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THE SOCIETY OF LICENSED CONVEYANCERS

(A company limited by guarantee and not having a share capital).



ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1997



HOPE AGAR
Chartered Accountants
Epworth House
25 City Road
London EC1Y 1AR

THE SOCIETY OF LICENSED CONVEYANCERS

(A company limited by guarantee and not having a share capital)

ANNUAL REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 DECEMBER 1997

The Society of Licensed Conveyancers is a company limited by guarantee. The directors of the company, who are the members of the Board of Management, present this, their report, and the attached accounts of the Society for the year ended 31 December 1997.

Scope of this Report

This report by the Board of Management is primarily concerned with matters occurring with the Society's financial and membership year, which both coincide with the calendar year. However, where relevant events have occurred after 1997 and before the date of this report (April 1998) then this report may include reference to them.

Principal Activities

The Society's principal activities are the promotion of the profession of Licensed Conveyancers as providers of conveyancing and associated services in England and Wales and acting for the mutual benefit of its members.

Membership

Membership of the Society is voluntary and requires annual application. The membership year runs from 1 January. Since 1992 it has been a condition precedent of membership that a member must be a licensed conveyancer, i.e. the holder of a current licence issued by the Council for Licensed Conveyancers. A licensed conveyancer may become a member of the Society by completing and submitting an application on the Society's form and paying the appropriate subscription. There are two classes of member: Practising members (i.e. those licensed conveyancers who are principals of conveyancing practices) and Employed Members (i.e. all other licensed conveyancers).

Society membership has generally increased over the past several years. Our last report stated that the Society's total membership stood at 360 at the end of 1996. The total for 1997, the year covered by this report, was 17 fewer. There is unlikely to be any significance in this reduction, which simply reflects the considerable effort made in 1996 to encourage practising licensed conveyancers to join the Society by the Society's Chief Executive personally visiting many non-members at their offices. No corresponding effort was made in this report year. Nevertheless, the 1997 membership figures were the second highest ever, and hence continue a general upwards trend.

It is gratifying for this report to be produced at a time when it can be said with some certainty that the nationwide recession of the residential property market has done its worst and is now historic. The recovery, which began to become evident some two years ago, was somewhat halting but appeared to reach across the country and for the past year problems with the residential housing market in England and Wales appear to have been rooted in a lack of supply of suitable properties (a shortage likely to have been, at least partly, attributable to an unwillingness on the part of vendors to sell until prices returned to levels they perceived as representing the real value of their properties) rather than a lack of intended purchasers.

The Board would place on record here its appreciation to the members of the Society who maintained their voluntary membership throughout a long and difficult five year period of recession in the housing market. There is little doubt that practising licensed conveyancers were affected more by the property market recession than any other branch of the legal profession, and it has been very encouraging for the Board to have seen steadily increasing Society membership throughout those difficult years. There can now be no doubt that the high membership renewal rate, which occurs each year, confirms that the Society has the loyal support of a very significant part of the profession.

At the conclusion of 1997, the Society's membership comprised 209 Practising Members (compared to 217 at the close of 1996) and 134 Employed members (compared to 143 in 1996).

Associates

In addition to its membership, the Society offers the opportunity for those who are registered with the Council for Licensed Conveyancers as intending to take its examinations to be associated with the Society by becoming registered as Student Associates. This requires completion of an annual application form and payment of an annual registration fee of £25. The subscription reduces each quarter by £5 to £10 for the final quarter.

At the end of 1995 there were 95 registered Student Associates. However, since that year the numbers have declined. There were 84 Student Associates registered in 1996 and only 56 in 1997. The drop in numbers for 1997 was almost certainly due to the lack of any details from the Council for Licensed Conveyancers of its then current registered students. As the Council is the only single source of details of its registered students, the lack of information from the Council or any agreement that it will include details of the Society's offer of Student Associateship in information it provides to its registered students, is regretted. The Board has raised this issue with the Council on a number of occasions but no positive response has been provided. Hence, for the immediate future, there would seem to be little prospect of Student Associate members improving.

