



Financial information

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Auditable Sections

In accordance with the requirements of Schedule 7A of the Companies Act 1985 (as amended), only certain sections of the Remuneration Report have been subject to full external audit. These comprise the paragraphs on salary and pension entitlements.

Remuneration Policy

The remuneration of senior civil servants is set by the Prime Minister after independent advice from the Review Body on Senior Salaries.

The Legal Services Complaints Commissioner (the Commissioner) receives salary increases annually in line with the average award to Senior Civil Service (SCS) employees. The Commissioner, therefore, is not subject to performance pay arrangements, although she discusses her annual appraisal with the Permanent Secretary of the Ministry of Justice.

In reaching its recommendations, the Review Body has regard to the following considerations:

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities;
- regional/local variations in labour markets and their effects on the recruitment and retention of staff;
- Government policies for improving the public services including the requirement on departments to meet the output targets for the delivery of departmental services;
- the funds available to departments as set out in the Government's departmental expenditure limits;
- the Government's inflation target.

The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations.

Further information about the work of the Review Body can be found at www.ome.uk.com.

Service Contracts

Civil Service appointments are made in accordance with the Civil Service Commissioners' Recruitment Code, which requires appointment to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made. Further information about the work of the Civil Service Commissioners can be found at www.civilservicecommissioners.gov.uk.

Chapter 1 Remuneration Report

The Commissioner is a statutory appointee. She holds the position, concurrently with that of the Legal Services Ombudsman, for a period of 3 years from appointment, which currently expires on 2 March 2009. Both posts will be renewable on this date for further 3-year terms at the mutual discretion of the office holder and the Secretary of State.

The Commissioner's contract does give the Secretary of State discretion to make a compensatory payment in the event of early termination should he consider there are special circumstances which make it right that the Office Holder should receive compensation.

Salary and pension entitlements

The following sections provide details of the remuneration and pension interests of the Commissioner.

Remuneration

	2007-08	2006-07
	£'000	£'000
Members	Salary	Salary
Zahida Manzoor	45-50	40-45

Salary

'Salary' includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances; ex-gratia payments; and any other allowance to the extent that it is subject to UK taxation.

Pension Benefits

Name	Accrued pension at age 60 as at 31/03/08	Real increase in pension at age 60	CETV at 31/03/08	CETV at 31/03/07	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Zahida Manzoor	5-10	0-2.5	155	108	27

The figures shown on the pension benefit relates to Zahida Manzoor's role as both the Ombudsman and Commissioner, as it has not been possible to separate her pension entitlements. Zahida Manzoor is a member of the PCS Premium/C1 Plus part of the Principal Civil Service Pension Scheme (PCSPS).

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements.

From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a “final salary” scheme (classic, premium, and classic plus); or a “whole career” scheme (nuvos). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus and nuvos are increased annually in line with changes in the Retail Prices Index (RPI). Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a good quality “money purchase” stakeholder pension with a significant employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium, classic plus and nuvos. Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years’ pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits in respect of service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 calculated as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member’s earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with RPI. In all cases members may opt to give up (commute) pension for lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute but, where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer’s basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).

Further details about the Civil Service pension arrangements can be found at the website www.civilservice-pensions.gov.uk

Cash Equivalent Transfer Values

Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional pension benefits at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real Increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Zahida Manzoor CBE

Legal Services Complaints Commissioner

Date: 18th June 2008

Suma Chakrabarti KCB

Accounting Officer

Date: 19th June 2008

Statement of Accounting Officers' and Commissioner's responsibilities

HM Treasury has appointed the Permanent Secretary of the Ministry of Justice (the Ministry) as Principal Accounting Officer. The Principal Accounting Officer's responsibilities are defined in chapter three of Managing Public Money (MPM), a publication of HM Treasury.

The Accounting Officer has responsibility for the regularity and propriety of the public finances for which he is answerable, for keeping proper records and for safeguarding the Ministry's assets. He is also responsible for preparing the accounts of the Ministry of Justice (MoJ) and for transmitting them to the Comptroller and Auditor General.

The Secretary of State for Justice and Lord Chancellor has appointed the Legal Services Complaints Commissioner for England and Wales (Commissioner) to oversee the daily operations of the Office of the Legal Services Complaints Commissioner (OLSCC). Details of the division of responsibilities are set out in a Memorandum of Understanding between the MoJ (formerly the DCA) and the OLSCC. This appointment does not detract from the Permanent Secretary's overall responsibility as Accounting Officer for the accounts.

