

# Scottish Legal Complaints Commission



## Annual Accounts 2009



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**Scottish Legal Complaints Commission  
Accounts For The Period Ended 30 June 2009**

## FOREWORD

The accounts for the financial period ending 30 June 2009 are presented in accordance with paragraph 15 of Schedule 1 of the Legal Profession and Legal Aid (Scotland) Act 2007, and prepared in accordance with Accounts Direction given by Scottish Ministers.

### Background Information

The Scottish Legal Complaints Commission (SLCC) is constituted under the terms of the Legal Profession and Legal Aid (Scotland) Act 2007 and opened on 1 October 2008.

### Statutory Powers and Responsibilities

The statutory functions of the SLCC are to consider complaints made by the users of legal services against members of the legal profession, and to contribute to the development of good practice in complaints handling. As part of its wider remit the SLCC has an oversight role in respect of the professional bodies' handling of conduct complaints against their members. This oversight role extends to the professional indemnity insurance arrangements of members of the legal profession, in particular the Scottish Solicitors' Guarantee Fund and the Master Policy.

Where a complaint relates to instructions given before 1 October 2008, these cases will still come to the SLCC but will be considered under the Legal Profession and Legal Aid (Scotland) Act 2007 (Transitional, Savings and Consequential Provisions Order 2008) which gives the SLCC powers similar to the legislation which gave the now superseded Scottish Legal Services Ombudsman (SLSO) powers.

The SLCC operates wholly independently of both the legal profession and government but complies with the Scottish Public Finance Manual issued by Scottish Government in relation to Non Departmental Public Bodies (NDPBs).

### Financial Position

Until the office opened on 1 October 2008, set up costs were funded directly by the Scottish Government. Thereafter, the SLCC budget for 1 October 2008 to 30 June 2009 of £2,620,000 was raised by way of a levy upon members of the legal profession. The professional bodies concerned are responsible for the collection of the levy which is payable on 1 July of each year.

The SLCC's expenditure on operating activities for the period ending 30 June 2009 totalled £1,554,000. This was on staffing costs of £851,000 and other operating costs of £703,000.

The SLCC continues to consider the complaints of the former SLSO and this work remains publicly funded. The costs from 1 October 2008 to 30 June 2009 were £204,000. This funding is additional to the start up costs of £272,000.

£2,000 was spent on fixed asset purchases giving total expenditure for the year of £1,556,000.

Details of performance against budget are shown in Note 2 to the accounts.

## Payment of Creditors

The SLCC is committed to pay promptly for the payment of bills for goods and services received. Payments are normally made as specified in the agreed contract conditions. Where there is no contractual position or other understanding, they are due to be paid within 10 days of either receipt of the goods or services. The payment performance for 2008 – 2009 was 57%. Where bills for goods and services are required to be paid within 30 days, the SLCC's payment performance was 93%.

## Review of 2008 – 2009

The financial year of 2008 – 2009 was a significant one for the SLCC being our inaugural year.

We received 3,355 complaints and enquiries.

Of these 1,217 were legal complaints and went on to be considered as such.

Thereafter 1,029 were referred back to the Law Society of Scotland and Faculty of Advocates as they were about matters from before 1 October 2008; 8 were withdrawn; 11 were premature; 2 were handling complaints that had not been considered by the professional body; 1 was about a practitioner acting in a judicial capacity and 12 were deemed to be Vexatious, Frivolous or Totally Without Merit.

The eligibility of 108 complaints has still to be considered.

46 complaints were accepted as eligible and Mediation was offered on 27 of them. 25 complaints were or are being investigated and 5 have been determined by Members.

On average we took 7.10 days to close a case at enquiry. Complaints that were closed at eligibility took an average of 14 days and the average time to conclude a case at mediation stage was 43 days. The average time to deal with an investigation was 123 days. Overall, the average time taken to deal with a case was 9.52 days.

The SLCC also commissioned and received a research report on the operation of the Master Policy and Guarantee Fund.

## Future Developments

The SLCC will implement its business plan for 2009 – 2010 on 1 July 2009. Priorities for the coming year are to:

- Continue to refine our complaints handling process.
- Develop our oversight function in relation to insurance (the Master Policy and Guarantee Fund) and conduct complaints. Issue guidance as appropriate.
- Harmonise all staff to SLCC terms and conditions.
- Identify further opportunities to promote the SLCC to all our stakeholders.
- Appoint a Clerk to the Board.

