



Council for
**Licensed
Conveyancers**

Annual Accounts 2011



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Chair's Foreword

Welcome to the CLC Annual Report for 2011.

Recent years have been challenging in the Legal Services industry and there have seen some profound changes taking place.

For the CLC, 2011 was particularly exciting, as we became the first licensing authority to regulate Alternative Business Structures in England and Wales and made the historic move of issuing the very first ABS licence.

The introduction of ABS has opened up the market for the delivery of legal services and has set the foundations for a much more innovative approach, allowing entrepreneurs with different business experiences to help shape how services are offered.

As the first licensing authority to regulate ABS in England and Wales, the CLC has been at the very forefront of these changes and we will continue to lead the drive for improvement and innovation in legal services during 2012.

Another major development in 2011 was the introduction of a new regulatory approach. We issued a new handbook, which sets out the regulatory responsibilities of all individuals and firms regulated by us, which came into force in October. The new approach is risk-based, concentrates less upon compliance with prescriptive rules and more explicitly focuses upon the delivery of specific positive outcomes for clients. The previous Rules and Guidance Notes have been replaced with Codes which, wherever

possible, are comprised of flexible, higher-level principles rather than detailed prescriptive requirements.

We also began the implementation of our three-year corporate strategy in 2011. Published in 2010, the strategy sets out our agenda for growth and innovation and was developed to take into account the evolving market conditions and developments within the legal services sector; our progress against previous plans and feedback following consultation with stakeholders.

I would like to thank Victor Olowe, who served as CLC CEO for five years. Victor led the CLC through a period of significant change, strengthened our operational capability and also re-structured the governance arrangement of the CLC, putting us in a strong position to move forward.

A recruitment process for a new CEO is currently underway, and I look forward to being able to announce the appointment of someone who can lead the CLC in realising our ambitions.

I would like to thank our Council members and staff for their hard work and commitment this year. I have confidence that together, we will continue to meet both the challenges we have set ourselves, and those the industry has in store for us.

Anna Bradley,
Chair, CLC

“ Recent years have been challenging times in the Legal Services industry and have seen some profound changes taking place ”



Governance and financial statements

Year ended 31 December 2011

The Council for Licensed Conveyancers (CLC) is the regulatory body for the profession of licensed conveyancers, probate and Alternative Business Structures. The CLC was initially established under the terms of the Administration of Justice Act 1985 and also operates within the terms of the Courts and Legal Services Act 1990.

The CLC is a Designated Professional Body under Part XX of the Financial Services and Markets Act 2000 (FSMA 2000). As such the CLC has made the Licensed Conveyancers' Designated Professional Body Rules 2004 (replaced by the CLC Acting as Insurance Intermediaries Code and Guidance from 6 October 2011) to regulate licensed conveyancer practices in the provision of the Regulated Activities specified under Part II (Specified Activities) of the FSMA 2000 (Regulated Activities) Order 2001 in relation to which the General Prohibition imposed by section 19 FSMA 2000 does not apply as a result of Section 327 FSMA 2000.

Until 31 August 2011 Council comprised four licensed conveyancers and three lay members, all of whom were appointed. On 30 September 2011 in line with amendments made to the Administration of Justice Act 1985 the Council now has a lay majority, with three licensed conveyancers and four lay members.

“ We will continue to review and improve our regulatory arrangements to ensure they are proportionate, fair and flexible. ”

Council and Committee meetings

Meetings of the Council take place six times each year, and are conducted in accordance with the CLC Standing Orders made on 6 May 2009.

The Chair and members of the Council were appointed by a panel consisting of up to five individuals supported by the Appointments Commission. The Council selects the Chairs and members of the Audit Committee and the Remuneration Committee.

Other business considered by the Council at meetings includes:

- matters of policy;
- the making of Rules for which function the Council is not entitled to delegate;
- approval of Annual Report and Financial Statements;
- approval of contributions by licensed conveyancers to the Compensation Fund, practice fees and all licence fees;
- noting the reports and minutes of committees;
- making decisions in relation to matters which have not been delegated to the Chief Executive or officers of the CLC, or to any of its committees.

Meetings of each Committee take place on a regular basis throughout the year, on such dates as determined by the Chair of the particular committee. Meetings of these Committees are conducted in accordance with Standing Orders for Committees made on 6 May 2009. The Minutes of all meetings of all Committees (or a report on the Minutes) are approved at the next meeting of the Committee. Thereafter they are submitted to the next meeting of the Council for noting. Each Council member has an opportunity to raise queries on any item minuted

The meetings of the Council and Committees are held in private except for the Discipline and Appeals Committee and disciplinary hearings of the Adjudication Panel.