Under the Access to Justice Act 1999, the Secretary of State and Lord Chancellor has directed the Commissioner to produce accounts for the financial year ending 31 March 2008.

These accounts are prepared on an accruals basis and give a true and fair view of the state of affairs of the OLSCC and the income and expenditure outturn and cashflow for the financial year.

In preparing the accounts, the Commissioner is required to comply with the requirements of the Government Financial Reporting Manual (FReM) and in particular to:

- (a) observe the Accounts Direction issued by the Ministry of Justice (formerly DCA), including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis;
- (b) make judgements and estimates on a reasonable basis;
- (c) state whether applicable accounting standards, as set out in the Government Financial Reporting Manual (FReM) have been followed and disclose and explain any material departures in the accounts; and
- (d) prepare the accounts on a going-concern basis, unless it is inappropriate to presume that OLSCC will continue in operation.

Statement of Internal Control

Scope of responsibility

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

As Accounting Officer, I agree with Ministers, the MoJ plans and allocation of resources to the MoJ's business areas. OLSCC, as an Associate Office, operates as a business entity of the MoJ. I delegate financial authority, together with corresponding internal control and risk management responsibilities, to the Commissioner via the Director General, Access to Justice Group (formerly Legal and Judicial Services Group), in line with the requirements detailed in the Memorandum of Understanding between the MoJ and OLSCC.

A system of internal control operates in MoJ headquarters. This includes the monitoring of OLSCC's performance and compliance with the Memorandum of Understanding through the Director General, Access to Justice Group. To the extent that the document delegates control to the Commissioner, I place reliance upon the Statements on Internal Control submitted by the Commissioner to the Director General, Access to Justice Group.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of MoJ policies, aims and objectives, to evaluate the likelihood of those risks being realised, and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the OLSCC for the year ended 31 March 2008, and up to the date of approval of the annual report and accounts, and accords with HM Treasury guidance.

Capacity to handle risk

As Accounting Officer I acknowledge my overall responsibility for the effective management of risk throughout the MoJ.

The MOJ Risk Management Policy and Framework document, approved by the Corporate Management Board (CMB) (formerly Departmental Management Board) was published in June 2002 and is available to all staff on the MoJ Intranet. This sets out the MOJ attitude to risk in the achievement of its policies and objectives, and provides guidance on the process of identifying, assessing and managing risk.

Risk management is incorporated into OLSCC's day-to-day activities and forward planning. Significant risks to and arising from the work of OLSCC are reported to the Director General, Access to Justice Group on a quarterly basis. Where necessary, such risks and the actions to mitigate are escalated and incorporated into the MoJ's Corporate Risk Register for consideration by the Corporate Management Board.

The risk and control framework

The key elements of OLSCC risk management strategy to be fully implemented for identifying, evaluating and controlling risk are as follows:

- OLSCC system of analysis and reporting (based on MoJ policy and framework) that identifies risk to objectives, risk impact and likelihood, current and planned mitigating action, risk status, risk judgement or appetite and individual risk owners, which forms the basis of the Risk Register and is escalated quarterly to the Director General, Access to Justice Group;
- OLSCC Senior Management Team meetings have risk management on the standard agenda, and there are planning workshops for all staff to assist with the identification and evaluation of risks to objectives;
- OLSCC Risk Register covers all OLSCC activity and is reviewed by the OLSCC Senior Management Team. Access to Justice Group then review the register, escalating any significant risks for inclusion in the MOJ Corporate Risk Register;
- Quarterly certification by the Commissioner to the Director General, Access to Justice Group of risk management in OLSCC;
- Head of Corporate Services is the risk co-ordinator and is on the OLSCC Senior Management Team;
- Risk identification, evaluation and management as an integral part of the OLSCC planning process for delivery of its objectives.

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Other key elements in the OLSCC control systems are regular management information, financial regulations, administrative procedures including segregation of duties, and a system of delegation and accountability. In particular it includes:

- business planning, which is reviewed by the Director General, Access to Justice Group;
- comprehensive budgeting systems with an annual budget, which are reviewed and agreed by the CMB;
- regular reviews by the CMB of periodic and annual financial reports, which are prepared to indicate financial performance against the forecasts;
- target setting to measure financial and other performance;
- a formal system of financial compliance controls, consisting of core control checks with an audit trail of evidence, and a review and reporting mechanism to provide assurances from the Director of Operations (as Budget Holder), on a quarterly basis, that internal financial controls are in place and operating effectively;
- a published MoJ fraud policy, with effective capability to investigate incidents of fraud, including a cadre of trained staff;
- an MoJ whistle-blowing policy for confidential reporting of staff concerns;
- a Business Continuity Plan for OLSCC, which continues to be refined to ensure that key activities can continue effectively following a disruption;
- compliance with ISO17799, the International Standard for Information Security Management, to assist with achievement of the standard across the MoJ.

