

CONTENTS

Governance Statement	2
Statement of Internal Control	4
Independent Auditor's Report to the Members of the Council	6
Statement of Comprehensive Income including the Profit and Loss Account	10
Statement of Financial Position	11
Statement of Changes in Reserves	12
Statement of Cash flows	13
Accounting Policies	14
Notes to the Financial Statements	17
Council and Committee Members	28
Executive Team	30

GOVERNANCE STATEMENT

For the Year ended 31 December 2023

Governance statement

The Council for Licensed Conveyancers (CLC) is the regulatory body for the profession of licensed conveyancers. It licenses Recognised Bodies and Alternative Business Structures providing conveyancing and probate services. The CLC was initially established under the terms of the Administration of Justice Act 1985 as amended and also operates within the terms of the Courts and Legal Services Act 1990 and the Legal Services Act 2007, subject to the oversight of the Legal Services Board.

The CLC is a Designated Professional Body under Part XX of the Financial Services and Markets Act 2000 (FSMA 2000). As such the CLC is authorised 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.

Council and Committee meetings

Meetings of the Council take place at least twice each year and are conducted in accordance with the CLC standing orders made on 11 November 2021. Please refer to page 30 for attendance records.

The Chair and Members of the Council are appointed by the Council on a recommendation of the Appointments Committee. The Council constitutes the Appointments Committee and selects the Chairs, members of the Audit and Risk Committee and the Remuneration Committee on the recommendation of the Appointments Committee.

The business considered by the Council at meetings includes:

- Matters of policy;
- The making of Rules;
- Approval of the Annual Report;
- Approval of the Annual Financial Statements;
- Approval of contributions by CLC Practices and Licensed Conveyancers to the Compensation Fund, Practice Fund and all licence fees;
- Noting the reports and making appropriate actions from the minutes of Committees;
- Delegation of authority to the Executive;

- Review of performance against the budget and business plan.

The 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 11 November 2021. The minutes of all meetings of all Committees are approved at the next meeting of the Committee. Each Council member has an opportunity to raise queries on any item in the minutes.

The meetings of the Council and Committees are held in private, however minutes of Council meetings are published on the CLC website. Disciplinary hearings of the Adjudication Panel are open to the public.

Responsibilities of the Council

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

The Council exercises oversight over the Executive by regularly monitoring progress against the approved budget and business plan. The Executive reports performance against budget and business plan to the Council on at least a quarterly basis. The Council takes an active role in developing and setting the CLC objectives and budget.

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 as amended to:

- Keep proper account 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 eligible for appointment as a statutory auditor under part 42 of the Companies Act 2006;
- Cause their Financial Statements to be audited annually by auditors to the Council; and, as soon as is practical after the Financial Statements for any period have been audited, to cause them to be published and a copy of them sent to the Lord Chancellor, together with a copy of any report of the auditors.

GOVERNANCE STATEMENT (CONTINUED)

For the Year ended 31 December 2023

The Council, in preparing accounts that show a true and fair view, are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the CLC will continue in operation;
- Safeguard the assets and to take reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT OF INTERNAL CONTROL

For the Year ended 31 December 2023

Responsibilities

The CLC maintains a sound system of internal control that supports the achievement of the CLC's policies, aims and objectives whilst safeguarding the CLC's 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. 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 strategic plan, business plan, annual budget, financial regulations and a scheme of delegation, all of which have been reviewed and approved by Council.

Risk management

The CLC maintains both an operational risk register and a principal risk register.

The management team have custody of the operational risk register and review the risks and controls monthly and by exception as required. If the risk rating on any of these risks increases to high, it would be referred to the Audit and Risk Committee for inclusion on the principal risk register and then notified to Council.

The principal risk register and mitigating actions (if required) are reviewed each quarter by the Audit and Risk Committee and any changes are reported to Council.

The responsibilities for risk management are:

Role	Responsibilities
Council	<ul style="list-style-type: none"> Overall responsibility for effective management of principal risks within the CLC
Chief Executive	<ul style="list-style-type: none"> Accountable to the Council for the effective management of risk within the CLC
Audit and Risk Committee	<ul style="list-style-type: none"> Providing assurance to the Council on the effectiveness of the principal risk register
Directors	<ul style="list-style-type: none"> Implementing the risk management within their departments
Managers	<ul style="list-style-type: none"> Implementing the risk management within their areas of responsibility
Employees	<ul style="list-style-type: none"> Awareness and understanding of risk management Take a risk management approach to their work
Contractors	<ul style="list-style-type: none"> Agree appropriate contract terms that minimise risk to CLC through their actions Demonstrate an awareness and understanding of risk management generally In appropriate cases to explicitly report on risk in the context of CLC as relevant to the services they are providing

The risk management process within the CLC consists of the identification of principal risks facing the organisation, controls to mitigate these risks and their classification in terms of likelihood and impact.

