



NOTICE OF ANNUAL GENERAL MEETING 2005
ANNUAL REPORT & ACCOUNTS TO 31 DECEMBER 2004

Letter from the President



It is with great pleasure that I reflect upon another successful financial year for the Institute of Legal Executives. 2004 has seen ILEX grow in strength and reputation with an increase in membership numbers and improved recognition as a professional and awarding body.

Without question a key focus in 2004 for ILEX was the publication of Sir David Clementi's consultation paper on the Review of the Regulatory Framework for Legal Services. ILEX welcomed many of its features, in particular, those which would lead to innovations in the business models for delivering legal services and a simpler more consistent and consumer focused complaints handling arrangement.

Work continued on developing Advocacy Rights for members. The Legal Services Consultative Panel gave its broad approval for the Application for Rights of Audience in the Magistrates Courts for ILEX Fellows specialising in criminal practice, and for most of the key elements of the Application in relation to civil and family proceedings. Further clarification on training arrangements takes this work forward into 2005.

With the outcome of the Advocacy Rights Application likely to affect the structure of the qualification scheme, the Application in respect of Litigation Rights for ILEX Fellows was on hold during 2004.

New legislation introduced in October 2004 allows ILEX Fellows additional rights enabling them to give advice on Compromise Agreements in employment cases.

A key focus in the Constitutional Reform Bill was changes to judicial appointments. ILEX's argument that the appointment of Legal Executives and others to judicial posts gained positive ground. Through 2005 efforts to progress this issue will be sustained.

I am pleased to note a decline in the number of complaints dealt with by the Investigating Committee during 2004. I would like to thank you all for the high standards you demonstrate in practice.

A development for ILEX education was the renaming of the Accreditation and Awards Committee to the Education Quality Assurance Committee. New Terms of Reference were outlined to reflect the quality assurance review of ILEX qualifications.

ILEX Tutorial College (ITC) reported a positive year with course sales and revision day enrolments ahead of figures for 2003. Developments in the Virtual Practitioner series CD-ROMs and internet bulletin boards provided valuable support to students.

April 2004 saw ILEX Paralegal Programmes and City & Guilds enter into a three year partnership to deliver paralegal programmes. This is City & Guilds' first legal qualification.

The introduction of Regional Liaison Officers has improved contact with employers, ILEX centres and branches. The branch network remains largely stable. Where we have strong leadership in a branch their effect locally is highly valued as our profile is much improved.

The Legal Executive Journal provides members with a topical cross-section of thought provoking articles. The style of the Journal is being up-dated to reflect a modern approach. www.legal-executive-journal.com provides an excellent means of communication frequently utilised by members and other interested parties.

Legal Executive Recruitment published twice monthly provides a vital source of vacancies to the membership. www.legal-executive-recruitment.com thrives within its market sector and is continuously updated to remain competitive and provides up to the minute vacancies for members.

The ILEX website www.ilex.org.uk continues to expand generating an average of 1.5 million hits per month.

I am passionate about encouraging Legal Executives to carry out Pro Bono work as a means of giving something back to the communities which provide us with our livelihood. Anyone wishing to be involved in Pro Bono work should visit www.probonouk.net It is important we continue to give our time and expertise freely to help charities and people who fall outside the legal aid system. However, I would emphasise that Pro Bono work is not, and must never be, a replacement for a properly funded legal aid system.

ILEX looks forward to the many opportunities that will emerge as a result of the Clementi Review, law reform and changing legal landscape. We must embrace these changes and continue our efforts as a strong professional body representing our members.



*Sandra Barton F.Inst.L.Ex
President*

Secretary General's Report

Diane Burleigh



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. Every staff member and every Council member has signed the ILEX Code of Conduct which governs the ethical approach to our work. There was one complaint under the Code during 2004. The matter was resolved to the satisfaction of the complainant.

Customer Service

During 2004 further research was undertaken amongst our student members regarding their perception of our administrative processes. Feedback for the most part was good. As a result, we have improved our processes for the marking of examinations, and have introduced specific dates for announcing the results of the examinations.

The Education Quality Assurance Committee

This Committee (formerly the Accreditation and Awards Committee) met twice during the year, in July and December 2004.

In December 2004, the Committee adopted its new title and approved new Terms of Reference. Council member David Foden was elected as Chairman of the Committee. Mr Peter Hart and Mrs Rosie Cowley stepped down from the Committee. Council member Miss Judith Gordon-Nichols was appointed to the Committee.

Amongst a wide range of issues brought before the Committee, the following were considered:

- An application by Truro College for an exemption from ILEX Level 3 Professional Diploma in Law (Law and Practice) for candidates completing a Foundation Degree in Law validated by the University of Plymouth;
- reports of the Chairman of Examiners on all ILEX awards for 2003 and 2004, including improvements to the processes for Question Paper Panel meetings;
- oversight of the post accreditation monitoring review by Qualifications and Curriculum Authority (QCA) and the actions undertaken as a result;
- reports on the review of examination results by centres where the pass rate had been less than 33.3%;
- approval of a new document regarding the management of cases of malpractice by centres and candidates;
- and monitoring the progress on reducing the number of external examination centres.

