equipment	(149,050)	(54,249)
Payments to acquire intangible assets	(358,070)	(63,822)
Payments to acquire available-for-sale investments	(1,876,460)	(1,103,493)
Proceeds from sale of available-for-sale investments	1,894,776	1,103,483
Interest received, classified as investing	4,953	4,771
Dividends received, classified as investing	167,811	152,912
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(316,040)</b>	<b>39,602</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents as at 1 January 2018	2,977,997	2,265,284
<b>CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER 2018</b>	<b>3,191,436</b>	<b>2,977,997</b>

The notes on pages 20 to 36 form part of these financial statements.

## COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 £	2017 £
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Surplus/(deficit) before tax	4,790,789	(162,851)
<b>NON-CASH ADJUSTMENTS</b>		
Depreciation	43,046	49,139
Amortisation of other intangible non-current assets	3,614	1,912
Investment income	(96,574)	(34,323)
Dividends from subsidiary	(4,507,206)	-
(Gain)/loss on disposal of non-current assets	(11,717)	28,820
Investment management fees deducted from the portfolio	12,621	9,104
<b>NON-CASH ADJUSTMENTS</b>	<b>(4,556,216)</b>	<b>54,652</b>
<b>CASH FLOWS BEFORE CHANGES IN WORKING CAPITAL</b>	<b>234,573</b>	<b>(108,199)</b>
<b>CHANGES IN WORKING CAPITAL</b>		
(Increase)/decrease in trade and other receivables	(408,283)	69,544
Decrease/(increase) in prepayments and accrued income	84,660	(125,513)
(Decrease)/increase in trade and other payables excluding tax	(30,788)	376,852
(Decrease)/increase in deferred income	(159,729)	209,844
<b>(DECREASE)/INCREASE IN WORKING CAPITAL</b>	<b>(514,140)</b>	<b>530,727</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>(279,567)</b>	<b>422,528</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments to acquire property, plant and equipment	(76,134)	(32,092)
Payments to acquire intangible assets	(343,428)	(55,573)
Payments to acquire available-for-sale investments	(1,780,432)	(240,855)
Proceeds from sale of available-for-sale investments	1,788,992	240,890
Interest received, classified as investing	1,231	942
Dividends received, classified as investing	95,343	33,381
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(314,428)</b>	<b>(53,307)</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(593,995)</b>	<b>369,221</b>
Cash and cash equivalents as at 1 January 2018	2,101,710	1,732,489
<b>CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER 2018</b>	<b>1,507,715</b>	<b>2,101,710</b>

The notes on pages 20 to 36 form part of these financial statements.

# NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

## 1. AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH IFRS

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 IFRS 16

**Title** Leases

**Effective date** 1 January 2019

The Directors have assessed the impact of the new standard on the Group's financial position and estimate that if the standard had been adopted for the year ended 31 December 2018, the Group's property, plant and equipment and liabilities would be increased by approximately £412,000, of which £140,000 relates to motor vehicles and £272,000 relates to other equipment. The impact on the Group's expenditure is estimated to be immaterial because the sum of the finance costs and depreciation recognised under IFRS16 would not be significantly different from the lease rental charges recognised in the Statement of Comprehensive Income.

### 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 Directors make 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 2018

**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.

IFRS15 Revenue from contracts with customers has been adopted for the first time in the current year. There has been no material impact on amounts relating to prior periods from the adoption of the new standard, so no restatement of prior period amounts is required.

**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.



## NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

**2. ACCOUNTING POLICIES (continued)****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.

**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, except for long leasehold property, which is stated at valuation.

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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**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.



# NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

## 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 2018

**3. SEGMENT INFORMATION**

Year ended 31 December 2018

	Membership and Awarding body £	Regulation £	Law School £	Consolidation adjustments £	Total £
<b>REVENUE</b>					
Sales to external customers	4,763,677	1,610,551	4,876,024	-	11,250,252
<b>GROSS SURPLUS</b>	<b>3,525,805</b>	<b>1,388,852</b>	<b>3,910,761</b>	<b>2</b>	<b>8,825,420</b>

