

Institute of Legal Executives

Annual Report and Accounts

To 31 December 2007





Contents

Officers and Professional Advisors	1
Letter from the President	2
Chief Executive's Report	4
Notice of Annual General Meeting (AGM)	5
Investigating Committee Report	6
Law Reform Committee Report	7
Education Report	8
Finance Report	10
ILEX Tutorial College (ITC) Report	10
ILEX FINANCIAL STATEMENTS	
Report of the Council	12
Independent Auditor's Report	13
Consolidated Income Statement	14
Consolidated Statement of Changes in Equity	15
Consolidated Balance Sheet	16
Consolidated Cash Flow Statement	17
Notes to the Consolidated Financial Statements	18
Company Balance Sheet	29
Notes to the Company Balance Sheet	30
ILEX BENEVOLENT FUND FINANCIAL STATEMENTS	
Report of the Trustees	34
Independent Auditor's Report	35
Statement of Financial Activities	36
Balance Sheet	37
Notes to the Financial Statements	38

For the year ended 31 December 2007

Officers and Professional Advisors

Company registration number	235139
The Council	L C Graham (President) M Bishop (Vice President) J Gordon-Nichols (Deputy Vice President) A Caig (retired – 6 February 2008) J A Wells S E Barton L J Shaw G Owens (retired – 20 July 2007) S E Sharman D F Read D S Hogg K McCarthy D McGrady K Hill S A Silver N Hanning S Gowland M French K Barrett M N Callan M A Reeves D S Slow D S A Gibbs (appointed – 4 January 2007) R N Palmer (appointed – 20 April 2007)
Company secretary	D Burleigh
Registered office	Kempston Manor Kempston Bedford MK42 7AB
Current auditor	Collett Hulance 40 Kimbolton Road Bedford MK40 2NR
Bankers	National Westminster Plc Bedford High St 81 High Street Bedford MK40 1NE



Lesley Graham

F.Inst.L.Ex.

Letter from the President



Lesley Graham

The Legal Services Act 2007 is a very significant piece of legislation. ILEX believes that the Act will provide new and better career opportunities for our members in running their own business, whether in partnership with other lawyers, working for commercial legal services providers, or in entirely new and innovative businesses.

2007 has been a year of change and innovation. It has been a year of getting ourselves in order to face the challenges of change: the regulation of legal services brought about by the Legal Services Act 2007, and by the changes that Government is introducing to the national qualifications framework, and to funding for qualifications. Some of this is touched upon in reports from colleagues, but I would like to spend a few minutes letting you have a little more detail.

The Legal Services Act 2007 is a very significant piece of legislation, as it provides the regulatory framework for how legal services will be delivered in the future. ILEX spent considerable effort, with the other legal professional bodies, to ensure that the Act will deliver the best system possible within the Government's policy framework. ILEX believes that the Act will provide new and better career opportunities for our members, whether running their own business, in partnerships with other lawyers, working for commercial legal services providers, or in entirely new and innovative businesses that the Act is designed to encourage.

To help our members take advantage of such opportunities, we restructured internally to separate our representational functions from our regulatory functions. New staff posts have been created as a result. That work was completed in 2007. The establishment of a new subsidiary company to which regulatory responsibility will be delegated, and the recruitment of its new Board of Directors, is being undertaken in the first half of 2008.

Just what ILEX will be expected to pay towards the setting up of the new regulatory oversight body, or the new complaints/ombudsman scheme, remains unclear, and will be unclear until the new Legal Services Board is established and makes decisions on its own structures and working practices. ILEX has been closely involved in consultations with the Ministry of Justice (MoJ), and their consultants, in an effort to shape the Legal Services Board in a way that will best protect the public and reflect best practice in proportionate and good regulation. So 2007 saw ILEX developing itself to meet the change in Legal Services regulation, and helping to develop the new regime itself.

The work commenced to redevelop the Level 3 Professional Diploma in law came to fruition in the autumn of 2007, when the qualification was approved by the Qualification and Curriculum Authority (QCA) onto the new Qualifications and Credit Framework (QCF). This means that, where public funding is available, the Level 3 qualification will be well placed. The qualification, now "re-packaged" into units that can be taken individually and built up at a student's own pace, remains nationally recognised. Work also commenced on the re-design of the Level 6 qualification, to be completed in 2008.

The Government is encouraging businesses and employers to develop their own "in-house" training, and looks to awarding bodies and professional associations such as ILEX to recognise and accredit this training. In 2007 the Council took the decision to further develop ILEX's ability to help employers in this way. We wish to offer more people a way to join ILEX and become Legal Executives by recognising the excellence of the training they have received in work. This project will continue into 2008.

We also spent a considerable sum on a complete overhaul and development of the ILEX offices, from re-wiring to re-roofing, to creating new office space. The Council's

ambitious programme of development will mean increasing the number of staff at headquarters. Now we have the space to do so.

We have invested heavily in developments to our IT system, particularly in our websites. This project will be completed in 2008. Not only will the ILEX website look better, it will be much easier to navigate, carry much more information, and enable you to use the website to communicate with us in a much more modern way.

We have completed a new "look" for ILEX which is bright and modern, to reflect ILEX as an organisation and you as its members. This can be seen in all of our marketing and information materials. We have also recruited a new Editor for the Legal Executive Journal, charged with making it even more relevant to your needs.

In other areas we kept our promise to develop career opportunities for you. The Tribunals, Courts and Enforcement Bill contained the clauses that bring to Legal Executives the opportunity of appointment at District Judge and Tribunal Chair level. We briefed Parliamentarians on the clauses and received encouraging support from many. The Bill is now an Act. 2007 also brought to a close the lengthy development process for extended advocacy rights, with approval of the first training providers and cohort of potential advocates. The first course will roll out in early 2008.

After much work by previous Presidents and the staff at Kempston, Legal Executives received recognition beyond England and Wales for the lawyers that we are. This occurred at the Commonwealth Lawyers Association Biennial Conference in September, to which I as President and our Chief Executive were invited for the first time to present papers. I encourage all Legal Executives to take an interest in the wider development of law and practice and to join the Commonwealth Lawyers Association. We have much to learn, and much to share with other jurisdictions from our own experiences.

During 2007 Sir Anthony Clark, the Master of the Rolls became one of our Honorary Vice Presidents. We will all benefit from his interest in ILEX and his encouragement. Lord Woolf enthusiastically accepted an Honorary Fellowship at our Annual Luncheon, where ILEX hosted visits from our sister Institutes in New Zealand and Australia. ILEX also took a leading role in the organisation of National Pro Bono week, and the first ever National Pro Bono Conference. We also responded to numerous consultation papers from Government departments and fellow professional organisations.

If the work ILEX has done in 2007 has provided a platform for development, 2008 will be the springboard. My thanks to my fellow Council members who gave so much time, energy and skill to ILEX during 2007.

Lesley Graham F.Inst.L.Ex.

President



Diane Burleigh

Chief Executive's Report



Diane Burleigh

As an approved regulator under the Legal Services Act 2007, ILEX must make arrangements to ensure independence of decision-making on regulatory issues. This has meant that considerable time and effort has gone into an internal staffing restructure of staff posts and departments.

Staff and Council Members Code of Conduct

All of the ILEX Group Staff and Council Members subscribe to the same values in the conduct of their work for ILEX. The Code of Conduct governs the ethical approach to our work. The Council reviewed and approved the Code once again in 2007. There were two complaints under the Code in 2007 which were investigated and resolved.

ILEX Reserves Policy

Council reviewed the ILEX Reserves Policy and confirmed the terms of that policy for a further 12 months.