The Committee also approved person specifications for the appointment of Examiners and Moderators and received reports from the centre auditor for 2003/4.

The ILEX Reserves Policy

Council reviewed the ILEX Reserves Policy which was introduced in 2001. It confirmed the terms of that Policy for a further 12 months.

Notice of Annual General Meeting

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 2005 at Barnsdale Hall, Rutland, to transact the following business:

1. To receive the Minutes of the Annual General Meeting held on 23 July 2004.
2. The President's Address.
3. To receive the Accounts of the Institute of Legal Executives Group for the period ended 31 December 2004, 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 2004.
4. Ordinary Resolution:
To reappoint Collett Hulance as Auditors and authorise Council to fix their remuneration.
5. Special Resolution:
That the words "that he has attained the age of 25 years" be deleted from Article 3A of the Articles of Association.
6. Special Resolution:
That Article 18 of the Articles of Association be deleted in its entirety and be replaced by the following:
 - 18A. A Fellow or Registered Person shall immediately cease to be a Fellow or Registered Person if:
 - (i) he resigns by giving notice in writing to ILEX;
 - (ii) he dies;
 - (iii) he fails to pay the whole or any part of any subscription fee or other sum payable by him to ILEX for a period of 12 months from the date on which it became due for payment and the Council resolves that he ceases to be a Fellow or Registered Person;
 - (iv) he is guilty of conduct which makes him unfit to be a Fellow or Registered Person, or commits a breach of these Articles or of the Bye laws and an Order is made by the Disciplinary Tribunal excluding him from membership or cancelling his registration.
 - 18B
 - (i) The Council shall make Rules to deal with Fellows or Registered Persons whose ability to practice is or is suspected of being seriously impaired. Subject to those Rules the Council may suspend a Fellow or Registered Person from membership.
 - (ii) The Council may (subject as otherwise provided by these Articles) delegate its powers under paragraph (i) to the Secretary General or any person duly authorised by the Secretary General.
7. Special Resolution
That Article 53(iv) of the Articles of Association be deleted in its entirety and be replaced by the following:
 - (iv) He is absent from two consecutive meetings of the Council and the Council resolves that his office be vacated.
8. To announce elections and re-appointments of Fellows to the Council of the Institute of Legal Executives.
9. Any Other Business.

Dated: 30 April 2005

*By Order of the Council
Diane Burleigh - Secretary General*

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 13 July 2005. 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 2004. 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.

[Item 5](#) is a [Special Resolution](#) to amend Article 3A of the Articles of Association. The proposed change would remove the requirement for admission as a Fellow to have attained the age of 25. Council believes the age requirement is now of limited value in assuring the competence of newly qualified Fellows. Age discrimination legislation is likely to make it unlawful within the next two years and the Office of Fair Trading has indicated it believes the requirement is anti-competitive in its effects.

[Item 6](#) is a [Special Resolution](#) to amend current Article 18C of the Articles of Association which deals with members who suffer from mental impairment. ILEX has received advice that the current Article 18C is unlawful in the light of the Disability Discrimination Act and therefore it needs to be removed. A power to suspend membership in cases of impairment has been inserted instead. This goes beyond mental ill-health and could include, for example, impairment owing to alcohol or drug abuse, where the impairment adversely affects the interests of clients or the public generally. Use of a power of suspension is expected to be a rare event. Current Articles 18A, 18B, 18D, and 18E remain but have had their numbering altered. The new Article 18B (i) gives ILEX Council power to suspend membership and provides for Council to approve Rules under which suspension may be implemented and revoked. New article 18B (ii) includes a power of delegation from Council to the officers of ILEX under the Rules.

[Item 7](#) is a [Special Resolution](#) to amend Article 53(iv) of the Articles of Association. This amendment would enable Council to resolve the office of a member of the Council be vacated if he is absent from two consecutive meetings, even where apologies had been provided for absence, if the Council felt it was appropriate to do so. It reflects Council's belief that Council members should be committed to their role as leaders of ILEX.

If the resolutions are approved, they will take effect at the end of the AGM on 15 July 2005.

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

The Report of the Council

Year ended 31 December 2004

The Council have pleasure in presenting their report and the financial statements of the Group for the year ended 31 December 2004.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Group during the year was that of being the professional body for Legal Executives and the provision of training courses for examinations in law.

The Group has had another pleasing year and is in a sound financial position.

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.

COUNCIL

The Council who served the Institute during the year were as follows:

S E Barton (Mrs), President	L C Graham (Mrs)
J A Wells (Vice President)	K McCarthy
D W Larkin	D McGrady
L J Shaw	P A Merritt (Ms)
P T Reed	J Gordon-Nichols (Miss) (Appointed 23 July 2004)
P H Dilley (Mrs)	K Hill (Mrs) (Appointed 23 July 2004)
D G Foden	S A Silver (Miss) (Appointed 23 July 2004)
M Bishop	S A Duff (Appointed 2 March 2004)
S E Sharman (Mrs)	J M Arram (Miss) (Retired 23 July 2004)
G Owens	A C Weavers (Resigned 5 July 2004)
A Caig	P W Partridge (Retired 23 July 2004)
R Cowley (Mrs)	T J Biggs (Ms) (Resigned 23 July 2004)
D F Read	M Dowson (Miss) (Resigned 10 January 2004)
L Monument (Mrs)	S A Duff (Resigned 31 January 2005)
D S Hogg	

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.

