

The Leasehold Advisory Service (LEASE) Annual Report & Accounts 2009–2010



Contents

About LEASE	2
Board and Officers	3
Chair’s Foreword	4
Chief Executive’s Report	5
Performance	6
Financial Statements	
Operating and Financial Review	10
The Directors’ Report	12
Independent Auditor’s Report to the Members of the Leasehold Advisory Service	14
Income and Expenditure Account	16
Group Balance Sheet	17
Balance Sheet	18
Group Cash Flow Statement	19
Notes to the Financial Statements	20
Annexes	
Annex 1 Accounts Direction given by the Secretary of State	29
Annex 2 LEASE’s Key Performance Indicators	32
Annex 3 LEASE Conference Key Performance Indicators	36

About LEASE

LEASE is an executive non-departmental public body whose principal sponsor is the Communities and Local Government department (CLG). CLG, the Ministry of Justice (MOJ) and the Welsh Assembly Government (WAG) provided its funding from government in 2009/10.

LEASE works at “arm’s length” from government as an independent organisation. LEASE owns a subsidiary, Lease Conferences Limited, which provides conferences, mediation and training to leaseholders and leasehold professionals.

LEASE’s purpose

To help everyone in England and Wales on residential leasehold and commonhold issues by providing free legal advice, information and other services including mediation. Customers include leaseholders, landlords, and professionals including lawyers, valuers and managing agents.

Board and Officers



Board

LEASE is governed by its Board which is appointed by the Secretary of State of CLG.

Chair

Deep Sagar (independent)

Members

Justin Caffrey (lenders)

Robert Levene (leaseholders)

Geneviève Mariner (surveyors/valuers)

John May (solicitors)

Trevor Moross (landlords)

Lease Conferences is governed by a board composed of the same membership.

Audit Committee

The Board is advised by an audit committee, comprising the following:

Chair: Trevor Moross

Members: Justin Caffrey
Robert Levene
Deep Sagar

Chief Executive and Company Secretary: Anthony Essien is Chief Executive, Accounting Officer and Company Secretary and runs both LEASE and Lease Conferences day-to-day.

Auditor

MacIntyre Hudson LLP
Chartered Accountants & Statutory Auditor
New Bridge Street House
30–34 New Bridge Street
London
EC4V 6BJ

Interests

Board members' interests are registered with the Company Secretary and available on request.

Web site: www.lease-advice.org

Registered in England no. 3296985

Registered Office: Maple House, 149 Tottenham Court Road, London W1T 7BN (as of 26 July 2010) Previously 31 Worship Street, London EC2A 2DX

Telephone: 020 7383 9800

Fax: 020 7383 9849

Email: info@lease-advice.org

Chair's Foreword



LEASE has achieved more for its customers this year. Its main achievements have been:

- *Quantity:* Helping more customers
- *Quality:* Doing that better
- *Value for money:* Doing this without spending more

Quantity: The number of customers helped has increased over the past 12 months through LEASE improving its web site to reach more people through the internet and by email; telephone services have been extended from 9.30am to 5pm on weekdays; and more customers were served – in particular leaseholders – through events and surgeries outside London and the Southeast, where most customers have come from historically. Section 1 of this report provides relevant statistical information.

Quality: The service LEASE provides is monitored and customer complaints are acted upon to ensure continuous improvement can be achieved. To further improve quality we introduced (a) peer monitoring of telephone advice and (b) surveys of customers after they had received advice. This has resulted in many customers giving us very useful feedback which has contributed to improvements in service standards.

Value for money: This year we estimate that our cost of helping a customer is about £5 per time (including an estimated 260,000 web customers). This is because we have put more effort behind channels that reach more people, more cheaply, without compromising the service provided, eg the internet and email services as well as group surgeries in the field.

Achievements against targets for 2009/10 can be found at the end of this report.

LEASE is renewing its focus for the future along the following lines:

- *Technical services:* Our legal advice remains specific to the complex area surrounding residential leasehold law.
- *Impartial:* Our service is both politically and sectorally impartial.
- *Need-based:* We complement the leasehold industry by providing a much needed front-line service that informs and empowers people.

Our 2010–2011 priorities remain (a) increasing cost-effectiveness by finding new business models and focusing on productivity, (b) working with the industry to support higher standards of customer care and collaborating towards a strategic use of LEASE by all, and (c) seeking to provide our services to more customers especially outside London and the Southeast, in a way that enables them to achieve concrete outcomes.

In recognising the achievements made by LEASE during the year I would like to thank board members and the staff of LEASE for their contributions. I would also like to recognise the contributions made by our partners in the leasehold sector. We will continue to be an independent, open and transparent organisation and welcome any comments on our performance or future plans.

Deep Sagar

Chief Executive's Report



The last year has seen us build on changes made in the preceding year and reap the benefits of these in terms of assisting our customers in England and Wales. With the exception of the area of commonhold, we have provided more assistance than ever before indicating that the need for good quality independent advice not only remains, but is increasing in a growing leasehold sector. It is right that we should celebrate these achievements and commend all the staff at LEASE for their dedication and professionalism. It is their work that has seen LEASE's output and efficiency increase during this year with costs per enquiry at £35 down from £47 last year (figures exclude the 255,000 unique visitors to the LEASE website), providing evidence of LEASE's continued drive to achieve value for money.

Anthony Essien

Performance

1. Our customers:

1.1 Enquiries dealt with and customers reached:

We reached and dealt with the largest number of customers in individual advice sessions in LEASE's history.

Enquiries dealt with:

Our advisers dealt with a total of 38,871 enquiries in 2009/10. This is a 37% increase on last year.