Responsibilities of the Council

The Council is responsible for the strategic direction of the CLC.

New rules or changes to existing rules made by the Council require the approval of the Legal Services Board. The Council is also required in accordance with Schedule 3 Paragraph 11 of the Administration of Justice Act 1985 to:

- keep proper accounts of all sums received or paid by it and proper records in relation to those accounts;
- appoint auditors to the Council each of whom shall be a member of one or more relevant bodies of Accountants;
- cause their accounts to be audited annually by auditors to the Council; and, as soon as is practical after the accounts for any period have been audited, to cause them to be published and send a copy of them to the Lord Chancellor; together with a copy of any report of the auditors thereon.

Statement on internal control

Responsibilities

As the Council we have responsibility for maintaining a sound system of internal control that supports the achievement of the CLC's policies, aims and objectives while safeguarding its funds and assets.

The System of internal control

The system of internal control is designed to manage the risk of failure to the achievement of the CLC's policies, aims and objectives. Previously, the highest category of assurance was 'substantial'. During the year the categories were revised to include 'absolute assurance'. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of

the CLC's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control is complemented by a business plan, annual budget, financial regulations and a scheme of delegation, all of which have been reviewed and approved by the Council.

Review of effectiveness

The CLC's Audit Committee, comprising three non-executive Council members and one co-opted member, met four times during the year ended 31 December 2011. The Chair of the Audit Committee reports to the Chair of the Council and to the Council concerning internal control on financial and operational matters. In addition, reports and assurance statements are provided by managers to the Audit Committee on action being taken to manage risks in their areas of responsibility including risks associated with major projects being undertaken by the CLC. The Audit Committee provides an annual report to the Council.

The CLC's internal auditors submit regular reports, which include an independent opinion on the adequacy and effectiveness of the CLC's system of internal control together with recommendations for improvement. No major weaknesses were identified, although the internal auditors identified a number of opportunities for improving controls and procedures to which the CLC has responded positively.

The review of the effectiveness of the system of internal control is informed by the work of the internal auditors and comments made by the external auditors in their management letter and other reports. The Audit Committee ensures that corrective action is taken to address weaknesses identified.

Significant control issues

There were no significant internal control issues during the year.



Independent Auditor's Report to the Members of the Council

Year ended 31 December 2011

Independent Auditors' Report to Members of the Council

We have audited the financial statements of the Council for Licensed Conveyancers for the year ended 31 December 2011 which comprise the Income and Expenditure Accounts, the statement of total recognised gains and losses, Balance Sheets, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the CLC's members, as a body, in accordance with the Administration of Justice Act 1985. Our audit work has been undertaken so that we might state to the CLC's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the CLC and the CLC's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Council and Auditor

As explained more fully in the Statement of the Council's Responsibilities on page 5, the CLC is 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 and express an opinion on 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

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 CLC's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the CLC; and the overall presentation of 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 CLC's affairs as at 31 December 2011 and of its results for the year then ended;
- the financial statements have been prepared in accordance with the requirements of the Administration of Justice Act 1985; and
- the information given in the accompanying reports for the financial year for which the financial statements are prepared is consistent with the financial statements.



ANDREW STRICKLAND
(Senior Statutory Auditor)

For and on behalf of
SCRUTTON BLAND
Chartered Accountants and Statutory Auditor

820 The Crescent, Colchester Business Park
Colchester, Essex CO4 9YQ
31 October 2012



Income and Expenditure Account

Year ended 31 December 2011

		Operations Account 2011 £	Operations Account 2010 £	Compensation Fund 2011 £	Compensation Fund 2010 £
	Note				
Income	1	2,218,542	1,153,015	601,183	962,839
Direct costs	2	107,575	149,409	612,366	369,707
Gross surplus/(deficit)		2,110,967	1,003,606	(11,183)	593,132
Administrative expenses	3	1,954,520	1,001,419	108,049	629,885
Operating surplus/(deficit)		156,447	2,187	(119,232)	(36,753)
Interest receivable		37,406	15,654	37,836	56,126
Surplus/(deficit) on ordinary activities before taxation		193,853	17,841	(81,396)	19,373
Tax on surplus on ordinary activities	6	(7,083)	(3,577)	(6,891)	(12,920)
Surplus/(deficit) for the financial year		186,770	14,264	(88,287)	6,453

All of the activities of the Council are classed as continuing.
Other recognised gains and losses for the year are set out in the statement of total recognised gains and losses.

The notes on pages 13 to 22 and the accounting policies set out on pages 11 to 12 form part of these financial statements.