During 2004, ILEX continued the process of building the Group Business Plan around the Group Strategy – 'Moving Forward, Staying Ahead'. This involves Council, the Secretary General and the senior managers setting targets and monitoring progress. The work of linking business plan objectives to annual budgets was further developed and will continue.

Inevitably both strategy and the business plan are subject to what is going on in the wider legal environment. The chief influence during 2004 was the Clementi Review. The President and officers were involved in meetings with Sir David and his team, in addition to submitting written views. As reported in 2003, the review of legal service provision led by Sir David presents opportunities but significant challenges to ILEX. His report appeared at the end of 2004. ILEX was able to welcome many of its features, on behalf of members, particularly those which would lead to innovations in the business models for delivering legal services and a simpler, more consistent and consumer focused complaints handling arrangement. During the year ILEX also commented on the government's proposal that the Courts and Legal Services Act provisions relating to probate services should be brought on stream at last. This went ahead during 2004 but unfortunately the regulatory requirements on becoming an authorised body proved to be extremely complex, particularly in view of the uncertainties created by the Clementi Review.

The Application to amend and extend the Advocacy Rights which ILEX Fellows can obtain progressed only slowly during 2004. The Application had to be re-submitted, in order to meet issues raised by the Legal Services Consultative Panel, which advises the Lord Chancellor. The re-submission took place in the Summer and at the end of 2004 the Panel indicated its broad approval for the Application in respect of rights of audience in the Magistrates Courts for ILEX Fellows specialising in criminal practice and for most of the key elements of the Application in relation to civil and family proceedings. Some further work was needed to clarify the training arrangements and this will carry through into 2005. The Application in respect of Litigation Rights for ILEX Fellows was on hold during 2004, pending the outcome of the Advocacy Rights Application, as many of the issues relating to the structure of the qualification scheme were felt to be likely to affect the Application in respect of Litigation Rights.

One of the side issues which arose as a result of the Application for rights of audience was a concern expressed by the Office of Fair Trading that the current requirement that a member must be 25 years of age before admission as a Fellow was anti-competitive. This view was bolstered by developments in the law relating to discrimination which indicated that within a year or so such a requirement was likely to become unlawful, and also by concerns expressed by individual ILEX members. As a result, Council agreed that it would recommend to the membership that the age requirement of 25 for admission as a Fellow should be discontinued. That recommendation will go forward to the 2005 Annual General Meeting. At the AGM in 2004, changes in the Articles necessary to enable Fellows to be co-opted to Council were agreed and regulations necessary to make appointments were established. One of the key elements of the decision was that for the first time a Fellow who is also a Solicitor was to be eligible to join Council.

Investigating Committee Report

Lesley Graham F.Inst.L.Ex

The Investigating Committee was pleased to note the slight decline in the number of complaints dealt with during 2004. The range of matters dealt with continued to be extremely varied. The majority of complaints related to providing misleading information to clients or the court, and conducting litigation, a right for Fellows which is not yet recognised but which ILEX continues to endeavour to establish for Fellows.

The Committee has seen an increasing number of members and applicants taking the opportunity to attend before the Committee to make representations. The Committee has found oral statements to be very useful. The personal attendance also allows the Committee an opportunity to question the member or applicant directly thereby clarifying any areas of confusion. This has avoided the Committee having to adjourn its consideration of the case with many decisions now being made on the day.

Three new Council members joined the Committee during 2004 but the overall membership of the Committee remained consistent with six Council members and three lay members. The ILEX members of the Committee continue to find that the independent lay members provide an invaluable input and viewpoint on cases. Overall, the Committee continues to be satisfied with the investigation of complaints.

Education Report

David Foden F.Inst.L.Ex

The ILEX Level 3 Professional Diploma in Law and the Level 4 Professional Higher Diploma in Law were re-accredited by the Qualifications and Curriculum Authority which ensures a further two years public funding support for those studying in Further Education Centres.

The Accreditation and Awards Committee was renamed the Education Quality Assurance Committee in 2004. New Terms of Reference were also adopted. This gives the Committee responsibility for all quality assurance measures governing ILEX qualifications.

Issues brought before the Education Quality Assurance Committee included the first exemption for a Foundation Degree in Law from Truro College from Level 3 Professional Diploma in Law (law and practice). New regulatory documentation was approved for students and centres, including malpractice, particular assessment requirements and instructions to invigilators and tutors for case studies. Support and the reviewing of centres continues to be important and a new centre quality assurance form was approved.

The work of the Qualifications Working Party continues with the intention of ensuring that the ILEX professional qualification remains fit for purpose and meets the needs of employers, students, centres, the legal sector and the public.

Continuing Professional Development

ILEX Fellows demonstrated their commitment to completing annual mandatory Continuing Professional Development (CPD) with high compliance rates. ILEX is undertaking a review of CPD to ensure continuing good practice.