In addition to the developments in risk management, the MoJ continues to take steps to improve its corporate governance arrangements. OLSCC has encompassed co-ordinated team briefing, and the performance management and recognition and reward systems.

During 2007–08 OLSCC has also engaged in influencing the performance of the Law Society to improve its handling of consumer complaints through:

- actively monitoring and evaluating the Law Society's progress against its Plan and the targets set;

- setting further clear and reasonable performance targets for the Law Society for the 2008–09 year and assessing the Law Society Plan for that year to understand the Law Society’s potential improvement;
- a continuing programme of audits by the OLSCC Research and Investigations team. These have assisted in setting targets and recommendations for the Law Society for 2008-09;
- production of an Annual Report detailing the Commissioner’s determination of the Law Society’s performance; and
- the Legal Services Advisory and Consumer Board, which provides support for the Commissioner.

Review of effectiveness

As Accounting Officer, I also have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by the work of the internal auditors and the executive managers within the MoJ 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. My review is also informed by the work of the Commissioner and her Senior Management Team.

The key elements of the system of internal control are set out in the previous section and contribute to my review of the system’s effectiveness. In addition, the following bodies also inform my review:

- Ministry of Justice Board (MoJB) and the Corporate Management Board (CMB) – These Boards approved the MoJ Framework and Policy Document and have been involved in the development and monitoring of the Corporate Risk Register.
- Corporate Audit Committee – The Committee is a continuing source of advice and assurance on the effectiveness of the risk management process.

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The Committee meets a minimum of four times each year and has a non-executive Chairman who reports directly to the MoJB and Accounting Officer twice a year. It receives regular reports on the development of risk management and internal control and considers internal and external audits on the system of internal control and any material weaknesses.

- Risk Co-ordinators – A network of Risk Co-ordinators has been established within MoJ headquarters, Agencies, Non-Departmental Public Bodies (NDPBs) and Associate Offices, to co-ordinate the reporting and management of risk and control issues within business areas and for MoJ in reporting to the CMB and Audit Committee.
- Internal Audit – MoJ has an Internal Audit Division that operates to the Government Internal Audit Standards. It submits regular reports, which include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of MoJ internal controls together with recommendations for improvement.

I can confirm that no significant control issues as defined by HM Treasury guidance have been highlighted.

This statement applies to OLSCC. The Statement on Internal Control for MoJ as a whole will be available from the Stationery Office when MoJ's 2007–08 Accounts are published later this year.

Zahida Manzoor CBE
Legal Services Complaints Commissioner
Date: 18th June 2008

Suma Chakrabarti KCB
Accounting Officer
Date: 19th June 2008

***THE CERTIFICATE AND REPORT OF THE COMPTROLLER
AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT***

I certify that I have audited the financial statements of the Office of the Legal Services Complaints Commissioner (OLSCC) for the year ended 31 March 2008 under the Access to Justice Act 1999. These comprise the Operating Cost Statement, the Balance Sheet, the Cashflow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer, Commissioner and Auditor

The Accounting Officer and Commissioner are responsible for preparing the Annual Report, the Remuneration Report and the financial statements in accordance with the schedule 8 of the Access to Justice Act 1999 and directions made there under by the Secretary of State and Lord Chancellor with the approval of HM Treasury, and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Accounting Officer's and Commissioner's Responsibilities.

My 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).

I report to you my 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 Access to Justice Act 1999 and directions made there under by the Secretary of State and Lord Chancellor with the approval of HM Treasury. I report to you whether, in my opinion, the information, which comprises Chapter 7, included in the Annual Report is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if the OLSCC has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal control reflects the OLSCC's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of OLSCC's corporate governance procedures or its risk and control procedures.

