

**THE CHARTERED INSTITUTE  
OF LEGAL EXECUTIVES**

# **GROUP FINANCIAL STATEMENTS**

**31 DECEMBER 2019**

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



In 2018, for the first time in the UK a legal professional body adopted a different approach to its management and governance from the traditional member council with an annually appointed President to one of a Board with a majority of non-members and a Chair appointed for a longer period who are accountable to members for:

- The good management and protection of member assets
- The promotion and achievement of key goals in the member and public interest
- The future development and growth of this branch of the legal profession

This annual report marks the first full financial year where we as a Board are accountable to you our members for demonstrating that we are fulfilling this brief and I hope that the detailed activity review from CEO Linda Ford demonstrates both the increased level of activity on your behalf and a sense of progress in all three of these responsibilities.

Sitting behind the financial reports and the CEO's operational review of the year are a number of very significant changes that your Board have initiated to begin a process of transformation in how CILEx works such that we can meet the challenges presented by a legal services industry in the throes of change.

The most noteworthy of these were:

- An establishment of a single executive board accountable for performance, standards and the development of the organisation under a CEO who directed the group as a whole.
- The creation of a 'one-CILEx' culture and mindset throughout the organisation that challenges silo behaviour and the internal wrangling that were getting in the way of making progress on critical changes.
- Replacing opaque and ineffective decision-making and reporting such that major projects, programmes and activities have proper scrutiny and challenge to ensure that member assets are being deployed in the most effective and appropriate manner.



# MESSAGE FROM THE CHAIR OF THE CHARTERED INSTITUTE OF LEGAL EXECUTIVES (continued)

This hasn't been without its challenges and has required significant work from Board colleagues and from our CEO. It has exposed areas where we are less effective and need to improve our capabilities and these are being addressed. It has also meant changes in leadership in some areas. The organisation we now have in place is learning how to operate differently and to different standards: it's a measure of the quality of our staff to see how many have stepped up and embraced the opportunity to work in a collaborative and positive way across what up until recently had been deeply defended fiefdoms. There is still work to do and changes to make – not least in the light of the COVID19 pandemic and its impact on the UK and the justice system - and 2020 is already providing opportunities to keep us moving forward to become a far more effective membership body.

One area where collaborative working has proven most productive in 2019 was the interaction between the regulator and the rest of the group. With the publication of the Internal Governance Rules the Board took the decision to aim for an 'arms-length' relationship that maximised the independence of CILEx Regulation Limited and demonstrated the value of independent regulation of lawyers to both consumers and the industry. As I write we are close to confirming the first stage of this transition and I would like to thank the Chair of CRL and their Board for the constructive way in which their organisation has engaged in this enterprise.

The Board has also taken the lead in engaging the Government and the wider judicial system in a positive discussion about completing the changes required to deliver equivalence in every aspect of our members' activities. Meetings have been held with the Lord Chancellor and the Minister of State for legal services, both of whom have made clear their support for CILEx Lawyers and for the resolution of the remaining barriers to equivalence. We have also held positive meetings with the Chair of the Judicial Appointments Commission and the Chair and CEO of the Legal Services Board focused on what needs to happen to make equivalence a reality. Here too we have found a positive reaction. In all these interactions I have found nothing but goodwill and a recognition of the value we bring to legal services. There is still some way to go to get the major issues resolved but we are confident that we will see some progress over the coming year.

This increasingly high-level engagement has been well supported by

the Presidents and Vice Presidents who have held office in the year. I would like to pay tribute to their hard work in leading our engagement on legislation and the practice of the law. Both Presidents have been particularly focused on the access of CILEx Lawyers into the judiciary where we continue to see progress being made with appointments.

During this year Phil Sherwood stepped down as President and I would like to pay tribute to his hard work on behalf of members and in handling the transition from the previous governance model. Phil carried out his role with commendable diligence and his customary thoughtfulness and provided a great deal of support to me as I moved into the role of Chair.

As a membership body we exist not for the selfish promotion and protection of a sectional interest, but to work to create a fair, equitable and accessible justice system where consumers, regardless of income, age, ethnicity, belief, gender or sexual orientation, are able to access legal services from highly trained and independently regulated professionals. We believe that the continuing exclusions of CILEx Lawyers from acting to the full extent of their professional qualification is a barrier to access and puts consumers at risk, particularly where a specialist lawyer is a better choice than a generalist.

As the only route into the law that does not require investment in three years of higher education, we attract a far more diverse membership: one I believe that is far more representative of the UK population as a whole. This makes us an important recruitment channel for legal professionals to ensure that over time the UK's justice system better reflects the society it supports and protects. The focus of your Board going forward, along with ensuring the launch of a future-oriented new professional qualification and the continuing good management of your resources, is to ensure that government, UK and national parliaments and other decision-makers understand the value we bring today, and the even greater value we can bring tomorrow with their support to address the final barriers to genuine equivalence.

**Professor Christopher Bones, Dhc, MA(Hons), CCMI, FCIPD, FRSA,  
Chair**

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



This year I write to you as CEO of 'one CILEx', an institute that is more united in both its strategy and its management. To be at the helm of an organisation which has led the way in establishing good governance within the legal profession and that places member value at its heart fills me with great pride. The passion and commitment amongst our staff and governing

Board to fulfil our purpose - to provide opportunity for learners, professionals and the public in a changing legal landscape, has enabled us to establish an ambitious agenda. 2019 has seen us make significant progress in laying the foundations needed to deliver our strategic aims.

I compose this message in the midst of the coronavirus pandemic, an unprecedented period that has forced us all to review how we live and work and will undoubtedly result in considerable changes to how businesses operate and services are delivered in future. It is unsurprising therefore that I report that our focus has been and remains on building a stronger, more sustainable institute.