ILEX Paralegal Programmes

In April 2004 ILEX and City & Guilds entered into a three year partnership to deliver paralegal programmes. This is the first City & Guilds' legal qualification. City & Guilds benefit from our knowledge of legal education. ILEX benefits from City & Guilds' extensive network of Centres and their expertise in the administration and assessment of qualifications.

Finance Report

Alan Caig F.Inst.L.Ex

ILEX Group performance for the year has been sound, reflecting planned development successfully achieved within budget. Lower than budgeted income has been offset by savings in expenses, and a surplus similar to last year has been achieved.

Although neither membership subscriptions nor examination fees were increased in 2004, forthcoming changes in key market drivers have necessitated fee increases being applied in all areas for 2005. This will keep ILEX in the strong position required to represent members' best interests in what promises to be a period of fundamental change.

The Management Information System, which was progressively implemented during 2003 has now been in place for a full year. It has already facilitated various improvements in efficiency and further improvements are planned. This has been complemented by further training support and staff development.

ILEX finances are in good order at the end of 2004, and not-withstanding the many challenges we are facing, are expected to remain so in the year ahead.

Law Reform Committee Report

Paul Reed F.Inst.L.Ex & Larry Shaw F.Inst.L.Ex

ILEX's work on Law Reform focuses on issues affecting ILEX members, their clients and the legal profession generally. ILEX seeks to present a balanced view between the interests of practitioners and their clients and a broader public interest. During 2004, ILEX submitted responses to 12 consultations. A number of these were issued by the Department for Constitutional Affairs (DCA) and reflected the government's current interest in criminal law and legal aid funding. The Legal Services Commission issued consultation papers reflecting its continuing quest to tighten the controls on legal aid expenditure.

An important theme during 2004 was to integrate law reform into a public affairs strategy linking with policy and public relations activity. The Law Reform Committee met at the start of the 2003/4 Parliamentary year to enable policy lines to be established for key law reform developments and to identify legislation in Parliament which was of interest to ILEX. Regular law reform briefings were established with ILEX Public Relations staff. Five press releases were issued during the year on law reform issues. Briefing papers were issued to Members of Parliament on the Asylum and Immigration Bill and the Constitutional Reform Bill. There was a particular focus in the Constitutional Reform Bill on the changes to the methods for appointing the judiciary. ILEX arguments that the diversity of the judiciary could be enhanced by the appointment of Legal Executives and others to judicial posts, rather than restricting appointments to experienced solicitors and barristers gained ground as a result. Work with the DCA on this issue continues. Also during 2004, the Orders enabling ILEX Fellows to give advice on Compromise Agreements in employment cases were laid by the Secretary of State for Trade & Industry, as a result of work carried out with the Department during 2003.

The Law Reform Committee remains committed to getting members more involved in its work. During 2004, work was undertaken through the Communications Department to bring the details of Fellows' specialist areas of work up to date. Improved information will enable us to communicate more readily with Fellows in relation to matters within their specialist area, to enable them to contribute to the views ILEX puts forward in their name.

Finally, at the end of 2004, Paul Reed as Co-Chairman of the Law Reform Committee stepped down from his position. Paul has served as a Co-Chair since 1997 and has made a valuable contribution to ILEX's law reform work.

2004 proved to be another successful year for ILEX Tutorial College. ILEX distance learning course sales for 2004, complemented by a record 1300 revision day enrolments, were ahead of 2003.

Student support, through the Virtual Practitioner series CD-ROMs and internet bulletin boards was greatly developed during the year, with CD-ROM sales exceeding our expectations.

Courses for the Crown Prosecution Service and police have performed well, with De Montfort University business levels being very similar to 2003.

Given the difficult trading conditions, Hong Kong business for 2004 performed creditably.

Responsibilities of the Council

Company law requires the Council to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Institute and of the Group at the end of the year and of the Group's surplus or deficiency for the year then ended.

In preparing those financial statements, the Council are required to select suitable accounting policies, as described on pages 16 to 17, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The Council must also prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Institute will continue in business.

The Council are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the financial statements comply with the Companies Act 1985. The Council 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.

AUDITORS

A resolution to re-appoint Collett Hulance as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
Kempston Manor
Kempston
Bedford
MK42 7AB

Signed on behalf of the Council
Mrs D Burleigh
Secretary General

Dated: 8 April 2005

Independent Auditors' Report to the Members of ILEX

Year ended 31 December 2004

We have audited the financial statements of The Institute of Legal Executives Group for the year ended 31 December 2004 on pages 12 to 24 which have been prepared under the historical cost convention and the accounting policies set out on pages 16 to 17.

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

As described in the Statement of Councils' Responsibilities the Institute's Council are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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. We also report to you if, in our opinion, the Councils' Report is not consistent with the financial statements, if the Institute 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 Councils' remuneration and transactions with the Group is not disclosed.

