



Council for  
Licensed  
Conveyancers

Annual Review for the year ended 31 December 2010

SUPERVISION  
CONSULTATION  
EDUCATION  
RESEMINARS  
COUNCIL  
ENGAGEMENT  
STAKEHOLDERS  
SATISFACTION  
GRIEVANCES



SEMANGAT  
KEMUNGKINAN

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## Who we are

The Council for Licensed Conveyancers (“the CLC”) was established under the provisions of the Administration of Justice Act 1985 as the Regulatory Body for the profession of licensed conveyancers. As set out in Section 28 of the Legal Services Act 2007 the CLC must, so far as is reasonably practicable, act in a way:

- (a) which is compatible with the regulatory objectives (set out at section 1 of the Legal Services Act 2007), and
- (b) which it considers most appropriate for the purpose of meeting those objectives.

Further, the CLC must have regard to:

- (a) the principles under which regulatory activities should be transparent, accountable, proportionate, consistent and targeted only at cases in which action is needed, and
- (b) any other principle appearing to represent the best regulatory practice.

## Our purpose

To set entry standards and regulate the profession of licensed conveyancers effectively in order to:

- secure adequate consumer protection;
- promote effective competition in the legal services market, and;
- provide choice for consumers.

## What we do

The CLC fulfils its responsibilities by undertaking a range of activities, which are outlined as follows:

- set educational and training standards for entry to the profession;
- issue licences to practise to those qualified to provide conveyancing and probate services to clients;
- maintain a register of all licensed conveyancers;
- set standards to regulate the professional practice, conduct and discipline of licensed conveyancers;
- set standards to maintain adequate professional indemnity insurance and a compensation fund to protect the public;
- undertake accounts and practice inspections to monitor the work and conduct of licensed conveyancers and to determine whether they are meeting the required standards;
- provide guidance and advice to licensed conveyancers to maintain compliance with the standards and those regulations relevant to our duty of consumer protection;
- investigate complaints against a licensed conveyancer and order redress for the client for poor service where appropriate;
- investigate allegations of misconduct against a licensed conveyancer and where appropriate take disciplinary proceedings before the Discipline and Appeals Committee;

- collaborate with key stakeholders in the conveyancing services market to monitor and shape the impact of proposed regulations on the conduct of licensed conveyancers in order to maintain adequate consumer protection.

## Our statutory objectives – strategic outcomes

We are bound by our statutory objectives which detail the strategic outcomes that we aspire to achieve for the public, consumers and the regulated community.

The statutory regulatory objectives referred to in the Legal Services Act 2007 are outlined as follows:

- a) protecting and promoting the public interest;
- b) supporting the constitutional principle of the rule of law;
- c) improving access to justice;
- d) protecting and promoting the interests of consumers;
- e) promoting competition in the provision of services by ‘authorised persons’ as defined in the Act;
- f) encouraging an independent, strong, diverse and effective legal profession;
- g) increasing public understanding of the citizen’s legal rights and duties;
- h) promoting and maintaining adherence to the professional principles;

## Chair's foreword

Welcome to my first Annual Review as Chair of the CLC. The appointment of a new Council on 1 May 2010 was a significant milestone for the CLC, bringing with it an emphasis on strategic leadership. We commenced our work with a thorough review of the strategic challenges we face and our ability to respond to them in the future. Consequently we reprioritised the actions for delivery in the 2010 business plan which was approved by the previous Council in order to focus on those aspects critical for the long term success of the organisation. As a result some activities in the 2010 business plan were either deferred to 2011 or discontinued.

A key area of focus during the year was preparing the CLC's applications to the Legal Services Board (LSB), to become a licensing authority regulating Alternative Business Structures (ABS) and to extend our regulatory scope to include litigation and advocacy. As part of these preparations, we reviewed our capacity and capability requirements and made a number of changes to our committee, staffing and resource structures. I am delighted to say that the first of these has been approved by the LSB who have recommended that we be made a Licensing Authority.

Another major area of focus in 2010 was increasing engagement with key stakeholders, particularly the regulated community. In March 2010 the CLC commissioned an online satisfaction survey aimed towards licensed conveyancers, non licensed conveyancer managers and CLC registered students. The survey provided us with stakeholders views on the current level of service we provide and identified opportunities for improvement. In addition to the survey, we also undertook a series of licensee roadshows in October. These events, which were unique in the CLC's history of engagement, provided an opportunity to engage directly with licensees. The feedback was very positive and we have plans for extending this type of activity in the future.

Going forward we have a new strategic plan and ambition for the CLC to be seen as 'the innovative legal regulator'. The CLC has contributed to bringing about considerable change in the conveyancing market and we believe we have a role to play in doing the same in other legal service markets. We are preparing for licensing the first ABS in October 2011 and looking forward to the future.

I would like to thank the outgoing Council members, including the ex-Chair, Alistair Guthrie, for all their work on behalf of the CLC. I would also like to thank current Council members for their enthusiasm and dedication and all the CLC staff for their hard work and commitment during a year of considerable change. I am confident that this year has provided us with the platform we need to grow and develop in 2011.



Anna Bradley Chair CLC

## Key activities YEAR ENDED 31 DECEMBER 2010

This section provides a summary of the activities undertaken during 2010 in support of our six strategic themes.

<b>STRATEGIC THEME 1</b>	<b>Deliver efficient, effective and proportionate risk based regulation</b>
<b>STRATEGIC THEME 2</b>	<b>Increase the number and categories of regulated providers</b>
<b>STRATEGIC THEME 3</b>	<b>Increase engagement with key stakeholders particularly with consumers</b>
<b>STRATEGIC THEME 4</b>	<b>Increase uptake of the CLC's educational programmes and qualifications</b>
<b>STRATEGIC THEME 5</b>	<b>Increase the scope of regulatory support to regulated providers</b>
<b>STRATEGIC THEME 6</b>	<b>Develop our organisational capability to achieve the strategic objectives</b>



### Deliver efficient, effective and proportionate risk based regulation

#### Setting clear standards

##### Schedule of Rules considered during 2010

<b>Rule</b>	<b>In force</b>	<b>Main purpose</b>
Fees Rules 2010 (Guidance Note 9 only)	1 November 2010	Set fees payable by licensed conveyancers and CLC regulated practices

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## Schedule of Consultations issued during 2010

Consultation	Date issued	Subject feedback sought
Licence and Practice Fees	February 2010	The rationale used to determine how sections of the regulated community pay for the costs of regulation.
Intended Application to regulate Advocacy and Litigation Services	February 2010	Discussion of the intention to apply to extend the CLC's regulatory scope to include Rights of Audience and Conduct of Litigation.
Outcomes-focused Regulation (OFR) - Code of Conduct	August 2010	The draft Code of Conduct, the overarching parent document of our proposed outcome-focused regulatory arrangements.
OFR - Licensed Body Framework	September 2010	Draft approach to the licensing of alternative business structures, in keeping with our commitment to becoming a Licensing Authority.
OFR - revised Code and Guidance Notes	September 2010	Revision of the existing regulatory framework and proposal of an opt-out from the Master Policy.
OFR - Regulation and Enforcement Policies	September 2010	Explanation of how we will encourage behaviour compliant with our regulatory arrangements and how we will hold to account those who fail in their responsibilities.
Application to regulate Advocacy and Litigation Services – Second Consultation	September 2010	The regulatory arrangements, draft programme specification and resources allocation proposed to ensure we are competent to regulate litigation and advocacy services.
Adjudication Panel Rules	December 2010	Outlining the proposed changes to streamline our existing arrangements for determination of conduct allegations.