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

Basis of audit opinion

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions 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 judgements made by the Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the OLSCC's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me 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 income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I 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

Audit Opinion

In my opinion:

- the financial statements give a true and fair view, in accordance with the Access to Justice Act 1999 and directions made there under by the Secretary of State and Lord Chancellor with the approval of HM Treasury, of the state of the OLSCC's affairs as at 31 March 2008 and of its income, expenditure 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 Access to Justice Act 1999 and directions made there under; and
- information included within the Annual Report, which comprises Chapter 7, is consistent with the financial statements.

Audit Opinion on Regularity

In my opinion, in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities, which govern them.

Report

I have no observations to make on these financial statements.

Paul Keane

Director Justice Financial Audit

For The Comptroller and Auditor General

National Audit Office

151 Buckingham Palace Road

Victoria

London

SW1W 9SS

Date: 1st July 2008

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Operating cost statement for the year end 31 March 2008

	Notes	2007-08 £	2006-07 £
Income	2	(1,096,922)	(1,089,643)
Staff costs	3	875,884	866,638
Other direct costs	4	273,677	254,890
Accommodation costs	5	178,492	183,934
Ministry's overhead charge		302,897	301,219
Other non cash costs	6	30,049	23,288
Total costs		1,660,999	1,629,969
Net operating cost		564,077	540,326

All income and expenditure is derived from continuing operational activities.

There are no other gains or losses for the year.

The notes on pages 92 to 99 form part of these accounts.

Balance Sheet as at 31 March 2008

	Notes	2007-08 £	2006-07 £
Fixed Assets			
Tangible fixed assets	7	77,571	93,266
Current Assets			
Debtors	8	1,093,163	1,149,172
Current Liabilities			
Creditors	9	(1,094,818)	(1,165,891)
Net Current Liabilities		(1,655)	(16,719)
Total Assets Less Current Liabilities		75,916	76,547
Taxpayers' Equity			
General Fund	11	75,916	76,547
		<u>75,916</u>	<u>76,547</u>

The notes on pages 92 to 99 form part of these accounts

Zahida Manzoor CBE

Legal Services Complaints Commissioner

Date: 18th June 2008

Suma Chakrabarti KCB

Accounting Officer

Date: 19th June 2008

Cash flow statement year ended 31 March 2008

	Notes	2007-08 £	2006-07 £
Net cash outflow from operating activities	10	(246,195)	(283,445)
Capital expenditure		(686)	(30,170)
Finance from Ministry of Justice		246,881	313,615
Increase in cash		<u>0</u>	<u>0</u>

The notes on pages 92 to 99 form part of these accounts

Notes to the accounts

1. ACCOUNTING POLICIES

Basis of accounting

These accounts for the Office of the Legal Services Complaints Commissioner (OLSCC) have been prepared in accordance with the Financial Reporting Manual (FRM) issued by HM Treasury with the exception that historical cost accounting has been used in place of modified historic cost accounting because of the immaterial difference between the two for OLSCC. The accounting policies used to prepare these statements are consistent with those used to prepare accounts for the Ministry of Justice (MoJ). The MoJ's accounts give greater detail on accounting policies.

Going concern

The Legal Services Act (2007) received Royal Assent on 30 October 2007 and will reform the way that legal services are regulated in England and Wales, including the formation of the Office for Legal Complaints, and consequent closure of OLSCC. The Parliamentary Under Secretary of State, Ministry of Justice, announced on 18th June 2008 that OLSCC will close in March 2010. The accounts are prepared on a going concern basis as MoJ settles all of OLSCC's financial transactions with funds voted by Parliament and future funding has been agreed with MoJ.

Income

OLSCC does not recover its costs through charging fees though it recovers certain expenditure from the Law Society under the provision of the Access to Justice Act 1999. The expenditure that is recoverable relates to staff costs (with the exception of the Commissioner's salary) and other direct costs.

MoJ's overhead charge

This charge relates to support services provided to OLSCC by MoJ. The Ministry's costs are apportioned on a systematic basis to all the MoJ's Associated Offices including OLSCC. These costs do not include OLSCC's share of the costs under contracts that have been awarded by the MoJ under the Government's Private Finance Initiative (PFI) for the provision of accounting and IT services. The PFI contract is managed centrally by MoJ, and included in the MoJ's resource accounts.

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Other non-cash costs

Non-cash costs are included to show the full cost of operating OLSCC. The audit fee is an amount agreed with the National Audit Office. The cost of capital charge reflects the cost of capital utilised by OLSCC and is calculated at the Government's standard rate of 3.5% of average net assets less liabilities over the year.

