

**Institute of Legal Executives**

# Annual Report & Accounts

To 31 December 2010





# Annual Report & Accounts 2010

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For the year ended 31 December 2010

# Officers & Professional Advisors

**Company registration number**

00235139

**The Council**

D McGrady (President)  
S A Silver (Vice President)  
N Hanning (Deputy Vice President)  
K Barrett  
G Birchnall (appointed – 3 March 2010)  
M Bishop  
M Callan  
D J Edwards  
F Edwards  
M French (retired – 26 November 2010)  
J Gordon-Nichols  
S Gowland  
L C Graham  
J A Hughes  
V L Loughnane (appointed – 26 November 2010)  
K McCarthy  
R N Palmer  
R G Ralph  
M A Reeves  
L J Shaw  
D S Slow

**Company secretary**

D Burleigh

**IPS Board**

A Kershaw (Chair)  
S Barton  
P Bligh-Cheesman (appointed 3 December 2010)  
T Brown  
H Daniels  
F Essat  
A Middleton  
N Smedley (Resigned 15 July 2010)

**Registered office**

Kempston Manor  
Kempston  
Bedford  
MK42 7AB

**Current auditor**

Collett Hulance LLP  
Chartered Certified Accountants & Registered Auditors  
40 Kimbolton Road  
Bedford  
MK40 2NR

**Bankers**

National Westminster Plc  
81 High Street  
Bedford  
MK40 1NE

15 July 2011

# Notice of Annual General Meeting (AGM)

**NOTICE IS GIVEN** that the **ANNUAL GENERAL MEETING** of the Institute of Legal Executives will be held at 4.00 pm on Friday 15 July at Crewe Hall, Weston Road, Crewe, Cheshire, CW1 6UZ to transact the following business:

1. To receive the Minutes of the Annual General Meeting held on 8 July 2010.
2. The President's Address.
3. To receive the Accounts of the Institute of Legal Executives Group for the period ended 31 December 2010, 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 2010.

**4. Ordinary Resolution:**

To re-appoint 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

A resolution is being put to a General Meeting on 20 May 2011 to amend the Articles of Association to abolish proxy voting and replace it with a procedure for postal voting after general meetings if the Council has decided that a postal vote should take place on any particular resolution.

### 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 2010. 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 re-appoint 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 15 July 2011.

### Further Information

Copies of the Articles of Association appear on ILEX's website at [www.ilex.org.uk](http://www.ilex.org.uk).

ILEX is registered in England as a Company Limited by Guarantee – No. 00235139.

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Dated: 29 April 2011  
By Order of the Council  
Diane Burleigh  
Chief Executive



**Diane Burleigh**

# Message from the Chief Executive

## **Staff and Council Members Code of Conduct**

In 2010 the Council reviewed and approved the Code of Conduct which governs the ethical approach to our work. All of the ILEX Group staff and Council members subscribe to the same values in the conduct of their work for ILEX. No complaints were received.

## **ILEX Reserves Policy**

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

## **Regulation**

The ILEX Regulatory Committee, and the Council, have continued to respond to consultations issued by the Legal Services Board (LSB) including its draft Business Plan and Annual Budget. The Committee has also ensured that it has responded to consultations issued by other regulatory bodies, in particular the Solicitors Regulation Authority (SRA). ILEX, as the Approved Regulator under the Legal Services Act 2007, has had to develop a three year budget and business plan to meet Legal Service Board requirements. Together with ILEX Professional Standards Limited (IPS), as required by the Legal Services Act, we were able to demonstrate our compliance with the Internal Governance Rules developed by the LSB. In fact, of all of the Approved Regulators and their regulatory arms, ILEX and IPS proved to be the most compliant.

## **Equality, Diversity and Accessibility**

All new members of staff and Council members have undertaken diversity training during 2010 to meet our obligations. Council has established a Welsh Forum to better enable it to receive advice on Wales and Welsh law related matters. The President, Vice-President and I attended the Legal Wales Conference held in Caernarfon in October 2010.

## **Profile Raising**

During 2010 we created two new professional video DVDs, promoting the benefits of ILEX to potential students and employers. Advertisements were placed in a number of publications including Butterworths Law Directory; Young Lawyer magazine; Solicitors Journal; Practice Management magazine and The Times Student Supplement. Working with 'Not Going to Uni'; the Law Careers Net; Prospects; Real World magazine; Ultimate Law Guide and All About Law, our Communications and Marketing team were able to create greater awareness of the ILEX route to qualification. Ongoing consumer PR profile raising using a London-based PR agency secured coverage worth £394,000 with a return on investment of £13.46 for every £1 spent and these ILEX articles reached a total of nearly 168 million people.

Specifically during the weeks leading up to the 'A' Level and GCSE result days the in-house team secured coverage worth £200,000 and over 14 million heard about the ILEX route to qualification in papers, on BBC radio and via the Internet.

## **Events**

The Communications and Marketing team again worked with internal colleagues and the Judicial Appointments Commission to host five workshops which were attended by over 180 members. The Annual Presidential Lunch at Clothworkers Hall, London was attended by 130 people. For the first time in many years there was an ILEX National Conference in March 2010 which was limited to 200 attendees. Speakers included the Hon. Justice Dobbs, plus a roundtable panel debate centred around Dr. Dianne Hayter and Chris Kenny of the LSB, Alan Kershaw of the IPS and Eddie Ryan of the Co-operative Legal Services.

## **Kempston Manor and Membership Issues**

In early October 2010 a project to enable members to register on-line was completed and launched. Costs and efficiency gains are in the region of £10,000 per annum.

New membership grades were introduced to better emphasise the career development route from student to Fellowship, and to encourage new membership. The task of migrating members into the new grades was completed successfully.

There was a focus on cutting costs of administration with significant unit savings on electricity, re-negotiated contracts resulting in significant savings on print and copy, postage, maintenance contracts and motor vehicle purchase. In order to keep a tight control on spend, a new group-wide purchase manual has been developed whilst a new purchasing system will enable speedier and closer monitoring of expenditure.

**Diane Burleigh**  
Chief Executive



**David McGrady** F.Inst.L.Ex.

## Message from the President

A year of great challenges. A year of great achievements. A year for concerns but also a year for optimism. 2010, a year of contrasts? You may not feel that the above sums up 2010 for you, but it certainly sums up the year for ILEX.

A contracting economy, redundancies, firm closures, changes in legal aid and external regulatory issues generated problems and concerns during the year. These were, however, tempered by much positive news, such as the arrival of our first Judge and the continued expansion in the numbers of our partners. By the end of the year we had over 100 Legal Executive partners in law firms. 2010 was certainly a year when glass ceilings were shattered.

The prospects for the future will be better if reforms introduced by Alternative Business Structures (ABSS) give us greater choice and freedom in terms of with whom and how we practice, and if our applications for extended rights are granted.

Despite the economic climate and severe reductions in investment income requiring a major re-think of our approach, ILEX remains financially sound with a solid membership base. The new membership grades are proving attractive and our qualifications, following recent changes, are seeing record numbers of students - both for our ILEX and City & Guilds courses.

ILEX Professional Standards (IPS) has shown itself to be an independently-minded regulator that has stayed in touch with the practicalities relevant to those who work in the law. In a few short years it has earned the respect it set out to achieve in the regulatory world.

I have been impressed by the enthusiasm of branch members as I have toured around the country attending various functions. Their belief in ILEX has restored and rejuvenated my own belief in the branch network and I have been pleased to see new branches opened in York, Southampton and Coventry, and re-launched branches emerge in North Wales and Chester. I have been particularly pleased to see the establishment of the ILEX Welsh Forum and the focus and development upon Welsh issues by our members there.

ILEX is now respected inside and outside the profession and I have had the opportunity to meet and discuss ILEX-related matters with the Lord Chancellor, Attorney General, Lord Chief Justice, Master of the Rolls and many other senior judicial and political figures. Our opinion is now actively sought on all issues relating to the profession. More importantly, our views are considered and acted upon.