We will continue to consolidate the work we have done in our first year of operation and will work closely with all of our stakeholders.

## **The Scottish Legal Complaints Commission**

The SLCC has nine board members, four of whom have a legal background. The remaining five members, including the Chairing Member are lay members.

The Chairing Member is Jane Irvine, appointed January 2008 for a period of 5 years.

The other Members, also appointed in January 2008 are:

Prof. Alan Paterson (Lawyer)	Douglas Watson (Lay)
David Smith (Lawyer)	Prof. George Irving (Lay)
Margaret Scanlan (Lawyer)	Ian Gordon (Lay)
David Chaplin (Lawyer)	Dr. Linda Pollock (Lay)

The Chief Executive Officer is Eileen Masterman, appointed in August 2008. On 26 November 2009 the Board confirmed Rosemary Agnew as Acting CEO.

## **Equal Opportunities**

The SLCC supports the principle of equal opportunities in carrying out its operational functions and employment practices. This means that we are committed to pursuing positive action in the SLCC's policies and practices to ensure that no individual is discriminated against, either directly or indirectly, unlawfully or unjustifiably because of their personal status in relation to race, ethnic or national origin, religion, age, gender, disability and sexual or marital status.

## **Provision of Information to Employees**

The SLCC has adopted the principles of openness and participation and places a high level of importance on both informing and consulting staff. It does so by providing access to Board and management papers, through oral and written briefings, by weekly staff meetings and other events. Information is only withheld when shown to be justified or where a duty of confidence is owed to a third party.

## **Audit**

The accounts are audited by auditors appointed by the Auditor General for Scotland and he has appointed Grant Thornton UK LLP as the SLCC Auditors from 2008 – 2009.

**Rosemary Agnew**  
**Acting Chief Executive Officer**

Date: 17/12/09

## REMUNERATION REPORT

<b>Remuneration</b>	<b>2008-09</b>	<b>1/10/08- 30/6/09</b>
	<b>£'000</b>	<b>£</b>
<b>Chief Executive</b>		
Eileen Masterman    Salary	67-78	52,500
Benefits in kind	Nil	Nil

Salaries include basic salaries, and where appropriate performance bonuses payable, reserved rights, recruitment and retention allowances. They do not include employer National Insurance or Superannuation contributions.

### Chair's/Board Fees

<b>Remuneration – Band 2</b>	<b>2008-09</b>	<b>1/10/08- 30/6/09</b>
	<b>Daily Fees</b>	<b>£'000</b>
	<b>£</b>	<b>Actual</b>
	<b>Actual</b>	<b>Actual</b>
° Jane Irvine, Chair	308	40-45
Prof. Alan Paterson, Member	209	5-10
David Smith, Member	209	5-10
Margaret Scanlan, Member	209	5-10
David Chaplin, Member	209	5-10
Douglas Watson, Member	209	0-5
Prof. George Irving, Member	209	5-10
Ian Gordon, Member	209	5-10
Dr. Linda Pollock, Member	209	5-10

Note ° For the period covered by this report (the SLCC's initial set up) the Chairing Member of the Board dedicated in excess of the 6 days per month anticipated during a fully operational year. This reflected the level of work the Chair required to input together with the CEO and senior staff and is reflected in her remuneration. In addition, the Chair also signs-off Scottish Legal Services Ombudsman opinions. This means that £14,000 of the banding is funded by the Scottish Government.

Board Members are eligible to claim out of pocket expenses relating to their work as SLCC Board Members. Board remuneration has been determined in line with Public Sector Pay Policy for Senior Appointments; Chief Executive, Chairs and Members. Further information can be found at [www.scotland.gov.uk/publications](http://www.scotland.gov.uk/publications).

**Rosemary Agnew**  
**Acting Chief Executive Officer**

Date: 17/12/09



## STATEMENT OF THE CEO'S RESPONSIBILITIES AS ACCOUNTABLE OFFICER

While the SLCC is a 'body corporate', in terms of the Scottish Public Finance Manual issued by the Scottish Government in relation to NDPBs, the Chief Executive Officer is the Accountable Officer. This is confirmed in the SLCC's Governance arrangements.