We read the Councils' 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 United Kingdom Auditing Standards 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 the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group'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 of the state of the Institute's affairs and of the Group as at 31 December 2004 and of the profit of the Group for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

*40 Kimbolton Road
Bedford
MK40 2NR*

*COLLETT HULANCE
Chartered Accountants
& Registered Auditors*

Dated: 4 May 2005

Consolidated Income and Expenditure Account

Year ended 31 December 2004

	Note	2004 £	2003 £
CONSOLIDATED INCOME	2	5,979,541	6,303,228
Education and Training		2,262,633	2,433,930
Administrative expenses		<u>3,450,327</u>	<u>3,547,084</u>
OPERATING SURPLUS	3	266,581	322,214
Interest receivable and similar income	5	180,802	132,207
Interest payable and similar charges	6	<u>(362)</u>	<u>-</u>
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		447,021	454,421
Tax on surplus on ordinary activities	7	<u>17,250</u>	<u>73,594</u>
RETAINED SURPLUS FOR THE FINANCIAL YEAR	8	429,771	380,827

All of the activities of the Institute are classed as continuing.

The Group has no recognised gains or losses other than the results for the year as set out above.

The Institute has taken advantage of section 230 of the Companies Act 1985 not to publish its own Income and Expenditure Account.

The notes on pages 16 to 24 form part of these financial statements.

Consolidated Balance Sheet

31 December 2004

	Note	2004		2003	
		£	£	£	£
FIXED ASSETS					
Tangible assets	9		2,222,590		2,353,055
Investments	10		101		101
			<u>2,222,691</u>		<u>2,353,156</u>
CURRENT ASSETS					
Stocks	12	35,716		29,834	
Debtors	13	515,618		725,430	
Cash at bank and in hand		<u>5,257,394</u>		<u>3,934,830</u>	
		5,808,728		4,690,094	
CREDITORS: Amounts falling due within one year					
	14	<u>2,025,154</u>		<u>1,457,452</u>	
NET CURRENT ASSETS					
			<u>3,783,574</u>		<u>3,232,642</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
			6,006,265		5,585,798
PROVISIONS FOR LIABILITIES AND CHARGES					
Deferred taxation	15		8,685		17,989
			<u>5,997,580</u>		<u>5,567,809</u>
RESERVES					
Profit and loss account	19		<u>5,997,580</u>		<u>5,567,809</u>
MEMBERS' FUNDS					
			5,997,580		5,567,809

These financial statements were approved by the Council on 8 April 2005 and are signed on their behalf by:

Mrs S E Barton F.Inst.L.Ex
President

A Caig F.Inst.L.Ex
Chairman of Finance

The notes on pages 16 to 24 form part of these financial statements.

Balance Sheet – The Institute

31 December 2004

	Note	2004		2003	
		£	£	£	£
FIXED ASSETS					
Tangible assets	9		629,983		625,521
Investments	10		<u>1,247,394</u>		<u>1,247,394</u>
			<u>1,877,377</u>		<u>1,872,915</u>
CURRENT ASSETS					
Debtors	13	969,078		828,089	
Cash at bank and in hand		<u>1,296,212</u>		<u>546,049</u>	
		<u>2,265,290</u>		<u>1,374,138</u>	
CREDITORS: Amounts falling due within one year	14	<u>895,548</u>		<u>356,520</u>	
NET CURRENT ASSETS			1,369,742		1,017,618
TOTAL ASSETS LESS CURRENT LIABILITIES			3,247,119		2,890,533
RESERVES					
Profit and loss account	19		3,247,119		2,890,533
MEMBERS' FUNDS			3,247,119		2,890,533

These financial statements were approved by the Council on the 8 April 2005 and are signed on their behalf by:

Mrs S E Barton F.Inst.L.Ex
President

A Caig F.Inst.L.Ex
Chairman of Finance

The notes on pages 16 to 24 form part of these financial statements.

Consolidated Cash Flow Statement

Year ended 31 December 2004

	Note	2004		2003	
		£	£	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES			1,303,489		200,827
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest received		180,802		132,207	
Interest paid		<u>(362)</u>		<u>—</u>	
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			180,440		132,207
TAXATION			(74,276)		(2,837)
CAPITAL EXPENDITURE					
Payments to acquire tangible fixed assets		(121,098)		(212,763)	
Receipts from sale of fixed assets		<u>34,009</u>		<u>12,569</u>	
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE			(87,089)		(200,194)
INCREASE IN CASH	20		1,322,564		130,003
RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES					
			2004		2003
			£		£
Operating surplus			266,581		322,214
Depreciation			195,602		209,230
Loss on disposal of fixed assets			21,952		33,226
(Increase)/decrease in stocks			(5,882)		7,225
Decrease in debtors			209,812		84,694
Increase/(decrease) in creditors			615,424		(455,762)
Net cash inflow from operating activities			1,303,489		200,827

The notes on pages 16 to 24 form part of these financial statements.

Notes to the Financial Statements

Year ended 31 December 2004

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Basis of consolidation

The consolidated accounts incorporate the accounts of the Institute and all the Group undertakings. These are adjusted, where appropriate, to conform to Group accounting policies. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the Group accounts by virtue of section 230 of the Companies Act 1985.

