

COUNTRY LAND AND BUSINESS ASSOCIATION LIMITED

ANNUAL ACCOUNTS

30 NOVEMBER 2017

COMPANY INFORMATION

Directors R M G Ashby (Director of Membership & Regions)
T H Breitmeyer (President)
M G O Bridgeman (Deputy President)
R A Dickinson
M C Fetherston-Dilke (Chairman of Audit & Risk Committee)
W P Fox
A W Grant
J G R Homfray
M R Murray (resigned 9 November 2017)
M H Tufnell (appointed 3 May 2017)
H L Woolley (Director General)

Company Secretary A E Crawford

Company Number 06131587

Registered Office 16 Belgrave Square
Belgravia
London
SW1X 8PQ

Auditors Saffery Champness LLP
71 Queen Victoria Street
London
EC4V 4BE

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STRATEGIC REVIEW

The Directors present their strategic report and audited financial statements of the company for the year ended 30 November 2017.

Review of the business

The company operates across England & Wales, with an office in London and Merthyr Tydfyl, Wales plus a further five offices across England.

The company continued supporting its members through advisory services and policy work, representing their interests nationally and regionally, in England & Wales and in Europe.

During the year a number of new initiatives were undertaken. These included:

- The inaugural CLA Rural Business 2030 – Unlocking Investment Unlocking Potential Conference and supporting report in December 2016, the culmination of a programme of work undertaken during the previous financial year
- A Housing Summit and policy report, Strong Foundations – Meeting Rural Housing Needs which addressed issues relating to the provision of rural housing
- Under the theme of Redefining Farming, the company undertook a programme of work throughout the year which included regional seminars, member surveys, publication of a report plus the CLA National Conference in November 2017.

In addition CLA continued to lobby on aspects of the proposed High Speed 2 rail link project, and its impacts on landowners. As part of the Brexit workplan the CLA launched a campaign, Countryside Matters to drive up political and media support for the need to continue to invest in the countryside post-Brexit.

Future developments

A project undertaken during the financial year to replace the company's current membership management system and the financial systems with a new Enterprise Resource Planning system fully integrated with the website will go live during 2018. The key objectives are to enable improved engagement with CLA members and improved business processes.

Financial performance

A surplus after tax of £172k (2016: £86k) was ahead of budget. Membership subscriptions which were below the budgeted level were offset against higher than budgeted sundry income and a small number of short term staff vacancies at various times during the year.

Total expenditure was £10,135k, of which employment costs are the biggest single category. Capital expenditure was higher than previous years, principally due to the new IT system.

The value of Marketable Investments has increased to £4,664k (2016: £4,302k). During the year the consolidation from four investment managers down to two was completed after the review undertaken during the previous year. As part of this rebalancing of investments, historical post tax gains of £825k were crystallised. Cash in the Bank has increased by £132k to £2,962k (2016: £2,830k). This cash figure includes £775k (2016: £775k) held in a separate account as a surety for the CLA Defined Benefit Pension Scheme, and £1,000k considered part of the Investment Strategy.

The Operating Surplus and the growth in Investments (including the crystallisation of certain gains) has meant that Reserves have increased by £1,341k to £9,917k.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the strategic report, the governance statement and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. The Directors have prepared 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 (FRS 102).

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 of the profit and loss of the company for that period. In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable United Kingdom Accounting Standards, including FRS102 have been followed, subject to any material departures and explained in the financial statements;
- Notify its members in writing about the use of disclosure exemptions, if any, of FRS102 used in the preparation of financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as the Directors are aware, there is no relevant audit information of which the company's auditors are unaware and the Directors have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information, and to establish that the company's auditors are aware of that information.

GOVERNANCE STATEMENT

The company was incorporated on 28 February 2007 to acquire the business, assets and liabilities of Country Land & Business Association (an unincorporated body originally established in July 1907) with effect from 31 March 2007. The Board is responsible for all the affairs of the company, and the Council is the forum in which the Board are held directly accountable.