Statement of Total Recognised Gains and Losses

Year ended 31 December 2011

	Operations Account 2011 £	Operations Account 2010 £	Compensation Fund 2011 £	Compensation Fund 2010 £
Surplus/(deficit) for the financial year	186,770	14,264	(88,287)	6,453
Unrealised loss on revaluation of freehold properties	(13,975)	-	-	-
Total gains and losses relating to the year	172,795	14,264	(88,287)	6,453
Prior year adjustment (note 20)	-	-	(376,400)	-
Total gains and losses recognised since the last annual report	172,795	14,264	(464,687)	6,453

The notes on pages 13 to 22 and the accounting policies set out on pages 11 to 12 form part of these financial statements.



Balance Sheet

Year ended 31 December 2011

	Note	Operations Account 2011 £	Operations Account 2010 £	Compensation Fund 2011 £	Compensation Fund 2010 (as restated) £
Fixed assets					
Tangible assets	7	849,780	828,882	-	-
Current assets					
Stock	8	-	3,842	-	-
Debtors	9	876,314	1,246,313	1,329,877	737,581
Investments - cash deposits		2,265,386	1,753,811	1,913,705	-
Cash at bank and in hand		100,834	338,405	309,483	2,510,315
		3,242,534	3,342,371	3,553,065	3,247,896
Creditors: Amounts falling due within one year	10	1,684,405	1,925,097	399,243	31,102
Net current assets		1,558,129	1,417,274	3,153,822	3,216,794
Total assets less current liabilities		2,407,909	2,246,156	3,153,822	3,216,794
Creditors: Amounts falling due after more than one year	11	-	11,042	-	-
Provisions for liabilities					
Provisions	13	-	-	411,388	386,073
Net assets		2,407,909	2,235,114	2,742,434	2,830,721
Representing:					
Accumulated balance	14	1,661,869	1,475,099	2,742,434	2,830,721
Revaluation reserve	15	446,040	460,015	-	-
Contingency Fund reserve	16	300,000	300,000	-	-
		2,407,909	2,235,114	2,742,434	2,830,721

Approved by the Council on 29 October 2012



A Bradley, Chairman



J Mulroy, Interim Chief Executive

The notes on pages 13 to 22 and the accounting policies set out on pages 11 to 12 form part of these financial statements.



Cash Flow Statement

Year ended 31 December 2011

	Note	2011 £	2011 £	2010 £
Net cash inflow/(outflow) from operating activities	21		42,146	(34,392)
Returns on investments and servicing of finance				
Interest received		75,242		71,780
Net cash inflow from returns on investments and servicing of finance			75,242	71,780
Taxation			(15,072)	(21,770)
Capital expenditure and financial investment				
Payments to acquire tangible fixed assets		(116,813)		(66,980)
Receipts from sale of fixed assets		1,374		22,535
Net cash outflow from capital expenditure and financial investment			(115,439)	(44,445)
Management of liquid resources				
Movement on current asset investments		(2,425,280)		380,363
Net cash (outflow)/inflow from management of liquid resources			(2,425,280)	380,363
(Decrease)/Increase in cash	21		(2,438,403)	351,536

The notes on pages 13 to 22 and the accounting policies set out on pages 11 to 12 form part of these financial statements.



Accounting Policies

Year ended 31 December 2011

Basis of accounting

The financial statements are prepared under the historical cost convention, modified to include the revaluation of freehold property.

Income

Licence fees and student registration fees are treated as income in the year to which they relate.

Distance learning is treated as income at the time the course material is delivered.

Other course fees and examination fees are recognised as income in the year when the course or examination is held.

Other income is accounted for in the year to which it relates.

The Compensation Fund is governed by The Council for Licensed Conveyancers Compensation Fund Rules. Under such Rules, each licence holder must pay a contribution to the fund of such an amount as the Council may determine from time to time. The Fund so generated is primarily to be used to compensate any party for any proven loss suffered as a direct result of the action of a licence holder in their capacity as a Licensed Conveyancer.

The annual contribution is currently based on a percentage of the licensed conveyancer's practice declared turnover for the previous year, subject to a minimum contribution of £500. Licensed Conveyancers were granted a Compensation Fund contribution holiday for the year commencing 1 November 2010 with claims being met from existing reserves.

Following a fees and charges review the Council's accounting policies were changed and a practice fee introduced on 1 November 2010. This means that expenditure is directly attributable and moves costs associated with monitoring from the Compensation Fund to the Operations Account. The practice fee is based on a percentage of the licensed conveyancing firm's declared turnover for the previous year, subject to a minimum of £1,000.

Interest received during the accounting year is taken into account in determining the contribution rate. Interest received during the accounting year and any recoveries from defaulting licensed conveyancers are added to the Fund.

Investments

Current asset investments relate to deposits held in bank accounts that do not permit penalty free access to cash within at least a 24 hour period.