Channel	2009–10	2008–09	%+/-
Telephone	29,827	21,015	42
Email	7,596	5,982	27
Letter	774	810	-4
Personal appointments	674	569	19
Total	38,871	28,376	37

Customers reached:

We assisted over **27,000 customers**. This is substantially more than last year and means we helped over 100 customers per working day from our small resource base. Details are as follows:

Channel	2009–10	2008–09	%+/-
Telephone	20,005	14,657	36
Email	6,025	4,494	34
Letter	774	810	-4
Personal appointments	674	569	19
Total individual-focused	27,478	20,530	34

1.2 Internet service:

We increased substantially the number of customers we served from our web site. We estimate that we served about 300,000 customers in the year; we will continue to analyse the online offering to ensure it is maximised:

Internet Service	2009–10	2008–09	%+/-
Unique visitors	255,189	216,009	18
% outside London & the Southeast	38	35	9
Booklet and FAQ downloads	778,961	314,520*	NA

*2008/09 figures are for advice booklet downloads only

1.3 Leaseholder group surgeries in the field:

We held several special group events in the field to reach leaseholders outside London and the Southeast, in collaboration with the Welsh Assembly Government, local authorities and tenants and leaseholder associations. In these events three LEASE legal advisers hold private sessions with individual customers following a group advice session on general leasehold issues. We held targeted surgeries in Cardiff, Manchester and Camberwell/Peckham. We estimate that we assisted **150 customers** direct through this channel; many of whom are representatives of associations, thus increasing our reach and the effectiveness of our service and value for money. We aim to make this a growing part of our portfolio.

1.4 Lease Conferences:

(a) Annual conference:

Every year we hold a conference in partnership with the leasehold industry targeted at professionals who pay to attend and debate how to improve standards in the industry, but where leaseholders can also attend. This year we attracted **290 participants**, an increase on last year's attendance, and key speakers included Lord Neuberger, Master of the Rolls.

(b) Reaching professionals through events:

While assisting leaseholders is key to our work, we collaborate with others in the industry, eg, the Chartered Institute of Housing, to hold training sessions for professionals, whose services and performance has a direct effect on leaseholders. Including local authority events for leaseholder interest figures for events held are:

Events	2009–10	2008–09	%+/-
Total attended	44	11	300
% outside London & the Southeast	39	9	333
Customers estimated	880	NA	NA

(c) Mediation:

For a token fee we offer mediation to customers where both sides commit to accept the outcome and wish to avoid litigation and tribunals. Our performance improved on last year having achieved **17 settlements** from 21 sessions based on **118 applications**, This is an increase of 64% in applications over last year; with settlements achieved in 80% of mediation sessions, against a 50% success rate for sessions in 2008/09.

Performance

(continued)

2. Quality of service:

2.1 Customer complaints and compliments:

LEASE strives to continually improve its services and takes any complaints received seriously. Focus is given to such things as trends in complaints and what lessons can be learnt. Compliments are also welcome and play a part in improving services, but as a proportion of the advice offered, complaints remain very small in number:

Customer feedback	2009–10	2008–09
Complaints	14	8
% upheld	86	100
Compliments	57	28

2.2 Outcome ratings:

We have begun a suite of surveys to assess how well our advice is achieving outcomes for customers, seeking ratings from our customers.

Rating	2009–10	Sample size	Comment
Peer rating*	83.3% 'A' grade	187	Telephone sessions
Telephone service	4.6 of 5.0	1,115	Customer rating
Email service	4.0 of 5.0	45	Customer rating
Office appointments	4.3 of 5.0	287	Customer rating

*Peer ratings are calculated by the Senior Advisers, who review a sample of telephone advice, correspondence and appointments, and assess advisers' performance against the following criteria:

1. Adviser's attitude
2. Accuracy of advice
3. Completeness of advice
4. Efficient use of time

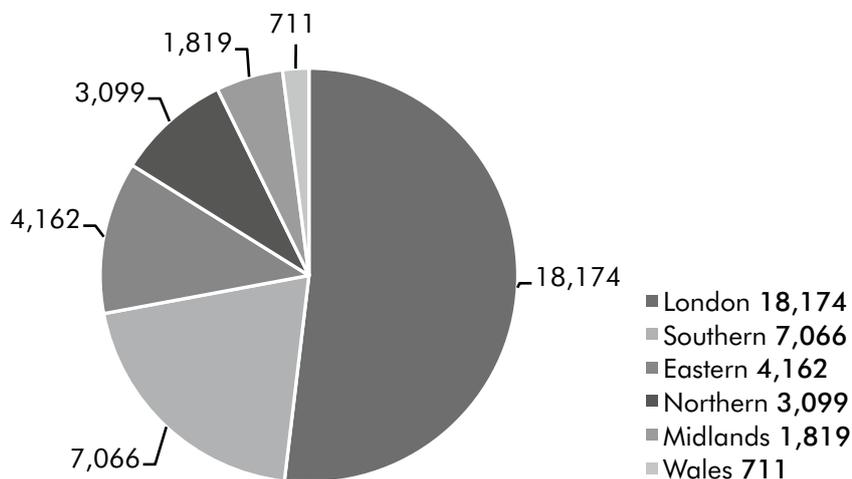
Each piece of work in the sample is graded A (excellent), B (average) or C (poor) against these criteria. An 'A' is worth 3 points, 'B' 2 points and 'C' 1 point. For a piece of work to be graded as excellent, and we were looking to achieve this in 90% of the samples reviewed, requires a total of 10 points out of 12.

3. Collaboration for customer benefit:

During the year we continued to collaborate with others in the leasehold sector towards the longer-term aim of making customers' lives better. The main activities included contributing to consultation documents issued by CLG and others such as the Royal Institution of Chartered Surveyors, and working alongside organisations such as the Chartered Institute of Housing, National Housing Federation, Council of Mortgage Lenders, the Law Society of England and Wales, the British Property Federation, the Association of Residential Managing Agents, the Federation of Private Resident Associations, the Residential Property Tribunal Service and News on the Block. We also participated in a task and finish group organised by CLG encompassing possible regulation in the leasehold sector. We engaged with the Welsh Assembly Government and organised a special event for Welsh Assembly Members. We also engaged with MPs on questions posed by their constituents, and with the Ministry of Justice on commonhold.

