



THE LEASEHOLD ADVISORY SERVICE ANNUAL REPORT AND ACCOUNTS FOR 2016-17

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COMPANY INFORMATION

Board:

The Leasehold Advisory Service (LEASE) is governed by a Board appointed by the Secretary of State for the Department for Communities and Local Government (DCLG).

Chair: Roger Southam (from 1 January 2015)
Members: Geneviève Mariner
John May
Nicola Mullany
Steven Jackson

Lease Conferences Ltd is governed by a Board composed of the same members.

The Board is advised by an Audit Committee and a Remuneration Committee.

Audit and Risk Assurance Committee:

Chair: Steven Jackson
Members: Geneviève Mariner
John May
Nicola Mullany*
* reserve member

Remuneration Committee:

Chair: Roger Southam
Members: Geneviève Mariner
John May
Nicola Mullany
Steven Jackson

Chief Executive and Company Secretary:

Anthony Essien is Chief Executive and Company Secretary and runs both the LEASE and Lease Conferences day to day.

Interests:

Board members' interests are registered with the Company Secretary.

Auditors: MacIntyre Hudson LLP

Bankers: HSBC Bank plc

Website: www.lease-advice.org

Registered office: Fleetbank House, 2-6 Salisbury Square, London EC4Y 8JX (from 1 July 2014)
Telephone: 020 7832 2500 Fax: 020 7832 2529 Email: info@lease-advice.org

CHAIR'S FOREWORD

It has been an interesting year for Leasehold Advisory Service (LEASE). Our first nine months saw the ongoing transition to a more commercial basis to facilitate free service for leaseholders. For the last quarter we undertook committed activities but not new. This has contributed to the trading position for the year. The team have transformed our website into a far more user-friendly and easier-to-navigate information portal.

At our hugely successful conference we were delighted to welcome the announcement of the Housing Minister, Gavin Barwell MP, for a change in direction for LEASE.

We were founded and continued with a wide remit across all sides of the residential leasehold sector for giving advice to all parties. This was changed on 1st February with the statement that LEASE would be there to advise leaseholders and on their side and would be fully funded by the Department for Communities and Local Government (DCLG).

The organisation is working hard to deliver on this commitment and is reshaping itself to be able to deliver the best possible service for leaseholders in the widest reaches. We are committed to ensuring that leaseholders all over England and Wales have easy access to our advice and the next twelve months promises to produce some exciting initiatives as we deliver.

I am incredibly proud of all the staff at LEASE and grateful for their dedication and commitment. They deliver quality advice day in and day out. Thank you to the board for their hard work in supporting the great work of the executive team and the staff.

Roger Southam
Non-executive Chair, Leasehold Advisory Service
25 May 2017

CHIEF EXECUTIVE'S REPORT

In the year that preceded the 50th anniversary of the Leasehold Reform Act 1967, LEASE assisted almost 900,000 customers online and through traditional advice channels. Our new website continues to be the digital destination for information on residential leasehold; this, and our other leaseholder services, were supported by our staff delivering commercial services that generated over £300,000 of income to supplement LEASE's grant; and addressed almost 24,000 enquiries.

As a small organisation, delivery is always at risk to staff turnover and illness. This year was especially subject to both of these. This was unfortunate timing because it coincided with necessary changes to our telephone service model, which we implemented to help reduce queuing time for customers.

Leasehold policy figured much larger in the housing agenda during the year. Just some of the issues in the news included Directline for Business's announcement that average service charges in the UK were £1,863 each year; publication of the National Leasehold Survey findings; the Welsh Government's stated intention to abolish the Right to Buy in Wales; the Law Commission's report on Event Fees; and the formation of the All Party Parliamentary Group for Leasehold and Commonhold Reform and its report on improving key areas; the issue of ground rents on leasehold houses; and the Government's leasehold reform intentions, as stated in the Housing White Paper published in February 2017.

Government also set out a change for LEASE in that generating income to support free advice would no longer be a strategic priority for LEASE. Instead, Government will fund LEASE to enable us to focus wholly on helping leaseholders exclusively in the future.

I give thanks to my colleagues at LEASE for all their work in the last 12 months and for their continuing enthusiasm in helping so many people every day.

Anthony Essien
Chief Executive
25 May 2017

WHO WE ARE AND WHAT WE DO

Who we are

The Leasehold Advisory Service is an Executive Non-Departmental Public Body (NDPB) whose principal sponsor is the Department for Communities and Local Government (DCLG). The Welsh Government (WG) also provides grant funding.

The Leasehold Advisory Service works at 'arm's length' from government as an independent organisation. The Leasehold Advisory Service owns a subsidiary, Lease Conferences Limited, which provides conferences and training and some advertising opportunities primarily to leasehold professionals.

What we do

We help everyone in England and Wales on residential leasehold and park home issues by providing free initial legal advice, information and other services including training. Customers include leaseholders, park home owners, landlords (lessee-owned and managed), local authorities, housing associations and leasehold professionals including lawyers, managing agents and valuers..

THE WOW! AWARDS

In addition to our regular survey requests for feedback about the service, we introduced the Wow! Awards during 2016-17. This is a tool to make it easy for our customers to tell us when we have delivered great service for them, and then to help us give positive recognition to our staff that are delivering that great service.

Here are some examples:

- Mr. M writes: *'Richard Hand took the time to listen patiently to the full background of my problem before advising me of the various options available. He also emailed me a number of useful links and asked me to get back to him once the matter has been concluded. Very impressed with the service I received from Richard.'*
- Ms. E writes: *'Many thanks Alero Orimoloye for your comprehensive reply dated 14 March 2017 to my letter of 6 March 2017. You have given me the confidence to challenge the poor management I have had to endure which is obviously decreasing the value of my flat.'*
- Mr. M writes: *'Ibraheem Dulmeer went out of his way to clearly explain the fundamentals of the lease on the home I'm in the process of purchasing, highlighting key potential problems in layman's terms. He also got onto things for me very swiftly at what is always a stressful time.'*
- Ms M writes: *'Nadeem Hussain was incredibly helpful, supportive and 'human'. He spoke to me in a helpful but informal way which was really appreciated.'*
- Mr C writes: *'I wanted to nominate the four staff we spoke to over the course of the last year. Ibraheem Dulmeer was the most recent but they were all excellent. Their collective advice as we worked out the best strategy for dealing with a difficult freeholder was invaluable. You made a very stressful situation much easier. Thanks to everyone involved – we really appreciate the service you provide.'*

PERFORMANCE

1 Our customers

1.1 Online customers

At the end of May 2016 we launched our new website, aided by user testing and a mobile friendly interface, to ensure a more user friendly experience. One of our early customers commented:

'The new look website is a fabulous resource for leaseholders, directors of management companies etc. I thoroughly recommend LEASE and the library of podcasts and detailed information available online.' Ms P (leaseholder)

The website continued to provide support for our customers with almost 900,000 unique user accessing our range of guides, tools and other information. This included 27 articles produced by our staff, and volunteer professionals giving their time on a pro bono basis. Just one of these, *How to deal with a water leak*, published in March 2017, received over 10,000 page views. Other statistical information can be seen in [Annex B](#).