2019 has been a year in which a number of changes started in 2018 have been cemented. A significant investment of both time and resources has been made to ensure the institute is governed, managed and resourced to drive forward our new strategy. Key changes to my leadership team with a single executive committee taking responsibility for operational management of the institute, has enabled significant progress in unifying the culture, driving performance and increasing operational effectiveness.

As can be seen from the accounts, we have made significant investment this year in our new CRM and a new Virtual Learning Environment (VLE). These systems have allowed us to continue to operate remotely in response to COVID-19 restrictions, reduce the cost of our operations and develop enhanced member services.

Over 90% of members have already engaged with the new myCILEx web portal delivered through the CRM, giving direct access to member services, myCareer and CPD. This technology has also allowed us to think differently about our business model, transform our organisation to run our operations more efficiently and realise the full benefits of the systems in which we have invested.

A key project for next year will be to transform the member experience, with personalised services based on member preferences

and insights, intuitive portal content offering a more interactive digital experience and a streamlined and integrated customer journey.

## **Building our member community**

Having taken the bold step in 2018 to place responsibility for governance of the institute in a Board of appointed non-executive directors led by an independent Chair, CILEx paved the way for a new and important role for the President and practitioner members. The Professional Board, focused on the needs of our membership, ensures member views inform our strategy and decision-making and our policy reflects the reality of practice.

2019 saw us invest in our special reference groups, with more members participating in the original 10 groups and 5 new networks created to reflect the diversity and specialisms of our membership. Newly established SRG Adviser roles provide expertise and practitioner input on behalf of CILEx within external stakeholder forums informing the development of public policy, legislative reform and cross-industry guidance.

As our networks grow, we are keen to establish a closer relationship between our professional board members and SRG's as a community of roles models and mentors to inspire the next generation of CILEx lawyers and to act as CILEx ambassadors within the wider legal profession. In building our manifesto for change, the insight and evidence provided will be key to achieving success and I encourage all our members to connect.

## **Transforming Legal Services**

If we are to achieve our mission (to transform the legal professional by educating, developing and supporting our members to deliver accessible legal services) we must ensure those choosing a career in law have not only the opportunity to do so but also the skills and attributes needed to be successful in this fast changing landscape.

This is why, in 2019, we launched what might be our most ambitious project so far – development of our new CILEx Professional Qualification Framework that will be launched in 2021. This qualification will be pivotal in repositioning CILEx as the partner of choice for legal firms, government agencies and non-legal industry partners wanting to develop a workforce that is diverse and highly skilled to adapt to evolving needs. Our new qualification will ensure CILEx lawyers have a solid grounding in the law but are also tech savvy, commercial with personal effectiveness skills that will allow them to be a driving force in the transformation of legal services.

At a time when economic challenges face us all, our qualifications remain competitive and accessible. Our route provides flexibility to study at an individual pace and to transition between practice



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

areas to adapt to changes in job or circumstances. Our distance learning, face to face and apprenticeship options all combine study with workplace experience, providing employers with 'work-ready' professionals throughout the training.

For firms wishing to fund training through the levy, 2019 saw our law school affirm its place as a leading provider of legal apprenticeships securing re-approval on the 'Register of Approved Training Providers' and winning AAC's 'Legal, Finance and Accounting Training Provider of the Year Award'. Our 2019 student survey results demonstrate over 90% students studying with CLS would recommend us.

2020 will see us launch further products and services designed to give members the additional skills necessary for CILEx lawyers to play an instrumental role in helping the legal industry adapt to a changing world.

## **Breaking down barriers**

Transforming our education offer alone will not be enough to realise our ambition that our members can directly access all career paths open to lawyers including judicial appointment. In 2019, we put more focus and resource into working with government and key stakeholder agencies, such as the Judicial Appointments Commission and Legal Services Board, to identify and address those legislative and cultural barriers which stand in the way.

The appointment of former CILEx President, Millicent Grant, as the first Chartered Legal Executive to be appointed an Honorary Queen's Counsel was an important milestone both raising the profile of CILEx Lawyers and recognising what diversity brings to the legal profession. I hope Millie's achievement will inspire more members to pursue their ambitions and open the eyes of the wider profession to the value of CILEx lawyers.

With 72% of our members being female, the 2019 centenary of the Sex Disqualification (Removal) Act, gave cause to celebrate the progress made by past and present pioneers like Elizabeth Johnson, the first female Chartered Legal Executive appointed to the Judiciary. Elizabeth's story, featured in the First 100 Years Project about the women that have shaped our profession, will resonate with many CILEx members.

Despite these successes, there remains much to do to change the deep-rooted prejudices that still exist. CILEx continues to work tirelessly to challenge these outdated perceptions. This year we launched the 'Women in Law' pledge, creating a commitment to improve gender equality. We engaged in projects campaigning for rights of pregnant women and new mothers in the workplace and directly challenged the policies of mortgage companies and lender panels that discriminate against CILEx lawyers.

Using platforms like National Pro Bono Week and Justice Week, we continue to highlight the importance of free legal advice, and to improve access to justice by boosting the profile of justice and the rule of law. The CILEx Foundation, approved by the Charity Commission in 2019, now enables us to provide bursaries and grants ensuring that financial hardship is not a barrier to accessing legal education.

## **Regulating our members**

As CILEx evolves to position itself as the exemplar body within the legal profession, we must ensure that our relationship with our independent regulator, CILEx Regulation (CRL) represents best practice governance.

In response to the Legal Services Board (LSB) publishing its new Internal Governance Rules in 2019, we have been working collaboratively with CRL to develop an approach which will achieve maximum possible independence for our regulator and secure compliance with the new LSB Rules by July 2020.

Our model, which builds on our existing independent governance arrangements, will continue to see CRL accountable to the Legal Services Board for its performance but with greater financial and operational independence from CILEx, including separate publication of its accounts from 2020.

## **Our staff**

All of our achievements and progress in 2019 would not have been possible without the dedicated staff team and community of non-executive board and committee members that work hard to deliver our objectives.

