

Company registration number 06712409 (England and Wales)

CILEX REGULATION LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

CILEX REGULATION LIMITED

COMPANY INFORMATION

Directors	Helen Astle Douglas Blackstock Jonathan Rees Patricia White Aaron Porter	(Appointed 1 September 2025)
Company number	06712409	
Registered office	Room 301 Endeavour House Wrest Park Silsoe Bedford MK45 4HS	
Auditor	Mercer & Hole LLP 3 Lombard Street London EC3V 9AA	
Bankers	National Westminster Bank Plc 81 High Street Bedford Beds	

CILEX REGULATION LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Directors' responsibilities statement	3
Independent auditor's report	4 - 6
Income statement	7
Statement of financial position	8
Statement of changes in equity	9
Notes to the financial statements	10 - 20

CILEX REGULATION LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2025

The directors present their annual report and financial statements for the year ended 31 December 2025.

Principal activities

The principal activity of the company continued to be that of the independent regulator of Chartered Legal Executives (CILEX) and other CILEX members, CILEX authorised entities and non-members with Practice Rights in the legal sector.

Business review

The Company's income derives from practising certificate fees (PCF), and fees collected for practitioner and entity authorisation and renewal, application fees, and accreditation fees. Cost budgets are set in advance of each financial year, in order to determine the level of the fees which must be approved by the Legal Services Board. CILEX has confirmed that it continues to ringfence £250,000 from its reserves as part of the compensation arrangements.

CILEX Regulation Limited (CRL) published its strategy for 2025-2027 in November 2024. CRL has implemented and advanced the strategy in 2025, the progress against which is set out in the 2026 Corporate Plan. The 2025 Corporate Plan has been delivered against the backdrop of continuing uncertainty caused by CILEX maintaining its public position regarding its intention to redelegate the regulation of CILEX members to the Solicitors Regulation Authority. Notwithstanding this, CRL and CILEX are actively exploring options to continue to improve the current regulatory arrangements in the public interest that would negate the need for regulatory redelegation.

The judgment in the case of Mazur vs Charles Russell Speechlys HC 2025, handed down in September 2025, required CRL to reprioritise aspects of the 2025 Corporate Plan in order to provide guidance to CILEX professionals on the implications of the judgement and to support those CILEX members who want to apply for standalone litigation practice rights. CRL provided interim guidance two weeks after the judgment, secured LSB approval of CRL's proposals for standalone litigation rights in 4 weeks, and awarded the first standalone litigation rights 3 weeks later. It also required the organisation to streamline its processes, and increase both staffing and external assessor capacity. Applications for litigation practice rights authorisation were forecast to be 1500 over a six month period. By comparison, a total of 165 practice authorisations were completed in the whole of 2024.

The Company continued to operate a hybrid business model with the majority of its business operations being carried out remotely with some office space to facilitate team working. Operational performance for CILEX Regulation resulted in an operating deficit of £66,368 (2024: surplus of £218,732). Exceptional costs of £111,679 (2024: £112,549) were also incurred, primarily in relation to legal advice in relation to the CILEX redelegation proposals to increase the 2025 deficit before tax to £177,424 (2024: surplus before tax £107,572).

The Undertakings resulting from the Legal Services Board's investigation into disputes between CILEX and CRL published in April 2023 included agreement that CRL should hold its own contingency reserves. It was agreed between the two parties that CILEX would transfer £700,000 to CRL. The transfer of contingency reserves remains outstanding and this amount is therefore not recognised in these financial statements. The Legal Services Board's decision notice approving CILEX and CRL's PCF application for 2026, published in December 2025, set out the LSB's expectations regarding the transfer of the contingent reserves. The Decision Notice states at paragraph 6 on page 21 "CILEX to promptly transfer the sum of £700,000 owed to CRL, either upon completion of the sale of the property in mid-2026, or in the event that the sale does not complete or there are insufficient funds from its proceeds to make the transfer in full by any other means necessary."