During the year we also added three new podcasts for customers, on Airbnb and its leasehold implications, costs in the First-tier tribunal and practical steps in buying the freehold of a block of flats.

Our online offer was also supplemented with the publication of 11 template documents for leaseholders to use to exercise a range of rights. Varying from letters informing freeholders about repair, to formal requests for disclosure of the landlord's identity.

1.2 Customers via other channels

To help better manage our adviser resource, which continued to be pressed by turnover, long-term illness and generating income to support free services, we changed our telephone service model to a pre-booked system in June 2016. It went fully online in September 2016. Waiting/connection time to talk to an adviser on our systems was consequently reduced to 5 minutes compared to 26 minutes last year. This is an 80% improvement against an improvement target of 40%.

Over 1,500 customers attended our 45 outreach sessions across England and Wales during 2016-17.

Detailed results of services via other channels is set out in [Annex B](#).

1.3 Wales

Wales also saw considerable growth in customers using our website during 2015-16. The year saw 26% more online users at 20,452 compared to 16,170 in 2015-16.

We conducted seven outreach events in Wales across leasehold and park homes and over 300 customers attended these events. They included sessions at the Welsh Tenants Annual Conference and supporting event hosted by Hafod Housing and Community Housing Cymru's (CHC) Leasehold Network Conference.

In partnership with the Welsh Government, Welsh Local Government Association, and CHC, LEASE developed the *Major Works Good Practice* guide for social landlords and leaseholders in Wales. The guidance aims to provide social landlords in Wales with advice on managing works to blocks containing leasehold properties fairly and consistently, and to set out options to be offered to aid leaseholders in spreading the payment for major works as well as an independent review process for dispute resolution. The guide received The Welsh Tenants Innovative Project Award for 2016.

Advisers at LEASE conducted two training sessions for local authorities in Wales on the leasehold aspects of the private rented sector.

Detailed results of services in Wales is set out in [Annex B](#).

PERFORMANCE

1.4 Park Homes

The park homes service continued to make encouraging progress in assisting park home owners and others. Online, almost 28,000 unique users (a 63% increase) accessed our guides articles and news stories during the year.

Advice by traditional channels saw an 11% increase in the written enquiries addressed during the year. However, the telephone service had similar challenges to the leasehold line, and we were unable to assist as many customers through this channel. Nevertheless, our advisers were able to conduct 17 outreach sessions for park home customers. Detailed results of park home services are set out in [Annex B](#).



Our adviser Antony Tregenna at an outreach session.

1.5 Lease Conferences and supporting front line services

Our commercial activities are carried out by LEASE's associated company Lease Conferences Ltd. Lease Conferences Ltd's commercial activities raised almost 30% more income, at £310,000, than in the previous year. This income is payable to LEASE through a management charge. Activities included Lease Conferences Ltd's FTT decision subscription service, leasehold training, webinars, our practitioners Directory and our Annual Conference. In addition, we accomplished the following during the year:

- an individual training subscription service, and launched a subscription service for ARHM to support its members in delivering services for leaseholders;
- launched Early Neutral Evaluation and Mediation services, including a service for subscribing members from the National Leasehold Group; and
- website advertising.

1.6 2017 Annual Conference

'We are determined to create a housing market that works for everyone. Millions of people own leasehold homes and I am determined to stamp out unfair, unjust and unacceptable abuse of the leasehold system.'

'I want to see transparency and fairness for leaseholders – and I am pleased to announce ongoing support for LEASE, who provide free, valuable advice for existing and prospective leaseholders.'

PERFORMANCE

So ended the Housing Minister's speech at LEASE's 15th Annual Conference on 1st February 2017, our largest event to help raise funds for free services and to raise professional standards for leasehold professionals in the sector.

Undoubtedly LEASE's most successful conference for some years, the audience heard the Housing Minister pledge the Government's support for LEASE and the great work we undertake. The preceding evening saw LEASE play host to 300 leaseholders for debate, discussion and sharing of views and visions. The conference, hosted at County Hall in central London, heralded not only the 50th anniversary of the Leasehold Reform Act 1967 but also the 2017 Housing White Paper.

Delegates at the leaseholder event heard Gerry Procter of Engage Liverpool (Engage) provide his inspiring story of how Engage has supported those living in the city centre as a champion of best practice and a critical friend of property managers.

In addition, the Housing Minister highlighted the Government's plans for the sector, and for LEASE, an undeniable highlight for day delegates was Lord Neuberger's morning keynote address – a presentation on the interpreting of leases, but the President of the Supreme Court covered more ground, including Brexit and what would help the sector: consolidation of leasehold law.

Sir Peter Bottomley's vision for the All Party Parliamentary Group (APPG) made clear just what the APPG felt was wrong in residential leasehold and how everyone could play a part in making things better and fairer.

The two panel sessions, *Regulation – self or statutory* and *50 years of leasehold reform – what's next?*, split the morning and afternoon breakout sessions. Excellent speakers during the breakouts included Antony Radevsky, James Wilson, Siobhan McGrath, Peter Beckett and LEASE's very own Nick Kissen.



A full house at the 2017 Annual Conference

PERFORMANCE

1.7 Working with others

National Leasehold Survey

The National Leasehold Survey - the UK's first ever independent national survey of leaseholders – set out to identify the levels of satisfaction amongst the leaseholders and Resident Management Company directors. The survey was developed by LEASE, and property law firm Brady Solicitors, and it received over 1,200 responses from leaseholders and RMC directors. The findings were published on 14 June 2016.

Raising standards and informing leaseholders

During the year we worked with a number of organisations to help raise standards in services provided to leaseholders. They included the Federation of Private Residents' Associations, the National Leasehold Group, Housing Quality Network, Vale of Glamorgan Council, the Residential Landlords Association, A2 Dominion Housing Association and Hyde Housing Association.

2 Quality of service

2.1 Customer complaints and compliments

Five complaints were received during the year and 104 compliments.

2.2 Performance and outcome ratings

Our surveys by channel continued in 2016-17 and the results are set out in Annex B.

3 Where our leasehold and park homes customers come from and what they ask us

Enquiries are raised with LEASE by customers from across England and Wales. Regional statistics are set out in [Annex B](#).