We also rely on the generosity of time provided by our professional members and advisers, who ensure that our work is informed by and reflects members views and experiences. We value and appreciate the commitment and expertise that this growing group of volunteers provide in furthering our mission, vision and values.

Throughout 2020 we will also be launching additional career development products and tools to support members to pursue the opportunities now available and to play an instrumental role in helping the legal industry adapt to a changing world.

As we look forward to 2020 and beyond, I am confident that CILEx and its members will be well placed to play our part in the evolving world that will emerge post COVID-19.

**Linda Ford,**  
**CILEx Chief Executive Officer**

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THE CHARTERED INSTITUTE OF LEGAL EXECUTIVES

# OFFICERS AND PROFESSIONAL ADVISERS

FOR THE YEAR ENDED 31 DECEMBER 2019

<b>Company Registration Number</b>	RC000850
<b>Board of Directors</b>	C Bones (Chair) M Foster C Tickner P Sherwood J Dosanjh-Elton E Filkin CBE (Resigned 28 January 2020) S Lee D Olulode
<b>Registered Office</b>	Kempston Manor Kempston Bedford MK42 7AB
<b>Independent Auditor</b>	Haysmacintyre LLP 10 Queen Street Place London EC4R 1AG



# REPORT OF THE BOARD

FOR THE YEAR ENDED 31 DECEMBER 2019

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 2019. The attached report and financial statements show the results of the activities for the year ended 31 December 2019 with comparative figures for the year ended 31 December 2018.

## 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.

## 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.

The Customer Relationship Management (CRM) business system achieved go-live in Summer 2019 and now provides a platform to deliver membership services.

The net surplus before tax for the Group for the year to 31 December 2019 is £628,603 (2018-£842,955)

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 £143,426 (2018-£135,418).

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

## SUBSEQUENT EVENTS

Subsequent to year end CILEx membership, Law School and Regulation have been impacted by COVID which has included the closure of the Kempston Manor site with non-furloughed staff requested to work from home. The Board estimate the net financial impact from loss of income in 2020 and possibly beyond is likely to require access to credit which will be provided by facilities from the company's bankers.



THE CHARTERED INSTITUTE OF LEGAL EXECUTIVES

# REPORT OF THE BOARD (continued)

FOR THE YEAR ENDED 31 DECEMBER 2019

## 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 29 May 2020 and signed on its behalf by

**C Bones**  
**Chair**





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

FOR THE YEAR ENDED 31 DECEMBER 2019

## Opinion

We have audited the financial statements of The Chartered Institute of Legal Executives for the year ended 31 December 2019 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 2019 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 2019

## 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  
29 May 2019

10 Queen Street Place  
London  
EC4R 1AG



## GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	NOTES	2019 £	2018 £
Revenue		12,247,974	11,250,252
Direct costs		(2,584,101)	(2,484,832)
<b>GROSS SURPLUS</b>		<b>9,663,873</b>	<b>8,825,420</b>
Administrative expenses		(9,816,631)	(8,236,814)
Other operating income	5	150,667	172,764
Realised gain on disposal of investments		630,694	81,585
<b>SURPLUS BEFORE TAX</b>	6	<b>628,603</b>	<b>842,955</b>
Taxation	7	(136,512)	(45,990)
<b>SURPLUS FOR THE YEAR</b>		<b>492,091</b>	<b>796,965</b>

OTHER COMPREHENSIVE INCOME/(EXPENSE)			
Net unrealised (losses)/gains on available-for-sale financial assets		(25,411)	(425,956)
Deferred tax credit/(charge) on unrealised gains/(losses)		2,381	85,513
Gain on revaluation of property, plant and equipment		-	812,335
<b>TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR</b>		<b>469,061</b>	<b>1,268,857</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 14 to 30 form part of these financial statements.

## COMPANY STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	NOTES	2019 £	2018 £
Revenue		5,453,148	4,763,677
Direct costs		(1,274,541)	(1,237,872)
<b>GROSS SURPLUS</b>		<b>4,178,607</b>	<b>3,525,805</b>
Administrative expenses		(4,409,122)	(3,350,513)
Other operating income	5	145,781	96,574
Gain/(loss) on disposal of investments		630,694	11,717
<b>SURPLUS/(DEFICIT) BEFORE DIVIDENDS RECEIVED &amp; TAX</b>		<b>545,960</b>	<b>283,583</b>
Dividends received		128,793	4,507,206
<b>SURPLUS BEFORE TAX</b>	6	<b>674,753</b>	<b>4,790,789</b>
Taxation		(106,405)	3,542
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>568,348</b>	<b>4,794,331</b>

OTHER COMPREHENSIVE INCOME/(EXPENSE)			
Net unrealised (losses)/gains on available-for-sale financial assets		(25,411)	(296,650)
Deferred tax charge on unrealised gains		5,789	(10,684)
Gain on revaluation of property, plant and equipment		-	456,125
<b>TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR</b>		<b>548,726</b>	<b>4,943,122</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 14 to 30 form part of these financial statements.



## GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Fair value reserve £	Revaluation reserve £	Retained funds £	Total equity £
Balance at 1 January 2018	600,825	-	6,577,238	7,178,063
Net losses on available-for-sale financial assets	(425,956)	-	-	(425,956)
Deferred tax charge on unrealised gains	85,513	-	-	85,513
Unrealised gain on revaluation of property, plant and equipment		812,335	-	812,335
<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>
Net losses on available-for-sale financial assets	(25,411)	-	-	(25,411)
Deferred tax credit on unrealised losses	2,381	-	-	2,381
Surplus for the year	-	-	492,091	492,091
<b>Balance at 31 December 2019</b>	<b>237,352</b>	<b>812,335</b>	<b>7,866,294</b>	<b>8,915,981</b>

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 2019

	Fair value reserve £	Revaluation reserve £	Retained funds £	Total equity £
Balance at 1 January 2018	131,160	-	1,937,021	2,068,181
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>
Net losses on available-for-sale financial assets	(25,411)	-	-	(25,411)
Deferred tax charge on unrealised gains	5,789	-	-	5,789
Surplus for the year	-	-	568,347	568,347
<b>Balance at 31 December 2019</b>	<b>(195,796)</b>	<b>456,125</b>	<b>7,299,699</b>	<b>7,560,028</b>

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

## GROUP STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

ASSETS	NOTES	2019 £	2018 £
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	3,009,919	2,711,464
Intangible assets	9	937,671	425,797
Other investments	11	6,048,665	5,479,112
		<b>9,996,255</b>	<b>8,616,373</b>
<b>CURRENT ASSETS</b>			
Trade and other receivables	14	324,661	427,037
Prepayments and accrued income		879,712	382,487
Cash and cash equivalents	15	808,611	3,191,436
		<b>2,012,984</b>	<b>4,000,960</b>
<b>TOTAL ASSETS</b>		<b>12,009,239</b>	<b>12,617,333</b>
<b>EQUITY</b>			
<b>RESERVES</b>			
Other reserves		1,049,687	1,072,717
Retained funds		7,866,294	7,374,203
<b>TOTAL EQUITY</b>		<b>8,915,981</b>	<b>8,446,920</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax payables	16	69,319	71,700
Lease Liability	18	170,727	-
<b>CURRENT LIABILITIES</b>			
Deferred income		1,348,529	2,436,526
Trade and other payables	17	1,504,683	1,662,187
		<b>2,853,212</b>	<b>4,098,713</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>12,009,239</b>	<b>12,617,333</b>

Approved and authorised for issue by the Board of Directors on 29 May 2020 and signed on its behalf by

C Bones

Chair

Company registration number: RC000850

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



## COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

ASSETS	NOTES	2019 £	2018 £
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	1,793,655	1,492,473
Intangible assets	9	883,334	395,673
Investments in subsidiaries at cost	10	620,400	620,400
Other investments	11	6,048,663	5,476,112
		<b>9,346,052</b>	<b>7,987,658</b>
<b>CURRENT ASSETS</b>			
Trade and other receivables	14	327,397	622,618
Prepayments and accrued income		434,915	131,121
Cash and cash equivalents	15	216,875	1,507,715
		<b>979,187</b>	<b>2,261,454</b>
<b>TOTAL ASSETS</b>		<b>10,325,239</b>	<b>10,249,112</b>

<b>EQUITY</b>			
<b>RESERVES</b>			
Other reserves		260,329	279,951
Retained funds		7,299,699	6,731,352
<b>TOTAL EQUITY</b>		<b>7,560,028</b>	<b>7,011,303</b>

<b>NON-CURRENT LIABILITIES</b>			
Deferred tax payables		31,759	37,548
Lease Liability		142,895	-

<b>CURRENT LIABILITIES</b>			
Deferred income		990,022	2,179,481
Trade and other payables	17	1,600,534	1,020,780
		<b>2,590,556</b>	<b>3,200,261</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>10,325,239</b>	<b>10,249,112</b>

Approved and authorised for issue by the Board of Directors on 29 May 2020 and signed on its behalf by

C Bones

Chair

Company Registration number RC000850

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

## GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 £	2018 £
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Surplus before tax	628,603	842,955
<b>NON-CASH ADJUSTMENTS</b>		
Depreciation	232,736	113,168
Amortisation of other intangible non-current assets	287,931	47,680
Investment income	(150,667)	(172,764)
Gain on disposal of investments	(630,694)	(81,585)
Investment management fees deducted from the portfolio	34,360	12,621
Lease Interest	14,158	-
<b>NON-CASH ADJUSTMENTS</b>	<b>(212,176)</b>	<b>(80,880)</b>
<b>CASH FLOWS BEFORE CHANGES IN WORKING CAPITAL</b>	<b>416,427</b>	<b>762,075</b>
<b>CHANGES IN WORKING CAPITAL</b>		
Decrease/(increase) in trade and other receivables	102,376	103,674
Decrease/(increase) in prepayments and accrued income	(497,225)	36,342
(Decrease)/increase in trade and other payables excluding tax	(381,678)	(36,084)
(Decrease)/increase in deferred income	(1,087,998)	(207,212)
<b>(DECREASE)/INCREASE IN WORKING CAPITAL</b>	<b>(1,864,525)</b>	<b>(103,280)</b>
Tax paid	(32,371)	(129,316)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>(1,480,469)</b>	<b>529,479</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments to acquire property, plant and equipment	(141,908)	(149,050)
Payments to acquire intangible assets	(799,805)	(358,070)
Payments to acquire available-for-sale investments	(7,116,364)	(1,876,460)
Proceeds from sale of available-for-sale investments	7,117,735	1,894,776
Interest received, classified as investing	5,088	4,953
Dividends received, classified as investing	145,579	167,811
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(789,675)</b>	<b>(316,040)</b>
<b>FINANCING ACTIVITIES</b>		
Lease rentals paid	(112,681)	-
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(112,681)</b>	<b>-</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(2,382,825)</b>	<b>213,439</b>
Cash and cash equivalents as at 1 January 2019	3,191,436	2,977,997
<b>CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER 2019</b>	<b>808,611</b>	<b>3,191,436</b>