Income

Income shown in the consolidated income and expenditure account represents amounts received for membership subscriptions, examination fees and other business activities.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold Property	-	2% on cost
Leasehold Property	-	over the life of the lease
Fixtures & Fittings/Equipment	-	10%/20%/25% on reducing balance/cost
Motor Vehicles	-	25% on reducing balance/cost
Computer Equipment	-	25% on reducing balance/cost

Freehold Land is not depreciated.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against income on a straight line basis over the period of the lease.

Pension costs

The Institute operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Institute. The annual contributions payable are charged to the consolidated income and expenditure account.

Notes to the Financial Statements

Year ended 31 December 2004

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception:

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating surplus.

2. INCOME

The income and profit before tax are attributable to the one principal activity of the Group. An analysis of income is given below:

	2004	2003
	£	£
United Kingdom	5,657,684	5,946,034
Overseas	321,857	357,194
	5,979,541	6,303,228

3. OPERATING SURPLUS

Operating surplus is stated after charging/(crediting):	2004	2003
	£	£
Depreciation of owned fixed assets	195,602	209,230
Loss on disposal of fixed assets	21,952	33,226
Auditors' remuneration - as auditors	31,551	29,260
Operating lease costs:		
Plant and equipment	45,402	53,001
Exceptional income	-	(12,304)

The exceptional income in 2003 was a refund from the Inland Revenue of PAYE and national insurance contributions on salaries paid to non-executive directors of the company.

Notes to the Financial Statements

Year ended 31 December 2004

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the Group during the financial year amounted to:

	2004 No.	2003 No.
Number of staff	92	91

The aggregate payroll costs of the above were:

	2004 £	2003 £
Wages and salaries	2,073,356	2,109,428
Social security costs	204,981	201,334
Staff pension contributions	122,999	137,322
	2,401,336	2,448,084

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2004 £	2003 £
Bank interest receivable	180,802	132,158
Other similar income receivable	–	49
	180,802	132,207

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2004 £	2003 £
Inland Revenue interest and penalties	362	–

Notes to the Financial Statements

Year ended 31 December 2004

7. TAX ON SURPLUS ON ORDINARY ACTIVITIES

	2004	2003
	£	£
(a) Analysis of charge in the year		
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 19/30% (2003 - 19/30%)	<u>26,554</u>	<u>74,276</u>
Total current tax	26,554	74,276
Deferred tax:		
Origination and reversal of timing differences (note 15)		
Capital allowances	(9,304)	(682)
Tax on surplus on ordinary activities	17,250	73,594

(b) Factors affecting current tax charge

	2004	2003
	£	£
The tax assessed on the surplus on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2003 - 30%)		
Surplus on ordinary activities before taxation	<u>447,021</u>	<u>454,421</u>
Profit/(loss) on ordinary activities by rate of tax	134,106	136,326
Surplus on transactions with members	(92,567)	(35,333)
Depreciation in excess of capital allowances claimed	16,784	1,750
Net expenses not deductible for tax purposes	4,316	5,060
Exceptional income not taxable	–	(3,691)
Other adjustments including marginal relief	(36,085)	(29,836)
Total current tax (note 7(a))	26,554	74,276

8. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The profit dealt with in the accounts of the parent company was £356,586 (2003 - £167,772).

Notes to the Financial Statements

Year ended 31 December 2004

9. TANGIBLE FIXED ASSETS

Consolidated	Freehold & Leasehold Property	Fixtures & Fittings & Equipment	Motor Vehicles	Computer Equipment	Total
COST	£	£	£	£	£
At 1 January 2004	1,971,476	860,153	225,353	227,329	3,284,311
Additions	-	32,292	79,783	9,023	121,098
Disposals	-	(32,170)	(90,028)	(77,464)	(199,662)
At 31 December 2004	1,971,476	860,275	215,108	158,888	3,205,747

DEPRECIATION

At 1 January 2004	247,069	436,856	86,136	161,195	931,256
Charge for the year	18,137	120,546	35,284	21,635	195,602
On disposals	-	(26,446)	(46,101)	(71,154)	(143,701)
At 31 December 2004	265,206	530,956	75,319	111,676	983,157

NET BOOK VALUE

At 31 December 2004	1,706,270	329,319	139,789	47,212	2,222,590
At 31 December 2003	1,724,407	423,297	139,217	66,134	2,353,055

The Institute

	Freehold Property	Fixtures & Fittings & Equipment	Motor Vehicles	Computer Equipment	Total
COST	£	£	£	£	£
At 1 January 2004	523,459	222,144	128,816	113,306	987,725
Additions	-	6,221	65,608	4,330	76,159
Disposals	-	-	(50,612)	(47,988)	(98,600)
At 31 December 2004	523,459	228,365	143,812	69,648	965,284

DEPRECIATION

At 1 January 2004	84,968	147,092	48,575	81,569	362,204
Charge for the year	3,658	7,787	21,234	8,082	40,761
On disposals	-	-	(25,931)	(41,733)	(67,664)
At 31 December 2004	88,626	154,879	43,878	47,918	335,301

NET BOOK VALUE

At 31 December 2004	434,833	73,486	99,934	21,730	629,983
At 31 December 2003	438,491	75,052	80,241	31,737	625,521

Included in Freehold Property is Freehold Land costing £340,547 which is not depreciated.