In 1993 the Board created provision of a new category of associate, a Retired Associate. This new class was for either Practising Members or Employed Members of the Society who reached retirement, or otherwise decided not to renew their licence, but nevertheless wished to maintain contact with the profession. The annual registration fee for a Retired Associate is £25. During 1997 there were 2 Retired Associates.

Subscription Rates and Payment Methods

In our last report we referred to the fact that the previous subscription rates had been increased for 1997, the previous years' subscriptions for both Practising and Employed Members having remained unchanged since the Society was established in 1988. Given the substantial increase in the scope of the Society's activities and overheads since those first days, managing to hold the original rates for eight years was a considerable achievement. The Board had, with some reluctance, therefore taken the decision at the end of 1996 to raise the membership subscriptions.

We explained at our last Annual General Meeting that the original subscription rates could not have been held without either reducing the level of services provided, or by obtaining a substantial number of new members. The inevitable growth in the Society's operating costs meant that these had begun to exceed subscription income. It was not considered prudent for the Society to become dependent upon income other than its subscriptions to fund its basic running costs. We made it clear then that, although the Society had achieved (and exceeded) its target of having 80% of all practising licensed conveyancers in membership by the end of 1996, taking membership much beyond that proportion would be likely to require a disproportionate increase in time and effort. It would be difficult to justify allocation of the staff resources necessary to achieve (and then sustain) any significant increase. It would therefore have been counter-productive for the Board to have attempted to continue to hold the Society's original subscription rates.

Our last report made reference to the above and to the consequential increase in the subscription rates for 1997 to £300 per annum for Practising Members and £125 per annum for Employed Members, with the option of paying the monthly instalments of £28.75 and £12 respectively. The Board was most gratified to discover that this increase had no significant effect on the number of members choosing to renew their membership for 1997.

The Board's previous report also mentioned that, with effect from 1 January 1997, the Society had begun to collect monthly subscription payments by direct debit rather than by standing order. This change of payment method appeared to be both logical and timely, as it coincided with the need to adjust the payments of all members who paid by monthly instalments. The previous report indicated that the transition from the standing order arrangements (where the member instructs his bank to make regular payments to the Society) and the direct debit system (where the Society debits the member's specified bank account) was not being made without difficulty. This early indication of problems in our last report set the tone for the remainder of the year. Regrettably, many banks did not act upon their customers' written instructions (which the Society had sent on a special instruction form) to cancel the members' standing orders. This meant that in many cases the monthly direct debit could not be made until it was seen whether banks had complied with instructions that their customer's standing order payments be cancelled. Where it was evident that the standing order had not been cancelled the Society debited only the difference between the standing order and the monthly sum due under the new subscription rates. This was administratively time-consuming and meant that debits were obliged to be made later in the month.

The change to direct debit also raised a novel point upon renewal of membership for this current year of those now paying their monthly instalments by this method. Because the monthly payments under the direct debit system are taken by the Society from the member's bank account, the onus is on the Society to ensure it is correct to make such a debit. (The conditions of the Society being able to employ the direct debit system include an indemnity by the Society and the Society's bank to the member's bank, that any incorrect debits will immediately be rectified). Hence if members did not return a renewal application form for 1998 by the date the direct debits were due to be made in January, or any of the following months, then no debit was made. This has meant when membership renewal application forms were received after 1 January and the member indicated an intention to continue to pay by monthly instalments, the member's permission had to be obtained to collect more than one month's instalment. This was inconvenient for both the member and the Society's administration and, subject to any contrary decision that may be made at the forthcoming Annual General Meeting of the Society on 9 May, the Board has resolved that for renewals in future years, any member who pays by instalments will be considered as wishing to continue to pay by this method, unless the Society receives a membership application or other written communication indicating otherwise, and debits will continue to be made in the appropriate sum for the ensuing year.