I have had particular pleasure in developing ILEX's Diversity Policy. We are an organisation where 74% of our members are female and 14% are from an ethnic background. More importantly, the vast majority of our members are from socio-economic backgrounds that are not as widely represented in the other professions. We bring diversity to the legal profession and now to the judiciary. Without us the profession will return to being the exclusive province of a social and financial elite.

ILEX is taking its place on the world stage and continues to expand the network of countries where its qualifications are taught. We are now developing productive relationships with Government departments.

This year, ILEX has concentrated on improving the quality of service that it gives to you - its members - and to providing a better standard of delivery of the service that you pay for. The popularity of the MyILEX web portal has grown, with over half the membership already utilising the benefits such as on-line membership subscriptions and Continuing Professional Development (CPD) registration facilities.

Pro Bono continues to receive support, although ILEX insists that it can never be viewed as an alternative to Legal Aid. The Joint ILEX Bar Pro Bono Unit (JIB) scheme has now been launched and is gaining in popularity with our members.

I must of course thank all our staff and my fellow Council Members, particularly my Vice and Deputy Vice Presidents, who with me have dealt with the challenges that have arisen during the year. They have done so much to help and preserve and develop the identity of ILEX and ensure its bright future.

**David McGrady** F.Inst.L.Ex.  
President



**Alan Kershaw** Chair

## ILEX Professional Standards Ltd (IPS)

2010 has been a busy and successful year for IPS built on the solid foundations of governance and visibility established in 2009. IPS and ILEX have continued to work harmoniously to develop a soundly based structure of professional leadership and regulation to reinforce the high reputation of Legal Executive lawyers in the provision of legal services.

We began the year with the launch of the IPS website – on time and reflecting the fresh, new house style agreed by the IPS Board.

In March we formally launched IPS, at a happy event attended by many well-wishers led by Lord Hunt of Wirral. Coming some time after the company was established, it provided us with an opportunity also to launch the new Code of Conduct for ILEX members. The Code, approved and commended by the Legal Services Board (LSB), was well received. Headed by a statement of nine fundamental principles, amounting in all to just 60 words, it sets out clearly and succinctly all we believe an ILEX member needs to know to be able to operate, safely and competently, as a professional lawyer.

The applications for litigation and probate rights and for Associate Prosecutors' litigation and advocacy rights, carried over from the old procedures managed by the Ministry of Justice, were all drafted for submission to the LSB and taken through the statutory consultation process. We also made good progress with the conveyancing and criminal litigation rights applications. Consultations on those were concluded by the end of the year. The ABS working group began development of an application for ILEX to become a licensing authority under the Legal Services Act 2007. Work continues on that into 2011.

We progressed work on the development of new, more robust criteria for assessing the experience of members applying to become Fellows. We had hoped to complete this project during 2010 but knew, following consultation, that there was more work to do. We will advance this in 2011, through the new Admissions and Licensing Committee which we established at the end of the year. This Committee replaces the former Qualifying Employment and Advocacy Rights Committees. We are grateful for the time and expertise of Council and other members of those Committees who stepped down at the end of 2010 to make way for the new Committee.

One of our Board members, Dr Nick Smedley, resigned during the year, recognising a conflict of interest in respect of new consultancy work he took on. We thank him for his contribution to the establishment of IPS, particularly for his work on the website. We were delighted to welcome Patrick

Bligh-Cheesman to the Board in his place. Patrick's appointment enabled us to refocus his portfolio from 'visibility and image' to 'stakeholder engagement'. This area of work will become increasingly important following the launch of the new Legal Ombudsman's office in October 2010.

IPS issued guidance to ILEX members about the launch of the Ombudsman scheme and their obligations in relation to 'first tier' complaints handling. We also signed off two memoranda of understanding with the Legal Ombudsman setting out the basis on which our organisations will cooperate and liaise on complaints handling.

During the year ILEX and IPS successfully signed off their required joint certificate regarding independent governance. The principles established in the ILEX/IPS Protocols provided us with an effective platform to meet the LSB's rules. A handful of straightforward issues raised by the LSB were addressed by the end of the year. We agreed a new annexe to the Protocols, with ILEX dealing with educational matters, and also agreed a service level agreement in accordance with the terms of the Protocols. We worked with ILEX on the setting of the annual practice fee for Fellows. ILEX has to show that practice fees raised from Fellows are allocated only to regulatory matters, or to purposes permitted by the Legal Services Act. Together, we were able to satisfy the LSB regarding this.

Fitness to practise and complaints handling are a highly visible part of IPS's work. During the year the new complaints and disciplinary rules came into effect. They have largely worked well. Relevant training was provided to panel members and we appointed two new members to the Disciplinary Tribunal panel. We established a publication policy to determine how long decisions of the disciplinary bodies remain on the public record. We also introduced indicative sanctions guidance, to make sure decisions on penalties for misconduct are consistent. We developed proposals for appraising conduct and disciplinary panel members. There was an increase in cases of examination misconduct referred to IPS, which has resulted in overall casework being substantially up from 2009 – 41 cases compared with 18. IPS will be working with the ILEX awards team to reduce the number of these cases.

The Board continued to monitor risks to IPS arising from the environment it works in, and to assess the organisation's performance against key performance indicators. Board evaluation and appraisals of Board members provided clear evidence of the good working relationships they have established with each other, the staff and colleagues in ILEX.

David McGrady F.Inst.L.Ex.

## Equality & Diversity

During the year IPS continued its involvement with the Bar Standards Board (BSB) and the Solicitors Regulation Authority (SRA) on the development of a scheme for assuring advocacy standards in criminal cases. Towards the end of the year, the LSB prompted the regulatory bodies to undertake substantive research on the types of education, training and qualifications which the legal services sector will need in the next 10 years. As the year ended, we were working with the other regulatory bodies to commission that research and establish suitable governance arrangements for the review.

The LSB began some research towards the end of the year with those bodies it defined as 'smaller regulators'. In practice, that meant any legal regulatory body that is not the SRA or the BSB. They want to assess how well their regulatory regime works for them. ILEX is, by some distance, the largest of these 'smaller regulators': IPS in fact oversees the fitness to practise of more individuals than the BSB. We have in the past already had informal discussions with the other bodies about sharing the resources and facilities required for regulation under the Act. These have not produced anything concrete as yet; but this piece of work by the LSB, and the radical thinking it has provoked within IPS, could see some interesting developments around this theme in 2011.

We look forward to continuing our work on these issues during 2011. Securing practice rights and becoming an ABS regulator are arguably the most significant developments for ILEX and its members since ILEX was formed almost 50 years ago – and possibly for consumers as well. We need to conclude the applications successfully, and the work on defining qualifying employment. We will make a start on a fundamental review of continuing professional development – something we were not able to do during 2010 – and expect it will continue beyond the end of 2011.

Following its launch in 2008, we continued to make good progress with our Single Equality and Diversity Scheme and Action Plan, which neared completion at the end of 2010. Work commenced on developing a new Action Plan to encompass the new requirements of the Equalities Act 2010. We continue to be re-accredited for the disability symbol Two Ticks 'positive about disabled people'.

ILEX represented its members on a range of committees including the Judicial Diversity Taskforce, Minority Lawyers' Planning Committee and the LSB Equality and Diversity Forum. Social mobility and diversity within the legal profession remain high on our list of priorities for 2011 and beyond.



**Alan Kershaw**  
Chair, IPS



**Nick Hanning** F.Inst.L.Ex.

## Pro Bono

### Pro Bono

The ILEX Pro Bono Forum was established in 2002 and consists of ILEX Council members, ILEX members and ILEX officers. The aims of the Forum are to encourage members to participate in pro bono work, support those members already involved with pro bono work and to highlight pro bono work by ILEX members.