STATEMENT OF INTERNAL CONTROL (CONTINUED)

For the Year ended 31 December 2023

Review of effectiveness

The CLC's Audit and Risk Committee (the Committee) is made up of four Non-Executive Council Members and an Independent Member. The Committee met six times during the year ended 31 December 2023 to enable effective scrutiny and reporting at each Council meeting.

The CEO produces a quarterly Governance Statement to the Committee which includes Statements of Internal Control by each of the Directors on actions being taken and to be taken to manage risks in their areas of responsibility, including risks associated with major projects being undertaken by the CLC. The Chair of the Committee reports to the Chair of the Council and to the Council concerning internal controls on financial and operational matters and provides an annual report to the Council.

The Audit and Risk Committee meet with both the external and internal auditors independently of officers of the CLC.

The external audit report provides assurance that the financial statements represent a true and fair view in accordance with the responsibilities of the Council. The external audit has been conducted by SB Audit LLP (Scrutton Bland LLP transferred their audit registration and therefore that part of their business to a newly incorporated limited liability partnership, SB Audit LLP, on 1 April 2023.) since 2011 (12 years). In 2016 the CLC put the external audit out to tender and reappointed SB Audit LLP. SB Audit LLP provide tax services in addition to the statutory audit. At present there are no plans to tender for replacement auditors. The Audit and Risk Committee are satisfied with the independence and effectiveness of the audit for the following reasons:

- Tax services provided are minor.
- Knowledge of the organisation
- Quality of work, responsiveness and ability to meet deadlines.

Internal Audit Reports provide an independent opinion on the adequacy and effectiveness of the CLC's system of internal control together with recommendations for improvement. Recommendations made by Internal Audit have been accepted and implemented where appropriate.

Internal audit coverage for the 2023 year focused on the following areas:

- Financial controls - Debtors
- Complaint Handling
- Fraud Health Check
- Professional Disciplinary Processes
- Publication Policies
- Standard Annual Follow up (on previous recommendations)

The independent Internal Auditors' audit opinion for 2023 was that the CLC has an adequate and effective framework for risk management, governance and internal control which is the highest assurance level issued.

Conclusion

From the work undertaken by the Committee, together with the Internal audit reviews and the annual report, the Committee has gained assurance that the CEO and her Executive team are addressing key areas of change effectively, strengthening internal controls and improving management information.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE COUNCIL

For the Year ended 31 December 2023

Opinion

We have audited the financial statements of the Council for Licensed Conveyancers for the year ended 31 December 2023 which comprise the Statement of Comprehensive Income including the Profit and Loss Account, the Statement of Financial Position, the Statement of Changes in Reserves, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Council for Licensed Conveyancers' affairs as at 31 December 2023 and of its results for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Administration of Justice Act 1985 as amended.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Council for Licensed Conveyancers in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE COUNCIL (CONTINUED)

For the Year ended 31 December 2023

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Council's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Council's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Council with respect to going concern are described in the relevant sections of this report.

Other information

The Council is responsible for the other information. The other information comprises the information included in the Annual Financial Statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Council for Licensed Conveyancers and its environment obtained in the course of the audit, we have not identified material misstatements in the Governance Statement or the Statement of Internal Control.

We have nothing to report in respect of the following matters where we are required to report to you if, in our opinion:

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE COUNCIL (CONTINUED)

For the Year ended 31 December 2023

Responsibilities of the Council

As explained more fully in the Statement of the Council's Responsibilities set out on page 2, the Council is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Council determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Council is responsible for assessing the Council for Licensed Conveyancers' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial experience and through discussions and enquiries of the Council staff. During the engagement team briefing, the outcomes of these discussions were shared with the team, as well as consideration as to where and how fraud may occur in the Council:

The following laws and regulations were identified as being of significance to the Council:

- Those laws and regulations considered to have a direct effect on the financial statements including the Administration of Justice Act 1985 as amended and the Legal Services Act 2007.

Audit procedures undertaken in response to the potential risks relating to irregularities (which include fraud and non-compliance with laws and regulations) comprised of: enquiries of management and those charged with governance as to whether the Council complies with such regulations; enquiries of management and those charged with governance concerning any actual or potential litigation or claims, inspection of relevant legal documentation, review of board minutes, testing the appropriateness of journal entries and the performance of analytical review to identify any unexpected movements in account balances which may be indicative of fraud.

No instances of material non-compliance were identified.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE COUNCIL (CONTINUED)

For the Year ended 31 December 2023

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our Report

This report is made solely to the Council of the Council for Licensed Conveyancers, as a body, in accordance with the Administration of Justice Act 1985 as amended. Our audit work has been undertaken so that we might state to the Members of the Council for Licensed Conveyancers 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 Council for Licensed Conveyancers and the Council for Licensed Conveyancers' members as a body, for our audit work, for this report, or for the opinions we have formed.