The Legal Services Act

As an approved regulator under the Legal Services Act 2007, ILEX must make arrangements to ensure independence of decision-making on regulatory issues. This has meant that considerable time and effort has gone into an internal staffing restructure of staff posts and departments. Regulation will now be undertaken by staff focussed solely on regulatory issues. All staff involved in education, assessment and qualifications, including those involved in the day-to-day operational matters, have been brought together in a new Awards department. All staff involved in giving support to the membership, including day-to-day operational matters, have been brought together into a new Membership department. A new Corporate Affairs department is being developed, so that our focus on Law Reform, policy work and constitutional issues can be brought together. These changes are designed to provide a clearer focus on the issues of importance to ILEX and to you, our members, and make our response to your needs and the imperatives of the external environment ever faster and better targeted.

Kempston

A significant amount of work was completed on the Kempston Manor building. An inspection had identified the need to replace all of the electrical wiring in the building. The opportunity was taken to replace the heating system, and generally improve the building's fabric. New offices were also built in the top floor of ILEX Court. Current and future expansion in staff activity now can be accommodated on site, rather than incurring an on-going expense of office rental. The office environment should remain fit for purpose for at least the next five years.

Diane Burleigh
Chief Executive

Notice of Annual General Meeting (AGM)

10 July 2008



NOTICE IS GIVEN that the **ANNUAL GENERAL MEETING** of the Institute of Legal Executives will be held at 4.45pm on Thursday 10th July at Irwin Mitchell, 150 Holborn, London EC1N 2NS, to transact the following business:

1. To receive the Minutes of the Annual General Meeting held on 20 July 2007.
2. The President's Address.
3. To receive the Accounts of the Institute of Legal Executives Group for the period ended 31 December 2007, and the Reports of the Council and of the Auditors.

Ordinary Resolution:
To adopt the Accounts of the Institute of Legal Executives Group for the year ended 31 December 2007.
4. **Ordinary Resolution:**
To reappoint Collett Hulance as Auditors and authorise Council to fix their remuneration.
5. To announce the election and re-appointment of Fellows to the Council of the Institute of Legal Executives.
6. Any Other Business.

EXPLANATORY NOTES

The Meeting

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

Voting

Votes on the Resolutions will be taken on the day of the meeting. Fellows who are entitled to vote may appoint the Chairman, or any other Fellow entitled to attend and vote at the Meeting, as his or her proxy to vote on a poll. A **Form of Proxy** can be obtained from Kempston Manor. Completed forms must be sent to reach ILEX's Registered Office, not later than 4.00pm on 8 July 2008. The Registered Office address is Kempston Manor, Kempston, Bedford MK42 7AB.

The Resolutions

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

Item 3 is the Resolution to adopt the Accounts of the Institute of Legal Executives Group for the year ended 31 December 2007. The Accounts are set out in the Annual Report with the necessary Auditors' reports. **This is an Ordinary Resolution.**

Item 4 is to resolve to reappoint ILEX's Auditors, Collett Hulance, for the next 12 months, and to give the ILEX Council power to fix their fees. **This is an Ordinary Resolution** and is required under Companies legislation.

If the resolutions are approved, they will take effect at the end of the AGM on 10 July 2008.

Further Information

Copies of the Articles of Association appear on ILEX's website at www.ilex.org.uk

ILEX is registered in England as a Company Limited by Guarantee - No. 235139

Dated: 30 April 2008
By Order of the Council
Diane Burleigh
Chief Executive

Investigating Committee Report



The Investigating Committee dealt with a range of cases during 2007. This included declarations of prior conduct, complaints and investigations commenced by ILEX into the conduct of its members.

The Committee considered 29 complaints against members of ILEX, of which seven cases were referred to the Disciplinary Tribunal. The referrals to the Disciplinary Tribunal involved cases where the Investigating Committee found that there was a prima facie case to substantiate the allegations made against the ILEX member and that the matter was of a serious nature. The Committee used its own disciplinary powers in 11 cases. The powers ranged from issuing warnings, reprimands, admonishments or imposing conditions on a member's employment in the profession. The remaining 11 complaints were rejected.

Some members, against whom complaints had been made, exercised their right to attend before the Committee, sometimes with representation from counsel or a senior partner of their employing firm. The Committee has continued to find these attendances an invaluable opportunity for the member to bring out matters in oral representations and it provides the Committee with an opportunity to clarify matters with the members.

This year the Committee has considered a number of cases where members were operating independent practices providing immigration advice and services. It ordered some of these practices to be inspected. The inspections led the Committee to impose conditions on the members aimed at improving the management of their practices. Compliance with those conditions is monitored.

The Committee received some complaints where the events occurred over 12 months ago. The Committee had to consider whether or not the complaint should be investigated, given the length of the case.

The Committee found that there were some recurring themes in the complaints that it considered. The main issues related to failures by ILEX members to follow instructions, acting without client instructions, misleading clients and not keeping clients informed about the progress of their cases.

The Committee continues to be represented by six Council members and three lay members. Lay members provide a balanced perspective on cases ensuring that decisions continue to be unbiased and consistent. The Committee also benefits from the expertise that members bring in various areas of legal practice which can have a bearing on the subject matter of a complaint.

Overall, the Committee remains satisfied with the investigation of complaints and found the covering report helpful in considering complaints. In 2007 a customer feedback process was introduced to request feedback from members and complainants. From the responses received, most persons were 'very satisfied' with the complaints handling procedure. In their feedback, ILEX members commented that ILEX should provide them with guidance and a support service to help them deal with the complaint.

Investigating Committee

In 2007 a customer feedback process was introduced to request feedback from members and complainants. From the responses received, most persons were 'very satisfied' with the complaints handling procedure.

Law Reform Committee Report



ILEX has long recognised the importance of the role of Law Reform in developing and promoting the interest of its members. A necessary part of this work is the need to influence Government policies and decision makers so that proposed policies do not have a detrimental impact on ILEX and its members. ILEX has continued to develop policies to inform Government departments, MPs and Peers about matters of concern to ILEX and its members through:

- Making relevant contacts with appropriate bodies;
- Briefings to Parliamentarians;
- Regular submission of consultation documents; and more recently
- Lobbying of MPs and Peers.

The importance of the above activities can be seen by the passage of the Legal Services Bill and the Tribunal Courts and Enforcement Bill through both Houses of Parliament during the 2007 Parliamentary year. Both Bills received Royal Assent in 2007. The Legal Services Act 2007, among other things, establishes the Legal Services Board, which will act as an overarching supervisor of the regulatory functions of the current front-line regulators, including ILEX. At the outset, ILEX supported many of the provisions of the Bill, but lobbied intensively for the need for proportionate regulation. ILEX, with other front line regulators, made a huge contribution in achieving a final piece of legislation that is a vast improvement over the Bill introduced in Parliament in 2006.

The Tribunal, Courts and Enforcement Act was also of particular importance to ILEX as it opened the door for Fellows of ILEX to become eligible for prescribed judicial posts. This development brings great opportunities and will assist in diversifying the judiciary.

Much of the briefing and monitoring activities were confined to the above mentioned Acts. However, just before the 2007 summer recess, The Criminal Justice and Immigration Bill received its first public airing. This bumper Bill – nearly 250 pages long – was published just the night before the Blair/Brown hand-over. ILEX continues to monitor this Bill as it reaches its final stages in the House of Lords.

Consultation papers continued to be put on the ILEX website for members' information and to enable comments and observations to be put forward. Of particular importance to ILEX members were the following consultations:

- Case Track Limits and the Claims Process for Personal Injury
- Criminal Procedure Rules Committee Consultation
- Civil Court Fees
- Land Registration Rules and e-conveyancing Consultations.