2010 was a busy year for the ILEX Pro Bono Forum. On 29 March the JIB scheme was officially launched at a special reception hosted by the Attorney General in London. At its meeting in July, Judith Gordon-Nichols was appointed Chair. The National Pro Bono Centre was officially launched on 19 October, which houses the profession's national clearing houses for legal pro bono work delivered in England and Wales: the Bar Pro Bono Unit, LawWorks (the Solicitors' Pro Bono Group) and the ILEX Pro Bono Forum.

### Pro Bono Medal

Each year the ILEX Pro Bono Forum awards an ILEX Pro Bono Medal to an outstanding ILEX member who has given generously of their time and expertise on an unpaid basis outside of their employment. Presented at the 2010 President's Luncheon, our 2009 medal winner, Philip Warford, of Renaissance Legal, donated the £750 prize equally between Mencap, Age Concern Brighton Hove Portslade and the Carers Centre for Brighton and Hove. Sponsored by Peverel Management Services, Philip also received a commemorative trophy and certificate.

**Larry Shaw** F.Inst.L.Ex. **Mary French** F.Inst.L.Ex.

## Law Reform

Part of the brief of the Corporate Affairs Department is Law Reform: to recommend ways of simplifying, updating and improving the law in the interest of our members and the wider public interest. To this end, the Law Reform staff develop and consider proposals for law reform and submit views to the Government and others where appropriate.

To ensure that our consultation responses are given due weight by the relevant government departments and others that would result in laws which are just, principled, responsive and easy to understand, we sit on various Government Committees and law reform forums: for example, amongst others, the Criminal Consultative Panel; the Civil Contracts Consultative Group, the PACE Strategy Board, and the Judicial Appointments Forum. ILEX submitted over 21 consultation responses for the period ending 2010.

Throughout 2010, the Corporate Affairs Department has continued to inform various government departments, MPs and Peers of matters of concern to ILEX and its members by

- Briefings to MPs.
- Responding to Calls for Evidence.
- Monitoring draft bills.
- Regular dialogue with other Approved Regulators.

It is critical for ILEX to engage with our members who are at the 'coal face' of practice and are therefore able to assist in facilitating an informed response to many consultations, together with the development of policy.

Some notable achievements for 2010 were as follows:

- ILEX's top ten to number Ten (a briefing to MPs in respect of issues of concern to ILEX)
- Influencing the safe guarding of fundamental rights under the Police and Criminal Evidence Act
- Call for Evidence paper on referral fee (this attracted a huge response from our members)
- Increasing and improving our standing amongst the various government departments, stakeholders and the other legal bodies.

Julie Hughes was appointed as the new non-contentious portfolio holder, following Mary French's retirement from Council.

**Keith Barrett** F.Inst.L.Ex.

# Awards, Performance & Strategy Committee

## Professional qualifications

In January 2010 the Office of Qualifications and Examination Regulation (Ofqual) confirmed that ILEX achieved supplementary recognition for both Level 3 Professional Diploma in Law and Practice and Level 6 Professional Higher Diploma in Law and Practice. Both qualifications remain accredited on the Qualifications Credit Framework (QCF). This extensive piece of work, which enabled ILEX to remain an approved awarding organisation, included changes to the Awards processes and a training programme for assessors and centres including the new professional skills units.

2010 saw the Awards team meet the challenge of delivering both the new unitised Level 3 Professional Diploma in Law and Practice and the Level 6 Professional Higher Diploma in Law qualifications. Feedback from a range of stakeholder consultations has been positive.

In January and June the Level 3 Professional Diploma in Law and Practice assessments were successfully delivered and over 13,000 units completed. The Level 3 comprises 17 assessments. January saw the first delivery of five assessments for the new Level 6 Professional Higher Diploma in Law and Practice and this provided a platform for the June examinations when all 21 assessments were delivered, with a total of over 2,900 units.

The Awards team continues to work with over 80 assessment personnel to produce the ILEX examinations assessments.

The June examination session results were delivered online to students, beating the original planned delivery date by six months. Summer also saw the posting of the new online examination entry form.

Following an Awards team initiative to highlight opportunities provided by the new Graduate Fast Track Diploma, over 15 accredited centres are now delivering this qualification. The appeal of the Diploma is demonstrated in the approval of over 160 Graduate Fast Track exemptions. The profile of the ILEX professional qualifications continues to rise and in October 40 university law departments were sent information about careers opportunities with ILEX.

The Awards team continues to monitor the funding status of the professional qualifications against the background threats to the continued public funding of qualifications.

## Quality Assurance

The Awards team continues to report effectively to the Awards Performance and Strategy Committee which has an oversight role in supporting the delivery of the professional qualifications. As part of compliance with Ofqual regulations,

the Awards team has successfully embedded a culture of self-assessment of its work.

The Awards team was charged by IPS with the review of ILEX's requirement for qualifying employment. In July a paper was presented to the IPS Admissions and Licensing Working Party on proposals for a new ILEX workbased learning scheme including learning outcomes and a log book. In October a joint consultation between ILEX and IPS was completed with 27 responses received including from the SRA, the Law Society, the Bar Standards Board and employers. The consultation will be used by the working party to take this work forward.

As part of the Awards team's customised awards programme, ILEX has endorsed a Civil Litigation Paralegal award.

Evolving from ILEX Tutorial College's (ITC) work with the Crown Prosecution Service (CPS), an ILEX Level 2 Criminal Prosecution Administration was accredited to the QCF.

The Awards team has developed an essential risk-based monitoring system to monitor and evaluate accredited centre and awards activity risk. Work has also continued to monitor the development of personal learner records for students.

Other strategic work continued to raise ILEX's profile as an approved awarding organisation. This included responses to consultations from Ofqual, participation in the Federation of Awarding Bodies Professional Institutes' forum and in an evaluation of the UK Vocational Qualifications Reform programme.

## ILEX Legal Secretary and Paralegal Programmes

It has been a very successful year for the ILEX partnership with City & Guilds, with record numbers registering for both the Legal Secretaries and the Legal Studies programmes. It is hoped that these numbers can be maintained for the coming year but this will be against the backdrop of reduced public funding. Particular interest has been for the Diploma for Legal Secretaries combined with the Legal Studies units and it is hoped that this route will continue to thrive.

Work has also started on the redevelopment of Level 3 Diploma in Vocational Paralegal Studies and interest has centred on the development of the equality and diversity unit.

**Nick Hanning** F.Inst.L.Ex.

## Finance

### **The Annual Report for Accounts to 31 December 2010**

The Accounts for the ILEX Group for the year ended 31 December 2010 unfortunately show a distorted position owing to the application of accounting principles in the treatment of levies payable to the Legal Services Board (LSB).

The underlying financial performance of the Group is that both ILEX and ITC achieved modest improvements against budget of £38,205 and £99,860 respectively. However, the timing of the LSB's Statutory Instrument and payment notices, and the periods to which they relate, dictate that £358,628 previously allocated to different financial periods be charged to this year.

Consequently the correctly reported position for statutory accounts purposes, an overall deficit before tax of £514,689, is significantly worse than the true 'cash' position which is a deficit of £156,061 as against a budgeted deficit of £294,126.

This accurately reflects a steady year of consolidation and continued investment in new regulatory and training frameworks. 2010 has seen the submission of applications for new practice rights, the development of regulation of Alternative Business Structures and the reviews of Qualifying Employment and CPD nearing completion.

The need for continued development and associated investment lies at the heart of ILEX's ongoing strategy to position itself as both the educator and the regulator of choice for the mainstream legal profession.

As ever, I would like to thank the Financial Department of ILEX and all the staff for their continued display of commitment and excellence in continuing challenging conditions.

**Noel Inge** Managing Director

## ILEX Tutorial College (ITC)

### **ILEX Tutorial College (ITC)**

The expected economic upturn in 2010 was weaker than anticipated, but ITC nonetheless performed well.