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

## COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 £	2018 £
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Surplus/(deficit) before tax	674,752	4,790,789
<b>NON-CASH ADJUSTMENTS</b>		
Depreciation	129,262	43,046
Amortisation of other intangible non-current assets	273,248	3,614
Investment income	(274,574)	(96,574)
Gain on disposal of Investments	(630,694)	-
Dividends in specie	-	(4,507,206)
Lease Interest	11,322	-
(Gain)/loss on disposal of non-current assets	-	(11,717)
Investment management fees deducted from the portfolio	34,360	12,621
<b>NON-CASH ADJUSTMENTS</b>	<b>(457,076)</b>	<b>(4,556,216)</b>
<b>CASH FLOWS BEFORE CHANGES IN WORKING CAPITAL</b>	<b>217,676</b>	<b>234,573</b>
<b>CHANGES IN WORKING CAPITAL</b>		
(Increase)/decrease in trade and other receivables	295,221	(408,283)
Decrease/(increase) in prepayments and accrued income	(303,794)	84,660
(Decrease)/increase in trade and other payables excluding tax	371,213	(30,788)
(Decrease)/increase in deferred income	(1,189,459)	(159,729)
<b>(DECREASE)/INCREASE IN WORKING CAPITAL</b>	<b>(826,819)</b>	<b>(514,140)</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>(609,143)</b>	<b>(279,567)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments to acquire property, plant and equipment	(115,552)	(76,134)
Payments to acquire intangible assets	(760,909)	(343,428)
Payments to acquire available-for-sale investments	(7,116,364)	(1,780,432)
Proceeds from sale of available-for-sale investments	7,117,735	1,788,992
Interest received, classified as investing	202	1,231
Dividends received, classified as investing	274,372	95,343
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(600,516)</b>	<b>314,428</b>
<b>FINANCING ACTIVITIES</b>		
Lease rentals paid	(81,181)	-
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(81,181)</b>	<b>-</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,290,840)</b>	<b>(593,995)</b>
Cash and cash equivalents as at 1 January 2018	1,507,715	2,101,710
<b>CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER 2018</b>	<b>216,875</b>	<b>1,507,715</b>

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 2019

## 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. Intercompany transactions and balances between Group companies are eliminated.

### Adoption of new and revised Standards

The following standards and interpretations have been applied in these financial statements.

### Standard/Interpretation IFRS 16

Title Leases

Effective date 1 January 2019

### 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 2019

## 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.



## NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2019

**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
Business Systems	33% on cost

**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 2019

## 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.

### Leased Assets

CILEx adopted IFRS 16 with an initial application date of 1 January 2019. The Group applied the transition method. The amounts disclosed in the extracts are expressed in British pounds.

Assets held under operating leases are recognised as right-of-use assets of the Group at the present value of the lease payments. The corresponding liability is included in the balance sheet as a both a current and non-current lease liability. Lease payments are apportioned between finance charges at a rate of 5% and are charged to the Group Income statement. Rentals payable under operating leases are charged to the Group Income statement on a straight line basis over the term of the lease.

The Group has taken advantage of the practical expedient on the first time adoption to recognise the cumulative effect of the new standard on existing leases as at 1 January 2019.

### 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 2019

**Other reserves (continued)**

The following tables summarise the impacts of adopting new reporting standards on the Group's financial statements.

## Statement of Financial Position (extract)

	31 December 2018 As originally Presented £	IFRS 16 £	1 January 2019 Adjusted balance £
<b>NON CURRENT ASSETS</b>			
Property, Plant and equipment	2,711,464	389,283	3,100,747
Intangible assets	425,797	-	425,797
Other investments	5,479,112	-	5,479,112
	<b>8,616,373</b>	<b>389,283</b>	<b>9,005,656</b>
<b>CURRENT ASSETS</b>	<b>4,000,960</b>	<b>-</b>	<b>4,000,960</b>
<b>TOTAL ASSETS</b>	<b>12,617,333</b>	<b>389,283</b>	<b>13,006,616</b>
<b>Equity</b>	8,446,920	-	8,446,920
<b>NON CURRENT LIABILITIES</b>			
Deferred tax	71,700	-	71,700
Creditors due more than one year	-	269,250	269,250
<b>CURRENT LIABILITIES</b>			
Deferred Income	2,436,526	-	2,436,526
Creditors due within one year	1,662,187	120,033	1,782,220
	<b>4,098,713</b>	<b>120,033</b>	<b>4,218,746</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>12,617,333</b>	<b>389,283</b>	<b>13,006,616</b>



## NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2019

**3. SEGMENT INFORMATION**

Year ended 31 December 2019

	Membership and Awarding body £	Regulation £	Law School £	Consolidation adjustments £	Total £
<b>REVENUE</b>					
Sales to external customers	5,453,148	1,632,237	5,162,589	-	12,247,974
<b>GROSS SURPLUS</b>	<b>4,178,606</b>	<b>1,352,786</b>	<b>4,132,481</b>	<b>-</b>	<b>9,663,873</b>

<b>OTHER INCOME AND EXPENDITURE</b>					
Depreciation	(129,262)	(5,009)	(69,824)	-	(204,095)
Amortisation	(273,248)	-	(14,684)	-	(287,932)
Lease Interest	(11,322)	(9,119)	-	-	(20,441)
Other admin expenses	(3,995,265)	(1,355,563)	(3,953,335)	-	(9,304,163)
Other income	274,574	-	4,886	(128,793)	150,667
Gain/(loss) on disposal of investments	630,694	-	-	-	630,694
Taxation	(106,405)	-	(30,107)	-	(136,512)
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>568,372</b>	<b>(16,905)</b>	<b>69,417</b>	<b>(128,793)</b>	<b>492,091</b>

<b>ASSETS AND LIABILITIES</b>					
Non-current assets	9,346,052	12,992	1,211,859	(620,398)	9,950,505
Current assets	979,187	278,822	1,499,295	(744,321)	2,012,983
Liabilities	(2,765,211)	(124,348)	(902,269)	744,321	(3,047,507)
<b>TOTAL EQUITY</b>	<b>7,560,028</b>	<b>167,466</b>	<b>1,808,885</b>	<b>(620,398)</b>	<b>8,915,981</b>



## NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2019

**3. SEGMENT INFORMATION (continued)**

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>-</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)	(61,634)	-	(130,173)
Other admin expenses	(3,246,298)	(1,213,224)	(3,486,562)	29	(7,945,790)
Other income	4,603,780	294	76,190	(4,507,500)	172,764
(Loss)/gain 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 2019

## 4. EMPLOYEE EXPENSES

	2019 £	2018 £
Wages and salaries	5,740,535	5,338,321
Social security costs	547,370	496,347
Post-employment expense for defined contribution plans	445,160	395,978
Other employee benefits	81,435	126,353
	<b>6,814,500</b>	<b>6,356,999</b>

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

Administration	188	168
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## KEY MANAGEMENT COMPENSATION

	2019 £	2018 £
Wages and salaries	252,911	203,778
Post-employment benefits: Defined contribution	16,234	16,206
Social security costs	27,372	25,416
Benefits in kind	18,603	16,968
	<b>315,120</b>	<b>262,368</b>

Under a reorganisation of the Group in year £220k has been recognised as paid to 3 management team members on termination

## 5. OTHER OPERATING INCOME

	Group		Company	
	2019 £	2018 £	2019 £	2018 £
Interest earned on investments	5,088	4,953	202	1,231
Dividends earned on investments	145,579	167,811	145,579	95,343
	<b>150,667</b>	<b>172,764</b>	<b>145,781</b>	<b>96,574</b>

## NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

	Group		Company	
	2019 £	2018 £	2019 £	2018 £
Depreciation of property, plant and equipment	232,736	113,168	129,262	43,046
Amortisation	287,931	47,680	273,248	3,614
Interest expenses on lease liabilities	23,276	-	11,322	-
Operating Leases	-	130,173	-	57,555
Auditor's remuneration - audit services	36,065	35,020	19,090	18,540
Auditor's remuneration - tax compliance services	4,722	4,585	2,095	2,035

**7. TAXATION**

Components of taxation - Group

	2019 £	2018 £
<b>CURRENT TAX EXPENSE</b>		
Current tax expense	136,512	53,669
(Over)/under provision in the prior year	-	(3,253)
Deferred tax movement relating to capital allowances	-	(4,426)
	136,512	45,990
<b>DEFERRED TAX(INCOME)/EXPENSE</b>		
Relating to origination and reversal of temporary differences through OCI	2,381	(85,513)
<b>TAXATION FOR THE YEAR</b>	<b>138,893</b>	<b>(39,523)</b>

<b>RECONCILIATION OF TAX EXPENSE TO ACCOUNTING PROFIT - GROUP</b>		
Tax at the domestic income tax rate of 19.00% (2017: 19.25%)	143,910	160,161
Expenses not deductible for tax purposes	1,038,996	799,004
Non-taxable income	(1,094,648)	(910,363)
Deferred tax (income)/charge on unrealised investment (losses)/gains	2,381	(85,513)
Other deferred tax adjustments	(1,885)	(12,680)
Exempt ABGH distributions	(41,296)	-
Adjustment to tax charge in respect of prior periods	6,900	-
Capital gains less profit on sale of investments	84,359	14,167
Tax losses not recognised	(779)	-
Tax effect of other tax rates	554	(1,046)
Other differences	401	-
Under/(over) provision in the prior year	-	(3,253)
	<b>138,893</b>	<b>(39,523)</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 2019

## 8. PROPERTY, PLANT AND EQUIPMENT

## Group

## At 31 December 2019

	Freehold property £	Fixtures and fittings £	IT Equipment £	Right of use £	Total £
<b>COST</b>					
At 1 January 2019	2,358,151	766,831	234,300	-	3,359,282
Additions	25,508	55,974	60,426	389,283	531,191
Revaluation	-	-	-	-	-
<b>At 31 December 2019</b>	<b>2,383,659</b>	<b>822,805</b>	<b>294,726</b>	<b>389,283</b>	<b>3,890,473</b>

<b>DEPRECIATION</b>					
At 1 January 2019	8,756	533,818	105,244	-	647,818
Charge for year	25,418	51,056	53,658	102,602	232,734
Revaluation	-	-	-	-	-
<b>At 31 December 2019</b>	<b>34,174</b>	<b>584,874</b>	<b>158,902</b>	<b>102,602</b>	<b>880,552</b>

<b>NET BOOK VALUE</b>					
At 1 January 2019	2,349,395	233,013	129,056	-	2,711,464
<b>At 31 December 2019</b>	<b>2,349,183</b>	<b>237,931</b>	<b>135,824</b>	<b>286,681</b>	<b>3,009,919</b>

## At 31 December 2018

	Freehold property £	Fixtures and fittings £	IT Equipment £	Right of use £	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>-</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>-</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>-</b>	<b>2,711,464</b>

## NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2019

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

## Company

## At 31 December 2019

	Freehold property £	Fixtures and fittings £	IT Equipment £	Right of Use £	Total £
<b>COST</b>					
At 1 January 2019	1,383,402	354,450	110,981	-	1,848,833
Additions	25,508	41,069	48,975	314,892	430,444
Revaluation	-	-	-	-	-
<b>At 31 December 2019</b>	<b>1,408,910</b>	<b>395,519</b>	<b>159,956</b>	<b>314,892</b>	<b>2,279,277</b>

<b>DEPRECIATION</b>					
At 1 January 2019	5,065	296,750	54,545	-	356,360
Charge for year	15,207	15,410	24,683	73,962	129,262
Revaluation	-	-	-	-	-
<b>At 31 December 2019</b>	<b>20,272</b>	<b>312,160</b>	<b>79,228</b>	<b>73,962</b>	<b>485,622</b>

<b>NET BOOK VALUE</b>					
At 1 January 2019	1,378,337	57,700	56,436	-	1,492,473
<b>At 31 December 2019</b>	<b>1,388,638</b>	<b>83,359</b>	<b>80,728</b>	<b>240,930</b>	<b>1,793,655</b>