SB Audit LLP

SB Audit LLP
CHARTERED ACCOUNTANTS AND REGISTERED AUDITOR
FITZROY HOUSE, CROWN STREET, IPSWICH
SUFFOLK IP1 3LG
27 March 2024

SB Audit LLP is eligible to act as an Auditor in terms of section 1212 of the Companies Act 2006.

STATEMENT OF COMPREHENSIVE INCOME INCLUDING THE PROFIT AND LOSS ACCOUNT

For the Year ended 31 December 2023

		Practice Fund	Compensation Fund	Total	Practice Fund	Compensation Fund	Total
	Note	2023 £	2023 £	2023 £	2022 £	2022 £	2022 £
Turnover	1	3 487 526	464 638	3 952 164	2 910 139	406 106	3 316 245
Operating costs	2	3 562 724	459 974	4 022 698	3 490 667	393 846	3 884 513
Operating surplus/(deficit) excluding exceptional items		<u>(75 198)</u>	<u>4 664</u>	<u>(70 534)</u>	<u>(580 528)</u>	<u>12 260</u>	<u>(568 268)</u>
Take-on of aged balances		-	<u>1 666 642</u>	<u>1 666 642</u>	-	<u>106 361</u>	<u>106 361</u>
Operating surplus/(deficit) including exceptional items		<u>(75 198)</u>	<u>1 671 306</u>	<u>1 596 108</u>	<u>(580 528)</u>	<u>118 621</u>	<u>(461 907)</u>
Bank interest receivable		12 129	137 627	149 756	4 957	22 351	27,308
Surplus/(deficit) on ordinary activities before taxation		<u>(63 069)</u>	<u>1 808 933</u>	<u>1 745 864</u>	<u>(575 571)</u>	<u>140 972</u>	<u>(434 599)</u>
Tax on surplus on ordinary activities	5	2 762	31 336	34 098	942	4 247	5 189
Surplus/(deficit) for the financial year and Total comprehensive income/(losses)		<u><u>(65 831)</u></u>	<u><u>1 777 597</u></u>	<u><u>1 711 766</u></u>	<u><u>(576 513)</u></u>	<u><u>136 725</u></u>	<u><u>(439 788)</u></u>

There were no recognised gains and losses for 2023 and 2022 other than those included in the Statement of Comprehensive Income including the profit and loss account. There was no other comprehensive income for 2023 (2022: Nil).

Client money held in CLC regulated practice's client accounts becomes aged when there has been no movement in the client ledger for more than 12 months and the practice has been unable to identify or return the monies to the rightful recipient. Regulated Practices can transfer these monies to the CLC Compensation Fund, who would refund the recipient on application. During 2023 the CLC received two unusually large transfers from practices amounting to £1,508,980. This was a one off receipt and is unlikely to reoccur.

The notes on pages 17 to 27 and the accounting policies set out on pages 14 to 16 form part of these Financial Statements.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

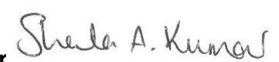
	Note	Practice Fund 2023 £	Compensation Fund 2023 £	Total 2023 £	Practice Fund 2022 £	Compensation Fund 2022 £	Total 2022 £
Fixed assets							
Tangible assets	6	<u>6 379</u>	<u>-</u>	<u>6 379</u>	4 568	<u>-</u>	<u>4 568</u>
		6 379		6 379	4 568		4 568
Current assets							
Debtors	7	2 422 605	420 126	2 842 731	2 238 119	382 804	2 620 923
Cash at bank		1 533 309	7 373 674	8 906 983	1 613 675	5 601 153	7 214 828
Cash investments		-	1 085 998	1 085 998	-	1 052 738	1 052 738
		<u>3 955 914</u>	<u>8 879 798</u>	<u>12 835 712</u>	3 851 794	<u>7 036 695</u>	<u>10 888 489</u>
Creditors: amounts falling due within one year	8	3 051 432	473 765	3 525 197	2 879 670	414 501	3 294 171
Net current assets		<u>904 482</u>	<u>8 406 033</u>	<u>9 310 515</u>	<u>972 124</u>	<u>6 622 194</u>	<u>7 594 318</u>
Total assets less current liabilities		910 861	8 406 033	9 316 894	976 692	6 622 194	7 598 886
Provision for liabilities	9	-	1 930 687	1 930 687	-	1 924 445	1 924 445
Net assets		<u>910 861</u>	<u>6 475 346</u>	<u>7 386 207</u>	<u>976 692</u>	<u>4 697 749</u>	<u>5 674 441</u>
Representing							
Accumulated balance		910 861	6 475 346	7 386 207	976 692	4 697 749	5 674 441
		<u>910 861</u>	<u>6 475 346</u>	<u>7 386 207</u>	<u>976 692</u>	<u>4 697 749</u>	<u>5 674 441</u>

Approved by the Council on 27 March 2024

J Paraskeva (Chair)



S Kumar (Chief Executive Officer)



The notes on pages 17 to 27 and the accounting policies set out on pages 14 to 16 form part of these Financial Statements.