As a membership organisation, control is placed with the Board, who report to the members via Council. As the company is Limited by Guarantee, it has no owners or shareholders. The liability of each member in the event of the company winding up is limited to £1. The total liability of members is limited to £30.0k at 30 November 2017.

The company is committed to a high standard of governance and adopts best practice. The governance structure shapes the way that information flows throughout the company and to the members. The relationship between the Board, Council and the members is:

- Board members are appointed at the Annual General Meeting, following the recommendation of the Board.
- The Board is responsible for the strategic direction of the company, financial stewardship and holding the Director General and Senior Management to account. The Board has a number of sub-committees: Audit & Risk; Investment; Nominations; and Remuneration.
- There is an established network of Regional Offices. The regional teams are led by a Regional Director, reporting to the Director General and Board via the Director of Membership & Regions
- The President acts as Chairman of Council
- The Deputy President acts as Chairman of the Board of Directors
- A number of Committees comprised of members as well as employees help guide policy and act as forums for debate, reporting back to Council

A register of Declaration of Interests is held by the Company Secretary for Council and Board members.

During the year, Council met three times and discussed a number of issues and factors affecting the rural economy. The Board met four times.

Internal Control & Risk Management

The Audit & Risk Committee is responsible for setting the risk framework as well as reviewing the company's attitude to risk.

The company's insurances are reviewed annually by the Audit & Risk Committee. This review is to ensure that there are appropriate levels of insurance cover across the company. Additionally, a Disaster Recovery Plan is in place which is reviewed periodically by both the Senior Management Team and the Audit & Risk Committee.

The company has an ongoing process for identifying, evaluating and managing the risks that it may face. A Risk Register highlights the key risks and the likelihood of those risks occurring as well as assessing the potential impacts on the company, its members and its employees and risk mitigation. However, even the most robust system only provides reasonable, and not absolute, assurance with respect to risk mitigation, the preparation of financial management information and the safeguarding of the company's reputation and assets.

Membership income is the key revenue stream. Membership numbers and acreage determine subscription income; new membership sales and retention of members are the principal risk to the company, and are continuously monitored.

A resolution proposing the appointment of auditors will be put to the Annual General Meeting.

On behalf of the Board



H L Woolley
Director General

25 April 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COUNTRY LAND AND BUSINESS ASSOCIATION LIMITED FOR THE YEAR ENDED 30 NOVEMBER 2017

We have audited the financial statements of Country Land and Business Association Limited for the year ended 30 November 2017 which comprise the statement of comprehensive income, balance sheet, statement of changes in equity, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 November 2017 and its profit for the period 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.

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 auditors' 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.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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



Peter Harker (Senior Statutory Auditor)

for and on behalf of

Saffery Champness LLP

Chartered Accountants

Statutory Auditors

71 Queen Victoria Street

London

EC4V 4BE

25 April 2018.

STATEMENT OF COMPREHENSIVE INCOME

Year ended 30 November 2017

	Note	2017 £000's	2016 £000's
Income			
Subscription Income		8,594	8,811
Sundry Income	5	<u>1,709</u>	<u>1,314</u>
		10,303	10,125
Expenditure			
Membership & other services		<u>(10,135)</u>	<u>(10,087)</u>
		(10,135)	(10,087)
Operating Surplus			
		168	38
Interest & Similar Income	8	<u>38</u>	<u>68</u>
Profit on Ordinary Activities before Tax			
		206	106
Tax on Profit on Ordinary Activities		<u>(34)</u>	<u>(20)</u>
Profit for the Financial Year			
		172	86
OTHER COMPREHENSIVE INCOME			
Items which may not be classified to net income:			
Actuarial Gain/(Loss) on Pension Scheme		809	(69)
Items which may be classified to net income:			
Realised Gain/(Loss) on Investment Disposal		960	64
Tax Charge on Realised Gain on Investment Disposal		(135)	-
Tax Gain on Unrealised Leasehold Revaluation Reserve		51	-
Movement on Unrealised Investment Revaluation Reserve		(469)	314
Movement on Unrealised Leasehold Revaluation Reserve		<u>(48)</u>	<u>-</u>
Total Other Comprehensive Income			
		<u>1,168</u>	<u>309</u>
TOTAL COMPREHENSIVE INCOME			
		<u>1,340</u>	<u>395</u>