## At 31 December 2018

	Freehold property £	Fixtures and fittings £	IT Equipment £	Right of Use £	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>-</b>	<b>1,848,833</b>

<b>DEPRECIATION</b>					
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>-</b>	<b>356,360</b>

<b>NET BOOK VALUE</b>					
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>-</b>	<b>1,492,473</b>



## NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2019

## 9. INTANGIBLE ASSETS

## Group

## 31 December 2019

	Intangibles £	Total £
<b>COST</b>		
At 1 January 2019	812,290	812,290
Additions	799,805	799,805
<b>At 31 December 2019</b>	<b>1,612,095</b>	<b>1,612,095</b>

<b>AMORTISATION</b>		
At 1 January 2019	386,493	386,493
Charge for year	287,931	287,931
<b>At 31 December 2019</b>	<b>674,424</b>	<b>674,424</b>

<b>CARRYING VALUE</b>		
At 1 January 2019	425,797	425,797
<b>At 31 December 2019</b>	<b>937,671</b>	<b>937,671</b>

## 31 December 2018

	Intangibles £	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>386,593</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>

## NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2019

## 9. INTANGIBLE ASSETS (continued)

## Company

## 31 December 2019

	Intangibles £	Total £
<b>COST</b>		
At 1 January 2019	407,223	407,223
Additions	760,909	760,909
<b>At 31 December 2019</b>	<b>1,168,132</b>	<b>1,168,132</b>

<b>AMORTISATION</b>		
At 1 January 2019	11,550	11,550
Charge for year	273,248	273,248
<b>At 31 December 2019</b>	<b>284,768</b>	<b>284,798</b>

<b>CARRYING VALUE</b>		
At 1 January 2019	395,673	395,673
<b>At 31 December 2019</b>	<b>883,334</b>	<b>883,334</b>

## 31 December 2018

	Intangibles £	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>

## NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2019

## 10. INVESTMENTS IN SUBSIDIARIES

	2019 £	2018 £
Cost at 1 January	620,400	620,400
<b>Cost at 31 December</b>	<b>620,400</b>	<b>620,400</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	
	2019 £	2018 £	2019 £	2018 £
At 1 January	5,479,112	5,854,422	5,479,112	1,278,020
Additions	6,728,134	2,050,147	6,278,134	1,954,121
Dividend in specie from CILEx Law School Limited	-	-	-	4,507,206
Disposals	(7,117,735)	(1,894,776)	(7,117,735)	(1,788,992)
Realised gain/(loss) on disposal	630,694	81,585	630,694	11,717
Unrealised (loss)/gain on changes in market value	(25,411)	(425,956)	(25,411)	(296,650)
Fees deducted from the portfolio	(34,360)	(12,621)	(34,360)	(12,621)
Movement in accrued income	7,027		7,027	
(Decrease)/increase in investment cash	381,202	(173,689)	381,202	(173,689)
<b>At 31 December</b>	<b>6,048,663</b>	<b>5,479,112</b>	<b>6,048,663</b>	<b>5,479,112</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 2019

## 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, 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 £4,810 in 2019 (2018: £109,625) 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 £4,959 (2018: £12,558). The Institute was charged £596,192 (2018: £118,946) 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 £0 (2018: £333) from CILEx Law School Limited.

At the year end, amounts due from CILEx Law School Limited totalled £678,341 (2018: £497,803 due to CILEx Law School Limited).

During the year the company paid expenses of £31,522 (2018: £36,147) on behalf of the CILEx Compensation Fund.

During the period, the Institute contributed to the operating costs of CILEx Regulation Limited totalling £5,000 (OPBAS) (2018: £294). Amount due to CILEx Regulation Limited at the yearend was £65,980 (2018: £181,981).

### 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 £52,746 (2018: £41,718).





## NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2019

## 14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2019 £	2018 £	2019 £	2018 £
Trade receivables	311,771	427,037	283,304	125,109
VAT	13,591	-	13,591	-
Amounts due from subsidiaries	-	-	-	497,509
Other Receivables	(701)	-	30,503	-
	324,661	427,037	327,397	622,618

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	
	2019 £	2018 £	2019 £	2018 £
Cash in hand	892	1,734	694	1,676
Cash at bank	807,719	3,189,702	216,181	1,506,039
	808,611	3,191,436	216,875	1,507,715

## 16. DEFERRED TAX

	Statement of financial position		Income statement	
	2019 £	2018 £	2019 £	2018 £
<b>DEFERRED TAX LIABILITIES</b>				
Relating to depreciation	(40,258)	(34,152)	6,106	4,426
Relating to investments	(33,279)	(37,548)	(4,269)	85,513
Relating to pensions	4,218	-	(4,218)	-

## NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2019

## 17. TRADE AND OTHER PAYABLES

	Group		Company	
	2019 £	2018 £	2019 £	2018 £
Payable to trade suppliers	177,276	172,410	88,189	159,311
Lease Liability	120,033		102,138	
Other payables	468,395	619,402	162,012	182,751
Social security and other taxes	168,140	198,082	120,659	117,557
Accruals	434,327	523,638	276,810	291,003
Corporation tax payable	136,512	53,669	106,405	-
VAT payable	-	94,986	-	88,175
Amounts owed to subsidiaries	-	-	744,321	181,983
	1,504,683	1,662,187	1,600,534	1,020,780

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

## 18. LEASE LIABILITY

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

	2019 £	2018 £
Less than one year	120,033	-
Later than one year but less than five years	170,727	-
	290,760	-

# THE CILEx FOUNDATION

FOR THE YEAR ENDED 31 DECEMBER 2019

**Registered Charity Name:**

The CILEx Foundation

**Charity registration number:**

1185862

**Objective and Activities**

The Charity's objects are:

- To promote the upholding and proper administration of the law, in particular but not exclusively by:
  - o Advancing the education and training of legal professionals, including those training to be legal professionals, in all subjects and skills, whether in the law or otherwise;
  - o Providing pro bono legal services and encouraging, supporting and advising legal professionals in the provision of pro bono legal services;
  - o Advancing the education and training of individuals and organisations undertaking charitable voluntary work in the administration of the law, education, social services, community work and other charitable activities for the benefit of the community.