The relevant responsibilities as Accountable Officer, including responsibility for the propriety and regularity of finances and for the keeping of proper records, are set out in the Memorandum to Accountable Officers of other Public Bodies issued by the Scottish Government and published in the Scottish Public Finance Manual and reflected in the SLCC's rules.

Under paragraph 15 (1) of Schedule 1 of the Legal Profession and Legal Aid (Scotland) Act 2007, the SLCC is required to prepare a statement of accounts for each financial year in accordance with directions as required by Scottish Ministers. The accounts are prepared on an accruals basis and must give a true and fair view of the SLCC's affairs and financial activities at the year end.

In preparing the accounts, the Accountable Officer is required to:

- (i) observe the Accounts Direction issued by Scottish Ministers, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- (ii) make judgements and estimates on a reasonable basis;
- (iii) state whether applicable accounting standards have been followed and disclose and explain any material departures in the financial statements;
- (iv) prepare the financial statements on a 'going concern' basis, unless it is inappropriate to presume that the SLCC will continue in operation.

**Rosemary Agnew**  
**Acting Chief Executive Officer**

Date: 17/12/09

## STATEMENT ON INTERNAL CONTROL

As Accountable Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of organisational policies, aims and objectives, whilst safeguarding the organisation's assets and the funds levied to us by the legal profession for which I am responsible.

The system of internal control is designed to manage rather than eliminate the 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 will evolve to identify the principal risks to the achievements of the SLCC's policies, aims and objectives, to evaluate the nature and extent of those risks and manage them efficiently, effectively and economically.

This is our first year of operation and we have worked towards setting up a range of controls especially in the key business areas of financial management, operational and employee data management and risk management. A formal Scheme of Delegation, a CEO's Scheme of Delegation and Risk Register are in place. These are periodically reviewed and amended as necessary. I have ensured consistency with these procedures during the year 2008 - 2009. Further, monthly financial reports are made to the Management Team with quarterly reports made to both the Audit and Finance Advisory Committee and the Board of the SLCC.

The Board of the SLCC meet at least every two months and during 2008 – 2009 was supported by two advisory committees (Audit and Finance, and Staff Governance and Remuneration). The Senior Management Team (comprising the CEO, Head of Investigations, Head of Communications and HR Manager) meet monthly, with the Operational Management Team meeting weekly.

As Accountable Officer I also have responsibility for reviewing the effectiveness of the system of internal control and the SLCC have procured internal audit services from the Scottish Legal Aid Board to support the SLCC in governance and management of risks.

My statement is informed by the work of both internal audit and external audit who did not identify any significant weaknesses in internal control arrangements from their work.

I am satisfied that the SLCC have robust and appropriate systems of control in place. The SLCC formally complies with the principles of Scottish Public Finance Manual.

**Rosemary Agnew**  
**Acting Chief Executive Officer**

Date: 17/12/09

## INDEPENDENT AUDITOR'S REPORT

### **Independent auditor's report to the Scottish Legal Complaints Commission, the Auditor General for Scotland and the Scottish Parliament**

We have audited the financial statements of the Scottish Legal Complaints Commission for the year ended 30 June 2009 under the Legal Profession and Legal Aid (Scotland) Act 2007. These comprise the Operating Cost Statement, the Balance Sheet, the Cash Flow Statement, and the related notes. These financial statements have been prepared under the accounting policies set out within them. We have also audited the information in the Remuneration Report that is described in that report as having been audited.

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 123 of the Code of Audit Practice approved by the Auditor General for Scotland, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

### **Respective responsibilities of the Scottish Legal Complaints Commission and auditor**

The Scottish Legal Complaints Commission is responsible for preparing the Annual Report, which includes the Remuneration Report, and the financial statements in accordance with the Legal Profession and Legal Aid (Scotland) Act 2007, the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers. The Scottish Legal Complaints Commission is also responsible for ensuring the regularity of expenditure and receipts. These responsibilities are set out in the Statement of Accountable Officer's Responsibilities.

Our responsibility is to audit the financial statements and the part of the Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and with International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Auditor General for Scotland.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers. We report to you whether, in our opinion, the information which comprises the management commentary, included in the Annual Report, is consistent with the financial statements. We also report whether in all material respects the expenditure and receipts shown in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

In addition, we report to you if, in our opinion, the Scottish Legal Complaints Commission has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by relevant authorities regarding remuneration and other transactions is not disclosed.