4. Some facets of our service:

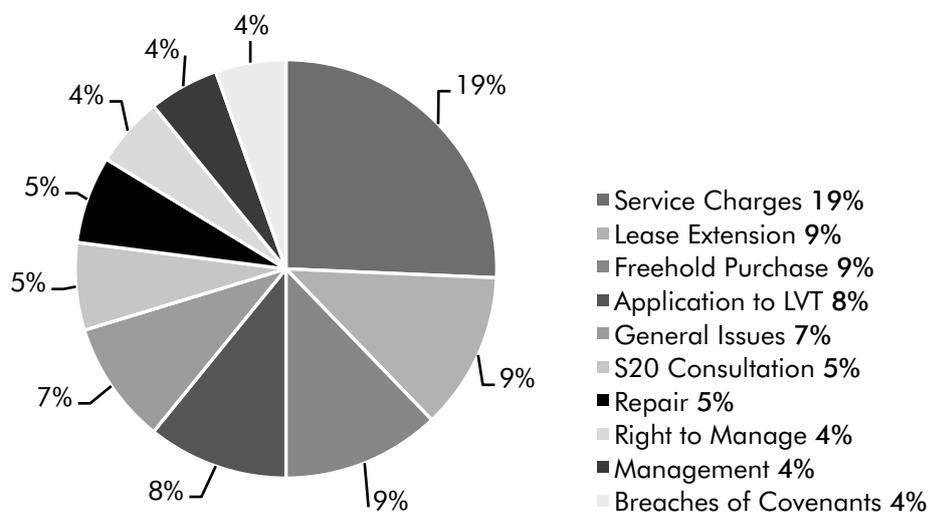
Source of customer enquiries



Individual customer enquiries from outside London and the Southeast increased as follows:

	2009–10	2008–09	%+/-
Eastern	4,162	2,732	52
Northern	3,099	2,139	45
Midlands	1,819	1,189	53
Wales	711	563	26

Top 10 enquiry subjects



Service charges, lease extension, freehold purchase and tribunals were the main subjects.

Operating and Financial Review

Year Ended 31 March 2010

Operating and Financial Review

LEASE is a company limited by guarantee registered at Companies House and an Executive non-departmental public body (NDPB). Funding is wholly by the government, principally from the Communities and Local Government Department (CLG) supplemented by lesser amounts from the Welsh Assembly Government (WAG) and the Ministry of Justice(MOJ). Application for payment of grant-in-aid is submitted on a quarterly basis and is monitored by CLG.

LEASE has no loans or contracts, other than the property lease and minor leasing arrangements and maintenance contracts for office equipment, and there are no capital assets other than office and IT equipment. LEASE has one subsidiary which is principally involved in arranging conferences and ancillary commercial activities. The results of the subsidiary for the year are included in these consolidated financial statements. The financial statements on the following pages have been prepared in accordance with the Companies Act 2006 and the accounts direction given by the Secretary of State. The auditors appointed by the Board are MacIntyre Hudson LLP.

Remuneration Report

Board Members are appointed by the Secretary of State in accordance with the relevant governing documents and guidance issued by the Office of the Commissioner for Public Appointments. The Board Members and Chief Executive are listed on Board and Officers page (p 3). Board Members have corporate responsibility for ensuring that LEASE fulfils its aims and objectives and complies with any statutory or administrative requirements for the use of public funds.

The Board meets at least five times a year with the sponsoring officer at CLG attending as an observer and to comment on Departmental issues and requirements. The Audit Committee, comprising four members of the Board, meets on the same cycle. The Board is governed by the Code of Conduct agreed with the principal funding Department.

Under NDPB operational arrangements Board Members appointed by the Secretary of State are able to claim remuneration to a level set by the CLG. Total remuneration paid for the year was £10,207.

At the year end there was a total of 24 members of staff.

The salaries for senior managers, as defined by the accounts direction issued by the Department, are set out below:

	2010	2009
Anthony Essien	£66,143	£65,668

The fees for Directors are set out below:

	2010	2009
Deep Sagar	£7,612	£5,722
Justin Caffrey	£185	–
Robert Levene	£838	£1,328
Geneviève Mariner	£168	£1,328
John May	£1,014	£941
Trevor Moross	£390	£2,870

Statement on Internal Control

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of LEASE's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money.

A budget is agreed by the Board at the beginning of each financial year. Systems of control in place relate to expenditure and financial viability and third party liabilities.

Over 60% of LEASE's expenditure is salaries; the remaining expenditure is authorised by the Accounting Officer and another senior manager. All transactions for a sum exceeding a specified amount require additional expenditure authorisation by the Chairman or specified Board Member. There is no delegation of authority for expenditure.

The annual grant-in-aid is paid quarterly, in advance. Quarterly expenditure is scrutinised by the Board and, separately, by the CLG as the basis for the application for the payment of the grant in respect of the following quarter. The financial statements are audited annually in accordance with company legislation and approved by the Board.

Grant-in-aid is approved in principle on a three year basis, subject to separate application and approval each year. Externally liability is limited to potential action by clients of LEASE in terms of damages alleged to have been incurred as a direct result of defective advice provided. The company maintains professional indemnity insurance cover to a maximum for any individual claim of £500,000. There is a client complaint policy and procedure in place accessible on the LEASE website.

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve 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 departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them effectively and economically. The system of internal control has been in place in LEASE for the year ended 31 March 2010 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

The LEASE Board and Audit Committee review the risk register for which I am responsible. The risk register identifies the principal risks facing LEASE and classifies them according to level of risk, potential impact and measures in place to mitigate the risk. The register is reviewed quarterly.

Client information is protected via firewall and other good practice measures on LEASE's internal network; data is regularly backed up both on and offsite and in accordance with the Data Protection Act and staff are trained in the provisions of the Act.