BALANCE SHEET

Year ended 30 November 2017		2017	2016
	Note	£000's	£000's
Non Current Assets:			
Tangible Fixed Assets	10	9,181	8,906
Investments	11	<u>4,664</u>	<u>4,302</u>
		<u>13,845</u>	<u>13,208</u>
Current Assets:			
Debtors	12	327	329
Cash at Bank		<u>2,962</u>	<u>2,830</u>
		3,289	3,159
Creditors due within one year:			
Subscriptions Received in Advance		3,918	3,860
Trade Creditors		432	459
Tax & Social Security		368	202
Accruals & Deferred Income		<u>1,262</u>	<u>1,054</u>
		5,980	5,575
Net Current Assets		<u>(2,691)</u>	<u>(2,416)</u>
Total Assets less Current Liabilities		11,154	10,792
Provision for Liabilities			
Deferred Taxation	13	(1,196)	(1,388)
Post-employment Benefits	15	(41)	(828)
		<u> </u>	<u> </u>
NET ASSETS		<u>9,917</u>	<u>8,576</u>
FUNDS			
Accumulated Fund		3,678	1,821
Investment Revaluation Reserve		530	998
Leasehold Revaluation Reserve		<u>5,709</u>	<u>5,757</u>
		<u>9,917</u>	<u>8,576</u>

The notes on pages 14 to 22 are an integral part of these financial statements

The financial statements were approved by the Board of Directors on 25 April 2018 and were signed on its behalf by:



H L Woolley

Director General

Country Land and Business Association Limited, registration number 06131587

STATEMENT OF CHANGES IN EQUITY**Year ended 30 November 2017**

	Accumulated Fund	Investment Revaluation Reserve	Leasehold Revaluation Reserve	TOTAL
	£000's	£000's	£000's	£000's
Balance at 1 December 2015	1,740	684	5,798	8,222
Surplus for Year	<u>86</u> 1,826	<u>-</u> 684	<u>-</u> 5,798	<u>86</u> 8,308
Actuarial Gain on Pension Fund	(69)	-	-	(69)
Release of Leasehold Property Reserve	-	-	(53)	(53)
Unrealised Gain on Investments	-	382	-	382
Realised Gain on Investments	64	-	-	64
Deferred Tax on Investments	-	(68)	-	(68)
Deferred Tax on Leasehold Property	<u>-</u>	<u>-</u>	<u>12</u>	<u>12</u>
Balance at 30 November 2016	1,821	998	5,757	8,576
Balance at 1 December 2016	1,821	998	5,757	8,576
Surplus for Year	<u>172</u> 1,993	<u>-</u> 998	<u>-</u> 5,757	<u>172</u> 8,748
Actuarial Gain/(Loss) on Pension Fund	809	-	-	809
Release of Leasehold Property Reserve	-	-	(59)	(59)
Unrealised Gain on Investments	-	368	-	368
Realised Gain on Investments	825	(825)	-	-
Deferred Tax on Investments	-	(11)	-	(11)
Deferred Tax on Leasehold Property	<u>51</u>	<u>-</u>	<u>11</u>	<u>62</u>
Balance at 30 November 2017	<u>3,678</u>	<u>530</u>	<u>5,709</u>	<u>9,917</u>