L E A S E

THE LEASEHOLD
ADVISORY SERVICE

(A company limited by guarantee)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

COMPANY INFORMATION

DIRECTORS

Mr S Jackson
Ms G Mariner
Mr J May
Ms N Mullany
Mr R Southam

COMPANY SECRETARY

Mr A Essien (Chief Executive and Accounting Officer)

REGISTERED NUMBER

03296985

REGISTERED OFFICE

Fleetbank House
2-6 Salisbury Square
London
EC4Y 8JX

INDEPENDENT AUDITOR

MHA MacIntyre Hudson
Chartered Accountants & Statutory Auditors
New Bridge Street House
30-34 New Bridge Street
London
EC4V 6BJ

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

OPERATING AND FINANCIAL REVIEW FOR THE YEAR ENDED 31 MARCH 2016

The Chairman presents his statement for the period.

The Leasehold Advisory Service (LEASE) is a company limited by guarantee registered at Companies House and an Executive non-departmental public body (NDPB). Funding is substantially by the Government, principally from the Department for Communities and Local Government (DCLG) supplemented by lesser amounts from the Welsh Government (WG). Application for payment of grant-in-aid is submitted on a quarterly basis and is monitored by DCLG and WG.

LEASE has no loans or contracts, other than the Memorandum of Terms of Occupation for its office premises held from the Department for Business, Energy and Industrial Strategy and minor leasing arrangements and maintenance contracts for office equipment, and there are no capital assets other than office, IT equipment and property improvements. LEASE has one subsidiary which is principally involved in arranging conferences, training courses and ancillary commercial activities for leasehold and park home professionals and resident management companies. 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 MHA MacIntyre Hudson.

All surplus generated by LEASE's subsidiary, Lease Conferences Limited, which provides training, conferences and other commercial activities, for leasehold and park home professionals and resident management companies, is used to support the free advice service provided by LEASE.

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 the Company Information page. 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 seven times a year, with the sponsoring officer at DCLG invited as an observer and to comment on Departmental issues and requirements. The Audit and Risk Assurance Committee, comprising three members of the Board, meets on the same cycle. A Remuneration Committee has been established and it meets annually. 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 DCLG. Total remuneration paid for the year was £19,804. At the year end there were a total of 20 members of staff. The average number of staff during the year was 23.

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

	2017	2016
Mr A Essien	£70,000-£75,000	£70,000-£75,000

The fees for Directors who served in the year are set out below:

	2016	2015
Ms G Mariner	£0-£2,500	£0-£2,500
Mr J May	£0-£2,500	£0-£2,500
Miss N Mullany	£1,500-£4,000	£1,500-£4,000
Mr S Jackson	£2,500-£5,000	£2,500-£5,000
Mr R Southam*	£7,500-£10,000	£13,500-£16,000
Ms M Longden	—	£0-£2,500

* The actual remuneration for Mr R Southam in 2017 was £9,184.

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

OPERATING AND FINANCIAL REVIEW FOR THE YEAR ENDED 31 MARCH 2017 *(continued)*

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

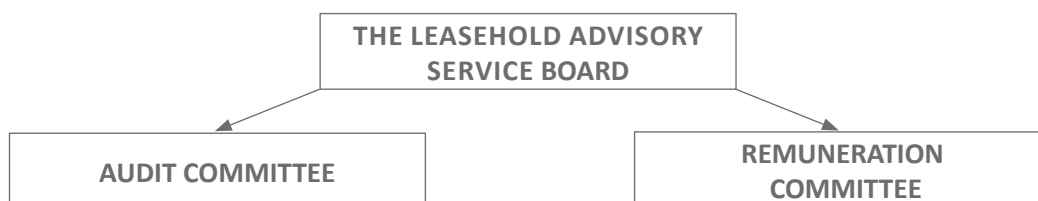
Over 65% of LEASE's expenditure is salaries; the remaining expenditure is authorised by the Accounting Officer and another senior manager. The organisation has a system in place requiring expenditure above a set level to be authorised by a Board member. This level is not disclosed for probity and anti-fraud reasons. There is no other 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 DCLG, 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.

For this spending review, indicative grant-in-aid has been set out by DCLG for the next five years. Externally, liability is limited to potential action by users 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. There is a user complaint policy and procedure in place accessible on the LEASE website.

Governance Statement of the Leasehold Advisory Service

Governance in the Leasehold Advisory Service and its associated company, Lease Conferences Limited, is the responsibility of the Board, which currently comprises five non-Executive Directors, including the Chair. As Chief Executive, I also act as the Accounting Officer, and I have personal responsibility for maintaining a sound system of internal control that supports the achievement of LEASE policies, aims and objectives, whilst safeguarding the public funds and departmental assets, in accordance with the responsibilities assigned to me in *Managing Public Money*.



Governance Framework

LEASE is a non-departmental public body (NDPB) which is accountable to the Department for Communities and Local Government (DCLG) for the use of resources and performance. The relationship is set out in a Management Statement and Financial Memorandum that operate as framework documents and quarterly meetings attended by LEASE and DCLG officials are held to review performance, risks and the use of financial and other resources. To assist in the provision of assurance, internal audit was implemented during 2016-17 and the Board approved a governance and delegation of authority framework, anti-fraud and publication policies.

The current Chairman was appointed by the Secretary of State for Communities and Local Government, for a five-year term of office in January 2015. The other members of the Board were appointed through open competition and each for a four year term with two more members joining the Board on 24 April and 1 August 2017. All Directors are required to complete a register of interests.

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

OPERATING AND FINANCIAL REVIEW FOR THE YEAR ENDED 31 MARCH 2017 *(continued)*

The Board's responsibilities are to provide leadership and strategic direction and supervise the overall management of LEASE activities.

The Board has two sub-committees:

- Audit and Risk Committee (ARC), with three non-executive members, which reviews the completeness, reliability and integrity of the assurance framework and advises the Accounting Officer and the Board. The Accounting Officer and representatives of DCLG attend all meetings of the Committee; and
- Remuneration Committee (RemCo), with six non-executive members, which determines pay and related matters, reviews performance appraisal frameworks and assists in the recruitment of senior staff.

The Board meets at least six times a year, and the attendance records for the Directors for the year ending 31 March 2017, including for the strategy days, are set out below:

Name	Board meeting	ARC	RemCo	Appointment date (R = Re-appointment date)	Term expires
Steven Jackson	7/7	6/6	1/1	30/03/2016 (R)	31/08/2020
Genevieve Mariner*	6/7	4/6	1/1	17/03/2015 (R)	16/03/2018
John May	7/7	4/6	1/1	01/08/2014 (R)	31/07/2017
Nicola Mullany**	6/7	1/6	1/1	30/03/2016 (R)	30/06/2020
Roger Southam	7/7	–	1/1	01/01/2015	31/12/2019

* appointed committee member from 12 May 2016 and attended all required meetings.

**appointed as reserve committee member from 12 May 2016 and attended required meeting.

In meeting its responsibilities, the Board has overseen the development of a business plan and budget for the organisation and, through management reports and Board papers, monitored performance towards the achievement of both the plan and budget. With the support of ARC, it ensured that appropriate controls were in place and supported the Accounting Officer to achieve this.