## Monitoring & Practice Support

The CLC's work towards a more robust, dynamic and effective risk based inspection regime evolved slower than expected during 2010. We have reviewed the situation and made operational changes to accelerate progress in 2011. Inspections continue to be carried out by methods ranging from a desk based review to an on-site inspection depending on circumstances, including the findings of any preliminary reviews.

A total of 122 inspections were completed during 2010 of which 36% focused on anti money laundering and around 30% focused on handling of client money and the quality of conveyancing work respectively.

## Interventions

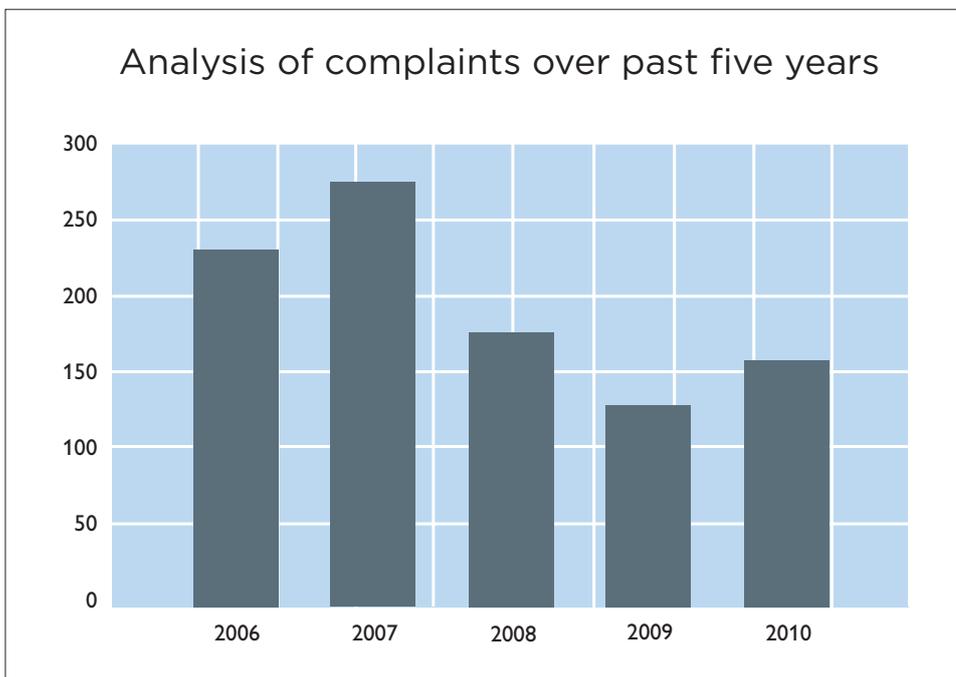
The CLC may intervene into a practice for a number of reasons, principally suspicion of dishonesty and/or breaches of the Accounts Rules, in order to protect the interest of the clients. During 2010, the CLC exercised its statutory powers and intervened into one practice following the surrender of the CLC licence by a sole practitioner.

## Complaints about licensed conveyancers

During the period 1 January 2010 to 31 December 2010, 153 complaints were received. This compared to 129 during 2009, an increase of 19%. The CLC's jurisdiction over service complaints ceased from 6 October 2010 when service complaints moved to the Legal Ombudsman (<http://www.legalombudsman.org.uk>). The CLC continues to consider conduct complaints against licensed conveyancers.

The CLC's Investigating Committee met six times during 2010, compared to nine occasions in 2009, and considered 66 complaints. During 2010 14 cases were referred to the Legal Services Ombudsman (LSO). For 10 of these cases the LSO decided no further action was required by the CLC, a satisfaction rating of 71%. For the remaining four cases the CLC's Investigating Committee was directed to reconsider its findings.

The following figures and graphics provide a breakdown of complaints received during 2010 and how these figures compare against those of previous years.



## Performance Comparisons

	Complaints Received	Complaints Resolved	Difference	
			No	%
2010	<b>153</b>	<b>181</b>	<b>28</b>	<b>118</b>
2009	<b>130</b>	<b>197</b>	<b>67</b>	<b>151</b>
2008	<b>177</b>	<b>187</b>	<b>10</b>	<b>106</b>
2007	<b>277</b>	<b>221</b>	<b>(56)</b>	<b>80</b>
2006	<b>228</b>	<b>184</b>	<b>(44)</b>	<b>81</b>
2005	<b>190</b>	<b>154</b>	<b>(36)</b>	<b>81</b>
2004	<b>172</b>	<b>138</b>	<b>(34)</b>	<b>80</b>

\*These figures include complaints carried over from previous years

## Comparison Outcome of Complaints 2009 & 2010

	2010		2009	
	No	%	No	%
Resolved in Correspondence	<b>92</b>	<b>58.9</b>	<b>74</b>	<b>4.0</b>
Compensation for D&I	<b>10</b>	<b>6.4</b>	<b>16</b>	<b>8.7</b>
Compensation (but no D&I)	<b>2</b>	<b>1.3</b>	<b>1</b>	<b>0.5</b>
Conduct No referral to DAC	<b>8</b>	<b>5.2</b>	<b>33</b>	<b>1.8</b>
Not upheld	<b>8</b>	<b>5.2</b>	<b>20</b>	<b>10.8</b>
Other	<b>11</b>	<b>7.1</b>	<b>7</b>	<b>3.8</b>
Referral to DAC	<b>2</b>	<b>1.3</b>	<b>2</b>	<b>1.0</b>
Referral to insurers	<b>1</b>	<b>0.6</b>	<b>6</b>	<b>3.2</b>
Refund of Fees	<b>7</b>	<b>4.4</b>	<b>0</b>	<b>0.0</b>
Refund of Fees & Comp for D&I	<b>15</b>	<b>9.6</b>	<b>26</b>	<b>1.4</b>
Refund of Fees & Comp for D&I & Referral to insurers	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>
	<b>156</b>	<b>100.0</b>	<b>185</b>	<b>100.0</b>

## Quarterly Turnaround Times

	KPI	2010		2009		2008	
		No	%	No	%	No	%
<3mths	<b>42</b>	<b>66</b>	<b>38.2</b>	<b>48</b>	<b>23.0</b>	<b>51</b>	<b>30.4</b>
3-6mths	<b>29</b>	<b>63</b>	<b>36.4</b>	<b>42</b>	<b>20.1</b>	<b>16</b>	<b>9.5</b>
6-9mths	<b>23</b>	<b>30</b>	<b>17.3</b>	<b>74</b>	<b>35.4</b>	<b>51</b>	<b>30.4</b>
9-12mths	<b>0</b>	<b>8</b>	<b>4.6</b>	<b>26</b>	<b>12.4</b>	<b>36</b>	<b>21.4</b>
>12mths	<b>60</b>	<b>6</b>	<b>3.5</b>	<b>19</b>	<b>9.1</b>	<b>14</b>	<b>8.3</b>
<b>TOTAL</b>	<b>100</b>	<b>173</b>	<b>100.0</b>	<b>209</b>	<b>100.0</b>	<b>168</b>	<b>100.0</b>

## Responding to Concerns

The Discipline and Appeals Committee (DAC) makes determinations on disciplinary matters and appeals against decisions of the relevant committees of the CLC. Although it is a Committee of the Council, no serving member of the Council may be appointed to the panel of the DAC. It sits as a Committee of three, chaired by a senior lawyer with one licensed conveyancer member and one lay member to determine cases referred to it.

