

THE ILEX RESERVES POLICY

1. The Institute has been able to accumulate substantial cash reserves since the formation of the Institute of Legal Executives. The reserves provided financial stability to the Institute, whilst enabling it to expand its activities and secure the office accommodation utilised by the ILEX Group.
2. The Council regularly reviews the amount of funds that the Institute requires to ensure that they are adequate to fund the Institute's activities and to carry out its obligations to its members. The Council will review this Reserves Policy on an annual basis. It will take a cautious approach to investment, adopting a short-term low risk policy, and taking advice from its professional advisers as necessary.
3. The Council had identified a number of areas for development, and cash reserves have been held for these purposes. These included building alterations including new office accommodation; improvements to the Management Information System; the development of a Compensation Fund; implementation costs for the new structures under the Legal Services Reform; upgrading of the ILEX web site; investment in new services for members.
4. The Council continues to believe it is prudent to maintain a healthy level of cash reserves to enable it to meet unexpected fluctuations in business; to fund research and development which will enhance the education, training and professional practice of the members of ILEX; to ensure that ILEX is able to fund expenditure on Information Technology and the use of the Internet to provide services to members; and to enable ILEX to plan sensibly for future expansion, including staff and accommodation needs. Additionally cash reserves are required to research and invest generally in new services for members; to develop a Compensation Fund; and to meet the implementation costs of the Legal Services Board and the Legal Ombudsman's Office.

5. ILEX believes that unrestricted cash funds, in addition to the areas identified by Council in paragraph 4, should be maintained at a level which is at least equivalent to 12 month's budgeted subscription income, to meet financial risks, including unforeseen major projects that will have not been provided for in the normal financial planning process, and to meet contractual obligations e.g. redundancy pay, amounts due to creditors and related commitments in the event of an unexpected and unforeseen financial crisis.