Given this greater prominence of Law Reform work, ILEX believes that it is important to encourage more engagement from members. To this end, Law Reform Committee recommended that its role be reviewed. The Committee proposed that it, in its present form, should be abolished and that a regular report on Law Reform activities be made to Council. The Co-Chairs of the Law Reform Committee would become portfolio holders and continue to act as a link between the office and Council. It was felt that these changes would greatly increase ILEX's ability to respond to new developments and changing priorities during the course of a year. Moreover, it would have the advantage of keeping all members up-to-date with the Law Reform Agenda and encourage debate.

Law Reform Committee

ILEX's responses to consultations were picked up by Government, most notable being the acceptance of a statutory defect in the language of a proposed piece of criminal legislation.

ILEX continued to liaise with key Government's departments during the year, to keep up-to-date with legal and policy developments at a national level. These are mostly attended by officers, but if specialist knowledge is needed, they are attended by Council members.

ILEX recognises, that Law Reform is not merely a reactive activity, but a permanent activity for the public good. To this end, ILEX's Law Reform programme is not only inward looking but also outward looking and in the public interest. Perhaps more importantly, the Government has also recognised Law Reform as an important 'public interest' activity which is now performed by all the legal professional bodies.



Judith Gordon-Nichols
F.Inst.L.Ex.

Education Report

New Level 3 qualification development

The ILEX staff structure underwent significant change in 2007. All staff dealing with education policy, ILEX qualification and assessments, including all operational staff, were brought together into one department, now known as the Awards department. I am grateful for the considerable enthusiasm shown by the staff for their new team.

The Awards department successfully completed the development of the new Level 3 qualifications on time. Both the new Level 3 Certificate and Professional Diploma in Law and Practice were accredited by the Qualifications and Curriculum Authority (QCA) to the Qualifications and Credit Framework (QCF) in October 2007. Preparations continue to enable these new qualifications to be delivered by ILEX accredited centres from September 2008. The first assessment sessions of the new Level 3 qualifications will be in January 2009.

As part of the development of the new Level 3, an Operations Project Group and a Quality Assurance Project Group oversaw the internal systems and processes developments necessary to ensure the successful launch of the new qualifications. Projects involved diverse aspects of operational development, such as IT systems development, preparation of new centre accreditation arrangements and training of new assessment personnel.

Following a consultation exercise, the new qualifications have been welcomed by employers and centres. It is anticipated that the two credit-based qualifications will be attractive to all as they are unitised, and include skills-based assessment, offering opportunities to improve student retention, achievement and progression.

The Education Quality Assurance committee, working in partnership with Portsmouth University approved the first exemption to enable qualifying law graduates to progress into ILEX Membership. This exemption will encourage progression and confirms the Legal Executive qualification as an attractive choice for law graduates seeking a career in law.

The Awards committee, which approves the examination results, meets twice a year and targets for the acknowledgement of examination entries and the release of examination marks have been met.

The Awards department in conjunction with the Marketing and Communications department has delivered an effective communications plan to celebrate the accreditation of the new Level 3. This has included regular website updates and well attended information events for centres, tutors and employers.

New Level 6 qualification development

The Awards department has also begun the re-development of the existing Level 6 Professional Higher qualification. Consultation has taken place with stakeholders and a working model for the new Level 6 has been approved by Council. The development phase is expected to last until autumn 2008, when ILEX will seek accreditation of the new Level 6 units by QCA. The new Level 6 qualifications will be ready for delivery by centres from September 2009.

Education Committee

ILEX was chosen to participate in the Qualifications and Curriculum Authority's (QCA) test and trial process for the new Qualifications Credit Framework (QCF). In November, following a two-day inspection, the QCA completed a favourable post-accreditation monitoring report on the current Level 3 qualification.

ILEX continues to monitor the development of a new Qualifications and Credit Framework and the Solicitors Regulation Authority (now the regulatory body for the Law Society) Training Framework Review.

ILEX Paralegal Programmes

The partnership with City & Guilds continues to prosper with the number of accredited centres and students increasing. The new Legal Secretaries qualifications have been enthusiastically received. An online multiple choice test has been amongst the new developments this year. The Certificate in Vocational Paralegal Studies programme is currently being redeveloped and will be ready for September 2008.

ILEX was chosen to participate in the Qualifications and Curriculum Authority's (QCA) test and trial process for the new Qualifications Credit Framework (QCF)





Sarah Sharman
F.Inst.L.Ex.

Nick Hanning
F.Inst.L.Ex.

Noel Inge
Managing Director
ILEX Tutorial College (ITC)

Finance Report

ILEX Tutorial College (ITC) Report

The Accounts for the year ending 31 December 2007 reflect the start of the long anticipated period of transition ILEX needs in order to take advantage of the changes in the regulation of legal services.

Ensuring the provision of the best service and opportunities to both the public and our members requires the Institute to be ready to deliver a wide range of benefits, qualifications and career opportunities, all of which must be properly regulated by an independent body. After careful planning, Council has committed to an implementation strategy and work began in earnest during 2007.

In addition, 2007 saw long overdue and much needed building repair and improvement works undertaken to the Kempston Manor and ILEX Court buildings, increasing the available office space. Inevitably, this has required a significant investment with unavoidable expenditure. Against that background, the Institute as a whole made a loss after tax of £179,488 in 2007 and further losses are projected in 2008 and most probably into 2009 and 2010. Such an investment was the purpose of building reserves over the last few years and so, while the amount the Institute will need to contribute to the creation and running of the Legal Services Board still remains unknown, it should not be seen as a cause for alarm, although it is likely that there will need to be increases in membership fees in order to ensure ILEX has the resources needed to deliver.

Importantly, overall levels of revenue remain solid at over £6m, and reserves at £7m. This is a reflection not only of the retention of overall membership at over 23,000 (and an 8.7% increase in the number of Fellows over the last three years), but also of the accrued benefits of our relationship with City & Guilds and the successful work by ITC in business development.

2007 was another successful year for ILEX Tutorial College (ITC), with ILEX distance learning course sales performing particularly well. This was undoubtedly a product of the effort invested in producing innovative high quality courses coupled with excellent customer service. A notable success was the launch of ITC's new internet student area, which provides a flexible and effective e-learning platform.

Commercially ITC remained very active, with De Montfort University business levels holding up well despite fierce competition in the CPE and LPC provider market. Margins on criminal justice course business and Hong Kong exceeded expectations.

Thanks as usual go to the staff at ITC, whose professionalism and hard work have produced such satisfactory results.

Finance Report

Ensuring the provision of the best service and opportunities to both the public and our members requires the Institute to be ready to deliver a wide range of benefits, qualifications and career opportunities, all of which must be properly regulated by an independent body. After careful planning, Council has committed to an implementation strategy and work began in earnest during 2007.

Structural staff changes have been made, designed to provide a clearer focus on the issues of importance to ILEX and our members



Report of the Council

The Council have pleasure in presenting their report and the financial statements of the ILEX Group for the year ended 31st December 2007.

CONSTITUTION

The Institute of Legal Executives ("the Institute") is a company limited by guarantee and is governed by its memorandum and articles. The Institute is the sole share holder of a number of wholly owned subsidiary companies, which together with the Institute form the ILEX Group (the Group).

COUNCIL MEMBERS & DIRECTORS

The Council of the Institute are also its directors for the purposes of the Companies Act and throughout this report are collectively referred to as the Council. The business of the Institute is managed by the Council.