During 2010 the Committee met four times. Twice because of failure by licensed conveyancers to comply with directions made by the Investigating Committee about service complaints and twice related to the failure by licensed conveyancers to comply with CLC Rules.

## Claims on the Compensation Fund

The CLC administers a compensation fund and has discretion over any payment out of the fund.

A total of £13,692 was paid out on 10 claims in 2010. Eleven claims were denied.

## Claims on the Run Off Block Policy

Under the terms of the CLC's Run Off Block Policy a total of £22,000 in claim payments was made in 2010. This was in respect of one claim.

## Complaints against the CLC

### Policy Statement

The purpose of the CLC is to set entry standards and regulate the profession of licensed conveyancers effectively in order to:

- secure adequate consumer protection;
- promote effective competition in the legal services market; and
- provide choice for consumers.

The CLC aims to get things right the first time and to provide all our customers with a good service. However, we accept that there may be times when our standard of service may fall below the reasonable expectations of our customers.

We define a complaint as an oral or written expression of dissatisfaction which alleges that the complainant has suffered (or may suffer) financial loss, distress, inconvenience or detriment due to the way the CLC has carried out, or failed to carry out, its activities. Where the service received from the CLC is below your expectations you can make a formal complaint to us, in writing, by letter, email, fax, or by telephone, outlining your complaint; we aim to handle your complaint courteously, objectively, sensitively and in a timely manner. Where genuine grievances have arisen we will seek to rectify the situation to the satisfaction of the complainant. Your complaint gives us the opportunity to learn from our errors and to improve the quality of our services so the opportunities for a reoccurrence of the grievance are minimised.

We deal with complaints from anyone directly affected by the CLC's actions or inactions with regard to the services provided by the CLC. Although the CLC receives and acts upon complaints regarding the quality of service and conduct of licensed conveyancers, this policy refers only to complaints about the service and conduct of the CLC itself and not third parties; complaints regarding licensed conveyancers are covered by a separate complaints policy.

During 2010 there were three complaints. One referred to the missing of an exam deadline, the second referred to discontent against the CLC with a DAC outcome and staff actions and the third referred to the conduct of the Investigating Committee and advice given by CLC employees.

After thorough investigation, with the exception of an apology for an administrative error, all three complaints were found to be unjustified.



## **Increase the number and categories of regulated providers**

### **Increase range of services provided by regulated providers**

Preparations were made to enable submission of applications to the Legal Services Board in 2011, to become a Licensing Authority and to extend the scope of services regulated to include litigation and rights of audience (advocacy).



## **Increase engagement with key stakeholders particularly with consumers**

### **Corporate brand**

The implementation of clear and consistent corporate branding throughout the CLC continued during 2010 with CLC materials being reviewed and branded with the new visual identity. In addition, new consumer literature was produced.

### **Stakeholder Satisfaction Survey**

Committed to improving our service to stakeholders, we commissioned an independent stakeholder satisfaction survey in March. This survey was sent to licensed conveyancers, non-licensed conveyancer managers and CLC registered students. The results from the survey provided valuable feedback and an action plan was subsequently produced and published on our website to address the key points raised.

### **Stakeholder Roadshows**

In October 2010, we held three roadshows. These seminars offered an opportunity for stakeholders to discuss the CLC's future plans. There was a positive response both in attendance and feedback and similar events will feature in future communication programmes.

### **Lenders**

We continued to engage with Lenders during the year to understand their concerns and identify opportunities to enhance our regulatory framework to mitigate those concerns as appropriate. In addition, we continue to raise our concerns to lenders where the interests of consumers are compromised because licensed conveyancers were having difficulty being accepted onto Lender panels. We will continue building and maintaining these relationships to ensure Lenders have a good understanding of the work of the CLC to protect their interests through the effective regulation of the Licensed Conveyancers.

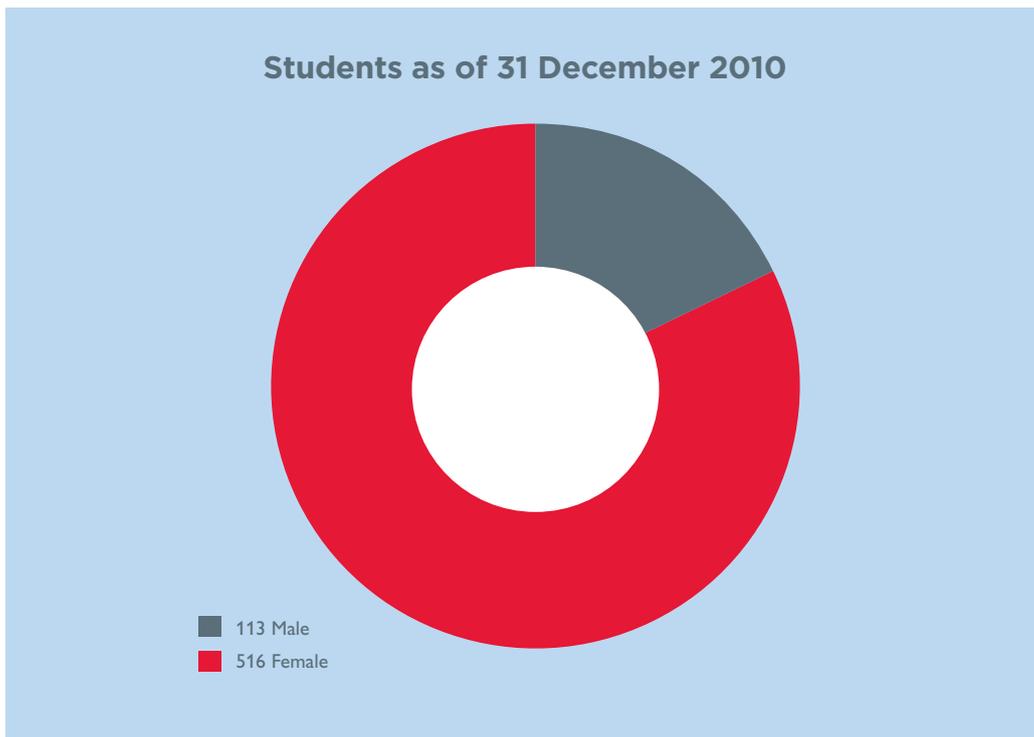
## Increase the uptake of the CLC's educational programmes and qualifications

In 2009 we commenced a review of our education programmes which continued over the last 12 months with the development of a new qualification framework developed by UK NARIC. Work is underway to align the existing terminology in the existing course modules to the new framework.

During 2010, 120 new applicants were registered as CLC students and, in total, there were 629 registered CLC students. This represents a small decrease from the total number of students in 2009 which seems to reflect the continued severe impact of the economic climate on investment in training and development opportunities in the conveyancing sector.