Results and dividends

The results for the year are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

CILEX REGULATION LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Helen Astle

Alice Belcher

(Resigned 31 August 2025)

Douglas Blackstock

Jonathan Rees

Patricia White

Aaron Porter

(Appointed 1 September 2025)

No directors took out qualifying indemnity provisions during the year (2024: none).

Auditor

The auditor, Mercer & Hole LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Small companies exemption

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

Jonathan Rees

Director

14 July 2026

CILEX REGULATION LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

United Kingdom company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 or 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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.

CILEX REGULATION LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CILEX REGULATION LIMITED

Opinion

We have audited the financial statements of CILEx Regulation Limited (the 'company') for the year ended 31 December 2025 which comprise the income statement, the statement of financial position, the statement of changes in equity and notes to the financial statements, including 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 101 Reduced Disclosure Framework (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 31 December 2025 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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.

Material uncertainty related to going concern

We draw attention to note 1.2 to the financial statements which describes how the ability of the Company to continue as a going concern is affected by the announcement by the Chartered Institute of Legal Executives that they are seeking to redelegate regulatory responsibility from the Company to the Solicitors Regulation Authority. The conditions that are set out in note 1.2 result in a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 our audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

CILEX REGULATION LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CILEX REGULATION LIMITED (CONTINUED)

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 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Extent to which the audit was considered capable of detecting irregularities, including fraud

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud. These included, but were not limited to, the Companies Act 2006, employment law, and tax legislation.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements and the financial report (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate entries including journals to overstate revenue or understate expenditure and management bias in accounting estimates.

Audit procedures performed by the engagement team included:

- discussions with management, including considerations of known or suspected instances of noncompliance with laws and regulations and fraud;
- gaining an understanding of management's controls designed to prevent and detect irregularities;
- identifying and testing journal entries.

CILEX REGULATION LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CILEX REGULATION LIMITED (CONTINUED)

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Andrew Dean LLB FCA (Senior Statutory Auditor)

For and on behalf of Mercer & Hole LLP, Statutory Auditor
Chartered Accountants
3 Lombard Street
London
EC3V 9AA
27 July 2026

CILEX REGULATION LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 £	2024 £
Revenue		2,090,722	1,955,181
Cost of sales		(324,430)	(183,043)
Gross surplus		1,766,292	1,772,138
Administrative expenses		(1,832,660)	(1,553,406)
Operating (deficit)/surplus	3	(66,368)	218,732
Investment income	6	623	1,389
Exceptional costs		(111,679)	(112,549)
(Deficit)/surplus before taxation		(177,424)	107,572
Tax on (deficit)/surplus	7	44,356	(25,625)
(Deficit)/surplus and total comprehensive income for the financial year		(133,068)	81,947

Exceptional costs incurred in 2025 totalled £111,679 (2024: £112,549), of which £111,679 (2024: £112,549) funded legal and regulatory issues following CILEX's announcement on the future of regulatory arrangements.

There were no recognised gains and losses for 2025 or 2024 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2025 (2024: £nil).

The notes on pages 10 to 20 form part of these financial statements.

CILEX REGULATION LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	Notes	2025 £	£	2024 £	£
Non-current assets					
Property, plant and equipment	8		11,976		4,449
Deferred tax asset	12		16,006		-
			<u>27,982</u>		<u>4,449</u>
Current assets					
Trade and other receivables	9	328,920		269,172	
Cash and cash equivalents		369,902		513,673	
		<u>698,822</u>		<u>782,845</u>	
Current liabilities	10	(299,541)		(225,851)	
Net current assets			<u>399,281</u>		<u>556,994</u>
Total assets less current liabilities			<u>427,263</u>		<u>561,443</u>
Provisions for liabilities					
Deferred tax liabilities	12		-		(1,112)
Net assets			<u><u>427,263</u></u>		<u><u>560,331</u></u>
Equity					
Called up share capital	14		1		1
Retained earnings			<u>427,262</u>		<u>560,330</u>
Total equity			<u><u>427,263</u></u>		<u><u>560,331</u></u>

The notes on pages 10 to 20 form part of these financial statements.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 14 July 2026 and are signed on its behalf by:

Jonathan Rees
Director

Company registration number 06712409 (England and Wales)

CILEX REGULATION LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2025

	Share capital	Retained earnings	Total
	£	£	£
Balance at 1 January 2024	1	478,383	478,384
Year ended 31 December 2024:			
Surplus and total comprehensive income	-	81,947	81,947
Balance at 31 December 2024	1	560,330	560,331
Year ended 31 December 2025:			
Deficit and total comprehensive income	-	(133,068)	(133,068)
Balance at 31 December 2025	1	427,262	427,263

CILEX REGULATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

1 Accounting policies

Company information

CILEx Regulation Limited is a private company limited by shares incorporated in England and Wales. The registered office is Room 301, Endeavour House Wrest Park, Silsoe, Bedford, MK45 4HS.

The principal activity of the Company throughout the period was to perform duties as the independent regulator of the Chartered Legal Executives and other CILEX members, CILEX authorised entities and non-members with Practice Rights in the legal sector.

1.1 Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

As permitted by FRS 101, the company has taken advantage of the following disclosure exemptions from the requirements of IFRS:

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 73(e) of IAS 16 Property Plant and Equipment;
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 39 to 40, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

1.2 Going concern

The Company's business activities are set out in the Directors' Report on page 1 of these financial statements. As at 31 December 2025, the Company reported net assets of £427,263 (2024: £560,331) including cash of £369,902 (2024: £513,673).

In assessing the appropriateness of the going concern assumption, the Directors have prepared detailed cash flow forecasts for the Company extending 12 months from the date of approval of these financial statements. In any reasonable scenario, the Company has sufficient cash to meet its liabilities as they fall due.

CILEx Regulation Limited (the "Company") acts as the independent regulator of Chartered Legal Executives and other Chartered Institute of Legal Executives ("CILEX") members, CILEX authorised entities and non-members with Practice Rights in the legal sector. The Company derives the majority of its income from its share of practising certificate fees (PCF), which are charged by CILEX to members of CILEX on the Company's behalf and then subsequently remitted to the Company. The balance of the Company's income is generated from fees collected for practitioner and entity authorisation and renewal, application fees, and accreditation fees. Each year CILEX and CRL submit the practising fees application to the Legal Services Board ("LSB") for approval under section 51 Legal Service Act 2007.

CILEX REGULATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

1 Accounting policies

(Continued)

CILEX delegated its regulatory functions to the Company in compliance with the Internal Governance Rules 2019. On 25 January 2022 CILEX informed the Company that it intended to enter into formal discussions with the Solicitors Regulation Authority (SRA) with a view to transferring the delegated regulatory responsibility from the Company to the SRA. This would mean the Company's principal activity is transferred to another entity, and a material uncertainty therefore exists in relation to the Company's ability to continue to trade as a going concern should this occur.

There has been significant correspondence and discussion on the matter subsequent to the initial announcement both during the year and since the balance sheet date, including an investigation report into the dispute by the Legal Services Board ("LSB"). The LSB found that no enforcement action against either entity was required, but both CILEX and the Company have agreed voluntary undertakings to fulfil the recommendations in the report, which is publicly available.

At the date of approval of these financial statements the impact arising from the potential redelegation of the regulation of CILEX professionals has significantly diminished. On 8 May 2026 the SRA published its Business Plan and funding requirements for 2026/27. On page 16 of the Business Plan the SRA state "...given the need to focus on our current remit, we will not take forward any further work relating to the potential redelegation of the regulation of CILEX professionals." Similarly, CILEX in their draft 2027-2031 strategy has signaled that it no longer intends to seek redelegation through litigation but rather to work collaboratively with CRL and others to develop options for delivering improvements to the current regulatory arrangements. (see para 3.6 of CILEX 2027-2031 strategy).