Assurance

ARC is responsible for reviewing and providing assurance to the Board on LEASE's internal controls, risk management systems, integrity of financial statements and for oversight of external audit. The Chief Executive and Head of Office Services attend the Committee's meetings. The Committee met six times in 2016/17.

The Board relies on a number of sources of assurance that LEASE is being well-managed towards the achievement of its objectives and that appropriate controls are in place and working. These are:

- management reporting and key performance indicators, together with robust enquiry and discussion at Board meetings;
- detailed policies and operating procedures;
- regular consideration of the strategic and operational risks which LEASE and Lease Conferences Ltd face;
- advice from the ARC;
- reports from independent internal auditors; and
- external audit by independent auditors.

In its annual report to the Board, ARC stated that:

'The Committee is content with the overall level of external and internal audit coverage.'

In respect of arrangements for financial management and identification of risk, the Committee considers that arrangements are adequate. However, with the funding outlook for LEASE unclear, including the need to generate income through its associated company Lease Conferences, funding remains high risk. Consequently the Committee will continue to monitor the debt profile and cashflow position of both LEASE and Lease Conferences closely.'

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

OPERATING AND FINANCIAL REVIEW FOR THE YEAR ENDED 31 MARCH 2017 *(continued)*

Risk Management

The system of internal control has been in place in LEASE for the year ended 31 March 2017 and up to the date of approval of the annual report and accounts. The LEASE Board and ARC review the risk registers for which the Accounting Officer is responsible. The risk registers identify the principal strategic and operational risks facing LEASE and its associated company Lease Conferences Ltd, and classifies them according to level of risk, potential impact and measures in place to mitigate the risk. The register is reviewed at every meeting of the ARC.

The Accounting Officer has responsibility for reviewing the effectiveness of the system of internal control. His review of the effectiveness of the system of internal control is informed by the work of the auditors and the 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. He has been advised on the implications of the result of his review of the effectiveness of the system of internal control by the board and the ARC.

Risk Appetite

During the year, the Board confirmed its appetite for risk as follows:

Financial

- There is no appetite for decisions that will have a significant negative impact on LEASE's long-term financial sustainability.

Data

- There is no appetite for non-compliance with legal, professional and regulatory requirements as regards customer data; or information and data security breaches.

Operations

- We have a low appetite for system failures.
- We have a medium appetite in terms of the operational risks associated with the implementation of change and key strategic plans.
- We have no appetite for internal fraud, collusion, theft and associated reputational risk.
- We have a low appetite for operational risks arising from failure to meet customer commitments and/or suitability of advice.
- There is considerable appetite for improvements to LEASE service delivery.
- There is considerable appetite for improved efficiency of LEASE operations.

Personnel

- There is no appetite for compromising LEASE staff safety and welfare.
- We have no appetite for risks arising from inadequately trained staff.
- We have a low appetite for failed internal processes.

Projects

There is considerable appetite for projects that will:

- Have an impact on customers by solving their problems and/or raising standards.
- Generate new and more diverse sources of independent income.

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

OPERATING AND FINANCIAL REVIEW FOR THE YEAR ENDED 31 MARCH 2017 *(continued)*

Corporate governance

There is no appetite for decisions that have a significant negative impact on LEASE corporate governance.

The Board considers that satisfactory mitigation of these risks has been achieved by management through, inter alia, the implementation of internal audit; changing the way advisers receive telephone enquiries; and renewing the LEASE website.

Information Security

LEASE treats its data protection obligations seriously. User 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 and Board members are trained annually in the provisions of the Act. No information security breaches were reported.

LEASE's system of internal control is designed to manage risk to a reasonable and proportionate 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 LEASE's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them effectively and economically.

A Essien

Chief Executive and Accounting Officer

25 May 2017

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2017

INTRODUCTION

The directors present their group strategic report for the year ended 31 March 2017.

BUSINESS REVIEW

The Group has exceptionally incurred a deficit of £66,144 during the year. This is largely a result of one off costs and is covered by reserves especially retained for such an eventuality. The directors' aim is to achieve a break-even financial position each year while balancing resource restraints against service levels. In this regard, the directors consider that the results for the year are satisfactory.

PRINCIPAL RISKS AND UNCERTAINTIES

The key risk to the Group is the continued funding following the up coming Spending Review as well as the revenue generated by its commercial subsidiary. This is dealt with in more detail in the Governance Statement.

FINANCIAL KEY PERFORMANCE INDICATORS

The directors consider the level of turnover, together with the ability to achieve a break-even financial result, to be the key financial performance indicator. Given the reduction in core funding otherwise referred to in this report, the directors consider the small deficit to be a satisfactory performance given the operating environment.

OTHER KEY PERFORMANCE INDICATORS

The directors consider the number of customers served through all channels, their range across England and Wales and the quality of services offered to be the key performance indicators. An additional indicator is the level of commercial revenue income generated from its subsidiary to provide free services to leaseholders.

This report was approved by the board and signed on its behalf.

Mr R Southam
Director
25 May 2017

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2017

The directors present their report and the financial statements for the year ended 31 March 2017.

PRINCIPAL ACTIVITIES

The principal activity of the Group in the year was that of the provision of advice to the public on residential leasehold and park homes and arranging conferences, training courses and other commercial products for leasehold professionals.

RESULTS

The loss for the year, after taxation, amounted to £66,144 (2016 - loss £5,112).

DIRECTORS

The directors who served during the year were:

Mr S Jackson

Ms G Mariner

Mr J May

Ms N Mullany

Mr R Southam

POST BALANCE SHEET EVENTS

There have been no significant events affecting the Group since the year end.

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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 Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditor are unaware; and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor are aware of that information.

This report was approved by the board and signed on its behalf.

Mr R Southam
Director
25 May 2017

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE LEASEHOLD ADVISORY SERVICE

We have audited the financial statements of The Leasehold Advisory Service for the year ended 31 March 2017, which comprise the Group Statement of Comprehensive Income, the Group and Company Statements of Financial Position, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes. The relevant financial reporting framework that has been applied in their preparation is applicable law including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 on page xx, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council'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 the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Group Strategic Report and the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 March 2017 and of the Group's loss 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 MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit, the information given in the Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with those financial statements and such reports have been prepared in accordance with applicable legal requirements.

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE LEASEHOLD ADVISORY SERVICE (continued)

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report and the Directors' Report.

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:

MHA MacIntyre Hudson

Chartered Accountants

Statutory Auditors

New Bridge Street House

30-34 New Bridge Street

London EC4V 6BJ

25 May 2017

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017

		2017	2016
	Note	£	£
TURNOVER		1,418,005	1,475,410
GROSS PROFIT		1,418,005	1,475,410
Administrative expenses		(1,484,558)	(1,481,648)
OPERATING LOSS		(66,533)	(6,238)
Interest receivable and similar income	8	455	1,213
LOSS BEFORE TAXATION		(66,098)	(5,025)
Tax on loss	9	(46)	(87)
LOSS FOR THE YEAR		(66,144)	(5,112)
Relating to the parent company		(66,144)	(5,112)

There was no other comprehensive income for 2017 (2016 - £Nil).