A total of 585 candidates sat CLC examinations in 2010. Of these candidates, 401 achieved the required pass mark – a success rate of 68.5%. The success rate is broadly in line with performance in recent years

### Students as of 31 December 2010



## Increase the scope of regulatory support to regulated providers

### Guidance

To support the handover of service complaints to the Legal Ombudsman from 6 October 2010, the revised Complaints Guidance was issued in August 2010 to ensure: the regulated community provide clients with information about their entitlement to raise concerns about the service they receive;

the service (and the way a complaint is investigated) is accessible, easily understood and responsive to the complainant's need;

where terms are agreed to resolve a complaint these are implemented promptly; and if a complainant remains dissatisfied they are aware of their right to refer their complaint to the Legal Ombudsman.

## Develop our organisational capability to achieve the strategic objectives

### People strategy

A new staffing structure was implemented to support the delivery of principles based and outcomes focused regulation as from October 2011 and recruitment to fill key roles will be completed during 2011.

Human resources policies have been updated to keep pace with legislation and revised to aid clarity.

Updates and opportunities for feedback, particularly on major change and future developments, using a variety of media, feature regularly. Internal communication takes place through regular team meetings, while a monthly staff newsletter and media report are distributed to all staff.

### Governance review

The first stage of the new governance arrangements has been implemented with the successful recruitment of a new Council which commenced operation on 1 May 2010.

The next stage of the new governance arrangements was undertaken following a review of the committee structure which resulted in a new streamlined committee structure to come into effect in 2011, notably the creation of a new adjudication panel.

As a result of the revised committee structure, the scheme of delegated powers enabling decision making at the most appropriate level has been reviewed, agreed and implemented.

## **Financial management**

Following consultation with the profession, the regulatory fees structure for the regulated community has been revised to align with the risk based approach and the increased emphasis on the regulation of entities.

The rolling programme of supplier comparisons resulted in savings in a number of areas, invariably while improving service.

## **Audit**

A series of independent internal audit reviews were concluded as part of the five year strategic audit plan. These included:

Governance – Conflicts of Interest and Transition;  
Income;  
Payroll and;  
Monitoring & Inspection.

The terms of reference of the Audit Committee have been reviewed and amended to aid clarity and coverage.

The risk register, coupled with a Risk Management Policy, continued to be developed during 2010 and was regularly reviewed by Audit Committee and Council.

## **Facilities management**

All statutory obligations have been met and new emergency lighting installed.

Paper and cardboard recycling continues, significantly reducing landfill waste.

## **Equality**

The CLC's equality policy has been developed.

## **Technology**

The new Management Information System was developed during 2010. Further phases of functionality will continue to be developed during 2011.

Work continued on the production of a new public website and extranet portals for CLC regulated practices, licensed conveyancers and CLC registered students. The public website went live on 31 January 2011 with the extranet portals following shortly afterwards. Development of the public website and extranet areas will continue during 2011.

The IT network continues to be maintained and improved.

## **Communications**

Four editions of Chronicle, CLC's quarterly publication, were published and distributed to all licensed conveyancers, CLC registered students and other subscribers.

## **Governance Statement Year Ended 31 December 2010**

The Council for Licensed Conveyancers (CLC) is the regulatory body for the profession of licensed conveyancers. 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 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 30 April 2010 the CLC was governed by a Council comprising 15 members, eight of whom were licensed conveyancers and seven non-licensed conveyancers. A list of the members is included within this Annual Report. From 1 May 2010 the Council comprised four licensed conveyancers and three lay members, all of whom were appointed.

The Council has made regulations entitled "Regulations for Appointment and Service of Council Members 2009" which were made on 6 May 2009 with the approval of the Legal Services Board under Paragraph 4 of Schedule 3 to the Administration of Justice Act 1985 which superseded the "Regulations for the Election, Nomination and Service of Council Members 2004". The 2009 Regulations deal with the following matters:

- Composition of the Council
- Vacancies
- Disqualification
- Appointment of licensed conveyancer members and lay members
- Tenure of Office of Council Members, Chairman and Deputy Chairman
- Suspension of a Council member

Copies of the Regulations are available from the CLC. Selection of members of the Investigating Committee is in accordance with the Council for Licensed Conveyancers' Investigating Committee Rules 2004, which were made on 5 May 2004 with the concurrence of the Secretary of State pursuant to Sections 24 and 38 and paragraph 5 of Schedule 3 to the Administration of Justice Act 1985 and Section 53 and Part II of Schedule 8 to the Courts and Legal Services Act 1990. The Investigating Committee consists of five members who may or may not be members for the Council, and shall include a minimum of two and a maximum of three licensed conveyancers. The Council made a Code of Conduct for members on 6 May 2009 and all Council members are required to confirm that they will abide by that Code of Conduct.

## 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.

- (a) Until 30 April 2010, the Chairman and the Deputy Chairman were elected by the Council. From 1 May 2010 the Chairman and members of the Council were appointed by a panel consisting of up to five individuals supported by the Appointments Commission.
- (b) The Council selects the Chairs and members of the Audit Committee, the Remuneration and Selection Committee and the Licence and Practice Committee.

Other business considered by the Council at meetings includes:

- (a) Matters of policy;
- (b) The making of Rules for which function the Council is not entitled to delegate;
- (c) Approval of Annual Report and Financial Statements;
- (d) Approval of contributions by licensed conveyancers to the Compensation Fund, practice fees and all licence fees;
- (e) Noting the reports and minutes of committees;
- (f) 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 Chairman of the particular committee. Meetings of these Committees are conducted in accordance with the Standing Orders for Committees made on 5 May 2004, except for the Investigating Committee for which Standing Orders were made on 23 July 2003. 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.

## Responsibilities of the Council

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

Until 31 December 2009 any new Rules or changes to existing Rules made by the Council required the concurrence of the Secretary of State (formerly the Lord Chancellor), and from 1 January 2010 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 the 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 of Council's responsibilities

As a matter of good practice the Council prepares accounts for each financial period, which give a true and fair view of the state of affairs of the Council and of the surplus or shortfall of the Council for that period. In preparing those accounts, the Council:

- Select suitable accounting policies and then applies them consistently;
- Makes judgements and estimates that are reasonable and prudent;
- States whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- Prepares the accounts on the going concern basis unless it is inappropriate to presume that the Council will continue in operation.

The Council is responsible for maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Council and to enable them to ensure that the accounts comply with the Administration of Justice Act 1985. They are also responsible for safeguarding the assets of the Council and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## 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 to a reasonable level rather than eliminate all risk of failure to the achievement of the CLC's policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. 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.

### Risk management

During 2010 the CLC continually reviewed its risk management arrangements.

The CLC's risk management policy sets out the CLC's approach to the management of risk at a strategic and operational level and within projects. The risk management policy also sets out the CLC's appetite for risk, which is to promote a more innovative, less risk adverse culture in which taking calculated risks in pursuit of opportunities to benefit the CLC is encouraged. The CLC's risk management policy identifies the specific risk management responsibilities of the Council, Audit Committee, Chief Executive, Management, Employees and Contractors.