STATEMENT OF CASH FLOWS

Year ended 30 November 2017	Note	2017 £000's	2016 £000's
Net Cash from Operating Activities		495	423
Cash Flow from Investing Activities			
Purchase of Tangible Assets		(401)	(23)
Proceeds from Disposal of Tangible Assets		-	17
Investment Income		37	63
Interest Received		<u>1</u>	<u>5</u>
Net Cash Used in Investing Activities		<u>(363)</u>	<u>62</u>
Net Increase in Cash & Cash Equivalents		132	485
Cash & Cash Equivalents at 1 December		<u>2,830</u>	<u>2,345</u>
 CASH & CASH EQUIVALENTS AT 30 NOVEMBER		 <u>2,962</u>	 <u>2,830</u>
Reconciliation of Profit for the Financial Year to Net Cash from Operating Activities:			
Surplus/(Deficit) for the year		172	86
Adjustments for:			
Taxation charge		34	20
Tax paid		(22)	(58)
Actuarial adjustments		22	(39)
Depreciation		126	133
Profit on sale of Fixed Assets		-	(3)
Interest Receivable & Similar Income		(38)	(68)
Decrease/(Increase) in Trade Debtors		2	277
(Decrease)/Increase in Trade Creditors		(19)	98
Increase/(Decrease) in Accruals & Deferred Income		208	233
Increase/(Decrease) in Subscriptions Received in Advance		58	(214)
Release of Long Leasehold Revaluation Reserve		(59)	(53)
Release of Deferred Tax on Long Leasehold Property		<u>11</u>	<u>11</u>
Net Cash Inflow from Operating Activities		<u>495</u>	<u>423</u>

NOTES TO THE FINACIAL STATEMENTS

1. General Information

Country Land and Business Association Limited is a membership organisation representing rural land owners and businesses by lobbying Government, also providing advice to its members.

The company is a private company limited by guarantee, and is incorporated in England. The address of its Registered Office is 16 Belgrave Square, London, SW1X 8PQ.

2. Statement of Compliance

The financial statements of Country Land and Business Association Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" (FRS102) and the Companies Act 2006.

3. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The company has adopted FRS102 in these financial statements.

a) Basis of Preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of land and buildings and certain financial assets and liabilities measured at fair value through profit and loss. The preparation of financial statements in conformity with FRS102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

b) Going Concern

The Board has assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The Board has made this assessment in respect to a period of one year from the date of approval of these financial statements.

The Board has concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The Board is of the opinion that the company will have sufficient resources to meet its liabilities as they fall due.

c) Consolidated financial statements

The financial statements present information about the company as an individual undertaking and not about its group. The company's subsidiary undertaking is not material. The company has therefore taken advantage of the exemption provided by s.402 of the Companies Act 2006 not to prepare group statements.

d) Revenue Recognition

Annual membership subscriptions are recognised as income on an accruals basis applicable to that membership period, and any part of the subscription applicable to the following year is carried forward as Deferred Income.

e) Taxation

The company is a mutual entity operating for the benefit of its members. It is liable to taxation on income from non-members and other external sources.

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are different between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those which they are recognised in the financial statements.

f) Employee Benefits

The company provides a range of benefits to employees, including paid holiday arrangements, season ticket loans and defined contribution pension plans.

i. Short Term Benefits – including holiday pay are recognised as an expense in the period which the service is received.

ii. Defined Contribution Pension Plan – the company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in creditors in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

iii. Defined Benefits Pension Plan – this scheme was closed for future accrual with effect from March 2010. The company has agreed with the Plan trustees to participate in a deficit funding arrangement. The amount recognised is the net present value of the contributions payable under the agreement that relates to the deficit. This amount is expensed in Statement of Comprehensive Income. The unwinding of the discount is recognised as a finance cost. The liability recognised in the balance sheet in respect of the closed defined benefit plan is the present value of the defined benefit obligations at the end of the reporting date less the fair value of the closed plan at the reporting date. The closed defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and have terms approximating the estimated period of the future payments (the "discounted rate").

The fair value of the closed plan assets is measured in accordance with the FRS102 fair value hierarchy and in accordance with the company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive

income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as “Re-measurement of net defined benefit liability”.

The cost of the closed defined benefit plan, recognised in profit or loss as employee costs, except where included in the elsewhere, comprising of the administrative costs for the closed plan

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of the closed plan’s assets. This cost is recognised in profit or loss as “Finance Expenses”.