STATEMENT OF CHANGES IN RESERVES

For the Year ended 31 December 2023

	Practice Fund Accumulated Balance £	Compensation Fund Accumulated Balance £	Total Accumulated Balance £	Total Reserves £
At 1 January 2022	1 553 205	4 561 024	6 114 229	6 114 229
(Deficit)/surplus for the financial year and total comprehensive income (losses)	(576 513)	136 725	(439 788)	(439 788)
At 31 December 2022	<u>976 692</u>	<u>4 697 749</u>	<u>5 674 441</u>	<u>5 674 441</u>
(Deficit)/Surplus for the financial year and total comprehensive income	(65 831)	1 777 597	1 711 766	1 711 766
At 31 December 2023	<u><u>910 861</u></u>	<u><u>6 475 346</u></u>	<u><u>7 386 207</u></u>	<u><u>7 386 207</u></u>

The notes on pages 17 to 27 and the accounting policies set out on pages 14 to 16 form part of these Financial Statements.

STATEMENT OF CASH FLOWS

For the Year ended 31 December 2023

	Note	2023 £	2022 £
Net cash inflow/(outflow) from operating activities	10	1 581 005	(1 452 497)
Cash flows from investing activities			
Interest received		149 756	27 308
Payments to acquire fixed assets		(5 346)	(3 154)
Net cash flow from investing activities		144 410	24 154
Net increase/(decrease) in cash and cash equivalents		1 725 415	(1 428 343)
Cash and cash equivalents at 1 January		8 267 566	9 695 909
Cash and cash equivalents at 31 December	10	9 992 981	8 267 566

The notes on pages 17 to 27 and the accounting policies set out on pages 14 to 16 form part of these Financial Statements.

Net debt analysis

	At 31 December 2022	Cash flows	At 31 December 2023
Cash at bank and in hand	7 214 828	1 692 155	8 906 983
Cash investments	1 052 738	33 260	1 085 998
Cash and cash equivalents	8 267 566	1 725 415	9 992 981

ACCOUNTING POLICIES

For the year ended 31 December 2023

Organisation information

The Council for Licensed Conveyancers is a body corporate established by the Administration of Justice Act 1985 as amended. The Council for Licensed Conveyancers' principal place of business is 120 Moorgate, London, EC2M 6UR.

Statement of compliance

The Financial Statements have been prepared in compliance with FRS 102 as it applies to the Financial Statements for the year ended 31 December 2023.

Basis of preparation

The Financial Statements have been prepared under the historical cost convention, and in accordance with Financial Reporting Standard 102, the financial reporting standard applicable in the UK and the Republic of Ireland, and the Administration of Justice Act 1985 as amended.

The Financial Statements are presented in Sterling (£) and are rounded to the nearest £1.

Significant judgements and estimates

The preparation of Financial Statements in conformity with adopted Financial Reporting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported annual amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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 as amended. The Fund is maintained with the intention of providing a resource to meet on a discretionary basis certain types of claim 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.

Provisions for payments to be made are recognised at the point at which it is considered that it is probable a payment will be made. Provisions for Compensation Fund claims are based on management's latest available estimates and judgements. Although the Council has received preliminary notice of some potentially significant claims on the Compensation Fund, it is the Council's belief that no further provision is needed for any claims on the basis that it is not probable that a transfer of economic benefit will be required.

Going Concern

Having considered the CLC's forecasts and projections, the Council is satisfied that the CLC has adequate resources to continue in operational existence for the foreseeable future, and for a period of at least 12 months from the date of approving these financial statements. For this reason the Council continue to adopt the going concern basis in preparing the financial statements.

Income

Regulatory income

- The Practice Fund levies an annual practice fee on all practices under CLC regulation. The fee is based on a percentage of the declared turnover of the practice subject to a minimum fee of £638. The percentage charged is reviewed by the Council annually.
- An OLC levy on practices was introduced in November 2021. This levy serves to recover the cost of the Legal Ombudsman that is recharged to the CLC. The charge on practices comprises of an availability charge based on turnover and a usage fee based on the number of cases investigated.
- Individuals licensed by the CLC as Licensed Conveyancers or Probate practitioners pay a fixed annual fee to renew their license.

ACCOUNTING POLICIES (CONTINUED)

For the year ended 31 December 2023

The Compensation Fund is governed by The Council for Licensed Conveyancers Compensation Fund Operating Framework. Under the framework, each CLC regulated practice must pay a contribution to the fund of such an amount as the Council may determine from time to time. The annual contribution is currently based on a percentage of the declared turnover of the practice, subject to a minimum contribution of £500.