The responsibilities for risk management are:

Role	Responsibilities
Council	<ul style="list-style-type: none"> <li>Overall responsibility for effective management of risk within the CLC</li> </ul>
Chief Executive	<ul style="list-style-type: none"> <li>Accountable to the Council for the effective management of risk within the CLC</li> </ul>
Audit Committee	<ul style="list-style-type: none"> <li>Providing assurance to the Council on the effectiveness of the risk management policy and its implementation</li> </ul>
Directors	<ul style="list-style-type: none"> <li>Implementing the risk management policy within their departments</li> </ul>
Managers	<ul style="list-style-type: none"> <li>Implementing the risk management policy within their areas of responsibility</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Awareness and understanding of risk management policy</li> <li>Take a risk management approach to their work</li> </ul>
Contractors	<ul style="list-style-type: none"> <li>Awareness and understanding of risk management policy</li> <li>Take a risk management approach to their work</li> </ul>

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The risk management process within the CLC consists of the identification of risks facing the CLC's business and their classification in terms of likely occurrence and consequences. Priority is given to mitigating the highest risks and these are reviewed at Council meetings.

## Review of effectiveness

The CLC's Audit Committee, comprising three non-executive Council members and one co-opted member met three times during the year ended 31 December 2010. 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.



## **New Council Members (1 May 2010 to 31 December 2010)**

The following members were appointed on 1 May 2010.

<b>Chair</b>	<b>Ms A Bradley</b>	Lay Member
	<b>Mr A Clark</b>	Licensed Conveyancer
	<b>Mr R Gurney</b>	Licensed Conveyancer
	<b>Mr J Jones</b>	Licensed Conveyancer
	<b>Mr G Kidd</b>	Lay Member
	<b>Ms J Smith</b>	Lay Member
	<b>Mr J Wells</b>	Licensed Conveyancer

## **Council Members (1 January 2010 to 30 April 2010)**

The appointment term for all the following members expired on 30 April 2010.

<b>Chair</b>	<b>Mr A Guthrie</b>	Licensed Conveyancer
<b>Deputy Chair</b>	<b>Mr P Shears</b>	Nominated by National Consumer Federation
	<b>Mrs K Caley</b>	Licensed Conveyancer
	<b>Mr A Gilbert</b>	Nominated by Council for Licensed Conveyancers
	<b>Mr R Gurney</b>	Licensed Conveyancer
	<b>Mr K Hawkins</b>	Licensed Conveyancer
	<b>Mr J Jones</b>	Licensed Conveyancer
	<b>Mrs S Leggate</b>	Nominated by Which? (Consumers Association)
	<b>Mrs F Mead</b>	Licensed Conveyancer
	<b>Mr K Pullen</b>	Nominated by Association of Chartered Certified Accountants
	<b>Mr D Sanders</b>	Licensed Conveyancer
	<b>Mr J Sutton</b>	Nominated by Royal Institution of Chartered Surveyors
	<b>Mrs J Totty</b>	Nominated by Chief Land Registrar
	<b>Mr P Webb</b>	Licensed Conveyancer
	<b>Ms H Wiesner</b>	Nominated by Council for Licensed Conveyancers



## Committees Of Council (1 May 2010 to 31 December 2010)

### Education Committee:

**Chair**

**Member**

**Associate Member**

Committee from 1 May 2010 (expired 23 July 2010)

Mr P Shears

Mr J Jones

Mr P Webb

### Licence & Practice Committee

**Chair**

**Associate Members**

Committee from 1 May 2010

Mr K Pullen

Mr A Guthrie

Mrs F Mead

### Investigating Committee

**Chair**

**Associate Members**

Committee from 1 May 2010

Mrs J Totty

Mrs K Caley

Mr A Gilbert

Mr D Sanders

Mr J Sutton

### Audit Committee

**Chair**

**Members**

**Associate Member**

Committee from 1 May 2010

Ms J Smith

Mr A Clark

Mr J Jones

Ms H Foster

### Remuneration and Selection Committee

**Chair**

**Members**

Committee from 1 May 2010

Mr G Kidd

Mr R Gurney

Mr J Wells

### Discipline & Appeals Committee

**Chair**

**Deputy Chairman**

**Panel Members**

Committee from 1 May 2010

Ms A Seifert

Mr D Readings

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

"Associate Member" means a member of a  
Committee who is not a Council Member



## Committees Of Council (1 January 2010 to 30 April 2010)

### Finance & General Purpose Committee

<b>Chair</b>	Mr A Gilbert
<b>Members</b>	Mr R Gurney Mr A Guthrie Mr K Pullen Mr J Sutton

### Education Committee

<b>Chairman</b>	Mr P Shears
<b>Members</b>	Mr J Jones Mrs F Mead Mr P Webb
<b>Co-Opt</b>	Mrs D Roe

### Licence & Practice Committee

<b>Chairman</b>	Mr K Pullen
<b>Members</b>	Mrs K Caley Mr J Jones Mrs F Mead Mr P Shears

### Conduct & Compliance Committee

<b>Chairman</b>	Mr A Guthrie
<b>Members</b>	Mr K Hawkins Mr K Pullen Mr P Shears

### Rule Drafting Committee

<b>Chairman</b>	Ms H Wiesner
<b>Members</b>	Mr R Gurney Mr K Hawkins Mrs S Legate Mr P Webb
<b>Co-Opt</b>	Mr B Cooper

### Investigating Committee

<b>Chairman</b>	Mrs J Totty
<b>Members</b>	Mrs K Caley Mr A Gilbert Mr D Sanders Mr J Sutton



## Committees Of Council (continued)

### Chairs Committee

**Chairman**

Mr A Guthrie

**Members**

Mr A Gilbert

Mr K Pullen

Mr P Shears

Mr J Sutton

Mrs J Totty

Ms H Wiesner

### Audit Committee

**Chairman**

Ms H Wiesner

**Members**

Mrs S Leggate

Mr D Sanders

**Co-Opt**

Mr R Dinning

### Governance Review Group

**Chairman**

Mr A Guthrie

**Members**

Mrs S Leggate

Mr D Sanders

Mr P Shears

Ms H Wiesner

### Discipline & Appeals Committee

**Chairman**

Ms A Seifert

**Deputy Chairman**

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

Mr A Walden

### 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 19 employees (15 full time equivalent).

### Chief Executive

Victor Olowe

### Director of Policy & Standards

Simon Blandy

### Director of Corporate Services

Patrick Traynor

### Director of Operations

Michael Harradine – Cardwell



<b>Council &amp; Committee Attendance</b> (1 May 2010 to 31 December 2010)		Council	Education Committee	Licence and Practice Committee	Investigating Committee	Audit Committee	Remuneration and Selection Committee	Finance and General Purposes Committee	Rule Drafting Committee	Conduct & Compliance Committee	Governance Review Group	Examination Board
<b>Council Member Attendance</b>												
Ms Anna Bradley	5/5											
Mr Alex Clark	5/5					2/2						
Mr John Jones	5/5					2/2						
Mr George Kidd	5/5						1/1					
Mr Rob Gurney	5/5						1/1					
Mr John Wells	3/5						1/1					
Ms Jan Smith	4/5					2/2						
Non Council Member Committee Members												
Ms Heather Foster						1/2						

This table shows the number of meetings attended by members compared to the number of meetings held.