- iv. Holiday pay accrual – a liability is recognised to the extent of any unused pay entitlement which is accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued plus association National Insurance liability.

g) Tangible Assets

Tangible assets are stated at cost (or latest economic value) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs and borrowing costs capitalised.

- i. Land & Buildings – include freehold and long & short leasehold offices, and are stated at cost (or periodically revalued) less accumulated depreciation and accumulated impairment losses.
The company has adopted a policy of revaluing long leasehold buildings and showing them at their revalued amount less any subsequent depreciation and accumulated impairment losses.
The difference between depreciation based on the latest valuation charged in the Statement of Comprehensive Income and the asset’s original cost is transferred from revaluation reserve to retained earnings.
- ii. Plant & machinery, and fixtures, fittings tools and equipment – are stated at cost less accumulated depreciation and accumulated impairment losses.
- iii. Computer software - Computer software along with any associated licences is stated at cost less accumulated amortisation and accumulated impairment losses. Software is amortised over its estimated useful life, of between three and ten years, on a straight-line basis.
- iv. Depreciation and residual values – Land is not depreciated. Depreciation on other assets is calculated, using the straight line method, to allocate the cost to their residual values over their estimated useful lives, as follows:

Leasehold property	- period of lease
Plant & machinery	- 10 to 15 years
Office equipment	- 3 to 5 years
Computer Software	- 3 to 10 years
Computer equipment	- 3 to 4 years
Furniture and fittings	- 3 to 10 years

The asset’s residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period.

h) Investments

Investments are included in the balance sheet at market value. Surpluses or deficits on disposal represent the difference between the net disposal proceeds and the net carrying amount, and are recognised in the Statement of Comprehensive Income.

i) Provisions for liabilities

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by transfer of an economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year the company becomes aware of the obligation, and are measured at the best estimate as at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the Statement of Comprehensive Income, and the provision is released.

4. Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

a) Critical accounting estimates and assumptions

- i. Useful economical lives of tangible assets – the annual depreciation charge for tangible assets is sensitive to changes in the estimated economic lives and residual values of the assets. The useful economic lives and residual values are estimated and re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, economic utilisation and the physical condition of the asset.
- ii. Impairment of debtors – the company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including historical experience. See note 13 for the net carrying value of debtors and any impairment provision
- iii. Defined Benefit Pension Scheme – whilst the scheme is closed to new entrants and accruing future benefit, the company retains an obligation regarding previous service. The cost of this obligation depends on a number of factors including: life expectancy; asset valuations; inflation; expected rates of return on investments and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation on the balance sheet. The assumptions reflect historical experience and current trends. See note 15 for the disclosure relating to the defined benefit pension scheme.

5. Sundry Income

Sundry Income comprises income from the sale of advisory handbooks, commission income from CLA Insurance, regional events and sponsorship and other sources of income.

6. Operating Profit

	2017 £000's	2016 £000's
Operating Profit is stated after charging:		
Profit/(Loss) on disposal of tangible assets	-	3
Audit Fees payable to the company's auditors	20	20
Other fees (tax) payable to the auditors	10	12

7. Employees and Directors

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

	2017 £000's	2016 £000's
Wages and salaries	4,624	4,461
Social security costs	496	463
Pension costs	<u>629</u>	<u>616</u>
	<u>5,749</u>	<u>5,540</u>

The average number of staff employed by the company during the year was 111 (2016: 112)

The Directors' & Senior Management Team's emoluments (key management) were as follows:

	2017 £000's	2016 £000's
Emoluments in respect of qualifying services	<u>867</u>	<u>843</u>
Pension contributions to money purchase schemes	<u>64</u>	<u>63</u>
Retirement benefits are accruing under money purchase pension schemes for 7 Directors & Senior Managers.		