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the auditors and the executive managers within the organisation who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

A Essien

Chief Executive and Accounting Officer

The Directors' Report

Year Ended 31 March 2010

The directors have pleasure in presenting their report and the financial statements of the group for the year ended 31 March 2010.

Principal Activities and Business Review

The principal activity of the group in the year was that of the provision of advice to the public on residential leasehold and commonhold issues and arranging conferences and training courses.

The results for the year and the financial position of the company and the group are as shown in these financial statements.

Results

The profit for the year amounted to £45,502.

Directors

The directors who served the company during the year were as follows:

Mr D Sagar

Mr R Levene

Mr T Moross

Mr J May

Ms G Mariner

Mr J Caffrey

Mr J Caffrey was appointed as a director on 1 April 2009.

Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the surplus or deficit of the group for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant audit information of which the group's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Registered office:
31 Worship Street
London
EC2A 2DX

Signed on behalf of the directors

D Sagar

Director

Approved by the directors on 28 June 2010

Independent Auditor's Report to the Members of the Leasehold Advisory Service

Year Ended 31 March 2010

We have audited the group and parent company financial statements ("the financial statements") of The Leasehold Advisory Service for the year ended 31 March 2010 which comprise the Income and Expenditure Account, Group Balance Sheet and Company Balance Sheet, Group 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 company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company'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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 5 to 6, the directors are responsible for the preparation of the Annual Report, 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 of the Financial Statements

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 group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by directors; and the overall presentation of the financial statements.

Opinion on Financial Statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 March 2010 and of the group's surplus 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 Companies Act 2006.

Opinion on Other Matters Prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on Which We Are Required to Report by Exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Rakesh Shaunak FCA

(Senior Statutory Auditor)

For and on behalf of

Macintyre Hudson LLP

Chartered Accountants and Statutory Auditor

New Bridge Street House
30–34 New Bridge Street
London
EC4V 6BJ

04 August 2010

Income and Expenditure Account

Year Ended 31 March 2010

	Note	2010 £	2009 £
Group Turnover	2	1,426,227	1,115,090
Administrative expenses		1,384,222	1,339,811
Operating Surplus/(Deficit)	3	42,005	(224,721)
Attributable to:			
Operating surplus/(deficit) before exceptional items		42,005	(172,249)
Exceptional items	3	-	(52,472)
		42,005	(224,721)
Interest receivable		108	9,428
		42,113	(215,293)
Notional cost of capital		(4,373)	(1,174)
		37,740	(216,467)
Notional cost of capital reversed		4,373	1,174
Surplus/(Deficit) on Ordinary Activities before Taxation		42,113	(215,293)
Tax payable/(recoverable) on ordinary activities	6	(3,389)	(986)
Surplus/(Deficit) for the Financial Year	7	45,502	(214,307)

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

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

The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own Income and Expenditure.

The notes on pages 20 to 28 form part of these financial statements.

Group Balance Sheet

31 March 2010

		2010		2009	
	Note	£	£	£	£
Fixed Assets			5,569		16,977
Tangible assets	8				
Current Assets					
Debtors	10	100,836		59,515	
Cash at bank		124,930		39,759	
		225,766		99,274	
Creditors: Amounts falling due within one year	11	97,541		27,959	
Net Current Assets			128,225		71,315
Total Assets Less Current Liabilities			133,794		88,292
Reserves					
Other reserves	15		95,536		50,034
Profit and loss account	15		38,258		38,258
Members' Funds			133,794		88,292

These financial statements were approved by the directors and authorised for issue on 28 June 2010, and are signed on their behalf by:

D Sagar

Director

The notes on pages 20 to 28 form part of these financial statements.

Balance Sheet

31 March 2010

		2010		2009	
	Note	£	£	£	£
Fixed Assets					
Tangible assets	8		5,569		16,977
Investments	9		1		1
			<u>5,570</u>		<u>16,978</u>
Current Assets					
Debtors	10	94,273		49,860	
Cash at bank		115,652		25,156	
		<u>209,925</u>		<u>75,016</u>	
Creditors: Amounts falling due within one year					
	11	<u>119,959</u>		<u>41,960</u>	
Net Current Assets					
			<u>89,966</u>		<u>33,056</u>
Total Assets Less Current Liabilities					
			<u>95,536</u>		<u>50,034</u>
Reserves					
Other reserves	15		<u>95,536</u>		<u>50,034</u>
Members' Funds					
			<u>95,536</u>		<u>50,034</u>

These financial statements were approved by the directors and authorised for issue on 28 June 2010, and are signed on their behalf by:

D Sagar

Director

Company Registration Number: 3296985

The notes on pages 20 to 28 form part of these financial statements.

Group Cash Flow Statement

Year Ended 31 March 2010

	Note	2010 £	2009 £
Net Cash Inflow/(Outflow) From Operating Activities	16	93,483	(233,810)
Returns On Investments And Servicing Of Finance	16	108	9,428
Taxation	16	(89)	–
Capital Expenditure and Financial Investment	16	(8,331)	(13,598)
Increase/(Decrease) in Cash	16	85,171	(237,980)

The notes on pages 20 to 28 form part of these financial statements.

Notes to the Financial Statements

Year Ended 31 March 2010

1. Accounting Policies

Basis of accounting

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

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over five years from the year of acquisition. The results of companies acquired or disposed of are included in the income and expenditure account after or up to the date that control passes respectively. As a consolidated income and expenditure account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

Turnover

Turnover represents grant income and amounts receivable from arranging conferences and the provision of training, excluding Value Added Tax. Grant income is principally from the CLG supplemented by lesser amounts from the Welsh Assembly Government and the Ministry of Justice.

Depreciation

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

Fixtures & Fittings	– 33% on cost
Computer Equipment	– 33% on cost

Operating lease agreements

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

Pension costs

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

Financial instruments

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

Notional cost of capital

Notional cost of capital is calculated at 3.5% on funds held.

2. Turnover

The turnover and profit before tax are attributable to the one principal activity of the group.