Operating Leases

MoJ holds the operating lease on the property used by OLSCC and also has legal ownership of the non-leased tangible fixed assets used by that Office.

Fixed assets

Tangible assets primarily comprise IT equipment, developed software and furniture. IT equipment and software development costing more than £1,000 is capitalised and then depreciated over 3-5 years. All furniture is pooled, then depreciated over 20 years. All depreciation is calculated on a straight line basis.

VAT

The amounts on the expenditure statement are net of recoverable VAT but include irrecoverable VAT. Recoverable VAT is received centrally by the MoJ from HM Revenue and Customs. Any amount receivable is not shown as a debtor on the OLSCC balance sheet.

Pensions

Past and present employees of OLSCC are covered by the provisions of the Principal Civil Service Pension Schemes (PCSPS). The defined benefit schemes are unfunded and are non-contributory except in respect of dependant's benefits. The MoJ recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employee's services by payment to the PCSPS of amounts, calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution schemes, the MoJ recognises the contributions payable for the year.

2. INCOME

	2007-08	2006-07
	£	£
Recharge of costs to the Law Society	1,096,922	1,089,643
Total	<u>1,096,922</u>	<u>1,089,643</u>

The full amount shown as income in these accounts relates to the direct funding of the Commissioner's expenditure by the Law Society.

3. STAFF COSTS

			2007-08	2006-07
	Employees	Self-employed	Total	Total
	£	£	£	£
Wages, salaries and fees	678,839	8,842	687,681	674,799
Social security costs	52,227	1,221	53,448	58,526
Other pension costs	134,755	-	134,755	133,313
	<u>865,821</u>	<u>10,063</u>	<u>875,884</u>	<u>866,638</u>

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but OLSCC is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk)

For 2007-08 contributions of £134,755 (2006-07 £133,313) were paid to the PCSPS on behalf of employees at rates determined by the Government Actuary, reviewed every four years following a full scheme valuation. These rates were in the range 17.1% to 25.5% (as 2006-07) of pensionable pay, based on salary bands. From 2007-08, the salary bands will be revised but the rates will remain the same.

All OLSCC's staff are employees of MoJ and further details of their pension scheme are given in the MoJ resource accounts.

The average number of whole time equivalent persons employed during the year was 18.34 employees and 0.13 self-employed (2006-07 18.85 in total).

Staff costs include the Commissioner's salary and associated pension contributions made on her behalf. Zahida Manzoor CBE held the post during 2007-08. Please refer to the Remuneration Report for further details.

4. OTHER DIRECT COSTS

	2007-08	2006-07
	£	£
Rentals under operating leases		
Hire of plant and machinery	17,780	16,721
Travel and subsistence	89,080	99,476
External consultancy	31,133	34,941
Office supplies	13,580	12,488
Printing and reprographics	62,215	36,037
Distribution, postage & Telecommunication	10,840	9,292
Other	49,049	45,935
Total	<u>273,677</u>	<u>254,890</u>

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5. ACCOMMODATION COSTS

	2007-08	2006-07
	£	£
Rent and service charge	132,011	138,757
Rates	27,499	37,956
Other property costs	18,982	7,221
Total	<u>178,492</u>	<u>183,934</u>

6. OTHER NON-CASH COSTS

	2007-08	2006-07
	£	£
Depreciation	16,381	11,617
Cost of capital	2,668	1,171
External audit fees	11,000	10,500
Total	<u>30,049</u>	<u>23,288</u>

The auditors received no remuneration for non-audit work.

7. TANGIBLE FIXED ASSETS

	Furniture	Computer and Other Equipment	Total
	£	£	£
Cost or valuation			
At 1 April 2007	66,881	44,901	111,782
Additions	686	-	686
At 31 March 2008	<u>67,567</u>	<u>44,901</u>	<u>112,468</u>
Depreciation			
At 1 April 2007	7,426	11,090	18,516
Charge for the year	3,378	13,003	16,381
At 31 March 2008	<u>10,804</u>	<u>24,093</u>	<u>34,897</u>
Net book value			
At 31 March 2008	<u>56,763</u>	<u>20,808</u>	<u>77,571</u>
At 31 March 2007	<u>59,455</u>	<u>33,811</u>	<u>93,266</u>

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8. DEBTORS

8(a) Analysis by Type

	2007-08	2006-07
	£	£
Accrued Income	1,057,261	1,109,375
Accommodation prepayments	35,902	35,474
Other prepayments	-	4,323
	<u>1,093,163</u>	<u>1,149,172</u>