<b>Council &amp; Committee Attendance</b> (1 May 2010 to 31 December 2010)		Council	Education Committee	Licence and Practice Committee	Investigating Committee	Audit Committee	Remuneration and Selection Committee	Finance and General Purposes Committee	Rule Drafting Committee	Conduct & Compliance Committee	Governance Review Group	Examination Board
<b>Council Member Attendance</b>												
Mrs Kim Caley	1/1			2/2	6/6							
Mr Adrian Gilbert	1/1				6/6			2/2				
Mr Rob Gurney	1/1							2/2	1/1			
Mr Alistair Guthrie	1/1							2/2		2/2	1/1	
Mr John Jones	1/1	1/1	2/2									
Mr Kevin Hawkins	1/1							1/1	2/2			
Mrs Sue Leggate	0/1					2/2		1/1			1/1	
Mrs Francesca Mead	1/1	1/1	2/2									
Mr Keith Pullen	0/1		2/2					2/2		2/2		
Mr David Sanders	1/1			6/6	2/2						1/1	
Mr Peter Shears	1/1	1/1	2/2							1/2	1/1	1/1
Mr James Sutton	1/1			5/6				2/2				
Mrs Jill Totty	1/1			5/6								
Mr Peter Webb	1/1	1/1							1/1			
Ms Helena Wiesner	1/1					2/2			1/1		1/1	
Non Council Member Committee Members												
Mr Brian Cooper									1/1			
Mr Richard Dinning						1/2						
Mrs Diana Roe		0/1										
Professor Pat Leighton												1/1

Attendance is shown as the number of meetings attended compared to the number of meetings members were eligible to attend.

## 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 2010 which comprise the Income and Expenditure Accounts, 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 16, 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 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 2010 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

Accountants and Statutory Auditor

820 The Crescent

Colchester Business Park

Colchester

Essex

CO4 9YQ

30th June 2011



## Income and Expenditure Account year ended 31 December 2010

	Note	Operations Account 2010 £	Operations Account 2009 £	Compensation Fund 2010 £	Compensation Fund 2009 £
Income	1	1,153,015	1,008,513	962,839	1,485,300
Direct costs	2	149,409	178,651	369,707	348,173
<b>Gross surplus</b>		<b>1,003,606</b>	<b>829,862</b>	<b>593,132</b>	<b>1,137,127</b>
Administrative expenses	3	1,001,419	1,004,847	629,885	961,365
<b>Operating surplus/(deficit)</b>		<b>2,187</b>	<b>(174,985)</b>	<b>(36,753)</b>	<b>175,762</b>
Interest receivable		15,654	13,986	56,126	57,887
<b>Surplus/(deficit) on ordinary activities before taxation</b>		<b>17,841</b>	<b>(160,999)</b>	<b>19,373</b>	<b>233,649</b>
Tax on surplus/(deficit) on ordinary activities	6	(3,577)	(3,200)	(12,920)	(11,817)
<b>Surplus/(deficit) for the financial year</b>		<b>14,264</b>	<b>(164,199)</b>	<b>6,453</b>	<b>221,832</b>

All of the activities of the Council are classed as continuing.  
The Council has no recognised gains or losses other than  
the results for the year as set out above.

The notes on pages 31 to 40 and the accounting policies set out on pages 29 to 30  
form part of these financial statements



## Balance Sheet 31 December 2010

	Note	Operations Account 2010 £	Operations Account 2009 £	Compensation Fund 2010 £	Compensation Fund 2009 £
<b>Fixed assets</b>					
Tangible assets	7	<u>828,882</u>	670,860	-	152,925
<b>Current assets</b>					
Stock	8	3,842	5,521	-	-
Debtors	9	1,246,313	62,335	737,581	1,518,054
Investments - cash time deposits		-	1,300,000	-	834,174
Cash at bank and in hand		2,092,216	181,125	2,510,315	2,316,059
		<u>3,342,371</u>	1,548,981	<u>3,247,896</u>	4,668,287
<b>Creditors: Amounts falling due within one year</b>	10	<u>1,925,097</u>	718,846	31,102	771,292
<b>Net current assets</b>		<u>1,417,274</u>	830,135	<u>3,216,794</u>	3,896,995
<b>Total assets less current liabilities</b>		<u>2,246,156</u>	1,500,995	<u>3,216,794</u>	4,049,920
<b>Creditors: Amounts falling due after more than one year</b>	11	11,042	174,788	-	-
<b>Provisions for liabilities</b>					
Provisions	13	-	-	9,673	12,737
<b>Net assets</b>		<u>2,235,114</u>	1,326,207	<u>3,207,121</u>	4,037,183
<b>Representing:</b>					
Accumulated balance	14	1,475,099	598,428	2,830,721	3,686,675
Revaluation reserve	15	460,015	427,779	-	32,236
Contingency Fund reserve	16	300,000	300,000	-	-
Aged balance reserve	17	-	-	376,400	318,272
		<u>2,235,114</u>	1,326,207	<u>3,207,121</u>	4,037,183

Approved by the Council on 8 June 2011

A Bradley  
Chair

V Olowe  
Chief Executive

## Cash Flow Statement year ended 31 December 2010

	Note	2010 £	2010 £	2009 £
Net cash outflow from operating activities	21		(92,520)	(65,564)
Returns on investments and servicing of finance				
Interest received		71,780		71,873
Net cash inflow from returns on investments and servicing of finance			71,780	71,873
Taxation			(21,770)	(56,381)
Capital expenditure and financial investments				
Payments to acquire tangible fixed assets		(66,980)		(38,096)
Receipts from sale of fixed assets		22,535		6,379
Net cash outflow from capital expenditure and financial investment			(44,445)	(31,717)
Management of liquid resources				
Movement on current asset investments		2,134,174		1,561,134
Net cash inflow from management of liquid resources			2,134,174	1,561,134
Financing				
Receipts into aged balance reserve		58,128		124,389
Net cash inflow from financing			58,128	124,389
Increase in cash	21		2,105,347	1,603,734

The notes on pages 31 to 40 and the accounting policies set out on pages 29 to 30 form part of these financial statements

## Accounting Policies year ended 31 December 2010

### Basis of accounting

The accounts are prepared under the historical cost convention, modified to include the revaluation of freehold properties.

### 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 is purchased.

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.

Licensed conveyancers have been 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 CLC'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 £1,200.

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.

### 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 $\frac{1}{3}$ %	straight line
Motor vehicles	- 25%	straight line

### 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.

### Taxation

The charge for taxation is based on the 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 governed by The Council for Licensed Conveyancers Compensation Fund Rules.

The Compensation Fund is a fund of last resort, held on a separate trust, with the reserves balance being represented by separately identifiable assets and liabilities. Whilst under the control of the CLC, the Compensation Fund cannot be used to pay costs that would ordinarily be incurred through the Operations Account.

## Compensation Fund - 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 2010.

## Claims on the 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, 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 accounts according to the date that a grant is authorised by the CLC.

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 six 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.