Council consists of up to not more than 27 Fellows elected as constituency members and 6 Fellows elected as specialist members.

MEMBERSHIP OF THE INSTITUTE

The members of the Institute are Fellows. A Fellow is a person admitted to membership of the Institute in accordance with the provisions of the articles of association. The council members are therefore also members of the Institute.

PRINCIPLE ACTIVITY AND REVIEW OF THE BUSINESS

The principle activity of the Group during the year was that of being the professional body for Legal Executives.

The Group has had another successful year and is in a sound financial position. It has been a year of transition, being the first year in which the activities of the Legal Executives Journal and Paralegal Programmes have been included in the accounts of the Institute.

A high level of investment has been made during the year, with the Manor building being fundamentally refurbished at a cost of £414,282.

RESULTS

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.

FIXED ASSETS

The main fixed assets of the Group are the freehold and leasehold properties comprising Kempston Manor, ILEX Court and College House and the surrounding land.

In March 2003 an independent valuation was carried out on the land and buildings. The valuation estimates the market value to be in excess of the book value if the site is sold for residential development.

COUNCIL AND THEIR INTERESTS

None of the Council had interests in the share capital or debentures of the Group at any time during the year.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

In so far as the Council are aware:

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

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

AUDITORS

Collett Hulance have signified their willingness to continue in office and a resolution to re-appoint them as auditor will be proposed at the Annual General Meeting.

RESPONSIBILITIES OF THE COUNCIL

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

Company law requires the Council to prepare financial statements for each financial year. Under that law the Council have elected to prepare the financial statements in accordance with International Financial Reports Standards (IFRSs) as adopted by the European Union and applicable law.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires faithful representation of the effect of transactions and events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out on the International Accounting Standards Board's 'Framework for the Preparation and Presentation of Financial Statements'. In virtually all situations, a fair presentation will be achieved by complying with all applicable IFRSs. In preparing these financial statements, the Council are also required to:

- select suitable accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group's financial position and financial performance; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Council 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 the Companies Act 1985 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Council have prepared this report in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Approved by the Council on 18 April 2008
and signed on its behalf by:

Mrs D Burleigh
Chief Executive

Independent Auditor's Report

We have audited the financial statements of The Institute of Legal Executives Group for the year ended 31 December 2007 which comprise the Consolidated Income Statement, Consolidated Statement of Changes in Equity, Consolidated Balance Sheet, Consolidated Cash Flow Statement and the related notes to the financial statements. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Institute's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Institute's members those matters we are required to state to them in an auditors' 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 Institute and the Institute's members as a body, for our audit work, for this report or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF COUNCIL AND AUDITORS

The Council's responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Responsibilities of the Council.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 (as applicable to Small Companies) and Article 4 of the IAS Regulation. We also report to you whether the information given in the Report of the Council is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company is not disclosed.

We read the Report of the Council and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

BASIS OF OPINION

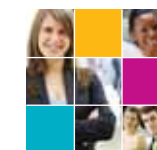
We conducted our audit work in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Council in preparation of the financial statements, and of whether the accounting policies are appropriate for the Company's circumstances consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give a reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs adopted by the European Union, of the state of the Company's affairs as at 31 December 2007 and of its deficit/surplus for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985 (as applicable to Small Companies) and article 4 of the IAS Regulation; and
- the information given in the Report of the Council is consistent with the financial statements.



Consolidated Income Statement

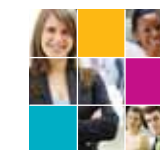
	Notes	2007	2006
		£	£
Revenue	3	6,614,828	6,407,876
Employee expenses	4	(2,938,807)	(2,777,039)
Depreciation and amortisation		(155,809)	(182,523)
Impairment losses		(7,978)	(2,244)
Other operating expenses		(3,898,870)	(3,186,686)
OPERATING (DEFICIT)/SURPLUS	5	(386,636)	259,384
Finance costs	6	–	(3,682)
Income from investments	7	335,326	294,097
(DEFICIT)/SURPLUS BEFORE TAX		(51,310)	549,799
Taxation	8	(128,178)	(40,864)
(DEFICIT)/SURPLUS FOR THE YEAR		(179,488)	508,935

All activities of the Group are classed as continuing.

The Company has taken advantage of section 230 of the Companies Act 1985 not to publish its own income statement.

The notes from pages 18 to 28 form part of these financial statements.

Consolidated Statement of Changes in Equity



	Retained earnings	Retained earnings
	2007	2006
	£	£
Balance at 1 January	7,326,117	6,817,182
(Deficit)/Surplus for the year	(179,488)	508,935
Total recognised expense for the year	(179,488)	508,935
Balance at 31 December	7,146,629	7,326,117

The notes from pages 18 to 28 form part of these financial statements.

Consolidated Balance Sheet

	Notes	2007	2006
		£	£
ASSETS			
Non Current Assets			
Property, plant and equipment	9	2,280,666	2,010,959
Intangible assets	10	35,098	27,657
Investments in subsidiaries at cost	11	101	101
Deferred tax	12	11,699	11,026
		2,327,564	2,049,743
Current Assets			
Inventories	13	38,496	53,712
Trade and other receivables	14	160,339	182,195
Prepayments	17	242,947	192,652
Cash and cash equivalents	18	6,422,876	6,615,551
		6,864,658	7,044,110
Total Assets		9,192,222	9,093,853
EQUITY			
Issued capital and Reserves			
Retained profits		7,146,629	7,326,117
Current Liabilities			
Deferred income		417,053	493,285
Tax payables		128,851	45,850
Trade and other payables	19	1,499,689	1,228,601
		2,045,593	1,767,736
Total Equity and Liabilities		9,192,222	9,093,853

Approved by the Council on 18 April 2008 and signed on its behalf by:

Mrs L C Graham,
President

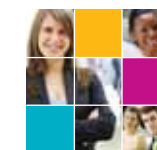
Ms S E Sharman,
Portfolio holder for finance

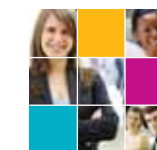
The notes from pages 18 to 28 form part of these financial statements.

Consolidated Cash Flow Statement

	2007	2006
	£	£
CASH FLOWS FROM OPERATING ACTIVITIES		
Total operating (Deficit)/Surplus	(179,488)	508,935
Adjustments to Reconcile to Surplus from Operations		
Interest expense	–	3,682
Interest income	(335,326)	(294,097)
Taxation	128,178	40,864
Adjustments to Reconcile to Surplus from Operations	(207,148)	(249,551)
Non-Cash Adjustments		
Depreciation	150,211	149,400
Amortisation of other intangible non-current assets	5,598	33,123
Impairment losses on property, plant and equipment	7,978	2,244
Gain/(loss) on derecognition of NCA not held for sale on property, plant and equipment	(2,345)	5,260
Non-Cash Adjustments	161,442	190,027
Cash Flows before Changes in Working Capital	(225,194)	449,411
Increase/(Decrease) in Working Capital		
Decrease in inventories	15,216	9,903
Decrease in trade and other receivables	21,856	258,015
(Increase)/Decrease in prepayments	(50,295)	10,141
Increase in trade and other payables	111,501	79,777
Decrease in deferred income	(76,232)	(91,623)
Increase in accruals	159,587	31,362
Increase/(Decrease) in Working Capital	181,633	297,575
Cash Flows from Operating Activities	(43,561)	746,986
Cash Flows used in Other Operating Activities		
Taxes paid	(45,849)	(130,929)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments to acquire property, plant and equipment	(455,089)	(149,065)
Receipts from sale of property, plant and equipment	16,498	24,850
Interest received, classified as investing	335,326	294,097
NET CASH FLOWS FROM INVESTING ACTIVITIES	(149,114)	38,953
NET CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of interest classified as financing	–	(3,682)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(192,675)	782,257
Cash and cash equivalents as at 1 January 2007	6,615,551	5,833,294
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER 2007	6,422,876	6,615,551

The notes from pages 18 to 28 form part of these financial statements.