Results

(Note: All sums in this section are expressed to the nearest one hundred pounds)

The Society's accounts for 1997 provide a substantially improved position compared to those of the previous years. The balance sheet for 31 December 1995 showed a deficit of £3,000 and for 31 December 1996 showed a deficit of £5,500. The balance sheet for 1997 shows a surplus of £18,200. This surplus reflects the fact that the increase in subscription rates, coupled with a continuing high level of renewals, has meant that the Society's subscription income rose from £71,200 in 1996 to £88,800 in 1997, and is now sufficient to meet the basic operating costs of the Society, as was intended. Other contributing factors to the surplus are the profits from the Society's Stationery Department, from the seminars held and an increase in the override commissions paid to the Society by various scheme providers.

As in previous years, the Society's largest single expense is staff salaries at £54,000. This represents a reduction of £4,400 compared to the previous year. This saving is attributable to the fact that for the latter quarter of 1997 the Society was without an Administrative Secretary and temporary secretaries were employed for only part of that time.

The seminar presented by Mrs Frances Silverman and held in February and repeated in March was well attended and successful. The Board sought to encourage attendance by adopting a policy of moderate attendance fees and holding the seminar in both London and in Bradford. The profession responded well to this approach.

Stationery Department

The continuing contribution of the Stationery Department to the Society's income is particularly noteworthy. The department's main activity is its Law Forms Service, which it operates in association with Shaw & Sons Ltd and which offers a complete range of law forms at prices which are the lowest of any law stationer in the country.

The turnover for the Stationery Department speaks for itself. In 1994 the department's turnover was £19,500. In September 1995 the Law Forms Service was completely reorganised, when it began to offer terms of business which were directly comparable with other commercial law stationers. This led to an immediate increase in sales providing total annual sales for 1995 of £32,500. In 1996 the value of total sales increased to £57,600 and last year's turnover showed a further substantial increase to £72,200. The surplus represented by the difference between the income from forms sold and the cost of forms purchased and produced for resale increased from £19,200 in 1996 to £21,000 last year.

The sales of the Stationery Department have become a major element of the Society's accounts, with the sales for 1997 overtaking the subscription income of the previous year. The Board considers the obvious success of the department can be explained by the fact that its Law Forms Service is supplying products which are needed by nearly all members and which can be supplied promptly and at prices which represent exceptional value. The popularity of forms designed and produced for practising licensed conveyancers is encouraging and the sales of such forms make a significant contribution to the department's profits. The department will shortly be producing its own versions of the more popular of the new Land Registry forms.

The Stationery Department extended its range of activity with effect from October 1997 with the launch of the Society's Bookshop. This represented the culmination of months of negotiation, dealing with each of the major publishers of law texts in the country, to establish for the first time, a source of legal texts to be sold at a discount.

The Society's Bookshop can offer a 5% discount from virtually any legal text currently available in any of the major booksellers. It was not a simple matter to convince the publishers, especially the largest, that the Bookshop should be permitted to offer current legal texts to its customers at a discount; a practice almost unheard of within legal text publishing.

The Bookshop was launched with the publication of a 250 title book catalogue on 2 October last. It is intended that the Book Catalogue will be revised and published to members each quarter. In accordance with this schedule, the Bookshop's third catalogue was published earlier this month.

Although the number of orders received by the Bookshop was initially low, the volume of orders improved considerably after publication of the second catalogue in January. It would appear there was a degree of inertia in members' purchasing habits, but it is hoped that regular publication of the book catalogue (which includes some law journals, loose leaf works, and texts on CD ROM) will mean that any member or associate purchasing a legal text or publication will do so through the Society's Bookshop.

The Board is concerned that the department's increasing turnover should, if practicable, produce a corresponding increase in profitability. Whilst it is pleasing to see members making increasing use of the department's services with the resultant increase in turnover, it is profits, rather than volume of sales, that increase the Society's net income. At present it is not possible to calculate the Stationery Department's true profitability as there are a number of departmental expenses met by general funds. It is therefore planned that expenses that can be attributed to the department, such as the cost of despatch of stationery and departmental mail and the salary of the Stationery Sales Administrator, will be extracted from the Society's general expenditure to enable a more accurate picture of the department's profitability to be provided in future annual accounts.