## 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.



## Notes to the Annual Report year ended 31 December 2010

### 1. Income

	Operations Account 2010 £	Operations Account 2009 £	Compensation Fund 2010 £	Compensation Fund 2009 £
Licence fees	584,296	575,389	-	-
Student registration fees	74,688	101,964	-	-
Distance learning income	150,546	189,130	-	-
Examination fees and revision day income	62,755	101,600	-	-
Continued Professional Development income	17,500	10,225	-	-
Chronicle and website advertising income	4,790	3,140	-	-
Probate courses income	4,925	15,875	-	-
Practice fees	249,465	-	-	-
Contributions received from licence holders	-	-	748,525	1,127,840
Payments of commissions under the Master Policy	-	-	214,304	357,280
Miscellaneous income	4,050	11,190	10	180
	<b>1,153,015</b>	<b>1,008,513</b>	<b>962,839</b>	<b>1,485,300</b>

### 2. Direct Costs

	Operations Account 2010 £	Operations Account 2009 £	Compensation Fund 2010 £	Compensation Fund 2009 £
Disciplinary costs (net of recoveries)	2,105	1,918	-	-
Related legal costs	2,484	9,375	-	-
Discipline and Appeals Committee	7,684	2,442	-	-
Distance learning and other education costs	114,415	160,474	-	-
Chronicle costs	22,721	4,442	-	-
<b>Re: Dishonesty or fraud</b>				
Compensation grants	-	-	9,682	2,314
Insurance premiums	-	-	146,737	134,000
Legal and professional	-	-	42,261	29,500
<b>Re: Negligence not covered by Master Policy</b>				
Claims	-	-	22,720	46,381
Insurance premiums	-	-	113,814	92,313
Professional fees	-	-	34,493	43,665
	<b>149,409</b>	<b>178,651</b>	<b>369,707</b>	<b>348,173</b>

## Notes to the Annual Report (continued) year ended 31 December 2010

### 3. Administration Expenses

	Operations Account 2010 £	Operations Account 2009 £	Compensation Fund 2010 £	Compensation Fund 2009 £
LSB and OLC set up costs	(98,289)	144,831	-	-
LSB and OLC running costs	86,554	-	-	-
Council and committee costs (see note 4)	97,538	105,980	3,966	10,073
Staff costs (see note 5)	600,827	478,098	432,839	677,453
Advertising	881	5,659	-	-
Communications and marketing costs	32,975	53,252	-	-
Office costs	44,486	46,033	-	-
Repairs and renewals and computer costs	52,947	46,447	3,553	8,056
Depreciation	59,486	47,882	2,396	10,277
Investigating committee: file report fees and expenses	28,600	34,221	-	-
Regulatory fees	11,390	11,047	-	-
Intervention costs	879	-	17,235	16,643
Inspection files courier costs	221	-	1,368	-
Development of regulation costs	4,000	-	-	-
Motor, travelling and subsistence expenses	5,674	5,271	10,201	34,281
Telephone and fax	9,191	7,553	3,118	6,765
Postage	20,809	33,305	-	-
Printing and stationery	17,302	18,923	-	-
Books and publications	619	416	-	399
Premises costs	-	-	6,889	7,814
Bank charges	1,044	321	196	252
Subscriptions	3,300	2,960	1,227	3,281
Refreshments	619	1,297	-	-
Insurance (contents, buildings and liabilities)	82,722	82,944	-	-
Auditors remuneration	10,680	7,765	-	-
Legal and professional	86,835	55,840	-	-
Staff welfare	545	482	-	-
Sundry expenses	3,353	4,630	5,662	1,760
Profit on disposal of fixed assets	(7,078)	-	(15,456)	(5,999)
Service charge (to)/from compensation fund	(156,691)	(190,310)	156,691	190,310
	<b>1,001,419</b>	<b>1,004,847</b>	<b>629,885</b>	<b>961,365</b>

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 2010 £	Operations Account 2009 £	Compensation Fund 2010 £	Compensation Fund 2009 £
Attendance costs	66,440	73,033	3,966	10,073
Travel and subsistence	21,316	29,289	-	-
Meeting costs	9,782	3,658	-	-
	<b>97,538</b>	<b>105,980</b>	<b>3,966</b>	<b>10,073</b>

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 £10,133 (2009: £2,400).

## Notes to the Annual Report (continued) year ended 31 December 2010

### 5. Staff costs and directors' remuneration

	Operations Account 2010 £	Operations Account 2009 £	Compensation Fund 2010 £	Compensation Fund 2009 £
Staff salaries	470,727	389,403	345,534	556,926
National insurance contributions	49,239	41,348	42,822	60,918
Pension and death in service costs	24,739	22,370	18,916	33,267
Staff recruitment	37,318	10,250	16,781	12,683
Staff training	3,391	3,129	1,745	896
Temporary staff costs	6,247	3,520	-	-
Health insurance	9,166	8,078	7,041	12,763
	<b>600,827</b>	<b>478,098</b>	<b>432,839</b>	<b>677,453</b>

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

	Operations Account 2010 no.	Operations Account 2009 no.	Compensation Fund 2010 no.	Compensation Fund 2009 no.
Accounts and conveyancing inspectors	-	-	3	5
Secretarial and administrative staff	9	8	2	3
Management staff	6	6	2	4
	<b>15</b>	<b>14</b>	<b>7</b>	<b>12</b>

### Directors' remuneration

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

	2010 £	2009 £
Remuneration receivable	287,044	325,189
Value of pension contributions into defined contribution pension schemes	9,143	10,962
	<b>296,187</b>	<b>336,151</b>

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

	2010 no.	2009 no.
Defined contribution pension schemes	3	4

## Notes to the Annual Report (continued)

### year ended 31 December 2010

#### 6. Taxation on ordinary activities

##### a) Analysis of charge for the year

Current tax:

UK corporation tax based on results for the year at 21% (2009 - 21%)  
(Over)/under provision in prior year

	Operations Account 2010 £	Operations Account 2009 £	Compensation Fund 2010 £	Compensation Fund 2009 £
	3,708	3,200	12,274	11,817
	(131)	-	646	-
	<b>3,577</b>	<b>3,200</b>	<b>12,920</b>	<b>11,817</b>

#### 7. Tangible Fixed Assets

##### Operations Account

##### Cost or valuation

	Freehold Land and Buildings £	Motor Vehicles £	Computer Equipment £	Office Equipment & Fittings £	Total £
At 31 December 2009	680,000	-	196,948	94,682	971,630
Transferred from Compensation Fund	165,000	116,451	8,702	12,090	302,243
Additions	-	-	45,270	20,508	65,778
Disposals	-	(71,370)	(1,910)	(1,516)	(74,796)
At 31 December 2010	<b>845,000</b>	<b>45,081</b>	<b>249,010</b>	<b>125,764</b>	<b>1,264,855</b>

##### Depreciation

At 31 December 2009	48,600	-	170,818	81,352	300,770
Transferred from Compensation Fund	14,138	116,451	7,834	12,089	150,512
Charge for the year	10,612	-	31,285	17,589	59,486
Written out on disposals	-	(71,370)	(1,910)	(1,515)	(74,795)
At 31 December 2010	<b>73,350</b>	<b>45,081</b>	<b>208,027</b>	<b>109,515</b>	<b>435,973</b>

##### Net Book Value

At 31 December 2010	<b>771,650</b>	<b>-</b>	<b>40,983</b>	<b>16,249</b>	<b>828,882</b>
At 31 December 2009	631,400	-	26,130	13,330	670,860

Freehold land and buildings were revalued externally for the year ended 31 December 2008 at existing use value by S S Millar, MRICS of Kemsley LLP at £680,000 at 16-18 Glebe Road and £165,000 at Unit 4, Buckingham Court.