Notes to the Consolidated Financial Statements

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

The Group's financial statements for the year were authorised for issue on 18 April 2008 and the consolidated balance sheet signed on the Council's behalf by Mrs L C Graham and Ms S E Sharman. The Institute of Legal Executives is a limited company incorporated and domiciled in England & Wales.

The Group and Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 1985. The principal accounting policies adopted by the Group and Company are set out in note 2.

The Company has taken advantage of the exemption provided under section 230 of the Companies Act 1985 not to publish its individual income statement and related notes.

2. ACCOUNTING POLICIES

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. All such revenue is reported net of discounts and value added and other sales taxes.

Distance learning course income

Revenue is recognised when students book their courses except where an element of the course is in respect of a revision day to be taken in a future accounting period in which case the income is deferred.

Subscriptions and exam fee income

Subscriptions and exam fee income is recognised on a received basis except where monies are received in respect of the following accounting period in which case they are shown as deferred income.

Advertising revenue

Advertising revenue is recognised by reference to stage of completion of each contract.

Interest income

Interest income is accrued on a time basis and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

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 balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet 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 surplus 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.

In order to hedge its exposure to certain foreign exchange risks, the Group enters into forward contracts and options.

On consolidation, the assets and liabilities of the Group's overseas operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

Taxation

The tax charge represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it furthers excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Property, plant and equipment

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

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

Long leasehold property	Over the life of the lease
Freehold property	Not depreciated
Motor vehicles	25% on reducing balance/cost
Fixtures, fittings and equipment	10%/20%/25% on reducing balance/cost
Computer equipment	25% on reducing balance/cost

Intangible assets

Other non-internally generated 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 values 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 basis:

Software	25% on reducing balance/cost
----------	------------------------------

Deferred tax

Deferred Tax is provided in full, using the balance sheet 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 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 liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, and interest in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred Tax is charged or credited to the consolidated income statement, 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.

The carrying amount of deferred tax assets is reviewed at each consolidated balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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.

Inventories

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

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

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 bad.

Other receivables are recognised at fair value.

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.

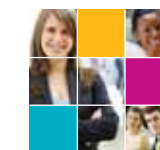
Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purposes of the consolidated cash flow statement.

Trade and other payables

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

Operating lease commitments

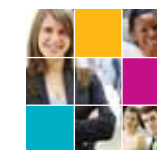
Operating leases payments are recognised as an expense in the consolidated income statement on a straight-line basis over the lease term.



3. SEGMENT INFORMATION

	Year ended 31 December 2007						
	Members subscriptions and registration fees	Examination income	Distance learning courses	Journal advertising revenue	Other operations	Unallocated	Total
	£	£	£	£	£	£	£
Revenue							
Sales to external customers	2,521,155	890,021	2,761,907	369,344	72,401	-	6,614,828
Results							
Segment results	1,690,275	189,417	1,306,882	(149,472)	22,769	(3,446,507)	(386,636)
Other non-operating income	-	-	-	-	-	335,326	335,326
	1,690,275	189,417	1,306,882	(149,472)	22,769	(3,111,181)	(51,310)
Taxation Surplus/(Deficit) for the year	-	-	-	-	-	(128,178)	(128,178)
	1,690,275	189,417	1,306,882	(149,472)	22,769	(3,239,359)	(179,488)
Assets and liabilities							
- Segment assets	50,693	-	143,118	31,087	-	-	224,898
- Unallocated assets	-	-	-	-	-	8,967,324	8,967,324
Total assets	50,693	-	143,118	31,087	-	8,967,324	9,192,222
- Segment liabilities	408,477	55,653	853,287	35,352	-	-	1,352,769
- Unallocated liabilities	-	-	-	-	-	692,824	692,824
Total liabilities	408,477	55,653	853,287	35,352	-	692,824	2,045,593

	Year ended 31 December 2006						
	Members subscriptions and registration fees	Examination income	Distance learning courses	Journal advertising revenue	Other operations	Unallocated	Total
	£	£	£	£	£	£	£
Revenue							
Sales to external customers	2,411,525	901,587	2,675,658	373,192	45,914	-	6,407,876
Results							
Segment results	1,519,804	436,817	1,263,512	11,838	18,167	(2,994,436)	255,702
Other non-operating income	-	-	-	-	-	294,097	294,097
	1,519,804	436,817	1,263,512	11,838	18,167	(2,700,339)	549,799
Taxation	-	-	-	-	-	(40,864)	(40,864)
Surplus for the year	1,519,804	436,817	1,263,512	11,838	18,167	(2,741,203)	508,935
Assets and liabilities							
- Segment assets	98,706	-	139,554	35,847	-	-	274,107
- Unallocated assets	-	-	-	-	-	8,819,746	8,819,746
Total assets	98,706	-	139,554	35,847	-	8,819,746	9,093,853
- Segment liabilities	488,166	37,229	760,908	21,321	-	-	1,307,624
- Unallocated liabilities	-	-	-	-	-	460,112	460,112
Total liabilities	488,166	37,229	760,908	21,321	-	460,112	1,767,736



4. EMPLOYEE EXPENSES

	2007	2006
	£	£
Wages and salaries	2,468,391	2,324,964
Short term employee benefits	24,567	22,120
Post employment expense for defined contribution plans	138,159	135,298
Other employee benefits	64,903	60,625
Social security costs	242,787	234,032
	<u>2,938,807</u>	<u>2,777,039</u>

	2007	2006
	No.	No.
The average monthly number of employees during the year was made up as follows:		
Administration	<u>98</u>	<u>97</u>

5. OPERATING SURPLUS

	2007	2006
	£	£
Operating (deficit)/surplus is stated after charging/(crediting) the following:		
(Gain)/loss on disposal of property, plant and equipment	<u>(2,345)</u>	<u>5,260</u>
Depreciation of property, plant and equipment	<u>155,809</u>	<u>182,523</u>
Net foreign currency differences	<u>60</u>	<u>2,591</u>
Operating leases:		
Present value of minimum lease payments	<u>56,853</u>	<u>46,611</u>
Auditor's remuneration – audit services	<u>32,993</u>	<u>34,063</u>
	<u>32,993</u>	<u>34,063</u>

6. FINANCE COSTS

	2007	2006
	£	£
Corporation tax interest	<u>-</u>	<u>3,672</u>

7. INCOME FROM INVESTMENTS

	2007	2006
	£	£
Interest earned on loans and deposits	<u>335,326</u>	<u>294,097</u>

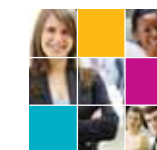
8. TAXATION

COMPONENTS OF TAX CHARGE

	2007	2006
	£	£
Current tax charge		
Current tax charge	128,851	45,849
Adjustments to current tax of prior period	-	1,963
Current tax charge	<u>128,851</u>	<u>47,812</u>
Deferred tax expense		
Relating to origination and reversal of temporary differences	(673)	(6,948)
Tax charge reported in income statement	<u>128,178</u>	<u>40,864</u>