We review whether the Statement on Internal Control reflects the Commission's compliance with the Scottish Government's guidance, and we report if, in our opinion, it does not. We are not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the Commission's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

## Basis of audit opinion

We conducted our audit in accordance with the Public Finance and Accountability (Scotland) Act 2000 and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board as required by the Code of Audit Practice approved by the Auditor General for Scotland. Our audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of expenditure and receipts included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Scottish Legal Complaints Commission in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Scottish Legal Complaints Commission's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and receipts shown in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

## Opinions

### *Financial statements*

In our opinion

- the financial statements give a true and fair view, in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers, of the state of affairs of the Scottish Legal Complaints Commission as at 30 June 2009 and of its net operating cost, recognised gains and losses and cash flows for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Legal Profession and Legal Aid (Scotland) Act 2007 and directions made thereunder by the Scottish Ministers; and
- information which comprises the management commentary, included with the Annual Report, is consistent with the financial statements.

### *Regularity*

In our opinion in all material respects the expenditure and receipts shown in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

**Grant Thornton UK LLP**  
**Chartered Accountants and Registered Auditors**  
**1-4 Atholl Crescent**  
**Edinburgh**  
**EH3 7LQ**

Date: 17/12/09

## OPERATING COST STATEMENT FOR THE PERIOD ENDED 30 JUNE 2009

	Notes	£'000
<b>Income</b>		
Income from all Sources	3	3,119
<b>Total Income</b>		<b>3,119</b>
<b>Expenditure</b>		
Staff Costs	4,5	851
Other Operating Costs	6	703
Depreciation	7	-
<b>Total Expenditure</b>		<b>1,554</b>
<b>Net Surplus for the Year</b>		<b>1,565</b>

All amounts relate to continuing activities. There have been no gains or losses other than those recognised in the Operating Cost Statement.

The accompanying notes on pages 12 to 17 form an integral part of these accounts.

## BALANCE SHEET AS AT 30 JUNE 2009

	Notes	£'000	£'000
<b>Fixed Assets</b>			
Tangible Assets	7		145
<b>Total Fixed Assets</b>			<u>145</u>
<b>Current Assets</b>			
Debtors	8	167	
Cash at Bank and in Hand		3,858	
		<u>4,025</u>	
<b>Current Liabilities</b>			
Creditors - amounts falling due within one year	9	<u>(2,408)</u>	
<b>Net Current Assets</b>			1,617
Provisions – Harmonisation	10		(54)
<b>Total Net Assets</b>			<u><u>1,708</u></u>
 <b>Financed by:</b>			
<b>Capital and Reserves</b>			
General Fund	11		1,565
Donated Asset Reserve	12		143
			<u>1,708</u>
			<u><u>1,708</u></u>

The accompanying notes on pages 12 to 17 form an integral part of these accounts.

**Rosemary Agnew**  
Acting Chief Executive Officer

Date: 17/12/09

## CASH FLOW STATEMENT FOR PERIOD ENDED 30 JUNE 2009

<b>Operating Activities</b>		<b>£'000</b>
Net Cash Inflow from Operating Activities	(i)	3,860
<b>Capital Expenditure</b>		
Purchase of Tangible Fixed Assets		(2)
<b>Increase in Cash</b>	(ii)	<u><u>3,858</u></u>

### (i) Reconciliation of Operating Surplus to Net Cash Inflow from Operating Activities

		<b>£'000</b>
Net Surplus for the Year		1,565
(Increase) in Debtors		(167)
Increase in Creditors and Provisions		2,462
Depreciation		36
Released from Donated Asset Reserve		(36)
<b>Net Cash Inflow from Operating Activities</b>		<u><u>(3,860)</u></u>

### (ii) Analysis of Changes in Cash and Bank

	At 1 October 2008 £'000	Cash Flow £'000	At 30 June 2009 £'000
Cash at Bank and in Hand	-	3,858	3,858

## NOTES TO THE ACCOUNTS

### 1 Accounting Policies

#### 1.1 Basis of Accounting

These accounts cover the period to 30 June 2009. The financial statements have been prepared under the historical cost convention and in accordance with the Accounts Direction issued by Scottish Ministers. They meet the requirements of the Government Financial Reporting Manual, and of the Statements of Standard Accounting Practice/ Financial Reporting Standards issued and adopted by the Accounting Standards Board, so far as these requirements are appropriate.