An analysis of turnover is given below:

	2010	2009
	£	£
Communities and Local Government	1,375,000	1,005,000
Welsh Assembly Government	20,000	19,600
MOJ	2,500	2,500
Training and Conferences	28,727	87,990
	<u>1,426,227</u>	<u>1,115,090</u>

3. Operating Surplus/(Deficit)

Operating surplus/(deficit) is stated after charging:

	2010	2009
	£	£
Depreciation of owned fixed assets	19,739	10,870
Auditor's remuneration		
– as auditor	8,250	8,400
Operating lease costs:		
– Plant and equipment	16,238	18,015
– Other	89,265	89,265
Exceptional items – VAT on backdated rent	–	52,472
	<u>–</u>	<u>168,022</u>

Notes to the Financial Statements

Year Ended 31 March 2010 (continued)

4. Particulars of Employees

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

	2010	2009
	No	No
Chief Executive	1	1
Professional Advisers	16	16
Support Staff	7	5
	24	22

The aggregate payroll costs of the above were:

	2010	2009
	£	£
Wages and salaries	767,317	685,940
Social security costs	83,724	77,864
Other pension costs	77,850	71,788
	928,891	835,592

5. Directors' Remuneration

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

	2010	2009
	£	£
Remuneration receivable	10,207	12,189

6. Taxation on Ordinary Activities

(a) Analysis of charge in the year

	2010	2009
	£	£
Current tax:		
UK Corporation tax based on the results for the year at 21% (2009 – 21%)	22	(986)
Over provision in prior year	(3,411)	–
Total current tax	(3,389)	(986)

6. Taxation on Ordinary Activities (continued)

(b) Factors affecting current tax charge

The tax assessed on the surplus/(deficit) on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 21% (2009 – 21%).

	2010	2009
	£	£
Surplus/(deficit) on ordinary activities before taxation	42,113	(215,293)
Surplus/(deficit) on ordinary activities by rate of tax	8,844	(45,212)
Expenses not deductible for tax purposes	–	33
Utilisation of tax losses	–	21,362
Adjustments to tax charge in respect of previous periods	(3,411)	–
Items not subject to corporation tax regime	(8,822)	22,831
Total current tax (note 6(a))	(3,389)	(986)

7. Surplus Attributable to Members of the Parent Company

The surplus dealt with in the financial statements of the parent company was £45,502 (2009 – £(195,007)).

8. Tangible Fixed Assets

Group	Fixtures & Fittings £	Computer Equipment £	Total £
Cost			
At 1 April 2009	55,311	48,081	103,392
Additions	3,570	4,761	8,331
At 31 March 2010	58,881	52,842	111,723
Depreciation			
At 1 April 2009	49,924	36,491	86,415
Charge for the year	6,578	13,161	19,739
At 31 March 2010	56,502	49,652	106,154
Net Book Value			
At 31 March 2010	2,379	3,190	5,569
At 31 March 2009	5,387	11,590	16,977

Notes to the Financial Statements

Year Ended 31 March 2010 (continued)

8. Tangible Fixed Assets (continued)

Company	Fixtures & Fittings £	Computer Equipment £	Total £
Cost			
At 1 April 2009	55,311	48,081	103,392
Additions	3,570	4,761	8,331
At 31 March 2010	58,881	52,842	111,723
Depreciation			
At 1 April 2009	49,924	36,491	86,415
Charge for the year	6,578	13,161	19,739
At 31 March 2010	56,502	49,652	106,154
Net Book Value			
At 31 March 2010	2,379	3,190	5,569
At 31 March 2009	5,387	11,590	16,977

9. Investments

Company	Group companies £
Cost	
At 1 April 2009 and 31 March 2010	1
Net Book Value	
At 31 March 2010 and 31 March 2009	1

The company's unlisted investments comprised the following:

Subsidiary undertaking

Lease Conferences Limited

Nature of business: Conferences and education, registered in England and Wales.

Class of shares	Holding
Ordinary	100 %

The above company has been included within the consolidation.

10. Debtors

	Group		Company	
	2010 £	2009 £	2010 £	2009 £
Corporation tax repayable	4,464	986	–	–
Other debtors	–	13,874	–	11,581
Season ticket loans	8,921	8,231	8,921	8,231
Prepayments and accrued income	87,451	36,424	85,352	30,048
	100,836	59,515	94,273	49,860

11. Creditors: Amounts falling due within one year

	Group		Company	
	2010 £	2009 £	2010 £	2009 £
Trade creditors	55,908	18,727	55,908	18,727
Amounts owed to group undertakings	–	–	24,222	12,664
Other creditors including taxation and social security:				
Corporation tax	–	–	22	3,500
Other taxes and social security	25,859	–	25,783	–
Other creditors	7,524	832	7,524	169
Accruals and deferred income	8,250	8,400	6,500	6,900
	97,541	27,959	119,959	41,960

Included in other creditors is an amount of £6,837 in respect of pension contributions payable.

12. Commitments Under Operating Leases

Group	2010		2009	
	Land and buildings £	Other items £	Land and buildings £	Other items £
Operating leases which expire:				
Within 1 year	29,755	–	–	–
Within 2 to 5 years	–	19,093	–	19,093
After more than 5 years	–	–	89,265	–
	29,755	19,093	89,265	19,093

Notes to the Financial Statements

Year Ended 31 March 2010 (continued)

12. Commitments Under Operating Leases (Continued)

At 31 March 2010 the company had annual commitments under non-cancellable operating leases as set out below.

Company	2010		2009	
	Land and buildings £	Other items £	Land and buildings £	Other items £
Operating leases which expire:				
Within 1 year	29,755	–	–	–
Within 2 to 5 years	–	19,093	–	19,093
After more than 5 years	–	–	89,265	–
	29,755	19,093	89,265	19,093

13. Related Party Transactions

The company is an Executive Non-Departmental Public Body sponsored principally by CLG with supplemental funding from WAG and MOJ.