There are a number of Society schemes where a small proportion of the scheme turnover is paid to the Society in the form of an override commission. In particular, the buildings and contents insurance scheme operated for Society members by Associated Householders Services Ltd and the practice finance scheme provided in conjunction with Schroder Leasing Ltd led to increased income from this type of income during the report year. The total commission received from scheme providers for 1997 was £4,900 compared to £3,700 in 1996.

Staff

The Society's salaried staff now comprises the following: Mr Nigel Ewert Evans (Chief Executive); Mrs Mandy Wagborne (Administrative Secretary) who are both full-time employees, and Mrs Yvonne Walker (Stationery Sales Administrator and Bookshop Manager) works part-time. The Society's book-keeper, Mrs Frances Warne is self-employed and Mrs Sarah-Jane Wallis works when required in the Society's post room. Both the latter are remunerated on an hourly basis.

Mrs Jane Thurley, a Board Member, ceased to act as Treasurer to the Society at the end of the financial year. Mrs Thurley received no honorarium after April 1997. The Board would wish to express its gratitude to Mrs Thurley for her work over the past years in acting as the Society's Treasurer. It was decided that no replacement Treasurer would be appointed.

Quality Assurance Scheme

The Society's Quality Assurance Scheme, to enable members to attain certification under the international quality standard BS EN ISO 9000 1994 (formerly BS 5750) was opened in January 1995. As a matter of administrative convenience, a separate bank account was opened to deal with payments and receipts connected with this scheme. However, the income from this scheme was, in real terms, indistinguishable from the Society's general funds. The majority of scheme members paid the initial fee, intended to cover the work required to allow the practice to install a practice management system and be assessed by the scheme certification body, by ten monthly instalments. This meant the initial payments had been completed by most scheme members by the end of 1995.

The majority of scheme members have taken considerably longer than expected to install a practice management system and to prepare themselves for assessment. Of the 52 practices that registered under the scheme eight have installed and operated a quality practice management system and seven of these systems have been successfully assessed as conforming to ISO 9002. These seven practices are subject to periodic surveillance visits by the certification body for which payment is made to the scheme. These surveillance payments received account for the scheme income during 1997.

The remainder of the practices registered under the scheme have been slow to notify the Society they have installed their management systems and it is likely that a number of these practices will not proceed further. The Board of Management has agreed that it is impractical for the Society to have an open-ended commitment to practices that have registered under the scheme over three years ago. It is therefore proposed that a date should be fixed by which scheme practices will need to have produced their practice manuals and a further date by which their practice management systems should have been assessed.

In the event that registered practices should not meet either of these dates then the Society will have been considered to have fulfilled its obligations to these practices and their registration fees, which are non-refundable, will be treated as income and taken into the Society's general funds.

However, the Board would wish to make it clear that it is only proposing to take the step of imposing deadlines in order to encourage those registered with the scheme to progress. It remains the Board's wish to be able to promote licensed conveyancers as the first profession where third party certificated, quality practice management is widespread.

Council for Licensed Conveyancers

It would be inappropriate for the Board to provide any report of the year's activities without making reference to the difficulties that have arisen with the profession's regulatory body, the Council for Licensed Conveyancers. Although the Society has received complaints from members regarding the attitude and actions of the Council since the Society began, the number and severity of the complaints voiced at the Society's last annual conference in Chester caused the Board considerable concern.

Upon one particular issue, the question of whether the Council had acted *ultra vires* in imposing conditions upon all full licensees compelling their attendance at a seminar (then yet to be held) in June, September and October of last year, the members present at the conference voted almost unanimously in favour of the Society obtaining counsel's opinion and, if necessary, taking legal proceedings to challenge the Council's actions. As the Council did not accept the Society's solicitors' legal arguments, admit to having exceeded its authority, or accept any settlement proposal, the matter proceeded to court with the plaintiff being named as the Board's current Chairman. The initial court hearing was inconclusive, as the Council amended its defence immediately before the hearing to claim that the matter could only be heard by judicial review in the High Court. The County Court accepted this argument and therefore the issue of whether the Council had acted *ultra vires* was not addressed. Upon advice that the judge's decision not to allow the case to be heard in the County Court should be appealed as being incorrect, the Society has lodged an appeal.