Notes to the Financial Statements

Year ended 31 December 2004

10. INVESTMENTS

Consolidated	Dormant subsidiary undertakings
COST	£
At 1 January 2004 and 31 December 2004	101
NET BOOK VALUE	
At 31 December 2004	101
At 31 December 2003	101

The investment in dormant subsidiary undertakings comprises 100% of the ordinary share capital of the following companies both incorporated in England:

ITS (Law Tutors) Limited
Legal Executive Training Limited

The Institute	Unlisted investments
COST	£
At 1 January 2004 and 31 December 2004	1,247,394
NET BOOK VALUE	
At 31 December 2004	1,247,394
At 31 December 2003	1,247,394

The Institute's investments comprise 100% of the ordinary share capital of the following companies all incorporated in England:

ILEX Tutorial College Limited
ILEX Publishing and Advertising Services Limited
ILEX (Paralegal Training) Limited
ITS (Law Tutors) Limited
Legal Executive Training Limited

All of the above companies have been included in the consolidated accounts except ITS (Law Tutors) Ltd and Legal Executive Training Ltd which are both dormant.

12. STOCKS

	Consolidated		The Institute	
	2004	2003	2004	2003
	£	£	£	£
Stock	35,716	29,834	-	-

Notes to the Financial Statements

Year ended 31 December 2004

13. DEBTORS	Consolidated		The Institute	
	2004	2003	2004	2003
	£	£	£	£
Trade debtors	293,796	562,937	-	-
VAT recoverable	-	-	6,660	8,901
Due from Group undertakings	-	-	852,930	758,900
Other debtors	1,759	5,468	1,759	5,468
Prepayments and accrued income	220,063	157,025	107,729	54,820
	515,618	725,430	969,078	828,089

There are no amounts due from Group undertakings in the consolidated accounts as these amounts have been eliminated on consolidation.

14. CREDITORS:	Consolidated		The Institute	
	2004	2003	2004	2003
Amounts falling due within one year	£	£	£	£
Subscriptions and fees in advance	706,270	222,775	706,270	222,775
Trade creditors	152,118	81,111	69,989	30,627
Other creditors including taxation and social security:				
Corporation tax	26,554	74,276	11,266	11,727
PAYE and social security	81,252	103,367	55,030	52,146
VAT	84,884	85,049	-	-
Tutor reserve	391,076	404,219	-	-
Accruals and deferred income	583,000	486,655	52,993	39,245
	2,025,154	1,457,452	895,548	356,520

15. DEFERRED TAXATION

The movement in the deferred taxation provision during the year was:

	Consolidated		The Institute	
	2004	2003	2004	2003
	£	£	£	£
Provision brought forward	17,989	18,671	-	-
Decrease in provision	(9,304)	(682)	-	-
Provision carried forward	8,685	17,989	-	-

Notes to the Financial Statements

Year ended 31 December 2004

16. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2004 the Group had annual commitments under non-cancellable operating leases as set out below.

Consolidated	Assets other than land and buildings	
	2004	2003
	£	£
Operating leases which expire:		
Within 1 year	-	350
Within 2 to 5 years	49,192	49,192
	49,192	49,542

At 31 December 2004 the Institute had annual commitments under non-cancellable operating leases as set out below.

The Institute	Assets other than land and buildings	
	2004	2003
	£	£
Operating leases which expire:		
Within 2 to 5 years	8,280	8,280

17. RELATED PARTY TRANSACTIONS

During the year, the Institute received income from Subsidiary companies totalling £780,676 (2003 - £923,755) in relation to expenditure it had incurred on their behalf and later recharged at cost to them. Similarly, the Institute was also charged £203,282 (2003 - £195,964) by Subsidiary companies for expenditure they had incurred on its behalf, which was also recharged at cost. This inter-company income and expenditure has been eliminated from the consolidated financial statements.

No other transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8.

18. COMPANY LIMITED BY GUARANTEE

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

Notes to the Financial Statements

Year ended 31 December 2004

19. RESERVES

Consolidated

	Income and expenditure account £
Balance brought forward	5,567,809
Retained surplus for the year	429,771
Balance carried forward	5,997,580

The Institute

	Income and expenditure account £
Balance brought forward	2,890,533
Retained surplus for the year	356,586
Balance carried forward	3,247,119

20. NOTES TO THE STATEMENT OF CASH FLOW

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2004 £	2003 £
Increase in cash in the period	1,322,564	130,003
Net funds at 1 January 2004	3,934,830	3,804,827
Net funds at 31 December 2004	5,257,394	3,934,830

ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Jan 2004 £	Cash flows £	At 31 Dec 2004 £
Cash in hand and at bank	3,934,830	1,322,564	5,257,394
Net funds	3,934,830	1,322,564	5,257,394

Benevolent Fund Financial Statements

CHARITY NUMBER : 295527

Trustees Annual Report

Year ended 31 December 2004

The Trustees have pleasure in presenting their report and the financial statements of the Charity for the year ended 31 December 2004.

Constitution and Objectives

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

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 dependants.

Board of Trustees

The Trustees who served the Charity during the year, were as follows:

J D Watkins
Mrs D Burleigh
Miss J Arram

The Trustees meet on a regular basis to administer the Charity.