Fixed assets

All fixed assets are initially recorded at cost. Freehold properties are revalued triennially.

Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation of each asset, less any estimated residual value, over its expected useful life. The rates used for the principal categories are:

Freehold premises	- 2% straight line
Office equipment, fixtures and fittings	- 33 1/3% straight line
Motor vehicles	- 25% straight line

Taxation

The charge for taxation is based on interest income for the year. The charge takes into account taxation deferred because of timing differences between the treatment of certain items for accounting and taxation purposes. Full provision is made for deferred taxation on all timing differences. The rate of tax used is that which is expected to be applied when the liability is expected to crystallise, based on tax rates that have been enacted by the balance sheet date. Deferred taxation assets are recognised when their recoverability is sufficiently certain.



Pension Contributions

The CLC operates a defined contribution Group Personal Pension Scheme available to all its employees. The funds of the Scheme are separate from those of the Council.

Contributions are paid by the CLC and employees. The pension charge represents contributions payable by the CLC for the year. The CLC's liability is limited to the amount of the contribution. The CLC contributes 5% of the employees salary into the pension scheme.

Stock

Stock of distance learning course material is valued at the lower of cost and net realisable value, after making allowance where relevant for any obsolete items.

Compensation Fund

The Compensation Fund is established and administered by the CLC in accordance with rules made under sections 21 and 38(1) of the Administration of Justice Act 1985. The Fund is maintained with the intention of providing a fund to meet claims arising as a consequence of dishonesty/ fraud and failure to account by licensed conveyancers, in their capacity as a licensed conveyancer, or where there is a claim relating to negligence not covered under the terms of any insurance policy.

The Compensation Fund is one of last resort and grants are authorised at the absolute discretion of the CLC. Grants are brought into the financial statements according to the date that a grant is authorised by the CLC.

Claims for negligence not covered by the master policy are accounted for when it is probable that a payment will be made and it can be reliably estimated. The CLC has arranged insurance in connection with grants out of the Fund under the terms of the combined Professional Indemnity Run Off and Compensation Fund Policy, which also provides cover for practices which closed before 1 July 2008. This combined policy has a limit of Indemnity of £2,000,000 including costs and expenses for each loss, subject to an each loss retention of £500,000 and an aggregate retention of £2,500,000.

With effect from 1 July 2008, the CLC has made contributions out of the Compensation Fund on a case by case basis to the cost to closed or closing practices of taking out Run Off Insurance cover with Master Policy Underwriters. This provides a 6 year extension of cover in return for a single premium on similar terms to the Master Policy cover. Failure of Practices to take out run off cover exposes the Compensation Fund to potential claims.

During 2011, 12 payments totalling £68,815 were paid and two applications for grants were denied.

Reserve Policy

The CLC considers that the level of Reserves in the Compensation Fund is sufficient to meet the expectations of, and provide confidence to, clients, as well as the mortgage lenders. The level of reserves required is calculated annually and a minimum level of £2,000,000 in Reserves was set for 2011.

Commissions

The CLC receives periodic payments for commissions including profit commission under the Master Policy Scheme where appropriate. These commissions which are from previous insurance periods are used exclusively for the direct benefit of the profession and are recognised as income at the point receipt is virtually certain.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets or financial liabilities. An equity instrument is any contract that evidences a residual interest in the assets of the CLC after deducting all of its liabilities.

Comparatives

Certain comparatives have been restated where applicable for purposes of comparability. There has been no effect on the surplus in either year.



Notes to the Annual Report and Accounts

Year ended 31 December 2011

I. Income	Operations Account 2011 £	Operations Account 2010 £	Compensation Fund 2011 £	Compensation Fund 2010 £
Licence fees	479,754	584,296	-	-
Student registration fees	65,876	74,688	-	-
Distance learning income	136,871	150,546	-	-
Examination fees and revision day income	47,627	62,755	-	-
Continued Professional Development income	13,225	17,500	-	-
Chronicle and website advertising income	1,533	4,790	-	-
Probate courses income	2,400	4,925	-	-
Practice fees	1,452,321	249,465	-	-
Contributions received from licence holders	-	-	55,287	748,525
Payments of commissions under the Master Policy	-	-	545,896	214,304
ABS application fees	1,800	-	-	-
Miscellaneous income	17,135	4,050	-	10
	2,218,542	1,153,015	601,183	962,839

The charging of practice fees commenced November 2010, so the 2010 accounts only show income for November and December 2010.