<b>OTHER INCOME AND EXPENDITURE</b>					
Depreciation	(43,046)	(3,573)	(66,552)	-	(113,171)
Amortisation	(3,614)	-	(44,066)	-	(47,680)
Operating lease rentals	(57,555)	(11,254)	(61,364)	-	(130,173)
Other admin expenses	(3,246,298)	(1,213,224)	(3,486,562)	294	(7,945,790)
Other income	4,603,780	294	76,190	(4,507,500)	172,764
Gain/(loss) on disposal of investments	11,717	-	(59,438)	129,306	81,585
Taxation	3,542	(28,198)	74,863	(96,197)	(45,990)
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>4,794,331</b>	<b>132,897</b>	<b>343,832</b>	<b>(4,474,095)</b>	<b>796,965</b>

<b>ASSETS AND LIABILITIES</b>					
Non-current assets	7,987,658	14,609	1,234,506	(620,400)	8,616,373
Current assets	2,261,454	286,645	2,139,146	(686,285)	4,000,960
Liabilities	(3,237,809)	(114,675)	(1,504,218)	686,289	(4,170,413)
<b>TOTAL EQUITY</b>	<b>7,011,303</b>	<b>186,579</b>	<b>1,869,434</b>	<b>(620,396)</b>	<b>8,446,920</b>

## NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

**3. SEGMENT INFORMATION (continued)**

Year ended 31 December 2017

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

<b>OTHER INCOME AND EXPENDITURE</b>					
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)
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>(166,812)</b>	<b>53,681</b>	<b>631,219</b>	<b>(34)</b>	<b>518,054</b>

<b>ASSETS AND LIABILITIES</b>					
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)
<b>TOTAL EQUITY</b>	<b>2,068,181</b>	<b>53,682</b>	<b>5,676,598</b>	<b>(620,398)</b>	<b>7,178,063</b>



## NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

## 4. EMPLOYEE EXPENSES

	2018 £	2017 £
Wages and salaries	5,338,321	4,423,505
Social security costs	496,347	416,934
Post-employment expense for defined contribution plans	395,978	333,683
Other employee benefits	126,353	108,837
	<b>6,356,999</b>	<b>5,282,959</b>

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

	2018 No.	2017 No.
Administration	168	146

## KEY MANAGEMENT COMPENSATION

	2018 £	2017 £
Wages and salaries	203,778	194,996
Post-employment benefits: Defined contribution	16,206	15,501
Social security costs	25,416	24,271
Benefits in kind	16,968	13,116
	<b>262,368</b>	<b>247,884</b>

## 5. OTHER OPERATING INCOME

	Group		Company	
	2018 £	2017 £	2018 £	2017 £
Interest earned on investments	4,953	4,771	1,231	942
Dividends earned on investments	167,811	152,912	95,343	33,381
Group management charges	-	-	-	120,000
	<b>172,764</b>	<b>157,683</b>	<b>96,574</b>	<b>154,323</b>

## NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

**6. SURPLUS/(DEFICIT) BEFORE TAX**

Surplus/(deficit) before tax is stated after charging the following:

	Group		Company	
	2018 £	2017 £	2018 £	2017 £
Depreciation of property, plant and equipment	113,168	105,775	43,046	49,139
Amortisation	47,680	74,650	3,614	1,912
Operating lease rentals	130,173	123,347	57,555	58,397
Auditor's remuneration - audit services	35,020	34,000	18,540	18,000
Auditor's remuneration - tax compliance services	4,585	4,450	2,035	1,975

**7. TAXATION**

Components of taxation - Group

	2018 £	2017 £
<b>CURRENT TAX EXPENSE</b>		
Current tax expense	53,669	132,569
(Over)/under provision in the prior year	(3,253)	131
Deferred tax movement relating to capital allowances	(4,426)	(8,773)
	45,990	123,927
<b>DEFERRED TAX(INCOME)/EXPENSE</b>		
Relating to origination and reversal of temporary differences through OCI	(85,513)	123,061
<b>TAXATION FOR THE YEAR</b>	<b>(39,523)</b>	<b>246,988</b>

<b>RECONCILIATION OF TAX EXPENSE TO ACCOUNTING PROFIT - GROUP</b>		
Tax at the domestic income tax rate of 19.00% (2017: 19.25%)	160,161	123,587
Expenses not deductible for tax purposes	799,004	908,957
Non-taxable income	(910,363)	(896,260)
Deferred tax (income)/charge on unrealised investment (losses)/gains	(85,513)	123,061
Other deferred tax adjustments	(12,680)	-
Capital gains less profit on sale of investments	14,167	-
Tax losses not recognised	-	(12,488)
Tax effect of other tax rates	(1,046)	-
Under/(over) provision in the prior year	(3,253)	131
	<b>(39,523)</b>	<b>246,988</b>