Particular highlights of 2010 included the finalising of agreements between ITC and Manchester Metropolitan University for the first national LLB in Legal Practice by distance learning. This programme, launching in September 2011, is a qualifying law degree that enables graduates to join ILEX as Graduate Members without further study.

Several successful initiatives were launched to enhance ILEX students' learning experience with ITC. Three Law Support Teachers were appointed as part of a pilot scheme to provide face-to-face tuition support in the regions. Students and sponsoring employers have spoken very positively about this development.

The quality of ITC's customer service continued to receive plaudits and was frequently recognised by employers and students as being of a very high standard. This was, and is, attributable to all of the staff at ITC. Plainly our investment in training coupled with our employees' hard work and dedication has proved to be effective.

Our partnership with De Montfort University for the delivery of their open learning GDL and LPC programmes has been renewed. Both parties have worked hard in the face of fierce competition from large providers. Although there has been a significant fall nationally in the number of students entering post graduate vocational legal education, concerted marketing efforts plus seamless customer service from ITC ensured that we did not lose market share in 2010.

Finally, we have agreed a revised agreement with Chinese University SCS for the delivery of a localised course in Hong Kong. The new arrangement means that ITC will take greater responsibility for marketing and course management.

# Report of the Council

The Council have pleasure in presenting their report and the financial statements of the Institute of Legal Executives Group for the year ended 31 December 2010.

## 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 shareholder of a number of wholly owned subsidiary companies, which together with the Institute form the ILEX Group (the Group).

## COUNCIL MEMBERS AND 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.

## PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

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

The results for the year reflect the inclusion of the Group's share of the setting up and running costs of the Legal Services Board (LSB) as required under the Legal Services Act 2007. The Group's share of these costs totalled £501,284.

Despite these additional costs, the Group remains in a sound financial position.

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, College House and the surrounding land.

The Council are of the opinion that there is no significant difference between the market value and the book value of the land and buildings.

## 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 LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

## STATEMENT OF COUNCILS' RESPONSIBILITIES

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 Reporting 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 Group's financial position, financial performance and cash flows. This requires faithful representation of the effect of transactions, other 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 2006 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 are 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.

The Council have prepared this report in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Approved by the Council on 26 March 2011  
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 2010 which comprise the Consolidated Income Statement, Consolidated Statement of Changes in Equity, Consolidated Statement of Financial Position, Consolidated 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 (IFRSs) as adopted by the European Union.

This report is made solely to the Institute's members, as a body, in accordance with Section 495 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Institute's members those matters we are required 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

As explained more fully in the Statement of Councils' Responsibilities, set out on page 11, the Council are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

## SCOPE OF THE AUDIT OF THE FINANCIAL ACCOUNTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the Institute's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Council; and the overall presentation of the financial statements.

## 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 Institute'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 ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2010 and of its deficit for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all of the information and explanations we require for our audit.

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Lynden Philip Richardson FCCA (Senior Statutory Auditor)  
For and on behalf of:

### Collett Hulace LLP

Chartered Certified Accountants and Registered Auditors  
40 Kimbolton Road  
Bedford  
MK40 2NR

8 April 2011

For the year ended 31 December 2010

## Consolidated Income Statement

	Notes	2010	2009
		£	£
Revenue		6,363,871	6,464,152
Employee expenses	4	(3,440,468)	(3,252,244)
Depreciation and amortisation		(199,050)	(179,189)
Other operating expenses		(3,159,968)	(2,789,684)
Exceptionals, other operating expenses	5	(250,070)	–
<b>OPERATING (DEFICIT)/SURPLUS</b>	6	<b>(685,685)</b>	<b>243,035</b>
Income from investments	7	170,996	248,929
<b>(DEFICIT)/SURPLUS BEFORE TAX</b>		<b>(514,689)</b>	491,964
Taxation	8	3,385	(72,318)
<b>(DEFICIT)/SURPLUS FOR THE YEAR</b>		<b>(511,304)</b>	<b>419,646</b>

All activities of the Group are classed as continuing.

The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own income statement.

The notes from pages 17 to 27 form part of these financial statements.

## Consolidated Statement of Changes in Equity

	Retained earnings	Retained earnings
	2010	2009
	£	£
Balance at 1 January	7,625,397	7,205,751
(Deficit)/Surplus for the year	(511,304)	419,646
Total recognised (expense)/income for the year	(511,304)	419,646
Balance at 31 December	7,114,093	7,625,397

The notes from pages 17 to 27 form part of these financial statements.

As at 31 December 2010

# Consolidated Statement of Financial Position

	Notes	2010	2009
<b>ASSETS</b>		£	£
<b>Non Current Assets</b>			
Property, plant and equipment	9	2,185,572	2,156,246
Intangible assets	10	133,632	42,460
Investments in subsidiaries at cost	11	101	101
		2,319,305	2,198,807
<b>Current Assets</b>			
Inventories	14	36,807	27,712
Trade and other receivables	15	217,011	153,794
Prepayments	16	319,786	287,362
Cash and cash equivalents	17	7,167,063	7,462,661
		7,740,667	7,931,529
<b>Total Assets</b>		10,059,972	10,130,336
<b>EQUITY</b>			
<b>Issued Capital and Reserves</b>			
Retained funds		7,114,093	7,625,397
<b>LIABILITIES</b>			
<b>Non Current Liabilities</b>			
Deferred tax payables	18	28,514	7,441
Trade and other payables	19	82,523	–
		111,037	7,441
<b>Current Liabilities</b>			
Deferred income		1,152,700	1,027,942
Tax payables		–	87,566
Trade and other payables	19	1,682,142	1,381,990
		2,834,842	2,497,498
<b>Total Equity and Liabilities</b>		10,059,972	10,130,336

Approved by the Council on 26 March 2011 and signed on its behalf by:

D McGrady  
President

N Hanning  
Portfolio holder for finance

Company registration number: 00235139

The notes from pages 17 to 27 form part of these financial statements.

## Consolidated Cash Flow Statement

	2010	2009
	£	£
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Total operating (deficit)/surplus	(511,304)	419,646
<b>(Deficit)/Surplus from Operations</b>		
Interest income	(170,996)	(248,929)
Taxation expense	-	94,856
Income tax credit	(3,385)	(22,538)
<b>Adjustments to Reconcile to (Deficit)/Surplus from Operations</b>	<b>(174,381)</b>	<b>(176,611)</b>
<b>Non-Cash Adjustments</b>	<b>(685,685)</b>	<b>243,035</b>
Depreciation	166,277	164,221
Amortisation of other intangible non-current assets	32,773	14,968
Gain/(loss) on derecognition of NCA not held for sale on property, plant and equipment	(13,362)	(10,069)
<b>Non-Cash Adjustments</b>	<b>185,688</b>	<b>169,120</b>
<b>Cash Flows before Changes in Working Capital</b>	<b>(499,997)</b>	<b>412,155</b>
<b>Increase in Working Capital</b>		
(Increase)/Decrease in inventories	(9,095)	1,028
(Increase)/Decrease in trade and other receivables	(38,998)	56,023
(Increase) in prepayments	(32,424)	(60,048)
Increase/(Decrease) in trade and other payables	173,373	(143,911)
Increase in deferred income	124,758	362,130
Increase in accruals	209,302	122,015
<b>Increase in Working Capital</b>	<b>426,916</b>	<b>337,237</b>
<b>CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES</b>	<b>(73,081)</b>	<b>749,392</b>
<b>Cash Flows used in Other Operating Activities</b>		
Taxes refunded	-	21,785
Taxes paid	(87,327)	(39,841)
<b>Cash Flows Used in Other Operating Activities</b>	<b>(87,327)</b>	<b>(18,056)</b>
<b>Net Cash Flows (Used in)/From Operating Activities</b>	<b>(160,408)</b>	<b>731,336</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments to acquire property, plant and equipment	(207,741)	(90,264)
Payments to acquire intangible assets	(123,945)	(29,418)
Receipts from sale of property, plant and equipment	25,500	33,350
Interest received, classified as investing	170,996	248,929
<b>NET CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES</b>	<b>(135,190)</b>	<b>162,597</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(295,598)</b>	<b>893,933</b>
Cash and cash equivalents as at 1 January 2010	7,462,661	6,568,728
<b>CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER 2010</b>	<b>7,167,063</b>	<b>7,462,661</b>

The notes from pages 17 to 27 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 26 March 2011 and the consolidated statement of financial position signed on the Council's behalf by D McGrady and N Hanning. The Institute of Legal Executives Group is a limited company incorporated and domiciled in England & Wales.