Intervention income

- Following the conclusion of an intervention, there are frequently funds left in the practices client account for which the CLC is unable to identify the beneficiary. In such cases the funds may become income and are recorded as income from interventions. Interest received during the accounting year and any recoveries from defaulting licensed conveyancers are added to the Fund.

Aged balance income

- The CLC has a policy of allowing practices to transfer the funds regarded as aged balances. Client money held in practice client accounts becomes aged when there has been no movement in the client ledger for more than 12 months and the practice has been unable to identify or return the monies to the rightful recipient. Practices can transfer these monies into the CLC Compensation Fund and are refunded to the rightful owner on application to the CLC.

Other income

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

Cash at bank and in hand

Cash at bank and in hand includes deposits held in bank accounts that permit penalty free access to cash within three months or less. Cash deposits with a term greater than three months are classified as Cash Investments.

Fixed assets

All fixed assets are initially recorded at cost. Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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:

Office equipment, fixtures & fittings - 33 1/3% straight line

Computer equipment – 33 1/3% straight line

Cost recoveries

Legal costs recoveries awarded to the CLC by the adjudication panel are not recorded as income and are recorded in the same account that the expenditure was originally recorded. When cost recoveries are significant, they are recorded separately in note 2.

Debtors

Short term debtors are measured at transaction price, less any impairment or provision for irrecoverable amounts.

Creditors

Short term creditors are measured at the transaction price.

Taxation

The charge for taxation is based on interest income.

ACCOUNTING POLICIES (CONTINUED)

For the year ended 31 December 2023

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 6% of the employee's salary into the pension scheme.

Financial Instruments

The CLC only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors.

Practice Fund

The Practice Fund includes the usual operating costs of the organisation. Income is primarily generated from Practice Fees paid by CLC regulated practices, with the remaining revenue generated from individual license fees. A separate OLC levy on practices recovers the Legal Ombudsman cost that is recharged to the CLC.

Practice Fund - Reserve policy

The Council has adopted a policy to hold a minimum of three months operating expenditure in reserves.

Compensation Fund

The Compensation Fund is governed by the Council for Licensed Conveyancers' Compensation Fund Operating Framework. The Fund is represented by separately identifiable assets and liabilities.

Compensation Fund – Reserve policy

The CLC considers that the level of the Compensation Fund reserves is sufficient for the purposes for which the fund was established. The Council has adopted a policy to hold a minimum of £2m in reserves.

Provision for grants on the Compensation Fund

Provisions for claims payable from the Compensation Fund are brought into the Financial Statements when it is considered probable that a financial settlement will be made on a claim against the Compensation Fund. The CLC holds

reserves equivalent to the value of the provisions made for probable claims.

The CLC 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 provided cover for practices which closed before 1 July 2008. The combined policy had a limit of indemnity of £2,000,000 including costs and expenses for each grant. The retention (excess) in place for each grant was £500,000 capped at £2,500,000 in aggregate for each insurance period.

In October 2014 the Council resolved not to renew the insurance arrangement on the Compensation Fund. Expenditure against the revenue of the Compensation Fund is restricted and are limited to compensation claims and direct costs of intervention. The Chief Executive Officer specifically authorises expenditure on the Compensation Fund. The insurance arrangement was replaced by an insurance reserve of £2m.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

1. Turnover

	Practice Fund	Compensation Fund	Total	Practice Fund	Compensation Fund	Total
	2023 £	2023 £	2023 £	2022 £	2022 £	2022 £
Practice fees	1 686 929	-	1 686 929	1 390 791	-	1 390 791
Individual Licensing	722 758	-	722 758	634 911	-	634 911
Licensing administration fee	83 711	-	83 711	80 341	-	80 341
OLC levy	994 128	-	994 128	804 096	-	804 096
Income - Licensing	3 487 526	-	3 487 526	2 910 139	-	2 910 139
Compensation Fund contributions	-	464 638	464 638	-	406 106	406 106
Income – Compensation Fund	-	464 638	464 638	-	406 106	406 106
Total	3 487 526	464 638	3 952 164	2 910 139	406 106	3 316 245

All turnover is from the rendering of services.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