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 2018

## 8. PROPERTY, PLANT AND EQUIPMENT

## Group

## At 31 December 2018

	Freehold property £	Fixtures and fittings £	IT Equipment £	Total £
<b>COST</b>				
At 1 January 2018	2,037,158	753,506	117,323	2,907,987
Additions	18,747	13,325	116,977	149,049
Revaluation	302,246	-	-	302,246
<b>At 31 December 2018</b>	<b>2,358,151</b>	<b>766,831</b>	<b>234,300</b>	<b>3,359,282</b>

<b>DEPRECIATION</b>				
At 1 January 2018	496,494	482,965	65,280	1,044,739
Charge for year	22,351	50,853	39,964	113,168
Revaluation	(510,089)	-	-	(510,089)
<b>At 31 December 2018</b>	<b>8,756</b>	<b>533,818</b>	<b>105,244</b>	<b>647,818</b>

<b>NET BOOK VALUE</b>				
At 1 January 2018	1,540,664	270,541	52,043	1,863,248
<b>At 31 December 2018</b>	<b>2,349,395</b>	<b>233,013</b>	<b>129,056</b>	<b>2,711,464</b>

## At 31 December 2017

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

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

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

## NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

## 8. PROPERTY, PLANT AND EQUIPMENT (continued)

## Company

## At 31 December 2018

	Freehold property £	Fixtures and fittings £	IT Equipment £	Total £
<b>COST</b>				
At 1 January 2018	1,188,151	341,643	66,402	1,596,196
Additions	18,748	12,807	44,579	76,134
Revaluation	176,503	-	-	176,503
<b>At 31 December 2018</b>	<b>1,383,402</b>	<b>354,450</b>	<b>110,981</b>	<b>1,848,833</b>

## DEPRECIATION

At 1 January 2018	271,685	283,732	37,519	592,936
Charge for year	13,002	13,018	17,026	43,046
Revaluation	(279,622)	-	-	(279,622)
<b>At 31 December 2018</b>	<b>5,065</b>	<b>296,750</b>	<b>54,545</b>	<b>356,360</b>

## NET BOOK VALUE

At 1 January 2018	916,466	57,911	28,883	1,003,260
<b>At 31 December 2018</b>	<b>1,378,337</b>	<b>57,700</b>	<b>56,436</b>	<b>1,492,473</b>

## At 31 December 2017

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

## DEPRECIATION

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

## NET BOOK VALUE

At 1 January 2017	928,347	77,174	14,786	1,020,307
<b>At 31 December 2017</b>	<b>916,466</b>	<b>57,911</b>	<b>28,883</b>	<b>1,003,260</b>

## NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

## 9. INTANGIBLE ASSETS

## Group

## 31 December 2018

	Software £	Total £
<b>COST</b>		
At 1 January 2018	454,220	454,220
Additions	358,070	358,070
<b>At 31 December 2018</b>	<b>812,290</b>	<b>812,290</b>

<b>AMORTISATION</b>		
At 1 January 2018	338,813	338,813
Charge for year	47,680	47,680
<b>At 31 December 2018</b>	<b>386,493</b>	<b>386,493</b>

<b>CARRYING VALUE</b>		
At 1 January 2018	115,407	115,407
<b>At 31 December 2018</b>	<b>425,797</b>	<b>425,797</b>

## 31 December 2017

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

<b>AMORTISATION</b>		
At 1 January 2017	264,163	264,163
Charge for year	74,650	74,650
At 31 December 2017	338,813	338,813

<b>CARRYING VALUE</b>		
At 1 January 2017	126,235	126,235
At 31 December 2017	115,407	115,407



## NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

## 9. INTANGIBLE ASSETS (continued)

## Company

## 31 December 2018

	Software £	Total £
<b>COST</b>		
At 1 January 2018	63,795	63,795
Additions	343,428	343,428
<b>At 31 December 2018</b>	<b>407,223</b>	<b>407,223</b>

<b>AMORTISATION</b>		
At 1 January 2018	7,936	7,936
Charge for year	3,614	3,614
<b>At 31 December 2018</b>	<b>11,550</b>	<b>11,550</b>

<b>CARRYING VALUE</b>		
At 1 January 2018	55,859	55,859
<b>At 31 December 2018</b>	<b>395,673</b>	<b>395,673</b>

## 31 December 2017

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

<b>AMORTISATION</b>		
At 1 January 2017	6,024	6,024
Charge for year	1,912	1,912
<b>At 31 December 2017</b>	<b>7,936</b>	<b>7,936</b>