It is the intention of the Directors that the Company continue its principal activity as the independent regulator of CILEX for the foreseeable future and for a period of at least 12 months from the date of approval of these financial statements. Based on forecasts the Directors have concluded that they expect the Company to remain solvent and therefore a going concern for 12 months following the date of approval of the financial statements. However, at the date of approval of these financial statements, a material uncertainty is still considered to exist in respect of the uncertainty around the possible redelegation of the Company's principal activity. If, and whenever, any such redelegation occurs, this may cast significant doubt on the Company's ability to continue as a going concern.

Based on the above the Directors believe it remains appropriate to prepare the financial statements on a going concern basis. The financial statements therefore do not include any adjustments that would be required if the Company were unable to continue as a going concern.

1.3 Revenue

The Company's revenue is derived from three main sources: its share of Practising Certificate Fee income charged by the Chartered Institute of Legal Executives ("CILEX") on its behalf to members of CILEX and remitted to the company by CILEX; other fee income charged directly to members of CILEX and non-members with practice rights regulated by the company; and fines and cost orders assessed on members of CILEX resulting from regulatory action.

All revenue is recognised in the period to which it relates. In the case of fines and cost orders, revenue is recognised when the regulatory action is complete.

1.4 Impact of new international reporting standards, amendments and interpretations

There are no new international reporting standards, amendments or interpretations that are expected to have a material impact on the company in the coming year.

CILEX REGULATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

1 Accounting policies

(Continued)

1.5 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Computers	25% straight line
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The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

1.6 Impairment of tangible and intangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

CILEX REGULATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

1 Accounting policies

(Continued)

Financial assets at fair value through profit or loss

When any of the above-mentioned conditions for classification of financial assets is not met, a financial asset is classified as measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are recognized initially at fair value and any transaction costs are recognised in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognised in profit or loss, and is included within finance income or finance costs in the statement of income for the reporting period in which it arises.

Financial assets held at amortised cost

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (eg trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

Financial assets at fair value through other comprehensive income

Debt instruments are classified as financial assets measured at fair value through other comprehensive income where the financial assets are held within the company's business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument measured at fair value through other comprehensive income is recognised initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognised through other comprehensive income are directly transferred to profit or loss when the debt instrument is derecognised.

The company has made an irrevocable election to recognize changes in fair value of investments in equity instruments through other comprehensive income, not through profit or loss. A gain or loss from fair value changes will be shown in other comprehensive income and will not be reclassified subsequently to profit or loss. Equity instruments measured at fair value through other comprehensive income are recognized initially at fair value plus transaction cost directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognized through other comprehensive income are directly transferred to retained earnings when the equity instrument is derecognized or its fair value substantially decreased. Dividends are recognized as finance income in profit or loss.

Impairment of financial assets

Financial assets carried at amortised cost and FVOCI are assessed for indicators of impairment at each reporting end date.

The expected credit losses associated with these assets are estimated on a forward-looking basis. A broad range of information is considered when assessing credit risk and measuring expected credit losses, including past events, current conditions, and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

For trade receivables, the simplified approach permitted by IFRS 9 is applied, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

CILEX REGULATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

1 Accounting policies

(Continued)

1.9 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

Other financial liabilities

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

CILEX REGULATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

1 Accounting policies

(Continued)

1.13 Retirement benefits

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

1.14 Leases

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

2 Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below:

Allowance for expected credit loss on trade receivables

The allowance for expected credit losses on trade receivables is designed to ensure that trade receivables are valued accurately and are only held to the extent that they are recoverable.

3 Operating (deficit)/surplus

	2025	2024
Operating (deficit)/surplus is stated after charging/(crediting):	£	£
Fees payable to the company's auditor for the audit of the company's financial statements	13,100	12,470
Depreciation of property, plant and equipment	3,467	2,744
	<u> </u>	<u> </u>

CILEX REGULATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

4 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2025 Number	2024 Number
Directors	5	5
Employees	23	20
Total	28	25

Their aggregate remuneration comprised:

	2025 £	2024 £
Wages and salaries	1,143,388	1,033,766
Social security costs	129,122	95,626
Pension costs	105,155	86,537
	1,377,665	1,215,929

5 Directors' remuneration

	2025 £	2024 £
Remuneration for qualifying services	79,120	72,200

Annual salary

Chair of Board £43,000

Other Board members £9,030

No directors received post employment benefits during the year (2024: £nil).