Highest paid Director:

Emoluments in respect of qualifying service	<u>156</u>	<u>154</u>
Pension contributions to money purchase scheme	<u>16</u>	<u>15</u>

8. Interest Receivable & similar income

	2017 £000's	2016 £000's
Income from stocks & deposits	37	63
Interest on short term deposits	<u>1</u>	<u>5</u>
Income from Investments	<u>38</u>	<u>68</u>

9. Taxation

Current taxation

	2017	2016
	£000's	£000's
UK Corporation Tax at 19% (2016: 20%) on income from external sources & capital gains		
Current Year	34	22
Tax Due on Investment Gains	135	-
Adjustment re: previous year	<u>-</u>	<u>(2)</u>
	<u>169</u>	<u>20</u>

Member Services provided by the company are regarded as mutual activities, and any surplus arising is exempt from Corporation Tax. Income derived from other sources, including investment income and chargeable gains are taxable at 19% (2016: 20%)

10. Tangible Fixed Assets

	Long Leasehold	Other Assets	Total
	£000's	£000's	£000's
<u>Cost:</u>			
At 1 December 2016	9,000	510	9,510
Additions	-	401	401
Disposals	<u>-</u>	<u>-</u>	<u>-</u>
As at 30 November 2017	<u>9,000</u>	<u>911</u>	<u>9,911</u>
<u>Depreciation:</u>			
At 1 December 2016	161	443	604
Charge for the year	81	45	126
Disposals	<u>-</u>	<u>-</u>	<u>-</u>
As at 30 November 2017	<u>242</u>	<u>488</u>	<u>730</u>
Net Book Value 2017	8,758	423	9,181
Net Book Value 2016	8,839	67	8,906

The long leasehold of 16 Belgrave Square, London was acquired by the company in 2001 and is for a term of 125 years. A full valuation of the existing use was carried out as at 30 November 2015 by Deloitte LLP (trading as Deloitte Real Estate) increasing the valuation to £9million. A Deferred Tax charge of £1,180k (2016: £1,190k) has been applied as a liability, with the Unrealised Leasehold Gain reduced accordingly. The company intends to continue to regularly revalue the lease rather than holding the value at a deemed cost upon FRS102 conversion.

11. Investments

	Quoted Investments	Deposits	Total 2017	Total 2016
	£000's	£000's	£000's	£000's
<u>Valuation:</u>				
At 1 December 2016	4,288	14	4,302	3,854
Additions at cost	2,034	306	2,340	504
Disposals	(2,340)	-	(2,340)	(500)
Increase in Market Value	<u>362</u>	<u>-</u>	<u>362</u>	<u>444</u>
At 30 November 2017	4,344	320	4,664	4,302

A Deferred Tax charge of £73k (2016 : £199k) has been applied as a liability on the Unrealised Gain of their market value at 30 November 2017.

The company holds 100% of the Ordinary Shares in CLA Insurance Services Ltd. The subsidiary was incorporated in England & Wales and was dormant in the year. The Profit & Loss Account of the subsidiary for the relevant financial year was £nil and the Capital Reserves were £1.

12. Debtors

	2017	2016
	£000's	£000's
Trade Debtors	70	56
Prepayments	85	95
Other Debtors	91	79
Accrued Income	<u>81</u>	<u>99</u>
	<u>327</u>	<u>329</u>

13. Deferred Tax

	2017	2016
	£000's	£000's
Balance as at 30 November 2016	1,388	1,344
Movement on Unrealised Gains on Leasehold Property	(62)	(24)
Movement on Unrealised Gains on Investments	<u>(130)</u>	<u>68</u>
As at 30 November 2017	<u>1,196</u>	<u>1,388</u>

14. Financial Instruments

The company has the following financial instruments:

	2017	2016
	£000's	£000's
Investments	4,664	4,302
Trade Debtors	70	56
Prepayments	85	95
Trade Creditors	(432)	(459)
Other Creditors	(397)	(262)

15. Post-employment Benefits

The company operates both a Defined Contribution Pension Scheme and a closed Defined Benefits Pension Scheme. The assets of both schemes are held separately from that of the company in independently administered funds.