The Group'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 2006. The principal accounting policies adopted by the Group are set out in note 2.

## 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 for where an element of the course is in respect of a revision session to be taken in a future accounting period in which case the revenue 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 statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the statement of financial position 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 deficit 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

Taxation expense 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

Notes to the Consolidated Financial Statements *continued*

that are taxable or deductible in other years and it further 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 statement of financial position 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 bases:

Long leasehold property	Over the life of the lease
Freehold property	2% on cost
Motor vehicles	25% on cost
Fixtures and fittings	10%/20% on reducing balance/on cost
IT equipment	25% on reducing balance/on 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 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 reducing balance/on cost.

**Inventories**

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

Costs incurred in bringing each product to its present location and condition are determined on a first in first out basis and comprise purchase cost, cost of direct material and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

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 fifteen months or less.

**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 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) of 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 statement of financial position 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.

**Trade and other payables**

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

**Operating lease commitments**

Operating lease 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 2010

	Distance learning courses	Membership	Awards & International	Journal	Regulatory	Other operations	Unallocated	Total
	£	£	£	£	£	£	£	£
<b>Revenue</b>								
Sales to external customers	2,331,369	2,719,647	1,103,271	160,527	21,643	27,414	-	6,363,871
<b>Results</b>								
Segment results	64,730	1,908,462	(285,400)	(307,447)	-	(2,066,030)	-	(685,685)
Other non-operating income	-	-	-	-	-	-	170,996	170,996
	64,730	1,908,462	(285,400)	(307,447)	-	(2,066,030)	170,996	(514,689)
Tax expense	-	-	-	-	-	-	3,385	3,385
Deficit for the year	64,730	1,908,462	(285,400)	(307,447)	-	(2,066,030)	174,381	(511,304)
<b>Assets and liabilities</b>								
- Segment assets	7,572,057	-	-	-	-	-	-	7,572,057
- Unallocated assets	-	-	-	-	-	-	2,487,915	2,487,915
Total assets	7,572,057	-	-	-	-	-	2,487,915	10,059,972
- Segment liabilities	1,136,322	774,803	377,897	-	-	-	-	2,289,022
- Unallocated liabilities	-	-	-	-	-	-	656,857	656,857
Total liabilities	1,136,322	774,803	377,897	-	-	-	656,857	2,945,879

**3. SEGMENT INFORMATION** *continued*

	Year ended 31 December 2009							Total
	Distance learning courses	Membership	Awards & International	Journal	Regulatory	Other operations	Unallocated	
	£	£	£	£	£	£	£	£
<b>Revenue</b>								
Sales to external customers	2,357,069	2,546,527	1,409,361	141,575	8,063	1,557	-	6,464,152
<b>Results</b>								
Segment results	334,419	1,765,976	(55,142)	(319,713)	-	(1,482,505)	-	243,035
Other non-operating income	-	-	-	-	-	-	248,929	248,929
	334,419	1,765,976	(55,142)	(319,713)	-	(1,482,505)	248,929	491,964
Tax expense	-	-	-	-	-	-	(72,318)	(72,318)
Surplus for the year	334,419	1,765,976	(55,142)	(319,713)	-	(1,482,505)	176,611	419,646
<b>Assets and liabilities</b>								
- Segment assets	7,531,144	-	-	-	-	-	-	7,531,144
- Unallocated assets	-	-	-	-	-	-	2,599,192	2,599,192
Total assets	7,531,144	-	-	-	-	-	2,599,192	10,130,336
- Segment liabilities	1,129,085	787,113	240,829	-	-	-	-	2,157,027
- Unallocated liabilities	-	-	-	-	-	-	347,912	347,912
Total liabilities	1,129,085	787,113	240,829	-	-	-	347,912	2,504,939

#### 4. EMPLOYEE EXPENSES

	2010	2009
	£	£
Wages and salaries	2,896,359	2,757,452
Short term employee benefits	33,079	31,069
Post employment expense for defined contribution plans	185,591	160,800
Other employee benefits	49,187	36,581
Social security costs	276,252	266,342
	<u>3,440,468</u>	<u>3,252,244</u>
	No.	No.
The average monthly number of employees during the year was made up as follows:		
Administration	<u>103</u>	<u>102</u>

#### 5. EXCEPTIONAL ITEMS

	2010	2009
	£	£
Legal Services Board set-up costs	<u>(250,070)</u>	<u>-</u>

Under the Legal Services Act 2007, the Group was required to contribute to the setting up costs of the Legal Services Board. This is a one off cost incurred in 2010.

#### 6. OPERATING (DEFICIT)/SURPLUS

	2010	2009
	£	£
Operating (deficit)/surplus is stated after charging/(crediting) the following:		
Profit on disposal of property, plant and equipment	<u>(13,362)</u>	<u>(10,072)</u>
Depreciation of property, plant and equipment	<u>199,050</u>	<u>179,189</u>
Net foreign currency differences	<u>(2,150)</u>	<u>2,089</u>
Operating leases:		
Present value of minimum lease payments	<u>54,803</u>	<u>52,107</u>
Auditor's remuneration – audit services	<u>39,100</u>	<u>37,528</u>

Notes to the Consolidated Financial Statements *continued*

**7. INCOME FROM INVESTMENTS**

	2010	2009
	£	£
Interest earned on loans and deposits	170,996	248,929

**8. TAXATION**

COMPONENTS OF TAXATION	2010	2009
	£	£
<b>Current tax expense</b>		
Current tax charge	(24,219)	87,566
Adjustments to current tax of prior period	(239)	(22,538)
Current tax expense	(24,458)	65,028
<b>Deferred tax charge</b>		
Relating to origination and reversal of temporary differences	21,073	7,290
Taxation reported in income statement	(3,385)	72,318

RECONCILIATION OF TAX CHARGE TO ACCOUNTING (DEFICIT)/SURPLUS	2010	2009
	£	£
Tax at the domestic income tax rate of 28%	(144,113)	137,750
Tax effect of non taxable revenues	137,863	(41,386)
Tax effect of capital allowances	(17,873)	(4,351)
Tax effect of non deductible expenses	265	(274)
Tax effect of other tax rates	905	-
Tax effect of marginal rate relief	(1,266)	(4,173)
Tax expense using effective rate	(24,219)	87,566

## 9. PROPERTY, PLANT AND EQUIPMENT

	At 31 December 2010					
	Freehold Property	Long Leasehold Property	Motor Vehicles	Fixtures and Fittings	IT Equipment	Total
	£	£	£	£	£	£
<b>Cost</b>						
At 1 January 2010	1,147,558	849,007	189,628	782,530	159,479	3,128,202
Additions	-	-	142,252	50,052	15,437	207,741
Disposals	-	-	(69,294)	(10,801)	-	(80,095)
At 31 December 2010	1,147,558	849,007	262,586	821,781	174,916	3,255,848
<b>Depreciation</b>						
At 1 January 2010	(151,164)	(156,896)	(66,890)	(469,637)	(127,369)	(971,956)
Disposals	-	-	58,030	9,927	-	67,957
Charge for year	(17,051)	(8,490)	(53,436)	(66,972)	(20,328)	(166,277)
At 31 December 2010	(168,215)	(165,386)	(62,296)	(526,682)	(147,697)	(1,070,276)
<b>Net book value</b>						
At 1 January 2010	996,394	692,111	122,738	312,893	32,110	2,156,246
At 31 December 2010	979,343	683,621	200,290	295,099	27,219	2,185,572