RECONCILIATION OF TAX CHARGE TO ACCOUNTING SURPLUS

	2007	2006
	£	£
Tax at the current corporation tax rate of 30%	(15,993)	164,940
Tax effect of non taxable revenues	190,750	(103,295)
Tax effect of capital allowances	(2,915)	16,111
Tax effect of non deductible expenses	2,498	2,390
Tax effect of tutor reserve adjustment	(20,224)	(19,254)
Tax effect of Tax effect of marginal rate relief	(25,265)	(15,043)
Tax expense using effective rate	<u>128,851</u>	<u>45,849</u>



9. PROPERTY, PLANT AND EQUIPMENT

	At 31 December 2007					
	Freehold property	Long leasehold property	Motor vehicles	Fixtures and fittings	IT equipment	Total
	£	£	£	£	£	£
Cost						
At 1 January 2007	523,459	1,448,537	209,349	750,735	142,062	3,074,142
Additions	624,099	-	69,293	230,972	38,213	962,577
Disposals	-	(599,530)	(53,337)	(115,921)	(5,992)	(774,780)
At 31 December 2007	1,147,558	849,007	225,305	865,786	174,283	3,261,939
Depreciation						
At 1 January 2007	(95,943)	(205,545)	(83,764)	(574,016)	(103,915)	(1,063,183)
Disposals	-	74,119	39,579	108,500	5,037	227,235
Charge for year	(21,119)	(8,490)	(57,145)	(39,352)	(19,219)	(145,325)
At 31 December 2007	(117,062)	(139,916)	(101,330)	(504,868)	(118,097)	(981,273)
Net book value						
At 1 January 2007	427,516	1,242,992	125,585	176,719	38,147	2,010,959
At 31 December 2007	1,030,496	709,091	123,975	360,918	56,186	2,280,666

	At 31 December 2006					
	Freehold property	Long leasehold property	Motor vehicles	Fixtures and fittings	IT equipment	Total
	£	£	£	£	£	£
Cost						
At 1 January 2006	523,459	1,448,537	222,330	722,520	124,676	3,041,522
Additions	-	-	62,426	38,145	24,199	124,770
Disposals	-	-	(75,407)	(9,930)	(6,813)	(92,150)
At 31 December 2006	523,459	1,448,537	209,349	750,735	142,062	3,074,142
Depreciation						
At 1 January 2006	(92,284)	(191,059)	(80,035)	(517,026)	(93,175)	(973,579)
Disposals	-	-	45,297	7,836	6,663	59,796
Charge for year	(3,659)	(14,486)	(49,026)	(64,826)	(17,403)	(149,400)
At 31 December 2006	(95,943)	(205,545)	(83,764)	(574,016)	(103,915)	(1,063,183)
Net book value						
At 1 January 2006	431,175	1,257,478	142,295	205,494	31,501	2,067,943
At 31 December 2006	427,516	1,242,992	125,585	176,719	38,147	2,010,959

10. INTANGIBLE ASSETS

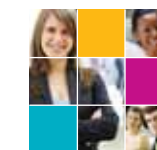
	2007	2006
	£	£
SOFTWARE		
Cost		
At 1 January	205,895	181,600
Additions	17,925	24,295
At 31 December	223,820	205,895
Amortisation		
At 1 January	(178,238)	(145,115)
Charge for the year	(10,484)	(33,123)
At 31 December	(188,722)	(178,238)
Carrying value		
At 1 January	27,657	36,485
At 31 December	35,098	27,657

11. INVESTMENTS IN SUBSIDIARIES

Name	Country of incorporation	% Ownership interest	% Voting rights
ITS (Law Tutors) Limited	United Kingdom	100	100
Legal Executive Training Limited	United Kingdom	100	100
ILEX Publishing and Advertising Services Limited	United Kingdom	100	100
ILEX (Paralegal Training) Limited	United Kingdom	100	100

12. DEFERRED TAX

	Balance sheet		Income statement	
	2007	2006	2007	2006
	£	£	£	£
Deferred tax liabilities				
Relating to depreciation	-	-	-	(282)
Gross Deferred Tax liabilities	-	-	-	-
Deferred tax assets				
Relating to depreciation	11,699	11,026	(673)	(6,666)
Deferred Tax charge	-	-	(673)	(6,948)
Net Deferred Tax	11,699	11,026	-	-



13. INVENTORIES

	2007	2006
	£	£
Merchandise (At cost)	6,635	14,785
Other inventories (At cost)	31,861	38,927
	<u>38,496</u>	<u>53,712</u>

14. TRADE AND OTHER RECEIVABLES

	2007	2006
	£	£
Receivable from trade customers	148,879	172,393
Tax receivables	11,460	9,802
	<u>160,339</u>	<u>182,195</u>

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

15. FINANCIAL INSTRUMENTS

	Carrying amount		Fair value	
	2007	2006	2007	2006
	£	£	£	£
Financial assets				
Cash and cash equivalents	6,422,876	6,615,551	6,422,876	6,615,551
Trade and other receivables	148,879	172,393	148,879	172,393
Financial liabilities				
Trade and other payables	(227,025)	(199,730)	(227,025)	(199,730)

16. RELATED PARTY TRANSACTIONS

SUBSIDIARIES

The consolidated financial statements include the financial statements of the Institute of Legal Executives and the subsidiaries listed in the following table:

Name	Principal activity	Country of incorporation	% Interest 2007	% Interest 2006
ILEX Tutorial College Limited	the provision of study manuals and courses for examinations in law	United Kingdom	100	100

KEY MANAGEMENT COMPENSATION

	2007	2006
	£	£
Wages and salaries	189,660	304,583
Post employment benefits: Defined contribution	15,173	23,315
Social security costs	22,945	36,412
Other employee benefits	17,741	32,110
	<u>245,519</u>	<u>396,420</u>

17. PREPAYMENTS

	2007	2006
	£	£
Current Prepayment	242,947	192,652

18. CASH AND CASH EQUIVALENTS

For the purposes of the consolidated cash flow statement, cash and cash equivalents comprise the following at 31 December 2007.

	2007	2006
	£	£
Cash on hand	1,633	1,043
Cash at bank	194,739	125,307
Short term deposits	6,226,504	6,489,201
	<u>6,422,876</u>	<u>6,615,551</u>

19. TRADE AND OTHER PAYABLES

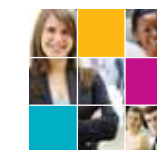
	2007	2006
	£	£
Payable to trade suppliers	227,025	199,730
Other payables	451,794	382,015
Accrued liabilities	628,043	466,456
Tax payable	192,827	180,400
	<u>1,499,689</u>	<u>1,228,601</u>

20. OPERATING LEASE COMMITMENTS

At 31 December 2007 the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2007	2006
	£	£
Less than one year	49,672	49,192
Later than one year but less than five years	198,688	6,090
Later than five years	1,998	-
	<u>250,358</u>	<u>55,282</u>

Company Balance sheet



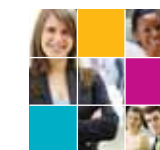
	Notes	2007	2006
		£	£
ASSETS			
Non Current Assets			
Property, plant and equipment	21	1,434,814	602,226
Intangible assets	22	14,878	14,720
Investments in subsidiaries at cost	23	620,399	1,247,394
		<u>2,070,091</u>	<u>1,864,340</u>
Current Assets			
Inventories	24	4,141	-
Trade and other receivables	25	235,563	1,192,380
Prepayments	28	196,727	99,077
Cash and cash equivalents	29	1,069,703	1,838,716
		<u>1,506,134</u>	<u>3,130,173</u>
Total Assets		<u>3,576,225</u>	<u>4,994,513</u>
EQUITY			
Issued Capital and Reserves			
Retained profits		2,714,290	4,228,761
Current Liabilities			
Deferred income		417,053	493,285
Tax payables		32,428	24,318
Trade and other payables	30	412,454	248,149
		<u>861,935</u>	<u>765,752</u>
Total Equity and Liabilities		<u>3,576,225</u>	<u>4,994,513</u>

Approved by the Board on 18 April 2008 and signed on its behalf by:

Mrs L C Graham,
President

Ms S E Sharman,
Portfolio holder for finance

The notes from pages 30 to 33 form part of these financial statements.