#### 1.2 Fixed Assets

##### 1.2.1 Capitalisation

Capital purchases for a value exceeding £1,000 inclusive of irrecoverable VAT are treated as capital.

##### 1.2.2 Valuation

Fixed assets are valued at their value to the organisation by reference to current costs.

##### 1.2.3 Depreciation

Depreciation is provided on all fixed assets at rates calculated to write off the cost or valuation in equal instalments over the remaining estimated useful life of the asset. These are as follows:

Furniture and equipment	5 years
Fixtures and Fittings	5 years
IT Equipment	3 years

#### 1.3 Leases

The SLCC holds no material finance leases. Costs in respect of operating leases are charged to the income and expenditure account as they fall due.

#### 1.4 Pension Costs

##### *Employees*

The staff of the SLCC are members of the SLCC Pension Scheme administered by Standard Life (a money purchase scheme), or the Local Government Pension Scheme (Scotland) administered by Lothian Pension Fund. The SLCC is unable to quantify its share of the underlying assets and liabilities.

#### 1.5 Value Added Tax

The Commission is required to pay VAT on the provision of goods and services. All VAT is charged to the income and expenditure account as incurred.



## 1.6 Financial Instruments

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

## 2 Performance Against Budget

The SLCC is funded by Members of the Law Society of Scotland, Faculty of Advocates and the Conveyancing and Executry Practitioners. In this period of operation the SLCC received £470,000 funding from the Scottish Government. This was in addition to donated fixed assets with a value of £179,000. For the financial period to 30 June 2009 the SLCC was allocated a budget of £2,620,000, including £19,000 for fixed asset additions.

	<b>2009 Budget £'000</b>	<b>2009 Actual £'000</b>	<b>Variance £'000</b>	<b>Variance %</b>
<b>Operating Cost</b>	2,601	1,554	1,047	40
<b>Capital expenditure</b>	19	2	17	89
<b>Total expenditure</b>	<u>2,620</u>	<u>1,556</u>	<u>1,064</u>	<u>41</u>
<b>Income</b>				
<b>Levy</b>	2,620	2,619	(1)	
<b>Bank interest</b>	-	30	30	
<b>Scottish Government</b>	-	470	470	
<b>Surplus</b>	<u>-</u>	<u>1,563</u>	<u>1,563</u>	

### 2.1 Surplus

The budget for the current year was set in January 2008 by the Board immediately upon their appointment. At that point Members were working with only estimates of fixed overheads and with estimates of annual complaints levels from other Scottish complaints handling bodies. Transitional arrangements had not been agreed.

Since opening, draw down from our budget has been affected by a number of factors, including the unforeseen effects of the recession which have indirectly led to a downturn in complaint activity. There may be further factors that have affected complaint activity, such as more effective complaint handling by the legal profession itself, but it is too early to identify and specific trends. Consequently, the SLCC has not increased staff numbers up to the levels originally anticipated when the budget was set.

**3 Income**

	<b>2009</b>
Income from all Sources	<b>£'000</b>
Levy from the Law Society of Scotland	2,505
Levy from the Faculty of Advocates	114
Start up Funding from Scottish Government	470
Bank interest	30
	<u><b>3,119</b></u>

**4 Staff Numbers and Costs**

**4.1 Staff Employed**

The average number of staff full time equivalent (FTE) persons employed in the office of the SLCC during the period was 27 FTE, full details are as follows:

	<b>2009</b>
Chief Executive Officer	1
Staff	26
	<u><b>27</b></u>

**4.2 Breakdown of Staff Costs**

	<b>Total</b>	<b>Board</b>	<b>Staff</b>
	<b>£'000</b>	<b>Members</b>	<b>£'000</b>
		<b>£'000</b>	
Salaries / Wages	689	95	594
Social Security Costs	64	6	58
Pension Costs	44	-	44
Harmonisation	54	-	54
	<u><b>851</b></u>	<u><b>101</b></u>	<u><b>750</b></u>

**4.3 Breakdown of Board Members**

	<b>2009</b>
Board Members	9
	<u><b>9</b></u>

## 5 Pension Costs

For 2008 – 2009 employer's contributions of £30,000 were payable to Standard Life at 8% of pensionable pay and £14,000 to Lothian Pension Fund at 14.5% of pensionable pay, based on salary bands.

On death, pensions are payable to dependents of members of the Local Government Pension Scheme (Scotland). On death in service, the scheme pays a lump sum benefit of three times pensionable pay from April 2009.