	At 31 December 2009					
	Freehold Property	Long Leasehold Property	Motor Vehicles	Fixtures and Fittings	IT Equipment	Total
	£	£	£	£	£	£
<b>Cost</b>						
At 1 January 2009	1,147,558	849,007	194,735	776,803	150,208	3,118,311
Additions	-	-	75,266	5,727	9,271	90,264
Disposals	-	-	(80,373)	-	-	(80,373)
At 31 December 2009	1,147,558	849,007	189,628	782,530	159,479	3,128,202
<b>Depreciation</b>						
At 1 January 2009	(134,113)	(148,406)	(76,062)	(399,904)	(106,343)	(864,828)
Disposals	-	-	57,093	-	-	57,093
Charge for year	(17,051)	(8,490)	(47,921)	(69,733)	(21,026)	(164,221)
At 31 December 2009	(151,164)	(156,896)	(66,890)	(469,637)	(127,369)	(971,956)
<b>Net book value</b>						
At 1 January 2009	1,013,445	700,601	118,673	376,899	43,865	2,253,483
At 31 December 2009	996,394	692,111	122,738	312,893	32,110	2,156,246

Notes to the Consolidated Financial Statements *continued*

**10. INTANGIBLE ASSETS**

<b>SOFTWARE</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
<b>Cost</b>		
At 1 January	258,063	228,645
Additions	123,945	29,418
At 31 December	382,008	258,063
<b>Amortisation</b>		
At 1 January	(215,603)	(200,635)
Charge for the year	(32,773)	(14,968)
At 31 December	(248,376)	(215,603)
<b>Carrying value</b>		
At 1 January	42,460	28,010
At 31 December	133,632	42,460

**11. INVESTMENTS IN SUBSIDIARIES**

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

The above companies have remained dormant throughout the year.

**12. FINANCIAL INSTRUMENTS**

	<b>Carrying amount</b>		<b>Fair value</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Financial assets</b>				
Cash and cash equivalents	7,167,063	7,462,661	7,167,063	7,462,661
Trade and other receivables	172,491	139,909	172,491	139,909
<b>Financial liabilities</b>				
Trade and other payables	(361,562)	(218,457)	(361,562)	(218,457)

### 13. 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 2010	% Interest 2009
ILEX Tutorial College Limited	the provision of study manuals and courses for examinations in law	United Kingdom	100	100
ILEX Professional Standards Limited	to perform duties as the independent regulators of members of the Institute	United Kingdom	100	100

#### KEY MANAGEMENT COMPENSATION

	2010	2009
	£	£
Wages and salaries	202,786	198,413
Post employment benefits: Defined contribution	15,914	15,718
Social security costs	24,493	23,965
Benefits in kind	17,553	18,512
	<u>260,746</u>	<u>256,608</u>

### 14. INVENTORIES

	2010	2009
	£	£
Coursebooks and manuals (At cost)	7,876	7,619
Stationery (At cost)	28,931	20,093
	<u>36,807</u>	<u>27,712</u>

Notes to the Consolidated Financial Statements *continued*

**15. TRADE AND OTHER RECEIVABLES**

	2010	2009
	£	£
Receivable from trade customers	172,491	139,909
Tax receivables	44,520	13,885
	217,011	153,794

Amounts receivable from trade customers are non-interest bearing and are generally on 30-90 day terms.

**16. PREPAYMENTS**

	2010	2009
	£	£
<b>Current</b>		
Prepayments	319,786	287,362

**17. CASH AND CASH EQUIVALENTS**

For the purposes of the consolidated cash flow statement, cash and cash equivalents comprise the following at 31 December 2010.

	2010	2009
	£	£
Cash on hand	1,913	1,500
Cash at bank	1,913,235	1,380,989
Short-term deposits	5,251,915	6,080,172
	7,167,063	7,462,661

**18. DEFERRED TAX**

	Statement of Financial Position		Income statement	
	2010	2009	2010	2009
	£	£	£	£
<b>Deferred tax liabilities</b>				
Relating to depreciation	(28,514)	(7,441)	21,073	7,290

## 19. TRADE AND OTHER PAYABLES

	2010	2009
	£	£
<b>Non current</b>		
Payable to trade suppliers	82,523	–
<b>Current</b>		
Payable to trade suppliers	279,039	218,457
Other payables	314,176	279,389
Accrued liabilities	930,870	721,568
Tax payable	158,057	162,576
	<u>1,682,142</u>	<u>1,381,990</u>

Non current payables relate to set-up costs of the Legal Services Board which are payable by 31st March 2012.

## 20. OPERATING LEASE COMMITMENTS

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

	2010	2009
	£	£
Less than one year	52,472	52,472
Later than one year but less than five years	58,466	110,938
	<u>110,938</u>	<u>163,410</u>

# Company Statement of Financial Position

	Notes	2010	2009
<b>ASSETS</b>		£	£
<b>Non Current Assets</b>			
Property, plant and equipment	21	1,356,684	1,319,040
Intangible assets	22	22,840	11,361
Investments in subsidiaries at cost	23	620,400	620,400
		1,999,924	1,950,801
<b>Current Assets</b>			
Inventories	26	2,801	2,973
Trade and other receivables	27	1,058,811	979,434
Prepayments	28	182,696	174,420
Cash and cash equivalents	29	826,664	1,024,441
		2,070,972	2,181,268
<b>Total Assets</b>		4,070,896	4,132,069
<b>EQUITY</b>			
<b>Issued Capital and Reserves</b>			
Retained funds		2,261,336	2,763,653
<b>LIABILITIES</b>			
<b>Non Current Liabilities</b>			
Trade and other payables	31	82,523	–
<b>Current Liabilities</b>			
Deferred income		1,152,700	1,027,942
Tax payables		–	2,779
Trade and other payables	31	574,337	337,695
		1,727,037	1,368,416
<b>Total Equity and Liabilities</b>		4,070,896	4,132,069

Approved by the Board on 26 March 2011 and signed on its behalf by:

D McGrady  
President

Mr N Hanning,  
Portfolio holder for finance

Company registration number: 00235139.

The notes from pages 29 to 32 form part of these financial statements.

# Notes to the Company Financial Statements

## 21. PROPERTY, PLANT AND EQUIPMENT

At 31 December 2010

	Freehold Property	Motor Vehicles	Fixtures and Fittings	IT Equipment	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 January 2010	1,147,558	148,567	303,980	79,041	1,679,146
Additions	–	98,212	43,708	7,575	149,495
Disposals	–	(54,299)	–	–	(54,299)
At 31 December 2010	1,147,558	192,480	347,688	86,616	1,774,342
<b>Depreciation</b>					
At 1 January 2010	(151,164)	(54,254)	(99,370)	(55,318)	(360,106)
Disposals	–	45,222	–	–	45,222
Charge for year	(17,051)	(40,839)	(29,507)	(15,377)	(102,774)
At 31 December 2010	(168,215)	(49,871)	(128,877)	(70,695)	(417,658)
<b>Net book value</b>					
At 1 January 2010	996,394	94,313	204,610	23,723	1,319,040
At 31 December 2010	979,343	142,609	218,811	15,921	1,356,684

At 31 December 2009

	Freehold Property	Motor Vehicles	Fixtures and Fittings	IT Equipment	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 January 2009	1,147,558	149,078	298,818	72,020	1,667,474
Additions	–	49,200	5,162	7,021	61,383
Disposals	–	(49,711)	–	–	(49,711)
At 31 December 2009	1,147,558	148,567	303,980	79,041	1,679,146
<b>Depreciation</b>					
At 1 January 2009	(134,113)	(57,781)	(70,710)	(38,640)	(301,244)
Disposals	–	40,406	–	–	40,406
Charge for year	(17,051)	(36,879)	(28,660)	(16,678)	(99,268)
At 31 December 2009	(151,164)	(54,254)	(99,370)	(55,318)	(360,106)
<b>Net book value</b>					
At 1 January 2009	1,013,445	91,297	228,108	33,380	1,366,230
At 31 December 2009	996,394	94,313	204,610	23,723	1,319,040