Notes to the Company Balance sheet

21. PROPERTY, PLANT AND EQUIPMENT

	At 31 December 2007				
	Freehold property	Motor vehicles	Fixtures and fittings	IT equipment	Total
	£	£	£	£	£
Cost					
At 1 January 2007	523,459	133,347	228,776	69,159	954,731
Additions	624,009	68,587	214,162	34,611	941,459
Disposals	-	(38,456)	(4,465)	(2,736)	(45,657)
At 31 December 2007	1,147,558	163,478	438,463	101,034	1,850,533
Depreciation					
At 1 January 2007	(95,943)	(50,764)	(167,425)	(38,373)	(352,505)
Disposals	-	24,698	2,850	1,782	29,330
Charge for year	(21,119)	(41,688)	(14,480)	(15,257)	(92,544)
At 31 December 2007	(117,062)	(67,754)	(179,055)	(51,848)	(415,719)
Net book value					
At 1 January 2007	427,516	82,583	61,341	30,786	602,226
At 31 December 2007	1,030,496	95,724	259,408	49,186	1,434,814

	At 31 December 2006				
	Freehold property	Motor vehicles	Fixtures and fittings	IT equipment	Total
	£	£	£	£	£
Cost					
At 1 January 2006	523,459	145,602	232,020	49,121	950,202
Additions	-	49,711	638	21,387	71,736
Disposals	-	(61,966)	(3,892)	(1,349)	(67,207)
At 31 December 2006	523,459	133,347	228,766	69,159	954,731
Depreciation					
At 1 January 2006	(92,284)	(56,030)	(162,277)	(33,249)	(343,840)
Disposals	-	36,369	1,890	1,312	39,571
Charge for year	(3,659)	(31,103)	(7,038)	(6,436)	(48,236)
At 31 December 2006	(95,943)	(50,764)	(167,425)	(38,373)	(352,505)
Net book value					
At 1 January 2006	431,175	89,572	69,743	15,872	606,362
At 31 December 2006	427,516	82,583	61,341	30,786	602,226

22. INTANGIBLE ASSETS

	2007	2006
	£	£
SOFTWARE		
Cost		
At 1 January	32,819	19,724
Additions	5,042	13,095
At 31 December	37,861	32,819
Amortisation		
At 1 January	(18,099)	(17,341)
Charge for the year	(4,884)	(758)
At 31 December	(22,983)	(18,099)
Carrying value		
At 1 January	14,720	2,383
At 31 December	14,878	14,720

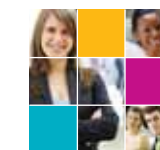
23. INVESTMENTS IN SUBSIDIARIES

The Institute's investments in the ordinary share capital of unlisted companies at the balance sheet date comprise the following:

Name	Country of incorporation	% Ownership interest	% Voting rights
ILEX Tutorial College Limited	United Kingdom	100	100
ILEX Publishing and Advertising Services Limited	United Kingdom	100	100
ITS (Law Tutors) Limited	United Kingdom	100	100
ILEX (Paralegal Training) Limited	United Kingdom	100	100
Legal Executive Training Limited	United Kingdom	100	100

24. INVENTORIES

	2007	2006
	£	£
Publicity goods (At cost)	863	-
Course books (At cost)	3,278	-
	4,141	-



25. TRADE AND OTHER RECEIVABLES

	2007	2006
	£	£
Receivable from trade customers	40,115	19,980
Receivable from related parties	183,988	1,162,860
Tax receivables	11,460	9,540
	<u>235,563</u>	<u>1,192,380</u>

26. FINANCIAL INSTRUMENTS

	Carrying amount		Fair value	
	2007	2006	2007	2006
	£	£	£	£
Financial assets				
Cash and cash equivalents	1,069,703	1,838,716	1,069,703	1,838,716
Trade and other receivables	224,103	1,182,840	224,103	1,182,840
Financial liabilities				
Trade and other payables	(167,394)	(123,082)	(167,394)	(123,082)

27. RELATED PARTY TRANSACTIONS

TRADING ACTIVITIES

During the year the Institute received income from subsidiary companies totalling £256,726 (2006: £762,914) in relation to expenditure it had incurred on their behalf and later recharged at cost to them. Similarly the Institute was also charged £69,381 (2006: £231,130) by subsidiary companies for expenditure they had incurred on its behalf, which was also recharged at cost.

REIMBURSEMENT OF EXPENDITURE

During the year the Institute reimbursed out of pocket expenses to Council Members in respect of travel and other necessary expenses incurred in performing their council duties of £110,166 (2006: £105,866).

RECEIVABLE FROM RELATED PARTIES

	2007	2006
	£	£
Receivable from subsidiary companies	183,988	1,162,860

27. Continued

KEY MANAGEMENT COMPENSATION	2007	2006
	£	£
Wages and salaries	95,803	140,080
Post employment benefits: Defined contribution	7,664	10,558
Social security costs	11,599	16,966
Benefits in kind	10,010	15,628
	<u>125,076</u>	<u>183,232</u>

28. PREPAYMENTS

	2007	2006
	£	£
Current		
Prepayment	196,727	99,077

29. CASH AND CASH EQUIVALENTS

	2007	2006
	£	£
Cash on hand	1,133	500
Cash at bank	168,570	88,216
Short-term deposits	900,000	1,750,000
	<u>1,069,703</u>	<u>1,838,716</u>

30. TRADE AND OTHER PAYABLES

	2007	2006
	£	£
Payable to trade suppliers	167,394	123,082
Accrued liabilities	178,340	61,275
Tax payable	66,720	63,792
	<u>412,454</u>	<u>248,149</u>

31. SHARE CAPITAL

The Institute is a company limited by guarantee and therefore has no share capital.

Report of the Trustees

The Trustees have pleasure in presenting their report and the financial statements of the Charity for the year ended 31 December 2007.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Charity Name The Institute Of Legal Executives Benevolent Fund
Charity Registration Number 295527

THE TRUSTEES

The Trustees who served the Charity during the period were as follows:

- J D Watkins
- Mrs D Burleigh
- Miss J Arram

Auditor

Collett Hulance, Chartered Accountants
40 Kimbolton Road, Bedford MK40 2NR

STRUCTURE, GOVERNANCE AND MANAGEMENT

Legal Status

The Benevolent Fund registered as a charity on 27th February 1987 and is governed by its Trust Deed dated 19th May 1987.

Organisation

The Institute of Legal Executives appoints all new Trustees who hold office for a term of five years and are then eligible for reappointment.

The Trustees hold at least two meetings in each year. Day to day administration of the Charity is delegated to employees of the Institute.

Reserves Policy

As the Institute of Legal Executives bears the majority of the Charity's administrative costs, the Trustees do not have a specific figure for the level of free reserves required (that is those funds not tied up in fixed assets) to continue the Charity's activities. The Trustees are hopeful that they will be able to maintain the Charity's free reserves at the level required in order to assist persons in need, as and when required.

Risk Management

The Trustees have assessed the major risks to which the Charity is exposed and are satisfied that systems are in place to mitigate the Charity's exposure to those risks.