At this point in time we are unable to quantify the assets and liabilities of staff that are members of the Lothian Pension Fund. We are therefore unable to account for the transactions under FRS17.

## 6 Analysis of Operating Expenditure

	<b>2009</b>
	<b>£'000</b>
Property Costs	339
General Office Running Costs	92
Training & Recruitment	95
Travel and Hospitality	10
IT	33
Research	16
Legal	57
Other Professional Fees	61
	<b>703</b>

The above total includes £16,300 for external auditor's remuneration. The external auditor received no fees in relation to non audit work. There are no costs in association with operating leases.

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<b>7 Fixed Assets</b>	<b>Furniture Fixtures &amp; Fittings £'000</b>	<b>IT Hardware &amp; Systems £'000</b>	<b>Total  £'000</b>
<b>Cost</b>			
Additions	129	52	181
At 30 June 2009	129	52	181
<b>Depreciation</b>			
Charge for Year	22	14	36
At 30 June 2009	22	14	36
<b>Net Book Value at 30 June 2009</b>	<b>107</b>	<b>38</b>	<b>145</b>

Included in the above are £179,000 of assets donated by Scottish Government. Depreciation of £36,000 has been charged to these assets. A donated assets reserve has been set up to account for this.

<b>8 Debtors</b>	<b>£'000</b>
Prepayments	84
Other Debtors	83
	<b>167</b>

<b>9 Creditors: Amounts Falling Due Within One Year</b>	<b>£'000</b>
Trade Creditors	109
2009/10 Levy Received in advance	2,266
Taxes and Social security Costs	25
Other Creditors	3
Accruals	5
	<b>2,408</b>

<b>10 Provisions</b>	<b>£'000</b>
Harmonisation Provision	54
	<b>54</b>

We have set up provisions for harmonisation costs and discussions with staff are ongoing.

**11 General Fund**

	<b>£'000</b>
Surplus for the period	1,565
As at 30 June 2009	<u><u>1,565</u></u>

**12 Donated Asset Reserve**

Fixed assets which were donated by the Scottish Government have been capitalised and their value credited to a separate reserve. This reserve is released and credited to the operating cost statement over the life of the assets in line with depreciation.

	<b>£'000</b>
Assets donated in the period	179
Released to operating cost statement	<u>(36)</u>
Balance at 30 June 2009	<u><u>143</u></u>

**13 Operating Leases**

	<b>Buildings</b>	<b>Totals</b>
	<b>£'000</b>	<b>£'000</b>
Operating Lease Payment Commitments Expiring:		
Within One Year of the Balance Sheet Date	-	-
Within Two to Five Years of the Balance Sheet Date	-	-
Over Five Years of the Balance Sheet Date	158	158
<b>Total</b>	<u><u>158</u></u>	<u><u>158</u></u>

**14 Capital Commitments**

There were no contracted capital commitments as at 30 June 2009.

**15 Related Party Transactions**

There were no related party transactions during the period.

**16 Contingent Liabilities**

Third parties have sought to appeal the SLCC's decisions under the Legal Profession and Legal Aid (Scotland) Act 2007. The SLCC may defend these cases and is liable to pay legal costs if Appeals are upheld.



## Appendix 1



### SCOTTISH LEGAL COMPLAINTS COMMISSION

#### DIRECTION BY THE SCOTTISH MINISTERS

1. The Scottish Ministers, in pursuance of section 15(1) of The Legal Profession and Legal Aid (Scotland) Act 2007, hereby give the following direction.
2. The statement of accounts for the financial year ended 30 June 2009, and subsequent years, shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FRM) which is in force for the year for which the statement of accounts are prepared.
3. The accounts shall be prepared so as to give a true and fair view of the income and expenditure and cash flows for the financial year, and of the state of affairs as at the end of the financial year.
4. In accordance with section 15(1) (c) of the Act a copy of the statement of accounts should be sent to the Scottish Ministers, following the financial year ended 30 June. The accounts will be sent by Scottish Ministers to the Auditor General for Scotland and will be subject to audit by auditors appointed by the Auditor General for Scotland. The audited statement of accounts will be laid before the Scottish Parliament.
5. This direction shall be reproduced as an appendix to the statement of accounts.

Signed by the authority of the Scottish Ministers

Dated 19 October 2009