Notes to the Company Financial Statements *continued*

**22. INTANGIBLE ASSETS**

<b>SOFTWARE</b>	<b>2010</b>	<b>2009</b>
	£	£
<b>Cost</b>		
At 1 January	46,229	42,686
Additions	20,919	3,543
At 31 December	67,148	46,229
<b>Amortisation</b>		
At 1 January	(34,868)	(28,876)
Charge for the year	(9,440)	(5,992)
At 31 December	(44,308)	(34,868)
<b>Carrying value</b>		
At 1 January	11,361	13,810
At 31 December	22,840	11,361

**23. INVESTMENTS IN SUBSIDIARIES**

The Institute's investments in the ordinary share capital of unlisted companies at the statement of financial position date comprise the following:

<b>Name</b>	<b>Country of incorporation</b>	<b>% Ownership interest</b>	<b>% Voting rights</b>
ILEX Tutorial College Limited	United Kingdom	100	100
ILEX Publishing and Advertising 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
ILEX Professional Standards Limited	United Kingdom	100	100

**24. FINANCIAL INSTRUMENTS**

	<b>Carrying amount</b>		<b>Fair value</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	£	£	£	£
<b>Financial assets</b>				
Cash and cash equivalents	826,664	1,024,441	826,664	1,024,441
Trade and other receivables	1,035,805	965,549	1,035,805	965,549
<b>Financial liabilities</b>				
Trade and other payables	(253,494)	(148,995)	(253,494)	(148,995)

## 25. RELATED PARTY TRANSACTIONS

The Institute was under the control of the Council throughout the current and previous year.

### TRADING ACTIVITIES

During the year the Institute received income from ILEX Tutorial College Limited totalling £287,471 (2009 £295,994) 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 ILEX Tutorial College Limited totalling £19,013 (2009 £18,982). The Institute was charged £33,621 (2009 £69,209) by ILEX Tutorial College 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 £4,347 (2009 £223) from ILEX Tutorial College Limited.

During the year the Institute contributed to the operating costs of ILEX Professional Standards Limited totalling £497,774 (2009 £419,509). The Institute received £298,058 (2009 £256,937) in management charges from ILEX Professional Standards Limited.

### 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 £76,464 (2009 £83,807).

### RECEIVABLE FROM RELATED PARTIES

	2010	2009
	£	£
Receivable from subsidiary companies	962,583	912,479

### KEY MANAGEMENT COMPENSATION

	2010	2009
	£	£
Wages and salaries	105,209	102,643
Post employment benefits: Defined contribution	8,256	8,056
Social security costs	12,736	12,439
Benefits in kind	8,749	9,266
	134,950	132,404

## 26. INVENTORIES

	2010	2009
	£	£
Course books (At cost)	2,801	2,973

Notes to the Company Financial Statements *continued*

**27. TRADE AND OTHER RECEIVABLES**

	2010	2009
	£	£
Receivable from trade customers	73,222	53,070
Receivable from related parties	962,583	912,479
Tax receivables	23,006	13,885
	1,058,811	979,434

Amounts receivable from trade customers are non interest bearing and are generally on 30-90 day terms.

**28. PREPAYMENTS**

	2010	2009
	£	£
<b>Current</b>		
Prepayments	182,696	174,420

**29. CASH AND CASH EQUIVALENTS**

	2010	2009
	£	£
Cash on hand	1,000	1,000
Cash at bank	825,664	1,023,441
	826,664	1,024,441

**30. SHARE CAPITAL**

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

**31. TRADE AND OTHER PAYABLES**

	2010	2009
	£	£
<b>Non current</b>		
Payable to trade suppliers	82,523	-
<b>Current</b>		
Payable to trade suppliers	170,971	148,995
Accrued liabilities	337,072	129,918
Tax payable	66,294	58,782
	574,337	337,695

Non current payables relate to set-up costs of the Legal Services Board which are payable by 31st March 2012.

# 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 2010.

## 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
- Mrs S Barton

## Auditor

Collett Hulance LLP, Chartered Certified Accountants & Statutory Auditor, 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 held office for a term of 5 years and are then eligible for reappointment. There were no changes to Trustees during 2010.

The Trustees hold at least two meetings in each year. Day to day administration of the Charity is delegated to the Benevolent Fund Administrator at no cost to the Charity as the Benevolent Fund Administrator is an employee of the Institute of Legal Executives (ILEX).

### Reserves Policy

Currently, ILEX bears the majority of the Charity's administrative costs and the Trustees are grateful for this assistance. The Charity requires long-term reserves to reduce the impact of risk should ILEX no longer be able to bear the administrative costs of the Charity and there is a shortfall in donations to ensure that the Charity can continue its activities.

In considering the appropriate level of reserves the Trustees took into account the operating costs of the Charity as well as the amount of expenditure for three years which amounts to approximately £125,000. The Trustees review the Reserves Policy annually.

### 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.

The Charity is here to help all members and/or their dependents; both financially and with appropriate advice. The Trustees hope that members will make a point of letting them know of any others in need, as they may be reluctant to approach the Charity 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.

2010 was a busy year with 40 applications to the Charity which was the same figure in 2009. Given the current financial climate, Trustees expect this figure to remain the same or increase in 2011. Many of the applicants were former members of ILEX as the current economic climate has seen members redundant and they are not able to continue with their membership fees. The Charity assisted the majority of applicants with essential bills such as utility and Council Tax bills. Examples are shown below under Cases – A Digest. The Charity was also approached for assistance with nursing home fees for two applicants. One applicant is the spouse of a founding member of ILEX. The Trustees had agreed to assist both applicants with their fees on a quarterly basis. Subsequently one applicant received state funding and no longer required assistance from the Charity. The first instalment of fees for the second applicant will be released in 2011.

By July 2010, the Charity had already made grants to applicants in the same amount that was given at the end of 2009. This led to an immediate fundraising drive to ensure that Trustees would be able to continue to assist applicants throughout 2010. In particular the Trustees approved the costs of JustGiving to allow for online donations. In addition, the Trustees approved the use of [easyfundraising.org.uk](http://easyfundraising.org.uk) and [easysearch.org.uk](http://easysearch.org.uk) as a means for members to raise funds for the Charity without actually donating money.

The fundraising drive was particularly successful in December 2010. A significant proportion of the voluntary income shown in the financial statements was obtained during the month of December and will go towards assisting applicants in 2011.

### Cases – A Digest

Some examples of cases dealt with in 2010 are shown below. These five examples show a range of recipients and the variety of problems faced.

Mr A was an Associate member with ILEX when he suffered a heart attack at the height of his career. He suffered brain damage as a result of his heart attack and has not been able to return to work. The fund assists Mr A with the costs of his annual respite care in order to relieve his wife of her caring duties. In 2010 Mr A's wife also required assistance towards the cost of new spectacles. The fund was able to assist her with these costs as well as a contribution towards her husband's respite care.

Mrs B is an Associate member with ILEX. Mrs B had suffered from domestic violence and as a result left the family home and moved to another part of the country with her child. The move meant that not only did she have to start her life over but that her income was considerably less than what she was previously earning. Mrs B was struggling to cover her gas and electricity bills and the Fund was able to pay these on her behalf.

## Report of the Trustees *continued*

Mrs C is a former Fellow of ILEX. She was a conveyancing legal executive who had been made redundant. Mrs C was also going through a separation from her partner of 22 years. At the time of her application, her partner was not contributing his full financial contribution and was causing a strain on her finances. During this time, the family pet was suddenly taken ill and Mrs C was not able to cover the veterinary bills in full. The Fund was able to assist her with these costs.