Review of Developments, Activities and Achievements

Income is generated by way of donations, gifts and from investments. The main source of income is from the investments which the Charity holds.

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.

Results

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

Trustees Annual Report

Year ended 31 December 2004

Statement of Trustees' Responsibilities

Law applicable to Charities in England & Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the Charity's financial activities during the year and of its financial position at the end of year. In preparing financial statements giving a true and fair view, the Trustees should follow best practice and:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any 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 accounting records which disclose with reasonable accuracy the financial position of the Charity and which enable them to ascertain the financial position of the Charity and which enable them to ensure that the financial statements comply with Charities Act 1993 and regulations thereunder. They 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.

Investments

These comprise long-term high yielding government securities and short term fixed interest bonds.

Acknowledgments

The Board is grateful to all those who have contributed in any way to its work during 2004.

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.

The Future

We are here to help all members and/or their dependants; 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.

Auditors

The Board recommends the re-appointment of Collett Hulance as auditors.

*Kempston Manor
Kempston
Bedford
MK42 7AB*

*Signed on behalf of the Trustees – Mrs. D Burleigh
Dated: 15 March 2005*

Report of the Auditors to the Trustees of the Institute of Legal Executives Benevolent Fund

Year ended 31 December 2004

We have audited the financial statements on pages 28 to 30, which have been prepared under the historical cost convention and the accounting policies set out on page 30.

Respective Responsibilities of Board of Trustees and Auditors

As described on page 26, the Board of Trustees is responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you. We have been appointed as auditors under Section 43 of the Charities Act 1993 and report in accordance with regulations made under Section 44 of that Act.

Basis of Opinion

We conducted our audit in accordance with Auditing Standards 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 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 accounts 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 of the Charity's state of affairs as at 31 December 2004 and of its incoming resources and application of resources in the year then ended and have been properly prepared in accordance with the Charities Act 1993.

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

Dated: 4 May 2005

Statement of Financial Activities

Year ended 31 December 2004

	Notes	2004 £	2003 £
Incoming resources			
Donations and Gifts		4,325	4,150
Investment Income	2	6,751	5,924
Bank Deposit Interest		<u>203</u>	<u>182</u>
Total incoming resources		11,279	10,256
Resources expended			
Grants for Assistance		4,443	4,813
Subscription, course fees and exam fee grants		5,982	765
Bank Charges		<u>119</u>	<u>103</u>
Total resources expended		10,544	5,681
Net incoming resources		735	4,575
Total Funds at 1 January 2004		168,442	163,867
Total Funds at 31 December 2004		169,177	168,442

All amounts relate to continuing activities.

There were no recognised gains or losses other than those included above.

The notes on page 30 form part of these financial statements

Balance Sheet

As at 31 December 2004

	Note	2004		2003	
		£	£	£	£
Fixed Assets					
Investments at Cost	3		49,471		49,471
Current Assets					
Corporate Bond Investment at Cost	4	93,936		90,441	
Cash at Bank	5	25,329		29,525	
Investment Interest Receivable		441		323	
		<u>119,706</u>		<u>120,289</u>	
Current liabilities					
Amounts owing to ILEX		–		1318	
Net current assets			119,706		118,971
Total net assets			169,177		168,442
Unrestricted Funds					
General Fund	6		169,177		168,442

The accounts were approved by the Board of Trustees on 15 March 2005 and signed on its behalf by:

Mrs D Burleigh
Miss J Arram
 Trustees

The notes on page 30 form part of these financial statements

Notes to the Accounts

Year ended 31 December 2004

1. Accounting Policies

- a. The accounts are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002). In preparing the financial statements the Charity follows the recommendations in the Statement of Recommended Practice: 'Accounting and Reporting by Charities' issued in October 2000.
- b. Income from interest and donations is accounted for on a cash received basis.
- c. Expenses are recorded on an accruals basis.
- d. The unrestricted general funds are funds which can be used in accordance with the charitable objects at the discretion of the Trustees.

	2004	2003
	£	£
2. Investment Income		
Interest receivable on fixed asset investments	3,137	3,137
Interest receivable on Corporate Bonds	3,614	2,787
	6,751	5,924
3. Fixed Asset Investments		
Cost - fixed interest Conversion and Treasury Stock	49,471	49,471
Middle market value of the investments	46,715	46,990
Interest receivable on investments	3,137	3,137
4. Corporate Bond Investment		
NatWest Corporate Bonds	93,936	90,441
Interest receivable in year	3,614	2,787
5. Cash at Bank		
Bank current account	1,122	2,521
Bank deposit account	24,207	27,004
	25,329	29,525
Interest receivable on deposit account	203	182
6. General Fund		
At 1 January	168,442	163,867
Amount transferred from income and expenditure account	735	4,575
At 31 December	169,177	168,442

7. Related party transactions

The Institute of Legal Executives is responsible for the administration of the Charity and bears its administration expenses. The Institute of Legal Executives also collects certain income on behalf of the Charity and there may, therefore, at any time be a balance outstanding between the Charity and The Institute of Legal Executives.