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

	2010 £	2009 £
Historical cost	501,242	324,740
Historical accumulated depreciation	(123,253)	(79,119)
Historical net book value	<b>377,989</b>	<b>245,621</b>



## Notes to the Annual Report (continued) year ended 31 December 2010

### 7. Tangible Fixed Assets (continued)

#### Compensation Fund Cost or valuation

	Freehold Land and Buildings £	Motor Vehicles £	Office Equipment & Fittings £	Total £
At 31 December 2009	165,000	116,451	19,590	301,041
Transfer to Operations Account	(165,000)	(116,451)	(20,792)	(302,243)
Additions	-	-	1,202	1,202
At 31 December 2010	-	-	-	-

#### Depreciation

At 31 December 2009	12,075	116,451	19,590	148,116
Transfer to Operations Account	(14,138)	(116,451)	(19,923)	(150,512)
Charge for the year	2,063	-	333	2,396
At 31 December 2010	-	-	-	-

#### Net Book Value

At 31 December 2010	-	-	-	-
At 31 December 2009	152,925	-	-	152,925

Freehold land and buildings were revalued externally for the year ended 31 December 2008 at existing use value by S S Millar, MRICS of Kemsley LLP at £165,000.

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

	2010 £	2009 £
Historical cost	-	176,502
Historical accumulated depreciation	-	(36,615)
Historical net book value	-	139,887



## Notes to the Annual Report (continued) year ended 31 December 2010

8. Stock	Operations Account 2010 £	Operations Account 2009 £	Compensation Fund 2010 £	Compensation Fund 2009 £
Stock of distance learning course material	3,842	5,521	-	-
	<b>3,842</b>	<b>5,521</b>	<b>-</b>	<b>-</b>

9. Debtors	Operations Account 2010 £	Operations Account 2009 £	Compensation Fund 2010 £	Compensation Fund 2009 £
Trade debtors	1,172,572	65,883	-	676,339
Inter divisional account	(39,987)	(108,908)	39,987	108,908
Other debtors	3,768	3,780	-	-
Prepayments and accrued income	109,960	101,580	697,594	732,807
	<b>1,246,313</b>	<b>62,335</b>	<b>737,581</b>	<b>1,518,054</b>

10. Creditors: Amounts falling due within one year	Operations Account 2010 £	Operations Account 2009 £	Compensation Fund 2010 £	Compensation Fund 2009 £
Trade creditors	38,800	8,297	-	-
Corporation tax	3,708	3,200	12,274	18,055
Other taxation and social security	21,833	23,408	-	-
Accruals and deferred income	1,860,756	683,941	18,828	753,237
	<b>1,925,097</b>	<b>718,846</b>	<b>31,102</b>	<b>771,292</b>

11. Creditors: Amounts falling due after more than one year	Operations Account 2010 £	Operations Account 2009 £	Compensation Fund 2010 £	Compensation Fund 2009 £
Trade creditors	11,042	-	-	-
Accruals and deferred income	-	174,788	-	-
	<b>11,042</b>	<b>174,788</b>	<b>-</b>	<b>-</b>

## Notes to the Annual Report (continued) year ended 31 December 2010

### 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. During the year the following transactions took place between the Council and the members of the Council and Committee members:

#### Operations Account:

Insurance premiums of £1,279 were paid to Saffron Insurance Services Ltd in which Mr A Gilbert is a director (2009: £2,801). Exam marking fees of £1,920 (2009: £720) and manual writing fees of £350 (2009: £2,713) were paid to Mr A Guthrie.

#### Compensation Fund:

Insurance premiums of £1,451 (2009: £6,435) were paid to Saffron Insurance Services Ltd in which Mr A Gilbert is a director.

### 13. Provisions for liabilities

	2010
<b>Compensation Fund</b>	<b>£</b>
<b>Provision for grants payable:</b>	
Balance brought forward	12,737
Movement for the year	(3,064)
Balance carried forward	<u>9,673</u>

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.

## Notes to the Annual Report (continued) year ended 31 December 2010

14. Accumulated balance	Operations Account 2010 £	Operations Account 2009 £	Compensation Fund 2010 £	Compensation Fund 2009 £
Balance brought forward	598,428	762,627	3,686,675	3,464,843
Surplus/(deficit) for the financial year	14,264	(164,199)	6,453	221,832
Transfer between funds	862,407	-	(862,407)	-
Balance carried forward	<b>1,475,099</b>	598,428	<b>2,830,721</b>	3,686,675

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 has taken place with effect from 1 November 2010. During the year 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 below has also been transferred to the Operations Account. Further there was a transfer of cash for a value of £742,912. This £862,407 has been accounted for as a transfer between funds on the accumulated balance reserve.

15. Revaluation reserve	Operations Account 2010 £	Operations Account 2009 £	Compensation Fund 2010 £	Compensation Fund 2009 £
Balance brought forward	427,779	427,779	32,236	32,236
Transfer between funds	32,236	-	(32,236)	-
Balance carried forward	<b>460,015</b>	427,779	-	32,236

See narrative in note 14 for details of transfer between funds

### 16. Contingency fund reserve

	Operations Account 2010 £	Operations Account 2009 £	Compensation Fund 2010 £	Compensation Fund 2009 £
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 (2009: £nil) was made from the Reserves in the year.

## Notes to the Annual Report (continued) year ended 31 December 2010

### 17. Aged balance reserve

	Operations Account 2010 £	Operations Account 2009 £	Compensation Fund 2010 £	Compensation Fund 2009 £
Balance brought forward	-	-	318,272	193,883
Received in the year	-	-	58,128	124,389
Balance carried forward	-	-	<b>376,400</b>	318,272

The Council has a policy allowing practices to send the Council monies to which it is not possible to find the rightful recipient. These aged balances are shown in a separate reserve account on the balance sheet. These monies would be repaid to the rightful owner if they ever materialised.

### 18. Capital commitments

Capital commitments at 31 December 2010 amounted to £nil (2009: £36,637).

### 19. Contingent assets and liabilities

a) 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 are brought into the accounts according to the date that a payment is authorised by the CLC. Although it has received preliminary 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).

b) The aged balance reserve set out in note 17 is considered to be a contingent liability. Though the likelihood of a payment being made from the aged balance reserve is considered to be remote.

### 20. Monies held in respect of former practices

As at 31 December 2010 the Council held £563,459 (2009: £573,605) 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.

## Notes to the Annual Report (continued) year ended 31 December 2010

### 21. Notes to the cash flow statement

#### Reconciliation of operating surplus to net cash outflow from operating activities

	2010 £	2009 £
Operating (deficit)/surplus	(34,566)	777
Depreciation	61,882	58,159
Profit on disposal of fixed assets	(22,534)	(5,999)
Decrease in stock	1,679	4,085
(Increase)/decrease in debtors	(403,505)	61,092
Increase/(decrease) in creditors	307,588	(180,690)
Decrease in provisions	(3,064)	(2,988)
Net cash outflow from operating activities	<u>(92,520)</u>	<u>(65,564)</u>

#### Reconciliation of net cash flow to movement in net funds

	2010 £	2009 £
Increase in cash in this period	2,105,347	1,603,734
Movement on current asset investments	(2,134,174)	(1,561,134)
Movement for the year	(28,827)	42,600
Net funds at 1 January	<u>4,631,358</u>	<u>4,588,758</u>
Net funds at 31 December	<u>4,602,531</u>	<u>4,631,358</u>

Analysis of change in net funds	At 1 January 2010 £	Cash flows £	At 31 December 2010 £
Cash in hand and at bank	2,497,184	2,105,347	4,602,531
Current asset investments	2,134,174	(2,134,174)	-
Net funds	<u>4,631,358</u>	<u>(28,827)</u>	<u>4,602,531</u>

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