This case is a good illustration of the problems that have arisen with regard to the Council, as it well illustrates the Council's frequently intransigent approach to problems, in this case a problem which had direct financial implications for every full licence holder. There are a number of other issues concerning individuals where the Board has decided that the person concerned has been treated so unjustly, or that the principles involved in a decision by the Council, or one of its committees, are so important, that the matter cannot be allowed to pass unchallenged and the person affected should be provided with legal advice and representation at the Society's expense.

The position was clarified at a National Meeting, held on 28 March, which was convened by the Society and open to the entire profession. This meeting was attended by both members of the Society and non-members. (Non-members paid an attendance fee of £25.) The meeting was informed on a range of issues, and a number of specific cases involving difficulty with the Council were explained by the individuals concerned, who gave details of the cost to the Council of their cases. The meeting concluded by passing, with an overwhelming majority, a vote of no confidence in the Council's Director of Administration.

The National Meeting had been immediately preceded by an Extraordinary General Meeting, at which it has been proposed that the Society should amend its constitution so as to give it the stated ability to take proceedings in its own name and to permit the Society to represent and give support to non-members, as well as members. Those proposals were passed unanimously.

Given the present position, it would seem likely that the cost to the Society of providing support for those requiring legal assistance will increase. In recognition of this fact, and appreciating that this additional expense concerns some members, the Board has acted upon the suggestion made by a number of members that the Society should establish a special fund to assist in providing finance for such legal actions as the Board may consider appropriate, and in the best interests of the profession.

Accordingly, the Board has resolved that a Legal Defence Fund should be established as soon as possible and that all members of the Society should be invited to make a voluntary contribution to the fund. It is hoped this fund will reduce the need to use the Society's general funds for this purpose. However, the views expressed at the National Meeting last month made it clear that upon hearing some of the information that has been known for some time to the Board of Management, many Practising Members share the Board's view that the present problems with the Council for Licensed Conveyancers, and in particular with the Council's directorate, are such that they cannot be diminished, dismissed, or ignored. If the Society is to be true to its obligation to represent and protect the interests of its members, then opposition to the present conduct of the Council, or those who act in the Council's name, appears both necessary and unavoidable.

However, the Board is optimistic that a solution to the problem can, and will, be found, and that a constructive relationship can then be re-established between the Society and the Council, to the benefit of the entire profession.

Board of Management

The members who served as members of the Board of Management during the year ended 31 December 1997 are as follows:

Naomi M Banham	(appointed 26 July 1997)	
Allan K R Burt	(resigned 1 November 1997)	
Peter G Davis		
Roger P Morgan		
Michelle O'Shea	(appointed 1 November 1997)	
Stuart Perkins	(resigned 30 June 1997)	
Tess E Neale	(elected from 18 May 1997)	
Paul I Raven-Hill	<i>Company Secretary</i>	
Jane A Thurley	<i>Treasurer</i>	(resigned as Treasurer, 31 December 1997)
Frank E L Spiers		
Reginald J Toy	<i>Board Chairman</i>	(elected as Chairman from 15 June 1997)
Angela Viney	<i>Board Chairman</i>	(resigned as Chairman on 17 May 1997)
	(retired 17 May 1997)	

Fixed Assets

Movements in fixed assets during the year are shown in note 5 to the accounts.



P.I. Raven-Hill Soc.L.C. Company Secretary

Registered Office: Chancery House, 55 Church Road, Croydon. CR9 1PF

4 April 1998

THE SOCIETY OF LICENSED CONVEYANCERS**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

We, the members of the Board of Management and the directors of the company, are required under company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Society, and of the surplus or deficit of the Society for that period.

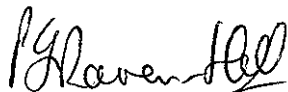
In preparing these financial statements we are required to:

- select suitable accounting policies and apply them consistently;
- make reasonable and prudent judgements and estimates;
- prepare the financial statements on a going-concern basis unless in our view the Society will be unable to continue in business.