2. Operating costs

	Practice Fund	Compensation Fund	Total	Practice Fund	Compensation Fund	Total
	2023	2023	2023	2022	2022	2022
	£	£	£	£	£	£
Staff cost	1 475 233	-	1 475 233	1 456 133	-	1 456 133
Staff cost recharge	(132 459)	132 459	-	(63 299)	63 299	-
Employment costs	1 342 774	132 459	1 475 233	1 392 834	63 299	1 456 133
Council Members	193 639	-	193 639	192 036	-	192 036
Governance costs	193 639	-	193 639	192 036	-	192 036
Licensing costs	38 571	-	38 571	31 606	-	31 606
Monitoring & Inspections	21 447	-	21 447	44 008	-	44 008
Compensation Fund grant provisions	-	20 232	20 232	-	(20 673)	(20 673)
Intervention	-	63 944	63 944	-	69 544	69 544
Communications	148 403	484	148 887	133 381	2 022	135 403
Insurance cost	61 919	-	61 919	58 467	-	58 467
Legal & Professional Fees	455 961	231 825	687 786	466 694	279 654	746 348
Recovery of Legal & Professional Fee:	(114 198)	-	(114 198)	(72 707)	-	(72 707)
Adjudication panel costs	32 982	-	32 982	27 517	-	27 517
Travel costs	9 915	-	9 915	7 159	-	7 159
Regulatory & Public relations cost	655 000	316 485	971 485	696 125	330 547	1 026 672
FCA fees	16 589	-	16 589	15 416	-	15 416
LSB Operating cost recharge	40 142	-	40 142	34 045	-	34 045
OLC recharge	995 968	-	995 968	811 823	-	811 823
OpBas levy	5 336	-	5 336	5 207	-	5 207
Fees and recharges	1 058 035	-	1 058 035	866 491	-	866 491
Premises cost	195 160	-	195 160	227 440	-	227 440
General office administration cost	18 922	-	18 922	14 823	-	14 823
IT Infrastructure & software	44 370	11 030	55 400	47 863	-	47 863
External Auditor fees	20 082	-	20 082	18 708	-	18 708
Internal Auditor fees	30 936	-	30 936	29 469	-	29 469
Finance costs	270	-	270	232	-	232
Depreciation	3 536	-	3 536	4 646	-	4 646
Administration expenses	313 276	11 030	324 306	343 181	-	343 181
	3 562 724	459 974	4 022 698	3 490 667	393 846	3 884 513

Provision for payments to be made from the Compensation Fund is recognised at the point at which it is considered that it is probable that a payment will be made.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

3. Council and Committee costs

	Practice Fund	Compensation Fund	Total	Practice Fund	Compensation Fund	Total
	2023 £	2023 £	2023 £	2022 £	2022 £	2022 £
Attendance costs	190 815	-	190 815	190 741	-	190 741
Travel and subsistence	2 824	-	2 824	1 295	-	1 295
	193 639	-	193 639	192 036	-	192 036

At the end of the year there were 9 Council members and 1 independent Audit and Risk Committee member (2022: 10).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

4. Staff costs and executive team remuneration

	Practice Fund	Compensation Fund	Total	Practice Fund	Compensation Fund	Total
	2023	2023	2023	2022	2022	2022
	£	£	£	£	£	£
Salaries						
Staff salaries	1 132 727	-	1 132 727	1 044 955	-	1 044 955
National insurance contributions	134 548	-	134 548	133 561	-	133 561
Defined contribution pension scheme	128 313	-	128 313	100 573	-	100 573
Other staff benefits and training	27 748	-	27 748	32 363	-	32 363
Recruitment costs	51 897	-	51 897	83 896	-	83 896
Temporary staff costs	-	-	-	60 785	-	60 785
Staff cost recharge	(132 459)	132 459	-	(63 299)	63 299	-
	<u>1 342 774</u>	<u>132 459</u>	<u>1 475 233</u>	<u>1 392 834</u>	<u>63 299</u>	<u>1 456 133</u>

	Practice Fund	Compensation Fund	Total	Practice Fund	Compensation Fund	Total
	2023	2023	2023	2022	2022	2022
	Avg No.	Avg No.	Avg No.	Avg No.	Avg No.	Avg No.
Key management	3	-	3	3	-	3
Direct staff	14	-	14	12	-	12
	<u>17</u>	<u>-</u>	<u>17</u>	<u>15</u>	<u>-</u>	<u>15</u>

Key management remuneration

	2023	2022
	£	£
Key management emoluments	470 267	499 693
Key management defined contribution pension scheme payments	62 870	46 231
	<u>533 137</u>	<u>545 924</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

5. Taxation on ordinary activities

	Practice Fund	Compensation Fund	Total	Practice Fund	Compensation Fund	Total
	2023 £	2023 £	2023 £	2022 £	2022 £	2022 £
Analysis of charge for the year						
Current tax:						
UK corporation tax based on interest income for the year at 19%	2 762	31 336	34 098	942	4 247	5 189
	<u>2 762</u>	<u>31 336</u>	<u>34 098</u>	<u>942</u>	<u>4 247</u>	<u>5 189</u>

Factors affecting the tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19%. The differences are explained below:

Surplus/(Deficit) on ordinary activities before taxation	<u>(65 831)</u>	<u>1 777 597</u>	<u>1 711 766</u>	<u>(575 571)</u>	<u>140 972</u>	<u>(434 599)</u>
Surplus/(Deficit) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19%	(12 508)	337 743	325 235	(109 358)	26 785	(82 573)
Effect of:						
Net income not chargeable for tax purposes	15 270	(306 407)	(291 137)	110 300	(22 538)	87 762
Current tax charge for the year	<u>2 762</u>	<u>31 336</u>	<u>34 098</u>	<u>942</u>	<u>4 247</u>	<u>5 189</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

6. Fixed assets

Practice Fund	Office Equipment	Computer Equipment		Total
		Tangible	Intangible	
		£	£	
Cost	2 463	22 888	177 795	203 146
At 31 December 2022				
Additions	-	5 346	-	5 346
Disposals	2 463	14 653	177 795	194 911
At 31 December 2023	<u>-</u>	<u>13 581</u>	<u>-</u>	<u>13 581</u>
Accumulated depreciation				
At 31 December 2022	2 463	18 320	177 795	198 578
Charge for the year	-	3 535	-	3 535
Written out on disposals	2 463	14 653	177 795	194 911
At 31 December 2023	<u>-</u>	<u>7 202</u>	<u>-</u>	<u>7 202</u>
Net book value				
At 31 December 2023	<u>-</u>	<u>6 379</u>	<u>-</u>	<u>6 379</u>
At 31 December 2022	<u>-</u>	<u>4 568</u>	<u>-</u>	<u>4 568</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

7. Debtors

	Practice Fund	Compensation Fund	Total	Practice Fund	Compensation Fund	Total
	2023 £	2023 £	2023 £	2022 £	2022 £	2022 £
Trade debtors	1 616 122	346 498	1 962 620	1 479 508	361 315	1 840 823
Compensation Fund fees	(73 628)	73 628	-	(21 489)	21 489	-
Prepayments and accrued income	880 111	-	880 111	780 100	-	780 100
	2 422 605	420 126	2 842 731	2 238 119	382 804	2 620 923

8. Creditors: amounts falling due within one year

	Practice Fund	Compensation Fund	Total	Practice Fund	Compensation Fund	Total
	2023 £	2023 £	2023 £	2022 £	2022 £	2022 £
Trade creditors	29 117	25 855	54 972	90 449	-	90 449
Corporation tax	2 762	31 336	34 098	942	4 247	5 189
Other taxation and social security	50 765	-	50 765	43 854	-	43 854
Accruals and deferred income	2 968 788	416 574	3 385 362	2 744 425	410 254	3 154 679
	3 051 432	473 765	3 525 197	2 879 670	414 501	3 294 171

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

9. Provision for liabilities

Compensation Fund	Provision for compensation grants 2023 £	Provision for compensation grants 2022 £
Provisions		
Balance brought forward	1 924 445	2 595 416
New provisions for the year	19 310	4 462
Amounts paid during the year	(4 211)	(615 080)
Reversal of unused provisions	(8 857)	(60 353)
Balance carried forward	<u>1 930 687</u>	<u>1 924 445</u>

Provision for grants payable represents probable claims on the Compensation Fund. The grants are at the discretion of the CLC. The basis of the provision for grants is set out in the accounting policies.

During 2013 the CLC intervened into several practices. Two of the interventions have resulted in significant claims which could result in a payment from the Compensation Fund. The estimated claims arising from the interventions are £1,351,952 and £3,364,374 respectively. On the basis that the Compensation Fund insurance policy will settle these claims a provision was made in 2017 for the excesses, amounts in excess of the maximum claim payable and interest that is likely to be payable by the CLC. The current estimate of the amount payable by the CLC is £1,864,374 (2022: £1,864,374).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

10. Notes to the statement of cash flows

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

	2023 £	2022 £
Surplus/(Deficit) for the year	1 711 766	(439 788)
Adjustments to reconcile surplus/(deficit) for the year to net cash flow from operating activities		
Depreciation of fixed assets	3 535	4 645
Increase in provisions	6 242	(670 971)
Write off of tangible fixed assets	-	1 176
Interest received	(149 756)	(27 308)
Tax on surplus from operating activities	34 098	5 189
Working Capital Movements		
(Increase) in debtors	(221 808)	(846 049)
Increase in creditors	202 117	521 690
Cash from operations	<u>1 586 194</u>	<u>(1 451 416)</u>
Taxation		
Corporation tax paid	(5 189)	(1 081)
Net cash inflow/(outflow) from operating activities	<u><u>1 581 005</u></u>	<u><u>(1 452 497)</u></u>

(b) Cash and cash equivalents

	2023 £	2022 £
Cash and cash equivalents comprise the following:		
Cash at bank and in hand	8 906 983	7 214 828
Cash investments	1 085 998	1 052 738
Cash and cash equivalents	<u><u>9 992 981</u></u>	<u><u>8 267 566</u></u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

11. Related party transactions

The Council for Licensed Conveyancers is under the day to day control of the Chief Executive Officer who reports to the Council. The Council was established under the Administration of Justice Act 1985 as amended, as a body corporate. There are no related party transactions to report. Key management remuneration is reported above as per note 4.