- To relieve poverty, sickness and suffering of persons in need by giving financial assistance or other support to preserve the good health and general wellbeing of, and to reduce the burden on those who support and care for:
  - o Persons who are or have been Fellows or otherwise registered with The Chartered Institute of Legal Executives; or
  - o The dependants of such persons listed in Article 2.2.1; and
- To further such other charitable purposes as the Trustees shall from time to time think fit for the benefit of members of the legal profession and those connected with it.

**Highlights from 2019**

The CILEx Foundation was incorporated as a Private Limited Company with Companies House on 14 May 2019. Company Number: 11995446.

Charitable status was awarded by the Charity Commission on 17 October 2019.

The four founding trustees have been appointed.



## UNAUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

## Statement of financial activities

31/12/2019

	£	£
<b>INCOME</b>		
CILEx Members Donation	-	
Other Donations	4,450	
		<b>4,450</b>
<b>EXPENDITURE</b>		
Grants	-	
Advertising costs	-	
Professional fees	27,587	
Insurance	-	
Meetings	246	
Bank charges	21	
Sundry	40	
		<b>27,894</b>
<b>NET SURPLUS / (DEFICIT)</b>		<b>(23,444)</b>

## UNAUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

**Statement of financial position**  
**31/12/2019**

CURRENT ASSETS		
	£	£
Other Debtors	-	
Prepayments & Accrued Income	-	
Current Account	7,059	
<b>TOTAL ASSETS</b>		<b>7,059</b>
CURRENT LIABILITIES		
Accruals and deferred income	-	
Amounts owing to CILEx	30,503	
<b>TOTAL LIABILITIES</b>		<b>30,503</b>
<b>NET CURRENT ASSETS</b>		<b>(23,444)</b>
REPRESENTED BY:		
Trading surplus / (deficit) to December 2019		<b>(23,444)</b>
Reserves b/f from 2018		-
		<b>(23,444)</b>



## BENEVOLENT FUND

FOR THE YEAR ENDED 31 DECEMBER 2019



**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.

**Highlights from 2019**

Eight 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 2019

## Statement of financial activities

	2019 £	2018 £
<b>INCOME</b>		
Donation from CILEx	-	-
Donations-Branch & Non-members	-	255
Interest (Direct Reserve)	299	131
CILEx member donations	362	194
Legal Charities Garden Party	(1,290)	(64)
Charity Intercompany cleardown - CILEx Pro Bono	17,686	-
	<b>17,056</b>	<b>486</b>
<b>EXPENDITURE</b>		
Grants	2,390	2,472
Advertising costs	-	1,600
Professional fees	1,725	2,395
Insurance	201	201
Meetings	-	163
Bank charges	74	75
Sundry	40	141
	<b>4,430</b>	<b>7,047</b>
<b>NET SURPLUS/(DEFICIT)</b>	<b>12,626</b>	<b>(6,561)</b>

## UNAUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

## Statement of financial position

CURRENT ASSETS		
	2019 £	2018 £
Other Debtors	-	-
Prepayments & Accrued Income	-	1,492
Current Account	41,996	41,708
Direct Reserve Account	149,413	149,114
Legal Charities Garden Party London	-	-
<b>TOTAL ASSETS</b>	<b>191,409</b>	<b>192,314</b>
CURRENT LIABILITIES		
Accruals and deferred income	-	-
Amounts owing to CILEx	2,599	16,130
<b>TOTAL LIABILITIES</b>	<b>2,599</b>	<b>16,130</b>
<b>NET CURRENT ASSETS</b>	<b>188,810</b>	<b>176,184</b>
REPRESENTED BY:		
Trading surplus / (deficit) to December 2019	12,626	(6,561)
Reserves b/f from 2018	176,184	182,745
	<b>188,810</b>	<b>176,184</b>

# CILEx PRO BONO TRUST

FOR THE YEAR ENDED 31 DECEMBER 2019



**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**

Representatives from CILEx took part in the annual London Legal Walk in June 2019 and were involved in the planning of Justice Week 2020 and in attendance of the National Pro Bono Week 2019 events. During the year CILEx representatives also sat on the Attorney General's Office Pro Bono Committee.

## UNAUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

## Statement of financial activities

	2019 £	2018 £
<b>INCOME</b>		
Donations	-	-
	-	-
<b>EXPENDITURE</b>		
Insurance	2,448	7,794
Meetings & NH reclaim	-	12
Promotional material	-	-
Law Works ball	-	-
NPBW	-	890
Bank Charges	-	-
Sundry	40	36
Charity Intercompany cleardown		
CILEx Benevolent Fund	17,686	
	<b>20,174</b>	<b>2,732</b>
<b>NET SURPLUS / (DEFICIT)</b>	<b>(20,174)</b>	<b>(2,732)</b>

## Statement of financial position

<b>CURRENT ASSETS</b>		
	2019 £	2018 £
Prepayments & Accrued Income	562	714
Amounts owing by CILEx	-	20,022
<b>TOTAL ASSETS</b>	<b>562</b>	<b>20,736</b>
<b>CURRENT LIABILITIES</b>		
Creditors	-	-
Accruals and deferred income	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>
<b>NET CURRENT ASSETS</b>	<b>562</b>	<b>20,736</b>


<b>REPRESENTED BY:</b>		
Trading surplus / (deficit) to December 2019	(20,174)	(2,732)
Reserves b/f from 2018	20,736	23,468
	<b>562</b>	<b>20,736</b>



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