During the year the company purchased training services in the sum of £3,600 from EMC Management Consultants Limited, a company in which a director, Mr J Caffrey, has a material interest.

There is no ultimate controlling party.

14. Company Limited by Guarantee

The company is limited by guarantee. Every member undertakes to contribute such amount as may be required (not exceeding £1) to the assets of the company if it should be wound up while he or she is a member.

15. Reserves

Group	Grant reserve £	Income and expenditure account £
Balance brought forward	50,034	38,258
Surplus for the year	–	45,502
Other movements		
– transfer to other reserves	45,502	(45,502)
Balance carried forward	95,536	38,258

15. Reserves (continued)

Company	Grant reserve £	Income and expenditure account £
Balance brought forward	50,034	–
Surplus for the year	–	45,502
Other movements		
– transfer to other reserves	45,502	(45,502)
Balance carried forward	95,536	–

The grant reserve represents a grant underspend in the year ended 31 March 2010 allocated to the year ended 31 March 2011.

16. Notes to the Cash Flow Statement

Reconciliation of Operating Profit/(Loss) to Net Cash Inflow/(Outflow) from Operating Activities

	2010 £	2009 £
Operating surplus/(deficit)	42,005	(224,721)
Depreciation	19,739	10,870
Increase in debtors	(37,843)	(27,321)
Increase in creditors	69,582	7,362
Net cash inflow/(outflow) from operating activities	93,483	(233,810)

Returns on Investments and Servicing of Finance

	2010 £	2009 £
Interest received	108	9,428
Net cash inflow from returns on investments and servicing of finance	108	9,428

Taxation

	2010 £	2009 £
Corporation tax paid	(89)	–

Notes to the Financial Statements

Year Ended 31 March 2010 (continued)

16. Notes To The Cash Flow Statement (continued)

Capital Expenditure

	2010	2009
	£	£
Payments to acquire tangible fixed assets	(8,331)	(13,598)
Net cash outflow from capital expenditure	(8,331)	(13,598)

Reconciliation of Net Cash Flow to Movement in Net Funds

	2010	2009
	£	£
Increase/(Decrease) in cash in the period	85,171	(237,980)
Movement in net funds in the period	85,171	(237,980)
Net funds at 1 April 2009	39,759	277,739
Net funds at 31 March 2010	124,930	39,759

Analysis of Changes in Net Funds

	At	Cash	At
	1 April 2009	flows	31 March
	£	£	2010
			£
Net cash:			
Cash in hand and at bank	39,759	85,171	124,930
Net funds	39,759	85,171	124,930

Annex 1 Accounts Direction given by the Secretary of State

1. The financial statements of the Leasehold Advisory Service (hereafter in this accounts direction referred to as 'the Company') shall give a true and fair view of the profit and loss and the cash flows for the accounting year and the state of affairs at the year end. Subject to this requirement, the financial statements shall be prepared in accordance with:
 - 1) the accounting and disclosure requirements of the Companies Act 1985;
 - 2) United Kingdom Financial Reporting Standards and Statements of Standard Accounting Practice;
 - 3) any guidance that the Treasury may issue from time to time in respect of the annual accounts of non-departmental public bodies;
 - 4) any other specific disclosure requirements of the Secretary of State.

Insofar as these requirements are appropriate to the Company and are in force for the year for which the financial statements are prepared, and except where agreed otherwise with the Secretary of State or the Treasury, in which case the exception shall be described in the notes to the financial statements.

2. Schedule 1 to this direction gives clarification of the application of the accounting and disclosure requirements of the Companies Act and accounting standards are also gives any exceptions to standard Treasury requirements. Additional disclosure requirements of the Secretary of State and further explanations of Treasury requirements are set out in Schedule 2.
3. This direction shall be reproduced as an appendix to the financial statements

Schedule 1

1. The Company shall prepare an Operating and Financial Review in line with the recommendation of Reporting Statement Operating and Financial Review, to the extent that such requirements are appropriate to the Company.
2. The financial statements shall contain a Remuneration Report in line with the requirements of section 234B and Schedule 7A of the Companies Act 1985 and of which purpose, all members of the management board shall be taken to be additional directors.*
3. The Company's profit and loss account shall be in format 1 as set out in Schedule 4 to the Companies Act 1985, adapted where necessary to suit the special nature of the Company's business. The balance sheet shall be in format 1. In the balance sheet, totals shall be struck at 'Total assets less total liabilities'.
4. Freehold land and non-leased buildings held as fixed assets shall be stated at existing use value, or, for property of a specialised nature, at depreciated replacement cost. Other non-leased fixed assets shall be stated at net current replacement costs. All valuation bases as defined by the Royal Institution of Chartered Surveyors.
5. Stocks and work in progress shall be included in the balance sheet at the lower of estimated replacement cost and estimated net realisable value.
6. Expenditure in the profit and loss shall include a notional cost of capital, at 3.5% of the average net assets during the year. This amount shall be reversed after the line showing the surplus or deficit for the year.
7. The foreword and balance sheet be signed and dated on behalf of the board of directors and by the accounting officer.

Annex 1 Accounts Direction given by the Secretary of State (continued)

Schedule 2

Additional disclosure requirements:

The following information shall be disclosed in the notes to the financial statements, as a minimum, and in addition to the information required to be disclosed by paragraphs 1 and 2 of this direction.

- (a) An analysis of grants from:
 - (i) government departments;
 - (ii) European Community funds;
 - (iii) other sources identified as to each source.
- (b) For grants from the Department for Communities and Local Government, the following information shall also be shown:
 - (i) the amount that the company is entitled to receive for the year;
 - (ii) the amount received during the year;
 - (iii) the amount released to the profit and loss account for the year;
 - (iv) the amount used to acquire or improve fixed assets in the year;
 - (v) movements on amounts carried forward in the balance sheet.

The note should make it possible to reconcile any of the amounts in (i) to (v) above, to each of the other amounts.