<b>CARRYING VALUE</b>		
At 1 January 2017	2,198	2,198
<b>At 31 December 2017</b>	<b>55,859</b>	<b>55,859</b>

## NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

## 10. INVESTMENTS IN SUBSIDIARIES

	2018 £	2017 £
Cost at 1 January	620,400	620,398
<b>Cost at 31 December</b>	<b>620,400</b>	<b>620,398</b>

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
CILEx Group Services Limited	Dormant
CILEx Professional Limited	Dormant

## 11. OTHER INVESTMENTS

MARKET VALUE	Group		Company	
	2018 £	2017 £	2018 £	2017 £
At 1 January	5,854,422	5,609,890	1,278,020	1,224,677
Additions	2,050,147	942,830	1,954,121	205,820
Dividend in specie from CILEx Law School Limited	-	-	4,507,206	-
Disposals	(1,894,776)	(1,103,483)	(1,788,992)	(240,890)
Realised gain/(loss) on disposal	81,585	63,947	11,717	(28,820)
Unrealised (loss)/gain on changes in market value	(425,956)	222,277	(296,650)	91,303
Fees deducted from the portfolio	(12,621)	(41,703)	(12,621)	(9,104)
(Decrease)/increase in investment cash	(173,689)	160,664	(173,689)	35,035
<b>At 31 December</b>	<b>5,479,112</b>	<b>5,854,422</b>	<b>5,479,112</b>	<b>1,278,020</b>

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 2018

## 12. FINANCIAL RISK MANAGEMENT

Liquidity risk is managed in the short term by ensuring that there are available Group reserves to cover six months operating costs and, in addition, that each subsidiary company holds a minimum of two months operating costs in cash as working capital reserves. 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.

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 £109,625 (2017: £132,544) 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 £12,558 (2017: £18,246).

The Institute was charged £118,946 (2017: £150,231) 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 £333 (2017: £275) from CILEx Law School Limited.

At the year end, amounts due from CILEx Law School Limited totalled £497,803 (2017: £115,696 due to CILEx Law School Limited).

During the year the company paid expenses of £36,147 (2017: £35,810) on behalf of the CILEx Compensation Fund.

During the period, the Institute contributed to the operating costs of CILEx Regulation Limited totalling £294 (2017: £78,118). Amount due to CILEx Regulation Limited at the year-end was £181,981 (2017: £163,232).

### Reimbursement of expenditure

During the period the Institute reimbursed out of pocket expenses to Directors (previously Members of Council) in respect of travel and other necessary expenses incurred in performing their duties of £41,718 (2017: £61,108).



## NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

## 14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2018 £	2017 £	2018 £	2017 £
Trade receivables	427,037	505,059	125,109	116,938
VAT	-	25,652	-	97,397
Amounts due from subsidiaries	-	-	497,509	-
	427,037	530,711	622,618	214,335

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

The Directors consider that the carrying amount of these assets approximates their fair value.

## 15. CASH AND CASH EQUIVALENTS

	Group		Company	
	2018 £	2017 £	2018 £	2017 £
Cash in hand	1,734	1,019	1,676	948
Cash at bank	3,189,702	2,976,978	1,506,039	2,100,762
	3,191,436	2,977,997	1,507,715	2,101,710

## 16. DEFERRED TAX

	Statement of financial position		Income statement	
	2018 £	2017 £	2018 £	2017 £
<b>DEFERRED TAX PAYABLES</b>				
Relating to depreciation	(34,152)	(38,578)	4,426	8,773
Relating to investments	(37,548)	(123,061)	85,513	(123,061)
<b>Deferred tax payables</b>	<b>(71,700)</b>	<b>(161,639)</b>		



## NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

## 17. TRADE AND OTHER PAYABLES

	Group		Company	
	2018 £	2017 £	2018 £	2017 £
Payable to trade suppliers	172,410	96,846	159,311	61,677
Other payables	619,402	596,095	182,751	201,702
Social security and other taxes	198,082	146,346	117,557	90,350
Accruals	523,638	805,318	291,003	437,145
Corporation tax payable	53,669	132,569	-	3,542
VAT payable	94,986	-	88,175	-
Amounts owed to subsidiaries	-	-	181,983	260,692
	1,662,187	1,777,174	1,020,780	1,055,108

The Directors consider that the carrying amount of these liabilities approximates their fair value.