8(b) Intra-Government Balances

	2007-08	2006-07
	£	£
Balances with other central government bodies	-	-
Balances with bodies outside central government	1,093,163	1,149,172
	<u>1,093,163</u>	<u>1,149,172</u>

9. CREDITORS

9 (a) Analysis by Type

	2007-08	2006-07
	£	£
Law Society income payable to MoJ	1,057,261	1,109,375
Accommodation accruals	29,330	45,251
Other Accruals	8,227	11,265
	<u>1,094,818</u>	<u>1,165,891</u>

9 (b) Intra-Government Balances

	2007-08	2006-07
	£	£
Balances with other central government bodies	1,057,261	1,109,375
Balances with bodies outside central government	37,557	56,516
	<u>1,094,818</u>	<u>1,165,891</u>

Chapter 2 Financial Statements

10. RECONCILIATION OF OPERATING COST TO OPERATING CASH FLOWS

	Note	2007-08	2006-07
		£	£
Net operating cost		(564,077)	(540,326)
Ministry's overhead charge		302,897	301,219
Other non cash costs	6	30,049	23,288
Decrease/(increase) in debtors		56,009	(202,024)
(Decrease)/increase in creditors		(71,073)	134,398
Net cash outflow from operating activities		<u>(246,195)</u>	<u>(283,445)</u>

11. GENERAL FUND

	2007-08	2006-07
	£	£
Net operating cost	(564,077)	(540,326)
Financing from MoJ	246,881	313,615
MoJ overhead charge	302,897	301,219
Cost of capital	2,668	1,171
Auditors' remuneration	11,000	10,500
Net (decrease)/increase in General Fund	<u>(631)</u>	<u>86,179</u>
General Fund at start of year	76,547	(9,632)
General Fund at end of year	<u>75,916</u>	<u>76,547</u>

12. COMMITMENTS UNDER LEASES

Commitments under operating leases to pay rentals during the year following the year of these accounts are given in the table below, analysed according to the period in which the lease expires.

	2007-08		2006-07	
	Land & Buildings	Other	Land & Buildings	Other
	£	£	£	£
Within one year	-	-	-	15,233
Two to five years	-	6,766	-	721
After five years	112,893	1,119	112,893	-
	<u>112,893</u>	<u>7,885</u>	<u>112,893</u>	<u>15,954</u>

The commitments for land and buildings in this note are for rental payments. In prior years these figures have also included service charges. The 2006-07 figure shown above has been restated and is only for rent.

13. CONTINGENT LIABILITIES

There are no contingent liabilities.

14. RELATED PARTIES

MoJ is a related party with which OLSCC had various material transactions during the year. OLSCC staff have not entered into any material transactions with OLSCC or MoJ.

Zahida Manzoor CBE, the Legal Service Complaints Commissioner, also holds the role of the Legal Services Ombudsman. There have not been any material transactions between the two Offices.

15. CAPITAL COMMITMENTS

There are no capital commitments.

16. POST BALANCE SHEET EVENTS

In accordance with the requirements for FRS21, post balance sheet events are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date the accounts are laid before Parliament. These accounts will be laid before Parliament on 9 July 2008.

In June 2008, the Commissioner imposed a penalty of £275,000 on the Law Society for the failure to provide an adequate plan for 2008/09. The Commissioner and her office derive no benefit from this receipt, since it is surrendered to the Lord Chancellor immediately under the provisions of Section 52(7) of the Access to Justice Act 1999 and ultimately surrendered to the Consolidated Fund.

The Legal Services Act establishes the Legal Services Board (LSB) as the overarching regulator for the handling of complaints about the provision of legal services. On 18 June 2008 the Parliamentary Undersecretary of State Ministry of Justice announced that the LSB is expected to become fully operational in early 2010 and the OLSCC will close in March 2010.

17. LIQUIDITY RISK

OLSCC has no borrowings and its net resource requirements are met from resources voted annually by Parliament to MoJ. MoJ then settles all OLSCC's financial transactions irrespective of when the income from the Law Society is received and remitted to MoJ. OLSCC is not therefore exposed to significant liquidity risk.

Also, OLSCC has no deposits, as cash at bank is held in MoJ's bank accounts and not included in these accounts. All material assets and liabilities are denominated in sterling, so it is not exposed to interest rate risk or currency risk.



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