2. Direct Costs	Operations Account 2011 £	Operations Account 2010 £	Compensation Fund 2011 £	Compensation Fund 2010 £
Disciplinary costs (net of recoveries)	361	2,105	-	-
Related legal costs	1,228	2,484	-	-
Discipline and Appeals Committee	894	7,684	-	-
Distance learning and other education costs	89,424	114,415	-	-
Chronicle costs	15,668	22,721	-	-
Re: Dishonesty or fraud				
Compensation grants	-	-	115,727	9,682
Insurance premiums	-	-	152,422	146,737
Legal and professional	-	-	50,137	42,261
Re: Negligence not covered by Master Policy				
Claims	-	-	114,600	22,720
Insurance premiums	-	-	120,677	113,814
Professional fees	-	-	58,803	34,493
	107,575	149,409	612,366	369,707



3. Administration Expenses	Operations Account 2011 £	Operations Account 2010 £	Compensation Fund 2011 £	Compensation Fund 2010 £
LSB and OLC set up and application costs	81,234	(98,289)	-	-
LSB and OLC running costs	251,112	86,554	-	-
Council and committee costs (see note 4)	68,651	97,538	-	3,966
Staff costs (see note 5)	1,082,348	600,827	-	432,839
Advertising	594	881	-	-
Communications and marketing costs	30,513	32,975	-	-
Office costs	47,323	44,486	-	-
Repairs and renewals and computer costs	47,066	52,947	-	3,553
Depreciation	81,938	59,486	-	2,396
Investigating committee: file report fees and expenses	1,321	28,600	-	-
Regulatory fees	11,245	11,390	-	-
Intervention costs	46,576	879	1,162	17,235
Inspection files courier costs	2,105	221	-	1,368
Development of regulation costs	-	4,000	-	-
Motor, travelling and subsistence expenses	17,048	5,674	-	10,201
Telephone and fax	11,279	9,191	-	3,118
Postage	17,928	20,809	-	-
Printing and stationery	13,893	17,302	-	-
Books and publications	452	619	-	-
Premises costs	-	-	-	6,889
Bank charges	16,971	1,044	-	196
Subscriptions	1,679	3,300	-	1,227
Refreshments	654	619	-	-
Insurance (contents, buildings and liabilities)	74,273	82,722	-	-
Auditors remuneration	12,806	10,680	-	-
Legal and professional	138,131	86,835	-	-
Staff welfare	1,847	545	-	-
Sundry expenses	3,794	3,353	-	5,662
(Profit) on disposal of fixed assets	(1,374)	(7,078)	-	(15,456)
Service charge (to)/from compensation fund	(106,887)	(156,691)	106,887	156,691
	1,954,520	1,001,419	108,049	629,885

The Compensation Fund is charged for the cost of overheads related to its use of the Operations resources. The charge is set by applying an allocation rate to the total shared overhead costs.



4. Council and Committee Costs	Operations Account 2011 £	Operations Account 2010 £	Compensation Fund 2011 £	Compensation Fund 2010 £
Attendance costs	54,096	66,440	-	3,966
Travel and subsistence	10,497	21,316	-	-
Meeting costs	4,058	9,782	-	-
	68,651	97,538	-	3,966

Council and Committee costs include amounts paid for attending and travelling to Council and Committee and other business meetings and the Chairman's fees. They also include the costs of refreshments at all Council and Committee meetings and the costs incurred for venue hire and associated expenditure for those meetings. The Chairman's fees for the year were £14,000 (2010 : £10,133)

5. Staff costs and directors' remuneration	Operations Account 2011 £	Operations Account 2010 £	Compensation Fund 2011 £	Compensation Fund 2010 £
Staff salaries	860,200	470,727	-	345,534
National insurance contributions	98,808	49,239	-	42,822
Pension and death in service costs	37,037	24,739	-	18,916
Staff recruitment	38,684	37,318	-	16,781
Staff training	26,169	3,391	-	1,745
Temporary staff costs	5,245	6,247	-	-
Health insurance	16,205	9,166	-	7,041
	1,082,348	600,827	-	432,839

Following the restructure of the CLC's accounting policies all salaries with effect 1st January 2011 are paid from the Operations Account.



5. Staff costs and directors' remuneration (continued)

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

	Operations Account 2011 £	Operations Account 2010 £	Compensation Fund 2011 £	Compensation Fund 2010 £
Accounts and conveyancing inspectors	8	-	-	3
Secretarial and administrative staff	10	9	-	2
Management staff	7	6	-	2
			-	
	25	15	-	7

Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were:

	2011 £	2010 £
Remuneration receivable	276,479	287,044
Value of pension contributions into defined contribution pension schemes	8,534	9,143
	285,013	296,187

The number of directors who accrued benefits under defined contribution pension schemes was as follows:

	2011 no.	2010 no.
Defined contribution pension schemes	3	3



6. Taxation on ordinary activities

	Operations Account 2011	Operations Account 2010	Compensation Fund 2011	Compensation Fund 2010
a) Analysis of charge for the year	£	£	£	£
Current tax:				
UK corporation tax based on interest income for the year at 20% (2010 - 21%)	7,504	3,708	7,378	12,274
(Over)/under provision in prior year	(421)	(131)	(487)	646
	7,083	3,577	6,891	12,920

7. Tangible Fixed Assets

Operations Account

Cost or valuation

	Freehold Land and Buildings	Motor Vehicles	Computer Equipment	Office Equipment & Fittings	Total
	£	£	£	£	£
At 31 December 2010	845,000	45,081	249,010	125,764	1,264,855
Additions	-	54,862	49,212	12,738	116,812
Disposals	-	(2,495)	(81,563)	(7,276)	(91,334)
Revaluation	(100,000)	-	-	-	(100,000)
At 31 December 2011	745,000	97,448	216,659	131,226	1,190,333

Depreciation

At 31 December 2010	73,350	45,081	208,027	109,515	435,973
Charge for the year	12,675	13,716	41,892	13,656	81,939
Transfer on revaluation	(86,025)	-	-	-	(86,025)
Written out on disposals	-	(2,495)	(81,563)	(7,276)	(91,334)
At 31 December 2011	-	56,302	168,356	115,895	340,553

Net Book Value

At 31 December 2011	745,000	41,146	48,303	15,331	849,780
At 31 December 2010	771,650	-	40,983	16,249	828,882

Freehold land and buildings were revalued externally for the year ended 31 December 2011 at existing use value by S S Millar, MRICS of Kemsley LLP at £600,000 for 16-18 Glebe Road and £145,000 for Unit 4, Buckingham Court.



7. Tangible Fixed Assets (continued)

In respect of certain fixed assets stated at valuations, the comparable historic cost and depreciation values are as follows:

	2011	2010
	£	£
Historical cost	501,242	501,242
Historical accumulated depreciation	(130,772)	(123,253)
Historical net book value	<u>370,470</u>	<u>377,989</u>

8. Stock

	Operations Account 2011	Operations Account 2010	Compensation Fund 2011	Compensation Fund 2010
	£	£	£	£
a) Analysis of charge for the year				
Stock of distance learning course material	-	3,842	-	-
	<u>-</u>	<u>3,842</u>	<u>-</u>	<u>-</u>

9. Debtors	Operations Account 2011 £	Operations Account 2010 £	Compensation Fund 2011 £	Compensation Fund 2010 £
Trade debtors	862,314	1,172,572	247,030	-
Inter divisional account	(77,391)	(39,987)	77,391	39,987
Other debtors	3,768	3,768	-	-
Prepayments and accrued income	87,623	109,960	1,005,456	697,594
	876,314	1,246,313	1,329,877	737,581

10. Creditors: Amounts falling due within one year	Operations Account 2011 £	Operations Account 2010 £	Compensation Fund 2011 £	Compensation Fund 2010 £
Bank overdrafts	13,102	-	-	-
Trade creditors	34,827	38,800	-	-
Corporation tax	7,504	3,708	7,378	12,274
Other taxation and social security	32,454	21,833	-	-
Accruals and deferred income	1,596,518	1,860,756	391,865	18,828
	1,684,405	1,925,097	399,243	31,102

11. Creditors: Amounts falling due after more than one year	Operations Account 2011 £	Operations Account 2010 £	Compensation Fund 2011 £	Compensation Fund 2010 £
Trade creditors	-	11,042	-	-
	-	-	-	-
	-	11,042	-	-

12. Related party transactions

The Council for Licensed Conveyancers is under the day to day control of the Chief Executive who reports to Council Members. The Council was established under the Administration of Justice Act 1985 as a body corporate and the Council consider the Ultimate Controlling Party to be the Lord Chancellor.

Although controlled by the Lord Chancellor, the Council do not consider that it would be helpful to disclose transactions with the various parts of the Government as related party transactions.



13. Provisions for liabilities

Compensation Fund	Provision for grants payable 2011	Aged balances 2011	Total 2011
Provisions	£	£	£
Balance brought forward (as restated)	9,673	376,400	386,073
Movement for the year	(3,143)	28,458	25,315
Balance carried forward	6,530	404,858	411,388

The provision for grants payable represents an estimate of the present value of an annual grant awarded that ceases to be payable following death of the second of the two beneficiaries.

The Council has a policy of allowing practices to send the Council monies to which it is not possible to find the rightful recipient. These monies would be repaid to the rightful owner if they ever materialised. The aged balances, amounting to £404,858 (2010: £376,400) were previously accounted for as reserves but the Council now believe that it is more appropriate to account for these balances as provisions for liabilities of the CLC. This change has been accounted for by way of a prior year adjustment.