The notes on pages 29 to 39 form part of these financial statements.

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

			2017	2016
	Note	£	£	£
FIXED ASSETS				
Tangible assets	11		<u>56,018</u>	<u>73,922</u>
			56,018	73,922
CURRENT ASSETS				
Debtors:				
amounts falling due within one year	13	94,237		98,857
Cash at bank and in hand	14	<u>242,926</u>		<u>309,470</u>
		337,163		408,327
CREDITORS:				
amounts falling due within one year	15	<u>(146,956)</u>		<u>(160,423)</u>
NET CURRENT ASSETS			<u>190,207</u>	<u>247,904</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>246,225</u>	<u>321,826</u>
CREDITORS: amounts falling due				
after more than one year	16		<u>(45,447)</u>	<u>(54,904)</u>
PROVISIONS FOR LIABILITIES				
NET ASSETS			<u><u>200,778</u></u>	<u><u>266,922</u></u>
CAPITAL AND RESERVES				
Other reserves	18		162,499	228,642
Profit and loss account	18		<u>38,279</u>	<u>38,280</u>
EQUITY ATTRIBUTABLE TO OWNERS				
OF THE PARENT COMPANY			<u><u>200,778</u></u>	<u><u>266,922</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf.

Mr R Southam
Director
25 May 2017

The notes on pages 29 to 39 form part of these financial statements.

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

			2017	2016
	Note	£	£	£
FIXED ASSETS				
Tangible assets	11		56,018	73,922
Investments	12		1	1
			<u>56,019</u>	<u>73,923</u>
CURRENT ASSETS				
Debtors:				
amounts falling due within one year	13	178,930	208,716	
Cash at bank and in hand	14	76,418	111,688	
		<u>255,348</u>	<u>320,404</u>	
CREDITORS: amounts falling due within one year	15	<u>(103,421)</u>	<u>(110,781)</u>	
NET CURRENT ASSETS			<u>151,927</u>	<u>209,623</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>207,946</u>	<u>283,546</u>
CREDITORS: amounts falling due after more than one year	16		<u>(45,447)</u>	<u>(54,904)</u>
NET ASSETS			<u><u>162,499</u></u>	<u><u>228,642</u></u>
CAPITAL AND RESERVES				
Other reserves	18		<u>162,499</u>	<u>228,642</u>
			<u><u>162,499</u></u>	<u><u>228,642</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf.

Mr R Southam
Director
25 May 2017

The notes on pages 29 to 39 form part of these financial statements.

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2017

	Other reserves	Profit and loss account	Attributable to Parent Company	Total Equity
	£	£	£	£
At 1 April 2016	228,642	38,280	266,922	266,922
COMPREHENSIVE INCOME FOR THE YEAR				
Deficit for the year	-	(66,144)	(66,144)	(66,144))
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	(66,144)	(66,144)	(66,144)
Transfer to profit and loss account	-	66,143	66,143	66,143
Transfer between other reserves	(66,143)	-	(66,143)	(66,143))
TOTAL TRANSACTIONS WITH OWNERS	(66,143)	66,143	-	-
At 31 March 2017	<u>162,499</u>	<u>38,279</u>	<u>200,778</u>	<u>200,778</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2017

	Other reserves	Profit and loss account	Attributable to Parent Company	Total Equity
	£	£	£	£
At 1 April 2015	233,754	38,280	272,034	272,034
COMPREHENSIVE INCOME FOR THE YEAR				
Surplus for the year	-	(5,112)	(5,112)	(5,112)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	(5,112)	(5,112)	(5,112)
Transfer from profit and loss account	-	5,112	5,112	5,112
Transfer between other reserves	(5,112)	-	(5,112)	(5,112)
TOTAL TRANSACTIONS WITH OWNERS	(5,112)	5,112	-	-
At 31 March 2017	<u>228,642</u>	<u>38,280</u>	<u>266,922</u>	<u>266,922</u>

The notes on pages 29 to 39 form part of these financial statements.

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

COMPANY STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2017

	Other reserves	Profit and loss account	Total Equity
	£	£	£
At 1 April 2016	228,642	–	228,642
COMPREHENSIVE INCOME FOR THE YEAR			
Deficit for the year	–	(66,143)	(66,143)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	–	(66,143)	(66,143)
Transfer to profit and loss account	–	66,143	66,143
Transfer between other reserves	(66,143)	–	(66,143)
TOTAL TRANSACTIONS WITH OWNERS	(66,143)	66,143	–
At 31 March 2017	162,499	–	162,499

COMPANY STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2016

	Other reserves	Profit and loss account	Total Equity
	£	£	£
At 1 April 2015	233,754	–	233,754
COMPREHENSIVE INCOME FOR THE YEAR			
Deficit for the year	–	(5,112)	(5,112)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	–	(5,112)	(5,112)
Transfer from profit and loss account	–	5,112	5,112
Transfer between other reserves	(5,112)	–	(5,112)
TOTAL TRANSACTIONS WITH OWNERS	(5,112)	5,112	–
At 31 March 2016	228,642	–	228,642

The notes on pages 29 to 39 form part of these financial statements.

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2017

	2017 £	2016 £
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the financial year	(66,144)	(5,112)
Adjustments for:		
Depreciation of tangible assets	17,904	17,905
Interest received	(455)	(1,213)
Taxation	46	87
Increase in debtors	4,620	8,678
Increase/(decrease) in creditors	(22,924)	(127,815)
Corporation tax	(46)	(87)
NET CASH GENERATED FROM OPERATING ACTIVITIES	<u>(66,999)</u>	<u>(107,557)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible fixed assets	–	(2,612)
Interest received	455	1,213
NET CASH FROM INVESTING ACTIVITIES	<u>455</u>	<u>(1,399)</u>
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(66,544)	(108,956)
Cash and cash equivalents at beginning of year	<u>309,470</u>	<u>418,426</u>
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	<u>242,926</u>	<u>309,470</u>
CASH AND CASH EQUIVALENTS AT THE END OF YEAR COMPRISE:		
Cash at bank and in hand	<u>242,926</u>	<u>309,470</u>

The notes on pages 29 to 39 form part of these financial statements.

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The financial statements are presented in sterling which is the functional currency of the company and rounded to the nearest £.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 2).

The following principal accounting policies have been applied:

1.2 Basis of consolidation

The consolidated financial statements present the results of Company and its own subsidiaries ('the Group') as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

1.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable. Income represents grant income and amounts receivable from arranging conferences and the provision of training. Grant income is principally from the DCLG supplemented by a lesser amount from the Welsh Government.

Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the Statement of Comprehensive Income over the expected useful lives of the assets concerned. Other grants are credited to the Statement of Comprehensive Income as the related expenditure is incurred. The unamortised deferred income relating to the government grant is £54,904 of which £9,548 is shown in creditors due within one year and the remainder shown as creditors due after one year.

1.4 Tangible fixed assets

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

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 *(continued)*

1. ACCOUNTING POLICIES *(continued)*

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Short term leasehold property	5 year straight line
Fixtures and fittings	25% reducing balance
Computer equipment	25% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Consolidated Statement of Comprehensive Income.

1.5 Operating leases: Lessee

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term.

1.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

1.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.9 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 *(continued)*

1. ACCOUNTING POLICIES *(continued)*

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

1.10 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.11 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid, the Group has no further payments obligations.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

1.12 Interest income

Interest income is recognised in the income statement using the effective interest method.

1.13 Taxation

Tax is recognised in the income statement, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income.

2. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

There are not considered to be any significant judgments in dealing with the numerical aspects of these financial statements. However the financial statements have been prepared on the going concern basis and although this is considered appropriate in this case, matters relating to this judgment have been detailed further in the operating and financial review.

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 *(continued)*

3. TURNOVER

An analysis of turnover by class of business is as follows:

	2017	2016
	£	£
Training and Conferences	310,477	239,890
Communities and Local Government	960,000	1,106,787
Release of Deferred Capital Grant	9,459	18,139
Welsh Government	50,153	20,000
Park Homes	87,916	90,594
	<u>1,418,005</u>	<u>1,475,410</u>

All turnover arose within the United Kingdom.

4. OPERATING LOSS

The operating loss is stated after charging:

	2017	2016
	£	£
Depreciation of tangible fixed assets	17,904	17,905
Fees payable to the Group's auditor and its associates for the audit of the company's annual accounts	7,500	7,500
Operating lease rentals: plant and machinery	—	4,309
Defined contribution pension cost	<u>75,036</u>	<u>75,311</u>

5. AUDITORS' REMUNERATION

	2017	2016
	£	£
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	<u>7,500</u>	<u>7,500</u>

Auditor's fees for the company were £5,750 (2016 - £5,750).

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 *(continued)*

6. EMPLOYEES

Staff costs, including directors' remuneration, were as follows:

	2017	2016
	£	£
Wages and salaries	839,601	842,607
Social security costs	87,321	83,852
Costs of defined contribution scheme	73,056	75,311
	<u>1,001,958</u>	<u>1,001,770</u>

Information concerning key management remuneration is given in the remuneration report in the operational and financial review.

The average monthly number of employees, including the directors, during the year was as follows:

No.	2017	2016 No.
Chief executive	1	1
Professional advisers	13	18
Frontline support staff	4	3
Back office support staff	2	2
	<u>20</u>	<u>24</u>

7. DIRECTORS' REMUNERATION

	2017	2016
	£	£
Directors' emoluments	19,804	26,169
	<u>19,804</u>	<u>26,169</u>

8. INTEREST RECEIVABLE

	2017	2016
	£	£
Bank interest receivable	455	1,213
	<u>455</u>	<u>1,213</u>

9. TAXATION

	2017	2016
	£	£
Corporation tax		
Current tax on profits for the year	46	87
Total current tax	<u>46</u>	<u>87</u>

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 *(continued)*

9. TAXATION *(continued)*

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2016 - the same as) the standard rate of corporation tax in the UK of 20% (2016 - 20%). The differences are explained below:

	2017	2016
	£	£
Profit on ordinary activities before tax	<u>(66,098)</u>	<u>(5,025)</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 - 20%)	(15,111)	(1,005)
Effects of:		
Non-taxable income	<u>15,157</u>	<u>1,092</u>
Total tax charge for the year	<u>46</u>	<u>87</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

10. PARENT COMPANY PROFIT FOR THE YEAR

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The loss after tax of the parent Company for the year was £66,144 (2016 - loss £5,112).

11. TANGIBLE FIXED ASSETS

	Short Term Leasehold Property	Fixtures and Fittings	Computer Equipment	Total
Group	£	£	£	£
Cost or valuation				
At 1 April 2016	<u>168,058</u>	<u>60,103</u>	<u>92,334</u>	<u>320,495</u>
At 31 March 2016	<u>168,058</u>	<u>60,103</u>	<u>92,334</u>	<u>320,495</u>
Depreciation				
At 1 April 2015	<u>103,605</u>	<u>60,103</u>	<u>82,865</u>	<u>246,573</u>
Charge for the year	<u>9,549</u>	<u>—</u>	<u>8,355</u>	<u>17,904</u>
At 31 March 2016	<u>113,154</u>	<u>60,103</u>	<u>91,220</u>	<u>264,477</u>
At 31 March 2016	<u>54,904</u>	<u>—</u>	<u>1,114</u>	<u>56,018</u>
At 31 March 2015	<u>64,453</u>	<u>—</u>	<u>9,469</u>	<u>73,922</u>

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 *(continued)*

11. TANGIBLE FIXED ASSETS *(continued)*

The net book value of land and building may be further analysed as follows:

	2017	2016
	£	£
Short leasehold	54,904	64,453
	<u>54,904</u>	<u>64,453</u>

	Short Term Leasehold Property	Fixtures and Fittings	Computer Equipment	Total
Company	£	£	£	£
Cost or valuation				
At 1 April 2016	168,058	60,103	92,334	320,495
At 31 March 2017	<u>168,058</u>	<u>60,103</u>	<u>92,334</u>	<u>320,495</u>
Depreciation				
At 1 April 2016	103,605	60,103	82,865	246,573
Charge for the period on owned assets	9,549	—	8,355	17,904
At 31 March 2017	<u>113,154</u>	<u>60,103</u>	<u>91,220</u>	<u>264,477</u>
Net book value				
At 31 March 2017	<u>54,904</u>	<u>—</u>	<u>1,114</u>	<u>56,018</u>
At 31 March 2016	<u>64,453</u>	<u>—</u>	<u>9,469</u>	<u>73,922</u>

The net book value of land and building may be further analysed as follows:

	2017	2016
	£	£
Short leasehold	54,904	64,453
	<u>54,904</u>	<u>64,453</u>

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 *(continued)*

12. FIXED ASSET INVESTMENTS

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Lease Conferences Limited	UK	Ordinary	100 %	Conferences training and other commercial services to professionals and leasehold sector

The aggregate of the share capital and reserves as at 31 March 2017 for the subsidiary undertaking was as follows:

	Aggregate of share capital and reserves
	£
Lease Conferences Limited	<u><u>38,280</u></u>