## 18. 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 and other equipment which fall due as follows:

	2018 £	2017 £
Less than one year	101,286	69,101
Later than one year but less than five years	224,748	63,595
	326,034	132,696

# NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

## 19. CONTINGENT LIABILITY

The Group Financial Statements for the year ended 31 December 2017 noted a contingent liability in relation to the compensation fund arrangements that were then in place for clients of legal services provided by entities regulated by CILEx Regulation Limited. These arrangements included a provision by CILEx of a draw-down loan facility of up to £1,000,000 to the CILEx Compensation Fund ('the Fund'). The Fund was a discretionary fund of last resort and

the Trustees of the Fund may have called on the loan facility to pay eligible claims that had exhausted all other means of redress.

These arrangements were replaced in 2018 by a fully insurance-based model and the loan facility terminated. Consequently, the contingent liability no longer exists. As a result of these changes, the CILEx Compensation Fund Limited was put into solvent voluntary liquidation and was dissolved on 6 November 2018.

# BENEVOLENT FUND

FOR THE YEAR ENDED 31 DECEMBER 2018



**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.

**Highlights from 2018**

Eleven applications were received and payments exceeding £2,000 were made. Applications from qualifying members are encouraged and further information can be found on the CILEx website.



## UNAUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

## Statement of financial activities

	2018 £	2017 £
<b>INCOME</b>		
Donation from CILEx	-	5,000
Donations-branch and non-members	225	165
Interest (direct reserve)	131	27
CILEx member donations	194	462
Legal Charities Garden Party	(64)	-
	<b>486</b>	<b>5,654</b>
<b>EXPENDITURE</b>		
Grants	2,472	9,002
Advertising costs	1,600	-
Professional fees	2,395	1,570
Insurance	201	144
Meetings	163	-
Bank charges	75	68
Sundry	141	1,160
	<b>7,047</b>	<b>11,943</b>
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>(6,561)</b>	<b>(6,289)</b>

## Statement of financial position at 31 December 2018

<b>CURRENT ASSETS</b>		
Current account	41,708	40,099
Direct reserves account	149,114	148,983
Legal Charities Garden Party	-	2,619
Prepayments and accrued income	1,492	-
<b>TOTAL ASSETS</b>	<b>192,314</b>	<b>191,701</b>
<b>EQUITY</b>		
Surplus/(deficit)	(6,561)	(6,289)
Reserves brought forward	182,745	189,034
<b>TOTAL EQUITY</b>	<b>176,184</b>	<b>182,745</b>
<b>CURRENT LIABILITIES</b>		
Amounts owing to CILEx	16,130	8,956
<b>CURRENT LIABILITIES</b>	<b>16,130</b>	<b>8,956</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>192,314</b>	<b>191,701</b>

THE CHARTERED INSTITUTE OF LEGAL EXECUTIVES

# CILEx PRO BONO TRUST

FOR THE YEAR ENDED 31 DECEMBER 2018



**Registered Charity Name:**

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.

**Highlights from 2018**

The trustees took part in the Annual London Legal Walk in May 2018. A trustee was a judge in the 2018 Law Works Pro Bono Awards. Representatives from CILEx were involved in the planning and attendance of the Justice Week 2018 initiative and attended the National Pro Bono Week events.





## UNAUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

## Statement of financial activities

	2018 £	2017 £
<b>INCOME</b>		
Donations	-	5,000
Income from CAF cash account	-	8,378
Prior year adjustment	-	(12,734)
	-	644
<b>EXPENDITURE</b>		
Insurance	1,794	(8,297)
Meetings & NH reclaim	12	5,047
Law Works ball	-	(510)
Justice Week / National Pro-Bono Week	890	(4,368)
Sundry	36	(838)
	2,732	(8,966)
<b>SURPLUS / (DEFICIT) FOR THE YEAR</b>	<b>(2,732)</b>	<b>9,610</b>

## Statement of financial position at 31 December 2018

<b>CURRENT ASSETS</b>		
Prepayments and accrued income	714	-
Amount owing by CILEx	20,022	23,468
<b>TOTAL ASSETS</b>	<b>20,736</b>	<b>23,468</b>
<b>EQUITY</b>		
Surplus/(deficit)	(2,732)	9,610
Reserves brought forward	23,468	13,858
<b>TOTAL EQUITY</b>	<b>20,736</b>	<b>23,468</b>







## THE CHARTERED INSTITUTE OF LEGAL EXECUTIVES

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