14. Accumulated balance	Operations Account 2011	Operations Account 2010	Compensation Fund 2011	Compensation Fund 2010
	£	£	£	£
Balance brought forward	1,475,098	598,428	2,830,721	3,686,675
Surplus/(deficit) for the financial year	186,771	14,264	(88,287)	6,453
Transfer between funds	-	862,407	-	(862,407)
Balance carried forward	1,661,869	1,475,099	2,742,434	2,830,721

In order to comply with Legal Services Board requirements it was necessary for the Council to redesign their accounts to more clearly identify Operation Account and Compensation Fund items and this took place with effect from 1 November 2010. During 2010 the fixed assets held in the Compensation Fund were transferred to the Operations Account at their net book value of £151,731. The revaluation reserve of £32,236 was also transferred to the Operations Account. Further there was a transfer of cash for a value of £742,912. The net of the above transfer is £862,407, this was accounted for as a transfer between funds on the accumulated balance reserve.

15. Revaluation reserve	Operations Account 2011	Operations Account 2010	Compensation Fund 2011	Compensation Fund 2010
	£	£	£	£
Balance brought forward	460,015	427,779	-	32,236
Transfer between funds	-	32,236	-	(32,236)
Revaluation of fixed assets	(13,975)	-	-	-
Balance carried forward	446,040	460,015	-	-

See narrative in note 14 for details of transfer between funds.



16. Contingency fund reserve	Operations Account 2011 £	Operations Account 2010 £	Compensation Fund 2011 £	Compensation Fund 2010 £
Contingency fund reserve	300,000	300,000	-	-

The fund is set aside to meet any substantial unforeseen costs that may arise in connection with the Council's activities. A transfer of £nil (2010: £nil) was made from the Reserves in the year.

17. Capital commitments

Capital commitments at 31 December 2011 amounted to £nil (2010: £nil).

18. Contingent assets and liabilities

The Compensation Fund is established and administered by the CLC in accordance with rules made under sections 21 and 38(1) of the Administration of Justice Act 1985. The Fund is maintained with the intention of providing a fund to meet claims arising as a consequence of dishonesty/fraud and failure to account by licensed conveyancers, or where there is a claim relating to negligence not covered under the terms of any insurance policy. The Compensation Fund is one of last resort and payments are authorised at the absolute discretion of the CLC. Payments for grants from the compensation fund are brought into the accounts according to the date that a payment is authorised by the CLC. Although it has received notice of some potentially significant claims on the Compensation Fund, on the information currently available to it, the Council is unable to provide an accurate estimate of the likely amount of any final settlement (if any).

Three cases previously determined by the CLC were subject to a Judicial Review hearing in January 2012 and the CLC received notice of the outcome of the Judicial Review on 22 June 2012. The Judge has ordered that the CLC reconsider the claimants' applications for grants of compensation, these being claims related to losses that were in connection with the practice (or purported practice) of an entity regulated by the CLC. The CLC will reconsider the claimants' applications as directed by the Judge in order to determine in the exercise of its absolute discretion what, if any, payment should be made out of the Fund. The CLC has decided not to disclose the value of the claims that were subject to Judicial Review as it considers that the disclosure of such information could prejudice seriously the outcome of any subsequent litigation.

19. Monies held in respect of former practices

As at 31 December 2011 the Council held £573,089 (2010: £563,459) on behalf of the persons beneficially entitled to them. These funds are held on statutory trust by the Council for Licensed Conveyancers and are therefore not included as an asset on the balance sheet.

20. Prior year adjustment

The balance sheet at 31 December 2011 reflects a change in accounting policy. The aged balances as detailed in note 13 have previously been carried in the balance sheet as a reserve. Following a review of the aged balances the CLC has decided that it would be more appropriate for the aged balances to be carried as a provision. In accordance with the provisions of Financial Reporting Standard 3 'Reporting Financial Performance' the change in accounting policy has been accounted for by way of a prior year adjustment.

The prior year adjustment has not impacted on the reported surplus for the years ended 31 December 2011 or 31 December 2010. The impact of the prior period adjustment has been a reduction in reserves and an increase in provisions as at 31 December 2010 of £376,400.