Defined Contribution Scheme

The company made contributions during the year of £418.9k (2016: £407.6k) to the Defined Contribution Scheme on behalf of its employees. The company expects to make contributions of £417.9k to the scheme during the year to 30 November 2018.

In addition to the Defined Contribution Scheme, the company made contributions of £3.4k (2016: £3.3k) towards the personal pension scheme of certain employees who are not members of the Defined Contribution Scheme.

Defined Benefit Scheme

With effect from March 2010, this scheme became closed to new entrants and ceased to provide any further benefit accrual to the then active members (who became Deferred Pensions, subject to statutory revaluations from that date).

The last full funding valuation was carried out as of 1 December 2014. The actuary recommended an annual payment of £195.3k beginning 1 December 2012 (for the financial year to 30 November 2013), increasing with CPI to 30 November 2031, to extinguish the deficit in the Scheme. Additionally, the company incurred further costs of £43.0k (2016: £106.9k) towards the Scheme's administration. The next full funding valuation was carried out as of 1 December 2017, the results of which are not yet available.

A qualified independent actuary carried out calculations as of 30 November 2017 to obtain the amounts reported under FRS102.

Balance Sheet & Notes:

The major assumptions for FRS102 purposes were:

	2017	2016
Rate of increase in salaries	nil%	nil%
Rate of increase to pensions	3.20%	3.10%
Revaluation in deferment	2.30%	2.30%
Discount Rate	2.70%	2.95%
Inflation (RPI)	3.20%	3.30%
Inflation (CPI)	2.20%	2.30%
Mortality Assumption	100% of S2PA with CMI_2016[1%]	100% of S2PA with CMI_2015[1%]

Under the mortality tables adopted, the assumed life expectancy at age 65 is as follows:

Male currently aged 45	23.1	23.3
Male currently aged 65	22.0	21.9
Female currently aged 45	25.1	25.5
Female currently aged 65	23.8	23.9

	2017	2016
	£000's	£000's
<u>Reconciliation of present value Scheme Liabilities</u>		
Opening Defined Benefit obligation	24,501	22,124
Interest Cost	707	789
Actuarial (loss)/gain	984	2,621
Benefits paid	<u>(1,074)</u>	<u>(1,033)</u>
Closing Defined Benefit obligation	<u>25,118</u>	<u>24,501</u>
<u>Reconciliation of present value Scheme Assets</u>		
Opening fair value of Scheme assets	23,673	21,365
Expected return on assets	685	765
Expenses	-	(7)
Contribution by employer	206	205
Benefits paid	(1,074)	(1,033)
Actuarial gain/(loss) on assets	<u>1,587</u>	<u>2,378</u>
Closing fair value of Scheme assets	<u>25,077</u>	<u>23,673</u>
Surplus/(Deficit)	(41)	(828)

Amounts Recognised in the Statement of Comprehensive Income

	2017	2016
Interest cost	(707)	(789)
Expected return on assets	685	765
Expenses	-	(7)
	<u>(22)</u>	<u>(31)</u>

Assets

The major categories of assets as a percentage of total assets and the expected return on assets for the period following the date shown are as follows :

<u>Asset Class:</u>	2017	2016
	Proportion held	Proportion held
Growth	44%	47%
Cash	3%	1%
Liability Driven Investments (LDI)	48%	47%
Insured	5%	5%
Overall	100%	100%

The actual return on the Scheme's assets over the year was 9.8%, as calculated by the Scheme Actuary.

16. Contingent Liability

A deposit of £775.0k (2016: £775.0k) is held with Royal Bank of Scotland as surety for the CLA Defined Benefit Pension Scheme. This amount is included in the total shown as Cash at Bank on the Balance Sheet.

17. Capital Commitment

The Directors have approved a major project in 2016/17 to update the management information system which will be completed during the financial year to 30 November 2018 at a budgeted cost totalling £500k.