- (c) An analysis of grants included as expenditure in the profit and loss account and a statement of the total value of grant commitments not yet included in the profit and loss account.
- (d) Details of employees, other than directors, showing:
 - (i) the average number of persons employed during the year, including part-time employees and secondees, analysed between appropriate categories;
 - (ii) the total amount of loans to employees;
 - (iii) employee costs during the year, showing separately;
 - (1) wages and salaries,
 - (2) early retirement costs,
 - (3) social security costs,
 - (4) contributions to pension schemes,
 - (5) payments for unfunded pensions,
 - (6) other pension costs.
- (e) An analysis of liquid resources, as defined by accounting standard FRS1 (revised).
- (f) In the note on debtors, prepayments and payments on account shall each be identified separately.
- (g) Particulars, as required by the accounting standard on related party disclosures, of material transactions during the year and outstanding balances at the year end (other than those arising from contract of service or of employment with the Company), between the Company and a party that, at any time during the year, was a related party. For this purpose, notwithstanding anything in the accounting standard, the following assumptions shall be made:
 - (i) transactions and balances of £5,000 and below are not material;

- (ii) parties related to directors and key managers are as notified to the company by each individual director or key manager;
- (iii) the following are related parties:
 - (1) subsidiary and associate companies of the Company;
 - (2) pensions funds for the benefit of employees of the Company or its subsidiary companies (although there is no requirement to disclose details of contributions to such funds);
 - (3) directors and key managers of the Company;
 - (4) members of the close family of directors and key managers;
 - (5) companies in which a director or key manager is a director;
 - (6) partnerships and joint ventures in which a director or a key manager is a partner or venture;
 - (7) trusts, friendly societies and industrial and provident societies in which a director or a key manager is a trustee or committee member;
 - (8) companies, and subsidiaries of companies, in which a director or a key manager has a controlling interest;
 - (9) settlements in which a director or a key manager is a settler or beneficiary;
 - (10) companies, and subsidiaries of companies, in which a member of the close family or a director or of a key manager has a controlling interest;
 - (11) partnerships and joint ventures in which a member of the close family of a director or of a manager is a partner or venture;
 - (12) settlements in which a member of the close family of a director or a key manager is a settler or beneficiary;
 - (13) the Department of Communities and Local Government, as the sponsor department of the Company.

For the purposes of this sub-paragraph:

- (i) A key manager means a member of the Company's management board.
- (ii) The close family of an individual is the individual's spouse, the individual's relatives and their spouses, and relatives of the individual's spouse. For the purposes of this definition, 'spouse' includes personal partners, and 'relatives' means brothers, sisters, ancestors, lineal descendants and adopted children.
- (iii) A controlling shareholder of a company is an individual (or an individual acting jointly with other persons by agreement) who is entitled to exercise (or control the exercise of) 30% or more of the rights to vote at general meetings of the company, or who is able to control the appointment of directors who are then able to exercise a majority of votes at board meetings of the company.
- (h) A statement of losses and special payments during the year, being transactions of a type which parliament cannot be supposed to have contemplated. Disclosure shall be made of the total of losses and special payments if this exceeds £250,000, with separate disclosure and particulars of any individual amounts in excess of £250,000. Disclosure shall also be made of any loss or special payment of £250,000 and below if it is considered material in the context of the Company's operations.

* Note to paragraph 2 of Schedule 1 and paragraph (g) of Schedule 2: under the Data Protection Act 1998, individuals need to give their consent for some of the information in these sub-paragraphs to be disclosed. If consent is withheld, this should be stated next to the name of the individual.

Annex 2 LEASE's Key Performance Indicators

Subject	Timing	Targets	Achievements
1. Provision of advice on residential leasehold law	(a) By 31 March 2010	(a) Respond to 35,000 substantive enquiries in 2009/10 with 52% emanating from new customers.	(a) 38,871 substantive enquiries addressed in 2009/10 with 47% from new customers.
	(b) By 31 March 2010	(b) Aim to respond to 90% of enquiries requiring written advice within 15 working days.	(b) 86% of enquiries requiring written advice were addressed within 15 working days.
	(c) By 30 June 2009	(c) Telephone service: Invest in new technologies/tools to improve performance of channels.	(c) Improvements were made to the phone system during the year. Enhancements were also made to LEASE's website to enable clients to easily find answers to common queries via both FAQs and a web-based enquiry form which delivers FAQ responses to clients.
	(d) By 31 March 2010	(d) 90% of advice work reviewed to be graded 'A'.	(d) 83.3% of advice work reviewed graded 'A'.
2. Local authority and social sector work	(a) By 31 March 2010	(a) Participate in 10 leaseholder events for this sector.	(a) Participated in 12 leaseholder events for this sector, 5 of which were outside of London and the Southeast.
	(b) By 31 December 2009	(b) Produce new booklet setting out the law on the new statements of account for both this sector and the private sector.	(b) The relevant regulations were not approved by Parliament.
	(c) By 31 December 2009	(c) Establish relationship with Homes and Communities Agency, National Tenants' Voice and Tenant Services Authority.	(c) A working relationship was established during the year with the Tenant Services Authority and the National Tenants' Voice.
	(d) By 31 December 2009	(d) Complete writing to all social sector landlords to ensure that they are aware of LEASE's services and to ask that tenants' handbooks contain LEASE's details and that websites include appropriate links – though recognising that many handbooks and websites already do so.	(d) We wrote to all social sector landlords during the year.