OBJECTIVES 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 of Legal Executives and their families or dependents. Assistance is given by payment of grants or by providing advice and information.

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

We are here to help all members and/or their dependents; both financially and with appropriate advice. We hope that members will make a point of letting us know of any others in need, as they may be reluctant to approach us themselves.

ACHIEVEMENTS, PERFORMANCE AND FINANCIAL REVIEW

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

PLANS FOR FUTURE PERIODS

The Charity intends to continue to provide financial support and advice to members and/or their dependents as may be required.

ACKNOWLEDGEMENTS

The Trustees are grateful to all those who have contributed in any way to its work during 2007.

We appreciate any help members can give in ensuring that we can provide support to all those who have reason to ask us for it. We can assure members from the grateful letters we receive that the assistance we provide is highly appreciated. Please help us to ensure that this can continue.

RESPONSIBILITIES OF THE TRUSTEES

Law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Charity and of the surplus or deficit of the Charity for that period.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in operation.

RESPONSIBILITIES OF THE TRUSTEES

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Charity and which enable them to ensure that the financial statements comply with the Charities Act 1993. The Trustees are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITOR

A resolution to re-appoint Collett Hulance as auditor for the ensuing year will be proposed at the Annual General Meeting.

Signed on behalf of the Board of Trustees

Mrs D Burleigh
Trustee
18 April 2008

Independent Auditor's Report

To the Trustees of the Institute of Legal Executives Benevolent Fund

We have audited the financial statements of the Institute of Legal Executives Benevolent Fund for the year ended 31 December 2007 on pages 36 to 41 which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and the accounting policies set out on page 38.

This report is made solely to the Charity's Trustees, as a body, in accordance with section 44 of the Charities Act 1993. Our audit work has been undertaken so that we might state to the Charity's Trustees 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 Charity and the Charity's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE TRUSTEES AND AUDITOR

The responsibilities of the Trustees for preparing the Trustees Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Responsibilities of the Trustees on pages 34.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993, and whether the information given in the Trustees Annual Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Charity has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Trustees Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION

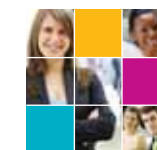
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Charity's affairs as at 31 December 2007 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended; and
- have been properly prepared in accordance with the Charities Act 1993.



Statement of Financial Activities

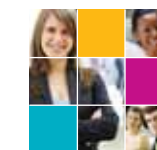
		Total Funds	Total Funds
	Notes	2007	2006
		£	£
INCOMING RESOURCES			
Incoming resources from generating funds:			
Voluntary income	2	3,888	13,742
Investment income	3	9,521	7,349
Total Incoming Resources		13,409	21,091
RESOURCES EXPENDED			
Charitable activities	4/5	(6,553)	(12,641)
Total Resources Expended		(6,553)	(12,641)
Net incoming resources before other recognised gains and losses		6,856	8,450
Other recognised gains and losses			
Gains on investment assets		(305)	(2959)
Net movement in funds		6,551	5,491
Reconciliation of funds			
Total funds brought forward		167,549	162,058
Total funds carried forward		174,100	167,549

The Statement of Financial Activities includes all gains and losses in the year and therefore a statement of total recognised gains and losses has not been prepared.

All of the above amounts relate to continuing activities.

The notes from pages 38 to 41 form part of these financial statements.

Balance Sheet



	Notes	2007	2006
		£	£
Fixed Assets			
Investments	8	43,391	43,696
Current Assets			
Debtors	9	411	660
Cash at bank		130,298	123,193
Net Current Assets		130,709	123,853
Total Assets		174,100	167,549
Funds			
Unrestricted income funds	10	174,100	167,549
Total Funds		174,100	167,549

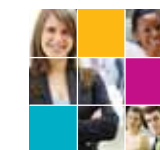
The notes from pages 38 to 41 form part of these financial statements.

These financial statements were approved by the Board of Trustees on the 18 April 2008 and are signed on their behalf by:

Mrs D Burleigh
Trustee

Miss J Arram
Trustee

Notes to the Financial Statements



1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, except for investments which are included at market value and the revaluation of certain fixed assets, and in accordance with applicable United Kingdom accounting standards, the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005 (SORP 2005) and the Charities Act 1993.

Incoming resources

Income from interest and donations is accounted for when receivable.

Resources expended

Expenses are recorded on an accruals basis.

Grants

The Trustees decide, based on applications received from persons in need, to whom grants of assistance should be made. Grants are made to help persons in financial difficulties due to unemployment, illness or other misfortune.

Fund accounting

The unrestricted general funds are funds which can be used in accordance with the charitable objects at the discretion of the Trustees.

Fixed asset investments

All fixed assets are initially recorded at cost, and revalued annually to market values

2. VOLUNTARY INCOME

Donations

Donations and gifts

	Unrestricted Funds	Total Funds	Total Funds
		2007	2006
	£	£	£
	3,888	3,888	13,742

3. INVESTMENT INCOME

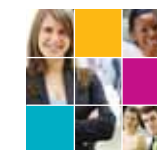
	Unrestricted Funds	Total Funds	Total Funds
		2007	2006
	£	£	£
Bank interest receivable	339	339	235
Fixed asset investments	3,137	3,137	3,137
Money market	6,045	6,045	3,977
	<u>9,521</u>	<u>9,521</u>	<u>7,349</u>

4. COSTS OF CHARITABLE ACTIVITIES BY FUND TYPE

	Unrestricted Funds	Total Funds	Total Funds
		2007	2006
	£	£	£
Grants for assistance	2,336	2,336	7,874
Subscriptions, course fees and exam fee grants	4,043	4,043	4,644
Support costs	174	174	123
	<u>6,553</u>	<u>6,553</u>	<u>12,641</u>

5. COSTS OF CHARITABLE ACTIVITIES BY ACTIVITY TYPE

	Activities undertaken directly	Support Costs	Total Funds	Total Funds
			2007	2006
	£	£	£	£
Grants for assistance	2,336	64	2,400	7,951
Subscriptions, course fees and exam fee grants	4,043	110	4,153	4,690
	<u>6,379</u>	<u>174</u>	<u>6,553</u>	<u>12,641</u>



6. ANALYSIS OF SUPPORT COSTS

	Grants for assistance	Subscriptions, course fees and exam fee grants	Total 2007	Total 2006
	£	£	£	£
Bank charges	64	110	174	123

The support costs have been allocated to activities based on the value of direct costs incurred.

7. PRIOR YEAR ADJUSTMENT

No salaries or wages have been paid to employees, including the Board of Trustees, during the year.

8. INVESTMENTS

MOVEMENT IN MARKET VALUE

	2007	2006
	£	£
Market value at 1 January	43,696	46,655
Net losses on revaluations in the year ended 31 December	(305)	(2,959)
Market value at 31 December	43,391	43,696
Historical cost at 31 December	49,471	49,471

Total Funds **Total Funds**

ANALYSIS OF INVESTMENTS AT 31 DECEMBER 2007 BETWEEN FUNDS

	2007	2006
	£	£
Listed investments	43,391	43,696
UK Quoted fixed interest Securities		

9. DEBTORS

	2007	2006
	£	£
Prepayments and accrued income	411	660

10. UNRESTRICTED INCOME FUNDS

	Balance at 1 Jan 2007	Incoming resources	Outgoing resources	Gains and losses	Balance at 31 Dec 2007
	£	£	£	£	£
General Funds	167,549	13,409	(6,553)	(305)	174,100

11. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Investment	Net current assets	Total
	£	£	£
Unrestricted Income Funds	43,391	130,709	174,100
Total Funds	43,391	130,709	174,100



Institute of Legal Executives

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