The number of Directors paid in the year was 5 (2024: 5).

6 Investment income

	2025 £	2024 £
Interest income		
Interest on bank deposits	623	606
Other interest income	-	783
Total income	623	1,389

CILEX REGULATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

7 Taxation

	2025 £	2024 £
Current tax		
UK corporation tax on profits for the current period	-	27,238
Adjustments in respect of prior periods	(27,238)	(1,268)
Total UK current tax	<u>(27,238)</u>	<u>25,970</u>
Deferred tax		
Origination and reversal of temporary differences	1,882	(345)
Tax losses carried forward	(19,000)	-
	<u>(17,118)</u>	<u>(345)</u>
Total tax charge/(credit)	<u>(44,356)</u>	<u>25,625</u>

	2025 £	2024 £
(Loss)/profit before taxation	<u>(177,424)</u>	<u>107,572</u>
Expected tax (credit)/charge based on a corporation tax rate of 25.00% (2024: 25.00%)	(44,356)	26,893
Adjustment in respect of prior years	(27,238)	(1,268)
Tax losses carried back	27,238	-
Taxation (credit)/charge for the year	<u>(44,356)</u>	<u>25,625</u>

8 Property, plant and equipment

	Computers £
Cost	
At 1 January 2025	33,099
Additions	10,994
At 31 December 2025	<u>44,093</u>
Accumulated depreciation and impairment	
At 1 January 2025	28,650
Charge for the year	3,467
At 31 December 2025	<u>32,117</u>

CILEX REGULATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

8 Property, plant and equipment		(Continued)	
			Computers
			£
Carrying amount			
At 31 December 2025			11,976
At 31 December 2024			4,449
9 Trade and other receivables		2025	2024
		£	£
Trade receivables		67,279	50,976
Corporation tax recoverable		25,799	-
Amounts owed by fellow group undertakings		194,282	203,822
Prepayments and accrued income		41,560	14,374
		<u>328,920</u>	<u>269,172</u>
10 Liabilities		2025	2024
	Notes	£	£
Trade and other payables	11	299,541	197,128
Corporation tax		-	28,676
Other taxation and social security		-	47
		<u>299,541</u>	<u>225,851</u>
11 Trade and other payables		2025	2024
		£	£
Trade payables		59,527	41,366
Accruals and deferred income		238,290	155,119
Other payables		1,724	643
		<u>299,541</u>	<u>197,128</u>

CILEX REGULATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

12 Deferred taxation

	Liabilities		Assets	
	2025 £	2024 £	2025 £	2024 £
Deferred tax balances	-	1,112	16,006	-

Deferred tax assets are expected to be recovered within one year.

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	Fixed asset timing differences £	Tax losses £	Total £
Liability at 1 January 2024	1,457	-	1,457
Deferred tax movements in prior year			
Charge/(credit) to profit or loss	(345)	-	(345)
Liability at 1 January 2025	1,112	-	1,112
Deferred tax movements in current year			
Charge/(credit) to profit or loss	1,882	(19,000)	(17,118)
Asset at 31 December 2025	2,994	(19,000)	(16,006)

13 Retirement benefit schemes

	2025 £	2024 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	105,155	86,537

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

14 Share capital

	2025 Number	2024 Number	2025 £	2024 £
Ordinary share capital				
Issued and fully paid				
Ordinary share of £1 each	1	1	1	1

CILEX REGULATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

15 Other leasing information

As lessee

	2025	2024
	£	£
Amounts recognised in profit or loss:		
Expense relating to short-term leases	11,294	11,588
	<u> </u>	<u> </u>

16 Controlling party

The company is wholly owned by The Chartered Institute of Legal Executives (CILEX), a company incorporated in England and Wales by Royal Charter. The registered office is 2nd Floor, The Pinnacle, Midsummer Boulevard, Milton Keynes, MK9 1BP.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.