12. Operating leases commitments

The following operating lease payments are committed to be paid:

	2023 £	2022 £
Less than one year	146 343	112 175
Between one and five years	-	-
More than five years	-	-
	<u>146 343</u>	<u>112 175</u>

Premises and certain scanners, printers and copiers are now leased under operating leases. During the year £198 401 (2022: £230 699) was recognised as an expense in the income statement in the form of operating leases.

13. Monies held in respect of former practices

No intervention Funds were recognised as income in 2023 (2022: Nil), in accordance with our policy, aged intervention funds are recognised as income in the Compensation Fund once interventions are substantially completed, and where the beneficiaries could not be identified.

The Council was holding trust account monies from various practices that have either closed or have been intervened into during the previous year or practices unable to obtain PII cover in 2022 and at 31 December 2023 the balance in the intervention accounts is £2,666,002 (2022: £360 805). These funds were held on statutory trust in 2022 and were therefore not included as an asset on the statement of financial position in the previous year. The amount of £354,805 representing PII Run-off from 2022 has been refunded to the practices in July 2023.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

14. Contingent liabilities

The CLC has received applications for grants from the Compensation Fund relating to conveyancing transactions for the purchase of investment properties and expect that more will be received over the next 12 to 24 months. These transactions typically involve the purchase of hotel rooms or student accommodation for investment purposes rather than residential use by the purchaser. The developers of these schemes typically include a guaranteed income from renting the room and may also include a guaranteed buy back after a specified period. The CLC is unable to determine the total value of applications that may be submitted by claimants, nor whether they will be eligible, based on the Fund rules for a grant from the Fund. The CLC has not made a provision for these claims in these accounts because of the material uncertainty of the total value and eligibility of claims. These applications are being ring fenced from other applications and will be assessed as a group after it is determined that all likely claims have been received. A pool of funds, which is yet to be determined will be set aside for payment of successful grants. Successful Grants may be paid in part should the total value of successful grants exceed the pool of funds available for this category of claims.

COUNCIL AND COMMITTEE MEMBERS

For the year ended 31 December 2023

Chair	Dame J Paraskeva	Lay Member
Members	Mr A Cogbill	Lay Member
	Ms S Debney	Professional Member
	Ms V MacGregor	Lay Member
	Ms S Ryan	Professional Member
	Ms S Szarka	Professional Member
	Mr C Wilby	Lay Member
	Ms J Quirke	Lay Member
	Mr M James	Lay Member
	Ms S Kumar	Chief Executive

Committees of Council

Appointments Committee

Chair	Dame J Paraskeva
Members	Mr C Wilby
	Ms S. Debney

Audit and Risk Committee

Chair	Ms J Quirke
Members	Mr R Cryer (Independent member) (Up to 18 January 2023)
	Ms J Parker (Independent member) (W.e.f. 19 January 2023)
	Ms S Debney
	Ms S Ryan
	Ms V MacGregor

Remuneration Committee

Chair	Mr C Wilby
Members	Mr A Cogbill
	Mr M James
	Ms S Szarka

COUNCIL AND COMMITTEE MEMBERS (CONTINUED)

For the year ended 31 December 2023

Adjudication Panel

Chair Ms V Goodfellow

Panel Members

Mr P Brooks
Ms C Fewings
Ms R Forster
Mr A Hudson
Mr J Jones
Ms I Leaviss
Mr R McKellar
Ms G Seager

COUNCIL AND COMMITTEE ATTENDANCE

For the year ended 31 December 2023

	Council	Appointments Committee	Audit and Risk Committee	Remuneration Committee
Dame J Paraskeva	5/5	1/1		
Mr A Cogbill	5/5			2/2
Mr R Cryer			1/1	
Ms S Debney	5/5	1/1	6/6	(1)
Mr M James	4/5			2/2
Ms V MacGregor	5/5		5/6	
Julie Parker			5/5 (1)	
Ms J Quirke	4/5		6/6	
Ms S Ryan	3/5		6/6	
Ms S Szarka	3/5			2/2
Mr C Wilby	5/5	1/1		2/2
Ms S Kumar	5/5			

() denotes in attendance

Executive Team

The Chief Executive Officer 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 Officer is supported by a staff team of 14 employees.

Chief Executive Officer

Sheila Kumar

Director of Strategy and External Relations

Stephen Ward

Director of Finance and Operations

Jason Hinrichsen