Continued opposite

Subject	Timing	Targets	Achievements
	(e) By 31 December 2009 (f) By 31 December 2009	(e) Complete database on payment options available from local authorities in regions with substantial leasehold ownership. (To give LEASE advisors a better basis on which to advise social sector leaseholders of their rights and options – though LEASE would not provide any form of financial advice). (f) Complete Social Sector Working Party Report on problems faced by social sector long leaseholders.	(e) We were unable to complete the database as priorities for Senior Advisers charged with this work focussed on outreach events and quality for their teams. (f) The implementation of LEASE's new strategies in communication, outreach, quality and the preparation of our move to Maple House left insufficient time for the report to be finished during the year.
3. Web site and publications	(a) By 31 March 2010 (b) By 31 March 2010	(a) Publish new Section 20, Collective Enfranchisement – Getting Started and Statement of Account booklets. (b) Achieve an average of 50,000 visitors per month to the website.	(a) Amended spending priorities during the year resulted in this work being deferred. (b) An average of 24,978 visits were achieved against the challenging target of 50,000 which was found to be unrealistic. Improved monitoring software allows access to more meaningful "unique visitor" numbers.
4. Working with others	(a) By 31 March 2010	(a) Continue to develop working relations with leaseholder organisations, the professions and trade bodies with an interest in leasehold, including the CML and Association of Mortgage Intermediaries.	(a) During the year we worked with leaseholder organisations including FPRA, the Liverpool Waterfront and City Centre Residents Associations, Manchester Leaseholders Association, Birmingham Leaseholders Association and Corby Leaseholders Association; LEASE became a member of the RICS lettings and management panel and responded to the RICS's consultation on transparency in professional fees; CML have included LEASE in the links section of its professional website and the Britannia Building Society agreed to issue.

Continued overleaf

Annex 2 LEASE's Key Performance Indicators (continued)

Subject	Timing	Targets	Achievements
			a communication on their intranet site to ensure their business areas are made aware of LEASE and can provide contact information as and when needed. They also agreed to include a paragraph in certain letters (eg, ground rent/service charge arrears, etc) to ensure that customers are aware of LEASE and how to contact us.
	(b) By 31 March 2010	(b) Participate in 12 public speaking engagements & seminars to promote a wider understanding of leasehold rights and obligations in general with 4 leaseholder events during the year outside of London and the South East including leaseholder conferences in Wales and Manchester.	(b) Three well received leaseholder events were held during the year in Cardiff, Manchester and Birmingham attended by an estimated 150 leaseholders; Staff participated in 44 public speaking events during the year with a range of other organisations where we estimate that almost 900 people were reached.
	(c) By 31 March 2010	(c) Continue to work with ARMA, ARHM, CIH and CLG towards improving professional standards of management of residential leasehold property.	(c) Work continued with these organisations, including staff assisting at conferences and seminars.
	(d) By 30 September 2009	(d) Produce a communication strategy with quantified targets.	(d) A communications strategy was approved by the Board during the year.
	(e) By 31 March 2010	(e) Provide reports, discussion papers and responses to government consultations as appropriate.	(e) We responded to CLG's consultations on their response to the Rugg review, the Right to Enfranchise and Right to Manage.
	(f) By 31 March 2010	(f) Continue to develop working relationships with RPTS (including user groups) and Housing Ombudsman (including stakeholder forums).	(f) We continued to improve our working relationships and synergies with these organisations, including agreeing to have LEASE publications available at RPTS offices following recognition of the need for the public to have access to independent information at source.

Continued opposite

Subject	Timing	Targets	Achievements
5. NDPB matters	<p>(a) Quarterly basis (June/Sept/Dec/March)</p> <p>(b) In draft by 30 May 2010 and final report by 15 July 2010</p> <p>(c) By 31 March 2010</p> <p>(d) By 31 March 2010</p>	<p>(a) Monitoring information/statistics. Complete appropriate ENDPB returns for CLG.</p> <p>(b) Annual report 2009/10.</p> <p>(c) Update the Corporate plan.</p> <p>(d) Continue to advise and liaise with CLG and WAG officials and Ministers on residential leasehold issues.</p>	<p>(a) Monitoring information was provided during the year as due and for all regular reports and impromptu requests.</p> <p>(b) The final report was placed in the libraries of the Houses of Parliament in November 2009.</p> <p>(c) This was not achieved because resources had to focus on other priorities including establishing LEASE's contribution to CLG's savings targets and our move to Maple House.</p> <p>(d) Assistance and advice was provided throughout the year.</p>
6. Premises	<p>(a) By 31 October 2009</p> <p>(b) 30 January 2010</p>	<p>(a) Consider suitability of 31 Worship Street, London for future provision of LEASE's services in light of rent review due in August 2010 and government property procurement policy.</p> <p>(b) If premises no longer suitable, serve notice on landlord to exercise break clause.</p>	<p>(a) LEASE's accommodation needs were examined and the results led to alternative premises to deliver savings and spatial efficiencies.</p> <p>(b) New premises were found during the year, and the break clause exercised for our current premises. (The move took place in July 2010.)</p>
7. Staff	By 31 October 2009	Recruit Head of Office Services and IT/Team Support Officer.	The Head of Office Services and IT/Team Support Officer were recruited during the year.

Annex 3 LEASE Conference Key Performance Indicators

Subject	Timing	Targets	Achievements
1. Working with others	(a) By 1 June 2010	(a) Hold Annual Conference incorporating valuers' and solicitors' forums.	(a) Held in May 2010.
2. Mediation Service	(a) By 31 March 2010	(a) 100 applications and resolution in 60% of mediation sessions.	(a) 118 applications and resolution in 80% of mediation sessions.
	(b) By 31 March 2010	(b) Conduct 5 mediation sessions outside of London and the Southeast.	(b) 2 sessions held outside of London and the Southeast.
	(c) By 31 March 2010	(c) Conduct 5 'sole mediation' sessions.	(c) No suitable cases arose during the year for sole mediation.
	(d) By 31 March 2010	(d) Conduct 5 telephone mediations.	(d) No suitable cases for telephone mediation arose during the year.
	(e) By 31 December 2009	(e) Review LEASE mediation scheme.	(e) The mediation scheme was reviewed during the year and the Board approved the continuation of the service.



L E A S E

THE LEASEHOLD
ADVISORY SERVICE

Maple House, 149
Tottenham Court Road,
London W1T 7BN

Telephone: 020 7383 9800

Fax: 020 7383 9849

Email: info@lease-advice.org