Mrs D is a Fellow of ILEX. Due to a change of employment in her household, Mrs D was not able to meet all of her outgoings which would have resulted in her defaulting on some of her financial commitments. The Fund made a contribution towards one of Mrs D's outgoings to ensure that this did not happen. The Trustees recommended that Mrs D seek financial advice from her local CAB to ensure that her household would be able to meet its financial commitments in future.

Mrs E is a former student of ILEX. Mrs E was diagnosed with breast cancer which led to unemployment and she had to cease her studies with ILEX. Mrs E is still undergoing treatment and as a result was not able to maintain her current outgoings. The Fund assisted her with her electricity bill.

### 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.

The Trustees will be reviewing further fundraising initiatives to help support the growing number of applications.

### ACKNOWLEDGEMENTS

The Trustees are grateful to all those who have contributed in any way to its work during 2010.

In particular, the Trustees would like to thank the following members for their kind support during 2010: Joyce Arram, Denis Babb, Stanley Brian Bluett, Stanley Clarke, Brian John Claydon, Kenneth Crawford, Caroline Frith, Albert Gamble, Judith Gordon-Nichols, Trevor Grundy, Myrtle Hammond, Wilfred Jones, Melanie Loram, Elizabeth Mager, Syed Masood, Tina Meacham, Mary Catherine Shelton, Jennifer Spicer, John Tallent, Anthony Tebite and John Wells.

The Trustees would also like to acknowledge the support given by The ILEX Bournemouth and District Branch, the ILEX Devon Branch, The Legal Charities Garden Party, the Institute of Legal Executives and its Board of Directors.

The Trustees appreciate any help members can give in ensuring

that they can provide support to all those who have reason to ask us for it. The Trustees can assure members from the grateful letters they receive that the assistance we provide is highly appreciated. Please help the Trustees to ensure that this can continue.

### RESPONSIBILITIES OF THE TRUSTEES

The Charity's Trustees are responsible for preparing the Trustees Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Charity and of the incoming resources and application of resources 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;
- observe the methods and principles in the Charities SORP;
- 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in operation.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements comply with the Charities Act 1993 and the Charity (Accounts and Reports) Regulations 2008. 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

Collett Hulance LLP have been re-appointed as auditor for the ensuing year.

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Signed on behalf of the Board of Trustees  
Mrs D Burleigh  
Trustee  
8 April 2011

# 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 2010 on pages 36 to 40, which have been prepared on the basis of 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 43 of the Charities Act 1993 and regulations made under section 44 of that Act. 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 (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Responsibilities of the Trustees on page 34.

We have been appointed auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under that Act. 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 have been prepared in accordance with the Charities Act 1993. We also report to you if, in our opinion, the information given in the Trustees Annual Report is not consistent with those financial statements, if the Charity has not kept sufficient accounting records, if the Charity's financial statements are not in agreement with these 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 2010 and of its incoming resources and application of resources, for the year then ended; and
- have been properly prepared in accordance with the Charities Act 1993.

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### Collett Hulance LLP

Chartered Certified Accountants  
& Statutory Auditor  
40 Kimbolton Road  
Bedford  
MK40 2NR

## Statement of Financial Activities

		Total Funds	Total Funds
	Notes	2010	2009
<b>INCOMING RESOURCES</b>		£	£
<b>Incoming resources from generating funds:</b>			
Voluntary income	2	3,023	3,142
Investment income	3	3,506	4,494
<b>Total Incoming Resources</b>		<b>6,529</b>	<b>7,636</b>
<b>RESOURCES EXPENDED</b>			
Charitable activities	4/5	(4,184)	(3,774)
<b>Total Resources Expended</b>		<b>(4,184)</b>	<b>(3,774)</b>
<b>Net incoming resources before other recognised gains and losses</b>		<b>2,345</b>	<b>3,862</b>
<b>Other recognised gains and losses</b>			
Losses on investment assets		(1,561)	(1,740)
<b>Net movement in funds</b>		<b>784</b>	<b>2,122</b>
<b>Reconciliation of funds</b>			
Total funds brought forward		187,297	185,175
<b>Total funds carried forward</b>		<b>188,081</b>	<b>187,297</b>

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 40 form part of these financial statements.

## Balance Sheet

	Notes	2010	2009
		£	£
<b>Fixed Assets</b>			
Investments	8	42,223	43,784
<b>Current Assets</b>			
Debtors	9	–	97
Cash at bank		145,858	143,416
Net Current Assets		145,858	143,513
<b>Total Assets</b>		<b>188,081</b>	<b>187,297</b>
<b>Funds</b>			
Unrestricted income funds	10	188,081	187,297
<b>Total Funds</b>		<b>188,081</b>	<b>187,297</b>

The notes from pages 38 to 40 form part of these financial statements.

These financial statements were approved by the Board of Trustees on the 8 April 2011 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

	Unrestricted Funds	Total Funds 2010	Total Funds 2009
	£	£	£
<b>Donations</b>			
Members' donations and gifts	1,373	1,373	612
Legal Charities Garden Party	1,650	1,650	2,530
	3,023	3,023	3,142

## 3. INVESTMENT INCOME

	Unrestricted Funds	Total Funds 2010	Total Funds 2009
	£	£	£
Bank interest receivable	46	46	11
Fixed asset investments	3,137	3,137	3,137
Money market	323	323	1,346
	3,506	3,506	4,494

#### 4. COSTS OF CHARITABLE ACTIVITIES BY FUND TYPE

	Unrestricted Funds	Total Funds	Total Funds
		2010	2009
	£	£	£
Grants for assistance	4,064	4,064	3,288
Subscriptions, course fees and exam fee grants	–	–	377
Support costs	120	120	109
	<u>4,184</u>	<u>4,184</u>	<u>3,774</u>

#### 5. COSTS OF CHARITABLE ACTIVITIES BY ACTIVITY TYPE

	Activities undertaken directly	Support Costs	Total Funds	Total Funds
			2010	2009
	£	£	£	£
Grants for assistance	4,064	120	4,184	3,385
Subscriptions, course fees and exam fee grants	–	–	–	389
	<u>4,064</u>	<u>120</u>	<u>4,184</u>	<u>3,774</u>

#### 6. ANALYSIS OF SUPPORT COSTS

	Grants for assistance	Total	Total
		2010	2009
	£	£	£
Bank charges	32	32	109
Sundry expenses	88	88	–
	<u>120</u>	<u>120</u>	<u>109</u>

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

#### 7. STAFF COSTS AND EMOLUMENTS

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

Notes to the Financial Statements *continued*

**8. INVESTMENTS**

**MOVEMENT IN MARKET VALUE**

	2010	2009
	£	£
Market value at 1 January	43,784	45,524
Net gain/(loss) on revaluations in the year ended 31 December	(1,561)	(1,740)
Market value at 31 December	42,223	43,784
Historical cost at 31 December	49,471	49,471

**ANALYSIS OF INVESTMENTS AT 31 DECEMBER BETWEEN FUNDS**

Listed investments

UK Quoted fixed interest Securities

	Total Funds 2010	Total Funds 2009
	£	£
	42,223	43,784

**9. DEBTORS**

	Total Funds 2010	Total Funds 2009
	£	£
Prepayments and accrued income	-	97

**10. UNRESTRICTED INCOME FUNDS**

	At 31 December 2010				
	Balance at 1 January 2010 £	Incoming resources £	Outgoing resources £	Gains and losses £	Balance at 31 December 2010 £
General Funds	187,297	6,529	(4,184)	(1,561)	188,081

**11. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	At 31 December 2010		
	Investments £	Net current assets £	Total £
Unrestricted Income Funds	42,223	145,858	188,081
Total Funds	42,223	145,858	188,081

“What ILEX is doing is so valuable in making possible different opportunities and routes into the law.”

**Baroness Helen Kennedy QC**, ILEX Annual Luncheon 2010.





## Institute of Legal Executives

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