We are also responsible for:

- keeping proper accounting records;
- safeguarding the Society's assets;
- taking reasonable steps for the prevention and detection of fraud.

By order of the Board



P.J. Raven-Hill Soc.L.C.

Secretary

4th April 1998

AUDITORS' REPORT TO THE MEMBERS OF THE SOCIETY OF LICENSED CONVEYANCERS

We have audited the financial statements on pages 10 to 15 which have been prepared under the accounting policies set out on page 13.

Respective Responsibilities of Directors and Auditors

As described on page 8 the Society's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

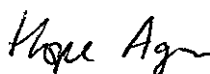
Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Society's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Society's affairs at 31st December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.



HOPE AGAR
Chartered Accountants
Registered Auditors

4th April 1998

THE SOCIETY OF LICENSED CONVEYANCERS
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INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31st DECEMBER 1997

	<u>Notes</u>	<u>1997</u>	<u>1996</u>
Income			
Membership subscriptions		88,764	71,217
Stationery sales		72,225	57,596
Seminar income		12,147	-
Other sales		723	668
Annual conference sponsorship		950	2,900
Quality assurance scheme	2	553	4,637
Bank interest		1,342	915
Commission from scheme providers		4,900	3,745
Miscellaneous income		793	951
		<hr/>	<hr/>
		182,397	142,629
Expenditure			
Staff costs including national insurance and pension contributions	3	54,013	58,417
Secretarial and administrative services		4,133	1,047
Office accommodation		5,000	4,500
Regional meetings		67	842
Annual conference		3,004	3,089
Telephone and facsimile		1,478	1,638
General printing and stationery		4,026	2,368
Cost of stationery for resale by stationery department		51,192	38,359
Seminar costs		4,671	131
Chief Executive's expenses		1,865	4,537
Presentation wall planners		1,530	1,136
Postage, DX, courier and despatch department costs		4,867	2,568
Board meetings and expenses		4,503	4,227
Printing, production and associated costs of "The Licensed Conveyancer"		276	6,810
Legal fees		5,681	300
Other professional fees		1,353	4,567
Book-keeping fees		3,579	4,030
Auditors' remuneration		1,150	1,235
Depreciation		1,225	800
		<hr/>	<hr/>
Carried forward		153,613	140,601

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INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31st DECEMBER 1997

	<u>Notes</u>	<u>1997</u>	<u>1996</u>
Expenditure (continued)			
Brought forward	153,613	140,601	
Subscriptions to publications and library	429	529	
Bank charges	659	402	
Repairs and renewals	584	451	
Computer demonstration expenses	-	995	
PI insurance for the Board	468	461	
Contents insurance premium	95	95	
Miscellaneous expenses	2,314	1,140	
		<u>(158,162)</u>	<u>(144,674)</u>
Surplus/(deficit) before taxation		24,235	(2,045)
Taxation		<u>(561)</u>	<u>(510)</u>
Surplus/(deficit) for the year		<u><u>£23,674</u></u>	<u><u>£(2,555)</u></u>

STATEMENT OF RECOGNISED GAINS AND LOSSES

There are no recognised gains and losses other than those shown above.

THE SOCIETY OF LICENSED CONVEYANCERS
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BALANCE SHEET

31st DECEMBER 1997

	<u>Notes</u>	<u>1997</u>	<u>1996</u>
Tangible Fixed Assets	5	3,405	677
Current Assets			
Stock	1	825	1,864
Debtors	6	13,910	11,153
Cash at bank		28,316	4,870
		<hr/>	<hr/>
		43,051	17,887
Creditors: amounts falling due within one year	7	(28,299)	(24,081)
		<hr/>	<hr/>
Net Current Assets/(liabilities)		14,752	(6,194)
		<hr/>	<hr/>
Net Assets/(liabilities)		£18,157	£(5,517)
		<hr/>	<hr/>
Accumulated fund			
(Deficit) brought forward		(5,517)	(2,962)
Surplus/(deficit) for the year		23,674	(2,555)
		<hr/>	<hr/>
Surplus/(deficit) carried forward		£18,157	£(5,517)
		<hr/>	<hr/>

The financial statements were approved by the Board of Management on 4th April 1998.