Company

	Investments in subsidiary companies
	£
Cost or valuation	
At 1 April 2016	<u>1</u>
At 31 March 2017	<u><u>1</u></u>
Net book value	
At 31 March 2017	<u><u>1</u></u>
At 31 March 2016	<u>1</u>

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 *(continued)*

13. DEBTORS

	Group	Group	Company	Company
	2017	2016	2017	2016
	£	£	£	£
Trade debtors	34,967	49,365	217	1,939
Amounts owed by group undertakings	—	—	119,444	157,692
Other debtors	11,406	20,338	11,405	19,931
Prepayments and accrued income	47,864	29,154	47,864	29,154
	94,237	98,857	178,930	208,716

14. CASH AND CASH EQUIVALENTS:

	Group	Group	Company	Company
	2017	2016	2017	2016
	£	£	£	£
Cash at bank and in hand	242,926	309,470	76,418	111,688
	242,926	309,470	76,418	111,688

15. CREDITORS: Amounts falling due within one year

	Group	Group	Company	Company
	2017	2016	2017	2016
	£	£	£	£
Trade creditors	64,601	68,189	45,871	43,352
Taxation and social security	34,114	36,464	34,114	36,464
Accruals and deferred income	48,241	55,770	23,436	30,965
	146,956	160,423	103,421	110,781

16. CREDITORS: Amounts falling due after more than one year

	Group	Group	Company	Company
	2017	2016	2017	2016
	£	£	£	£
Accruals and deferred income	45,447	54,904	45,447	54,904
	45,447	54,904	45,447	54,904

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 *(continued)*

17. FINANCIAL INSTRUMENTS

	Group	Group	Company	Company
	2017	2016	2017	2016
	£	£	£	£
Financial assets				
Financial assets that are debt instruments measured at amortised cost	289,299	358,835	244,229	271,320
	<u>289,299</u>	<u>358,835</u>	<u>244,229</u>	<u>271,320</u>
Financial liabilities				
Financial liabilities measured at amortised cost	(78,444)	(68,189)	(43,352)	(12,952)
	<u>(78,444)</u>	<u>(68,189)</u>	<u>(43,352)</u>	<u>(12,952)</u>

Financial assets measured at amortised cost comprise trade debtors, cash at bank investments and amounts owed to group undertakings.

Financial liabilities measured at amortised cost comprise trade creditors and accruals.

18. RESERVES

Profit and loss account

The profit and loss account represents cumulative surpluses and deficits.

19. COMPANY STATUS

The company is a private company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the company in the event of liquidation.

20. PENSION COMMITMENTS

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £75,036 (2016: £75,311). Included in other creditors are £Nil (2016: £7,523) of pension contributions outstanding at the year end.

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 *(continued)*

21. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2017 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group	Group	Company	Company
	2017	2016	2017	2016
	£	£	£	£
Not later than 1 year	150,000	150,000	150,000	150,000
	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>
	Group	Group	Company	Company
	2017	2016	2017	2016
	£	£	£	£
Not later than 1 year	4,080	4,080	4,080	4,080
	<u>4,080</u>	<u>4,080</u>	<u>4,080</u>	<u>4,080</u>

ANNEX A: ACHIEVEMENTS IN THE LAST 12 MONTHS

LEASEHOLD IN ENGLAND:

1. The telephone and written advice leasehold service continued throughout the year and we addressed 21,279 enquiries
2. Webchat was re-launched on 30 June 2016 and 128 webchats were held.
3. New appointment based telephone service for leasehold launched on 20 June. Online system went live on 12 September.
4. The new telephone based LEASE@FTT service began on 3 August 2016.
5. 23 surgery/local events were undertaken.

LEASEHOLD AND PARK HOMES IN WALES:

1. 409 advice enquiries were received and addressed during the year.
2. 7 advice surgery/local events were undertaken during the year.
3. We held two training sessions for local authorities in Wales on the leasehold aspects of the private rented sector in October 2016 and February 2017.
4. We added Welsh park homes information to LEASE's park homes portal on 27 June 2016.

PARK HOMES ADVICE IN ENGLAND:

1. We provided a telephone and written advice service throughout the year and addressed 2,272 enquiries.
2. 15 advice surgery/local events were undertaken during the year.
3. Database is supplemented as we identify new policies. However, it has come to our attention that not all local authorities have published their policies.
4. We continued to host park home decisions of the First-tier Tribunal (Property Chamber) online supported by articles on important cases.

OTHER LEASEHOLD WORK:

1. Educating RITA advice sheets completed in collaboration with ARMA, RICS and IRPM and will only be available on line –LEASE to host these as well.
2. LEASE supported the FPRA Annual Conference on 16 November 2016 with an advice surgery and a talk from Chief Executive; and our Chairman contributed regularly to FPRA's newsletter during the year.
3. Our newsletter moved from quarterly to monthly publication.
4. Webinar on new leasehold information forms held on 1 December 2016.
5. We aimed to provide reports, discussion papers, and responses to government consultations and developments in the sector's environment as appropriate. During the year:
 - a. Brady-LEASE National Leaseholder Survey results published.
 - b. We submitted our response to the Law Commission's consultation on Event Fees
 - c. We submitted leasehold reform proposals to the Law Commission for its 13th programme of law reform and also to DCLG.
 - d. We assisted DCLG with a query on the Housing and Planning Bill.
 - e. The *Major Works Good Practice Guide* for social landlords and leaseholders, and an independent review/mediation process, was launched on 20 September in Cardiff.

ANNEX A: ACHIEVEMENTS IN THE LAST 12 MONTHS

DISPUTE RESOLUTION:

1. Mediation and Early Neutral Evaluation services for National Leasehold Group members launched on 27 June 2016, including online portal and guidance.

CUSTOMER SERVICE:

1. New website completed on 31 May 2016.
2. Stakeholder Forums were held 8 June and 14 December 2016.
3. Customer care training was held on 13 and 14 July 2016. Mystery shopper review held during September 2016.

INCOME GENERATION:

- 1 Subscription services model finalised, and launched on 20 June 2016; and ARHM agreed to an annual subscription to a menu of services for the benefit of its members.
2. Three of five modules for Blended Learning have been completed. These will be uploaded to the Yardi platform.
3. 17 fee-paying webinars were held during the year.
4. 16 fee-paying classroom sessions conducted (incl two on park homes).
5. In addition to training set out above, 11 separate bespoke training sessions have also been conducted; these include Leaseholders in Teddington and A2 Dominion (for residents).
6. The LEASE Annual Conference was held on 1 February 2017, preceded by a leaseholder event on 31 January 2017.
7. Media pack complete and launched 17 May 2016.
8. Revised Professional Directory went live on 27 July 2016.