21. Notes to the cash flow statement

Reconciliation of operating surplus/(deficit) to net cash outflow from operating activities

	2011	2010 (as restated)
	£	£
Operating surplus/(deficit)	37,215	(34,566)
Depreciation	81,938	61,882
Profit on disposal of fixed assets	(1,374)	(22,534)
Decrease in stock	3,842	1,679
(Increase) in debtors	(222,297)	(403,505)
Increase in creditors	117,507	307,588
Decrease in provisions	25,315	55,064
Net cash inflow/(outflow) from operating activities	<u>42,146</u>	<u>(34,392)</u>

Reconciliation of net cash flow to movement in net funds

	2011	2010
	£	£
(Decrease)/Increase in cash in this period	(2,438,403)	2,105,347
Movement on current asset investments	<u>2,425,280</u>	<u>(2,134,174)</u>
Movement for the year	(13,123)	(28,827)
Net funds at 1 January	<u>4,602,531</u>	<u>4,631,358</u>
Net funds at 31 December	<u>4,589,408</u>	<u>4,602,531</u>

Analysis of change in net funds

	At 1 January 2011	Cash flows	At 31 December 2011
	£	£	£
Cash in hand and at bank	2,848,720	(2,438,403)	410,317
Current asset investments	1,753,811	2,425,280	4,179,091
Net funds	<u>4,602,531</u>	<u>(13,123)</u>	<u>4,589,408</u>



Council and committee members

Council members

The following members have been appointed to the Council.

Chair	Ms A Bradley	Lay Member
	Mr A Clark	Licensed Conveyancer
	Mr R Gurney	Licensed Conveyancer
	Mr J Jones	Licensed Conveyancer
	Mr G Kidd	Lay Member
	Mr P Rowley	Lay Member (appointed 30 September 2011)
	Ms J Smith	Lay Member
	Mr J Wells	Licensed Conveyancer (until 31 August 2011)

Committees of Council

Investigating Committee (until 31 March 2011):

Chair	Ms J Totty
Associate Members	Ms K Caley
	Mr A Gilbert
	Mr D Sanders
	Mr J Sutton

Audit Committee

Chair	Ms J Smith
Members	Mr A Clark
	Mr J Jones
Associate Members	Ms H Foster

Remuneration Committee

Chair	Mr G Kidd
Members	Mr R Gurney
	Mr J Wells (until 31 August 2011)

Discipline & Appeals Committee

Chair	Ms A Seifert
Deputy Chair	Mr D Readings
Panel Members	Mr M Afzal
	Mrs A Cranston
	Ms P Fawcett
	Mr V Hassan
	Mr I Melville
	Mrs M Patterson
	Mr N Perry
	Mr D Sleath
	Ms E Tottie
	Mr A Walden

Adjudication Panel

Chair	Mr P Hinchliffe
Deputy Chair	Ms E Boothroyd
Panel Members	Ms M Coats
	Mr I Melville
	Mr R Morris
	Mr E Percival
	Mr J Wilson

“Associate Member” means a member of a Committee who is not a Council Member.



Council and committee attendance

	Council	Investigating Committee	Audit Committee	Remuneration and Committee
Council member attendance				
Ms A Bradley	6/6			1/1
Mr A Clark	6/6		4/4	
Mr J Jones	6/6		4/4	
Mr G Kidd	6/6			1/1
Mr R Gurney	6/6			1/1
Mr P Rowley	1/1			
Ms J Smith	4/6		3/4	
Mr J Wells	3/4			
Non Council member committee members				
Ms K Caley		1/2		
Ms H Foster			4/4	
Mr A Gilbert		2/2		
Mr D Sanders		2/2		
Mr J Sutton		1/2		
Ms J Totty		2/2		

Executive team

The Chief Executive is responsible for the day to day management of the CLC, for implementing the policy decisions of the Council and its Committees and for ensuring that the CLC undertakes its operations within the budget approved by the Council. The Chief Executive is supported by a staff team of 25 employees (24 full time equivalent).

Chief Executive	Victor Olowe (until 29 February 2012)
Interim Chief Executive	June Mulroy (since 19 March 2012)
Director of Policy & Standards	Simon Blandy
Director of Corporate Services	Patrick Traynor
Director of Operations	Wayne Pearson



Key facts and figures

Overview of licence holders and students

Licence holders

	2007	2008	2009	2010	2011
Manager licensed conveyancer	266	269	268	300	317
Employed licensed conveyancer	715	762	691	781	788

	2009	2010	2011
Individual probate practitioners	28	53	64

	2009	2010	2011
Regulated entities	195	213	221 of which: 5 - Limited Liability Partnerships 78 - Limited Companies 35 - Partnerships 103 - Sole Practitioners 221 - Total
Alternative Business Structures			1 application granted

New applications approved

	2009	2010	2011
Probate	28	23	26
Solicitors converted	15	17	20
Employed to managers	13	20	15
Recognised entities	14	23	14

Students

	2007	2008	2009	2010	2011
All students	1930	1972	741	604	497
Distance learning as a proportion of all students	64%	65%	71%	76%	73.4%





Council for
**Licensed
Conveyancers**

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