On behalf of the Board


R.J. Toy Soc.L.C.

Chairman

THE SOCIETY OF LICENSED CONVEYANCERS
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 1997

1. Accounting Policies

Basis of Accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Cash flow statement

The Society has taken advantage of the exemption from preparing a cash flow statement conferred by Financial Reporting Standard No. 1 on the grounds that it is entitled to the exemptions available in Sections 246 to 247 of the Companies Act 1985 for small companies.

Depreciation

Depreciation is provided on fixed assets on a straight line basis over the estimated useful lives of the assets of five years, at a rate of 20%.

Stock

Stock of stationery and other goods for resale is valued at the lower of cost and net realisable value.

2. Quality Assurance Scheme

	<u>1997</u>	<u>1996</u>
Scheme fees	-	2,655
Assessment and surveillance fees	2,303	3,600
	<hr/>	<hr/>
	2,303	6,255
Other income	-	306
Expenses	(1,750)	(1,924)
	<hr/>	<hr/>
	(1,750)	(1,618)
	<hr/>	<hr/>
	£553	£4,637
	<hr/> <hr/>	<hr/> <hr/>

Fees receivable from members under the Quality Assurance Scheme include assessment fees to be paid to the scheme's certification body, which will not become payable until the member has installed his practice management system and requests an assessment. In many cases the period between the receipt of the scheme's fees and the payment by the Society of the assessment fee will exceed the Society's annual accounting period.

THE SOCIETY OF LICENSED CONVEYANCERS
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31st DECEMBER 1997

2. Quality Assurance Scheme (continued)

It should therefore be noted that there is a future liability for the Society to pay for assessments out of the receipts presently held. However, the exact amount and date of such liability can only be known when practices have applied for assessment.

It is anticipated that a proportion of the scheme members will not so apply and in such cases the receipts will be wholly retained.

In the meantime, assessment fees are included in the financial statements under accruals and deferred income (see note 7).

3. Directors and employees	<u>1997</u>	<u>1996</u>
Staff costs including directors' emoluments		
Salaries	49,493	53,338
Employer's social security costs	4,520	5,079
	<hr/>	<hr/>
	£54,013	£58,417
	<hr/>	<hr/>

The average number of persons employed by the Society (excluding unpaid directors) during the period was 3 (1996: 3). Part time employees' hours have been combined to equate to full time employees.

Directors

One director acting as the Society's Treasurer received emoluments of £333 (1996: £1,000). No other director received any remuneration for services rendered to the Society during the year.

4. Taxation

The Society is not subject to corporation tax on transactions with its members. The Society is chargeable to corporation tax at 21.75% (1996:24.25%) on interest received and on net profits arising on sales and services to non-members.

THE SOCIETY OF LICENSED CONVEYANCERS
(A company limited by guarantee and not having a share capital)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31st DECEMBER 1997

5. Tangible fixed assets		Office Equipment
Cost		
At 1 st January 1997		9,468
Additions		3,953
		<hr/>
At 31 st December 1997		13,421
		<hr/>
Depreciation		
Accumulated at 1 st January 1997		8,791
Charge for year		1,225
		<hr/>
Accumulated at 31 st December 1997		10,016
		<hr/>
Net book amount		
At 31 st December 1997		£3,405
		<hr/>
At 31 st December 1996		£677
		<hr/>
6. Debtors	1997	1996
Trade debtors	9,892	7,927
Other debtors and prepayments	4,018	3,226
	<hr/>	<hr/>
	£13,910	£11,153
	<hr/>	<hr/>
7. Creditors		
Trade creditors	7,172	7,990
Corporation tax	561	510
Accruals and deferred income	15,757	15,581
Other creditors	4,809	-
	<hr/>	<hr/>
	£28,299	£24,081
	<hr/>	<hr/>