ANNEX B: TABLES AND FIGURES

Table 1 Online customers

	2016-17	2015-16	%+/-
Unique visitors	875,146	816,420	+7%
% from outside London & the Southeast	45%	43%	+5%
Booklet downloads	857,546	916,892	-6%

Table 2 Customers via other channels

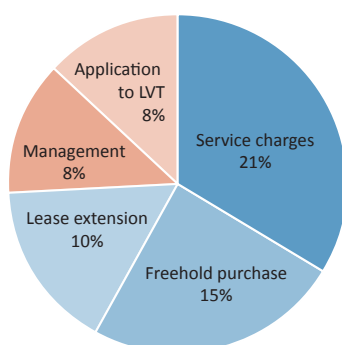
Channel	2016-17	2015-16	%+/-
Telephone	15,816	20,133	-21%
Email/letter	7,577	10,261	-26%
Personal appointment	158	529	-70%
Total customers*	16,819	21,099	-20%
Total enquiries	23,679	30,923	-23%

* Totals are less than the sum of the channels as customers sometimes contact us via more than one channel.
Totals are actual customer numbers.

Figure 3 Examples of Wales service

	2016-17	2015-16	%+/-
Unique visitors to internet service	20,452	16,170	+26%
Enquiries via other channels	409	538	-24%

Figure 4 The top 5 enquiry subjects in Wales 2015-16



ANNEX B: TABLES AND FIGURES

Table 5 Customer feedback

	2016-17	2015-16
Complaints	5	10
% upheld	40%	60%
Compliments	104	79

Table 6 Customer enquiries by channel

Survey	2016-17	sample size	2015-16	sample size
Telephone service	4.5 out of 5.0	316	4.5 out of 5.0	201
Email service	4.5 out of 5.0	499	4.4 out of 5.0	675
Personal appointment	4.8 out of 5.0	3	4.9 out of 5.0	19

Figure 7 Leasehold - customer distribution by region

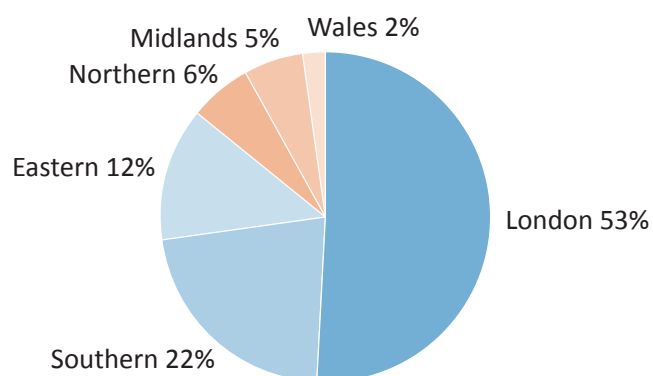
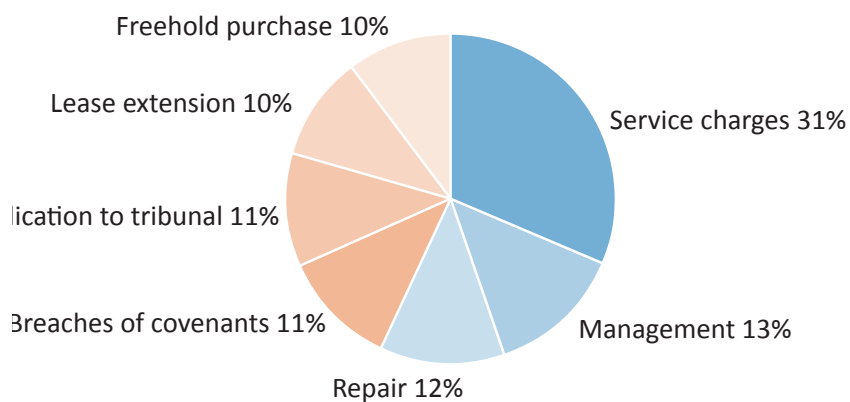


Figure 8 Leasehold - top customer enquiries



ANNEX B: TABLES AND FIGURES

Figure 9 Park Homes - customer distribution by region

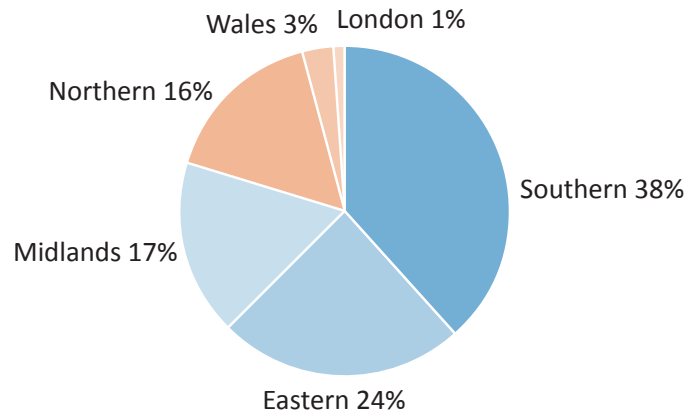
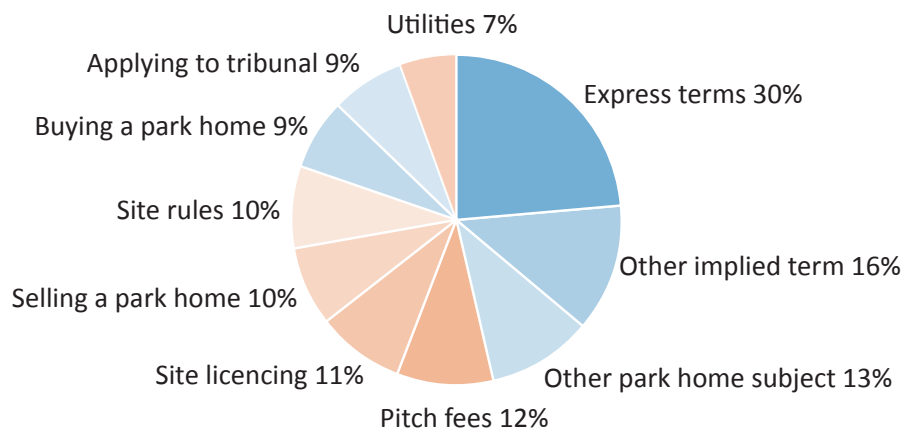


Figure 10 Park Homes - top customer enquiries



ANNEX C: 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:
 - (a) the accounting and disclosure requirements of the Companies Act 1985;
 - (b) United Kingdom Financial Reporting Standards and Statements of Standard Accounting Practice;
 - (c) any guidance that the Treasury may issue from time to time in respect of the annual accounts of non-departmental public bodies;
 - (d) 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, and 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 C: ACCOUNTS DIRECTION GIVEN BY THE SECRETARY OF STATE

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 sheetand 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 yearend (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.

ANNEX C: ACCOUNTS DIRECTION GIVEN BY THE SECRETARY OF STATE

(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 venturer
- (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 venturer
- (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 2(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.*